

**VALLETTA LOCAL COUNCIL**  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2024

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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 18 February 2025 and signed on its behalf by:

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**Olay Mackay**  
Mayor

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**Gabriella Agius**  
Executive Secretary

## VALLETTA LOCAL COUNCIL

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes:	2024 €	2023 €
<b>Revenue</b>			
Funds received from the Central Government	3	1,318,006	1,071,246
Income Raised under Local Enforcement System	4	10,253	5,696
General Income	5	175,121	227,212
		<hr/>	<hr/>
		1,503,380	1,304,154
<b>Expenditure</b>			
Personnel Emoluments	6	(280,899)	(277,637)
Operations and maintenance	7	(653,807)	(546,141)
Administration and other expenditure	8	(235,971)	(204,908)
Depreciation and amortization and loss on disposal	9	(119,648)	(70,314)
		<hr/>	<hr/>
		(1,290,325)	(1,099,000)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>213,055</b>	<b>205,154</b>
		<hr/>	<hr/>

## VALLETTA LOCAL COUNCIL

### STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 €	2023 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	195,927	189,706
Intangible assets	11	542	706
		<u>196,469</u>	<u>190,412</u>
<b>Current assets</b>			
Receivables	12	25,261	105,027
Cash and cash equivalents	13	214,189	255,054
		<u>239,450</u>	<u>360,081</u>
<b>Total assets</b>		<u>435,919</u>	<u>550,493</u>
<b>Reserves</b>			
Retained earnings		241,643	28,588
<b>Current liabilities</b>			
Trade and other payables	14	194,276	521,905
<b>Total reserves and liabilities</b>		<u>435,919</u>	<u>550,493</u>

These financial statements were approved by the Local Council 18 February 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 2024

	Retained Funds €
At 31 December 2022	(176,566)
	<hr/>
At 1 January 2023	(176,566)
Surplus for the year	205,154
	<hr/>
At 31 December 2023	28,588
	<hr/>
At 1 January 2024	28,588
Surplus for the year	213,055
	<hr/>
At 31 December 2024	241,643
	<hr/>

## VALLETTA LOCAL COUNCIL

### STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 €	2023 €
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	213,055	205,154
Depreciation	150,995	54,013
Amortisation	164	1,026
Provision for bad debts	(52,292)	-
Bad debts	20,781	-
	<hr/>	<hr/>
<b>OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	332,703	260,193
(Increase)/ decrease in receivables	111,277	(51,829)
Increase/ decrease in payables	(327,629)	81,324
	<hr/>	<hr/>
Cash generated from/ (used in) operating activities	116,351	289,688
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(226,521)	(36,529)
Government grants received	69,305	19,052
	<hr/>	<hr/>
Cash (used in) investing activities	(157,216)	(17,477)
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(40,865)	272,211
Cash and cash equivalents at beginning of year	255,054	(17,157)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	214,189	255,054
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# VALLETTA LOCAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 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 25 November 2024. The council's financial statements are presented in euro which is 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 as adopted by the European Union.

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 2024

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

- IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information.
- IFRS S2 Climate related Disclosures
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (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)

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

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the SASB standards to enhance their international applicability
- Classification and measurements of financial instruments (Amendments to IAS 7 and IFRS 9)
- Hedge Accounting by a first-time adopter (Amendments IFRS 1)
- Lessee derecognition of lease liabilities and Transaction price (Amendments IFRS 9)
- Introduction and credit risk disclosures (Amendments IFRS 7)

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.

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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.

#### **(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.

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### **(d) Property, plant and equipment – continued**

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 company 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.

#### **(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) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### **(g) 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.

#### **(h) Related parties**

Related parties are those persons or bodies of persons having relationships with the council as defined in IAS 24. See note 17 for a list of related parties with which the council carried out transactions during the year under review.

## **VALLETTA LOCAL COUNCIL**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

#### **(i) 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.

#### **(j) LES income**

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

#### **(k) Government grants**

Government grants are accounted for using the Capital Approach according to IAS 20 as the Council adopted Directive 1/2017 issued by the Department of Local Council. With the Capital Approach, any grants received are netted off against the cost of the asset to which they relate. Depreciation will be accounted on the resulting cost less grant. Up to year ended 31 December 2017, government grants were accounted for using the Income approach. 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.

Grants in relation to operation expenses are included as income in the Statement of Comprehensive Income.

