

SLIEMA LOCAL COUNCIL
AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2024

Prepared by Lorna Sultana CPA

Corporate Assurance Limited
The Fort, Level 3, Hardrocks Business Park,
Burmarrad Road, Naxxar, NXR 6345



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

The Local Government (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed Annual Administrative Report which includes the Local Council's Statement of Other Comprehensive Income for the year and of the Council's retained funds at the end of this 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, 1993 and the Local Government (Financial) Procedures, 1996 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 1993, Local Government (Financial) Regulations, 1993 and the Local Government (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 26 June 2025 and signed on its behalf by:



John Pillow
Mayor



Pierre Paul Portelli
Executive Secretary

Statement of Comprehensive Income for the year ended 31 December 2024

	Notes	2024 €	2023 €
Income			
Funds received from Central Government	4	1,645,420	1,448,080
Income from Law Enforcement System	5	6,313	5,385
General income	6	314,171	181,138
		<u>1,965,904</u>	<u>1,634,603</u>
Expenditure			
Personnel emoluments	7	275,754	251,803
Operations and maintenance	8	946,190	837,203
Administrative and other expenditure	9	545,353	501,810
		<u>1,767,297</u>	<u>1,590,816</u>
Income for the year		<u>198,607</u>	<u>43,787</u>
Total comprehensive income for the year		<u>198,607</u>	<u>43,787</u>

The notes on pages 6 to 26 form an integral part of these financial statements.



Statement of Financial Position as at 31 December 2024

	Notes	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant, and equipment	10	754,534	801,355
Total non-current assets		754,534	801,355
Current assets			
Trade and other receivables	11	98,172	333,177
Cash and cash equivalents	12	2,217,251	1,966,224
Total current assets		2,315,423	2,299,401
Total assets		3,069,957	3,100,756
RESERVES AND LIABILITIES			
Reserves			
Retained funds		1,826,495	1,627,888
Total Reserves		1,826,495	1,627,888
Non-current liabilities			
Deferred income	13	827,432	838,271
Total non-current liabilities		827,432	838,271
Current liabilities			
Trade and other payables	14	416,030	634,597
Total current liabilities		416,030	634,597
Total liabilities		1,243,462	1,472,868
Total reserves and liabilities		3,069,957	3,100,756

The notes on pages 6 to 26 form an integral part of these financial statements.

These financial statements were approved by the Local Council on 26 June 2025 and are signed by on its behalf by:

John Pillow
Mayor

Pierre Paul Portelli
Executive Secretary

Statement of Changes in Equity for the year ended 31 December 2024

	Retained Funds €
At 1 January 2023	1584,101
Total comprehensive income for the year	43,787
At 31 December 2023	<u>1,627,888</u>
	1,627,888
At 1 January 2024	
Total comprehensive income for the year	198,607
At 31 December 2024	<u>1,826,495</u>

The notes on pages 6 to 26 form an integral part of these financial statements.



Statement of Cash Flows for the year ended 31 December 2024

	Notes	2024 €	2023 €
Cash flows from operating activities			
Income for the year		198,607	43,787
<u>Adjustments for:</u>			
Depreciation and amortisation		90,606	106,892
Payables written off		-	(14,456)
(Decrease)/Increase in provision for doubtful debts		(24,193)	74,484
Operating surplus before working capital changes		265,020	210,707
<u>Movements in working capital:</u>			
Movement in receivables		259,200	(76,489)
Movement in payables		(238,568)	66,717
Net cash generated by operating activities		285,652	200,935
Cashflows from investing activities			
Payment to acquire property, plant, and equipment		(54,625)	(135,104)
Net cash used in investing activities		(54,625)	(135,104)
Cash flows from financing activities			
Grants received		20,000	63,430
Net cash generated from financing activities		20,000	63,430
Net movement in cash and cash equivalents in the year		251,027	129,261
Cash and cash equivalents at beginning of year		1,966,224	1,836,963
Cash and equivalents at end of year	12	2,217,251	1,966,224

The notes on pages 6 to 26 form an integral part of these financial statements.



Notes to the Financial Statements for the year ended 31 December 2024**1. General Information**

Sliema Local Council is the local authority of Sliema set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Government School, Depiro Street, Sliema.

