



**GZIRA LOCAL COUNCIL**

**Annual Report  
and  
Financial Statements**

**for the year ended 31 December 2022**

**Prepared by**

**Daniel Galea B. Accty. (Hons.) CPA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

<i>CONTENTS</i>	<i>PAGES</i>
Statement of Local Council Members' and Executive Secretary's Responsibilities	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 22
Report of the Local Government Auditor to the Auditor General	23 - 25

**Statement of Local Council Members' and Executive Secretary's Responsibilities**

**for the year ended 31 December 2022**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of comprehensive income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 8th August 2023 and signed on its behalf by



---

Conrad Borg Manche  
Mayor



---

Anthony Attard  
Deputy Executive Secretary

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2022

	<i>Notes</i>	2022 €	2021 €
<b>Income</b>			
Funds received from Central Government	4	927,774	842,654
Income raised under Local Enforcement System	5	7,503	8,500
General Income	6	74,749	80,644
		<u>1,010,026</u>	<u>931,798</u>
<b>Expenditure</b>			
Personal emoluments	8	(211,663)	(179,084)
Operations and maintenance	9	(532,082)	(494,631)
Administrative and other expenditure	10	(327,208)	(263,790)
		<u>(1,070,953)</u>	<u>(937,505)</u>
<b>Deficit for the year</b>		<u><u>(60,927)</u></u>	<u><u>(5,707)</u></u>

The notes on pages 8 to 22 form an integral part of these financial statements

A.A

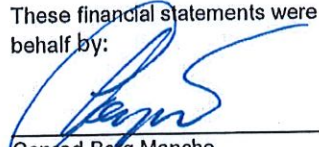
C.S

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

		2022 €	2021 €
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>379,033</u>	<u>408,605</u>
<b>Current assets</b>			
Receivables	12	74,900	134,128
Cash and cash equivalents	13	<u>377,769</u>	<u>439,013</u>
		<u>452,669</u>	<u>573,141</u>
<b>Total assets</b>		<u><u>831,702</u></u>	<u><u>981,746</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Retained fund		<u>386,551</u>	<u>447,478</u>
<b>Non-current liabilities</b>			
Deferred income	15	<u>148,554</u>	<u>148,554</u>
<b>Current liabilities</b>			
Deferred income	15	140,343	197,940
Payables	14	<u>156,254</u>	<u>187,774</u>
		<u>296,597</u>	<u>385,714</u>
<b>Total liabilities</b>		<u><u>445,151</u></u>	<u><u>534,268</u></u>
<b>Total equity and liabilities</b>		<u><u>831,702</u></u>	<u><u>981,746</u></u>

These financial statements were approved by the Local Council on the 8th August 2023 and signed on its behalf by:

  
 Conrad Borg Manche  
 Mayor

  
 Anthony Attard  
 Deputy Executive Secretary

The notes on pages 8 to 22 form an integral part of these financial statements

---

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2022

	Retained Funds €
At 1 January 2021	453,185
Deficit for the year	(5,707)
	<hr/>
At 31 December 2021	447,478
	<hr/> <hr/>
At 1 January 2022	447,478
Deficit for the year	(60,927)
	<hr/>
At 31 December 2022	386,551
	<hr/> <hr/>

The notes on pages 8 to 22 form an integral part of these financial statements

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

	2022 €	2021 €
	Note	
<b>Cash flows from Operating Activities</b>		
Deficit for the year	(60,927)	(5,707)
Reconciliation to cash generated from operations:		
Depreciation	47,828	37,846
Operating Profit before Working Capital Changes	(13,099)	32,139
Decrease in receivables	59,228	113,091
(Decrease)/increase in payables	(133,603)	51,355
<b>Cash (used in) / generated from operating activities</b>	<b>(87,474)</b>	<b>196,585</b>
<b>Cash flows from Investing Activities</b>		
Purchase of property, plant & equipment	11 (18,256)	(40,649)
Receipt of grant	44,486	156,474
<b>Cash generated from investing activities</b>	<b>26,230</b>	<b>115,825</b>
Net change in cash and cash equivalents	(61,244)	312,410
Cash and cash equivalents at the beginning of the year	439,013	126,603
Cash and cash equivalents at the end of the year	13 377,769	439,013

The notes on pages 8 to 22 form an integral part of these financial statements



Notes to the Financial Statements for the year ended 31 December 2022

1. General Information

The Gzira Local Council is the local Authority of Gzira set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Rue d'Argens, Gzira. These financial statements were approved for issue by the Council Members on the 8th August 2023. The Local Council's presentation as well as functional currency is denominated in €.

