

San Pawl Il-Baħar Local Council

Annual Report and Financial Statements  
31 December 2024


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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 20<sup>th</sup> February 2025 and signed on its behalf by:



Vincent Galea  
Mayor



Sergio Carbonaro  
Executive Secretary

**Statement of Profit or Loss and Other Comprehensive Income**

	Notes	2024	2023
		€	€
<b>Income</b>			
Funds received from Central Government	3	2,447,330	2,157,447
Income raised under Local Enforcement System	4	18,296	36,759
General income	5	221,544	326,617
Income from Bye Law	6	11,881	9,723
		<u>2,699,051</u>	<u>2,530,546</u>
<b>Expenditure</b>			
Personal emoluments	7	491,666	448,977
Operations and maintenance	8	1,666,071	1,152,401
Administrative and other expenditures	9	1,419,254	726,296
		<u>3,576,991</u>	<u>2,327,674</u>
<b>Operating (loss)/profit for the year</b>		<u>(877,940)</u>	202,872
<b>(Loss)/Profit for the year</b>		<u>(877,940)</u>	202,872
<b>Total comprehensive income for the year</b>		<u>(877,940)</u>	202,872

The notes on pages 6 to 28 form an integral part of these financial statements

## Statement of Financial Position

	Notes	2024	2023
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible asset	10	371	998
Property, plant and equipment	11	1,178,033	878,907
Right of use assets	16	11,700	31,947
		<b>1,190,174</b>	<b>911,852</b>
<b>Current assets</b>			
Receivables	12	309,981	1,223,790
Cash and cash equivalents	13	2,007,872	2,703,420
		<b>2,317,852</b>	<b>3,924,210</b>
<b>Total Assets</b>		<b>3,508,026</b>	<b>4,839,062</b>
<b>Reserves</b>			
Retained earnings		2,865,507	3,743,447
<b>Non-Current liabilities</b>			
Payables	14	-	19,980
		-	19,980
<b>Current liabilities</b>			
Payables	14	642,520	1,075,635
		<b>642,520</b>	<b>1,075,635</b>
<b>Total Liabilities</b>		<b>642,520</b>	<b>1,095,615</b>
<b>Total Reserves and Liabilities</b>		<b>3,508,026</b>	<b>4,839,062</b>

These financial statements were approved by the Local Council on the 20<sup>th</sup> February 2025 and are signed on its behalf by:

  
Vincent Galea  
Mayor

  
Sergio Carbonaro  
Executive Secretary

The notes on pages 6 to 28 form an integral part of these financial statements

**Statement of Changes in Equity**

	<b>Retained Earnings €</b>
Balance at 1 January 2023	3,540,575
Total comprehensive income for the year	202,872
<b>Balance at 31 December 2023</b>	<b>3,743,447</b>
Balance at 1 January 2024	3,743,447
Total comprehensive income for the year	(877,940)
<b>Balance at 31 December 2024</b>	<b>2,865,507</b>

The notes on pages 6 to 28 form an integral part of these financial statements

**Statement of Cash Flow**

	Notes	2024	2023
		€	€
<b>Cash flows from operating activities</b>			
<b>(Loss)/Profit for the year</b>		<b>(877,940)</b>	202,872
Adjustments for:			
Depreciation on property, plant and equipment	11	186,093	216,762
Amortisation on intangible asset	10	627	791
Depreciation on right of use assets	16	20,177	20,177
Increase/(Decrease) in provision for bad debts		15,910	(7,263)
Bad debts written off		-	2,114
<b>(Deficit)/Surplus for the year before working capital movements</b>		<b>(655,133)</b>	435,453
(Increase)/Decrease in receivables		897,899	(381,721)
Decrease in Inventories		-	1,455
(Decrease)/Increase in payables		(432,034)	293,959
<b>Net cash used in / generated from operating activities</b>		<b>(189,268)</b>	349,146
<b>Cash flows used in investing activities</b>			
Lease repayments		(21,061)	(22,506)
Payments to acquire property, plant and equipment	11	(710,422)	(699,530)
Grants received		225,203	435,426
<b>Net cash used in investing activities</b>		<b>(506,280)</b>	(256,610)
<b>Movement in cash and cash equivalents</b>		<b>(695,548)</b>	62,536
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,703,420</b>	2,640,884
<b>Cash and cash equivalents at the end of the year</b>	14	<b>2,007,872</b>	2,703,420

The notes on pages 6 to 28 form an integral part of these financial statements

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

San Pawl II-Baħar Local Council (the "Local Council") is the local authority of San Pawl II-Baħar, Xemxija, Burmarrad, Wardija, Qawra, Bugibba, San Martin, Limbordin and part of Bidnija, setup in accordance with the Local Councils Act. The office of the Local Council is situated at Triq San Pawl, San Pawl II-Baħar.

