



MOSTA LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2023

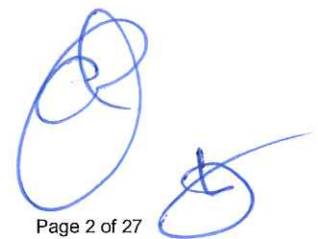
Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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

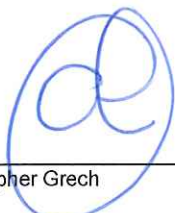
for the year ended 31 December 2023

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

It was decided in the Council Meeting that a clarification be hereby endorsed that the Mosta Local Council was informed in January 2024 by the North Regional Council to reverse the amount of circa Eur240,000 from the income of the year under review which amount was previously recognized during the year. The Council included the Eur240,000 income in the budget and the quarterly reports for 2023, however the reversal of this income led to overspending, which in turn had a material negative effect on the deficit of the year.

This statement was approved by the Local Council on the 30th May 2024 and signed on its behalf by



Christopher Grech
Mayor



Lorraine Templeman
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023 €	2022 €
	<i>Notes</i>		
Income			
Funds received from Central Government	4	1,542,918	1,501,300
Income raised under Local Council Bye-Laws	5	23,864	15,952
Income raised under Local Enforcement System	6	16,602	11,625
General Income	7	116,931	231,760
		<u>1,700,315</u>	<u>1,760,637</u>
Expenditure			
Personal emoluments	9	(341,214)	(310,384)
Operations and maintenance	10	(1,088,103)	(1,062,529)
Administration and other expenditure	11	(588,165)	(388,602)
		<u>(2,017,482)</u>	<u>(1,761,515)</u>
Deficit for the year		(317,167)	(878)
Finance income	12	144	90
		<u>144</u>	<u>90</u>
Deficit for the year		<u>(317,023)</u>	<u>(788)</u>

The notes on pages 8 to 24 form an integral part of these financial statements




STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 €	2022 €
ASSETS			
Non-Current Assets			
Intangible assets	14	1,301	1,952
Property, plant and equipment	15	1,418,598	973,056
		<u>1,419,899</u>	<u>975,008</u>
Current Assets			
Inventories	13	2,772	2,786
Receivables	16	524,421	457,245
Cash and Cash Equivalents	17	419,439	1,085,122
		<u>946,632</u>	<u>1,545,153</u>
Total Assets		<u><u>2,366,531</u></u>	<u><u>2,520,161</u></u>
EQUITY AND LIABILITIES			
Reserves			
Retained Fund		<u>1,052,674</u>	<u>1,369,697</u>
		<u>1,052,674</u>	<u>1,369,697</u>
Non-Current Liabilities			
Payables	18	<u>150,000</u>	<u>200,000</u>
		<u>150,000</u>	<u>200,000</u>
Current Liabilities			
Payables	18	<u>982,155</u>	<u>868,889</u>
Deferred income	19	<u>181,702</u>	<u>81,575</u>
		<u>1,163,857</u>	<u>950,464</u>
Total Equity and Liabilities		<u><u>2,366,531</u></u>	<u><u>2,520,161</u></u>

These financial statements were approved by the Local Council on the 30th May 2024 and signed on its behalf by:



 Christopher Grech
 Mayor



 Lorraine Templeman
 Executive Secretary

The notes on pages 8 to 24 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Funds €
At 1 January 2022	1,370,485
Loss for the year 2022	(788)
	<hr/>
At 31 December 2022	1,369,697
	<hr/> <hr/>
At 1 January 2023	1,369,697
Loss for the year 2023	(317,023)
	<hr/>
At 31 December 2023	1,052,674
	<hr/> <hr/>