The Local Council's presentations as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Ministry for Justice, Culture and Local Government.

2. Material accounting Policies and Reporting Procedures

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).

The material 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, 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 Government Act, 1993 (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 the International Financial Reporting Standards (IFRS), as adopted by the 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, 1993 (Cap 363).

(b) New or revised Standards or Interpretations**New standards adopted as at 1 January 2024**

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Council's financial results or position. Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Council are:

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

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



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Council**

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 Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Council.

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

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

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

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The Council will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The Council is not expected to early adopt this new standard.

(b) Property, plant and equipment

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment loss to date. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present values of property, plant and equipment do not differ materially from those that would be determined by using fair values at the end of each reporting period.

Subsequent costs are included in the asset's carrying amount 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 Local Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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:



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**(c) Property, plant and equipment (cont.)**

Category	%
Land / Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works / Special Projects / Urban Improvements (Street Furniture)	10
Office Equipment / Motor Vehicles / Plant and Machinery / Air conditioners	20
Computer Equipment / Computer software	25
Plants / Litter Bins / Playground furniture	100
Traffic / Road Signs / Street Mirrors / Lights	replacement basis

Up to the year ending 31 December 2017, depreciation was calculated using the reducing balance method. The change in the depreciation method has been affected according to the instructions in the DLG Directive 1/2017.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. 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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

(d) Impairment of property, plant, and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**(d) Impairment of property, plant and equipment (cont....)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Impairment of financial assets other than inventories

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events - significant difficulty of the issuer (or counterparty) and/or breach of contract. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans, and receivables or, if there is objective evidence that an impairment loss has been incurred, the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale at arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognized immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognized directly against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the asset.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed directly.

In the case of assets tested for impairment, an impairment loss recognized in a prior period is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but in a manner that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment reversals are recognized immediately in the comprehensive income statement, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognized directly in reserves, unless an impairment loss on the same asset was previously recognized in the comprehensive income statements.



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

The Local Council assesses whether a contract is or contains a lease, at inception of the contract. The Local Council recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Local Council uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Local Council rereasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is rereasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is rereasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is rereasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the statement of financial position. The Local Council applies IAS 36 to determine whether a right-of-use asset is impaired.



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

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

(g) 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 the 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," it has been accounted for retrospectively.

(h) Receivables

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 in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

(i) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of the council's activities from suppliers. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(j) Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in €, which is the Council's functional currency. Transactions denominated in foreign currencies are translated into € using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(k) Related Parties

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



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**(l) Surpluses and deficits**

Only surpluses and deficits that were realised at the reporting date 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

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.

(n) Financial Instruments*Recognition and derecognition*

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Local Council's cash and cash equivalents, receivables and most other receivables fall into this category of financial instruments.



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Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**(n) Financial Instruments (cont.)*****Impairment of financial assets***

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Local Council first identifying a credit loss event. Instead, the Local Council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

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

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

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

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

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'.

(o) Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organization of courses, cultural, sporting, and social activities is only recognized on a cash basis. Income from investment activities is recognized when the rights of receipt have been established. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(p) Local Enforcement System

Local Enforcement Income represents the income as it accrues from contraventions as controlled by the Local Enforcement System (L.E.S). The amount receivable from the Local Enforcement System is disclosed in the Statement of Financial Position. A full provision for bad debts is accounted for receivables aged over two years. As from 1 September 2011, the Council forms part of the Southern Regional Committee, which is responsible for the L.E.S income of the locality. The contract provides for a 10% administration fee payable to the Council for contraventions collected by the Council and remitted to the respective Regional Committees. The L.E.S. undergone changes with the introduction of the LESA which has taken over the functions previously undertaken by the Regional Committees.



Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**3. Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS 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).

