

GZIRA LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2025

Prepared by

Daniel Galea B. Accty. (Hons.) CPA

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A handwritten signature in blue ink, consisting of a stylized, cursive script.

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2025

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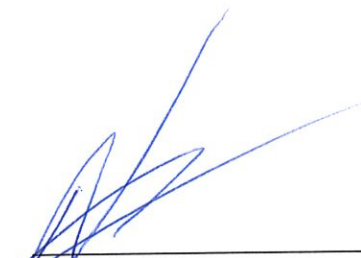
Statement of Local Council Members' and Executive Secretary's Responsibilities

for the year ended 31 December 2025

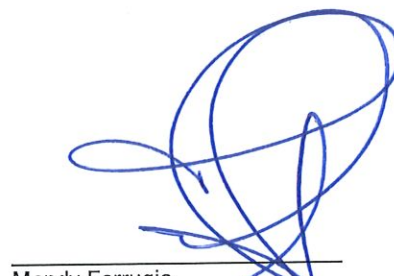
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of profit or loss for the year and of the Local Council's retained funds at the end of year. By virtue of the same regulations it 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 25th May 2026 and signed on its behalf by



Neville Chetcuti
Mayor



Mandy Farrugia
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	808,798	832,235
Income raised under Local Enforcement System	5	7,287	4,088
General Income	6	225,162	214,856
		<u>1,041,247</u>	<u>1,051,179</u>
 Expenditure			
Personal emoluments	8	(316,032)	(235,776)
Operations and maintenance	9	(353,788)	(536,376)
Administrative and other expenditure	10	(246,436)	(231,018)
		<u>(916,256)</u>	<u>(1,003,170)</u>
 Operating Surplus for the year		124,991	48,009
 Finance income		1	-
 Surplus for the year		<u>124,992</u>	<u>48,009</u>




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

STATEMENT OF FINANCIAL POSITION

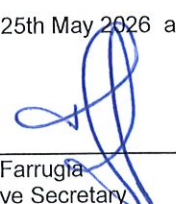
As at 31 December 2025

		2025	2024
		€	€
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	11	<u>376,823</u>	<u>382,077</u>
		<u>376,823</u>	<u>382,077</u>
Current assets			
Receivables	12	34,982	36,743
Cash and cash equivalents	13	<u>574,188</u>	<u>444,446</u>
		<u>609,170</u>	<u>481,189</u>
Total assets		<u><u>985,993</u></u>	<u><u>863,266</u></u>
EQUITY AND LIABILITIES			
Reserves			
Accumulated fund		<u>630,877</u>	505,885
		<u>630,877</u>	<u>505,885</u>
Non-current liabilities			
Deferred income	15	<u>148,554</u>	<u>148,554</u>
Current liabilities			
Deferred income	15	90,385	95,262
Payables	14	<u>116,177</u>	<u>113,565</u>
		<u>206,562</u>	<u>208,827</u>
Total liabilities		<u><u>355,116</u></u>	<u><u>357,381</u></u>
Total equity and liabilities		<u><u>985,993</u></u>	<u><u>863,266</u></u>

These financial statements were approved by the Local Council on the 25th May 2026 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 2025

	Accumulated Funds €
At 1 January 2024	457,876
Surplus for the year 2024	48,009
	<hr/>
At 31 December 2024	505,885
	<hr/> <hr/>
At 1 January 2025	505,885
Surplus for the year 2025	124,992
	<hr/>
At 31 December 2025	630,877
	<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 2025

		2025 €	2024 €
Cash flows from Operating Activities			
Surplus for the year		124,992	48,009
Reconciliation to cash generated from operations:			
Depreciation	11	21,475	14,030
Interest receivable		1	-
Decrease in provision for doubtful debts	10	<u>(1,087)</u>	<u>-</u>
Operating Profit before Working Capital Changes		145,381	62,039
Decrease in receivables		2,846	100,415
Decrease in payables		<u>(2,265)</u>	<u>(95,661)</u>
Net Cash generated from operating activities		<u>145,962</u>	<u>66,793</u>
Cash flows from Investing Activities			
Interest received		1	-
Purchase of property, plant & equipment	11	<u>(16,221)</u>	<u>(44,482)</u>
Net Cash generated from/(used in) investing activities		<u>16,220</u>	<u>(44,482)</u>
Net increase in Cash and cash equivalents			
Net increase in Cash and cash equivalents		129,742	22,311
Cash and cash equivalents at the beginning of the year		<u>444,446</u>	<u>422,135</u>
Cash and cash equivalents at the end of the year	13	<u>574,188</u>	<u>444,446</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 2025

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 25th May 2026. The Local Council's presentation as well as functional currency is denominated in Euro (€).

