

GZIRA LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2024

Prepared by

Daniel Galea B. Accty. (Hons.) CPA

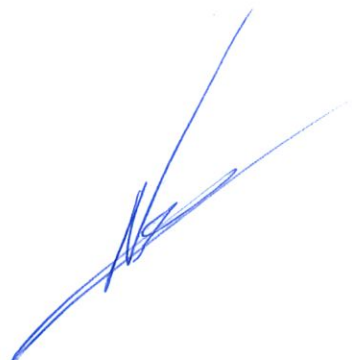
ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

CONTENTS

PAGES

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

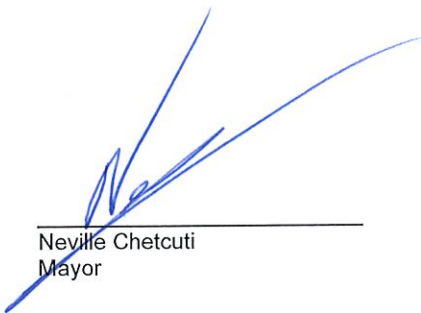


Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2024

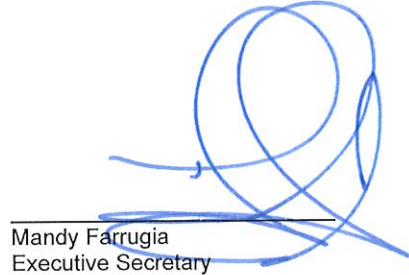
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of comprehensive income for the year and of the Local Council's retained funds at the end of year. By virtue of the same regulations 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 17th March 2025 and signed on its behalf by



Neville Chetcuti
Mayor



Mandy Farrugia
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024 €	2023 €
	<i>Notes</i>		
Income			
Funds received from Central Government	4	960,168	830,237
Income raised under Local Enforcement System	5	4,088	5,506
General Income	6	94,430	66,519
		<u>1,058,686</u>	<u>902,262</u>
Expenditure			
Personal emoluments	8	(235,776)	(206,427)
Operations and maintenance	9	(525,638)	(407,464)
Administrative and other expenditure	10	(268,578)	(217,046)
		<u>(1,029,992)</u>	<u>(830,937)</u>
Operating Surplus for the year		28,694	71,325
Investment income		-	-
Surplus for the year		<u><u>28,694</u></u>	<u><u>71,325</u></u>



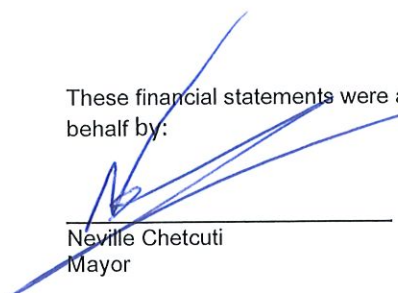
The notes on pages 8 to 22 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	<u>355,251</u>	<u>351,625</u>
		<u>355,251</u>	<u>351,625</u>
Current assets			
Receivables	12	42,752	137,158
Cash and cash equivalents	13	<u>444,447</u>	<u>422,135</u>
		<u>487,199</u>	<u>559,293</u>
Total assets		<u><u>842,450</u></u>	<u><u>910,918</u></u>
EQUITY AND LIABILITIES			
Reserves			
Retained fund		<u>486,570</u>	<u>457,876</u>
		<u>486,570</u>	<u>457,876</u>
Non-current liabilities			
Deferred income	15	<u>148,554</u>	<u>148,554</u>
Current liabilities			
Deferred income	15	92,259	166,185
Payables	14	<u>115,067</u>	<u>138,303</u>
		<u>207,326</u>	<u>304,488</u>
Total liabilities		<u>355,880</u>	<u>453,042</u>
Total equity and liabilities		<u><u>842,450</u></u>	<u><u>910,918</u></u>

These financial statements were approved by the Local Council on the 17th March 2025 and signed on its behalf by:



 Neville Chetcuti
 Mayor



 Mandy Farrugia
 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 2024

	Retained Funds €
At 1 January 2023	386,551
Surplus for the year 2023	71,325
	<hr/>
At 31 December 2023	457,876
	<hr/> <hr/>
At 1 January 2024	457,876
Surplus for the year 2024	28,694
	<hr/>
At 31 December 2024	486,570
	<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 2024

