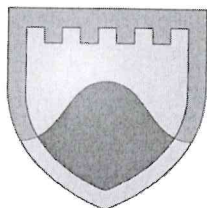


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L-Imtarfa Local Council

Annual Report and Financial Statements  
31 December 2022

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

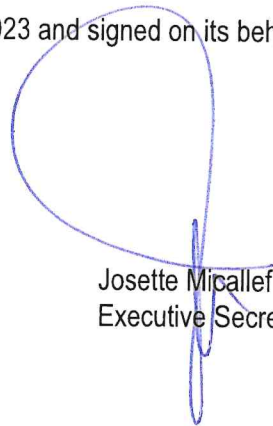
The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the period and of the Council's retained funds at the end of the period. By virtue of the same 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, 1993 and the Local Council (Financial) Procedures, 1996.

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 Council (Financial) Regulations 1993, and the Local Council (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 25 April 2023 and signed on its behalf by:



Kyle Mifsud  
Mayor



Josette Micallef  
Executive Secretary

**Statement of Profit or Loss and Other Comprehensive Income**

	Notes	2022 €	2021 €
<b>Income</b>			
Funds received from central government	3	349,331	333,731
Income raised under Local Enforcement System	4	782	649
General income	5	7,348	7,963
Income from Bye Law	6	136	145
		<u>357,597</u>	<u>342,488</u>
<b>Expenditure</b>			
Personal emoluments	7	114,846	103,827
Operations and maintenance	8	144,250	136,124
Administrative and other expenditure	9	100,065	65,367
		<u>359,161</u>	<u>305,318</u>
<b>Operating (loss)/profit for the year</b>		<u>(1,564)</u>	<u>37,170</u>
<b>(Loss)/Profit for the year</b>		<u>(1,564)</u>	<u>37,170</u>
<b>Total comprehensive (expenditure)/income for the year</b>		<u>(1,564)</u>	<u>37,170</u>

The notes on pages 6 to 25 form an integral part of these financial statements

**Statement of Financial Position**

	Notes	2022 €	2021 €
<b>ASSETS</b>			
<b>Non Current assets</b>			
Intangible asset	10	74	190
Tangible assets			
Property, plant and equipment	11	569,263	489,932
		<u>569,337</u>	<u>490,122</u>
<b>Current assets</b>			
Inventories	12	3,805	3,994
Receivables	13	65,320	48,152
Cash and cash equivalents	14	111,397	122,621
		<u>180,522</u>	<u>174,767</u>
<b>Total Assets</b>		<u>749,859</u>	<u>664,889</u>
<b>Reserves</b>			
Retained Fund		235,919	237,483
<b>Non Current Liabilities</b>			
Payables	15	375,057	325,613
		<u>375,057</u>	<u>325,613</u>
<b>Current Liabilities</b>			
Payables	15	138,883	101,793
		<u>138,883</u>	<u>101,793</u>
<b>Total Liabilities</b>		<u>513,940</u>	<u>427,406</u>
<b>Total Reserves and Liabilities</b>		<u>749,859</u>	<u>664,889</u>

These financial statements were approved by the Local Council on the 25 April 2023 and are signed on its behalf by:

  
Kyle Mifsud  
Mayor

  
Josette Micallef  
Executive Secretary

The notes on pages 6 to 25 form an integral part of these financial statements

**Statement of Changes in Equity**

	<b>Retained earnings €</b>	<b>Total €</b>
Balance at 1 January 2021	200,313	200,313
Total comprehensive income for the year	37,170	37,170
<b>Balance at 31 December 2021</b>	<b>237,483</b>	<b>237,483</b>
Balance at 1 January 2022	237,483	237,483
Total comprehensive expenditure for the year	(1,564)	(1,564)
<b>Balance at 31 December 2022</b>	<b>235,919</b>	<b>235,919</b>

