

KALKARA LOCAL COUNCIL

**Annual Report and
Financial Statements**

For the year ended 31 December 2024

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On behalf of Parker Russell Turner
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ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2024

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Financial Statements for the year ended 31 December 2024

Statement of Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Council's Statement of Profit or Loss 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 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 Council for the year and its retained funds as at 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 for maintaining 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.

Approved by the Council and signed on its behalf on the 30 April 2025 by:



Wayne Aquilina
Mayor



Etienne Scicluna
Executive Secretary


STATEMENT OF FINANCIAL POSITION

As at 31 December 2024


Assets	Notes	2024 €	2023 €
Non-current assets			
Property, plant and equipment	3	29,891	35,921
Current Assets			
Trade and other receivables	4	22,632	52,057
Cash and cash equivalents	5	101,605	109,778
		<u>124,237</u>	<u>161,835</u>
Total Assets		<u>154,128</u>	<u>197,756</u>
Reserves and liabilities			
Reserves			
Accumulated losses		(10,905)	(152,345)
Current liabilities			
Trade and other payables	6	165,033	350,101
Total reserves and liabilities		<u>154,128</u>	<u>197,756</u>

The notes on pages 7 to 25 are an integral part of these financial statements.

These financial statements were approved by the Local Council on 30 April 2025 and signed on its behalf by:



Wayne Aquilina
 Mayor



Etienne Scicluna
 Executive Secretary

KALKARA LOCAL COUNCIL

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 €	2023 €
Income			
Funds received from Central Government	7	587,830	343,567
Income raised under Local Enforcement System	8	2,003	1,819
General income	9	41,257	25,928
		<u>631,090</u>	<u>371,314</u>
Expenditure			
Personal emoluments	10	(154,523)	(137,917)
Operations and maintenance	11	(205,570)	(159,520)
Administration and other expenditure	12	(123,527)	(99,438)
		<u>(483,620)</u>	<u>(396,875)</u>
Surplus/ (deficit) for the year			
Depreciation	13	(6,030)	(8,926)
		<u>147,470</u>	<u>(25,561)</u>
Total deficit		<u>141,440</u>	<u>(34,487)</u>

The notes on pages 7 to 25 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Accumulated losses €
Balance as at 31 December 2022	(117,858)
Total deficit for the year ended 31 December 2023	(34,487)
Balance as at 31 December 2023	<u>(152,345)</u>
Total surplus for the year ended 31 December 2024	141,440
Balance as at 31 December 2024	<u>(10,905)</u>

The notes on pages 7 to 25 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 €	2023 €
Cash flows from operating activities			
Surplus/ (deficit) for the year		141,440	(34,487)
Adjustments for:			
Depreciation of property, plant and equipment		6,030	8,926
Bad debts		2,285	-
Operating loss before working capital changes		<u>149,755</u>	<u>(25,561)</u>
Decrease/ (Increase) in trade receivables		27,140	(2,717)
(Decrease)/ Increase in payables		(185,068)	116,901
Net cash generated from operating activities		<u>(8,173)</u>	<u>88,623</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(168,702)
Grants received		-	140,274
Net cash used in investing activities		<u>-</u>	<u>(28,428)</u>
Net movement in cash and cash equivalents		(8,173)	60,195
Cash and cash equivalents at the beginning of year		109,778	49,583
Cash and cash equivalents at end of year	5	<u>101,605</u>	<u>109,778</u>

The notes on pages 7 to 25 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. General information

Kalkara Local Council is the local authority of Kalkara setup in accordance with the Local Councils Act. The office of the Local Council is situated at 12, Binja tas-Salvatur, Wesgħet I-10 ta' Diċembru 1897, Il-Kalkara KKR 1330.

2. Reporting procedures

Overall considerations

The Local Council should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

The Local Council's management has concluded that the disclosure of the Local Council's material accounting policies below are appropriate.

