



**GZIRA LOCAL COUNCIL**

**Annual Report  
and  
Financial Statements**

**for the year ended 31 December 2023**

**Prepared by**

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

A handwritten signature in blue ink, appearing to be 'D. Galea', written in a cursive style.

A second handwritten signature in blue ink, written in a cursive style, positioned to the right of the first signature.

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

<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

JOSIAH JACO JAMES

Chairman

for

the Council Members

2023-2024 Financial Year

Chairman

for the Council Members



**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 Local 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 24th June 2024 and signed on its behalf by



Conrad Borg Manche  
Mayor



Mandy Farrugia  
Deputy Executive Secretary

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

		2023	2022
		€	€
<b>Income</b>	<i>Notes</i>		
Funds received from Central Government	4	830,237	927,774
Income raised under Local Enforcement System	5	5,506	7,503
General income	6	66,519	74,749
		<u>902,262</u>	<u>1,010,026</u>
<b>Expenditure</b>			
Personal emoluments	8	(206,427)	(211,663)
Operations and maintenance	9	(407,464)	(532,082)
Administrative and other expenditure	10	(217,046)	(327,208)
		<u>(830,937)</u>	<u>(1,070,953)</u>
<b>Surplus / (deficit) for the year</b>		<u>71,325</u>	<u>(60,927)</u>



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



**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

		2023 €	2022 €
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>351,625</u>	<u>379,033</u>
		351,625	379,033
<b>Current assets</b>			
Receivables	12	137,158	74,900
Cash and cash equivalents	13	<u>422,135</u>	<u>377,769</u>
		559,293	452,669
<b>Total assets</b>		<u><u>910,918</u></u>	<u><u>831,702</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Retained fund		<u>457,876</u>	<u>386,551</u>
		457,876	386,551
<b>Non-current liabilities</b>			
Deferred income	15	<u>148,554</u>	<u>148,554</u>
<b>Current liabilities</b>			
Deferred income	15	166,185	140,343
Payables	14	<u>138,303</u>	<u>156,254</u>
		304,488	296,597
<b>Total liabilities</b>		<u>453,042</u>	<u>445,151</u>
<b>Total equity and liabilities</b>		<u><u>910,918</u></u>	<u><u>831,702</u></u>

These financial statements were approved by the Local Council on the 24th June 2024 and signed on its behalf by:

  
 Conrad Borg Manche  
 Mayor

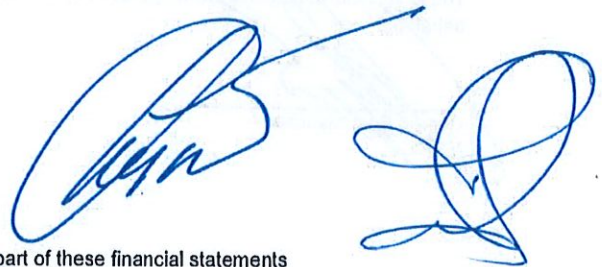
  
 Mandy Farrugla  
 Deputy Executive Secretary

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 2023

	<b>Retained Funds €</b>
At 1 January 2022	447,478
Deficit for the year	<u>(60,927)</u>
At 31 December 2022	<u><u>386,551</u></u>
At 1 January 2023	386,551
Surplus for the year	<u>71,325</u>
At 31 December 2023	<u><u>457,876</u></u>

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 2023

	Notes	2023 €	2022 €
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year		71,325	(60,927)
Reconciliation to cash generated from operations:			
Depreciation	11	<u>31,811</u>	<u>47,828</u>
Operating profit before working capital changes		103,136	(13,099)
(Increase)/decrease in receivables		(62,258)	59,228
Decrease in payables		<u>(100,412)</u>	<u>(133,603)</u>
Cash used in operating activities		<u>(59,534)</u>	<u>(87,474)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	11	(4,403)	(18,256)
Receipt of grant		<u>108,303</u>	<u>44,486</u>
Cash generated from investing activities		<u>103,900</u>	<u>26,230</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		44,366	(61,244)
Cash and cash equivalents at the beginning of the year		<u>377,769</u>	<u>439,013</u>
Cash and cash equivalents at the end of the year	13	<u><u>422,135</u></u>	<u><u>377,769</u></u>

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

## GZIRA LOCAL COUNCIL

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

#### 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 Local Council Members on the 24th June 2024. The Local Council's presentation as well as functional currency is denominated in Euro (€).