4. Funds received from Central Government

	2024	2023
	€	€
Central Government income	1,621,420	1,428,080
Supplementary Government income	20,000	20,000
Other income	4,000	-
	<u>1,645,420</u>	<u>1,448,080</u>

5. Income from Local Enforcement System

	2024	2023
	€	€
LES administration fees	6,313	5,385
	<u>6,313</u>	<u>5,385</u>

6. General income

	2024	2023
	€	€
Community services	10,910	10,645
Cultural events	710	-
Other income	21,909	14,456
Donations	9,270	2,025
Refund of expenses	44,636	17,998
Income from permits	221,433	128,248
Advertising on street furniture	5,303	7,766
	<u>314,171</u>	<u>181,138</u>



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

7. Personnel emoluments

	2024	2023
	€	€
Mayor's honoraria	21,401	20,927
Councilors' allowance	29,400	29,400
Executive Secretary's salary and allowances	49,446	43,985
Employees' salaries	158,580	142,229
Social Security Contributions	16,927	15,262
	<u>275,754</u>	<u>251,803</u>

The average number of persons employed during the year was made up as follows:

	2024	2023
Mayor	1	1
Councilors	12	11
Employees	9	12
	<u>22</u>	<u>24</u>

8. Operations and maintenance

	2024	2023
	€	€
Road pavements	22,461	20,414
Signs	10,901	5,142
Road markings	1,153	3,992
Plant and equipment	-	149
Other repairs and upkeep	85,527	49,982
	<u>120,042</u>	<u>79,679</u>

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

	2024	2023
	€	€
Contractual Services:		
Waste disposal	9,839	35,509
Refuse collection	348,942	267,359
Bulky refuse collection	49,602	31,713
Cleaning services	73,986	75,843
Road and Street Cleaning	162,152	158,141
Cleaning - Public Conveniences	23,945	21,332
Cleaning - Council Premises	5,487	5,783
Cleaning and maintenance - Parks and gardens	99,657	93,249
Street lighting expenses	49,757	65,985
Local Enforcement System (L.E.S) Expenses	2,781	2,610
	<u>826,148</u>	<u>757,524</u>
Total contractual, operations and maintenance	<u>946,190</u>	<u>837,203</u>



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

9. Administrative and other expenditure

	2024	2023
	€	€
Utilities	18,102	29,992
Other repairs and upkeep	22,681	24,772
Rent	11,124	7,427
National & International memberships	-	100
Office Services	16,662	11,713
Transport	18,216	23,983
Travel	9,443	3,116
Information Services	19,864	23,933
Lease of equipment	1,278	395
Insurance	11,089	6,621
Bank charges	5,859	3,276
Professional services	115,858	57,394
Training	15,737	15,170
Other hospitality costs	7,372	1,780
Social events	200,332	108,520
Cultural events	3,919	998
Sundry minor expenses	1,404	1,493
Recovery of provision for bad debts	(24,193)	74,484
Depreciation	90,606	106,643
	545,353	501,810

**REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 31 December 2024**

SLIEMA LOCAL COUNCIL

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

10. Property, plant, and equipment

	Property €	Assets under construction €	New Street Signs €	Urban Improvements €	Plant, machinery and equipment €	Office furniture and fittings €	Computer software €	Motor vehicles €	Special Programmes €	Total €
Cost										
At 1 January 2024	181,448	329,009	98,345	1,656,134	94,656	69,280	15,351	81,813	2,279,610	4,805,646
Additions	-	3,748	-	16,646	4,362	29,309	-	560	-	54,625
At 31 December 2024	181,448	332,757	98,345	1,672,780	99,018	98,589	15,351	82,373	2,279,610	4,860,271
Grants										
At 1 January 2024	9,645	-	-	277,361	12,798	2,301	-	29,920	769,998	1,102,023
Additions	-	-	-	10,840	-	-	-	-	-	10,840
At 31 December 2024	9,645	-	-	288,201	12,798	2,301	-	29,920	769,998	1,112,863
Depreciation										
At 1 January 2024	42,541	-	98,345	1,225,886	74,987	48,594	10,764	29,425	1,371,726	2,902,268
Charge for the year	1,761	-	-	38,321	5,933	1,718	1,824	12,456	28,593	90,606
At 31 December 2024	44,302	-	98,345	1,264,207	80,920	50,312	12,588	41,881	1,400,319	2,992,874
NBV 31 December 2024	127,501	332,757	-	120,372	5,300	45,976	2,763	10,572	109,293	754,534

SLIEMA LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 31 December 2024

Notes to the Financial Statements for the year ended 31st December 2023 (cont..)

