



LUQA LOCAL COUNCIL

FINANCIAL STATEMENTS

1 JANUARY – 31 DECEMBER 2025

Prepared by:
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Certified Public Accountant

FINANCIAL STATEMENTS
Financial Year Ended 31 December 2025

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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 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 expenditures 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 controls 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 11th February 2026 by:

John Schembri
Mayor

Astrid Pell
Executive Secretary

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 €	2024 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	<u>423,480</u>	<u>502,090</u>
		<u>423,480</u>	<u>502,090</u>
Financial Asset			
Available for sale investments	4	<u>217,559</u>	<u>214,867</u>
		<u>217,559</u>	<u>214,867</u>
Current Assets			
Trade and other receivables	5	67,407	59,584
Cash at bank and in hand	6	<u>778,265</u>	<u>775,540</u>
		<u>845,672</u>	<u>831,545</u>
TOTAL ASSETS		<u><u>1,486,710</u></u>	<u><u>1,548,502</u></u>
RESERVES AND LIABILITIES			
Capital and reserves			
Retained Fund		1,332,640	1,292,832
Investment revaluation reserve		<u>17,556</u>	<u>14,867</u>
		<u>1,350,196</u>	<u>1,307,699</u>
Liabilities			
Current Liabilities			
Short term borrowings	7	0	0
Trade and other payables	8	<u>136,514</u>	<u>240,803</u>
Total Liabilities		<u>136,514</u>	<u>240,803</u>
TOTAL RESERVES AND LIABILITIES		<u><u>1,486,710</u></u>	<u><u>1,548,502</u></u>

The notes on pages 8 to 23 are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2025

	Notes	2025 €	2024 €
REVENUE			
Funds received from central government	9	532,533	569,771
Income raised under Local Council Bye-Laws	10	13,596	16,697
Income raised under Law Enforcement System	11	4,001	2,894
General income	13	12,667	12,160
		<u>562,797</u>	<u>601,522</u>
EXPENDITURE			
Personal emoluments	14	(206,940)	(174,479)
Operations and maintenance	15	(90,039)	(361,737)
Administration and other expenditure	16	(226,347)	(268,997)
		<u>(523,325)</u>	<u>(805,213)</u>
OPERATING INCOME FOR THE YEAR		39,472	(204,161)
Gain on sale of property, plant and equipment			
Investment income	12	<u>334</u>	<u>101</u>
INCOME FOR THE YEAR		<u>39,806</u>	<u>(204,060)</u>
OTHER COMPREHENSIVE INCOME			
Increase in fair value of available-for-sale investments	4	2,692	5,418
TOTAL COMPERHENSIVE INCOME FOR THE YEAR		<u>42,497</u>	<u>(198,642)</u>

The notes on pages 8 to 23 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2025

	Notes	2025 €	2024 €
Cash flows from operating activities			
Income / (Loss) for the year		42,497	(204,060)
Adjustments for:			
Depreciation	3	86,165	95,291
Gain on sale of property, plant and equipment	5	-	3,579
Interest receivable	12	(334)	(101)
Operating loss before working capital changes		<u>128,329</u>	<u>(105,291)</u>
Working capital changes:			
Movement in trade and other receivables		(7,822)	69,872
Movement in payables and other payables		<u>(65,823)</u>	<u>(11,690)</u>
Cash (used in) generated from operations		54,683	(47,109)
Interest received		334	101
Net cash (used in) generated from operations		<u>55,017</u>	<u>(47,008)</u>
Cash flows from investing activities			
Acquisitions of property, plant and equipment	3	(52,292)	(53,873)
Net decrease in cash at banks and on hand		2,725	(100,881)
Cash at banks and on hand at the beginning of year		<u>775,540</u>	<u>876,420</u>
Cash at banks and on hand at the end of year		<u><u>778,265</u></u>	<u><u>775,540</u></u>
Cash at banks and on hand	6	778,265	775,540
Bank balances overdrawn	7	-	-
		<u><u>778,265</u></u>	<u><u>775,540</u></u>

The notes on pages 8 to 23 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2025

	Retained Funds €	Investment Revaluation Reserve €	Total €
At 1 January 2024	1,496,892	9,449	1,506,341
Income for the year	<u>(204,060)</u>	<u>-</u>	<u>(204,060)</u>
	1,292,832	9,449	1,302,281
Other comprehensive income Movement for the year	<u>-</u>	<u>5,418</u>	<u>5,418</u>
At 31 December 2024	<u>1,292,832</u>	<u>14,867</u>	<u>1,307,699</u>
At 1 January 2025	1,292,832	14,867	1,307,699
Income for the year	<u>39,809</u>	<u>-</u>	<u>39,809</u>
Total comprehensive loss for the year	1,332,641	14,867	1,347,508
Other Comprehensive income Movement for the year	<u>-</u>	<u>2,689</u>	<u>2,689</u>
At 31 December 2025	<u>1,332,641</u>	<u>17,556</u>	<u>1,350,196</u>

The notes on pages 8 to 22 are an integral part of the financial statements.