#### 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.

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

##### *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 (IFRSs) 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 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 the Local Council's financial results or position.

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

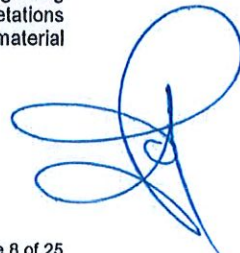
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

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.

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.



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

## 2. Material Accounting Policies (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
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 Local 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 Local Council has applied IFRS 16 using the retrospective approach. At inception of a contract, the Local 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 Local 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 Local Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Local Council has the right to direct the use of the asset. The Local 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 Local Council has the right to direct the use of the asset if either:
  - The Local Council has the right to operate the asset; or
  - The Local 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 2023 (cont.)

**2. Material Accounting Policies (cont.)**

*Leases (cont.)*

The Local 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 Local 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 Local Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Local 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 Local Council's incremental borrowing rate. Generally, the Local 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 Local Council is reasonably certain to exercise, lease payments in an optional renewal period if the Local Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Local 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 Local Council's estimate of the amount expected to be payable under a residual value guarantee or if the Local 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 statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Local 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 Local 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 Local Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Accounts receivable*

Accounts 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 accounts receivable is established when there is objective evidence that the Local 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 2023 (cont.)

2. Material Accounting Policies (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 Local Council becomes a party to the contractual provisions of the financial instrument.

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

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

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

The classification is determined by both:

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

Subsequent measurement of financial assets

*Financial assets at amortised cost*

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

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

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

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

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 FVTPL.

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

2. Material Accounting Policies (cont.)

*Financial assets at amortised cost (cont.)*

Recognition of credit losses is no longer dependent on the Local Council first identifying a credit loss event. Instead, the Local 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 Local Council's financial liabilities include payables.

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

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

The Local Council has no reported finance costs or finance income on both years presented.

*Related parties*

Related parties are those persons or bodies of persons having relationships with the Local Council as defined in International Accounting Standard IAS 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.

Income from central government is not recognised until there is reasonable assurance that the Local 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 statement of comprehensive income 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 2023 (cont.)

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

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

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

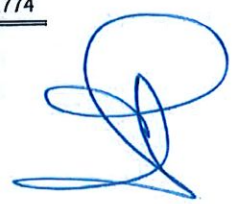
3. Judgments in applying accounting policies and key sources of estimation

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the Local 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 Local 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	710,812	698,112
Other government income	<u>119,425</u>	<u>229,662</u>
	<u>830,237</u>	<u>927,774</u>

GZIRA LOCAL COUNCIL

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

5. Income raised under Law Enforcement System

	2023	2022
	€	€
Pre-regional contraventions	165	254
Commission from LESA and Regional committees	<u>5,341</u>	<u>7,249</u>
	<u>5,506</u>	<u>7,503</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 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

	2023	2022
	€	€
Income from permits	<u>66,519</u>	<u>74,749</u>

7. Surplus / (deficit) for the year

	2023	2022
	€	€
Profit for the year is stated after charging		
Staff salaries	206,427	211,663
Depreciation of property, plant & equipment	<u>31,811</u>	<u>47,828</u>

8. Personal emoluments

	2023	2022
	€	€
Mayor's honoraria	18,403	17,668
Councillors' allowances	20,200	20,136
Executive Secretary salary and allowances	13,968	40,143
Employees' salaries	142,750	121,972
Social security contributions	<u>11,106</u>	<u>11,744</u>
	<u>206,427</u>	<u>211,663</u>

