

VALLETTA LOCAL COUNCIL
FINANCIAL STATEMENTS
For the year ended 31 December 2023

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VALLETTA LOCAL COUNCIL

STATEMENT OF LOCAL COUNCIL MEMBERS' AND EXECUTIVE SECRETARY'S RESPONSIBILITIES

The Local Government (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 Government (Financial) Regulations, and the Local Government (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Government Act, Local Government (Financial) Regulations, and the Local Government (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 Council on 27 January 2025 and signed on its behalf by:

Olay Mackay
Mayor

Gabriella Agius
Executive Secretary

VALLETTA LOCAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 €	2022 €
Revenue			
Funds received from the Central Government	3	1,071,716	1,021,697
Income Raised under Local Enforcement System	4	5,696	7,762
General Income	5	227,212	372,362
		<hr/>	<hr/>
		1,304,624	1,401,821
Expenditure			
Personnel Emoluments	6	(277,637)	(268,046)
Operations and maintenance	7	(539,031)	(865,866)
Administration and other expenditure	8	(220,654)	(177,333)
Depreciation and amortization and loss on disposal	9	(55,039)	(95,188)
		<hr/>	<hr/>
		(1,092,361)	(1,406,433)
		<hr/>	<hr/>
Operating profit/ (loss) for the year		212,263	(4,612)
		<hr/>	<hr/>
Other expenses	10	-	(137,515)
		<hr/>	<hr/>
Profit/ (loss) for the year		212,263	(142,127)
		<hr/>	<hr/>

VALLETTA LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 €	2022 €
Assets			
Non-current assets			
Property, plant and equipment	11	189,704	226,242
Intangible assets	12	706	1,732
		<u>190,410</u>	<u>227,974</u>
Current assets			
Receivables	13	105,027	53,197
Cash and cash equivalents	14	255,053	34,240
		<u>360,080</u>	<u>87,437</u>
Total assets		<u>550,490</u>	<u>315,411</u>
Reserves			
Retained earnings		35,697	(176,566)
Current liabilities			
Trade and other payables	15	514,793	491,977
Total reserves and liabilities		<u>550,490</u>	<u>315,411</u>

These financial statements were approved by the Local Council 27 January 2025 and signed on its behalf by:

Olay Mackay
Mayor

Gabriella Agius
Executive Secretary

VALLETTA LOCAL COUNCIL

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Funds €
At 1 January 2022	(34,439)
Deficit for the year	(142,127)
At 31 December 2022	<hr/> <u>(176,566)</u>
At 1 January 2023	(176,566)
Surplus for the year	212,263
At 31 December 2023	<hr/> <u>35,697</u>

VALLETTA LOCAL COUNCIL

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 €	2022 €
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/ (loss) for the year		212,263	(142,127)
Depreciation		54,013	92,665
Amortisation		1,026	2,523
Provision for bad debts		15,275	22,841
		<hr/>	<hr/>
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES		282,577	(24,098)
(Increase)/ decrease in receivables		(51,829)	17,295
Increase/ (decrease) in payables		74,215	(111,805)
		<hr/>	<hr/>
Cash generated from/ (used in) operating activities		304,963	(118,608)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(108,258)	(29,903)
Purchase of intangible assets		-	(2,582)
Government grants received		75,505	40,166
		<hr/>	<hr/>
Cash (used in)/generated from investing activities		(32,753)	7,681
		<hr/>	<hr/>
Net movement in cash and cash equivalents		272,210	(110,927)
Cash and cash equivalents at beginning of year		(17,157)	93,770
		<hr/>	<hr/>
Cash and cash equivalents at end of year	14	255,053	(17,157)
		<hr/>	<hr/>

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

The Valletta Local Council is the local authority of Malta set up in accordance with the Local Government Act (1993). The office of the council is situated at 33-35, Treasury Street, Republic Valley, Valletta. These financial statements were approved for issue by the council members on 27 January 2025. The council's financial statements are presented in euro which is also the functional currency of the council.

