



Santa Luċija

SANTA LUCIJA LOCAL COUNCIL

Annual Report
and
Financial Statements

for the year ended 31 December 2024



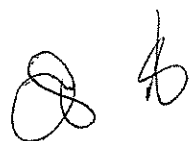
Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

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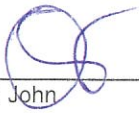
Statement of Local Council Members' and Executive Secretary's Responsibilities

for the year ended 31 December 2024


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

This statement was approved by the Local Council on the 7th May 2025 and signed on its behalf by:



Charmaine St. John
Mayor



Bernice Darmanin
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	469,958	544,330
Income raised under Council Bye-Laws	5	2,750	3,061
Income raised under Local Enforcement System (LES)	6	2,701	1,722
General income	7	14,085	30,659
		<u>489,494</u>	<u>579,772</u>
 Expenditure			
Personal emoluments	9	(115,060)	(136,476)
Operations and maintenance	10	(210,895)	(376,858)
Administrative and other expenditure	11	(151,948)	(169,989)
		<u>(477, 903)</u>	<u>(683,323)</u>
 Surplus / (Deficit) for the year		<u>11,591</u>	<u>(103,551)</u>


The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 €	2023 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	<u>185,482</u>	<u>170,395</u>
		185,482	170,395
Current Assets			
Inventories	13	3,995	4,149
Receivables	14	146,019	123,139
Cash and cash equivalents	15	<u>193,884</u>	<u>216,387</u>
		343,898	343,675
Total Assets		<u>529,380</u>	<u>514,070</u>
EQUITY AND LIABILITIES			
Reserves			
Retained fund		<u>159,983</u>	<u>148,392</u>
		159,983	148,392
Current Liabilities			
Payables	16	<u>369,397</u>	<u>365,678</u>
		369,397	365,678
Total Equity and Liabilities		<u>529,380</u>	<u>514,070</u>

These financial statements were approved by the Local Council on the 7th May 2025 and signed on its behalf by:



Charmaine St. John
Mayor



Bernice Darmanin
Executive Secretary

The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Retained funds €
At 1 January 2023	251,943
Deficit for the year 2023	(103,551)
	<hr/>
At 31 December 2023	148,392
	<hr/> <hr/>
At 1 January 2024	148,392
Surplus for the year 2024	11,591
	<hr/>
At 31 December 2024	159,983
	<hr/> <hr/>



The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

		2024 €	2023 €
	Notes		
Cash flows from Operating Activities			
Surplus / (Deficit) for the year		11,591	(103,551)
Adjustments for:			
Depreciation	12	20,427	16,327
Write off		-	60,304
Increase/(decrease) in provision for doubtful debts		5	(562)
Operating Surplus / (Deficit) before working capital changes		<u>32,023</u>	<u>(27,482)</u>
Decrease in inventories		154	49
Increase in receivables		(22,885)	(109,009)
Decrease/ (increase) in payables		3,719	(63,984)
Cash generated from operating activities		<u>13,011</u>	<u>(200,426)</u>
Cash flows from Investing Activities			
Purchase of property, plant & equipment	12	<u>(141,586)</u>	<u>(120,499)</u>
Cash used in investing activities		<u>(141,586)</u>	<u>(120,499)</u>
Cash flows from financing Activities			
Grants received	12	<u>106,072</u>	<u>157,822</u>
Cash generated from investing activities		<u>106,072</u>	<u>157,822</u>
Net decrease in Cash and cash equivalents		(22,503)	(163,103)
Cash and cash equivalents at the beginning of the year		<u>216,387</u>	<u>379,490</u>
Cash and cash equivalents at the end of the year	15	<u><u>193,884</u></u>	<u><u>216,387</u></u>

Notes to the Financial Statements for the year ended 31 December 2024

1. General Information

The Santa Lucija Local Council (the local council) is the local Authority of Santa Lucija set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at 5/6, Binja tal-Faqqani, Trejjet il-Girasol, Santa Lucija, SLC 1050, Malta. These financial statements were approved for issue by the Council Members on the 7th May 2025. The Local Council's presentation as well as functional currency is denominated in Euro (€).