GZIRA LOCAL COUNCIL

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

9. Operations and maintenance

	2023	2022
	€	€
<i>Repairs and upkeep:</i>		
Repair and upkeep roads	6,027	6,308
Street signs	1,084	1,754
Street markings and litter bins	650	209
Other repairs and upkeep	57,087	77,828
	<u>64,848</u>	<u>86,099</u>
<i>Contractual services:</i>		
Waste disposal	81,493	45,316
Refuse collection	61,374	212,243
Bulky refuse	55,164	58,081
Road & street cleaning	69,521	65,376
Cleaning & maintaining parks & gardens	22,113	22,374
Cleaning – Local Council premises	9,766	8,134
Street lighting	15,679	11,579
Other contractual services	27,506	22,880
	<u>342,616</u>	<u>445,983</u>
Total operations and maintenance costs	<u>407,464</u>	<u>532,082</u>

10. Administrative and other expenditure

	2023	2022
	€	€
Utilities	15,562	14,028
Repairs and maintenance	1,406	8,763
Rent	14,825	14,112
National and International memberships	-	2,281
Office services	9,709	14,580
Transport	4,075	707
Travel	184	4,719
Information services	13,980	10,054
Insurance coverage	8,418	10,494
Bank charges	1,547	1,620
Professional services	45,228	53,273
Training	-	750
Social and cultural events	69,181	108,754
LES expenses	1,120	1,430
Sundry minor expenses	-	33,815
Depreciation	31,811	47,828
	<u>217,046</u>	<u>327,208</u>

GZIRA LOCAL COUNCIL

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

11. Property, plant and equipment

	Urban Improvements		Property & Improvements to premises		New Street Signs		Office Equip & Plant Machinery		Computer Equipment		Motor vehicles		Assets under construction		Construction		Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	
<b>Cost</b>																	
At 1 January 2023	169,723	27,928	246,701	96,490	1,009	38,994	72,885	14,000	50,402	1,033,062	1,751,194						
Additions	-	-	-	1,811	-	1,011	1,581	-	-	-	4,403						
At 31 December 2023	169,723	27,928	246,701	98,301	1,009	40,005	74,466	14,000	50,402	1,033,062	1,755,597						
<b>Depreciation</b>																	
At 1 January 2023	63,090	-	48,990	62,110	1,009	24,647	59,039	14,000	-	779,299	1,052,144						
Charge for the year	6,050	-	1,614	1,678	-	2,797	1,456	-	-	18,216	31,811						
At 31 December 2023	69,140	-	50,604	63,788	1,009	27,444	60,495	14,000	-	797,515	1,083,955						
<b>Grants</b>																	
At 1 January 2023	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017						
At 31 December 2023	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017						
<b>Net book values</b>																	
At 31 December 2023	17,386	27,928	196,137	34,513	-	11,288	13,971	-	50,402	-	351,625						

GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2023 (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 2022	169,723	27,928	246,701	93,813	1,009	27,348	72,895	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	72,895	14,000	50,402	1,033,062	1,751,194
<b>Depreciation</b>											
At 1 January 2022	56,337	-	47,320	60,506	1,009	22,673	57,467	12,826	-	746,178	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
<b>Grants</b>											
At 1 January 2022	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
At 31 December 2022	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
<b>Net book values</b>											
At 31 December 2022	23,436	27,928	197,751	34,380	-	13,074	13,846	-	50,402	18,216	379,033

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

12. Receivables

	2023	2022
	€	€
Trade receivables	23,519	30,853
Other receivables and accrued income	95,440	30,900
Prepayments	18,199	13,147
	<u>137,158</u>	<u>74,900</u>

	2023	2022
	€	€
Financial receivables	118,959	61,753
Non-financial receivables	18,199	13,147
	<u>137,158</u>	<u>74,900</u>

*Receivables*

Credit period analysis:

	2023	2022
	€	€
Within credit period	15,542	20,518
Exceeded credit period but not impaired	8,141	10,335
Impaired and provided for	283,975	287,859
Provision for doubtful debts	<u>(283,975)</u>	<u>(287,859)</u>
	<u>23,683</u>	<u>30,853</u>

