



FGURA LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2023

Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2023**

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 1993, 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, Local Councils (Financial) Regulations 1993, and the Local Councils (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 23rd October 2024 and signed on its behalf by



Clayton Portelli Cascun
Mayor



Gwenith Calleja
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	766,371	760,544
Income raised under Council Bye-Laws	5	36,102	26,597
Income raised under Local Enforcement System	6	5,983	1,630
General Income	7	29,386	26,395
		<u>837,842</u>	<u>815,166</u>
Expenditure			
Personal emoluments	9	(173,327)	(162,724)
Operations and maintenance	11	(372,895)	(367,812)
Administrative and other expenditure	12	(345,907)	(270,737)
		<u>(892,129)</u>	<u>(801,273)</u>
Operating (Deficit) / Profit for the year		(54,287)	13,893
Finance costs	10	(8,360)	(9,538)
(Deficit) / Profit for the year		<u>(62,647)</u>	<u>4,355</u>

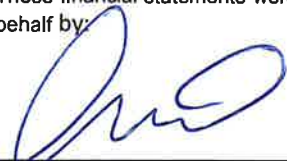
The notes on pages 8 to 24 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 €	2022 €
ASSETS			
Non-current Assets			
Property, plant and equipment	13	1,344,004	1,263,377
Intangible asset	14	-	-
		<u>1,344,004</u>	<u>1,263,377</u>
Current Assets			
Receivables	15	205,450	117,934
Cash and Cash Equivalents	16	820,293	1,117,796
		<u>1,025,743</u>	<u>1,235,730</u>
Total Assets		<u>2,369,747</u>	<u>2,499,107</u>
EQUITY AND LIABILITIES			
Reserves			
Retained Fund		<u>1,747,567</u>	<u>1,810,214</u>
		<u>1,747,567</u>	<u>1,810,214</u>
Non-current Liabilities			
Borrowings	17	<u>177,003</u>	<u>209,747</u>
		<u>177,003</u>	<u>209,747</u>
Current Liabilities			
Borrowings	17	32,587	31,360
Payables	18	412,590	447,786
		<u>445,177</u>	<u>479,146</u>
Total Liabilities		<u>622,180</u>	<u>688,893</u>
Total Equity and Liabilities		<u>2,369,747</u>	<u>2,499,107</u>

These financial statements were approved by the Local Council on the 23rd October 2024 and signed on its behalf by:


 Clayton Portelli Cascun
 Mayor


 Gwenith Calleja
 Executive Secretary

The notes on pages 8 to 24 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Funds €
At 1 January 2022	1,805,859
Surplus for the year 2022	4,355
At 31 December 2022	1,810,214
At 1 January 2023	1,810,214
Deficit for the year 2023	(62,647)
At 31 December 2023	1,747,567

The notes on pages 8 to 24 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 €	2022 €
	Note	
Cash flows from Operating Activities		
(Deficit) /Profit for the year	(62,647)	4,355
Reconciliation to cash generated from operations:		
Depreciation	34,730	57,752
Interest expense	8,360	9,538
Provision for doubtful debts	897	-
Operating Profit/(deficit) before Working Capital Changes	<u>(18,660)</u>	71,645
Increase in receivables	(88,413)	(867)
(Decrease)/increase in payables	<u>(35,196)</u>	30,054
Cash (used in) / generated from operating activities	<u>(142,269)</u>	<u>100,832</u>
Cash flows from Investing Activities		
Purchase of property, plant & equipment	(160,031)	(38,181)
Receipt of grant	<u>44,674</u>	<u>62,625</u>
Cash (used in) / generated from investing activities	(115,357)	24,444
Repayment of bank and other borrowings	(31,517)	(30,339)
Interest paid on bank borrowings	<u>(8,360)</u>	<u>(9,538)</u>
Cash used in financing activities	(39,877)	(39,877)
Net (decrease) / Increase in Cash and cash equivalents	(297,503)	85,399
Cash and cash equivalents at the beginning of the year	<u>1,117,796</u>	<u>1,032,397</u>
Cash and cash equivalents at the end of the year	16 <u>820,293</u>	<u>1,117,796</u>

The notes on pages 8 to 24 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2023

1. General Information

The Fgura Local Council is the local Authority of Fgura set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at 126/128, Kunsill Lokali il-Fgura, Triq Hompesch, il-Fgura. These financial statements were approved for issue by the Council Members on the 23rd October 2024. The Local Council's presentation as well as functional currency is denominated in €.