The notes on pages 6 to 25 form an integral part of these financial statements

**Statement of Cash Flows**

	Notes	2022 €	2021 €
<b>Cash flows from operating activities</b>			
<b>(Loss)/Profit for the year</b>		<b>(1,564)</b>	<b>37,170</b>
Adjustments for:			
Depreciation	11a	<b>17,015</b>	14,176
Amortisation charge	10	<b>116</b>	582
Provision for bad debts		<b>(198)</b>	-
<b>Surplus for the period before working capital movements</b>		<b>15,369</b>	<b>51,928</b>
Decrease in inventories		<b>189</b>	41
(Increase) in receivables		<b>(16,970)</b>	(4,330)
Increase in payables		<b>86,534</b>	154,182
<b>Net cash inflow from operating activities</b>		<b>85,122</b>	<b>201,821</b>
<b>Cash flows used in investing activities</b>			
Payment to acquire property, plant and equipment	11a	<b>(137,557)</b>	(293,645)
Disposal of property, plant and equipment	11a	<b>968</b>	-
<b>Net cash used in investing activities</b>		<b>(136,589)</b>	<b>(293,645)</b>
<b>Cash flows generated from financing activities</b>			
Grants		<b>40,243</b>	30,356
<b>Net cash generated from financing activities</b>		<b>40,243</b>	<b>30,356</b>
<b>Movement in cash and cash equivalents</b>		<b>(11,224)</b>	<b>(61,468)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>122,621</b>	<b>184,089</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>111,397</b>	<b>122,621</b>

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**Notes to the Financial Statements**  
**For the year ended 31 December 2022****1. Statutory Information**

L-Imtarfa Local Council is the local authority of L-Imtarfa setup in accordance with the Local Councils Act. The Office of the Local Council is situated at 'Town Centre', Triq ir-Rigimentu Maltin, L-Imtarfa.

**2. Accounting policies**

The principal accounting policies adopted 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. Basis of preparation**

The 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, 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. Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the Council members, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

**Notes to the Financial Statements  
For the year ended 31 December 2022****2. Accounting policies – continued****c. New or revised standards or interpretations****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.

**d. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the L-Imtarfa Local Council and the revenue can be reliably measured, regardless of when the payment is received. Revenue is recognised upon transfer of funds from the Central Government when there are no significant uncertainties concerning the derivation of consideration or associated costs.

Interest income is recognised in the income statement as it accrued under finance income.

**e. Functional and presentation currency**

Items included in the Local Council's financial statements are measured using the currency of the primary economic environment in which the entity operates. The Local Council's financial statements are presented in Euro, which is the Local Council's functional currency.

**f. Local Enforcement System**

L-Imtarfa Local Council forms part of the Regjun Tramuntana. On 1<sup>st</sup> September 2011, all LES funds were diverted to five regions. With effect from 1<sup>st</sup> September 2011, the only income attributable to the Council is commission income based on the value of contraventions paid at L-Imtarfa Local Council. In line with Memo issued from the Department for Local Government dated 30<sup>th</sup> September 2015, the LES operations started gradually being phased out from the Regional Committee towards the Local Enforcement System Agency (LESA) with effect from 1<sup>st</sup> October 2015, until December 2015.

## Notes to the Financial Statements For the year ended 31 December 2022

### 2. Accounting policies – continued

#### f. Local Enforcement System - continued

Prior to 1<sup>st</sup> September 2011, L-Imtarfa Local Council formed part of the Birkirkara Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses, which is accounted for on a cash basis, and the administrative charges to Regional Committees.

#### g. Intangible assets

Intangible assets comprise computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 25% using the straight-line method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy (i)).

#### h. 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 to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Land	0%
• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%-52.21%
• Construction works	10%-17.65%
• Urban Improvements (Street Furniture)	10%-85.71%
• Special Projects	10%
• Office Equipment	20%-46.14%
• Motor Vehicles	20%
• Plant and Machinery	20%-23.08%
• Plants	100%
• Computer Equipment	25%-85.67%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

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**Notes to the Financial Statements**  
**For the year ended 31 December 2022****2. Accounting policies – continued****h. Property, plant and equipment - continued**

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.

**i. Impairment of assets**

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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**j. 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.

## Notes to the Financial Statements For the year ended 31 December 2022

### 2. Accounting policies – continued

#### j. Financial instruments - continued

##### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The Local Council does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

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

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.

## Notes to the Financial Statements For the year ended 31 December 2022

### 2. Accounting policies – continued

#### j. Financial instruments – continued

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 forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the 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.

The Local Council considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Classification and measurement of financial liabilities

The Local Council's financial liabilities include payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in 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'.

