

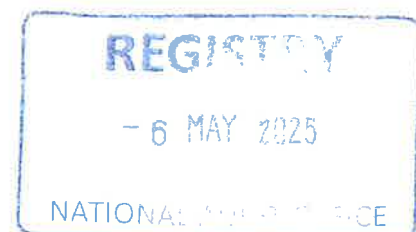


FGURA LOCAL COUNCIL

Annual Report  
and  
Financial Statements  
for the year ended 31 December 2024

Prepared by

Daniel Galea B. Accty. (Hons.) CPA



**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2024**

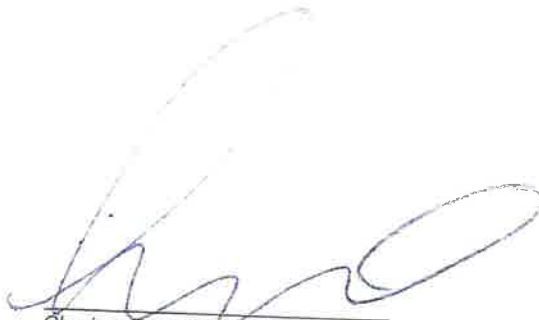
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**Statement of Local Council Members' and Executive Secretary's Responsibilities  
for the year ended 31 December 2024**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations, it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations 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 25th April 2025 and signed on its behalf by

  
Clayton Portelli ~~Cascun~~  
Mayor

  
Gwenith Calleja  
Executive Secretary

**STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2024

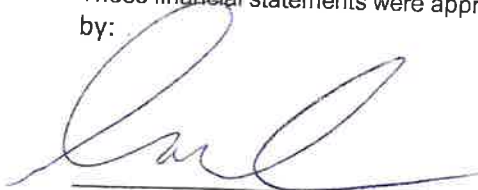
		2024 €	2023 €
<b>Income</b>	<i>Notes</i>		
Funds received from Central Government	4	884,509	766,371
Income raised under Council Bye-Laws	5	11,277	36,102
Income raised under Local Enforcement System	6	4,764	5,983
General income	7	42,354	29,386
		<u>942,904</u>	<u>837,842</u>
<b>Expenditure</b>			
Personal emoluments	9	(225,198)	(173,327)
Operations and maintenance	11	(550,939)	(372,895)
Administrative and other expenditure	12	(523,701)	(345,907)
		<u>(1,299,838)</u>	<u>(892,129)</u>
<b>Operating deficit for the year</b>		(356,934)	(54,287)
Finance costs	10	(7,110)	(8,360)
<b>Deficit for the year</b>	8	<u>(364,044)</u>	<u>(62,647)</u>

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

		2024 €	2023 €
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	13	1,379,718	1,344,004
		<u>1,379,718</u>	<u>1,344,004</u>
<b>Current Assets</b>			
Receivables	14	149,270	205,450
Cash and cash equivalents	15	540,398	820,293
		<u>689,668</u>	<u>1,025,743</u>
<b>Total Assets</b>		<u><b>2,069,386</b></u>	<u><b>2,369,747</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Retained Fund		1,383,523	1,747,567
		<u>1,383,523</u>	<u>1,747,567</u>
<b>Non-Current Liabilities</b>			
Borrowings	16	142,966	177,003
		<u>142,966</u>	<u>177,003</u>
<b>Current Liabilities</b>			
Borrowings	16	33,903	32,587
Payables	17	508,994	412,590
		<u>542,897</u>	<u>445,177</u>
<b>Total liabilities</b>		<u><b>685,863</b></u>	<u><b>622,180</b></u>
<b>Total Equity and Liabilities</b>		<u><b>2,069,386</b></u>	<u><b>2,369,747</b></u>

These financial statements were approved by the Local Council on the 25th April 2025 and signed on its behalf by:

  
 Clayton Portelli Cascun  
 Mayor

  
 Gwenith Calleja  
 Executive Secretary

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

	<b>Retained Funds €</b>
At 1 January 2023	1,810,214
Deficit for the year 2023	(62,647)
<b>At 31 December 2023</b>	<b>1,747,567</b>
At 1 January 2024	1,747,567
Deficit for the year 2024	(364,044)
<b>At 31 December 2024</b>	<b>1,383,523</b>