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 has concluded that the disclosure of the Local Council's material accounting policies below and in the succeeding pages are appropriate.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting convention

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

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

New or revised standards or interpretations

New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on Council's financial results or position.

Standards and amendments that are effective for the first time in 2023 and could be applicable to the Council are:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

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

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been adopted early by the Council and no interpretations have been issued that are applicable and need to be taken into consideration by the Council.

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

- 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)

Notes to the Financial Statements for the year ended 31 December 2023

2. Material accounting policies (cont.)

- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

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.

Property, plant, and equipment

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

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each statement of financial position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

Leases

The Council has applied IFRS 16 using the retrospective approach. At inception of a contract, the Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Council assesses whether:

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material accounting policies (cont.)

Leases (cont.)

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Council has the right to direct the use of the asset. The Council has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Council has the right to direct the use of the asset if either:
 - The Council has the right to operate the asset; or
 - The Council designed the asset in a way that predetermines how and for what purpose it will be used.

The Council has applied this approach to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Council allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Council's incremental borrowing rate. Generally, the Council uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Council is reasonably certain to exercise, lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Council is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Council's estimate of the amount expected to be payable under a residual value guarantee or if the Council changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Council presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position

Short-term leases and leases of low-value assets

The Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material accounting policies (cont.)

Receivable

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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Payables

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

Financial instruments

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

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

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

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

Financial assets

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

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

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

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 for each identified group.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material accounting policies (cont.)

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'.

Related parties

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

Revenue

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

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

Local Enforcement System

As from 2015, the income recognised in the Income Statement was derived from the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee

Government grants

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

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

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial statements are presented in €, which is the Council's functional and presentation currency.

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Profits and losses

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

Cash

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

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material accounting policies (cont.)

Capital Management

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

- that the Council's ability to continue as a going concern is still valid and
- that the Council maintains a positive working capital ratio.

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

3. Judgments in applying accounting policies and key sources of estimation

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

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

4. Funds received from central government

	2023	2022
	€	€
In terms of section 55 of the Local Councils Act, 1993	741,868	732,168
Other Government income	24,503	28,376
	<u>766,371</u>	<u>760,544</u>

5. Income raised under Council Bye-Laws

	2023	2022
	€	€
Permits	36,102	26,597
	<u>36,102</u>	<u>26,597</u>

6. Income raised under Local Enforcement System

	2023	2022
	€	€
Contraventions Received	2,883	1,630
Commission from all regions/LESA	3,100	-
	<u>5,983</u>	<u>1,630</u>

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal notice 32 of 2000.

As from September 2012, the income recognised in the Statement of Comprehensive Income was derived from the six Regional Councils and the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee.

The recording of income from contraventions for offences was based on reports generated by the contractor entrusted with the system by the Ministry.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

7. General Income

	2023	2022
	€	€
Community Services	-	395
General Income	2,844	-
Rental income	26,542	26,000
	<u>29,386</u>	<u>26,395</u>

8. (Deficit)/ Profit for the year

	2023	2022
	€	€
(Deficit) / Profit for the year is stated after charging:		
Staff salaries	173,327	162,724
Depreciation of property, plant & equipment and intangible assets	34,730	57,752
	<u>173,327</u>	<u>162,724</u>

