



**LUQA LOCAL COUNCIL**

**FINANCIAL STATEMENTS**

**1 JANUARY – 31 DECEMBER 2022**

**Prepared by:**  
Joseph Piscopo  
*Certified Public Accountant*

**FINANCIAL STATEMENTS**  
Financial Year Ended 31 December 2022

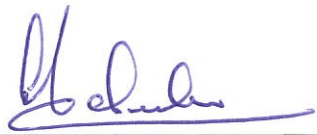
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## **Statement of Local Council Members' and Executive Secretary's Responsibilities**

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

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

Approved by the Council and signed on its behalf on **13th June 2023** by:



John Schembri  
*Mayor*



Karen Camilleri  
*Deputy Executive Secretary*

**STATEMENT OF FINANCIAL POSITION**

As At 31 December 2022

	Notes	2022 €	2021 €
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	<u>527,730</u>	<u>564,350</u>
		<u>527,730</u>	<u>564,350</u>
<b>Financial Asset</b>			
Available for sale investments	4	<u>202,424</u>	<u>214,656</u>
		202,424	214,656
<b>Current Assets</b>			
Trade and other receivables	5	28,312	25,546
Cash and cash equivalents	6	<u>985,515</u>	<u>863,014</u>
		<u>1,013,827</u>	<u>888,560</u>
<b>TOTAL ASSETS</b>		<u><u>1,743,981</u></u>	<u><u>1,667,566</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Retained fund		1,607,275	1,556,139
Investment revaluation reserve		<u>2,424</u>	<u>14,656</u>
		<u>1,608,699</u>	<u>1,570,795</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Short term borrowings	7	584	2,403
Trade and other payables	8	<u>133,698</u>	<u>94,368</u>
		<u>134,282</u>	<u>96,771</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><u>1,743,981</u></u>	<u><u>1,667,566</u></u>

The notes on pages 8 to 21 are an integral part of the financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Year Ended 31 December 2022

	Notes	2022 €	2021 €
<b>REVENUE</b>			
Funds received from central government	9	531,058	562,139
Income raised under Local Council Bye-Laws	10	15,445	8,916
Income raised under Law Enforcement System	11	2,954	3,673
General income	13	8,280	255
		<u>557,737</u>	<u>574,983</u>
<b>EXPENDITURE</b>			
Personal emoluments	14	(124,359)	(123,914)
Operations and maintenance	15	(203,750)	(180,767)
Administration and other expenditure	16	(178,920)	(155,381)
		<u>(507,029)</u>	<u>(460,062)</u>
<b>OPERATING INCOME FOR THE YEAR</b>		50,708	114,921
Gain on sale of property, plant and equipment		-	200
Investment income	12	428	-
<b>INCOME FOR THE YEAR</b>		<u>51,136</u>	<u>115,121</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
Decrease in fair value of available-for-sale investments	4	(12,232)	(2,515)
<b>TOTAL COMPERHENSIVE INCOME FOR THE YEAR</b>		<u>38,904</u>	<u>112,606</u>

The notes on pages 8 to 21 are an integral part of the financial statements.

**STATEMENT OF CASH FLOWS**

Year Ended 31 December 2022

	Notes	2022 €	2021 €
<b>Cash flows from operating activities</b>			
Income for the year		51,136	115,121
Adjustments for:			
Depreciation		79,429	85,587
Gain on sale of property, plant and equipment		-	(200)
Interest receivable		(428)	-
Operating profit before working capital changes		<u>130,137</u>	<u>200,508</u>
Movement in trade and other receivables		(2,766)	17,661
Movement in payables and other payables		<u>39,330</u>	<u>(71,362)</u>
Cash generated from operations		166,701	146,807
Net cash inflow from operating activities		<u>166,701</u>	<u>146,807</u>
<b>Cash flows from investing activities</b>			
Interest received		428	-
Proceed from sale of property, plant and equipment		-	200
Purchase of property, plant and equipment		<u>(42,809)</u>	<u>(77,754)</u>
Cash used in investing activities		<u>(42,381)</u>	<u>(77,554)</u>
<b>Cash flows from financing activities</b>			
Grants received		-	<u>87,652</u>
Cash flows generated from financing activities		-	<u>87,652</u>
Net increase in cash and cash equivalents		124,320	156,905
Cash and cash equivalents at the beginning of year		860,611	703,706
Cash and cash equivalents at the end of year		<u>984,931</u>	<u>860,611</u>
Cash and cash equivalents	6	985,515	863,014
Bank balances overdrawn	7	<u>(584)</u>	<u>(2,403)</u>
		<u>984,931</u>	<u>860,611</u>

The notes on pages 8 to 21 are an integral part of the financial statements.

