



MDINA LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2023

Prepared by

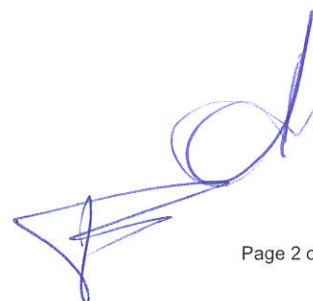
Daniel Galea B. Accty. (Hons.) CPA

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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

for the year ended 31 December 2023

The Local Government (Financial) Regulations' 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's 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 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, the 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 the 9th May 2024 and signed on its behalf by



Peter dei Conti Sant Manduca
Mayor



Mark Mallia
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	301,437	284,333
Income raised under Local Council Bye-Laws	5	10,685	13,346
Income raised under Local Enforcement System	6	171	261
General income	7	43,101	21,696
		<u>355,394</u>	<u>319,636</u>
Expenditure			
Personal emoluments	9	(100,193)	(111,236)
Operations and maintenance	10	(86,878)	(96,459)
Administrative and other expenditure	11	(75,473)	(84,628)
		<u>(262,544)</u>	<u>(292,323)</u>
Operating surplus for the year		92,850	27,313
Finance income		4	-
Surplus for the year		<u>92,854</u>	<u>27,313</u>

The notes on pages 8 to 25 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
		€	€
	<i>Notes</i>		
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	37,490	34,773
Intangible assets	13	-	-
		<u>37,490</u>	<u>34,773</u>
Current Assets			
Receivables	14	16,203	14,904
Cash and Cash Equivalents	15	473,812	372,096
		<u>490,015</u>	<u>387,000</u>
Total Assets		<u><u>527,505</u></u>	<u><u>421,773</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Fund		<u>418,521</u>	<u>325,667</u>
		<u>418,521</u>	<u>325,667</u>
Current Liabilities			
Payables	16	49,001	35,008
Deferred income	17	59,983	61,098
		<u>108,984</u>	<u>96,106</u>
Total Equity and Liabilities		<u><u>527,505</u></u>	<u><u>421,773</u></u>

These financial statements were approved by the Local Council on 9th May 2024 and signed on its behalf by:



Peter dei Conti Sant Manduca
Mayor



Mark Mallia
Executive Secretary

The notes on pages 8 to 25 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

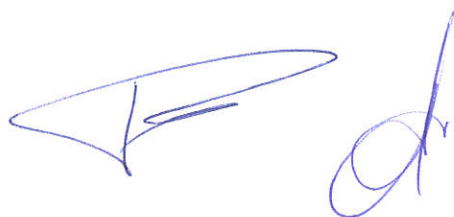
	Retained Funds €	Total €
At 1 January 2022	298,354	298,354
Surplus for the year 2022	27,313	27,313
	<hr/>	<hr/>
At 31 December 2022	325,667	325,667
	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2023	325,667	325,667
Surplus for the year 2023	92,854	92,854
	<hr/>	<hr/>
At 31 December 2023	418,521	418,521
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 25 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 €	2022 €
Cash flows from Operating Activities			
Total comprehensive income for the year		92,854	27,313
Adjustments:			
Depreciation and amortisation	8	2,634	2,697
Decrease in provision for doubtful debts	8	(816)	(5,648)
Interest receivable		(4)	-
Operating profit before working capital changes		<u>94,668</u>	<u>24,362</u>
(Increase)/decrease in receivables		(483)	25,722
Increase/(decrease) in payables		<u>12,878</u>	<u>(23,281)</u>
Net cash generated from operating activities		<u>107,063</u>	<u>26,803</u>
Cash flows from Investing Activities			
Interest received		4	-
Purchase of property, plant & equipment	12	(6,466)	(10,816)
Grants received		<u>1,115</u>	<u>68,288</u>
Net cash (used in)/generated from investing activities		<u>(5,347)</u>	<u>57,472</u>
Net increase in cash and cash equivalents		101,716	84,275
Cash and cash equivalents at the beginning of the year		<u>372,096</u>	<u>287,821</u>
Cash and cash equivalents at the end of the year	15	<u>473,812</u>	<u>372,096</u>



The notes on pages 8 to 25 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2023

1. General Information

The Mdina Local Council (the "Local Council") is the local Authority of Malta set up in accordance with the Local Government Act, 1993. The office of the Local Council is situated at Corte Capitanale, Misrah il-Kunsill, Mdina.