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 €	2023 €
	Note	
<b>Cash flows from Operating Activities</b>		
<b>Deficit for the year</b>	<b>(364,044)</b>	<b>(62,647)</b>
Reconciliation to cash generated from operations:		
Depreciation	45,233	34,730
Provision for doubtful debts	-	897
Interest expense	7,110	8,360
Operating Loss before Working Capital Changes	<u>(311,701)</u>	<u>(18,660)</u>
Decrease/(increase) in receivables	132,936	(88,413)
Increase (decrease) in payables	<u>96,404</u>	<u>(35,196)</u>
<b>Cash used in operating activities</b>	<b><u>(82,361)</u></b>	<b><u>(142,269)</u></b>
<b>Cash flows from Investing Activities</b>		
Purchase of property, plant & equipment	(149,284)	(160,031)
Grants foregone	(8,419)	-
Receipt of grant	-	44,674
<b>Cash used in investing activities</b>	<b><u>(157,703)</u></b>	<b><u>(115,357)</u></b>
Repayment of bank and other borrowings	(32,721)	(31,517)
interest paid	(7,110)	(8,360)
<b>Cash used in financing activities</b>	<b><u>(39,831)</u></b>	<b><u>(39,877)</u></b>
Net decrease in Cash and cash equivalents	<b>(279,895)</b>	<b>(297,503)</b>
Cash and cash equivalents at the beginning of the year	<u>820,293</u>	<u>1,117,796</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>16</u> <u>540,398</u></b>	<b><u>820,293</u></b>

# FGURA LOCAL COUNCIL

## Notes to the Financial Statements for the year ended 31 December 2024

### 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 25th April 2025. The Local Council's presentation as well as functional currency is denominated in Euro (€).

### 2. Reporting procedures

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

#### *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 (IFRS) as adopted by the European Union (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 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.

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

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 Local 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 Local Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Local Council.

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

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

**2. Material Accounting Policies and Reporting Procedures (cont.)**

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 Local 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:

Buildings	%
Office Furniture and Fittings	1
Construction Works	7.5
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Utter 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 profit or loss 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 profit or loss.

*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 2024 (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 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 2024 (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 profit or loss.

*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 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'.

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 2024 (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 profit or loss 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 statement of profit or loss 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 profit or loss 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 Euro (€), 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 and cash equivalents*

Cash are carried in the statement of financial position at face value. For the purposes of the statement cash flows, cash and cash equivalents comprise cash in hand and balances held with banks.

Notes to the Financial Statements for the year ended 31 December 2024 (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

	2024	2023
	€	€
in terms of section 53 of the Local Councils Act, 1993	836,548	741,866
Other Government income	43,961	24,503
	<u>884,509</u>	<u>766,371</u>

5. Income raised under Council Bye-Laws

	2024	2023
	€	€
Permits	11,277	36,102
	<u>11,277</u>	<u>36,102</u>

6. Income raised under Local Enforcement System

	2024	2023
	€	€
Contraventions Received	1,892	2,883
Commission from all regions/LESA	2,872	3,100
	<u>4,764</u>	<u>5,983</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.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

7. General income

	2024	2023
	€	€
General income	15,054	2,844
Rental income	27,300	26,542
	<u>42,354</u>	<u>29,386</u>

8. Deficit for the year

	2024	2023
	€	€
Deficit for the year is stated after charging:		
Staff salaries	225,198	173,327
Depreciation of property, plant & equipment	45,233	34,700
	<u>45,233</u>	<u>34,700</u>

9. Personal emoluments

	2024	2023
	€	€
Mayor's honoraria	18,766	16,003
Councillors' allowances	20,200	22,600
Executive secretary salary and allowances	45,983	50,115
Employees' salaries	127,367	75,401
Social security contributions	12,882	9,208
	<u>225,198</u>	<u>173,327</u>

10. Finance costs

	2024	2023
	€	€
Interest on loan	<u>7,110</u>	<u>8,360</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

11. Operations and maintenance

	2024	2023
	€	€
<i>Repairs and upkeep:</i>		
Cleaning materials and supplies	2,341	2,341
Repair and upkeep roads	99,947	59,214
Other repair and upkeep	15	-
Street signs	51,843	8,371
Sundry repairs	112	32
Street markings	2,496	10,874
	<u>156,754</u>	<u>80,832</u>
<i>Contractual services:</i>		
Waste disposal	142,739	76,874
Refuse collection	69,651	92,397
Bulky refuse collection	30,231	30,004
Road & street cleaning	74,632	46,905
Cleaning public conveniences	8,860	9,070
Cleaning & maintenance soft areas	37,886	11,245
Street lighting	21,272	21,696
Law Enforcement System	8,914	3,872
	<u>394,185</u>	<u>292,063</u>
Total Operations and Maintenance Costs	<u>550,939</u>	<u>372,895</u>