**2. Material accounting policies**

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

The Council's management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

**a. Basis of preparation**

The financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363). The financial statements are prepared under the historical cost convention, in accordance to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

**b. Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**2. Material accounting policies - continued****c. New or revised standards or interpretations****New standards adopted as at 1 January 2024**

Some accounting pronouncements which have become effective from 1 January 2024 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**

Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Council are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

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

Other Standards and amendments that are not yet effective and have not been adopted early by the Council include:

- Classification and measurement of financial instruments (Amendments to IFRS9/IFRS7)
- Lack of Exchangeability (Amendments to IAS 21)

The Council's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Council's financial statements.

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 San Pawl Il-Baħar Local Council and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is recognised upon transfer of funds from the Central Government when there are no significant uncertainties concerning the derivation of consideration or associated costs.

Interest income is recognised in the profit or loss as it accrued under finance income.

**f. Expenditures**

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

**2. Material accounting policies – continued****g. 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.

**h. Local Enforcement System**

As from October 2015, LESA took over the administration of the Local Enforcement System. The amount disclosed in the financial statements under Local Enforcement Income represents the 10% administrative charges.

**i. Intangible assets**

Intangible assets comprise computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful live of 25% using the straight-line method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**j. 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:

• Land	0%
• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%-63.16%
• Construction works	10%-28.57%
• Street Paving	10%
• Urban Improvements (Street Furniture)	10%-75%
• Special Programmes	10%-63.16%
• Office Equipment	20%-49.98%
• Motor Vehicles	20%-85.72%
• Plant and Machinery	20%-92.36%
• Plants	100%
• Computer Equipment	25%-85.70%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

**2. Material accounting policies – continued****j. Property, plant and equipment - continued**

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.

An asset's carrying amount is written down immediately to its recoverable amount if it's carrying amount is greater than its estimated recoverable amount (Accounting policy (j)).

**k. 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.

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.

**l. 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 carried at original invoice amount less provisions made for impairment of these receivables. 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.

**2. Material accounting policies - continued****m. 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 flow, cash and cash equivalents comprise cash on hand and cash in bank.

**n. 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.

**o. Payables**

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**p. 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.

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

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.

**2. Material accounting policies - continued****q. Leases - continued**

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.

**r. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months from the end of the reporting period.

**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.

**2. Material accounting policies – continued****t. Financial instruments - continued****Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The Local Council does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the 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 the statement of profit or loss and other comprehensive income are presented within 'administrative and other expenditures' or 'general income'.

**Subsequent measurement of financial assets****Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Local Council's cash and cash equivalents, and most receivables fall into this category of financial instruments.

**2. Material accounting policies – continued****t. Financial instruments – continued****Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Local Council considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Classification and measurement of financial liabilities**

The Local Council's financial liabilities include payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

**2. Material accounting policies - continued****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 recognised in the Statement of Profit or Loss and Other 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.

**3. Funds received from Central Government**

	2024 €	2023 €
In terms of Section 55 of the Local Councils Act (Cap 363)	2,348,391	2,066,916
Other Government income	98,940	90,531
	<u>2,447,331</u>	<u>2,157,447</u>

**4. Income raised under Local Enforcement System**

	2024 €	2023 €
Administrative charges to Regional Committees	13,124	14,753
Share of profit from Joint Committee	-	9,497
Contraventions	5,172	12,509
	<u>18,296</u>	<u>36,759</u>

**5. General income**

	2024 €	2023 €
Income from use of roads	8,976	7,258
Income from use of crane	169,874	174,411
Income from kiosk	443	536
EU funded programme	19,829	10,997
General Income	21,919	83,375
Sponsorships	-	49,614
Income from trenching	503	426
	<u>221,544</u>	<u>326,617</u>

**6. Income from Bye Law**

	2024	2023
	€	€
Income from skip permits/ bins on wheels	11,066	6,174
Income from advertising on street furniture	815	3,549
	<u>11,881</u>	<u>9,723</u>

