



Santa Luċija

SANTA LUCIJA LOCAL COUNCIL

Annual Report

and

Financial Statements

for the year ended 31 December 2025

Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2025

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

For the year ended 31 December 2025

The Local Councils (Financial) Regulations 1993, 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 1993, and the Local Councils (Financial) Procedures, 1996, 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, 1996. 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 22nd April 2026 and signed on its behalf by:



Charmaine St. John
Mayor



Bernice Darmanin
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	444,560	469,958
Income raised under Council Bye-Laws	5	3,305	2,750
Income raised under Local Enforcement System (LES)	6	2,625	2,701
General Income	7	31,956	14,085
		<u>482,446</u>	<u>489,494</u>
Expenditure			
Personal emoluments	9	(145,867)	(115,060)
Operations and maintenance	10	(138,930)	(210,895)
Administrative and other expenditure	11	(197,983)	(151,948)
		<u>(482,780)</u>	<u>(477,903)</u>
Operating (Deficit) / Surplus for the year		(334)	11,591
Investment income		-	-
(Deficit) / Surplus for the year	8	<u><u>(334)</u></u>	<u><u>11,591</u></u>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 €	2024 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	<u>171,150</u>	185,482
		<u>171,150</u>	<u>185,482</u>
Current Assets			
Inventories	13	3,880	3,995
Receivables	14	31,283	146,019
Cash and Cash Equivalents	15	<u>329,280</u>	193,884
		<u>364,443</u>	<u>343,898</u>
Total Assets		<u><u>535,593</u></u>	<u><u>529,380</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Fund		<u>159,649</u>	159,983
		<u>159,649</u>	<u>159,983</u>
Current Liabilities			
Payables	16	<u>375,944</u>	369,397
		<u>375,944</u>	<u>369,397</u>
Total Reserves and Liabilities		<u><u>535,593</u></u>	<u><u>529,380</u></u>

These financial statements were approved by the Local Council on the 22nd April 2026 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 2025

	Retained Funds €
At 1 January 2024	148,392
Surplus for the year 2024	11,591
	<hr/>
At 31 December 2024	159,983
	<hr/> <hr/>
At 1 January 2025	159,983
Deficit for the year 2025	(334)
	<hr/>
At 31 December 2025	159,649
	<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 2025

	Notes	2025 €	2024 €
Cash flows from Operating Activities			
(Deficit) / Profit for the year		(334)	11,591
Reconciliation to cash generated from operations:			
Depreciation		20,966	20,427
(Decrease)/Increase in provision for doubtful debts		-	5
Operating Profit before Working Capital Changes		<u>20,632</u>	<u>32,023</u>
Decrease in inventories		115	154
Decrease/(increase) in receivables		114,736	(22,885)
Increase in payables		<u>6,547</u>	<u>3,719</u>
Cash generated from operating activities		142,030	13,011
Cash flows from investing activity			
Purchase of property, plant & equipment	12	<u>(60,555)</u>	<u>(141,586)</u>
Cash used in investing activity		(60,555)	(141,586)
Cash flows from financing activity			
Grants received	16	<u>53,921</u>	<u>106,072</u>
Cash generated from financing activity		53,921	106,072
Net increase / (decrease) in Cash and cash equivalents		135,396	(22,503)
Cash and cash equivalents at the beginning of the year		<u>193,884</u>	<u>216,387</u>
Cash and cash equivalents at the end of the year	15	<u>329,280</u>	<u>193,884</u>

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

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 22nd April 2026. 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 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Local Council financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the company are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the company

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 at either reporting date.

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These Standards and 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.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**2. Material Accounting Policies and Reporting Procedures (cont.)**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The adoption of IFRS 18 'Presentation and Disclosure in financial statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial Statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Local Council currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Local Council financial statements.

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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

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

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.

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

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

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

Leases (cont.)

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.

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'.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

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

Financial assets (cont.)

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 Local 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.

