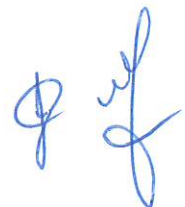


**San Lawrenz Local Council**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2025**

*Prepared by: M. Sultana*

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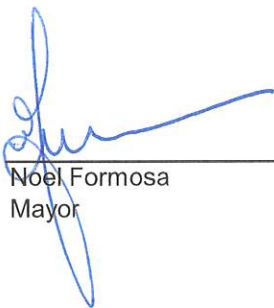
## **Statement of Local Council Members' and Executive Secretary's Responsibilities For the Year Ended 31 December 2025**

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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 30 September 2026 and signed on its behalf by:



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Noel Formosa  
Mayor



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Josianne Cassar  
Acting Executive Secretary

## Statement of Comprehensive Income

### For the Year Ended 31 December 2025

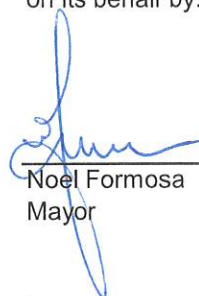
|                                                  | Notes | 2025<br>€ | 2024<br>€ |
|--------------------------------------------------|-------|-----------|-----------|
| <b>Revenue</b>                                   |       |           |           |
| Funds received from Central Government           | 3     | 385,208   | 358,487   |
| Income raised under the Local Enforcement System | 4     | 185       | 187       |
| General income                                   | 5     | 45,777    | 50,881    |
|                                                  |       | -----     | -----     |
|                                                  |       | 431,170   | 409,555   |
|                                                  |       | -----     | -----     |
| <b>Expenditure</b>                               |       |           |           |
| Personal emoluments                              | 6     | (144,846) | (138,477) |
| Operations and maintenance                       | 7     | (19,338)  | (37,350)  |
| Administration and other expenditure             | 8     | (299,713) | (235,137) |
|                                                  |       | -----     | -----     |
|                                                  |       | (463,897) | (410,964) |
|                                                  |       | -----     | -----     |
| <b>Operating loss for the year</b>               | 6     | (32,727)  | (1,409)   |
| Finance income                                   | 9     | 65        | 60        |
| Finance charges                                  |       | (1,012)   | (1,057)   |
|                                                  |       | -----     | -----     |
| <b>Total Comprehensive loss for the year</b>     | 6     | (33,674)  | (2,406)   |
|                                                  |       | -----     | -----     |

## Statement of Financial Position

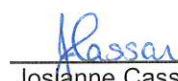
### For the Year Ended 31 December 2025

|                                       | Notes | 2025<br>€ | 2024<br>€ |
|---------------------------------------|-------|-----------|-----------|
| <b>ASSETS</b>                         |       |           |           |
| Property, plant and equipment         | 10    | 135,279   | 146,106   |
| <b>Total non-current assets</b>       |       | 135,279   | 146,106   |
| <b>Current assets</b>                 |       |           |           |
| Stocks                                | 11    | 121       | 121       |
| Receivables                           | 12    | 105,055   | 131,318   |
| Cash and cash equivalents             | 13    | 78,664    | 123,872   |
| <b>Total current assets</b>           |       | 183,840   | 255,311   |
| <b>TOTAL ASSETS</b>                   |       | 319,119   | 401,417   |
| <b>RESERVES AND LIABILITIES</b>       |       |           |           |
| Retained earnings                     |       | 114,821   | 148,495   |
| <b>Total reserves</b>                 |       | 114,821   | 148,495   |
| <b>LIABILITIES</b>                    |       |           |           |
| Payables                              | 14    | 192,569   | 252,922   |
| Overdrawn bank balance                | 13    | 11,729    | -         |
| <b>Total current liabilities</b>      |       | 204,298   | 252,922   |
| <b>TOTAL RESERVES AND LIABILITIES</b> |       | 319,119   | 401,417   |

These financial statements were approved by the Local Council on 30 September 2026 and signed on its behalf by:



Noel Formosa  
Mayor



Josianne Cassar  
Acting Executive Secretary

**Statement of Changes in Equity**

**For the Year Ended 31 December 2025**

|                            | <b>Retained<br/>funds<br/>€</b>        |
|----------------------------|----------------------------------------|
| At 1 January 2024          | 150,901                                |
| Loss for the year          | (2,406)                                |
| <b>At 31 December 2024</b> | <div>-----<br/>148,495<br/>-----</div> |
| At 1 January 2025          | 148,495                                |
| Loss for the year          | (33,674)                               |
| <b>At 31 December 2025</b> | <div>-----<br/>114,821<br/>-----</div> |