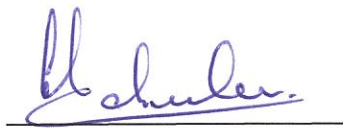
**STATEMENT OF CHANGES IN EQUITY**

As At 31 December 2022

	Retained Funds €	Investment Revaluation Reserve €	Total €
At 1 January 2021	1,441,018	17,171	1,458,189
Income for the year	<u>115,121</u>	<u>-</u>	<u>115,121</u>
Total comprehensive income for the year	1,556,139	17,171	1,573,310
Other comprehensive loss Movement for the year	<u>-</u>	<u>(2,515)</u>	<u>(2,515)</u>
At 31 December 2021	<u>1,556,139</u>	<u>14,656</u>	<u>1,570,795</u>
At 1 January 2022	1,556,139	14,656	1,570,795
Income for the year	<u>51,136</u>	<u>-</u>	<u>51,136</u>
Total comprehensive income for the year	1,607,275	14,656	1,621,931
Other comprehensive loss Movement for the year	<u>-</u>	<u>(12,232)</u>	<u>(12,232)</u>
At 31 December 2022	<u>1,607,275</u>	<u>2,424</u>	<u>1,609,699</u>

The notes on pages 8 to 21 are an integral part of the financial statements.

These financial statements were approved by the Local Council on **13th June 2023** and signed on its behalf by:



John Schembri  
*Mayor*



Karen Camilleri  
*Deputy Executive Secretary*

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

### **1. General Information**

The Luqa Local Council (the “Local Council”) is the local authority of Luqa setup in accordance with the Local Councils Act. The office of the Local Council is situated at Civic Centre, 173, New Street, Luqa.

### **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.

#### **a. Accounting convention**

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).

The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards as adopted by the EU and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

#### **b. Standards, amendments and interpretations to existing standards**

##### ***New standards adopted as at 1 January 2022***

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

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

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

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

**c. Revenue recognition**

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

**d. Local Enforcement System**

The amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to the various Regional Committees for contraventions paid at the Council.

**e. Property, Plant and Equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss 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:

	<i>% Rate</i>
Land	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements ( <i>Street Furniture</i> )	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Trees	0
Plants	100
Litter Bins	100
Playground Furniture	100
Traffic signs	100
Road Signs	100
Street Mirrors	100
Street Lights	100

Assets not yet capitalised represents Special Programmes of the Local Council and is stated at cost. Costs included under assets not yet capitalised will be transferred to

Special programmes upon completion. The account is not depreciated until such time that the asset is completed and available for use.

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 financial reporting 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.

#### **f. 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.

#### **g. 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 cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

#### **h. 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 Euro which is the Council's functional and present currency.

#### **i. Surplus and Deficits**

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 deficits 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.

## **j. Cash and Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Local Council's cash management, are a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities in the balance sheet

## **k. Related Parties**

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

## **l. 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 in the periods presented.

The classification is determined by both:

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

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

### ***Subsequent measurement of financial assets***

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The 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 fair value through profit or loss.

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 trade and other payables and short term borrowings.

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

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

**m. Critical accounting estimates and judgements**

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

In the opinion of the council members, 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 (revised).

## 3. Property, plant and equipment

2022	Property	Council Building Improvements	Office Furniture	Computer Equipment	Office Equipment	Social areas	Playground Equipment	Construction Pavings	Urban Improvements	Special Programmes	Trees	New Streets	Machinery	Motor Vehicle	WIP	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
At 1 January 2022	179,426	120,549	56,879	20,190	14,239	401,334	198,951	2,197,543	475,706	42,264	5,066	21,424	3,262	22,047	17,145	3,776,025
Additions	-	-	2,427	-	-	-	-	-	2,957	-	-	-	-	-	37,425	42,809
31 December 2022	179,426	120,549	59,306	20,190	14,239	401,334	198,951	2,197,543	478,663	42,264	5,066	21,424	3,262	22,047	54,570	3,818,834
<b>Grants and other reimbursement</b>																
At 1 January 2022	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	-	-	(1,339,372)
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2022	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	-	-	(1,339,372)
<b>Accumulated depreciation</b>																
At 1 January 2022	-	(105,170)	(39,021)	(18,299)	(12,086)	(104,651)	(198,951)	(1,023,446)	(323,461)	(12,131)	(154)	(21,424)	(3,262)	(10,247)	-	(1,872,303)
Charge for the year	-	(4,815)	(2,549)	(722)	(699)	(13,617)	-	(35,852)	(18,225)	-	-	-	-	(2,950)	-	(79,429)
31 December 2022	-	(109,985)	(41,570)	(19,021)	(12,785)	(118,268)	(198,951)	(1,059,298)	(341,686)	(12,131)	(154)	(21,424)	(3,262)	(13,197)	-	(1,951,732)
<b>Net Book Value</b>																
31 December 2022	179,426	10,564	17,736	1,169	1,454	44,483	-	168,381	36,185	-	4,912	-	-	8,850	54,570	527,730