The notes on pages 8 to 24 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	€	€
	<i>Note</i>	
Cash flows from Operating Activities		
Loss for the year	(317,023)	(788)
Reconciliation to cash generated from operations:		
Depreciation and amortisation	11 135,895	51,870
Increase in provision for Doubtful Debtors	11 (736)	3,834
Interest receivable	12 (144)	(90)
Operating Profit before Working Capital Changes	<u>(182,008)</u>	<u>54,826</u>
Inventories	14 14	150
Receivables	(67,174)	17,973
Payables	<u>63,266</u>	<u>489,569</u>
Cash (used in)/generated from operating activities	<u>(185,902)</u>	<u>562,518</u>
Cash flows from Investing Activities		
Interest received	144	90
Purchase of property, plant & equipment	15 (697,217)	(547,876)
Receipt of grants	<u>217,292</u>	<u>27,084</u>
Cash used in investing activities	<u>(479,781)</u>	<u>(520,702)</u>
Net change in Cash and Cash Equivalents	(665,683)	41,816
Cash and Cash Equivalents at the Beginning of the year	<u>1,085,122</u>	<u>1,043,306</u>
Cash and Cash Equivalents at the End of the year	17 <u>419,439</u>	<u>1,085,122</u>

The notes on pages 8 to 24 form an integral part of these financial statements



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

1. General Information

The Mosta Local Council is the local Authority of Malta set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Civic Centre, Constitution Street, Mosta, MST9059.

These financial statements were approved for issue by the Council Members on the 30th May 2024. The Local Council's presentation as well as functional currency is denominated in €.

2. Accounting Policies and Reporting Procedures

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

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards (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 or revised Standards or Interpretations

Standards, amendments and interpretations to existing standards

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the 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 Council are:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

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 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 Council.

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

- 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 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 2023 (cont.)

2. 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. 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 Council's financial statements.

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.

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:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Playground Furniture	100
Street Lights	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each statement of financial position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of 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 amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes freight, handling and other direct costs. Costs of inventories include the transfer from retained funds of any gains/losses on qualifying cash flow hedges relating to purchases of stock items. However, borrowing costs and foreign exchange differences are excluded. Net realisable value is the price at which stocks can be sold in the course of Council activities less anticipated costs of selling.

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

2. Accounting Policies and Reporting Procedures (cont.)

Receivables

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

Payables

Payables are classified as current and non-current liabilities and are stated at their nominal value unless the effect of discounting is material in which case other payables are measured at amortised cost using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

The Council's financial liabilities include payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

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

2. Accounting Policies and Reporting Procedures (cont.)

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs and it can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues.

Income from central government is not recognised until there is reasonable assurance that the Council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made for non-compliance are to be disclosed separately with expenses.

Local Enforcement System

As from 2015, the income recognised in the Statement of Comprehensive Income was derived from the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee

Government grants

Government grants relating to operating expenditure are recognized in the Statement of 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.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial statements are presented in €, which is the Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.

Profits and losses

Only profits 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 Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

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

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

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

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

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Funds received from Central Government

	2023	2022
	€	€
In terms of section 55 of the Local Councils Act	1,449,800	1,435,788
Other Government Income	93,118	65,512
	<u>1,542,918</u>	<u>1,501,300</u>

5. Income raised under Local Council Bye-Laws

	2023	2022
	€	€
Advertising on Street Furniture	-	212
Income from skip permits	2,758	2,223
Income from courses	-	374
Use of facilities	21,106	13,143
	<u>23,864</u>	<u>15,952</u>

6. Income raised under Local Enforcement System

	2023	2022
	€	€
Administrative charge to LESA	16,017	11,146
Contraventions and other fines	585	479
	<u>16,602</u>	<u>11,625</u>

7. General Income

	2023	2022
	€	€
Cultural Events	6,146	114,363
Income from Permits	110,785	117,397
	<u>116,931</u>	<u>231,760</u>

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

8. Deficit for the year

	2023	2022
	€	€
Deficit for the year is stated after charging		
Mayor's Remuneration	20,927	19,670
Staff salaries	320,288	290,714
Depreciation and amortisation	136,249	51,870
(Decrease)/increase in provision for doubtful debts	<u>(736)</u>	<u>3,834</u>

9. Personal Emoluments

	2023	2022
	€	€
Mayor's Remuneration	20,927	19,670
Councillors' Allowances	32,150	32,200
Executive Secretary Salary and Allowances	44,403	51,705
Employees' Salaries	208,684	177,103
Social Security Contributions	21,932	19,152
Overtime	<u>13,118</u>	<u>10,554</u>
	<u>341,214</u>	<u>310,384</u>

The average number of persons employed by the Council during the year was as 12 (2022: 10).