These financial statements were approved by the Local Council on 11th February 2026 and signed on its behalf by:

John Schembri
Mayor

Astrid Pell
Executive Secretary

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

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. 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.

The material accounting policies applied in the preparation of these financial statements are set out below and in the succeeding pages. 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 material accounting policies 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 (IFRSs) as adopted by the European Union (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 2025

During the year 2025, the adoption of new standards and amendments did not have any impact on the Local Council. These include:

- IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments)
- IAS 1 – Classification of Liabilities as Current or Non-current (Amendments)
- IAS 1 – Non-current Liabilities with Covenants (Amendments)

Notes on improvements

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.

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 profit and loss and other comprehensive income as it accrues.

Income from central government is not recognised until there is reasonable assurance that the Local Council will comply 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.

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 Local 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 profit and loss and other comprehensive income during the financial period in which they are incurred.

f. Government Grants

Government grants relating to operating expenditure are recognised in the statement of profit or loss and other 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 Profit or Loss and Other 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 Local 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 at banks and on hand

Cash at banks and on hand includes demand deposits. Bank overdrafts, which are repayable on demand and form an integral part of the Local Council's cash management, are a component of cash for the purpose of the statement of cash flows and are presented in current liabilities in the statement of financial position

k. Related Parties

Related parties are those persons or bodies of persons having relationships with the Local 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); and
- fair value through other comprehensive income (FVOCI).

The Local Council does not have any financial assets categorised as FVTPL in the years 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 the statement of profit and loss and other comprehensive income 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 at banks and on hand and trade and other receivables (excluding prepayments) fall into this category of financial instruments.

Financial assets measured at fair value through other comprehensive income (FVOCI) are subsequently measured at their fair value. This means their value is adjusted on the balance sheet to reflect changes in market price. Any gains or losses arising from these remeasurements are recognized in other comprehensive income (OCI), a part of equity, rather than the profit or loss statement.

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 (excluding deferred income) 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 the statement of profit or loss and other comprehensive income are included within ‘finance costs’ or ‘finance income’.

m. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires Local 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 Local 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

2024	Property	Council Building Improvements	Office Furniture /Fittings	Computer Equipment	Office Equipment	Social Areas	Playground Equipment	Construction	Urban Improvements	Special Programmes	Trees	New Street Signs	Machinery	Motor Vehicle	WIP	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
Cost																
At 1 January 2024	179,426	120,549	66,389	21,190	18,694	401,334	198,951	2,372,735	493,473	42,264	5,066	21,424	3,262	22,047	5,000	3,971,805
Additions	-	-	665	2,507	2,561	-	-	9,425	-	-	-	-	-	43,715	(5,000)	53,873
31st Dec 2024	179,426	120,549	67,054	23,697	21,254	401,334	198,951	2,382,161	493,473	42,264	5,066	21,424	3,262	65,762	-	4,025,678
Grants and other reimbursements																
At 1 January 2024	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	-	-	(1,339,372)
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	(43,715)	-	(43,715)
31st Dec 2024	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	(43,715)	-	(1,383,087)
Accumulated depreciation																
At 1 January 2024	-	(114,800)	(44,634)	(19,994)	(14,374)	(131,885)	(198,951)	(1,113,983)	(353,470)	(12,130)	(154)	(21,424)	(3,262)	(16,147)	-	(2,045,209)
Charge for the period	-	(4,815)	(3,115)	(1,322)	(2,062)	(13,617)	-	(55,628)	(11,783)	-	-	-	-	(2,950)	-	(95,291)
31st Dec 2024	-	(119,615)	(47,749)	(21,316)	(16,436)	(145,502)	(198,951)	(1,169,611)	(365,253)	(12,130)	(154)	(21,424)	(3,262)	(19,097)	-	(2,140,500)
Net book value																
31st Dec 2024	179,426	934	19,306	2,381	4,818	17,249	-	242,686	27,427	-	4,912	-	-	2,950	-	502,090