(a) Accounting convention

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(b) New or revised Standards or Interpretations

New standards adopted as at 1 January 2024

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

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

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

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

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 (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(b) New or revised Standards or Interpretations – continued

The Local Council's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the 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's financial statements.

(c) Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the statement of profit or loss as it accrues.

(d) Local Enforcement System

The amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to LESA and various Regional Committees for contraventions paid at the Local Council.

(e) Expenses

Expenses are recognised in the statements of profit or loss upon utilisation of the services or at the date of their origin.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(f) Property, plant and equipment

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

	Years
Buildings	100
Office Furniture and Fittings	14
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	5
Plant and Machinery	4
Computer Equipment	4
Plants	replacement basis
Litter Bins	replacement basis
Playing Field Equipment & Street Lights	replacement basis
New Street Signs & Street Mirrors	replacement basis

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 Local 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 during the financial year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(g) Leased assets

For any new contracts entered, the Local Council considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

At lease commencement date, the Local Council recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability.

The Local Council depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Local Council also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Local Council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

On the statement of financial position, right-of-use assets have been under investment property and lease liabilities have been included in trade and other payables.

(h) Government grants

In 2018, the Local Council changed the accounting of government grants, from the income approach to the capital approach as defined in IAS 20 'Government Grants'. With the capital approach grants are deducted from capital assets.

(i) 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 cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the statement of profit or loss

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(j) Trade and other receivables

Trade and other receivables 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 trade and other receivables is established when there is objective evidence that the Local Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amounts 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 statement of profit or loss.

(k) 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 euro (€), which is the Local Council's functional and presentation currency.

(l) Surplus and deficits

Only surpluses that were realised at the date of the statement of financial position are recognised in these financial statements. All foreseeable liabilities and potential deficits 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) Related parties

Related parties are those persons or bodies of persons having relationships with the Local Council as defined in IAS 24.

(o) Trade and other payables

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Local Council.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(p) Financial instruments

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.

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

Financial assets

For the purpose of subsequent measurement, financial assets of the Local Council are classified into 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 receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(p) Financial instruments – continued

Financial liabilities

The Local 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'.

(q) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs adopted by the EU requires Local 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 the 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 Local 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).

KALKARA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. Property, plant and equipment

	Office furniture & fittings €	Computer equipment €	Office equipment €	Plant and machinery €	New street signs €	Urban improv. €	Construction €	Motor vehicle €	Special program €	Total €
Cost										
At 1 January 2024 and 31 December 2024	40,664	28,102	21,588	6,935	4,864	371,690	450,038	49,348	153,639	1,126,868
Grants and other reimbursements										
At 1 January 2024 and 31 December 2024	-	2,173	9,232	-	-	162,093	280,342	41,400	149,415	644,655
Accumulated depreciation										
At 1 January 2024	25,013	24,869	11,255	6,935	4,864	208,835	162,677	1,704	140	446,292
Charge for the year	1,466	1,060	487	-	-	256	750	1,589	422	6,030
31 December 2024	26,479	25,929	11,742	6,935	4,864	209,091	163,427	3,293	562	452,322
Net book value										
31 December 2024	14,185	-	614	-	-	506	6,269	4,655	3,662	29,891

KALKARA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. Property, plant and equipment – continued

	Office furniture & fittings	Computer equipment	Office equipment	Plant and machinery	New street signs	Urban improv.	Construction	Motor vehicle	Special program	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2023	39,089	28,102	15,027	6,935	4,864	371,690	444,167	48,292	-	958,166
Additions	1,575	-	6,561	-	-	-	5,871	1,056	153,639	168,702
At 31 December 2023	40,664	28,102	21,588	6,935	4,864	371,690	450,038	49,348	153,639	1,126,868
Grants and other reimbursements										
At 1 January 2023	-	2,173	2,671	-	-	162,093	280,342	41,400	-	488,679
Additions	-	-	6,561	-	-	-	-	-	149,415	155,976
At 31 December 2023	-	2,173	9,232	-	-	162,093	280,342	41,400	149,415	644,655
Depreciation										
At 1 Jan 2023	23,571	21,548	10,768	6,935	4,864	207,100	162,465	115	-	437,366
Charge for the year	1,442	3,321	487	-	-	1,735	212	1,589	140	8,926
At 31 December 2023	25,013	24,869	11,255	6,935	4,864	208,835	162,677	1,704	140	446,292
Net book value										
At 31 December 2023	15,651	1,060	1,101	-	-	762	7,019	6,244	4,084	35,921