**Notes to the Financial Statements**  
**For the year ended 31 December 2022****2. Accounting policies - continued****k. Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**l. Profits and losses**

Only profits that were realized at the date of the Statement of Financial Position are recognized 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.

**m. Provisions**

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

**n. Government grants**

Government grants relating to operating expenditure are recognised in the Statement of Comprehensive Income in the same period that the related expenditure is incurred.

Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach and are thus deducted from the carrying amount of the relative non-current asset.

**o. 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'). 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.

**3. Funds Received from Central Government**

	2022 €	2021 €
In terms of Section 55 of the Local Councils Act (Cap 363)	309,272	298,392
Supplementary Government Income	-	12,329
Other Government Income	40,059	23,010
	<u>349,331</u>	<u>333,731</u>

**4. Local Enforcement System**

	2022 €	2021 €
Administrative charges to Regional Committees	782	602
Contraventions	-	47
	<u>782</u>	<u>649</u>

**5. General income**

	2022 €	2021 €
Income from permits	4,082	3,497
Contributions and donations	2,046	505
General income	1,220	3,961
	<u>7,348</u>	<u>7,963</u>

**6. Income from bye law**

	2022 €	2021 €
Income from bye law	136	145
	<u>136</u>	<u>145</u>

**7. Personal Emoluments**

	2022	2021
	€	€
Mayor's allowance	10,742	10,569
Executive Secretary and allowances	46,284	32,651
Employees' salaries	38,441	41,606
Social Security Contributions	6,282	6,001
Councillors' remuneration	13,097	13,000
	<u>114,846</u>	<u>103,827</u>
<b>Average number of people employed</b>		
Employees	4	4
Mayor & Councillors	<u>5</u>	<u>5</u>

**8. Operations and Maintenance**

	2022	2021
	€	€
<b>Repairs and upkeep:</b>		
Road and street pavements	4,615	5,266
Repair plant and equipment	296	4,114
Road signs and markings	2,721	3,182
Repairs to council property	1,149	2,148
Office furniture & equipment	1,193	2,013
Sundry repairs	1,711	1,815
	<u>11,685</u>	<u>18,538</u>

	2022	2021
	€	€
<b>Contractual Services:</b>		
Refuse collection (including bins on wheels)	41,001	13,076
Waste disposal	15,775	15,897
Bulky refuse collection (including open skips)	5,565	5,997
Road and street cleaning (mechanical and manual)	18,351	18,428
Cleaning and maintenance of Public Conveniences	5,136	5,608
Cleaning and maintenance of Parks and Gardens	23,986	28,055
Cleaning and maintenance of Council Premises	782	1,345
Other contractual services	13,413	16,271
Street lighting and security	8,524	12,878
LES related expenditure	32	31
	<u>132,565</u>	<u>117,586</u>

	<u>144,250</u>	<u>136,124</u>
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**9. Administrative and other expenditure**

	2022	2021
	€	€
Depreciation and amortisation	17,131	14,758
Professional services	41,744	15,783
Advertising and public relations expenses	30	266
Bank charges	652	516
Fuel	67	55
Community services	12,849	10,155
Conference and membership expenses	225	300
Insurance	4,147	1,496
Information services	2,630	1,879
Staff training	2,430	1,620
Postages	62	48
Printing and stationery	1,941	1,348
Publications	190	41
Rent	6,888	7,311
Provision for bad debts (LES)	(198)	-
Office services	416	1,200
Telecommunications	3,461	3,812
Transport expenses	1,292	1,422
Water and electricity	4,108	3,357
	<b>100,065</b>	<b>65,367</b>

**10. Intangible asset**

	Computer software €
<b>At 1 January 2021</b>	
Cost	2,327
Accumulated amortisation	(1,555)
Net book amount	<u>772</u>
<b>Movements for the year ended 31 December 2021</b>	
Opening net book amount	772
Amortisation charge	(582)
Closing net book amount	<u>190</u>
<b>At 31 December 2021</b>	
Cost	2,327
Accumulated amortisation	(2,137)
Net book amount	<u>190</u>
<b>Movements for the year ended 31 December 2022</b>	
Opening net book amount	190
Amortisation charge	(116)
Closing net book amount	<u>74</u>
<b>At 31 December 2022</b>	
Cost	2,327
Accumulated amortisation	(2,253)
Net book amount	<u>74</u>

Amortisation of €116 (2021: €582) is included in administrative expenses.