## Statement of Cash Flows

### For the Year Ended 31 December 2025

|                                                             | Note | 2025<br>€        | 2024<br>€       |
|-------------------------------------------------------------|------|------------------|-----------------|
| <b>Cash flow from operating activities</b>                  |      |                  |                 |
| <b>Total comprehensive loss for the year</b>                |      | (33,674)         | (2,406)         |
| Reconciliation to cash generated from operations:           |      |                  |                 |
| Depreciation                                                |      | 22,443           | 24,175          |
| Interest receivable                                         |      | (65)             | (60)            |
| Provision for bad debts                                     |      | 242              | -               |
|                                                             |      | -----            | -----           |
| Operating (loss) / profit before working capital changes    |      | (11,054)         | 21,709          |
| Movement in receivables                                     |      | 26,021           | (75,099)        |
| Movement in payables                                        |      | 61,870           | (5,530)         |
|                                                             |      | -----            | -----           |
| <b>Cash generated from / (used in) operating activities</b> |      | <b>76,837</b>    | <b>(58,920)</b> |
|                                                             |      | -----            | -----           |
| <b>Cash flow from investing activities</b>                  |      |                  |                 |
| Interest received                                           |      | 65               | 60              |
| Purchase of property, plant and equipment                   |      | (209,072)        | (130,801)       |
| Receipt of grants                                           |      | 75,233           | 90,993          |
|                                                             |      | -----            | -----           |
| <b>Cash used in investing activities</b>                    |      | <b>(133,774)</b> | <b>(39,748)</b> |
|                                                             |      | -----            | -----           |
| <b>Net decrease in cash for the year</b>                    |      | <b>(56,937)</b>  | <b>(98,668)</b> |
| <b>Cash and cash equivalents at beginning of year</b>       |      | <b>123,872</b>   | <b>222,540</b>  |
|                                                             |      | =====            | =====           |
| <b>Cash and cash equivalents at end of year</b>             | 13   | <b>66,935</b>    | <b>123,872</b>  |
|                                                             |      | =====            | =====           |

## Notes to the Financial Statements

### For the Year Ended 31 December 2025

#### 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 \_\_ September 2026. 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

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).

##### *Going Concern*

During the year ended 31 December 2025, the current liabilities of the Local Council exceeded its current assets by €20,458 (2024: net current assets €2,389). This condition may cast doubt as to whether the Local Council will be able to meet its liabilities as and when they fall due. The Local Council is a statutory Government entity and continues to receive financial support through Government grants and other funding mechanisms available to Local Councils. Management has assessed the Local Council's expected future cash flows and anticipated funding from the relevant Government authorities and is satisfied that the Local Council will have sufficient resources to meet its obligations as they fall due for the foreseeable future.

##### *New and amended standards adopted by the Local Council*

The Council adopted all of the new or amended Accounting Standards and interpretations issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and endorsed by EU that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRS Accounting Standards as adopted by the EU did not result in substantial changes to the Council's accounting policies impacting the Council's financial performance and position.



## 2 Material accounting policy information - continued

### *New or amended accounting standards, and interpretations issued but not yet effective*

At the end of the reporting period, certain new standards, interpretations and amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial year. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The Council anticipates that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application, except for the effect of IFRS 18 on the presentation and disclosures of certain items.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18), will become effective for annual reporting period beginning on or after 1 January 2027. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have an effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit and loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Council is assessing the effect of IFRS 18.

### *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.

## 2 Material accounting policy information - continued

### *Property, plant and equipment - continued*

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.

### *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.

### *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.

## 2 Material accounting policy information - continued

### *Local enforcement systems*

The amount disclosed in the financial statements under Local Enforcement Systems income represents the administrative fee of 10% that is now chargeable to the Regional Councils and the Law Enforcement Systems Agency for contraventions paid at the Council.

### *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.

### *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 IAS 1 (revised) - 'Presentation of Financial Statements'.

### *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'). 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.



## 2 Material accounting policy information - continued

### *Financial instrument - continued*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or 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 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'.