**7. Personal emoluments**

	2024	2023
	€	€
Mayor's honoraria	20,396	20,927
Executive Secretary salary and allowance	48,450	43,956
Employees' salaries	324,170	289,852
Social security contributions	32,401	29,430
Overtime	33,426	32,612
Mayor's and Councilors' allowance	32,823	32,200
	<u>491,666</u>	<u>448,977</u>

**Average number of people employed**

Employees	18	18
Mayor and Councilors	13	13
	<u>13</u>	<u>13</u>

**8. Operations and maintenance**

	2024	2023
	€	€
<b>Repairs and upkeep:</b>		
Road and street pavements (patching works)	53,375	1,008
Repairs to public property	12,849	13,044
Road signs and markings	47,849	10,114
Office furniture & equipment	6,525	2,249
Environmental upkeep	3,611	4,779
Sundry repairs	16,341	1,918
Claim for damages	495	652
Street lighting	74,571	100,558
	<u>215,616</u>	<u>134,322</u>

**8. Operations and maintenance - continued**

	2024	2023
	€	€
<b>Contractual services:</b>		
Refuse collection (including bins on wheels)	227,341	217,909
Waste disposal	709,967	381,866
Bulky refuse collection (including open skips)	39,313	34,183
Road and street cleaning (mechanical and manual)	229,297	165,067
Cleaning and maintenance of public conveniences	84,275	85,590
Cleaning and maintenance of parks and gardens	25,975	27,179
Cleaning and maintenance non-urban and plants	760	18,277
Cleaning and maintenance council premises	3,120	4,136
LES related expenditure	1,114	8,301
Handyman service	33,630	43,814
Other contractual services	95,663	31,757
	<u>1,450,455</u>	<u>1,018,079</u>
	<u>1,666,071</u>	<u>1,152,401</u>

**9. Administrative and other expenditure**

	2024	2023
	€	€
Depreciation and amortisation	186,720	217,553
Depreciation on right of use asset	20,177	20,177
Accountancy services	6,867	6,796
Advertising and public relations expenses	807	4,695
Bank charges	4,155	3,032
Right of use of asset interest	1,424	2,094
Office services	7,663	8,734
Cleaning materials and supplies	183	653
Community services	156,918	246,643
Conference and participation expenses	20,748	-
Insurance	12,779	10,869
Management, operation and engineering services	-	11,420
Operating materials and supplies	32,336	36,869
Legal and professional fees	19,988	57,468
Uniforms	2,301	4,458
Library	2,912	1,611
Staff training	-	-
Twinning expenses	-	2,709
Rent	19,064	12,286
Bad debts	-	2,114
Provision for bad debts	15,910	-
Telecommunications	6,590	8,058
Transport expenses	20,663	20,095
Water and electricity	15,662	17,412
Legal Costs - Court Case	829,849	-
Day centre expenditure	35,482	30,418
Sundry minor expenses	56	132
	<u>1,419,254</u>	<u>726,296</u>

**10. Intangible asset**

	Computer software €
<b>At 1 January 2023</b>	
Cost	7,375
Accumulated amortisation	(6,377)
Net book amount	998
<b>Movements for the year ended 31 December 2023</b>	
Opening net book amount	1,789
Amortisation charge	(791)
Closing net book amount	998
<b>At 31 December 2023</b>	
Cost	7,375
Accumulated amortisation	(6,377)
Net book amount	998
<b>Movements for the year ended 31 December 2024</b>	
Opening net book amount	998
Amortisation charge	(627)
Closing net book amount	371
<b>At 31 December 2024</b>	
Cost	7,375
Accumulated amortisation	(7,004)
Net book amount	371

Amortisation of €627 (2023: €791) is included in 'administrative and other expenditure'.