10. Property, plant, and equipment (cont.)

	Property €	Assets under construction €	New Street Signs €	Urban Improvements €	Plant, machinery and equipment €	Office furniture and fittings €	Computer software €	Motor vehicles €	Special Programmes €	Total €
Cost										
At 1 January 2023	181,448	300,975	98,345	1,646,738	91,645	58,618	11,893	17,026	2,264,103	4,670,791
Additions	-	28,034	-	9,396	3,011	10,911	3,458	64,787	15,507	135,104
Assets disposed/written off	-	-	-	-	-	(249)	-	-	-	(249)
At 31 December 2023	181,448	329,009	98,345	1,656,134	94,656	69,280	15,351	81,813	2,279,610	4,805,646
Grants										
At 1 January 2023	9,645	-	-	277,361	12,798	2,301	-	-	769,998	1,072,103
Additions	-	-	-	-	-	-	-	29,920	-	29,920
At 31 December 2023	9,645	-	-	277,361	12,798	2,301	-	29,920	769,998	1,102,023
Depreciation										
At 1 January 2023	40,780	-	98,345	1,182,095	70,538	46,760	8,940	17,026	1,331,141	2,795,625
On disposal	-	-	-	-	-	(249)	-	-	-	(249)
Charge for the year	1,761	-	-	43,791	4,449	2,083	1,824	12,399	40,585	106,892
At 31 December 2023	42,541	-	98,345	1,225,886	74,987	48,594	10,764	29,425	1,371,726	2,902,268
NBV 31 December 2023	129,262	329,009	-	152,887	6,871	18,385	4,587	22,468	137,886	801,355

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

11. Trade and other receivables

	2024	2023
	€	€
Receivables and related party undertakings (note 11.1)	24,661	284,314
Other receivables	2,929	2,929
Accrued income	67,165	38,280
Financial assets	94,755	325,523
Prepayments	3,417	7,654
	<u>98,172</u>	<u>333,177</u>

Note 11.1

	2024	2023
	€	€
Within credit period	5,271	16,889
Exceeded credit period	19,390	267,425
Impaired and provided for	172,774	187,689
Provision for doubtful debts	<u>(172,774)</u>	<u>(187,689)</u>
	<u>24,661</u>	<u>284,314</u>

The credit period on receivables (Note 11.1) is of 90 days. No interest is charged on receivables for the first 90 days from the date of request of payment. Thereafter, the Council may consider imposing an interest charge of 2% per annum on the outstanding balance. Allowances for doubtful debts are recognised against receivables after 730 days (two years). Receivables disclosed in (Note 11.1) include amounts (see below for aged analysis) that are past due at the end of the reporting date for which the Council has not recognised an allowance for doubtful debts.

Note 11.2

	2024	2023
	€	€
L.E.S receivables	603,754	612,855
Provision for L.E.S doubtful debts (reconciled in the next page)	<u>(603,754)</u>	<u>(612,855)</u>
	<u>-</u>	<u>-</u>

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

11. Trade and other receivables - cont. Note 11.2 - cont.

	2024	2023
	€	€
<i>Movement in the allowance for doubtful debts:</i>		
Balance at beginning of the year	612,855	618,020
Movement in provision	(12,101)	(5,165)
Balance at the end of the year	<u>603,754</u>	<u>612,855</u>

The credit period on L.E.S receivables (Note 11.2) is of 60 days. As the system is controlled by the Central Government, the Council has no control on the charging of interest of the imposition of penalties. Allowances for doubtful debts are recognised against receivables after 730 days (two years).