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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**2. Material Accounting Policies and Reporting Procedures (cont.)***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

	2025	2024
	€	€
In terms of section 55 of the Local Councils Act, 1993	385,888	422,797
Other Government income	58,672	47,161
	<u>444,560</u>	<u>469,958</u>

5. Income raised under Council Bye-Laws

	2025	2024
	€	€
Contribution	3,305	2,750
	<u>3,305</u>	<u>2,750</u>

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**6. Income raised under Local Enforcement System (LES)**

	2025	2024
	€	€
Commission from LESA and Regional committees	2,625	2,701
	<u>2,625</u>	<u>2,701</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

	2025	2024
	€	€
Income from permits	5,783	5,675
Community services	9,714	8,410
General income	16,459	-
	<u>31,956</u>	<u>14,085</u>

8. (Deficit) / Surplus for the year

	2025	2024
	€	€
(Deficit) / Surplus for the year is stated after charging		
Staff salaries	145,867	115,060
Depreciation of property, plant & equipment and amortisation	20,966	20,427
	<u>20,966</u>	<u>20,427</u>

9. Personal emoluments

	2025	2024
	€	€
Mayor's Honoraria	11,503	11,330
Councillors' Allowances	18,000	13,000
Executive Secretary Salary and Allowances	43,885	24,295
Employees' Salaries	64,691	60,467
Social Security Contributions	7,788	5,968
	<u>145,867</u>	<u>115,060</u>

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**10. Operations and maintenance**

	2025	2024
	€	€
<i>Repairs and Upkeep:</i>		
Other repairs & upkeep	7,899	2,683
Road patching, markings & signs	2,813	7,728
Public property	2,558	2,930
	<u>13,270</u>	<u>13,341</u>
<i>Contractual Services:</i>		
Refuse Disposal and collection	(3,215)	38,619
Road & Street Cleaning	22,596	30,000
Bulky refuse	15,339	20,081
Hire of Skips	-	170
Cleaning and maintenance - public convenience	9,194	10,645
Cleaning council premises	5,329	3,547
Cleaning & Maintaining Parks & Gardens	61,204	59,780
Street Lighting	7,702	27,180
Other contractual service	7,511	7,532
	<u>125,660</u>	<u>197,554</u>
 Total Operations and Maintenance Costs	 <u>138,930</u>	 <u>210,895</u>

11. Administrative and other expenditure

	2025	2024
	€	€
Utilities	15,005	10,673
Operating materials & supplies	5,468	2,556
Uniforms	205	180
Rent	10,078	7,025
Office Services	4,804	1,371
Transport	4,756	3,407
Travel	2,276	502
Information Services	45	95
Insurance Coverage	7,595	3,027
Bank Charges	962	684
Library expenses	5,382	4,192
Professional Services	54,174	43,826
ICT expenses	4,338	2,629
Training	1,080	-
Social and Cultural Events	60,402	51,171
LES related expenses	254	171
Sundry Minor Expenses	193	7
Increase in provision for doubtful debts	-	5
Depreciation	20,966	20,427
	<u>197,983</u>	<u>151,948</u>

SANTA LUCIJA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

12. Property, plant and equipment

Cost	Construction										Total €
	Council Premises €	Construction Works & Special Programmes €	Office Furniture & Fittings & Fittings €	New Street Signs €	Urban Improvements €	Office & Computer Equipment €	MV & Plant & machinery €	Street Paving €	Assets under construction €		
At 1 January 2025	31,447	926,443	42,960	19,722	344,003	67,464	80,898	121,395	79,398	1,713,730	
Additions	-	-	6,249	-	50,766	3,540	-	-	-	60,555	
At 31 December 2025	31,447	926,443	49,209	19,722	394,769	71,004	80,898	121,395	79,398	1,774,285	
Depreciation											
At 1 January 2025	25,226	536,575	39,847	19,722	111,170	53,806	29,296	121,395	-	937,037	
Charge for the year	3,146	1,758	610	-	7,361	3,542	4,549	-	-	20,966	
At 31 December 2025	28,372	538,333	40,457	19,722	118,531	57,348	33,845	121,395	-	958,003	
Grants											
At 1 January 2025	-	381,374	-	-	152,646	8,306	36,700	-	12,185	591,211	
Additions	-	-	-	-	53,921	-	-	-	-	53,921	
At 31 December 2025	-	381,374	-	-	206,567	8,306	36,700	-	12,185	645,132	
Net Book values											
At 31 December 2025	3,075	6,736	8,752	-	69,671	5,350	10,353	-	67,213	171,150	