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. Trade and other receivables	2024	2023
	€	€
Financial		
Accounts receivable	70	2,709
Accrued income	19,782	46,401
	<u>19,852</u>	<u>49,110</u>
Non-financial		
Prepayments	2,780	2,947
	<u>22,632</u>	<u>52,057</u>
 Receivables		
Within the current period	<u>70</u>	<u>2,709</u>
 <u>Les Receivables</u>		
Impaired and provided for	52,039	52,039
Provision for bad debts	(52,039)	(52,039)
	<u>-</u>	<u>-</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with the bank. Cash at bank and in hand included in the statement of cash flow comprise the following amounts in the Local Council's statement of financial position:

	2024	2023
	€	€
Cash at bank	98,862	108,778
Cash in hand	2,743	1,000
	<u>101,605</u>	<u>109,778</u>

6. Trade and other payables

	2024	2023
	€	€
Accounts payable	144,741	272,728
Amounts due to other Government entities	366	3,821
Deferred income	-	67,252
Accruals	19,926	6,300
	<u>165,033</u>	<u>350,101</u>

7. Funds received from Central Government

	2024	2023
	€	€
In terms of Section 55 of the Local Councils Act (Cap 363)	346,340	314,783
Additional funding from Central government	189,362	-
Other government income	52,128	28,784
	<u>587,830</u>	<u>343,567</u>

8. Income raised from Local Enforcement System

	2024	2023
	€	€
LES Administration fees	2,003	1,819
	<u>2,003</u>	<u>1,819</u>

KALKARA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. General income	2024	2023
	€	€
Income from permits	16,929	11,680
Other income	24,328	14,248
	<u>41,257</u>	<u>25,928</u>
10. Personal emoluments	2024	2023
	€	€
Mayor's allowance	11,330	11,079
Councillors' allowance	13,000	13,000
Executive secretary salary and allowances	40,817	30,910
Employees' salaries	78,154	73,435
Social security contributions	8,701	7,192
Scheme workers overtime	2,521	2,301
	<u>154,523</u>	<u>137,917</u>
11. Operations and maintenance	2024	2023
	€	€
Repairs and upkeep:		
Street signs	9,456	5,376
Other repairs and upkeep	13,185	9,567
	<u>22,641</u>	<u>14,943</u>
Contractual services:		
Refuse and organic waste collection	39,449	40,382
Bulky refuse collection	9,194	7,214
Bins	9,977	283
Road and street cleaning (mechanical and manual)	25,494	15,846
Waste disposal	70,146	54,772
Cleaning and upkeeping of soft areas	15,264	12,135
Street lighting	13,405	13,945
	<u>182,929</u>	<u>144,577</u>
Total operations and maintenance expenses	<u>205,570</u>	<u>159,520</u>

KALKARA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. Administration and other expenditure	2024	2023
	€	€
Utilities	12,497	12,850
Materials and supplies	8,960	7,808
Office services	14,461	8,420
Rent	2,185	3,059
Memberships	-	113
Transport	10,067	594
Information services	303	495
Professional services	2,989	1,510
Accountancy fees	5,664	5,664
Architect services	591	8,438
IT services	325	2,849
Insurance	5,564	5,074
Community and hospitality	51,710	40,783
Local Enforcement expenses	3,249	921
Bank charges	762	660
Legal fees	1,915	-
Donation	-	200
Bad debts	2,285	-
	<u>123,527</u>	<u>99,438</u>
13. Depreciation	2024	2023
	€	€
Depreciation on property, plant and equipment	<u>6,030</u>	<u>8,926</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. Related parties disclosures