#### **(l) 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.

#### **(m) 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.

#### **(n) 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.

## **VALLETTA LOCAL COUNCIL**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

#### **(n) Financial instruments – continued**

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 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 2024

#### (o) 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 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

	2024	2023
	€	€
In terms of section 55 of the Local Council Act	1,096,911	1,005,812
Other supplementary Government Income	221,094	65,434
	<u>1,318,006</u>	<u>1,071,246</u>

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 4 LOCAL ENFORCEMENT INCOME

	2024	2023
	€	€
Administrative charges under LES system	10,253	5,696

#### 5 GENERAL INCOME

	2023	2023
	€	€
Income from permits	133,938	220,435
Twinning income and EU funds	37,480	-
Other income	3,703	6,777
	<u>175,121</u>	<u>327,362</u>

#### 6 PERSONNEL EMOLUMENTS

	2024	2023
	€	€
Mayor's Allowance	16,003	16,003
Councillors' allowance	17,300	17,800
Executive secretary salary and allowance	42,668	41,310
Employees' salaries	172,550	170,638
Social Security Contributions	16,128	16,886
Librarian	16,250	15,000
	<u>280,899</u>	<u>277,637</u>
Number of employees	10	10
Mayor	1	1
Councillors	6	6
Librarian	1	1
	<u>17</u>	<u>17</u>
Average number of employees		

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 7 OPERATIONS AND MAINTENANCE

	2024	2023
	€	€
<b>Repairs and upkeep:</b>		
Road signs and Markings	21,883	10,941
Road and steet repairs	25,602	25,611
	<hr/>	<hr/>
	47,485	36,552
	<hr/>	<hr/>
<b>Contractual Services:</b>		
Mixed waste Refuse Collection	56,643	58,484
Bulky Refuse Collection	29,254	22,347
Tipping fees	92,824	62,086
Road and street cleaning	344,239	245,354
Cleaning – council premises	2,446	1,193
Cleaning and maintenance - parks & gardens	67,642	108,890
Street lighting	13,274	11,235
	<hr/>	<hr/>
	606,322	509,589
	<hr/>	<hr/>
Total operations and maintenance costs	653,807	546,141
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## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 8 ADMINISTRATION AND OTHER EXPENDITURE

	2024	2023
	€	€
Bank interest and charges	975	920
Cultural, conference and social events	69,370	19,431
Twining costs	35,522	20,095
Information Services	829	893
Insurance coverage	11,267	5,495
Office services	12,919	21,889
Professional services	12,759	9,920
Data protection officer	-	5,349
Information technology expenses	8,558	2,444
Accountancy services	8,260	6,195
Legal services	12,632	4,395
Security services	5,817	5,481
Rent	4,699	20,754
Litigation costs	-	18,755
Fines and penalties	-	13,141
Local enforcement expenses	5,557	9,261
Unifroms	2,353	2,207
Travelling	1,571	-
Other expenses	1,348	-
Training	640	880
Transport	2,834	14,164
Utilities	38,061	23,239
	<hr/>	<hr/>
	235,971	204,908
	<hr/>	<hr/>

#### 9 PROVISIONS, DEPRECIATION AND IMPAIRMENT

Amortisation	164	1,026
Bad debts	20,781	-
Depreciation	150,995	54,013
Provision for bad debts	(52,292)	15,275
	<hr/>	<hr/>
	119,648	70,314
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**VALLETTA LOCAL COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**10. PROPERTY, PLANT AND EQUIPMENT**

	New Street Signs €	Plants €	Motor Vehicles €	Urban Improvements €	Plant & Machinery €	Office Furniture €	Computer Equipment €	Special Programmes €	Playground Equipment €	Total €
<u>Cost</u>										
As at 01/01/24	8,900	14,843	6,500	2,837,141	60,954	75,792	23,155	676,617	-	3,703,902
Additions	-	-	-	31,762	257	12,967	6,316	81,050	94,169	226,521
As at 31/12/24	8,900	14,843	6,500	2,868,903	61,211	88,759	29,471	757,667	94,169	3,930,423
<u>Grants</u>										
As at 01/01/24	-	9,171	-	1,195,602	-	-	-	476,108	-	1,680,881
Additions	-	-	-	-	-	-	-	69,305	-	69,305
As at 31/12/24	-	9,171	-	1,195,602	-	-	-	545,413	-	1,750,186
<u>Depreciation</u>										
As at 01/01/24	8,900	5,672	5,092	1,484,796	59,337	53,860	18,996	196,662	-	1,833,315
Charge for the year	-	-	1,300	49,029	175	3,225	2,803	294	94,169	150,995
As at 31/12/24	8,900	5,672	6,392	1,533,825	59,512	57,085	21,799	196,956	94,169	1,984,310
<u>Net Book Value</u>										
As at 31/12/24	€ -	€ -	€ 108	€ 139,476	€ 1,699	€ 21,932	€ 7,672	€ 15,298	€ -	€ 195,927