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES

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

(a) Accounting convention

These financial statements are prepared under the historical cost convention except as disclosed below. These financial statements are prepared in accordance with the provisions of the Local Government Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Government (Financial) Procedures 1996 enacted in Malta and with the requirements of International Financial Reporting Standards (IFRS Accounting Standards) 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 Government Act (Cap. 363).

(b) Standards, amendments and interpretations to existing standards

The new and revised standards that became effective for annual periods beginning on or after 1 January 2023 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

New and amended standards adopted by the Council

Information on new standards, amendments and interpretations that are relevant to the Council's financial statements is provided below. Certain other new standards and interpretations not listed below have been issued but are not relevant and therefore are not expected to have any impact on the Council's financial statements.

The Council started to adopt the new accounting pronouncements which have become effective this year, and are as follows:

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(b) Standards, amendments and interpretations to existing standards - continued

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement 2)

These amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

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

Disclosure of changes on accounting estimates (Amendments to IAS 8)

These amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

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

IFRS 17 Insurance Contracts

IFRS 17 ‘Insurance Contracts’ has become effective from 1 January 2023. The standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

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

New Standards, amendments and interpretations to existing standards that are not yet effective.

At the date of authorisation of these financial statements, several new, but not effective Standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Local Council. These are the following:

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(b) Standards, amendments and interpretations to existing standards – continued

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place on the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 31 October 2023, the IASB issued amendments to IAS 1, that clarifies how conditions with which an entity must comply within twelve months after the reporting period effect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued amendments to IFRS 16. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued amendments to IAS 7. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

The Councillors and Executive Secretary anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of pronouncement. 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.

(c) Intangible fixed assets

Intangible assets are valued at cost less accumulated amortization and impairment losses to date. Amortisation to write off the cost is calculated on a monthly basis using the straight line method at 25% per annum.

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(d) 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 down the cost less residual value of each asset over its expected useful life as follows:

	%
Land	-
Trees	-
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Urban improvements (Street furniture)	10
Special projects	10
Office equipment	20
Motor vehicles	20
Plant and machinery	20
Computer equipment	25
Plants	100
Litter bins	replacement basis
Playground furniture	100
Road signs	replacement basis
Street mirrors	replacement basis
Street lights	100
Traffic signs	replacement basis

During 2018 the Local Council has changed the method of calculating depreciation as per Directive 1/2017. In previous years depreciation was calculated using the reducing balance method. There were no changes in the depreciation rates.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(e) 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.

(f) 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 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.

(g) Related parties

Related parties are those persons or bodies of persons having relationships with the council as defined in IAS 24. See note 18 for a list of related parties with which the council carried out transactions during the year under review.

(h) Revenue

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

Income from Central Government is not recognised until there is a reasonable assurance that the 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.

(i) LES income

LES income is accounted for in the statement of comprehensive income as it accrues.

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(j) Government grants

Government grants related to the acquisition of property, plant and equipment are accounted for using the Capital Approach. Under the Capital Approach, government grants are deducted directly against the cost of the non-current asset to which they relate. The grant under this approach is recognised as income over the life of a depreciable asset by way of reduced depreciation charge.

Government grants relating to operating expenditure are recognised in the statement of comprehensive income in the same period that the related expenses are incurred.

(k) Profit and losses

Only profits 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.

(l) Cash and cash equivalents

In the statement of financial position and the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank.

(m) Financial instruments

Financial assets and financial liabilities are recognised when the 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 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.

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(n) Financial instruments (continued)

Financial assets

For the purpose of subsequent measurement, financial assets of the 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 'administration 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 council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

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

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(n) Capital management policies and procedures

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 rate.

To achieve the above, the council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was negative at the reporting date and the council is working to improve the situation. 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.