**11b. Property, plant and equipment**

	Trees €	Office Furn. & fittings €	Comp. & Office equip. €	Street paving €	Urban improv. €	Playgr. furn. €	Plant & machinery €	Motor vehicles €	Construction works €	Special programmes €	Assets not yet capitalised €	Total €
<b>Cost</b>												
At 1 January 2024	26,052	50,320	53,090	124,856	1,212,771	42,812	77,126	93,762	2,032,911	3,896,369	95,245	7,705,314
Additions/Capitalisations	-	-	509	-	25,323	677	43,345	-	640,572	-	-	710,426
Disposals/Transfers	-	-	-	-	1,000	-	-	-	-	-	(1,000)	-
At 31st December 2024	26,052	50,320	53,599	124,856	1,239,094	43,489	120,471	93,762	2,673,484	3,896,369	94,245	8,415,740
<b>Grants</b>												
At 1 January 2024	-	1,512	7,900	-	40,891	-	6,363	7,000	684,906	1,544,348	-	2,292,920
Additions to Grant	-	-	-	-	-	-	-	-	225,204	-	-	225,204
Reversal of Grant	-	-	-	-	-	-	-	-	-	-	-	-
At 31st December 2024	-	1,512	7,900	-	40,891	-	6,363	7,000	910,110	1,544,348	-	2,518,124
<b>Accumulated Depreciation At 1</b>												
January 2024	-	42,858	41,850	120,539	1,159,563	42,812	68,204	70,740	935,665	2,051,258	-	4,533,488
Charge for the period	-	1,180	2,132	977	13,294	677	6,241	9,857	63,182	88,553	-	186,093
At 31st December 2024	-	44,037	43,982	121,516	1,172,857	43,489	74,446	80,597	998,848	2,139,811	-	4,719,583
<b>Net book value</b>												
At 31st December 2024	26,052	4,771	1,717	3,340	25,346	-	39,662	6,165	764,526	212,210	94,245	1,178,035

## 11b. Property, plant and equipment

	Trees €	Office Furn. & fittings €	Comp. & Office equip. €	Street paving €	Urban improv. €	Playgr. furn. €	Plant & machinery €	Motor vehicles €	Construction works €	Special programmes €	Assets not yet capitalised €	Total €
<b>Cost</b>												
At 1 January 2023	26,052	50,320	52,960	124,856	1,201,217	42,812	76,183	93,762	1,104,046	3,918,569	337,207	7,027,984
Additions/Capitalisations	-	-	130	-	11,554	-	943	-	684,447	-	2,456	699,530
Disposals/Transfers	-	-	-	-	-	-	-	-	244,418	-	(244,418)	-
At 31st December 2023	26,052	50,320	53,090	124,856	1,212,771	42,812	77,126	93,762	2,032,911	3,918,569	95,245	7,727,514
<b>Grants</b>												
At 1 January 2023	-	1,512	7,900	-	40,891	-	6,363	7,000	193,792	1,622,235	-	1,879,693
Additions to Grant	-	-	-	-	-	-	-	-	491,114	-	-	491,114
Reversal of Grant	-	-	-	-	-	-	-	-	-	(55,688)	-	(55,688)
At 31st December 2023	-	1,512	7,900	-	40,891	-	6,363	7,000	684,906	1,566,547	-	2,315,119
<b>Accumulated Depreciation</b>												
At 1 January 2023	-	41,614	39,173	119,562	1,154,220	42,812	67,031	51,987	879,961	1,920,366	-	4,316,726
Charge for the period	-	1,244	2,677	977	5,343	-	1,173	18,753	55,704	130,891	-	216,762
At 31st December 2023	-	42,858	41,850	120,539	1,159,563	42,812	68,204	70,740	935,665	2,051,257	-	4,533,488
<b>Net book value</b>												
At 31st December 2023	26,052	5,950	3,340	4,317	12,317	-	2,559	16,022	412,340	300,765	95,245	878,907

**12. Receivables**

	2024 €	2023 €
Receivables	65,261	263,904
Provision for doubtful debts	(33,406)	(17,496)
LES Debtors	56,702	61,873
Provision for doubtful LES debts	(56,702)	(61,873)
Other debtors	-	453,155
Accrued income	254,982	504,764
<b>Financial assets at amortised cost</b>	<b>286,837</b>	<b>1,204,327</b>
Advance payment	-	572
Prepayments	23,144	18,891
<b>Total receivables</b>	<b>309,981</b>	<b>1,223,790</b>

The total financial assets at amortised cost for the year amounted to €286,837 (2022: €1,204,327).

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.

	2024 €	2023 €
<b>Age of receivables that are past due but not impaired</b>		
30-90 days	19,668	181,397
91-120 days	-	9,600
More than 120 days	44,500	72,907
Total	65,261	263,904
<b>Other debtors are analysed as follows:</b>		
More than 120 days	-	453,155

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.

Receivables are stated net of a provision for doubtful debts of €33,406 (2023: €17,496). LES receivables are stated net of a provision for doubtful debts of €56,702 (2023: €56,702).