12. Administrative and other expenditure

	2024	2023
	€	€
Utilities	21,212	19,235
Repairs and maintenance	18,255	7,247
Rent	7,965	5,441
Office services	40,895	18,214
Transport	30,092	8,497
Information services	5,518	11,428
Insurance coverage	8,187	7,418
Bank charges	1,501	1,480
Cleaning council premises	771	9,279
Professional services	58,423	51,286
Other support services	10,465	7,907
Social and cultural events	274,935	162,802
Sundry minor expenses	249	49
Increase in provision for doubtful debts	-	897
Depreciation	45,233	34,727
	<u>523,701</u>	<u>345,907</u>

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

13. Property, plant and equipment

Cost	Trees €	Construction Works €	Furniture & Fittings €	New Street Signs €	Urban Improvements €	Office Equipment €	Plant & Machinery €	Motor vehicles €	Land €	Buildings €	Total €
At 1 January 2024	25,518	1,627,044	192,499	11,735	681,838	181,761	266,394	54,800	465,711	874,165	4,381,465
Additions	-	7,764	7,764	-	124,339	15,912	1,269	-	-	-	149,284
At 31 December 2024	25,518	1,627,044	200,263	11,735	806,177	197,673	267,663	54,800	465,711	874,165	4,530,749
Depreciation	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2024	-	1,248,546	31,697	11,735	418,848	52,090	10,356	11,679	-	36,685	1,821,636
Charge for the year	-	6,529	1,434	-	20,817	6,312	1,915	1,347	-	6,879	45,233
At 31 December 2024	-	1,255,075	33,131	11,735	439,665	58,402	12,271	13,026	-	43,564	1,866,869
Grants	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2024	-	353,071	150,806	-	109,891	119,578	254,064	42,093	-	186,322	1,215,825
Additions	-	-	-	-	76,756	-	-	-	-	-	76,756
Grants foregone	-	-	-	-	-	-	-	(8,419)	-	-	(8,419)
At 31 December 2024	-	353,071	150,806	-	186,647	119,578	254,064	33,674	-	186,322	1,284,162
Net Book values	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	25,518	18,898	16,326	-	179,865	19,693	1,328	8,100	465,711	644,279	1,379,718

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

13. Property, plant and equipment (cont.)

Cost	Trees €	Construction Works €	Furniture & Fittings €	New Street Signs €	Urban Improvements €	Office Equipment €	Plant & Machinery €	Motor vehicles €	Land €	Buildings €	Total €
at 1 January 2023	19,680	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	-	101,665	3,779	-	43,214	-	-	160,031
at 31 December 2023	25,518	1,627,044	192,499	11,735	682,438	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	18,597	8,322	11,586	-	29,807	1,786,906
Charge for the year	-	6,938	991	-	14,503	3,493	2,034	93	-	6,878	34,730
at 31 December 2023	-	1,248,546	31,697	11,735	419,048	22,090	10,356	11,679	-	36,685	1,821,636
Net Book Values	-	-	-	-	-	-	-	-	-	-	-
at 1 January 2023	-	353,071	150,806	-	107,510	119,578	254,064	-	-	186,322	1,171,151
Additions	-	-	-	-	3,581	-	-	42,093	-	-	44,674
at 31 December 2023	-	353,071	150,806	-	111,091	119,578	254,064	42,093	-	186,322	1,215,825
at 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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

14. Receivables

	2024	2023
	€	€
Accrued income	121,589	159,089
Other Related undertakings	17,673	33,682
Total financial assets at amortised cost	<u>139,262</u>	<u>192,771</u>
Prepayments	10,008	12,679
	<u><u>149,270</u></u>	<u><u>205,450</u></u>

*Receivables*

Credit period analysis:

	2024	2023
	€	€
Within credit period	14,596	32,154
Exceeded credit period but not impaired	3,077	1,528
Impaired and provided for	328,851	334,888
Provision for doubtful debts	<u>(328,851)</u>	<u>(334,888)</u>
	<u><u>17,673</u></u>	<u><u>33,682</u></u>

*Local Enforcement System (LES) Debtors*

LES Debtors are stated after a specific provision for doubtful debts amounting to €328,851 (2023 - €333,817).

Included in the receivables from other undertakings are amounts due from related parties amounting to €17,673 (2023: €33,682)

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

15. Cash and cash equivalents

	2024	2023
	€	€
Cash at bank	534,609	820,028
Cash in hand	390	265
Undeposited funds	5,399	-
	<u><u>540,398</u></u>	<u><u>820,293</u></u>

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

Undeposited funds represent cash receipts that have not been deposited into the bank.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

**16. Borrowings**

	2024	2023
	€	€
<b>Non-current</b>		
Bank borrowings	<u>142,966</u>	<u>177,003</u>
<b>Current</b>		
Bank borrowings	<u>33,903</u>	<u>32,587</u>
<b>Borrowings</b>		
Repayable within one year	33,903	32,587
Repayable between two and five years	118,281	128,849
Repayable in five years or more	<u>24,685</u>	<u>48,154</u>
	<u>176,869</u>	<u>209,590</u>

The Bank Loans are secured by a 1<sup>st</sup> 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% (2023 – 3.35% and 4.4%) and are repayable in monthly instalments of €2,054.72 and €1,269.15 (2023 - €2,054.72 and €1,269.15) inclusive of accumulated interest.