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

Name of entity	Nature of relationship
Department of Local Government	Significant control
Waste Serv Malta	No control
Regional Committees	No control
LESA	No control
Malta Environment and Planning Authority	No control
ARMS Limited	No control
Assocjazzjoni Kunsill Lokali	No control
Police Department	No control
Department of Information	No control
Court of Justice	No control
Information and Data Protection Commissioner	No control
Malta Library & Information Association	No control
Ministry for Resources and Rural Affairs	No control
Malta Information Technology Agency	No control
Public Broadcasting Services Limited	No control
Port Regional Council	No control

The following were the significant transactions carried out by the Local Council with related party having significant control.

	2024	2023
	€	€
Revenue:		
Annual financial allocation	346,340	314,783
Additional funding from Central Government	189,362	-
	535,702	314,783

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

15. Capital commitments

There are no projected capital commitments as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. Risk management objectives and policies

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

The most significant financial risks to which the Local Council is exposed to are described below.

16.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Local Council. The Local 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 €
Class of financial assets – carrying amounts			
Trade and other receivables	4	19,852	49,110
Cash and cash equivalents	5	101,605	109,778
		<u>121,457</u>	<u>158,888</u>

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

The Local 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 4 for further information on impairment or financial assets that are past due.

None of the Local Council's financial assets are secured by collateral or other credit enhancements.

The Local Council applies IFRS 9's simplified model of recognising lifetime expected credit losses for all trade receivable as these items do not have a significant financial component.

Included in the Local Council's receivables balance are the debtors which are past due at the end of the reporting period net of an allowance for doubtful debts and excluding related party receivables. The remaining amounts are still considered recoverable as these customers have not defaulted in the past. The credit period allowed by the Local Council to its debtors is 60 days.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. Risk management objectives and policies – continued

16.1 Credit risk – continued	2024	2023
	€	€
30 to 60 days	70	424
61 to 90 days	-	-
91 to 120 days	-	-
Over 120 days	-	2,285
	<u>70</u>	<u>2,709</u>

16.2 Liquidity risk

The Local 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 Local Council's obligations when they become due.

The Local Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The Local Council's liquidity is deemed to be sufficient in view of an excess of financial assets.

At 31 December 2024, the Local Council's financial liabilities are summarised as follows:

	Current		Non – current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€
Payables	144,741	-	-	-
Deferred income	-	-	-	-
Accruals	19,926	-	-	-

This compares to the maturity of the Local Council's financial liabilities in the previous reporting period as follows:

	Current		Non – current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€
Payables	272,728	-	-	-
Deferred income	67,252	-	-	-
Accruals	6,300	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

16.3 Interest rate risk

The Local Council has no significant interest-bearing assets other than cash and cash equivalents (note 5), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Local 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.

16.4 Summary of the financial assets and liabilities by category

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

Current assets	Notes	2024	2023
		€	€
Trade and other receivables	4	19,852	49,110
Cash and cash equivalents	5	101,605	109,778
		<u>121,457</u>	<u>158,888</u>
Current liabilities		2024	2023
		€	€
Trade and other payables	6	<u>165,033</u>	<u>350,101</u>

16.5 Capital risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. Fair value estimation

At 31 December 2024 and 31 December 2023, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

18. Going concern

The statement of financial position suggests that the going concern assumption in the preparation of these financial statements is dependent on support from its creditors and other sources of funds, mainly 'The Government of Malta'. Any adverse change in these assumptions above, would not let the Local Council to be able to meet its financial obligations as they fall due without curtailing its future commitments.

REPORT OF THE LOCAL GOVERNMENT AUDITORS' ON THE FINANCIAL STATEMENTS

KALKARA LOCAL COUNCIL

**REPORT OF THE LOCAL GOVERNMENT AUDITORS' ON THE FINANCIAL
STATEMENTS**