These financial statements were approved for issue by the Council Members on 9th May 2024. The Local Council's presentation as well as functional currency is denominated in €.

2. Material Accounting Policies

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.

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards 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 (Cap. 363).

New standards adopted as at 1 January 2023

Standards, amendments and interpretations to existing standards

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the company's financial results or position.

Standards and amendments that are effective for the first time in 2023 and could be applicable to the company are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

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 adopted early by the Council.

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

- 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)
- Lack of Exchangeability (Amendments to IAS 21)

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 2023 (cont.)

2. Material Accounting Policies (cont.)

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) Property, plant and equipment

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

	%
Land	0
Trees	0
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
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
Street Lights	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each statement of financial position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

(d) 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.

(e) Intangible assets

Intangible assets comprise externally generated computer software. In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property and equipment and accounted for in accordance with the Local Council's accounting policy on property and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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

2. Material Accounting Policies (cont.)

(e) Intangible assets (cont.)

Computer software is initially measured at cost. It is subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

(f) Receivables

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 amounts receivable is established when there is objective evidence that the Local Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

(g) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(h) Payables

Other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case other payables are measured at amortised cost using the effective interest method.

(i) Financial instruments

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and 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 instruments

Recognition and derecognition

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 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 trade 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).

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

2. Material Accounting Policies (cont.)

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

The classification is determined by both:

- the entity's business 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 Council's cash and cash equivalents, and most receivables fall into this category of financial instruments.

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 Council first identifying a credit loss event. Instead, the 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.

Classification and measurement of financial liabilities

The Council's financial liabilities include payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Council designates a financial liability at fair value through profit or loss.



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

2. Material Accounting Policies (cont.)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

(j) Leased assets

For any new contracts entered into on or after 1 January 2019, 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 (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Local Council assesses whether the contract meets three key evaluations which are

a) whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Local Council.

b) The Local Council has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

c) The Local Council has the right to direct the use of the identified asset throughout the period of use. The Local Council assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Local Council recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Local Council, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Local Council depreciates the right-of-use assets 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 indicators exist. 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 if that rate is readily available or the Group's incremental borrowing rate.

(k) Related parties

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

(l) 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.

(m) Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs and it can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues. Income from central government is not recognised until there is reasonable assurance that the Local Council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made for non-compliance are to be disclosed separately with expenses.

(n) Local Enforcement System

As from September 2012, the income recognised in the Statement of Comprehensive Income was derived from the five Regional Committees and Local Enforcement System Agency. During the year under review, the Local Council also received income from the Joint Committee under the pooling system.



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

2. Material Accounting Policies (cont.)

(o) Government grants

Government grants relating to operating expenditure are recognized 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 according to IAS20 as the Council adopted Directive 1/2017 issued by the Department of Local Government and are thus deducted from the carrying amount of the relative non-current asset. Depreciation will be accounted on the result of cost less grant.

(p) 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 and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.

(q) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(r) Expenses

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

(s) Surpluses 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 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.

(t) Capital Management

The Local Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

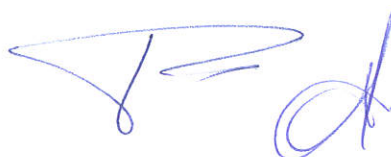
- that the Council's ability to continue as a going concern is still valid and
- that the Council maintains a positive working capital ratio.

To achieve the above, the Local Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The Local Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

3. Judgments in applying accounting policies and key sources of estimation

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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



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

4. Funds received from central government

	2023	2022
	€	€
In terms of section 55 of the Local Councils Act	232,728	227,342
Other government income	68,709	56,991
	<u>301,437</u>	<u>284,333</u>

5. Income raised from Bye-Laws

	2023	2022
	€	€
Bye-Law - administration	5,653	7,446
Mdina entry permits	5,032	5,900
	<u>10,685</u>	<u>13,346</u>

6. Local enforcement system

	2023	2022
	€	€
Administrative charges to LESA and Regional Committees	171	261
	<u>171</u>	<u>261</u>

7. General Income

	2023	2022
	€	€
Income from MTA agreement	5,548	7,163
Income from permits	7,553	1,053
Other income	30,000	13,480
	<u>43,101</u>	<u>21,696</u>