*Luqa Local Council*

2021	Property	Council Building Improvements	Office Furniture	Computer Equipment	Office Equipment	Social areas	Playground Equipment	Construction Pavings	Urban Improvements	Special Programmes	Trees	New Streets	Machinery	Motor Vehicle	WIP	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>																
At 1 January 2021	179,426	120,549	56,879	18,740	13,909	401,334	198,951	2,107,868	475,706	42,264	5,066	21,424	3,262	10,000	45,596	3,700,974
Additions	-	-	-	1,450	330	-	-	32,579	-	-	-	-	-	14,750	28,645	77,754
Transfer	-	-	-	-	-	-	-	57,096	-	-	-	-	-	-	(57,096)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,703)	-	(2,703)
31 December 2021	179,426	120,549	56,879	20,190	14,239	401,334	198,951	2,197,543	475,706	42,264	5,066	21,424	3,262	22,047	17,145	3,776,025
<b>Grants and other reimbursement</b>																
At 1 January 2021	-	-	-	-	-	(238,583)	-	(882,212)	(100,792)	(30,133)	-	-	-	-	-	(1,251,720)
Additions during the year	-	-	-	-	-	-	-	(87,652)	-	-	-	-	-	-	-	(87,652)
31 December 2021	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	-	-	(1,339,372)
<b>Accumulated depreciation</b>																
At 1 January 2021	-	(90,611)	(36,654)	(17,333)	(11,290)	(91,034)	(198,951)	(991,045)	(305,533)	(12,130)	(154)	(21,424)	(3,260)	(10,000)	-	(1,789,419)
Charge for the year	-	(14,559)	(2,367)	(966)	(796)	(13,617)	-	(32,401)	(17,928)	(1)	-	-	(2)	(2,950)	-	(85,587)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	2,703	-	2,703
31 December 2021	-	(105,170)	(39,021)	(18,299)	(12,086)	(104,651)	(198,951)	(1,023,446)	(323,461)	(12,131)	(154)	(21,424)	(3,262)	(10,247)	-	(1,872,303)
<b>Net Book Value</b>																
31 December 2021	179,426	15,379	17,858	1,891	2,153	58,100	-	204,233	51,453	-	4,912	-	-	11,800	17,145	564,350

#### 4. Available for sale investments

	2022	2021
	€	€
Valletta Fund Management Money Fund	214,656	217,171
Investment Growth	<u>(12,232)</u>	<u>(2,515)</u>
	<u>202,424</u>	<u>214,656</u>

The investment income consists of the La Vallette Management money fund held with Bank of Valletta. The fair value changes on available-for-sale financial assets is being recognised directly in equity, and presented accordingly in the statement of changes in equity (within investment revaluation reserve).

#### 5. Trade and other receivables

	2022	2021
	€	€
Trade receivables	25,667	8,664
LES receivables	351,806	395,132
Allowance for doubtful debts	(351,806)	(395,132)
Prepayments and accrued income	<u>2,645</u>	<u>16,882</u>
	<u>28,312</u>	<u>25,546</u>

#### Provision for doubtful debts

	2022	2021
	€	€
Balance on 1 January	395,132	398,579
Movements during the year	<u>(43,326)</u>	<u>(3,447)</u>
Balance on 31 December	<u>351,806</u>	<u>395,132</u>

#### 6. Cash and cash equivalents

	2022	2021
	€	€
Bank Balances:		
Current Accounts	300,650	293,090
Savings Accounts	684,745	569,921
Cash in Hand	<u>120</u>	<u>3</u>
	<u>985,515</u>	<u>863,014</u>

#### 7. Borrowings

	2022	2021
	€	€
<b>Falling due within one year:</b>		
Bank balances overdrawn	<u>584</u>	<u>2,403</u>
	<u>584</u>	<u>2,403</u>

<b>8. Trade and other payables</b>	2022	2021
	€	€
Trade payables	31,897	53,973
Other payables and accruals	29,585	40,395
Deferred income short term	72,216	-
	<u>133,698</u>	<u>94,368</u>
<b>9. Funds received from Central Government</b>	2022	2021
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	501,920	486,683
Supplementary government income	-	17,439
Other government income	29,138	58,017
	<u>531,058</u>	<u>562,139</u>
<b>10. Income raised under Local Council Bye-Laws</b>	2022	2021
	€	€
Income raised under Local Council Bye-Laws	15,445	8,916
	<u>15,445</u>	<u>8,916</u>
<b>11. Local Enforcement System Income</b>	2022	2021
	€	€
Regional Committees - administrative fees	2,954	3,673
	<u>2,954</u>	<u>3,673</u>
<b>12. Investment income</b>	2022	2021
	€	€
Bank interest receivable	428	-
	<u>428</u>	<u>-</u>
<b>13. General income</b>	2022	2021
	€	€
Sundry contributions and donations	8,280	255
	<u>8,280</u>	<u>255</u>
<b>14. Personal emoluments</b>	2022	2021
	€	€
Personal emoluments include, <i>inter alia</i> :		
Mayor's allowance	18,107	17,867
Councillors' allowance	14,800	15,200
Executive secretary's salary	13,266	16,634
Employees' salaries	72,339	67,780
Social security contributions	5,847	6,433
	<u>124,359</u>	<u>123,914</u>