2. Accounting Policies and 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 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 standards adopted as at 1 January 2022*

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the Council's financial results or position.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Council.

Management anticipates that all of the relevant pronouncements will be adopted in the Council's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Council's financial statements.

The Councillors and Executive Secretary anticipate that the adoption of the International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)**Accounting Policies and Reporting Procedures (cont.)***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:

	Years
Land	No depreciation
Trees	No depreciation
Buildings	50
Office Furniture and Fittings	13 1/3 years
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	5
Motor Vehicles	5
Plant and Machinery	5
Computer Equipment	4

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 depreciation and are tested annually for impairment. Assets that are subject to 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:

- 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.

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

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

*Leases (cont.)*

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.

**Amounts receivable**

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.



Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

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

*Other payables*

Other 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*

**Recognition and derecognition**

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 16, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

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

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

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

**Subsequent measurement of financial assets**

*Financial assets at amortised cost*

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


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

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Council's cash and cash equivalents, and most receivables fall into this category of financial instruments.

**Impairment of financial assets**

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



Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

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

*Financial assets at amortised cost (cont.)*

Recognition of credit losses is no longer dependent on the Council first identifying a credit loss event. Instead, the Council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

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

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

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

**Classification and measurement of financial liabilities**

The Council's financial liabilities include lease liabilities and payables.

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

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

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

*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 September 2012, the income recognised in the Income Statement was derived from the five Regional Committees and Local Enforcement System Agency.

*Government grants*

Government Grants relating to operating expenditure are recognised 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.



Notes to the Financial Statements for the year ended 31 December 2022 (cont.)**Accounting Policies and Reporting Procedures (cont.)***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 and Cash Equivalents 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.

*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.

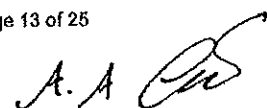
**3. Judgments in applying accounting policies and key sources of estimation**

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the Council to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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**

	2022	2021
	€	€
In terms of section 55 of the Local Councils Act, 1993	698,112	679,182
Other Government income	229,662	163,472
	<u>927,774</u>	<u>842,654</u>



GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

5. Income raised under Law Enforcement System

	2022	2021
	€	€
Pre-regional contraventions	254	562
Commission from LESA and Regional committees	7,249	7,938
	<u>7,503</u>	<u>8,500</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 Income Statement was derived from the five Regional Committees 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.

6. General Income

	2022	2021
	€	€
Income from permits	<u>74,749</u>	<u>80,644</u>

7. Deficit for the year

	2022	2021
	€	€
Deficit for the year is stated after charging		
Staff salaries	211,663	179,084
Depreciation of property, plant & equipment	<u>47,828</u>	<u>37,846</u>

8. Personal Emoluments

	2022	2021
	€	€
Mayor's Honoraria	17,668	17,669
Councillors' Allowances	20,136	17,334
Executive Secretary Salary and Allowances	40,143	35,011
Employees' Salaries	121,972	99,017
Social Security Contributions	11,744	10,053
	<u>211,663</u>	<u>179,084</u>

*A. A. [Signature]*

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)**9. Operations and Maintenance**

	2022	2021
	€	€
<i>Repairs and Upkeep:</i>		
Repair and Upkeep Roads	6,308	8,666
Street Signs	1,754	2,078
Street Markings and Litter Bins	209	11
Other repairs and upkeep	77,828	47,060
	<u>86,099</u>	<u>57,815</u>
<i>Contractual Services:</i>		
Waste Disposal	45,316	53,399
Refuse Collection	212,243	202,845
Bulky refuse	58,081	48,248
Road & Street Cleaning	65,376	67,077
Cleaning & Maintaining Parks & Gardens	22,374	26,571
Cleaning - Council premises	8,134	5,076
Street Lighting	11,579	10,720
Other Contractual services	22,880	22,880
	<u>445,983</u>	<u>436,816</u>
 Total Operations and Maintenance Costs	 <u>532,082</u>	 <u>494,631</u>