SANTA LUCIJA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

12. Property, plant and equipment (cont.)

Cost	Construction										Total
	Council premises	Works & Special programs	Office furniture & fittings	New street signs	Urban improvements	Office & computer equipment	MV & plant & machinery	Street paving	Assets under construction		
€	€	€	€	€	€	€	€	€	€	€	€
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	1,586	-	-	-	141,586	
Reclassification	-	-	-	-	12,805	-	-	-	(12,805)	-	
At 31 December 2024	31,447	926,443	42,960	19,722	344,003	67,464	80,898	121,395	79,398	1,713,730	
Accumulated Depreciation											
At 1 January 2024	22,081	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	

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)**13. Inventories**

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

14. Receivables

	2025	2024
	€	€
LES and trade receivables	121,362	110,946
Provision for doubtful debts	<u>(108,289)</u>	<u>(109,644)</u>
	13,073	1,302
Other receivables	116	116
Prepayments	1,798	4,089
Accrued income	<u>16,296</u>	<u>140,512</u>
	<u>31,283</u>	<u>146,019</u>
	2025	2025
	€	€
Financial receivables	13,189	1,418
Non-financial receivables	<u>18,094</u>	<u>144,601</u>
	<u>31,283</u>	<u>146,019</u>
<i>Receivables</i>		
Credit period analysis:		
	2025	2025
	€	€
Within credit period	31,283	146,019
Impaired and provided for	108,289	109,644
Provision for doubtful debts	<u>(108,289)</u>	<u>(109,644)</u>
	<u>31,283</u>	<u>146,019</u>

Impairment recognized on receivables relates to all outstanding monies due from the Law Enforcement Pre-Pooling System amounting €100,956 (2024: €102,311). 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 (2024: €7,333) for an amount due from Green MT and Water Services Corporation.

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

	2025	2024
	€	€
Cash at bank	329,065	193,778
Cash in hand	215	106
	<u>329,280</u>	<u>193,884</u>

16. Payables

	2025	2024
	€	€
Payables	28,629	65,501
Other payables	3,435	1,191
Deferred Income	319,323	264,423
Accruals	24,557	38,282
	<u>375,944</u>	<u>369,397</u>

	2025	2024
	€	€
Financial liabilities	56,621	104,974
Non-financial liabilities	319,323	264,423
	<u>375,944</u>	<u>369,397</u>

Included in the payables are amounts due to related parties amounting to €6,948 (2024 : €17,414). These amounts are unsecured, interest free and repayable on demand.



Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

17. Capital commitments

	2025	2024
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	527,045	369,000
- Contracted for but not provided in the financial statements	-	-
	<u>527,045</u>	<u>369,000</u>
(i) Approved but not yet contracted for:		
Restoration of Chinese Garden	104,705	-
Playing field	165,000	63,000
Embellishment works in Housing Estate: Platforms and Ramps	165,000	165,000
Rampa/Raised Flooring/AC – Gazebo	30,340	30,000
Fencing and Gate	-	52,000
CCTV cameras	-	12,000
Smart Public Conveniences	62,000	47,000
	<u>527,045</u>	<u>369,000</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 €91,000

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 2025 (cont.)**19. Financial Risk Management (cont.)****Summary of financial assets and liabilities by category:**

	2025	2024
	€	€
Current Assets		
Loans and receivables:		
Accounts and other receivables	13,189	1,418
Cash and Cash Equivalents	329,280	193,884
	<u>342,469</u>	<u>195,302</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	28,629	65,501
Other payables	3,435	1,191
Accruals	24,557	38,282
	<u>56,621</u>	<u>104,974</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 €329,280 (2024: €193,884)

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 €11,501 (2024: €25,499) 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 2025 (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	2025 Total activity		Related party activity	2024 Total activity	
	€	€	%	€	€	%
<i>Income</i>						
Transactions with central government	444,560			469,958		
Transactions with regions/LESA	2,625			2,701		
	<u>447,185</u>	<u>482,446</u>	<u>93</u>	<u>472,659</u>	<u>489,494</u>	<u>97</u>
<i>Expenditure</i>						
Transactions with government entities	(3,215)			38,789		
Key personnel remuneration	145,867			115,060		
	<u>142,652</u>	<u>482,780</u>	<u>30</u>	<u>153,849</u>	<u>477,903</u>	<u>32</u>

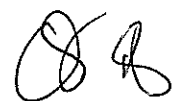
Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

21. Fair values estimation

At 31 December 2025 and at 31 December 2024, 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.



Report of the Local Government Auditor to the Auditor General

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Report of the Local Government Auditor to the Auditor General



Report of the Local Government Auditors to the Auditor General