8. Surplus for the year

	2023	2022
	€	€
Surplus for the year is stated after charging		
Staff salaries	100,193	111,236
Depreciation of property, plant and equipment and amortisation of intangible assets	2,634	2,697
	<u>102,827</u>	<u>113,933</u>

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

9. Staff salaries

	2023	2022
	€	€
Mayor's remuneration	11,079	10,740
Councilors' allowances	13,000	13,000
Executive Secretary salary and allowances	39,048	45,541
Employees' salaries	31,515	36,220
Social security contributions	5,551	5,735
	<u>100,193</u>	<u>111,236</u>

10. Operations and Maintenance

	2023	2022
	€	€
<i>Repairs and upkeep:</i>		
Signs	854	463
Road markings	1,334	68
Other repairs and upkeep	6,803	11,576
Sundry material	384	3,031
	<u>9,375</u>	<u>15,138</u>
<i>Contractual services:</i>		
Waste disposal and refuse collection	4,635	12,589
Bulky refuse collection	822	396
Open skips & bring-in sites	1,086	1,861
Road & street cleaning	30,003	29,058
Cleaning & maintaining parks and gardens	34,495	30,974
Street lighting	6,462	6,443
	<u>77,503</u>	<u>81,321</u>
Total operations and maintenance costs	<u>86,878</u>	<u>96,459</u>

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

11. Administration and other expenditure

	2023	2022
	€	€
Utilities	6,938	5,579
Other repairs and upkeep	-	137
Rent	4,365	2,332
National and International Memberships	250	140
Office services	1,722	3,064
Transport	987	650
Information services	65	2,377
Insurance coverage	4,528	3,491
Bank charges	614	363
Professional services	18,193	16,675
Other support services	5,174	8,058
Hospitality	124	584
Community services	-	948
Cultural events	28,475	37,393
Local enforcement expenses	1,404	140
Depreciation	2,634	2,697
	<u>75,473</u>	<u>84,628</u>

MDINA LOCAL COUNCIL

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

12. Property, plant and equipment

	Construction	Office Furniture and fittings	Street Signs, Mirrors and Bins	Urban Imp. Costumes and Umbrellas	Motor Vehicles	Plant and machinery	Special programmes	Office and computer equipment	Trees	Playground Fur, Plants and street Lights	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2023	99,172	40,093	25,411	117,861	32,189	2,666	103,723	16,986	11,402	56,128	505,631
Additions	-	-	-	5,224	-	-	-	1,242	-	-	6,466
At 31 December 2023	99,172	40,093	25,411	123,085	32,189	2,666	103,723	18,228	11,402	56,128	512,097
Depreciation											
At 1 January 2023	99,172	23,934	25,411	105,923	-	2,666	-	15,630	-	56,128	328,864
Charge for the year	-	1,250	-	1,260	-	-	-	124	-	-	2,634
At 31 December 2023	99,172	25,184	25,411	107,183	-	2,666	-	15,754	-	56,128	331,488
Grants											
At 1 January 2023	-	-	-	4,726	32,189	-	103,723	1,356	-	-	141,994
Additions	-	-	-	1,115	-	-	-	-	-	-	1,115
At 31 December 2023	-	-	-	5,841	32,189	-	103,723	1,356	-	-	143,109
Net Book values											
At 31 December 2023	-	14,909	-	10,061	-	-	-	1,118	11,402	-	37,490

MDINA LOCAL COUNCIL

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

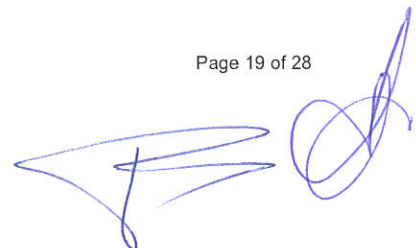
12. Property, plant and equipment (cont.)