**10. Administrative and other expenditure**

	2022	2021
	€	€
Utilities	14,028	11,963
Repairs and Maintenance	8,763	11,107
Rent	14,112	14,185
National and International Memberships	2,281	9,075
Office Services	14,580	12,476
Transport	707	621
Travel	4,719	-
Information Services	10,054	11,045
Insurance Coverage	10,494	6,097
Bank Charges	1,620	1,475
Professional Services	53,273	47,742
Training	750	-
Social and Cultural Events	108,754	100,212
LES expenses	1,430	(54)
Sundry Minor Expenses	33,815	-
Depreciation	47,828	37,846
	<u>327,208</u>	<u>263,790</u>

GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

11. Property, plant and equipment

Cost	Urban Improvements	Trees	Property and Improvements to premises	Furniture & Fittings	New Street Signs	Office Equip & Plant Machinery	Computer Equipment	Motor vehicles	Assets under construction	Construction	Total
At 1 January 2022	169,723	27,928	246,701	93,813	1,009	27,348	72,885	14,000	46,469	1,033,062	1,732,938
Additions	-	-	-	2,677	-	11,646	-	-	3,933	-	18,256
At 31 December 2022	169,723	27,928	246,701	96,490	1,009	38,994	72,885	14,000	50,402	1,033,062	1,751,194
Depreciation											
At 1 January 2022	56,337	-	47,320	60,506	1,009	22,673	57,467	12,826	-	746,176	1,004,316
Charge for the year	6,753	-	1,630	1,604	-	1,974	1,572	1,174	-	33,121	47,828
At 31 December 2022	63,090	-	48,950	62,110	1,009	24,647	59,039	14,000	-	779,299	1,052,144
Grants											
At 1 January 2022	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
Grants foregone	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
Net Book values											
At 31 December 2022	23,436	27,928	197,751	34,380	-	13,074	13,846	-	50,402	18,216	375,033

GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)

11. Property, plant and equipment (cont.)

	Urban Improvements	Trees	Property and Improvements to premises	Furniture & Fittings	New Street Signs	Office Equip & Plant Machinery	Computer Equipment	Motor vehicles	Assets under construction	Construction	Total
	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>											
At 1 January 2021	158,881	27,928	246,701	93,813	1,009	26,881	64,756	14,000	17,258	1,033,062	1,892,289
Additions	2,842	-	-	-	-	467	8,129	-	29,211	-	40,649
At 31 December 2021	169,723	27,928	246,701	93,813	1,009	27,348	72,885	14,000	46,469	1,033,062	1,732,938
<b>Depreciation</b>											
At 1 January 2021	51,931	-	45,077	53,445	1,009	21,430	50,754	10,008	-	732,816	866,470
Change for the year	4,406	-	2,243	7,061	-	1,243	6,713	2,818	-	13,362	37,846
At 31 December 2021	56,337	-	47,320	60,506	1,009	22,673	57,467	12,826	-	746,178	1,004,316
<b>Grants</b>											
At 1 January 2021	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
At 31 December 2021	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
<b>Net Book values</b>											
At 31 December 2021	39,189	27,928	199,381	33,307	-	3,402	15,418	1,174	46,469	51,337	408,605

  
A.A

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)**12. Receivables**

	2022	2021
	€	€
Trade receivables	30,853	29,908
Other receivables and accrued income	30,900	66,903
Prepayments	13,147	37,317
	<u>74,900</u>	<u>134,128</u>

	2022	2021
	€	€
Financial receivables	61,753	96,811
Non-financial receivables	13,147	37,317
	<u>74,900</u>	<u>134,128</u>

*Receivables*

## Credit period analysis:

	2022	2021
	€	€
Within credit period	20,518	29,558
Exceeded credit period but not impaired	10,335	350
Impaired and provided for	287,859	312,907
Provision for doubtful debts	<u>(287,859)</u>	<u>(312,907)</u>
	<u>30,853</u>	<u>29,908</u>

	2022	2021
	€	€
61 - 90 days	22,874	7,204
91 - 120 days	1,942	668
Over 120 days	6,037	21,074
	<u>30,853</u>	<u>28,946</u>

Impairment recognized on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €282,173 (2021: €307,221). The balances are older than two years and have been impaired in full in line with guidance received from the Department from Local Government.