2. Material accounting policies and reporting procedures

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 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the Local Council are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

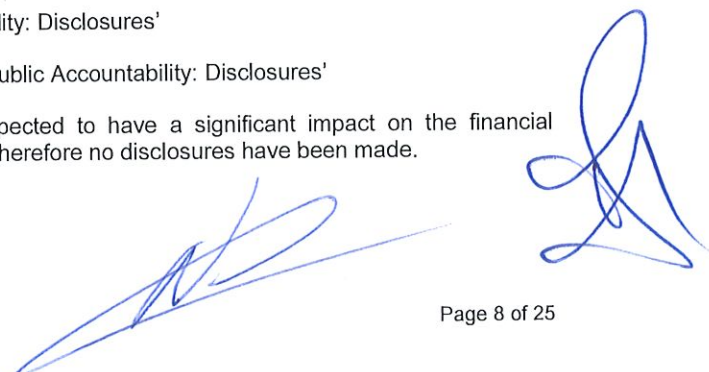
Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Local Council

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 at either reporting date.

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These Standards and 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.



Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The adoption of IFRS 18 'Presentation and Disclosure in financial statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial Statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Local Council is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other 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.

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.

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 profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

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 profit or loss.

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 profit or loss.

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); or
- 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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Financial assets at amortised cost (cont.)

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 receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use 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.

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 profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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 profit or loss was derived from the five Regional Committees and Local Enforcement System Agency.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**2. Material accounting policies and reporting procedures (cont.)***Government grants*

Government grants relating to operating expenditure are recognised in the statement of profit or loss in the same period that the related expenditure is incurred. Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach, and are thus deducted from the carrying amount of the relative non-current asset.

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 statement of cash flows, 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.

Provisions

Provisions are recognised when the Local Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

	2025	2024
	€	€
In terms of section 55 of the Local Councils Act, 1993	660,351	801,550
Other Government income	148,447	30,685
	<u>808,798</u>	<u>832,235</u>

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**5. Income raised under Law Enforcement System**

	2025	2024
	€	€
Pre-regional contraventions	1,872	2,780
Commission from LESA and Regional committees	5,415	1,308
	<u>7,287</u>	<u>4,088</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 profit or loss 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

	2025	2024
	€	€
Income from permits	109,395	91,854
Sponsorships	2,083	1,900
Insurance claims	-	176
Donations (inc Christmas lights contributions)	1,100	500
Income under EU programmes	112,584	120,426
	<u>225,162</u>	<u>214,856</u>

7. Surplus for the year

	2025	2024
	€	€
Profit for the year is stated after charging staff salaries	316,032	235,776
Depreciation of property, plant & equipment	21,475	14,030
	<u>316,032</u>	<u>235,776</u>

8. Personal emoluments

	2025	2024
	€	€
Mayor's Honoraria	16,616	16,366
Councillors' Allowances	31,600	22,600
Executive Secretary Salary and Allowances	43,617	17,008
Employees' Salaries	205,737	166,066
Social Security Contributions	18,462	13,736
	<u>316,032</u>	<u>235,776</u>

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**9. Operations and maintenance**

	2025	2024
	€	€
<i>Repairs and Upkeep:</i>		
Repair and Upkeep Roads	54,269	25,978
Street Signs	6,062	7,159
Street Markings and Litter Bins	2,931	4,802
Other repairs and upkeep	48,758	50,113
	<u>112,020</u>	<u>88,052</u>
<i>Contractual Services:</i>		
Waste Disposal	-	133,448
Refuse Collection	-	66,070
Bulky refuse	48,940	63,896
Road & Street Cleaning	100,417	73,243
Cleaning & Maintaining Parks & Gardens	37,947	43,663
Cleaning - Council premises	13,913	20,050
Street Lighting	12,541	11,294
Other Contractual services	28,010	36,660
	<u>241,768</u>	<u>448,324</u>
Total Operations and Maintenance Costs	<u>353,788</u>	<u>536,376</u>