2. Material Accounting Policies and Reporting Procedures

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

Accounting convention

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

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap. 363).

New or revised Standards or Interpretations

New standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

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

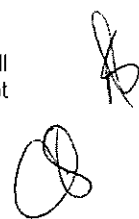
At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations published by the IASB or IFRIC include.

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

None of these Standards or amendments to existing Standards have been adopted early by the Local Council. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

The Local Council will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The Local Council is not expected to early adopt this new standard.



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

2. Material Accounting Policies and Reporting Procedures (cont.)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Depreciation is calculated on a monthly basis using the straight line method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

	Years
Land	No depreciation
Trees	No depreciation
Buildings	50
Office Furniture and Fittings	13 1/3 years
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	5
Motor Vehicles	5
Plant and Machinery	5
Computer Equipment	4
Plants	0
Litter Bins	Replacement basis
Playground Furniture	0
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
Street Lights	0

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each statement of financial position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of comprehensive income.

Leases

The Local Council has applied IFRS 16 using the retrospective approach. At inception of a contract, the Local Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Council assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Local Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Local Council has the right to direct the use of the asset. The Council has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Council has the right to direct the use of the asset if either:
 - The Local Council has the right to operate the asset, or
 - The Local Council designed the asset in a way that predetermines how and for what purpose it will be used.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

2. Material Accounting Policies and Reporting Procedures (cont.)

Leases (cont.)

The Local Council has applied this approach to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Council allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Local Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Local Council's incremental borrowing rate. Generally, the Local Council uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Council is reasonably certain to exercise, lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Council is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Local Council's estimate of the amount expected to be payable under a residual value guarantee or if the Council changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Local Council presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Local Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Local Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts receivable

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

2. Material Accounting Policies and Reporting Procedures (cont.)

Other payables

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

Financial instruments

Financial assets and financial liabilities are recognised when the Local Council becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Local Council are classified into loans and receivables upon initial recognition. Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

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

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

Financial liabilities

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

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

Related parties

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

Revenue

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

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

2. Material Accounting Policies and Reporting Procedures (cont.)

Local Enforcement System

As from September 2012, the income recognised in the Statement of comprehensive income was derived from the six Regional Committees and Local Enforcement System Agency.

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.

Up to the year ended 31 December 2017, government grants were accounted for using the income approach according to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. On 1 January 2018, the capital approach, according to IAS 20, has been adopted, in line with Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and according to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, has been accounted for retrospectively.

Profits and losses

Only surpluses that were realised at the date of the Statement of financial position are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of financial position at face value. For the purposes of the Statement of cash flows, cash and cash equivalents comprise cash in hand and balances held with banks.

Capital Management

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

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

To achieve the above, the Local Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The 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. Judgments in applying accounting policies and key sources of estimation

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Local Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Funds received from Central Government

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act, 1993	422,797	390,588
Other Government income	47,161	153,742
	<u>469,958</u>	<u>544,330</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

5. Income raised under Council Bye-Laws

	2024	2023
	€	€
Contribution	2,750	3,061
	<u>2,750</u>	<u>3,061</u>

6. Income raised under Local Enforcement System (LES)

	2024	2023
	€	€
Commission from LESA and Regional committees	2,701	1,722
	<u>2,701</u>	<u>1,722</u>

In accordance with the Local Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal notice 32 of 2000.

As from September 2012, the income recognised in the Statement of comprehensive income was derived from the six Regional Committees and the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee.

The recording of income from contraventions for offences was based on reports generated by the contractor entrusted with the system by the Ministry.