	2024 €	2023 €
	Note	
Cash flows from Operating Activities		
Profit for the year	28,694	71,325
Reconciliation to cash generated from operations:		
Depreciation	<u>40,858</u>	<u>31,811</u>
Operating Profit before Working Capital Changes	69,552	103,136
Decrease/(increase) in receivables	94,406	(62,258)
Decrease in payables	<u>(97,162)</u>	<u>(100,412)</u>
Cash generated from / (used in) operating activities	<u>66,796</u>	<u>(59,534)</u>
Cash flows from Investing Activities		
Purchase of property, plant & equipment	(44,484)	(4,403)
Receipt of grant	<u>-</u>	<u>108,303</u>
Cash (used in) / generated from investing activities	(44,484)	103,900
Net increase in Cash and cash equivalents	22,312	44,366
Cash and cash equivalents at the beginning of the year	<u>422,135</u>	<u>377,769</u>
Cash and cash equivalents at the end of the year	13 <u>444,447</u>	<u>422,135</u>

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 2024

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 17th March 2025. The Local Council's presentation as well as functional currency is denominated in Euro (€).

2. Material Accounting Policies

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 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:

	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 2024 (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 2024 (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):

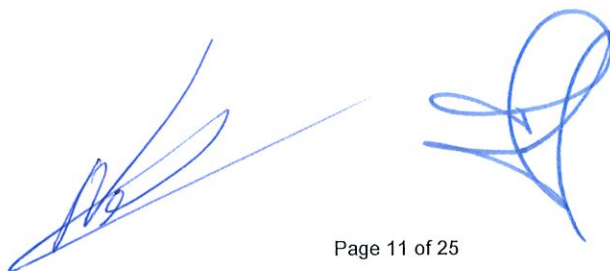
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 2024 (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 2024 (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

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act, 1993	795,550	710,812
Other government income	<u>164,618</u>	<u>119,425</u>
	<u><u>960,168</u></u>	<u><u>830,237</u></u>




Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**5. Income raised under Law Enforcement System**

	2024	2023
	€	€
Pre-regional contraventions	2,780	165
Commission from LESA and Regional committees	1,308	5,341
	<u>4,088</u>	<u>5,506</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

	2024	2023
	€	€
Income from permits	91,854	66,519
Sponsorships	1,900	-
Insurance claims	176	-
Donations (inc Christmas lights contributions)	500	-
	<u>94,430</u>	<u>66,519</u>

7. Surplus for the year

	2024	2023
	€	€
Profit for the year is stated after charging		
Staff salaries	235,776	206,427
Depreciation of property, plant & equipment and amortisation	40,858	31,811
	<u>235,776</u>	<u>206,427</u>

8. Personal emoluments

	2024	2023
	€	€
Mayor's Honoraria	18,766	18,403
Councillors' Allowances	20,200	20,200
Executive Secretary Salary and Allowances	17,008	13,968
Employees' Salaries	166,066	142,750
Social Security Contributions	13,736	11,106
	<u>235,776</u>	<u>206,427</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**9. Operations and maintenance**

	2024	2023
	€	€
<i>Repairs and Upkeep:</i>		
Repair and Upkeep Roads	27,213	6,027
Street Signs	7,159	1,084
Street Markings and Litter Bins	4,802	650
Other repairs and upkeep	65,436	57,087
	<u>104,610</u>	<u>64,848</u>
<i>Contractual Services:</i>		
Waste Disposal	133,448	81,493
Refuse Collection	66,070	61,374
Bulky refuse	64,533	55,164
Road & Street Cleaning	72,606	69,521
Cleaning & Maintaining Parks & Gardens	43,663	22,113
Cleaning - Council premises	6,534	9,766
Street Lighting	11,294	15,679
Other Contractual services	22,880	27,506
	<u>421,028</u>	<u>342,616</u>
Total Operations and Maintenance Costs	<u>525,638</u>	<u>407,464</u>

10. Administrative and other expenditure

	2024	2023
	€	€
Utilities	15,113	15,562
Repairs and Maintenance	13,787	1,406
Rent	15,567	14,825
Office Services	9,923	9,709
Transport	3,261	4,075
Travel	-	184
Information Services	3,935	13,980
Insurance Coverage	10,120	8,418
Bank Charges	2,294	1,547
Professional Services	48,354	45,228
Social and Cultural Events	65,556	69,181
Claims after legal cases	39,306	-
LES expenses	504	1,120
Depreciation	40,858	31,811
	<u>268,578</u>	<u>217,046</u>