**11a. Property, plant and equipment**

	Office Furniture, Fixtures & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improv. €	Street Lighting €	Construction €	Trees €	Plant & Machinery €	Motor Vehicles €	Assets under Construction €	Total €
At 1 January 2022	50,809	19,433	9,529	38,068	365,443	94,942	477,953	11,055	9,373	0	416,036	1,492,641
Additions	2,691	0	0	0	0	0	0	0	99	38,940	95,827	137,557
Disposals	0	0	0	0	(968)	0	0	0	0	0	0	(968)
At 31st December 2022	53,500	19,433	9,529	38,068	364,475	94,942	477,953	11,055	9,472	38,940	511,863	1,629,230
<b>Grants</b>												
At 1 January 2022	0	2,847	0	0	142,836	35,159	400,968	0	2,300	0	2,599	586,709
Transferred during the year	0	0	0	0	4,243	0	0	0	0	36,000	0	40,243
At 31st December 2022	0	2,847	0	0	147,079	35,159	400,968	0	2,300	36,000	2,599	626,952
<b>Depreciation</b>												
At 1 January 2022	39,806	15,146	9,515	38,068	191,532	59,783	56,459	0	5,691	0	0	416,000
Charge for the period	2,003	603	14	0	10,173	0	3,164	0	470	588	0	17,015
At 31st December 2022	41,809	15,749	9,529	38,068	201,705	59,783	59,623	0	6,161	588	0	433,015
<b>Net Book Value</b>												
At 31st December 2022	11,691	837	0	0	15,691	0	17,362	11,055	1,011	2,352	509,264	569,263

**11b. Property, plant and equipment**

	Office Furniture, Fixtures & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improv. €	Street Lighting €	Construction €	Trees €	Plant & Machinery €	Assets under Construction €	Total €
<b>Cost</b>											
At 1 January 2021	50,489	19,135	9,529	38,068	300,479	94,942	477,953	9,370	8,824	190,207	1,198,996
Additions	320	298	0	0	63,848	0	0	1,685	549	226,945	293,645
Capitalizations	0	0	0	0	1,116	0	0	0	0	(1,116)	0
At 31st December 2021	50,809	19,433	9,529	38,068	365,443	94,942	477,953	11,055	9,373	416,036	1,492,641
<b>Grants</b>											
At 1 January 2021	0	2,847	0	0	112,480	35,159	400,968	0	2,300	2,599	556,353
Transferred during the year	0	0	0	0	30,356	0	0	0	0	0	30,356
At 31st December 2021	0	2,847	0	0	142,836	35,159	400,968	0	2,300	2,599	586,709
<b>Depreciation</b>											
At 1 January 2021	37,843	14,500	9,341	38,068	183,868	59,783	53,294	0	5,127	0	401,824
Charge for the period	1,963	646	174	0	7,664	0	3,165	0	564	0	14,176
At 31st December 2021	39,806	15,146	9,515	38,068	191,532	59,783	56,459	0	5,691	0	416,000
<b>Net Book Value</b>											
At 31st December 2021	11,003	1,440	14	0	31,075	0	20,526	11,055	1,382	413,437	489,932

**12. Inventories**

	2022 €	2021 €
Books and other publications	3,805	3,994
	<u>3,805</u>	<u>3,994</u>

**13. Receivables**

	2022 €	2021 €
Receivables	32,860	8,886
Other receivables	53	615
Accrued income	27,263	35,605
<b>Financial assets</b>	<b>60,176</b>	<b>45,106</b>
Prepayments	5,144	3,046
	<u>65,320</u>	<u>48,152</u>

The total financial assets for the year amounted to €60,176 (2021: €45,106).

The average credit period on sales of services is 60 days. Receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2022 €	2021 €
<b>Age of receivables that are past due but not impaired</b>		
60-90 days	10,965	2,580
91-120 days	3,985	826
More than 120 days	17,910	5,480
Total	<u>32,860</u>	<u>8,886</u>

**13. Receivables - continued**

	2022 €	2021 €
<b>Movement in the allowance for doubtful debts</b>		
Balance at beginning of the year	43,154	43,154
Reduction in provision for doubtful debts	(198)	-
Balance at end of the year	<u>42,956</u>	<u>43,154</u>

In determining the recoverability of a receivable, the Local Council considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The impairment loss on receivables is included in administrative expenses in the statement of comprehensive income.