10. Administrative and other expenditure

	2025	2024
	€	€
Utilities	12,031	15,113
Repairs and Maintenance	4,688	3,048
Rent	16,345	15,567
Office Services	9,108	9,923
Transport	1,693	3,262
Information Services	11,693	3,935
Insurance Coverage	11,510	10,120
Bank Charges	1,963	2,294
Professional Services	36,999	48,355
Training	1,135	-
Social and Cultural Events	111,953	65,560
Claims after legal cases	5036	39,306
LES expenses	1,894	505
Increase in provision for doubtful debts	(1,087)	-
Depreciation	21,475	14,030
	<u>246,436</u>	<u>231,018</u>

GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2025 (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 2025	182,330	38,968	246,701	109,386	1,009	44,762	79,459	14,000	50,402	1,033,062	1,800,079
Additions	680	-	-	3,591	-	6,490	5,460	-	-	-	16,221
Reclassification	-	-	-	-	-	-	-	-	(50,402)	50,402	-
At 31 December 2025	183,010	38,968	246,701	112,977	1,009	51,252	84,919	14,000	-	1,083,464	1,816,300
Depreciation											
At 1 January 2025	74,836	-	52,162	65,983	1,009	30,437	62,043	14,000	-	797,515	1,097,985
Charge for the year	5,320	-	1,582	3,122	-	2,893	3,518	-	-	5,040	21,475
At 31 December 2025	80,156	-	53,744	69,105	1,009	33,330	65,561	14,000	-	802,555	1,119,460
Grants											
At 1 January 2025	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
At 31 December 2025	83,197	-	-	-	-	1,273	-	-	-	235,547	320,017
Net Book values											
At 31 December 2025	19,657	38,968	192,957	43,872	-	16,649	19,358	-	-	45,362	376,823

GZIRA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

11. Property, plant and equipment (cont.)

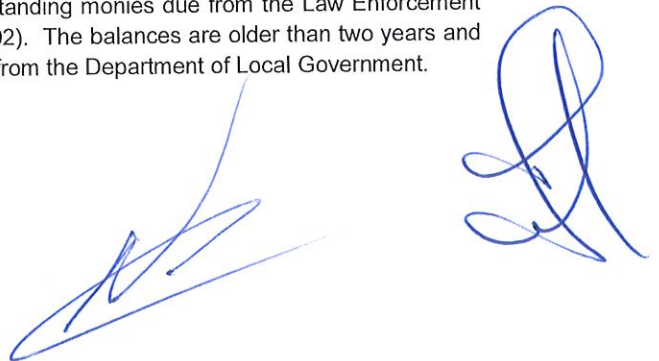
	Urban improvements €	Trees €	Property & impr. to premises €	Furniture & fittings & fittings €	New street signs €	Office equipment & plant machinery €	Computer equipment €	Motor vehicles €	Assets under construction €	Construction €	Total €
Cost											
At 1 January 2024	169,723	27,928	246,701	98,301	1,009	40,005	74,466	14,000	50,402	1,033,062	1,755,597
Additions	12,607	11,040	-	11,085	-	4,757	4,993	-	-	-	44,482
At 31 December 2024	182,330	38,968	246,701	109,386	1,009	44,762	79,459	14,000	50,402	1,033,062	1,800,079
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	-	-	-	14,030
At 31 December 2024	74,836	-	52,162	65,983	1,009	30,437	62,043	14,000	-	797,515	1,097,985
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	24,297	38,968	194,539	43,403	-	13,052	17,416	-	50,402	-	382,077

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

12. Receivables

	2025	2024
	€	€
Trade receivables	863	2,758
Other receivables and accrued income	18,874	19,784
Prepayments	15,245	14,201
	<u>34,982</u>	<u>36,743</u>
	2025	2024
	€	€
Financial receivables	19,737	22,542
Non-financial receivables	15,245	14,201
	<u>34,982</u>	<u>36,743</u>
<i>Receivables</i>		
Credit period analysis:		
	2025	2024
	€	€
Within credit period	280	1,735
Exceeded credit period but not impaired	583	1,023
Impaired and provided for	264,729	276,092
Provision for doubtful debts	<u>(264,729)</u>	<u>(276,092)</u>
	<u>863</u>	<u>2,758</u>
	2025	2024
	€	€
61 - 90 days	220	2,131
91 - 120 days	643	627
	<u>863</u>	<u>2,758</u>

Impairment recognised on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €264,729 (2024: €276,092). The balances are older than two years and have been impaired in full in line with guidance received from the Department of Local Government.