2025	Property	Council Building Improvements	Office Furniture /Fittings	Computer Equipment	Office Equipment	Social Areas	Playground Equipment	Construction	Urban Improvements	Special Programmes	Trees	New Street Signs	Machinery	Motor Vehicle	WIP	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
Cost																
At 1 January 2025	179,426	120,549	67,054	23,697	21,254	401,334	198,951	2,382,161	493,473	42,264	5,066	21,424	3,262	65,762	-	4,025,678
Additions	-	-	5,198	629	1,728	-	-	-	52,292	-	-	-	-	-	-	59,847
31st Dec 2025	179,426	120,549	72,252	24,326	22,982	401,334	198,951	2,382,161	545,764	42,264	5,066	21,424	3,262	65,762	-	4,085,525
Grants and other reimbursements																
At 1 January 2025	-	-	-	-	-	(238,583)	-	(969,864)	(100,792)	(30,133)	-	-	-	(43,715)	-	(1,383,087)
Additions	-	-	-	-	-	-	-	-	(52,292)	-	-	-	-	-	-	(52,292)
31st Dec 2025	-	-	-	-	-	(238,583)	-	(969,864)	(153,084)	(30,133)	-	-	-	(43,715)	-	(1,435,378)
Accumulated depreciation																
At 1 January 2025	-	(119,615)	(47,749)	(21,316)	(16,436)	(145,502)	(198,951)	(1,169,611)	(365,253)	(12,130)	(154)	(21,424)	(3,262)	(19,097)	-	(2,140,500)
Charge for the period	-	(325)	(3,505)	(1,034)	(1,846)	(9,912)	-	(55,628)	(10,967)	-	-	-	-	(2,950)	-	(86,166)
31st Dec 2025	-	(119,940)	(51,253)	(22,349)	(18,282)	(155,413)	(198,951)	(1,225,239)	(376,221)	(12,130)	(154)	(21,424)	(3,262)	(22,047)	-	(2,226,667)
Net book value																
31st Dec 2025	179,426	609	20,999	1,976	4,701	7,338	(0)	187,058	16,460	-	4,912	-	0	0	-	423,480

4. Investments at fair value through other comprehensive income

	2025	2024
	€	€
Valletta Fund Management Money Fund	214,867	209,449
Investment Growth	<u>2,692</u>	<u>5,418</u>
	<u><u>217,559</u></u>	<u><u>214,867</u></u>

The investment income consists of the La Vallette Management money fund held with Bank of Valletta. The fair value changes on investments is being recognised directly in equity, and presented accordingly in the statement of changes in equity ‘investment revaluation reserve’.

5 Receivables

	2025	2024
	€	€
Trade receivables	3,276	13,933
LES receivables	330,583	338,188
Allowance for doubtful debts	(330,583)	(341,767)
Prepayments and accrued income	<u>64,131</u>	<u>45,651</u>
	<u><u>67,407</u></u>	<u><u>56,006</u></u>

Provision for doubtful debts

	2025	2024
	€	€
Balance on 1 January	341,767	344,474
Provisions during the year	-	3,579
Movements during the year	<u>(11,184)</u>	<u>(6,286)</u>
Balance on 31 December	<u><u>330,583</u></u>	<u><u>341,767</u></u>

6 Cash at bank and in hand

	2025	2024
	€	€
Bank balances:		
Current accounts	293,183	281,641
Savings accounts	484,966	493,495
Cash in hand	<u>117</u>	<u>403</u>
	<u><u>778,265</u></u>	<u><u>775,539</u></u>

7 Borrowings	2025	2024
	€	€
Falling due within one year:		
Bank balances overdrawn	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
8 Payables	2025	2024
	€	€
Trade payables	66,534	105,092
Deferred income	19,924	72,216
Other payables and accruals	50,055	63,495
Current Liabilities	<u>136,514</u>	<u>240,803</u>
	<u>136,514</u>	<u>240,803</u>
9 Funds received from Central Government	2025	2024
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	486,120	567,636
Other government income	46,413	2,135
	<u>532,533</u>	<u>569,771</u>
	<u>532,533</u>	<u>569,771</u>
10 Income raised under Local Council Bye-Laws	2025	2024
	€	€
Income raised under Local Council Bye-Laws	13,596	16,697
	<u>13,596</u>	<u>16,697</u>
	<u>13,596</u>	<u>16,697</u>
11 Local Enforcement System Income	2025	2024
	€	€
Regional Committees - administrative fees	4,001	2,894
	<u>4,001</u>	<u>2,894</u>
	<u>4,001</u>	<u>2,894</u>
12 Investment Income	2025	2024
	€	€
Bank interest	334	101
	<u>334</u>	<u>101</u>
	<u>334</u>	<u>101</u>
13 General Income	2025	2024
	€	€
Sundry contributions & donations	12,667	12,160
	<u>12,667</u>	<u>12,160</u>
	<u>12,667</u>	<u>12,160</u>