### 3 Funds received from Central Government

|                                                  | 2025<br>€      | 2024<br>€      |
|--------------------------------------------------|----------------|----------------|
| In Terms of Section 55 of the Local Councils Act | 214,014        | 217,591        |
| Supplementary Government income                  | 171,194        | 140,896        |
|                                                  | <u>385,208</u> | <u>358,487</u> |
|                                                  | =====          | =====          |

### 4 Income raised under Local Enforcement System

|                                           | 2025<br>€  | 2024<br>€  |
|-------------------------------------------|------------|------------|
| Administration income from contraventions | 185        | 187        |
|                                           | <u>185</u> | <u>187</u> |
|                                           | =====      | =====      |

### 5 General income

|                                | 2025<br>€     | 2024<br>€     |
|--------------------------------|---------------|---------------|
| Community services             | 1,972         | 1,850         |
| Other income                   | 32,954        | 36,544        |
| Income from permits            | 4,164         | 4,634         |
| Contributions and other income | 6,687         | 7,853         |
|                                | <u>45,777</u> | <u>50,881</u> |
|                                | =====         | =====         |

### 6 Loss for the year

|                                               | 2025<br>€      | 2024<br>€      |
|-----------------------------------------------|----------------|----------------|
| Loss for the year is stated after charging:   |                |                |
| Staff salaries                                | 144,846        | 138,477        |
| Depreciation of property, plant and equipment | 22,443         | 24,175         |
|                                               | <u>167,289</u> | <u>162,652</u> |
|                                               | =====          | =====          |

#### Staff salaries

|                                           | 2025<br>€      | 2024<br>€      |
|-------------------------------------------|----------------|----------------|
| Mayor's remuneration                      | 14,903         | 13,730         |
| Councillors' allowances                   | 14,750         | 10,600         |
| Executive secretary salary and allowances | 27,861         | 36,434         |
| Employees' salaries                       | 80,763         | 69,268         |
| Social security contributions             | 6,569          | 8,445          |
|                                           | <u>144,846</u> | <u>138,477</u> |
|                                           | =====          | =====          |

#### Average Number of Persons Employed:

|                       |          |          |
|-----------------------|----------|----------|
| Employees             | 5        | 5        |
| Mayor and Councillors | <u>5</u> | <u>5</u> |
|                       | =====    | =====    |

## 7 Operations and maintenance

|                                                 | 2025<br>€ | 2024<br>€ |
|-------------------------------------------------|-----------|-----------|
| <i>Repairs and upkeep</i>                       |           |           |
| Street signs                                    | 1,527     | 2,538     |
| Other repairs and upkeep                        | 4,251     | 2,564     |
|                                                 | =====     | =====     |
|                                                 | 5,778     | 5,102     |
|                                                 | =====     | =====     |
| <i>Contractual services:</i>                    |           |           |
| Refuse collection including tipping fees        | -         | 17,966    |
| Open skips                                      | 13,327    | 10,620    |
| Road and street cleaning                        | -         | 2,266     |
| Cleaning and maintenance of public conveniences | -         | 762       |
| Other cleaning services                         | -         | 440       |
| Street lighting                                 | 233       | 194       |
|                                                 | =====     | =====     |
|                                                 | 13,560    | 32,248    |
|                                                 | =====     | =====     |
| Total operations and maintenance expenses       | 19,338    | 37,350    |
|                                                 | =====     | =====     |

## 8 Administration and other expenditure

|                                        | 2025<br>€ | 2024<br>€ |
|----------------------------------------|-----------|-----------|
| Utilities                              | 6,890     | 4,973     |
| Materials and supplies                 | 1,259     | 2,835     |
| Rent                                   | 1,571     | 2,355     |
| National and international memberships | 778       | 933       |
| Office services                        | 11,094    | 11,661    |
| Transport                              | 5,532     | 4,762     |
| Overseas travel                        | 1,294     | 13,255    |
| Information services                   | 8,013     | 18,806    |
| Other contractual services             | 8,626     | 9,816     |
| Professional services                  | 84,056    | 57,318    |
| Community and hospitality              | 108,400   | 50,197    |
| Depreciation                           | 22,443    | 24,175    |
| Lease of equipment                     | 39,515    | 32,927    |
| Bad debts written-off                  | -         | 1,613     |
| Increase in provision for bad debts    | 242       | (489)     |
|                                        | =====     | =====     |
|                                        | 299,713   | 235,137   |
|                                        | =====     | =====     |

## 9 Finance income

|                          | 2025<br>€ | 2024<br>€ |
|--------------------------|-----------|-----------|
| Bank interest receivable | 65        | 60        |
|                          | =====     | =====     |