9. Personal Emoluments

	2023	2022
	€	€
Mayor's Honoraria	16,003	15,516
Councillors' Allowances	22,600	22,600
Executive Secretary Salary and Allowances	50,115	53,508
Employees' Salaries	75,401	63,875
Social Security Contributions	9,208	7,225
	<u>173,327</u>	<u>162,724</u>

10. Finance costs

	2023	2022
	€	€
Interest on loan	8,360	9,538
	<u>8,360</u>	<u>9,538</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

11. Operations and Maintenance

	2023	2022
	€	€
<i>Repairs and Upkeep:</i>		
Materials and supplies	-	65
Cleaning materials and supplies	2,341	1,812
Repair and upkeep roads	59,214	57,243
Public property	-	3,958
Street signs	8,371	10,811
Sundry repairs	32	2,952
Street markings	10,874	10,631
	<u>80,832</u>	<u>87,472</u>
<i>Contractual Services:</i>		
Waste disposal	76,874	68,894
Refuse collection	92,397	70,977
Bulky refuse collection	30,004	21,430
Road & street cleaning	46,905	70,824
Cleaning public conveniences	9,070	6,390
Cleaning & maintenance soft areas	11,245	28,361
Street lighting	21,696	7,523
Law enforcement system	3,872	5,941
	<u>292,063</u>	<u>280,340</u>
Total Operations and Maintenance Costs	<u>372,895</u>	<u>367,812</u>

12. Administrative and other expenditure

	2023	2022
	€	€
Utilities	19,235	18,789
Repairs and maintenance	7,247	2,628
Rent	5,441	2,334
National and international memberships	-	718
Office services	18,214	25,042
Transport	8,497	7,633
Information services	11,428	4,760
Insurance coverage	7,418	5,277
Bank charges	1,480	837
Cleaning council premises	9,279	6,851
Professional services	51,286	32,222
Other support services	7,907	7,564
Social and cultural events	162,802	96,672
Sundry minor expenses	49	1,058
Increase in provision for doubtful debts	897	-
Training	-	600
Depreciation	34,727	57,752
	<u>345,907</u>	<u>270,737</u>

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

13. Property, plant and equipment

	Trees €	Construction Works €	Furniture & Fittings €	New							Total €	
				Street Signs €	Urban Improvements €	Office Equipment €	Plant & Machinery €	Motor vehicles €	Land €	Buildings €		
Cost												
At 1 January 2023	19,880	1,627,044	186,364	11,735	580,773	177,982	266,394	11,586	465,711	874,165	4,221,434	
Additions	5,838	-	6,135	-	101,065	3,779	-	43,214	-	-	160,031	
At 31 December 2023	25,518	1,627,044	192,499	11,735	681,838	181,761	266,394	54,800	465,711	874,165	4,381,465	
Depreciation												
At 1 January 2023	-	1,241,608	30,706	11,735	404,545	48,597	8,322	11,586	-	29,807	1,786,906	
Charge for the year	-	6,938	991	-	14,303	3,493	2,034	93	-	6,878	34,730	
At 31 December 2023	-	1,248,546	31,697	11,735	418,848	52,090	10,356	11,679	-	36,685	1,821,636	
Grants												
At 1 January 2023	-	353,071	150,806	-	107,310	119,578	254,064	-	-	186,322	1,171,151	
Additions	-	-	-	-	2,581	-	-	42,083	-	-	44,674	
At 31 December 2023	-	353,071	150,806	-	109,891	119,578	254,064	42,083	-	186,322	1,215,825	
Net Book values												
At 31 December 2023	25,518	25,427	9,996	-	153,099	10,093	1,974	1,028	465,711	651,158	1,344,004	