12. Cash and cash equivalents

	2024	2023
	€	€
Cash at bank	2,215,235	1,964,208
Cash in hand	2,016	2,016
	<u>2,217,251</u>	<u>1,966,224</u>

13. Deferred income

	2024	2023
	€	€
Balance at the beginning of the year	840,631	811,962
Increase during the year	24,256	58,589
Allocated during the year	(15,094)	(29,920)
Balance at the end of the year	<u>849,793</u>	<u>840,631</u>

	2024	2023
	€	€
Deferred for one year	22,361	2,360
Deferred between two and five years	827,432	838,271
	<u>849,793</u>	<u>840,631</u>

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

14. Trade and other payables

	2024	2023
	€	€
Trade payables	254,765	523,711
Other taxes	584	500
Other payables	22,953	30,915
Accruals	114,367	77,111
Total Financial Liabilities	<u>392,669</u>	632,237
Deferred income	<u>22,361</u>	2,360
	<u>416,030</u>	<u>634,597</u>

15. Contingent liabilities

During 2019, the Council committed a Bank Guarantee in favour of the Planning Authority and amounting to €6,100 in connection with a Project to construct a Car park Facility in the locality. The Council would be required to pay damages and penalties to the Planning Authority in the event that it does not execute the project in line with what is expected of it under the terms of the development permit.

During 2021, the Council has also committed 14 Bank Guarantees in favour of the Planning Authority and amounting to €2,300 each (total of €32,200) in connection with a Project to restore a number of niches in the locality. The Council would be required to pay damages and penalties to the Planning Authority in the event that it does not execute the project in line with what is expected of it under the terms of the development permit. In the current year, these were refunded, except for €3,140.

16. Related party transactions

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

Name of entity	Nature of relationship
Ministry for Tourism	Significant control
Department of Local Councils	Significant control
Regional Committee - Local Law Enforcement	No Control
Bank of Valletta	No Control
Department of Education	No Control
Enemalta Corporation	No Control
Local Councils Association	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

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

16. Related party transactions (cont.)

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

	2024	2023
Significant control Revenue:	€	€
Annual financial allocation	1,621,420	1,428,080

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

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Local Council, directly or indirectly. The main key management personnel are the Major, Councillors and the Executive Secretary.

The significant transactions carried out with key management personnel are:

	2024	2023
Personal emoluments include, inter alia:	€	€
Mayor's Allowance	21,401	20,927
Councillors' Allowance	29,400	29,400
Executive Secretary salary and allowances	49,446	43,985



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

17. Risk management objectives

The Council is exposed to credit risk, liquidity risk and contractual maturity risk through its use of financial instruments which result from its operating and investing activities. The most significant financial risks to which the Council is exposed to are described below.

17.1 Credit risk

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position (as disclosed in Notes 11 and 12, and as referred to hereunder), which arises from cash and cash equivalents and credit exposures from receivables as follows:

	2024	2023
	€	€
Trade and other receivables (Note 11.1)	94,755	325,523
Cash in bank (Note 12)	2,217,251	1,966,224
	2,312,006	2,291,747

L.E.S receivables relate to sentenced cases arising from contraventions which are legally due to the Council. The credit risk exposure is high on L.E.S receivables as the Council has no control on such collectables. The amounts have been fully provided for with a provision for bad debts.

Receivables arise from legal obligations due to the Council by third parties. The credit risk exposure is considered low as the Council is in direct contact with such debtors. Accrued income represents income receivable from Government and related agencies. Their relative credit exposure is considered low. The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective note to the financial statements and there is no collateral to secure such assets.

Cash at bank relates to balances held as savings accounts placed with a local reliable financial institution. The credit risk exposure in this respect is considered low.

17.2 Liquidity risk

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

The council manage 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 is deemed to be sufficient in view of an excess of financial assets.

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

17. Risk management objectives (cont.)

17.2 Liquidity risk (cont.)

At 31 December 2024, the contractual maturities of the Council's financial liabilities are all current (see note 14).

17.3 Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 12), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

17.4 Summary of the 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:

Current Assets	2024	2023
	€	€
Financial assets measured at amortised costs:		
Trade and other receivables	260,062	325,523
Cash and Cash Equivalents	2,217,251	1,966,224
	2,477,313	2,291,797
Current Liabilities	2023	2022
	€	€
Financial liabilities measured at amortised costs:		
Trade and other payables	393,669	632,237
	393,669	632,237

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**18. Capital risk management**

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

19. Fair value of financial assets and financial liabilities

At 31 December 2024, the fair value of financial assets and financial liabilities are not materially different from the carrying amounts.

20. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval of the financial statements by the council members.