(p) Significant judgements, estimates and assumptions

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

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

3 FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	2023	2022
	€	€
In terms of section 55 of the Local Council Act	1,006,282	948,739
Other supplementary Government Income	65,434	72,958
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	1,071,716	1,021,697
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VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 INCOME RAISED UNDER LOCAL ENFORCEMENT SYSTEM

	2023	2022
	€	€
Administrative charges under LES system	5,696	7,762

5 GENERAL INCOME

	2023	2022
	€	€
Income from permits	220,435	225,098
Income from organic waste	1,777	147,264
Donations	5,000	-
	<u>227,212</u>	<u>372,362</u>

6 PERSONNEL EMOLUMENTS

	2023	2022
	€	€
Mayor's honoraria	16,003	15,270
Councillors' & mayor's allowance	17,800	17,800
Executive secretary salary and allowance	41,310	48,146
Employees' salaries	170,638	169,339
Social Security Contributions	16,886	17,491
Librarian	15,000	-
	<u>277,637</u>	<u>268,046</u>
	10	10
Employees		
Mayor	1	1
Councillors	6	6
Librarian	1	-
	<u>18</u>	<u>17</u>

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7 OPERATIONS AND MAINTENANCE

	2023	2022
	€	€
Repairs and upkeep:		
Signs	930	1,162
Road Markings	10,011	7,559
Road and street repairs	18,502	43,164
	<hr/>	<hr/>
	29,443	51,885
Contractual Services:		
Organic waste Refuse Collection	1,328	147,264
Recycling waste Refuse Collection	-	42,565
Mixed waste Refuse Collection	57,155	241,414
Bulky Refuse Collection	22,347	20,150
Tipping fees	62,086	82,247
Road and street cleaning	245,354	234,043
Cleaning – council premises	1,193	5,466
Cleaning and maintenance - parks & gardens	108,890	33,182
Street lighting	11,235	7,650
	<hr/>	<hr/>
	509,588	813,981
	<hr/>	<hr/>
Total operations and maintenance costs	539,031	865,866
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VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

8 ADMINISTRATION AND OTHER EXPENDITURE

	2023	2022
	€	€
Bank interest and charges	920	949
Bad debts	-	10,500
Provision for bad debts	15,275	22,841
Cultural, conference and social events	19,353	19,725
Twinning costs	20,023	-
Information Services	894	1,737
Insurance coverage	5,495	8,033
Office services	21,889	10,532
Professional services	9,194	16,400
Data protection officer	5,348	8,650
Information technology expenses	2,914	1,603
Accountancy services	6,195	9,087
Legal services	4,395	11,510
Security services	5,481	4,999
Rent	20,754	9,081
Litigation costs	18,755	-
Sundry expenses	-	3,034
Fines and penalties	13,141	-
Animal welfare expenses	-	1,501
Local enforcement expenses	9,261	13,788
Unifroms	2,207	1,847
Travelling	798	1,104
Other expenses	78	930
Training	880	-
Transport	14,165	7,064
Utilities	23,239	12,418
	<hr/>	<hr/>
	220,654	177,333
	<hr/>	<hr/>

9 DEPRECIATION AND IMPAIRMENT

Amortisation	1,026	2,523
Depreciation	54,013	92,665
	<hr/>	<hr/>
	55,039	95,188
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10 OTHER EXPENSES

Refund back of EU Funds	-	137,515
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VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT

	New Street Signs €	Plants €	Motor Vehicles €	Urban Improvements €	Plant & Machinery €	Office Furniture €	Computer Equipment €	Special Programmes €	Total €
<u>Cost</u>									
As at 01/01/23	8,900	14,843	6,500	2,818,789	59,234	72,554	21,234	665,319	3,667,373
Additions	-	-	-	18,352	1,720	3,238	1,921	83,027	108,258
As at 31/12/23	8,900	14,843	6,500	2,837,141	60,954	75,792	23,155	748,346	3,775,631
<u>Grants</u>									
As at 01/01/23	-	9,171	-	1,195,602	-	-	-	457,056	1,661,829
Additions	-	-	-	11,418	-	-	-	79,365	90,783
As at 31/12/23	-	9,171	-	1,207,020	-	-	-	536,421	1,752,612
<u>Depreciation</u>									
As at 01/01/23	8,900	5,672	3,792	1,438,293	58,713	50,954	16,316	196,662	1,779,302
Charge for the year	-	-	1,300	46,503	624	2,906	2,680	-	54,013
As at 31/12/23	8,900	5,672	5,092	1,484,796	59,337	53,860	18,996	196,662	1,833,315
<u>Net Book Value</u>									
As at 31/12/23	-	-	1,408	145,325	1,617	21,932	4,159	15,263	189,704

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT

	New Street Signs	Plants	Motor Vehicles	Urban Improvements	Plant & Machinery	Office Furniture	Computer Equipment	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
<u>Cost</u>									
As at 01/01/22	8,900	14,843	6,500	2,792,448	59,234	70,331	19,895	665,319	3,637,470
Additions	-	-	-	26,341	-	2,223	1,339	-	29,903
As at 31/12/22	8,900	14,843	6,500	2,818,789	59,234	72,554	21,234	665,319	3,667,373
<u>Grants</u>									
As at 01/01/22	-	9,171	-	1,182,590	-	-	-	457,056	1,648,817
Additions	-	-	-	13,012	-	-	-	-	13,012
As at 31/12/22	-	9,171	-	1,195,602	-	-	-	457,056	1,661,829
<u>Depreciation</u>									
As at 01/01/22	8,900	5,672	2,492	1,355,953	58,213	47,300	12,812	195,295	1,686,637
Charge for the year	-	-	1,300	82,340	500	3,654	3,504	1,367	92,665
As at 31/12/22	8,900	5,672	3,792	1,438,293	58,713	50,954	16,316	196,662	1,779,302
<u>Net Book Value</u>									
As at 31/12/22	-	-	2,708	184,894	521	21,600	4,918	11,601	226,242

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

12 INTANGIBLE FIXED ASSET

	Website Costs €	Application (Vatis) €	Computer software €	Total €
<u>Cost</u>				
As at 01/01/22	8,968	26,000	9,967	44,935
Additions	-	-	2,582	2,582
As at 01/01/23	8,968	26,000	12,549	47,517
Additions	-	-	-	-
As at 31/12/23	8,968	26,000	12,549	47,517
<u>Grant</u>				
As at 01/01/22	-	-	3,725	3,725
Additions	-	-	1,620	1,620
As at 01/01/23	-	-	5,345	5,345
Additions	-	-	-	-
As at 31/12/23	-	-	5,345	5,345
<u>Amortization</u>				
As at 01/01/22	5,979	26,000	5,938	37,917
Charge for the year	2,243	-	280	2,523
As at 01/01/23	8,222	26,000	6,218	40,440
Charge for the year	746	-	280	1,026
As at 31/12/23	8,968	26,000	6,498	41,466
<u>Net Book Value</u>				
As at 31/12/23	-	-	706	706
As at 31/12/22	746	-	986	1,732

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

13 ACCOUNTS RECEIVABLES

	2023 €	2022 €
Accounts receivables	2,215	42,142
Prepayments and accrued income	102,812	11,055
	<u>105,027</u>	<u>53,197</u>

The carrying value of short-term receivables is considered a reasonable approximation of fair value.

In determining the recoverability of receivables the council considers any change in the credit quality of each receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the debtor base being large and unrelated.