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

13. Property, plant and equipment (cont.)

	Trees €	Construction Works		Furniture & Fittings €	New			Plant & Machinery €	Motor vehicles €	Land €	Buildings €	Total €
		€	€		Street Signs €	Urban Improvements €	Office Equipment €					
Cost												
At 1 January 2022	11,988	1,627,044	186,364	11,735	491,184	173,182	266,394	11,586	465,711	874,165	4,119,353	
Additions	7,692	-	-	-	89,589	4,800	-	-	-	-	102,081	
At 31 December 2022	19,680	1,627,044	186,364	11,735	580,773	177,982	266,394	11,586	465,711	874,165	4,221,434	
Depreciation												
At 1 January 2022	-	1,216,938	29,736	11,735	366,211	44,670	6,281	11,586	-	22,929	1,730,086	
Charge for the year	-	24,670	970	-	18,334	3,927	2,041	-	-	6,878	56,820	
At 31 December 2022	-	1,241,608	30,706	11,735	404,545	48,597	8,322	11,586	-	29,807	1,786,906	
Grants												
At 1 January 2022	-	353,071	150,806	-	43,410	119,578	254,064	-	-	186,322	1,107,251	
Additions	-	-	-	-	63,900	-	-	-	-	-	63,900	
At 31 December 2022	-	353,071	150,806	-	107,310	119,578	254,064	-	-	186,322	1,171,151	
Net Book values												
At 31 December 2022	19,680	32,365	4,852	-	68,918	9,807	4,008	-	465,711	658,036	1,263,377	

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

14. Intangible Assets

	Computer software	Total
	€	€
Cost		
At 1 January 2023	4,201	4,201
At 31 December 2023	<u>4,201</u>	<u>4,201</u>
Depreciation		
At 1 January 2023	4,201	4,201
At 31 December 2023	<u>4,201</u>	<u>4,201</u>
Net Book value		
At 31 December 2023	<u>-</u>	<u>-</u>

	Computer software	Total
	€	€
Cost		
At 1 January 2022	4,201	4,201
At 31 December 2022	<u>4,201</u>	<u>4,201</u>
Depreciation		
At 1 January 2022	3,269	3,269
Charge for the year	932	932
At 31 December 2022	<u>4,201</u>	<u>4,201</u>
Net Book value		
At 31 December 2022	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

15. Receivables

	2023	2022
	€	€
Accrued income	159,089	87,089
Other Related Undertakings	33,682	24,168
Total Financial Assets at Amortised Cost	192,771	111,257
Prepayments	12,679	6,677
	205,450	117,934

Receivables

Credit period analysis:

	2023	2022
	€	€
Within credit period	32,154	22,641
Exceeded credit period but not impaired	1,528	1,527
Impaired and provided for	334,888	381,604
Provision for doubtful debts	(334,888)	(381,604)
	33,682	24,168

Local Enforcement System (LES) Debtors

LES Debtors are stated after a specific provision for doubtful debts amounting to €333,817 (2022 - €381,430).

Included in the receivables from other undertakings are amounts due from related parties amounting to €33,682 (2022: €10,271)

Amounts due from related parties are unsecured, interest free and repayable on demand.

16. Cash

	2023	2022
	€	€
Cash at Bank	820,028	1,117,501
Cash in Hand	265	295
	820,293	1,117,796

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

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

17. Borrowings

	2023	2022
	€	€
Non-current		
Bank borrowings	<u>177,003</u>	<u>209,747</u>
Current		
Bank borrowings	<u>32,587</u>	<u>31,360</u>
Borrowings		
Repayable within one year	<u>32,587</u>	31,360
Repayable between two and five years	<u>128,849</u>	138,183
Repayable in five years or more	<u>48,154</u>	71,564
	<u>209,590</u>	<u>241,107</u>

The Bank Loans are secured by a 1st General Hypothec over the Local Council Fgura assets and a Special Hypothec on Houses 126 and 128, Hompesch Road, Fgura Special Hypothec and Privilege on Comprehensive Insurance Policy over the new premises. Loans attract interest at 3.35% and 4.4% (2022 – 3.35% and 4.4%) and are repayable in monthly instalments of €2,054.72 and €1,269.15 (2022 - €2,054.72 and €1,269.15) inclusive of accumulated interest.