**13. 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 Flow comprise the following amounts:

	2024 €	2023 €
Petty cash	50	60
Cash in hand	150	150
Bank balances:		
Savings and current accounts	2,007,671	2,529,652
Central Bank Measure 4.3 account	-	173,558
<b>Total cash and cash equivalents</b>	<b>2,700,871</b>	<b>2,703,420</b>

**14. Payables**

	2024 €	2023 €
Payables	363,288	586,236
Accruals	173,640	164,076
Other creditors	72,584	191,015
Lease liability	13,009	14,091
<b>Financial liabilities</b>	<b>622,521</b>	<b>955,418</b>
Deferred income	20,000	120,217
<b>Total payables – current</b>	<b>642,521</b>	<b>1,075,635</b>

The total financial liabilities for the year amounted to €622,521 (2023: €955,418)

**Payables after more than one year**

	2024 €	2023 €
Lease liability	-	19,980
	-	19,980

**15. Right of use assets**

	€
<b>Right of use assets</b>	
<b>Cost 1 January 2024</b>	<b>112,655</b>
<b>Accumulated depreciation</b>	
Opening depreciation	<b>(80,708)</b>
Charge for the year	<b>(20,177)</b>
<b>Net book value 31 December 2024</b>	<b>11,770</b>
	€
Cost 1 January 2023	112,655
Accumulated depreciation Opening depreciation	(60,531)
Charge for the year	(20,177)
Net book value 31 December 2023	31,947

The below table shows the right-of-use assets and corresponding lease liabilities. All recognised right-of-use assets relate to the site at Triq San Pawl, San Pawl il-Baħar, that is used as office premises.

	2024 €	2023 €
Right-of-use asset	<b>11,770</b>	31,947
Lease liabilities:	<b>13,009</b>	34,071
Of which are:		
Current lease liabilities	<b>13,009</b>	14,091
Non-current lease liabilities	-	19,980
Maturity analysis		
Less than one year	<b>13,009</b>	14,091
One to five years	-	19,980

**16. Contingent liabilities**

The garnishee order placed on the bank account of San Pawl il-Baħar Local Council amounting to €453,155 has been fully written off in 2024 together with other interest and charges incurred.

**17. Contingent asset**

The Council has a contingent asset as at 31<sup>st</sup> December 2024 re a court case with Blues Ltd. In case of a favourable outcome, the Council stands to receive the amount due by Blues Ltd. which is included with trade receivables plus court expenses. The balance has been fully provided in 2024.

**18. 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 7 to these Financial Statements. The following were the related parties:

<b>Name of Entity</b>	<b>Nature of relationship</b>
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

**19. Related party transactions – continued**

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

	2024 €	2023 €
<b>(a) Funds received from Local Government</b>	<b>2,348,391</b>	<b>2,066,916</b>

**Key management compensation**

Transactions with key management personnel are disclosed in note 7.

**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 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:

	2024 €	2023 €
Classes of financial assets – carrying amounts:		
Financial assets at amortised cost		
Receivables	286,837	1,204,327
Cash and cash equivalents	2,007,871	2,703,420
	<b>2,294,708</b>	<b>3,907,747</b>

**21. 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 €2,007,871. 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 €1,675,332 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2024, the Local Council's financial liabilities have contractual maturities which are summarised below:

**At 31 December 2024**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	363,288	-	-
Accruals	173,640	-	-
Other creditors	72,583	-	-
Lease liability	13,009	-	-

**21. Financial risk management – continued**

This compares to the maturity of the Local Council's financial liabilities in the previous reporting year as follows:

**At 31 December 2023**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	586,236	-	-
Accruals	164,076	-	-
Other creditors	191,015	-	-
Lease liability	14,091	19,980	-

**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 minimising uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

**22. 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:

	2024 €	2023 €
<b>Current assets</b>		
Financial assets at amortised cost:		
Receivables	286,837	1,204,327
Cash and cash equivalents	2,007,871	2,703,420
	<u>2,294,708</u>	<u>3,907,747</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Payables	448,811	791,342
Accruals	173,640	164,076
	<u>622,451</u>	<u>955,418</u>

**23. 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.

**24. Capital commitments****Capital expenditure**

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

	2024 €	2023 €
Authorised but not contracted	<u>2,360,000</u>	<u>1,975,986</u>

The capital expenditure that has been approved but not yet contracted for represents a fund for initial fees relating to the civic centre (€150,000), commitments budgeted in prior years relating to the civic centre (€2,000,000) purchase of trees (€10,000) and for construction capitalised projects (€200,000).