7. General income

	2024	2023
	€	€
Income from permits	5,675	4,170
Community services	8,410	6,000
General income	-	20,489
	<u>14,085</u>	<u>30,659</u>

8. Surplus / (Deficit) for the year

	2024	2023
	€	€
Surplus/(Deficit) for the year is stated after charging		
Staff salaries	115,060	136,476
Depreciation of property, plant & equipment and amortisation	20,427	16,327
	<u>115,060</u>	<u>136,476</u>
	<u>20,427</u>	<u>16,327</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

9. Personal emoluments

	2024	2023
	€	€
Mayor's honoraria	11,330	11,079
Councillors' allowances	13,000	13,000
Executive Secretary salary and allowances	24,295	33,558
Employees' salaries	60,467	70,796
Social security contributions	5,968	8,043
	<u>115,060</u>	<u>136,476</u>

10. Operations and maintenance

	2024	2023
	€	€
<i>Repairs and upkeep:</i>		
Other repairs and upkeep	2,683	43,232
Road patching, markings & signs	7,728	5,218
Public property	2,930	119,908
	<u>13,341</u>	<u>168,358</u>
<i>Contractual services:</i>		
Refuse disposal and collection	38,619	35,589
Road and Street cleaning	30,000	30,000
Bulky refuse	20,081	19,795
Hire of Skips	170	1,350
Cleaning and maintenance - public convenience	10,645	25,838
Cleaning council premises	3,547	3,509
Studies and consultations	-	4,130
Cleaning and Maintaining Parks and Gardens	59,780	57,818
Street lighting	27,180	17,222
Other contractual service	7,532	13,249
	<u>197,554</u>	<u>208,500</u>
Total Operations and maintenance costs	<u>210,895</u>	<u>376,858</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

11. Administrative and other expenditure

	2024	2023
	€	€
Utilities	10,673	9,266
Operating materials and supplies	2,556	5,934
Uniforms	180	124
Rent	7,025	8,306
National and international memberships	-	1,310
Office services	1,371	1,493
Transport	3,407	1,718
Travel	502	3,435
Information services	95	90
Insurance coverage	3,027	6,066
Bank charges	684	805
Library expenses	4,192	3,449
Professional services	43,826	23,353
ICT expenses	2,629	4,191
Social and cultural events	51,171	24,319
LES related expenses	150	-
Local wardens services	21	-
Sundry minor expenses	7	61
Write off of unrecoverable receivable	-	60,304
Increase/(decrease) in provision for doubtful debts	5	(562)
Depreciation	20,427	16,327
	<u>151,948</u>	<u>169,989</u>

SANTA LUCIJA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

12. Property, plant and equipment

	Council premises	Construction Works & Special programs	Office furniture & fittings	New street signs	Urban Improvements	Office & computer equipment	MV & plant & machinery	Street paving	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2024	31,447	926,443	42,960	19,722	191,198	65,878	80,898	121,395	92,203	1,572,144
Additions	-	-	-	-	140,000	1,566	-	-	-	141,566
Reclassification	-	-	-	-	12,805	-	-	-	(12,805)	-
At 31 December 2024	31,447	926,443	42,960	19,722	344,003	67,444	80,898	121,395	79,398	1,713,730
Accumulated Depreciation										
At 1 January 2024	22,091	534,817	39,425	19,722	103,810	50,612	24,748	121,395	-	916,610
Charge for the year	3,145	1,758	422	-	7,360	3,194	4,548	-	-	20,427
At 31 December 2024	25,226	536,575	39,847	19,722	111,170	53,806	29,296	121,395	-	937,037
Grants										
At 1 January 2024	-	381,374	-	-	46,574	8,306	36,700	-	12,185	485,139
Additions	-	-	-	-	106,072	-	-	-	-	106,072
At 31 December 2024	-	381,374	-	-	152,646	8,306	36,700	-	12,185	591,211
Net Book values										
At 31 December 2024	6,221	8,494	3,113	-	80,187	5,352	14,902	-	67,213	185,482