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

10. Operations and Maintenance

	2023	2022
	€	€
<i>Repairs and Upkeep:</i>		
Patching and Pavements	32,228	49,412
Repairs to public property	120,334	90,165
Signs	21,781	17,245
Road Markings	59,966	49,432
Plant and machinery	713	-
Handyman repairs and upkeep	53,856	41,772
	<u>288,878</u>	<u>248,026</u>
<i>Contractual Services:</i>		
Refuse Collection	405,691	374,824
Bulky Refuse Collection	38,092	31,481
Road & Street Cleaning	179,988	195,063
Cleaning & Maintaining Non-Urban	1,377	1,875
Cleaning - Public Conveniences	8,115	7,453
Cleaning - Council Premises	3,741	5,019
Cleaning & Maintaining Parks & Gardens	153,610	158,790
Street Lighting	4,012	40,084
LES related expenditure	4,599	(86)
	<u>799,225</u>	<u>814,503</u>
 Total Operations and Maintenance Costs	 <u>1,088,103</u>	 <u>1,062,529</u>

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

11. Administration and other expenditure

	2023	2022
	€	€
Utilities	16,166	19,228
Other repairs and upkeep	22,626	19,999
Rent	43,632	41,228
National and International Memberships	250	225
Office Services	3,420	9,668
Transport	717	208
Insurance Coverage	6,634	6,290
Bank Charges	2,394	2,561
Professional Services	35,656	104,694
Studies and consultation	46,266	-
Social and cultural events	19,389	14,685
Conference Expenses	13,891	420
Community Services	231,284	108,825
Sundry Minor Expenses	2,355	170
Provision for Doubtful Debtors	(736)	3,834
Public relations expenses	6,790	3,867
Permits and licenses	1,182	830
Depreciation	136,249	51,870
	<u>588,165</u>	<u>388,602</u>

12. Finance Income

	2023	2022
	€	€
Bank Interest Receivable	144	90
	<u>144</u>	<u>90</u>

13. Inventories

	2023	2022
	€	€
Books and other publications	<u>2,772</u>	<u>2,786</u>

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

14. Intangible assets

	Computer software €
Cost	
At 1 January 2023	5,735
At 31 December 2023	<u>5,735</u>
Depreciation	
At 1 January 2023	3,783
Charge for the year	651
At 31 December 2023	<u>4,434</u>
Net Book value	
At 31 December 2023	<u><u>1,301</u></u>
	Computer software €
Cost	
At 1 January 2022	5,735
At 31 December 2022	<u>5,735</u>
Depreciation	
At 1 January 2022	3,133
Charge for the year	650
At 31 December 2022	<u>3,783</u>
Net Book value	
At 31 December 2022	<u><u>1,952</u></u>

MOSTA LOCAL COUNCIL

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

15. Property, plant and equipment

	Trees	Computer equipment	Office equipment	Street signs mirrors & lights	Urban Improvements	Plant, & machinery	Office Furniture & fittings	Construction works	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2023	37,316	13,013	182,468	128,450	442,099	77,544	185,710	3,106,704	3,687,579	7,860,883
Additions	84,741	-	8,594	-	20,232	3,978	7,617	248,473	323,582	697,217
At 31 December 2023	122,057	13,013	191,062	128,450	462,331	81,522	193,327	3,355,177	4,011,161	8,558,100
Depreciation										
At 1 January 2023	-	8,608	156,638	128,450	354,297	52,544	166,547	2,637,417	650,730	4,155,231
Charge for the year	-	1,468	5,343	-	10,121	353	1,842	69,920	46,551	135,598
At 31 December 2023	-	10,076	161,981	128,450	364,418	52,897	168,389	2,707,337	697,281	4,290,829
Grants										
At 1 January 2023	-	-	9,308	-	15,337	25,000	-	-	2,682,951	2,732,596
Received	-	-	-	-	-	1,308	-	-	114,769	116,077
At 31 December 2023	-	-	9,308	-	-	26,308	-	-	2,797,720	2,848,673
Net Book values										
At 31 December 2023	122,057	2,937	19,773	-	82,576	2,317	24,938	647,840	516,160	1,418,598