**17. Payables**

	2024	2023
	€	€
Payables	114,847	122,997
Other payables	4,028	3,986
Accruals	<u>121,238</u>	<u>46,426</u>
Total financial liabilities at amortized cost	<u>240,113</u>	<u>173,409</u>
Deferred income	<u>268,881</u>	<u>239,181</u>
	<u>508,994</u>	<u>412,590</u>

Payables comprise of amounts due to related parties amounting to €45,453 (2023 : €61,445). These amounts are unsecured, interest free and repayable on demand.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

17.1 Deferred income

	2024	2023
	€	€
At 1 January	239,181	225,423
Increase in year	29,700	13,758
At 31 December	<u>268,881</u>	<u>239,181</u>
<b>Current deferred income</b>	<u><b>268,881</b></u>	<u><b>239,181</b></u>

18. Capital commitments

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	<u>448,504</u>	<u>235,000</u>
(i) Approved but not yet contracted for:		
Furniture & fittings	5,000	5,000
Road works	-	200,000
Pedestrian walkway and pocket park	299,504	-
Resurfacing Triq Summiena	59,000	-
Resurfacing last layer Triq Pitiross/L-Ghasfur tal-Bejt/Summiena	75,000	-
Urban improvements	-	20,000
Office equipment	10,000	10,000
	<u><b>448,504</b></u>	<u><b>235,000</b></u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

**19. 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.

**20. 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:

	2024	2023
	€	€
<b>Current assets</b>		
Financial assets at amortized cost		
Receivables	139,262	192,771
Cash	540,398	820,293
	<u>679,660</u>	<u>1,013,064</u>
<b>Current Liabilities</b>		
Financial liabilities measured at amortised costs:		
Payables	240,113	173,409
Bank borrowings	33,903	32,587
	<u>274,016</u>	<u>205,996</u>
<b>Non-Current liabilities</b>		
Bank Borrowings	<u>142,966</u>	<u>177,003</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 €540,398. 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 €146,771 (2023: €580,566) 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 2024 (cont.)

20. 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.

21 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 2024 (cont.)

**21. Related party transactions (cont.)**

The amounts due from / to related parties at year-end are disclosed in notes 14 and 17. 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:

	2024			2023		
	Related party activity €	Total activity €	%	Related party activity €	Total activity €	%
<i>Income</i>						
Transactions with central government	884,509			766,371		
Transactions with regions/LESA	4,764			5,983		
	<u>889,273</u>	<u>942,904</u>	<u>94</u>	<u>772,354</u>	<u>837,842</u>	<u>92</u>
<i>Expenditure</i>						
Transactions with government entities	142,739			76,874		
Key personnel remuneration	225,198			173,327		
	<u>367,937</u>	<u>1,299,838</u>	<u>28</u>	<u>250,201</u>	<u>892,129</u>	<u>28</u>

**22. Fair values estimation**

At 31 December 2024 and at 31 December 2023, 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.

## Report of the Local Government Auditor

To the Auditor General

### Report on the audit of the financial statements

#### Qualified Opinion

We have audited the financial statements of Fgura Local Council set out on pages 4 to 23 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies information.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the "Legislation").

#### Basis for qualified opinion

1. In previous years, the council entered into an agreement to rent out one floor in its building to a third party. According to IAS 40 – Investment Property, that part of the building which is rented out is to be classified as Investment Property. The council has recognised the entire building as Property, Plant and Equipment which is governed by IAS 16 – Property, Plant and Equipment since it has not determined the cost of the floor that is rented out and consequently has been unable to reclassify part of the building to Investment Property. This is not in accordance with IFRS.
2. As part of our substantive testing on income from permits, which for the year under review amounted to €11,278, we have selected samples from the provided schedule. We have requested supporting documents to verify the actual cash receipt of these samples. However, we were not able to obtain sufficient evidence in order for us to gain comfort on the occurrence assertion of the income from permits and consequently we could not determine whether or not income for permits is materially misstated.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Responsibilities of those charged with governance for the financial statements**

As described on page 3, the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Secretary and the members of the Local Council are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate the council or to cease operations, or have no realistic alternative but to do so.

The Executive Secretary and the members of the Local Council are responsible for overseeing the council's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Principal on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Principal) for and on behalf of  
**Grant Thornton**  
Certified Public Accountants

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Malta

25 April 2025