14 Personal Emoluments	2025	2024
	€	€
Personal emoluments		
Mayor's allowance	21,088	19,345
Councillors' allowance	21,400	15,710
Executive secretary's salary	45,581	34,532
Employees' salaries	109,246	96,035
Social Security Contributions	9,624	9,327
	<u>206,940</u>	<u>174,949</u>
15 Operations and Maintenance	2025	2024
	€	€
Operations and maintenance includes, <i>inter alia</i> :		
Repairs and Upkeep:		
Road and street pavements (patching works)	(17,984)	441
Signs and road markings	14,322	10,019
Other Repairs	6,714	33,823
	<u>3,052</u>	<u>44,283</u>
Contractual Services		
Refuse collection (including bins on wheels)	7,018	74,497
Refuse disposal fee	-	136,889
Bulky refuse collection (including open skips)	14,477	16,022
Road and street cleaning (mechanical and manual)	54,860	56,708
Cleaning and maintenance of public conveniences	4,205	7,669
Street lighting	6,425	25,669
	<u>86,984</u>	<u>317,454</u>
Total operations and maintenance expenses	<u>90,036</u>	<u>361,737</u>

16 Administration and other expenditure	2025	2024
	€	€
Utilities	17,760	12,650
Material & supplies	19,007	11,227
Rent	3,142	3,068
Office services	14,489	7,168
Transport	1,833	3,548
Travel	-	-
Memberships	298	-
Information services	625	4,949
Insurance and bank charges	9,069	4,495
Professional Services	18,388	25,020
Training	-	-
Community services and events	46,012	81,161
Other office expenses	9,560	16,841
Provision for bad debts	-	3,579
Depreciation	86,165	95,291
	<u>226,347</u>	<u>268,997</u>

17. Related parties

Significant control:	2025	2024
	€	€
Annual financial allocation	<u>486,120</u>	<u>567,636</u>

The ultimate controlling party of the Local Council is Central Government since its 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.

The Local 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 Local Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Local Council is not exposed to any market risk. The Local Council's risk management is coordinated by the council members and focuses on actively securing the Local 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 Local 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	2025	2024
	€	€
Trade and other receivables	67,407	10,354
Gross investments	217,559	214,867
Cash and cash equivalents	778,265	775,540
	<u>1,063,231</u>	<u>1,000,761</u>

The Local Council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Local Council's policy is to deal with only creditworthy counterparties. The Local 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 Local Council's financial assets are 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 Local 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 Local Council's obligations when they become due.

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

Current payables within one year	2025	2024
	€	€
Trade payables	66,534	105,092
Deferred income	19,924	72,216
Other payables and accruals	50,055	63,495
Short-term borrowings	584	-
Financial liabilities	<u>136,514</u>	<u>240,803</u>

18.3 Interest rate risk

The Local Council has no significant interest-bearing assets other than cash at banks (note 6), issued at variable rates. Cash at banks issued at variable rates expose the Local 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 Local Council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

	2025	2024
Non-current assets	€	€
Financial assets at FVOCI:		
Investments at FVOCI	217,559	214,867
	<u>217,559</u>	<u>214,867</u>
Current assets	€	€
Financial assets at amortised cost:		
Trade and other receivables	67,407	10,354
Cash and cash equivalents	778,265	775,539
	<u>845,672</u>	<u>785,893</u>
Current liabilities	€	€
Financial liabilities measured amortised at cost:		
Trade payables	66,534	105,092
Deferred income	19,924	72,216
Other payables and accruals	50,055	63,495
Short-term borrowings	-	-
	<u>136,514</u>	<u>240,803</u>

18.5 Capital risk management

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

19. Fair value estimation

At 31 December 2025 and 2024, 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 2025, the Local Council did not have any pending capital commitments.