**VALLETTA LOCAL COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**10. 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	75,792	21,234	665,319	3,667,373
Additions	-	-	-	18,352	1,720	3,238	1,921	11,298	36,529
As at 31/12/23	8,900	14,843	6,500	2,837,141	60,954	75,792	23,155	676,617	3,704,608
<u>Grants</u>									
As at 01/01/23	-	9,171	-	1,195,602	-	-	-	457,056	1,661,829
Additions	-	-	-	-	-	-	-	19,052	19,052
As at 31/12/23	-	9,171	-	1,195,602	-	-	-	476,108	1,680,881
<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	€ 156,743	€ 1,617	€ 21,932	€ 4,159	€ 3,847	€ 189,706

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 11 INTANGIBLE FIXED ASSET

	Website Costs €	Application (Vatis) €	Computer software €	Total €
<u>Cost</u>				
As at 01/01/23	8,968	26,000	9,967	44,935
Additions	-	-	2,582	2,582
As at 01/01/24	8,968	26,000	12,549	47,517
Additions	-	-	-	-
As at 31/12/24	8,968	26,000	12,549	47,517
<u>Grant</u>				
At at 01/01/23	-	-	5,345	5,345
Additions	-	-	-	-
At 01/01/24	-	-	5,345	5,345
Additions	-	-	-	-
At 31/12/24	-	-	5,345	5,345
<u>Amortization</u>				
As at 01/01/23	8,222	26,000	6,218	40,440
Charge for the year	746	-	280	1,026
As at 01/01/24	8,968	26,000	6,498	41,466
Charge for the year	-	-	164	164
As at 31/12/23	8,968	26,000	6,662	€ 41,466
<u>Net Book Value</u>				
As at 31/12/24	€ -	€ -	€ 542	€ 542
As at 31/12/23	€ -	€ -	€ 706	€ 706

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 12 RECEIVABLES

	2024 €	2023 €
Receivables	6,328	2,215
Prepayments and accrued income	18,933	102,812
	<u>25,261</u>	<u>105,027</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 € 6,328 (2023: € 2,215) 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:

	2024 €	2023 €
Not more than 3 months	-	-
More than 3 months but not more than 6 months	6,328	2,215
More than 6 months	-	-
	<u>€ 6,328</u>	<u>€ 2,215</u>

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

	2024 €	2023 €
Balance at 1 January	426,653	426,653
Decrease in provision for LES debtors	-	-
Balance at 31 December	<u>€ 426,653</u>	<u>€ 426,653</u>

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2024 €	2023 €
Bank balances	214,189	255,054
Bank balances overdrawn	-	-
Cash at hand and in bank	<u>€ 214,189</u>	<u>€ 255,054</u>

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

#### 14 TRADE AND OTHER PAYABLES

	2024 €	2023 €
<b>CURRENT PAYABLES</b>		
Payables	101,145	307,242
Deferred income	23,382	37,605
Grants received in advance	58,433	58,433
Other creditors	-	80
National insurance contributions	190	-
Accruals	11,126	118,545
Financial liabilities	<u>€ 194,276</u>	<u>€ 521,905</u>

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

#### 15 CAPITAL COMMITMENTS

	2024 €	2023 €
Approved but not contracted for	-	-
Approved and contracted for	150,000	200,000
	<u>€ 150,000</u>	<u>€ 200,000</u>

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 16 CONTINGENT LIABILITIES

	2024	2023
	€	€
Claims by third parties	€ 120,000	€ 120,000

#### 17 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:

	2024	2023
	€	€
Annual financial allocation	1,096,911	1,005,812

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 17 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.

#### 18 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 18.3 for a summary of the council's financial assets and liabilities by category.

##### 18.1 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	2024 €	2023 €
Classes of financial assets – carrying amounts			
Trade and other receivables	12	25,261	105,027
Cash and cash equivalents	13	214,189	255,054
		<u>€ 239,450</u>	<u>€ 360,081</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 12 for further information on impairment or financial assets that are past due.

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 18 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.

#### 18.2 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 2024 the council's financial liabilities have contractual maturities which are summarised below:

#### Current within 1 year:

	2024	2023
	€	€
Payables	101,145	307,242
Other creditors	-	80
National insurance outstanding	190	-
Accruals	11,126	118,545
Grants received in advance	58,433	58,433
Deferred income	23,382	37,605
	<u>€ 194,276</u>	<u>€ 521,905</u>

## VALLETTA LOCAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

#### 18.3 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:

	2024	2023
	€	€
<b>Current assets</b>		
Loans and receivables:		
Trade and other receivables	25,261	105,027
Cash and cash equivalents	214,189	255,054
	<u>€ 239,450</u>	<u>€ 360,081</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Payables	101,145	307,242
Deferred income	23,382	37,605
Grants received in advance	58,433	58,433
Other creditors	-	80
National insurance contributions	190	-
Accruals	11,126	118,545
	<u>€ 194,276</u>	<u>€ 521,905</u>

#### 19 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.