SANTA LUCIJA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

12. Property, plant and equipment (cont.)

	Council premises	Construction Works & Special programs	Office furniture & fittings	New street signs	Urban improvements	Office & computer equipment	MV & plant & machinery	Street paving	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2023	31 447	926 443	42 660	19 722	160 334	64 853	28 698	121 395	55 793	1,451,645
Additions	-	-	-	-	30 664	1,025	52 200	-	35 410	120,499
At 31 December 2023	31 447	926 443	42 660	19 722	191 198	65,878	80 898	121 395	92 203	1,572,144
Accumulated Depreciation										
At 1 January 2023	18 936	533 059	37 351	19 722	100 291	47 116	22 413	121 395	-	900,283
Charge for the year	3 145	1 758	2 074	-	3 519	3,496	2 335	-	-	16,327
At 31 December 2023	22 081	534 817	39 425	19 722	103 810	50 612	24 748	121 395	-	916,610
Grants										
At 1 January 2023	-	381 374	-	-	46 574	8 305	4 700	-	12 185	453,139
Additions	-	-	-	-	-	-	32 000	-	-	32,000
At 31 December 2023	-	381 374	-	-	46 574	8 305	36 700	-	12 185	485,139
Net Book values										
At 31 December 2023	9,366	10,252	3,535	-	40,614	6,960	19,450	-	80,018	170,395

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

13. Inventories

Inventories consist of books and souvenirs held by the local council at the end of the year.

14. Receivables

	2024	2023
	€	€
LES and trade receivables	110,946	65,148
Provision for doubtful debts	<u>(109,644)</u>	<u>(64,686)</u>
	1,302	462
Other receivables	116	116
Prepayments	4,089	1,596
Accrued income	<u>140,512</u>	<u>120,965</u>
	<u>146,019</u>	<u>123,139</u>
	2024	2023
	€	€
Financial receivables	1,418	578
Non-financial receivables	<u>144,601</u>	<u>122,561</u>
	<u>146,019</u>	<u>123,139</u>
<i>Receivables</i>		
Credit period analysis:		
	2024	2023
	€	€
Within credit period	146,019	123,139
Impaired and provided for	109,644	64,686
Provision for doubtful debts	<u>(109,644)</u>	<u>(64,686)</u>
	<u>146,019</u>	<u>123,139</u>

Impairment recognized on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €102,311 (2023: €57,920). The balances are older than two years and have been impaired in full in line with guidance received from the Department from Local Government. Trade receivables are net of a provision for doubtful debts amounting to €7,333 (2023: €7,328) for an amount due from Green MT and Water Services Corporation.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

15. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts.

	2024	2023
	€	€
Cash at bank	193,778	216,381
Cash in hand	106	6
	<u>193,884</u>	<u>216,387</u>

16. Payables

	2024	2023
	€	€
Payables	65,501	38,767
Other payables	1,191	3,901
Deferred Income	264,423	289,611
Accruals	38,282	33,399
	<u>369,397</u>	<u>365,678</u>

	2024	2023
	€	€
Financial liabilities	104,974	76,067
Non-financial liabilities	264,423	289,611
	<u>369,397</u>	<u>365,678</u>

Included in the payables are amounts due to related parties amounting to €17,414 (2023 : €7,435). These amounts are unsecured, interest free and repayable on demand.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**17. Capital commitments**

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	<u>369,000</u>	<u>321,300</u>
(i) Approved but not yet contracted for:		
Gnien Simbjozi	-	118,348
Gazebo	-	55,336
Playing field	-	33,750
Sebbah il-Lokalita	-	47,151
Embellishment works in Housing Estate	-	66,715
Inez Soler Smart Playing field	63,000	-
Platforms and Ramps	165,000	-
Rampa/Raised Flooring/AC – Gazebo	30,000	-
Fencing and Gate	52,000	-
CCTV cameras	12,000	-
Smart Public Conveniences	47,000	-
	<u>369,000</u>	<u>321,300</u>

The Local Council will be refunded for part of the above capital commitments from various sources and it is estimated that the Local Council's contribution on the above projects will be €23,550

18. Ultimate controlling party

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

19. Financial Risk Management

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

Credit risk

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

19. Financial Risk Management (cont.)

Summary of financial assets and liabilities by category:

	2024	2023
	€	€
Current Assets		
Loans and receivables:		
Receivables	1,418	578
Cash and Cash Equivalents	<u>193,884</u>	<u>216,387</u>
	<u>195,302</u>	<u>216,965</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	65,501	38,767
Other payables	1,191	3,901
Accruals	<u>38,282</u>	<u>33,399</u>
	<u>104,974</u>	<u>76,067</u>

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Local council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Council has as cash and cash equivalents the amount of €193,884 (2023: €216,387)

This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a current net liability position of €25,499 (2023: €22,003) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

Foreign Currency Risk

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

Interest Rate Risk

The Local Council does not operate any bank accounts which have financing facilities and as a result, the Council is not exposed to cash flow interest rate risk on bank balances.

Market risks

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

Other risks

The Local Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Local Council to cash flow interest rate risk. In general, the Local Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

20. Related party transactions

During the year under review, the Local Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Inland Revenue Department	No control
Local Enforcement System Agency	No control
Central Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Local Enforcement System Agency	No control
Planning Authority	No control
Malta Information Technology Agency	No control
Water Services Corporation	No control
Enemalta Corporation	No control
ARMS Limited	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Malta Tourism Authority	No control
Office of the Prime Minister	No control

The amounts due from / to related parties at year-end are disclosed in notes 14 and 16. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

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

	Related party activity	2024 Total activity	%	Related party activity	2023 Total activity	%
	€	€		€	€	
<i>Income</i>						
Transactions with central government	469,958			544,330		
Transactions with regions/LESA	2,701			1,722		
	<u>472,659</u>	<u>489,494</u>	97	<u>546,052</u>	<u>579,772</u>	94
<i>Expenditure</i>						
Transactions with government entities	38,789			36,939		
Key personnel remuneration	113,029			136,476		
	<u>151,818</u>	<u>475,869</u>	32	<u>173,415</u>	<u>683,323</u>	25

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

21. Fair values estimation

At 31 December 2024 and at 31 December 2023, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amount.

22. Events after the reporting date

No adjusting or significant events have occurred between the reporting date and the date of approval of the financial statements by the Local Council members.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a smaller 'L' and a final flourish.

The Mayor
Santa Lucija Local Council
5/6 Binja Tal-Faqqani
Trejget il-Girasol
Santa Lucija, SLC 1050

Our ref: AB/mf/119825

7 May 2025

Dear Sir,

Financial statements for the year ended 31 December 2024

During the course of our audit for the year ended 31 December 2024, we have reviewed the accounting system and procedures operated by your council (the “Local Council”). We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Joint committee

The Santa Lucija Local Council formed part of the Zejtun Joint Committee up to 31 August 2011.

We have obtained the last audited financial statements of the Zejtun Joint Committee and noted that the reserves of the committee only amount to €2,672. To this end our audit report was not qualified as the amount to be divided between all committee members would not be material.

Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated, and that the council receives any further income that may be due to it.

1.2 Upkeep of fixed asset register

We again noted that the fixed asset register does not include all necessary information (refer to note 2.1).



1.3 Accruals

During the year, we noted that the bonus accruals were not yet recorded in the books (refer to note 4).

2 Fixed assets

Upkeep of fixed asset register

2.1 We have noted that the fixed asset register does not contain complete details such as reference numbers, description of assets, invoice numbers, suppliers' details or location of all assets thus posing difficulty in the identification of specific assets.

2.2 We recommend that every possible effort should be made to update the fixed asset register and include at least the following details:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation rate
- Location of the asset
- Grants received

2.3 An updated fixed asset register enables the Council to exercise proper control over the Local Council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the Local Council's fixed asset register is updated.

3 Accruals

Whilst reviewing the accrual schedule, we noted that the staff bonus amounting to €2,031.06 was not recorded in the books. The staff bonuses were paid in March 2025. The adjustment has been reflected in the audited financial statements.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the Local Council. In consequence, our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Ms Bernice Darmanin and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

Grant Thornton