GZIRA LOCAL COUNCIL

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

11. Property, plant and equipment

	Urban Improvements €	Trees €	Property & Impr. to prem €	Furniture & Fittings €	New Street Signs €	Office Equip & Plant Machinery €	Computer Equipment €	Motor vehicles €	Assets under construction €	Construction €	Total €
Cost											
At 1 January 2024	169,723	27,928	246,701	98,301	1,009	40,005	74,466	14,000	50,402	1,033,062	1,755,597
Additions	12,609	11,040	-	11,085	-	4,757	4,993	-	-	-	44,484
At 31 December 2024	182,332	38,968	246,701	109,386	1,009	44,762	79,459	14,000	50,402	1,033,062	1,800,081
Depreciation											
At 1 January 2024	69,140	-	50,564	63,788	1,009	27,444	60,495	14,000	-	797,515	1,083,955
Charge for the year	5,696	-	1,598	2,195	-	2,993	1,548	-	-	26,828	40,858
At 31 December 2024	74,836	-	52,162	65,983	1,009	30,437	62,043	14,000	-	824,343	1,124,813
Grants											
At 1 January 2024	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
At 31 December 2024	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
Net Book values											
At 31 December 2024	24,299	38,968	194,539	43,403	-	13,052	17,416	-	50,402	26,828	355,251

GZIRA LOCAL COUNCIL

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

11. Property, plant and equipment (cont.)

	Urban Improvements €	Trees €	Property & Improvements to premises €	Furniture & Fittings €	New Street Signs €	Office Equip & Plant Machinery €	Computer Equipment €	Motor vehicles €	Assets under construction €	Construction €	Total €
Cost											
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
Depreciation											
At 1 January 2023	63,090	-	48,950	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	-	50,564	63,788	1,009	27,444	60,495	14,000	-	797,515	1,083,955
Grants											
At 1 January 2023	83,197	-	-	-	-	1,273	-	-	-	235,647	320,017
At 31 December 2023	83,197	-	-	-	-	1,273	-	-	-	235,647	320,017
Net book values											
At 31 December 2023	17,386	27,928	196,137	34,513	-	11,288	13,971	-	50,402	-	351,625

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

12. Receivables

	2024	2023
	€	€
Trade receivables	2,758	23,519
Other receivables and accrued income	25,793	95,440
Prepayments	14,201	18,199
	<u>42,752</u>	<u>137,158</u>

	2024	2023
	€	€
Financial receivables	28,551	118,959
Non-financial receivables	14,201	18,199
	<u>42,752</u>	<u>137,158</u>

Receivables

Credit period analysis:

	2024	2023
	€	€
Within credit period	2,350	16,516
Exceeded credit period but not impaired	408	7,003
Impaired and provided for	281,778	283,975
Provision for doubtful debts	(281,778)	(283,975)
	<u>2,758</u>	<u>23,519</u>

Impaired and written off

	2024	2023
	€	€
61 - 90 days	2,131	18,512
91 - 120 days	627	5,006
	<u>2,758</u>	<u>18,601</u>

Impairment recognized on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €276,092 (2023: €278,289). 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 2024 (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.

	2024	2023
	€	€
Cash at bank	444,119	421,906
Cash in hand	328	229
	<u>444,447</u>	<u>422,135</u>

14. Payables

	2024	2023
	€	€
Payables	68,548	57,223
Accruals and other payables	42,857	66,376
FSS and NI payable	3,662	14,704
	<u>115,067</u>	<u>138,303</u>

	2024	2023
	€	€
Financial liabilities	72,210	123,599
Non-financial liabilities	42,857	14,704
	<u>115,067</u>	<u>138,303</u>

Included in the accounts payable are amounts due to related parties amounting to €31,652 (2023 : €9,534). These amounts are unsecured, interest free and repayable on demand.

15. Deferred income

	2024	2023
	€	€
Analysis		
Balance brought forward	314,739	288,897
Released during the year	(73,926)	(82,464)
Additions	-	108,306
	<u>240,813</u>	<u>314,739</u>
Deferred Income Allocation		
Non-current	148,554	148,554
Current	92,259	166,185
	<u>240,813</u>	<u>314,739</u>

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

16. Contingent liability

There are a number of claims with regards to traffic accident which were replied to and rebutted. No action to date has been taken by Claimants.