Receivables are stated net of a provision for LES doubtful debts of €36,906 (2021: €37,104).

Receivables are stated net of a provision for doubtful debts of €6,050 (2021: €6,050).

**14. Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council Statement of Financial Position:

	2022 €	2021 €
Petty cash and cash in hand	381	291
Bank balances:		
Ordinary funds	111,016	122,330
	<u>111,397</u>	<u>122,621</u>

**15. Payables**

	<b>2022</b>	2021
	€	€
Payables	86,485	59,024
Other payables	8,576	2,288
Accruals	<u>28,103</u>	<u>21,556</u>
<b>Financial liabilities</b>	<b>123,164</b>	<b>82,868</b>
Advance payment	<u>15,719</u>	<u>18,925</u>
	<u><b>138,883</b></u>	<u>101,793</u>

The total financial liabilities for the year amounted to €123,164 (2021: €82,868)

**Payables due after more than one year**

	<b>2022</b>	2021
	€	€
Advance payment	<u>375,057</u>	<u>325,613</u>
	<u><b>375,057</b></u>	<u>325,613</u>

**16. Contingent liabilities**

The Council has no contingent liabilities as at 31<sup>st</sup> December 2022.

**17. Related party transactions**

During the year, the Local Council had affected transactions with related parties resulting mainly in connection with income and administrative transactions, are disclosed in notes 8 and 9 to these financial statements. The following were the related parties:

<b>Name of Entity</b>	<b>Nature of relationship</b>
Department of Local Councils	Significant Control
Gozo Regional Committee	No Control
Central Regional Committee	No Control
North Regional Committee	Joint Control
South Regional Committee	No Control
South Eastern Regional Committee	No Control
Local Enforcement Systems Agency	No Control
ARMS Ltd	No Control
Commissioner of Data Protection	No Control
Department of Information	No Control
Ministry of Finance	No Control
Police General Head Quarters	No Control
Malta Environment and Planning Authority	No Control
Water Services Corporation	No Control
Enemalta Corporation	No Control
Cleansing Directorate	No Control
Department of Lands	No Control
Wasteserv Malta Limited	No Control
Bank of Valletta plc	No Control
Department of Lands	No Control
Local Councils' Association	No Control
Central Bank of Malta	No Control
Department of Inland Revenue	No Control
Ministry for Justice, Culture and Local Government	No Control

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

	<b>2022</b>	2021
	€	€
<b>(a) Funds received from Local Government</b>	<b>309,272</b>	298,392

**Key management compensation**

The Mayor, Councillors and Executive Secretary of the Council make up the Key Management Personnel. Transactions with key management personnel are disclosed in note 7.

**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, the Council also receives funds relating to specific projects as well as other funds for the improvement of the locality.

**18. 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.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarised as follows:

	2022 €	2021 €
Classes of financial assets – carrying amounts		
Trade and other receivables	60,176	45,106
Cash and cash equivalents	111,397	122,621
	<u>171,573</u>	<u>167,727</u>

***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 in bank and in hand the amount of €111,397. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of €41,639 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2022 the council's financial liabilities have contractual maturities which are summarised below:

**18. Financial risk management – continued****At 31 December 2022**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	86,485	-	-
Other creditors	8,576	-	-
Accruals	28,103	-	-

This compares to the maturity of the council's financial liabilities in the previous reporting period as follows:

**At 31 December 2021**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	59,024	-	-
Other creditors	2,288	-	-
Accruals	21,556	-	-

**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 currencies.

**Interest rate risk**

Interest rate risk mainly arises through interest bearing liabilities and assets. The objectives of interest rate risk management are to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

**19. Summary of financial assets and liabilities**

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>Current assets</b>		
Loans and receivables:		
Trade and other receivables	60,176	45,106
Cash and cash equivalents	111,397	122,621
	<u>171,573</u>	<u>167,727</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised costs:		
Payables	123,164	82,868
	<u>123,164</u>	<u>82,868</u>

**20. Fair values estimation**

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

**21. Capital commitments****Capital expenditure**

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2022 €	2021 €
Contracted but not provided for	<u>369,819</u>	<u>196,000</u>