18. Payables

	2023	2022
	€	€
Payables	122,997	74,074
Other payables	3,986	39,971
Accruals	<u>46,426</u>	<u>108,318</u>
Total Financial Liabilities at Amotized Cost	<u>173,409</u>	<u>222,363</u>
Deferred Income	<u>239,181</u>	<u>225,423</u>
	<u>412,590</u>	<u>447,786</u>

Included in the payable are amounts due to related parties amounting to €61,445 (2022 : €12,082). These amounts are unsecured, interest free and repayable on demand.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

18.1 Deferred Income

	2023	2022
	€	€
Deferred income		
At 1 January	225,423	175,798
Increase in year	13,758	64,792
Utilised in year	-	(15,167)
At 31 December	<u>239,181</u>	<u>225,423</u>
Current Deferred Income	<u>239,181</u>	<u>225,423</u>

19. Capital Commitments

	2023	2022
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	235,000	240,000
- Contracted for but not provided in the financial statements	-	432,835
	<u>-</u>	<u>432,835</u>
(i) Approved but not yet contracted for:		
Furniture & Fittings	5,000	5,000
Road works	200,000	205,000
Urban improvements	20,000	20,000
Office Equipment	10,000	10,000
	<u>235,000</u>	<u>240,000</u>
(i) Contracted for but not provided in the Financial Statements:		
Embellishment Triq il-Pitiross	-	56,335
Open Gym	-	251,000
Resurfacing Triq il-Pitiross, Triq is-Summiena and Triq l-Ghasfur tal-bejt	-	125,500
	<u>-</u>	<u>432,835</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

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

21. 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 debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

Summary of financial assets and liabilities by category:

	2023	2022
	€	€
Current Assets		
Financial Assets at Amortised cost		
Receivables	192,771	111,257
Cash	820,293	1,117,796
	<u>1,013,064</u>	<u>1,229,053</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	173,409	222,363
Bank borrowings	32,587	31,360
	<u>205,996</u>	<u>253,723</u>
Non-current Liabilities		
Bank borrowings	<u>177,003</u>	<u>209,747</u>

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Council has as cash the amount of €820,293. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive current net asset position of €580,566 (2022: €756,584) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

21. Financial Risk Management (cont.)

Foreign Currency Risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currency transactions.

Interest Rate Risk

The Council operates two bank accounts which have financing facilities. These facilities have interest rates which did not fluctuate over the past years and as a result, the Council is not exposed to cash flow interest rate risk on bank balances.

Market risks

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Other risks

The Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

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

22. Related party transactions

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 Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Inland Revenue Department	No control
Local Enforcement System Agency	No control
Central Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Local Enforcement System Agency	No control
Malta Environment and Planning Authority	No control
Malta Information Technology Agency	No control
Water Services Corporation	No control
Enemalta Corporation	No control
ARMS Limited	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Malta Tourism Authority	No control
Office of the Prime Minister	No control
Office of the Commissioner for Data Protection	No control

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

22. Related party transactions (cont.)

The amounts due from / to related parties at year-end are disclosed in notes 15 and 18. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

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

	Related party activity €	2023 Total activity €	%	Related party activity €	2022 Total activity €	%
<i>Income</i>						
Transactions with central government	766,371			760,544		
Transactions with regions/LESA	5,983			1,630		
	<u>772,354</u>	<u>837,842</u>	<u>92</u>	<u>762,174</u>	<u>815,166</u>	<u>93</u>
<i>Expenditure</i>						
Transactions with government entities	76,874			64,686		
Key personnel remuneration	173,327			162,724		
	<u>250,201</u>	<u>892,129</u>	<u>28</u>	<u>227,410</u>	<u>801,273</u>	<u>28</u>

23. Fair values estimation

At 31 December 2023 and at 31 December 2022, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amount.