**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     |
|------------------------|---------------------------|----------|-----------------------------|------------------|--------------------|------------------|---------------------|--------------------|----------------|--------------------|-----------|
|                        | €                         | €        | €                           | €                | €                  | €                | €                   | €                  | €              | €                  | €         |
| <b>Cost</b>            |                           |          |                             |                  |                    |                  |                     |                    |                |                    |           |
| 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   |
| 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 |
| <b>Depreciation</b>    |                           |          |                             |                  |                    |                  |                     |                    |                |                    |           |
| 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              | 5,665          | 7,956              | 24,175    |
| At 31 December 2024    | -                         | -        | 42,038                      | 4,072            | 80,511             | 43,408           | 21,595              | 14,325             | 5,665          | 552,784            | 764,398   |
| <b>Grants</b>          |                           |          |                             |                  |                    |                  |                     |                    |                |                    |           |
| At 1 January 2024      | 24,174                    | -        | -                           | -                | 62,768             | 1,537            | -                   | -                  | 45,028         | 1,322,989          | 1,456,496 |
| Additions              | 25,817                    | -        | -                           | -                | 35,500             | -                | -                   | -                  | 47,447         | -                  | 108,764   |
| At 31 December 2024    | 49,991                    | -        | -                           | -                | 98,268             | 1,537            | -                   | -                  | 92,475         | 1,322,989          | 1,565,260 |
| <b>Net book amount</b> |                           |          |                             |                  |                    |                  |                     |                    |                |                    |           |
| At 31 December 2024    | 7,859                     | 2,583    | 17,426                      | -                | 30,950             | 295              | 1,220               | 1,198              | 4,882          | 79,693             | 146,106   |

**10 Property, plant and equipment**  
b)

|                           | Assets under construction<br>€ | Property<br>€ | Office furniture & fittings<br>€ | New street signs<br>€ | Urban improvements<br>€ | Office equipment<br>€ | Plant and machinery<br>€ | Computer equipment<br>€ | Motor vehicles<br>€ | Special programmes<br>€ | Total<br>€ |
|---------------------------|--------------------------------|---------------|----------------------------------|-----------------------|-------------------------|-----------------------|--------------------------|-------------------------|---------------------|-------------------------|------------|
| <b>Cost</b>               |                                |               |                                  |                       |                         |                       |                          |                         |                     |                         |            |
| At 1 January 2025         | 57,850                         | 2,583         | 59,464                           | 4,072                 | 209,729                 | 45,240                | 22,815                   | 15,523                  | 103,022             | 1,955,466               | 2,475,764  |
| Additions                 | 9,458                          | -             | -                                | -                     | 182,728                 | 1,400                 | 1,300                    | 2,501                   | -                   | 11,685                  | 209,072    |
| Reallocations / Disposals | (16,408)                       | -             | -                                | (1)                   | 12,093                  | 692                   | (691)                    | (1)                     | -                   | 4,316                   | -          |
| At 31 December 2025       | 50,900                         | 2,583         | 59,464                           | 4,071                 | 404,550                 | 47,332                | 23,424                   | 18,023                  | 103,022             | 1,971,467               | 2,684,836  |
| <b>Depreciation</b>       |                                |               |                                  |                       |                         |                       |                          |                         |                     |                         |            |
| At 1 January 2025         | -                              | -             | 42,038                           | 4,072                 | 80,511                  | 43,408                | 21,595                   | 14,325                  | 5,665               | 552,784                 | 764,398    |
| Charge for the year       | -                              | -             | 2,600                            | -                     | 6,296                   | 435                   | 600                      | 1,033                   | 2,109               | 9,370                   | 22,443     |
| Depreciation Released     | -                              | -             | -                                | (1)                   | -                       | -                     | -                        | -                       | (3,554)             | -                       | (3,555)    |
| At 31 December 2025       | -                              | -             | 44,638                           | 4,071                 | 86,807                  | 43,843                | 22,195                   | 15,358                  | 4,220               | 562,154                 | 783,286    |
| <b>Grants</b>             |                                |               |                                  |                       |                         |                       |                          |                         |                     |                         |            |
| At 1 January 2025         | 49,991                         | -             | -                                | -                     | 98,268                  | 1,537                 | -                        | -                       | 92,475              | 1,322,989               | 1,565,260  |
| Additions                 | 8,040                          | -             | -                                | -                     | 176,902                 | -                     | 1,229                    | 1,514                   | -                   | 13,326                  | 201,011    |
| Reallocations / Disposals | (14,766)                       | -             | -                                | -                     | -                       | -                     | -                        | -                       | -                   | 14,766                  | -          |
| At 31 December 2025       | 43,265                         | -             | -                                | -                     | 275,170                 | 1,537                 | 1,229                    | 1,514                   | 92,475              | 1,351,081               | 1,766,271  |
| <b>Net book amount</b>    |                                |               |                                  |                       |                         |                       |                          |                         |                     |                         |            |
| At 31 December 2025       | 7,635                          | 2,583         | 14,826                           | -                     | 42,573                  | 1,952                 | -                        | 1,151                   | 6,327               | 58,232                  | 135,279    |