	2023	2022
	€	€
61 - 90 days	18,512	10,622
91 - 120 days	5,171	1,942
Over 120 days	-	6,037
	<u>23,683</u>	<u>18,601</u>

Impairment recognized on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €278,289 (2022: €282,173). 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 2023 (cont.)****13. Cash and cash equivalents**

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

	2023	2022
	€	€
Cash at bank	421,906	377,533
Cash in hand	229	236
	<u>422,135</u>	<u>377,769</u>

**14. Payables**

	2023	2022
	€	€
Payables	57,223	65,174
Accruals and other payables	66,376	82,773
FSS and NI payable	14,704	8,307
	<u>138,303</u>	<u>156,254</u>

	2023	2022
	€	€
Financial liabilities	123,599	147,947
Non-financial liabilities	14,704	8,307
	<u>138,303</u>	<u>156,254</u>

Included in the accounts payable are amounts due to related parties amounting to €11,369 (2022 : €9,534). These amounts are unsecured, interest free and repayable on demand.

**15. Deferred income**

	2023	2022
	€	€
<b>Analysis</b>		
Balance brought forward	288,897	346,494
Released during the year	(82,462)	(102,083)
Additions	108,304	44,486
	<u>314,739</u>	<u>288,897</u>
<b>Deferred income allocation</b>		
Non-current	148,554	148,554
Current	166,185	140,343
	<u>314,739</u>	<u>288,897</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**16. Contingent liability**

The Local 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 Local Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Local 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 Local Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Local Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Local Council's financial performance.

*Credit risk*

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

**Summary of financial assets and liabilities by category:**

	<i>Notes</i>	2023	2022
		€	€
<b>Current assets</b>			
Financial assets at amortized costs:			
Loans and receivables:			
Accounts and other receivables	12	118,959	61,753
Cash and cash equivalents	13	422,135	377,769
		541,094	439,522
<b>Current liabilities</b>			
Financial liabilities at amortized costs:			
Payables	14	57,223	65,174
Accruals and other payables	14	66,376	82,773
		123,599	147,947

*Liquidity Risk*

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Local Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Local Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Local Council has cash and cash equivalents amounting to €422,135.

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

**18. Financial Risk Management (cont.)**

This should ensure an ongoing working capital of the Local Council for the next 12 months. The Local Council also maintains a net current asset position of €254,805 (2022: €156,072) 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 Local Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Local Council does not trade in any foreign 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 Local 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
KM Malta Airlines (formerly 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.

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

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

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

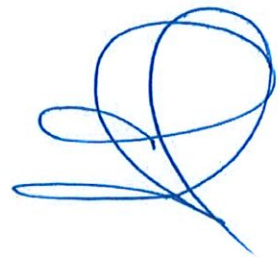
	Related party activity €	2023 Total activity €	%	Related party activity €	2022 Total activity €	%
<i>Income</i>						
Transactions with central government	830,237			927,774		
Transactions with regions/LESA	5,506			7,503		
	<u>835,743</u>	<u>910,918</u>	<u>92</u>	<u>935,277</u>	<u>1,010,026</u>	<u>93</u>
<i>Expenditure</i>						
Transactions with government entities	81,493			45,316		
Key personnel remuneration	52,571			77,947		
	<u>134,064</u>	<u>830,937</u>	<u>16</u>	<u>123,263</u>	<u>1,070,953</u>	<u>12</u>

**20. 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.

**21. Post reporting date events**

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



---

Report of the Local Government Auditors to the Auditor General

The image shows several faint, light blue ink signatures and stamps. On the left, there is a large, circular stamp with illegible text inside. To its right, there are several overlapping, scribbled signatures. The most prominent signature is a large, stylized 'B' shape. To the right of this is another signature that looks like a cursive 'S' or 'D'. There are also some smaller, less distinct marks and stamps scattered around these main signatures.

GZIRA LOCAL COUNCIL

---

Report of the Local Government Auditors to the Auditor General

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.A handwritten signature in blue ink, featuring a large circular loop at the top and several overlapping horizontal strokes below.