<b>15. Operations and maintenance</b>	2022	2021
	€	€
Operations and maintenance includes, <i>inter alia</i> :		
<b>Repairs and upkeep:</b>		
Road and street pavements (patching works)	1,060	25,712
Signs and road markings	11,728	4,177
Other repairs	16,397	9,451
	<u>29,185</u>	<u>39,340</u>
<b>Contractual services</b>		
Refuse collection (including bins on wheels)	73,670	58,784
Refuse disposal fee	61,820	43,954
Bulky refuse collection (including open skips)	13,534	12,680
Road and street cleaning (mechanical and manual)	13,867	15,600
Cleaning and maintenance of public conveniences	1,960	1,560
Street lighting	9,714	8,849
	<u>174,565</u>	<u>141,427</u>
Total operations and maintenance expenses	<u>203,750</u>	<u>180,767</u>
<b>16. Administration and other expenditure</b>		
	2022	2021
	€	€
Utilities	7,406	11,179
Material and supplies	6,682	5,295
Rent	3,243	3,229
Office services	6,332	2,336
Transport	1,888	2,108
Memberships	30	-
Information services	5,605	2,341
Insurance and bank charges	3,764	2,140
Professional services	26,194	12,656
Training	-	100
Community services and events	32,308	19,956
Other office expenses	6,039	8,454
Depreciation	79,429	85,587
	<u>178,920</u>	<u>155,381</u>
<b>17. Related Parties</b>		
Significant control:		
	2022	2021
	€	€
Annual financial allocation	501,920	486,683
Supplementary government income	-	17,439
	<u>501,920</u>	<u>504,122</u>

The ultimate controlling party of the local 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.

The Council also receives revenue from other Government entities such as Water Services Corporation for trenching works carried out in the locality, and for the reinstatement of roads as a result of the trenching works.

## **18. Risk management and objectives and policies**

The Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flow by minimising exposure to financial risks. The most significant financial risks to which the council is exposed are described below.

### **18.1 Credit risk**

The council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

Class of financial assets - carrying amounts	2022	2021
	€	€
Trade and other receivables	28,312	25,546
Available for sale investments	202,424	214,656
Cash and cash equivalents	985,515	863,014
	<u>1,216,251</u>	<u>1,103,216</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal with only creditworthy counterparties. The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 5 for further information on impairment or financial assets that are past due.

None of the council's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## **18.2 Liquidity risk**

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

Current payables within one year	2022	2021
	€	€
Trade payables	31,897	53,973
Deferred income short term	72,216	-
Other payables and accruals	29,585	40,395
Short-term borrowings	584	2,403
Financial Liabilities	<u>134,282</u>	<u>96,771</u>

## **18.3 Interest rate risk**

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 6), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

## **18.4 Summary of the financial assets and liabilities by category**

The carrying amounts of the Council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

	2022	2021
	€	€
<b>Non-Current Assets</b>		
Financial assets at FVOCI:		
Available for sale investments	<u>202,424</u>	<u>214,656</u>
<b>Current Assets</b>	2022	2021
Financial assets at amortised cost:	€	€
Trade and other receivables	28,312	25,546
Cash and cash equivalents	985,515	863,014
	<u>1,013,827</u>	<u>888,560</u>

<b>Current Liabilities</b>	2022	2021
Financial liabilities measured amortised at cost:	€	€
Trade payables	31,897	53,973
Deferred income short term	72,216	-
Other payables and accruals	29,585	40,395
Short-term borrowings	584	2,403
	<u>134,282</u>	<u>96,771</u>

### 18.5 Capital risk management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities and the extent of borrowings, the capital level as at the end of the reporting period is deemed adequate by the Council.

### 19. Fair value estimation

At 31 December 2022 and 31 December 2021, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

### 20. Capital commitments

At 31 December 2022, the Council had the following capital commitments:

	€
Finishing Works of Public Convenience at Triq Dun Pawl	50,000
Restoration Works at Kappella tal-Ftajjar	30,000
Renovation Works at Playing Field - Misrah iz-Zghazagh	40,000
Pavement Works	70,000
	<u>190,000</u>