MOSTA LOCAL COUNCIL

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

15. Property, plant and equipment (cont.)

	Trees	Computer equipment	Office equipment	Street signs mirrors & lights	Urban Improvements	Plant, & machinery	Office Furniture & fittings	Construction works	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2022	37,316	13,013	182,468	128,450	390,394	77,544	183,444	2,802,867	3,497,511	7,313,007
Additions	-	-	-	-	51,705	-	2,266	303,837	190,068	547,876
At 31 December 2022	37,316	13,013	182,468	128,450	442,099	77,544	185,710	3,106,704	3,687,579	7,860,883
Depreciation										
At 1 January 2022	-	7,139	152,508	128,450	347,680	52,544	165,130	2,615,039	635,521	4,104,011
Charge for the year	-	1,469	4,130	-	6,617	-	1,417	22,378	15,209	51,220
At 31 December 2022	-	8,608	156,638	128,450	354,297	52,544	166,547	2,637,417	650,730	4,155,231
Grants										
At 1 January 2022	-	-	9,308	-	-	25,000	-	-	2,673,317	2,707,625
Received	-	-	-	-	15,337	-	-	-	9,634	24,971
At 31 December 2022	-	-	9,308	-	15,337	25,000	-	-	2,682,951	2,732,596
Net Book values At 31 December 2022	37,316	4,405	16,522	-	72,465	-	19,163	469,287	353,898	973,056

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

16. Receivables

	2023	2022
	€	€
Receivables	33,305	66,388
Provision for bad debts	(9,795)	(10,449)
Accrued income	492,060	381,158
Prepayments	8,851	20,148
	<u>524,421</u>	<u>457,245</u>

Receivables

General receivables are analysed as follows:

	2023	2022
	€	€
Within credit period	516,361	443,397
Exceeded credit period but not impaired	8,060	4,149
Impaired and provided for	335,503	353,715
Provision for doubtful debts	(335,503)	(353,715)
	<u>524,421</u>	<u>447,546</u>

	2023	2022
	€	€
Financial Receivables	515,570	437,097
Non-financial Receivables	8,851	20,148
	<u>524,421</u>	<u>457,245</u>

Included in the accounts receivable are amounts due from related parties amounting to €10,690 (2022 : €53,048). These amounts are unsecured, interest free and repayable on demand. Amounts due from LES Debtors amount to €325,708 and are fully provided for.

17. Cash & 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	418,949	1,084,927
Cash in Hand	490	195
	<u>419,439</u>	<u>1,085,122</u>

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

18. Payables

	2023		2022		
	€		€		
Payables	616,211		360,291		
Other payables	95,394		138,748		
Accruals	420,550		569,850		
	<u>1,132,155</u>		<u>1,068,889</u>		

2023	0-90 days	91-180 days	180-365 days	over 365 days	Total
	€	€	€	€	€
Payables	356,101	72,587	187,523	-	616,211
Other payables	95,394	-	-	-	95,394
Accruals	270,550	-	-	150,000	420,550
	<u>722,045</u>	<u>72,587</u>	<u>187,523</u>	<u>150,000</u>	<u>1,132,155</u>

2022	0-90 days	91-180 days	180-365 days	over 365 days	Total
	€	€	€	€	€
Payables	151,344	61,426	147,521	-	360,291
Other payables	138,748	-	-	-	138,748
Accruals	369,850	-	-	200,000	569,850
	<u>659,942</u>	<u>61,426</u>	<u>147,521</u>	<u>200,000</u>	<u>1,068,889</u>

Included in the accounts payable are amounts to related parties amounting to €312,986 (2022 : €50,268). These amounts are unsecured, interest free and repayable on demand.

	2023	2022
	€	€
Financial Payables		
Non-current	150,000	200,000
Current	982,155	868,889
	<u>1,132,155</u>	<u>1,068,889</u>

19. Deferred income

	2023	2022
	€	€
Government grants		
At 1 January	81,575	79,462
Used during the year	(39,301)	-
Received during the year	139,428	2,113
At 31 December	<u>181,702</u>	<u>81,575</u>
Current Deferred Income	<u>181,702</u>	<u>81,575</u>

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

20. Capital commitments

	2023	2022
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	<u>297,500</u>	<u>1,085,000</u>
(i) Approved but not yet contracted for:		
Various DPF Projects	137,500	-
Trees	50,000	-
Fondi LESA - Progetti fil-komunitajiet	20,000	-
SPI 4/2023 Komunita aktar siguri u organizzati	25,000	-
Street lighting	50,000	-
Pjazza Hardstone Paving	-	250,000
Pedestrian Streets (as per Slow Street)	-	150,000
Pjazza Public Conveniences	-	300,000
Measure 4.3 - San Pawl tal-Qlejja	-	230,000
LESA Community Project	-	95,000
Office Furniture & Fittings	5,000	5,000
Office Equipment	5,000	20,000
Computer Equipment & Software	5,000	35,000
	<u>297,500</u>	<u>1,085,000</u>

21. Contingent liabilities

There were no contingent liabilities in respect of bank guarantees at year end. However the council is involved in a number of legal disputes that could give rise to sums to be paid to third parties at year end.