Notes to the Financial Statements for the year ended 31 December 2025 (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.

	2025	2024
	€	€
Cash at bank	573,836	444,118
Cash in hand	352	328
	<u>574,188</u>	<u>444,446</u>

14. Payables

	2025	2024
	€	€
Payables	47,927	53,339
Accruals and other payables	59,508	56,564
FSS and NI payable	8,742	3,662
	<u>116,177</u>	<u>113,565</u>
	2025	2024
	€	€
Financial liabilities	107,435	109,903
Non-financial liabilities	8,742	3,662
	<u>116,177</u>	<u>113,565</u>

Included in the accounts payable are amounts due to related parties amounting to €1,406 (2024 : €14,945). These amounts are unsecured, interest free and repayable on demand.

15. Deferred income

	2025	2024
	€	€
Analysis		
Balance brought forward	243,816	314,739
Released during the year	(191,897)	(148,414)
Additions	187,020	77,491
	<u>238,939</u>	<u>243,816</u>
Deferred Income Allocation		
Non-current	148,554	148,554
Current	90,385	95,262
	<u>238,939</u>	<u>243,816</u>

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

16. Contingent liability

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

Other cases instituted against the Council are GasanMano Insurance Limited vs Kunsill Lokali Gzira 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 Gzira 215/24. Amount claimed by plaintiff is €1,493.

17. Capital commitments

	2025	2024
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	35,000	20,000
(i) Approved but not yet contracted for:		
Furniture and fittings	25,000	10,000
Office equipment	10,000	10,000
	35,000	20,000

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 2025 (cont.)**19. Financial Risk Management (cont.)****Summary of financial assets and liabilities by category:**

	<i>Notes</i>	2025	2024
		€	€
Current assets			
Loans and receivables:			
Accounts and other receivables	12	19,737	22,542
Cash and cash equivalents	13	574,188	444,446
		<u>593,925</u>	<u>466,988</u>
Current liabilities			
Financial liabilities measured at amortised costs:			
Payables	14	47,927	53,339
Other payables	14	1,417	4,113
Accruals	14	58,091	52,451
		<u>107,435</u>	<u>109,903</u>

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 €574,188

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 €402,608 (2024: €272,362) 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 2025 (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	2025 Total activity	%	Related party activity	2024 Total activity	%
	€	€		€	€	
<i>Income</i>						
Transactions with central government	808,798			832,235		
Transactions with regions/LESA	7,287			4,088		
	<u>816,085</u>	<u>1,041,247</u>	<u>78</u>	<u>836,323</u>	<u>1,051,179</u>	<u>80</u>
<i>Expenditure</i>						
Transactions with government entities	100,417			195,094		
Key personnel remuneration	48,216			38,966		
	<u>148,633</u>	<u>916,256</u>	<u>16</u>	<u>234,060</u>	<u>1,003,170</u>	<u>23</u>

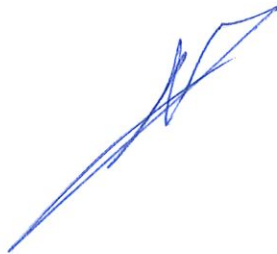
21. Fair values estimation

At 31 December 2025 and at 31 December 2024, 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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

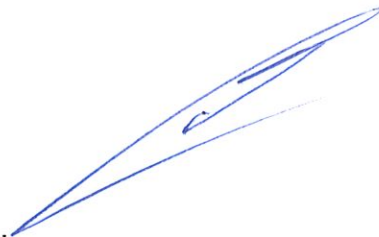
22. Post reporting date events

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





Report of the Local Government Auditors to the Auditor General



A handwritten signature in blue ink, consisting of a large, sweeping loop on the left and a smaller loop on the right, connected by a thin line.A handwritten signature in blue ink, featuring a large, circular loop at the top and several smaller, more intricate loops below it.