## 11 Stocks

|                        | 2025<br>€ | 2024<br>€ |
|------------------------|-----------|-----------|
| Stock of gift vouchers | 121       | 121       |
|                        | =====     | =====     |

## 12 Receivables

|                                | 2025<br>€ | 2024<br>€ |
|--------------------------------|-----------|-----------|
| Amounts receivable             | 222       | 480       |
| Prepayments and accrued income | 104,833   | 130,838   |
|                                | -----     | -----     |
|                                | 105,055   | 131,318   |
|                                | =====     | =====     |

### *Amounts receivable*

General receivables are analysed as follows:

|                                         | 2025<br>€ | 2024<br>€ |
|-----------------------------------------|-----------|-----------|
| Within credit period                    | 222       | 480       |
| Exceeded credit period but not impaired | -         | -         |
|                                         | -----     | -----     |
|                                         | 222       | 480       |
|                                         | =====     | =====     |

### *Note:*

Receivables are net of provision for doubtful debts of € 85 (2024 : € 327)

## 13 Cash and cash equivalents

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

|                        | 2025<br>€ | 2024<br>€ |
|------------------------|-----------|-----------|
| Bank balances          | 78,530    | 123,812   |
| Cash in hand           | 134       | 60        |
|                        | -----     | -----     |
|                        | 78,664    | 123,872   |
| Overdrawn bank balance | (11,729)  | -         |
|                        | -----     | -----     |
|                        | 66,935    | 123,872   |
|                        | =====     | =====     |

## 14 Payables

|                 | 2025<br>€ | 2024<br>€ |
|-----------------|-----------|-----------|
| Amounts payable | 30,984    | 32,839    |
| Accruals        | 27,660    | 34,566    |
| Deferred income | 131,424   | 184,620   |
| Other payables  | 2,501     | 897       |
|                 | -----     | -----     |
|                 | 192,569   | 252,922   |
|                 | =====     | =====     |

## 15 Capital commitments

|                                                                                                | 2025<br>€ | 2024<br>€ |
|------------------------------------------------------------------------------------------------|-----------|-----------|
| Total capital commitments                                                                      | 207,039   | 375,320   |
|                                                                                                | =====     | =====     |
| (i) Approved but Not Yet Contracted:<br>Embellishment - Various Areas                          | 119,597   | 116,820   |
| (ii) Contracted For but Not Provided in Financial Statements:<br>Embellishment - Various Areas | 87,442    | 96,900    |
| Measure 4.3 - Support for Infrastructure                                                       | -         | 30,770    |
| GAGF - Community Renovation                                                                    | -         | 130,830   |
|                                                                                                | =====     | =====     |
|                                                                                                | 207,039   | 375,320   |
|                                                                                                | =====     | =====     |

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                    |

## 16 Related parties disclosures - continued

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

|                             | 2025<br>€ | 2024<br>€ |
|-----------------------------|-----------|-----------|
| Annual financial allocation | 214,014   | 217,591   |
|                             | =====     | =====     |

### 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 receives 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:

|                             | 2025<br>€ | 2024<br>€ |
|-----------------------------|-----------|-----------|
| Trade and other receivables | 102,150   | 127,832   |
| Cash and cash equivalents   | 78,530    | 123,812   |
|                             | -----     | -----     |
|                             | 180,680   | 251,644   |
|                             | =====     | =====     |

## 17 Financial risk management - continued

### *Liquidity risk*

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. At year end, the Council had as cash and cash equivalents the amount of €66,935. This should ensure an ongoing working capital of the Council for the next 12 months. The Council, however, resulted in a net current liability position of €20,458.

### *Foreign currency risk*

Foreign currency transactions arise when the Council buys or sells goods whose prices are 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 minimising 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:

|                                                   | 2025<br>€      | 2024<br>€      |
|---------------------------------------------------|----------------|----------------|
| <i>Current assets</i>                             |                |                |
| Trade and other receivables                       | 105,055        | 131,318        |
| Cash and cash equivalents                         | 66,935         | 123,872        |
|                                                   | <u>171,990</u> | <u>255,190</u> |
| <i>Current liabilities</i>                        |                |                |
| Financial liabilities measured at amortised cost: |                |                |
| Payables                                          | 192,569        | 252,922        |
|                                                   | <u>192,569</u> | <u>252,922</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.