Included in receivables are debtors with a carrying amount of € 2,215 (2022: € 4,070) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	2023 €	2022 €
Not more than 3 months	-	38,072
More than 3 months but not more than 6 months	2,215	4,070
More than 6 months	-	-
	<u>2,215</u>	<u>42,142</u>

The movement in the provision for doubtful debts is as follows:

	2023 €	2022 €
Balance at 1 January	468,365	445,524
Provision for bad debts	15,275	22,841
Balance at 31 December	<u>483,640</u>	<u>468,365</u>

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2023 €	2022 €
Bank balances	255,053	34,240
Bank balances overdrawn	-	(51,397)
Cash and cash equivalents	<u>255,053</u>	<u>(17,157)</u>
Transfer to current liabilities (note 15)	-	51,397
Cash at hand and in bank	<u>255,053</u>	<u>34,240</u>

The council did not have any restrictions on its cash balances at year end.

15 TRADE AND OTHER PAYABLES

	2023 €	2022 €
CURRENT PAYABLES		
Accounts payables	300,132	225,809
Deferred income	87,334	141,200
Grants received in advance	8,702	21,395
Bank balances overdrawn (note 14)	-	51,397
Other payables	80	9,703
National insurance contributions	-	26,193
Accruals	118,545	16,280
Financial liabilities	<u>514,793</u>	<u>491,977</u>

Financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

16 CAPITAL COMMITMENTS

	2023 €	2022 €
Approved but not contracted for	-	-
Approved and contracted for	200,000	115,667
	<u>200,000</u>	<u>115,667</u>

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

17 CONTINGENT LIABILITIES

	2023 €	2022 €
Claims by third parties	120,000	120,000

18 RELATED PARTY TRANSACTIONS

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Central Joint Committee (Local Enforcement)	Joint control
South Eastern Regional Committee	Joint control
Gozo Regional Committee	No control
North Regional Committee	No control
Southern Regional Committee	No control
Central Regional Committee	No control
Police General Head Quarters	No control
Local Councils Association	No control
Malta Environment and Planning Authority	No control
LESA	No control
Air Malta plc	No control
Malta Communications Authority	No control
Central Bank of Malta	No control
Civil Protection	No control
Bank of Valletta plc	No control
Maltapost	No control
Malta Tourism Authority	No control
Environmental Landscape Consortium	No control
Wasteserv Malta Limited	No control
Transport Malta	No control
The Commissioner for Inland Revenue	No control
ARMS Limited	No control
Performing Rights Society	No control
Government Property Division	No control

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

	2023 €	2022 €
Annual financial allocation	1,005,812	948,739

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

18 RELATED PARTY TRANSACTIONS (continued)

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

19 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The most significant financial risks to which the council is exposed are described below. See also note 19.3 for a summary of the council's financial assets and liabilities by category.

19.1 CREDIT RISK

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

	Notes	2023 €	2022 €
Classes of financial assets – carrying amounts			
Trade and other receivables	13	105,027	53,197
Cash and cash equivalents	14	255,053	34,240
		<u>360,080</u>	<u>87,437</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal only with creditworthy counterparties.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 13 for further information on impairment of financial assets that are past due.

VALLETTA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

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

19.2 LIQUIDITY RISK

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables (see note 15). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the council's obligations when they become due.

The council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the council's committed borrowing facilities that it can access to meet liquidity needs.

At 31 December 2023 the council's financial liabilities have contractual maturities which are summarised below:

Current within 1 year:

	2023	2022
	€	€
Bank balances overdrawn	-	51,397
Payables	300,132	225,809
Other creditors	80	9,703
National insurance outstanding	-	26,193
Accruals	118,545	16,280
Grants received in advance	8,702	21,395
Deferred income	87,334	141,200
	<hr/> 514,793	<hr/> 491,977

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19.3 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

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

	2023 €	2022 €
Current assets		
Loans and receivables:		
Trade and other receivables	105,027	53,197
Cash and cash equivalents	255,053	34,240
	<hr/> 360,080	<hr/> 87,437
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	300,132	225,809
Deferred income	87,334	141,200
Grants received in advance	8,702	21,395
Bank balance overdawn	-	51,397
Other creditors	80	9,703
National insurance contributions	-	26,193
Accruals	118,545	16,280
	<hr/> 514,793	<hr/> 491,977

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.