These consists mainly of claims by third parties against the Local Council in the Civil Courts which may result in payments by the Local Council, which sums, if any, are still unknown at the time of preparing these financial statements.

The Council may also be subject to legal action from third parties who have suffered damages on Mosta Roads and are stating that the Council was at fault, which claims are being refused by the Council.

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

22. Related party transactions

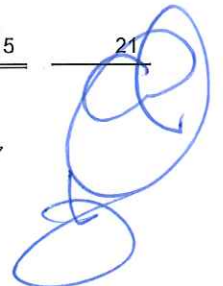
During the course of the year, the Council entered into transactions with related parties which are related through common ultimate controlling party. The Council entered into transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
North Regional Committee	Joint Control
Street Lighting Joint Committee	Joint control
Local Enforcement System Agency	No control
Eastern Regional Committee	No control
Gozo Regional Committee	No control
Port Regional Committee	No control
West Regional Committee	No control
South Regional Committee	No control
Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Arms Limited	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
MCAST	No control
National Library of Malta	No control
Office of the Prime Minister	No control
Housing Authority	No control
Kunsill Malti għall-Isport	No control
Local Councils' Association	No control
Department for Elderly & Community	No control
Malta Communications Authority	No control
Ministry for Energy & Health	No control
Heritage Malta	No control
Ministry for Resources and Rural Affairs	No control

The amounts due from / to related parties at year-end are disclosed in notes 16 and 18. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

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

	2023			2022		
	Related party activity €	Total activity €	%	Related party activity €	Total activity €	%
<i>Income</i>						
Transactions with central government	1,449,800			1,435,788		
	<u>1,449,800</u>	<u>1,700,315</u>	<u>85</u>	<u>1,435,788</u>	<u>1,760,637</u>	<u>82</u>
<i>Expenditure</i>						
Transactions with government entities	405,691			64,784		
Key personnel remuneration	341,214			310,384		
	<u>746,905</u>	<u>2,017,482</u>	<u>37</u>	<u>375,168</u>	<u>1,761,515</u>	<u>21</u>



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

23. Ultimate controlling party

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

24. Financial Risk Management

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

Credit risk

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

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Council has as cash and cash equivalents the amount of €419,439. This should ensure an ongoing working capital of the Council for the next 12 months. The Council had a current net liability position of €217,225 (2022: current net asset position of €594,689) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

Summary of financial assets and liabilities by category:

	2023	2022
	€	€
Current Assets		
Financial assets at amortised costs:		
Accounts and other receivables	515,570	437,097
Cash and Cash Equivalents	419,439	1,085,122
	<u>935,009</u>	<u>1,522,219</u>
Non-current Liabilities		
Financial liabilities at amortised costs:		
Payables	150,000	200,000
Current Liabilities		
Financial liabilities at amortised costs:		
Payables	982,155	868,889

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

24. Financial Risk Management (cont.)

Foreign Currency Risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currency transactions.

Interest Rate Risk

The Council operates bank accounts without any financing facilities. As a result, the Council is not exposed to cash flow interest rate risk on bank balances.

Market risks

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Other risks

The Council's interest rate risk arises from long term borrowings. However, the Council is not currently exposed to such risk since it does not have long term fluctuating interest borrowings. In general, the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

25. Reclassifications

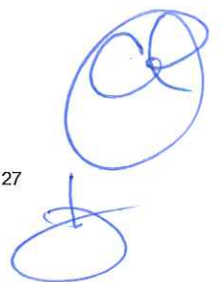
Comparative figures have been reclassified to conform with the current year's presentation of the financial statements.



Report of the Local Government Auditors to the Auditor General

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Report of the Local Government Auditors to the Auditor General

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Report of the Local Government Auditors to the Auditor General (cont.)