Other cases instituted against the Council are GasanMamo Insurance Limited vs Kunsill Lokali Gżira 167/20. Case instituted in the Small Claims Tribunal, amount claimed by plaintiff is €950 and GasanMamo Insurance Limited vs Is-Sindku u Segretarju Eżekuttiv Kunsill Lokali Gżira 215/24. Amount claimed by plaintiff is €1493

17. Capital commitments

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	20,000	-
- Contracted for but not provided in the financial statements	-	-
(i) Approved but not yet contracted for:		
Furniture and fittings	10,000	-
Office equipment	10,000	-
	<u>20,000</u>	<u>-</u>
(ii) Contracted for but not provided in the Financial Statements:	<u>-</u>	<u>-</u>

18. Ultimate controlling party

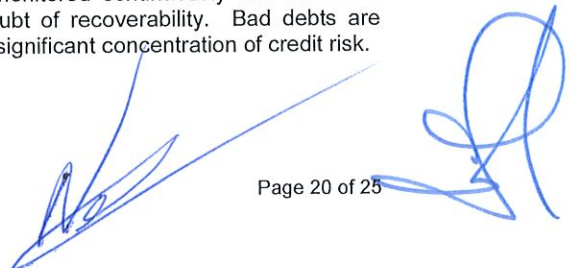
The ultimate controlling party of the Local Council is Central Government since the Local Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Local Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

19. 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.



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**19. Financial Risk Management (cont.)****Summary of financial assets and liabilities by category:**

	<i>Notes</i>	2024	2023
		€	€
Current assets			
Loans and receivables:			
Accounts and other receivables	12	28,553	118,959
Cash and cash equivalents	13	444,447	422,135
		473,000	541,094
Current liabilities			
Financial liabilities measured at amortised costs:			
Payables	14	68,548	57,223
Other payables	14	29,991	66,376
Accruals	14	3,662	14,704
		102,201	138,303

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 €444,447.

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 €279,873 (2023: €254,805) 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.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**20. 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.

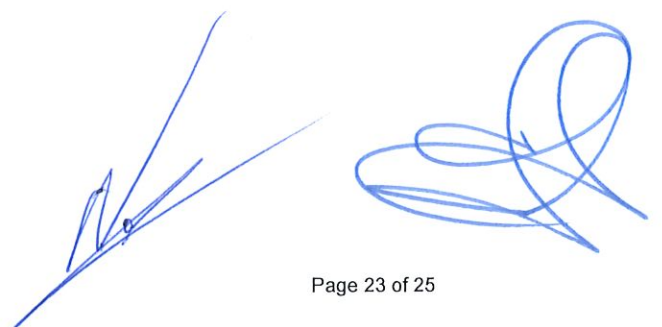
The following were the significant transactions carried out by the Local Council with related parties having significant control:

	Related party activity	2024 Total activity	%	Related party activity	2023 Total activity	%
	€	€		€	€	
<i>Income</i>						
Transactions with central government	960,168			830,237		
Transactions with regions/LESA	4,088			5,506		
	<u>964,256</u>	<u>1,058,686</u>	<u>91</u>	<u>835,743</u>	<u>902,262</u>	<u>93</u>
<i>Expenditure</i>						
Transactions with government entities	133,448			81,493		
Key personnel remuneration	55,974			52,571		
	<u>189,422</u>	<u>1,029,992</u>	<u>18</u>	<u>134,064</u>	<u>830,937</u>	<u>16</u>

21. 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 Auditors to the Auditor General

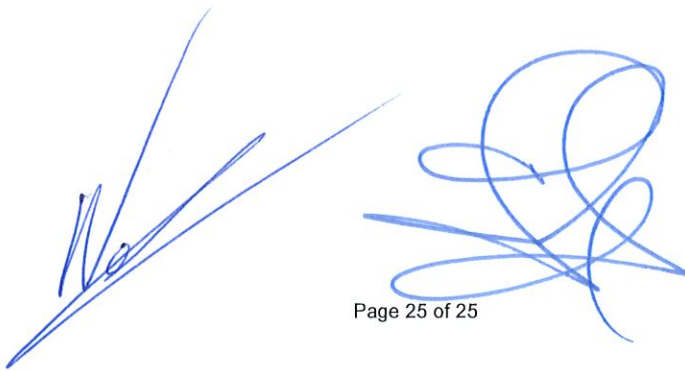


Two blue ink signatures are present at the bottom right of the page. The signature on the left is a simple, angular scribble. The signature on the right is a more complex, circular scribble.

Report of the Local Government Auditors to the Auditor General

A handwritten signature in blue ink, consisting of several overlapping loops and lines, located in the bottom right corner of the page.

Report of the Local Government Auditors to the Auditor General



Two blue ink signatures are present at the bottom right of the page. The signature on the left is a stylized, cursive script. The signature on the right is a more complex, circular scribble.