Notes to the Financial Statements for the year ended 31 December 2022 (cont.)**13. Cash & cash equivalents**

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

	2022	2021
	€	€
Cash at bank	377,533	438,949
Cash in hand	236	64
	<u>377,769</u>	<u>439,013</u>

**14. Payables**

	2022	2021
	€	€
Payables	65,174	102,447
Accruals and other payables	82,773	77,184
FSS and NI payable	8,307	8,143
	<u>156,254</u>	<u>187,774</u>

	2022	2021
	€	€
Financial liabilities	147,947	179,631
Non-financial liabilities	8,307	8,143
	<u>156,254</u>	<u>187,774</u>

Included in the accounts payable are amounts due to related parties amounting to €9,534 (2021 : €14,278). These amounts are unsecured, interest free and repayable on demand.

**15. Deferred income**

	2022	2021
	€	€
<b>Analysis</b>		
Balance brought forward	346,494	210,324
Released during the year	(102,083)	(20,304)
Additions	44,486	156,474
	<u>288,897</u>	<u>346,494</u>
<b>Deferred Income Allocation</b>		
Non-current	148,554	148,554
Current	140,343	197,940
	<u>288,897</u>	<u>346,494</u>

**Notes to the Financial Statements for the year ended 31 December 2022 (cont.)****16. Contingent Liability and Assets**

The Council was found guilty in a case and have appealed the sentence. The amount is €26,546 and the case is currently awaiting hearing appointment in front of the Court of Appeal

There are a number of claims with regards to traffic accident which amounts do not exceed €1,500 in total

**17. 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.

**18. 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:**

	2022	2021
	€	€
<b>Current Assets</b>		
Financial assets measured at amortized cost:		
Accounts and other receivables	61,753	96,811
Cash and cash equivalents	377,769	439,013
	<u>439,522</u>	<u>535,824</u>
<b>Current Liabilities</b>		
Financial liabilities measured at amortized costs:		
Payables	65,174	102,447
Other payables	82,773	77,184
	<u>147,947</u>	<u>179,631</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 and cash equivalents the amount of €377,769

**Notes to the Financial Statements for the year ended 31 December 2022 (cont.)****18. Financial Risk Management (cont.)**

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 €156,072 (2021: €187,427) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

*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.

*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*

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.

**19. 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
Planning Authority	No control
Malta Information Technology Agency	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

The amounts due from / to related parties at year-end are disclosed in notes 12 and 14. 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:

**Notes to the Financial Statements for the year ended 31 December 2022 (cont.)****19. Related party transactions (cont.)**

	Related party activity €	2022 Total activity €	%	Related party activity €	2021 Total activity €	%
<i>Income</i>						
Transactions with central government	927,774			842,654		
Transactions with regions/LESA	7,503			8,500		
	<u>935,277</u>	<u>1,010,026</u>	<u>93</u>	<u>851,154</u>	<u>931,798</u>	<u>91</u>
<i>Expenditure</i>						
Transactions with government entities	45,316			53,399		
Key personnel remuneration	211,663			179,084		
	<u>256,979</u>	<u>1,070,953</u>	<u>24</u>	<u>232,483</u>	<u>937,505</u>	<u>25</u>

**20. Fair values estimation**

At 31 December 2022 and at 31 December 2021, 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.

**21. Post reporting date events**

No adjusting or significant non-adjusting events have been occurred between the end of the reporting period and the date of authorisation.

GZIRA LOCAL COUNCIL

---

Report of the Local Government Auditors to the Auditor General

*PS A.A*

---

Report of the Local Government Auditors to the Auditor General

*CB A.A*

GZIRA LOCAL COUNCIL

---

Report of the Local Government Auditors to the Auditor General

 A.A