	Construction	Office Furniture and fittings	Street Signs, Mirrors and Bins	Urban Imp. Costumes and Umbrellas	Motor Vehicles	Plant and machinery	Special programmes	Office and computer equipment	Trees	Playground Fur, Plants and street Lights	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2022	99,172	29,277	25,411	117,861	32,189	2,666	103,723	16,986	11,402	56,128	494,815
Additions	-	10,816	-	-	-	-	-	-	-	-	10,816
At 31 December 2022	99,172	40,093	25,411	117,861	32,189	2,666	103,723	16,986	11,402	56,128	505,631
Depreciation											
At 1 January 2022	99,172	22,819	25,411	105,075	-	2,666	-	14,896	-	56,128	326,167
Charge for the year	-	1,115	-	848	-	-	-	734	-	-	2,697
At 31 December 2022	99,172	23,934	25,411	105,923	-	2,666	-	15,630	-	56,128	328,864
Grants											
At 1 January 2022	-	-	-	4,726	25,000	-	103,723	1,356	-	-	134,805
Grants received during the year	-	-	-	-	7,189	-	-	-	-	-	7,189
At 31 December 2022	-	-	-	4,726	32,189	-	103,723	1,356	-	-	141,994
Net Book values											
At 31 December 2022	-	16,159	-	7,212	-	-	-	-	11,402	-	34,773

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

13. Intangible assets

	Computer software €
Cost	
At 1 January 2023	1,898
At 31 December 2023	<u>1,898</u>
Depreciation	
At 1 January 2023	1,898
At 31 December 2023	<u>1,898</u>
Net Book value	
At 31 December 2023	<u><u>-</u></u>
	Computer software €
Cost	
At 1 January 2022	1,898
At 31 December 2022	<u>1,898</u>
Depreciation	
At 1 January 2022	1,898
At 31 December 2022	<u>1,898</u>
Net Book value	
At 31 December 2022	<u><u>-</u></u>



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

14. Receivables

	2023	2022
	€	€
Receivables	2,920	3,353
Accrued income	10,095	8,358
Financial assets	<u>13,015</u>	<u>11,711</u>
Prepayments	3,188	3,193
	<u>16,203</u>	<u>14,904</u>

Receivables

General receivables are analysed as follows:

	2023	2022
	€	€
Within credit period	2,920	3,353
Exceeded credit period but not impaired	-	-
Impaired and provided for	36,811	37,627
Provision for doubtful debts	<u>(36,811)</u>	<u>(37,627)</u>
	<u>2,920</u>	<u>3,353</u>

Local Enforcement System (LES) Debtors

LES Debtors are stated after a specific provision for doubtful debts amounting to €36,811 (2022: €37,627). During the year, this movement of €816 was adjusted with corresponding decrease in provision and the resultant bad debt.

Included in the accounts receivable are amounts due from related parties amounting to €2,448 (2022: €452). These amounts are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows and statement of financial position comprise of the following:

	2023	2022
	€	€
Cash at Bank	473,480	371,577
Cash in Hand	332	519
	<u>473,812</u>	<u>372,096</u>

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

16. Payables

	2023	2022
	€	€
Payables	27,793	12,364
Other Payables	100	675
Accruals	21,108	21,969
	<u>49,001</u>	<u>35,008</u>

Included in the accounts payable are amounts to related parties amounting to €1,978 (2022 : €188). These amounts are unsecured, interest free and repayable on demand.

Contracted maturities of these payables are as follows:

2023	0-90 days	91-180 days	181-365 days	Total
	€	€	€	€
Payables	27,793	-	-	27,793
Other payables	100	-	-	100
Accruals	21,108	-	-	21,108
	<u>49,001</u>	<u>-</u>	<u>-</u>	<u>49,001</u>
2022	0-90 days	91-180 days	181-365 days	Total
	€	€	€	€
Payables	12,364	-	-	12,364
Other payables	675	-	-	675
Accruals	21,969	-	-	21,969
	<u>35,008</u>	<u>-</u>	<u>-</u>	<u>35,008</u>

17. Deferred income

	2023	2022
	€	€
Government grants		
At 1 January	61,098	7,500
Increase in year	-	61,098
	<u>61,098</u>	<u>68,598</u>
Used during the year	(1,115)	(7,500)
At 31 December	<u>59,983</u>	<u>61,098</u>
Current Deferred Income	<u>59,983</u>	<u>61,098</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**18. Capital commitments**

	2023	2022
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	135,000	120,000
- Contracted for but not provided in the financial statements	-	-
	<u>135,000</u>	<u>120,000</u>
(i) Approved but not yet contracted for:		
Office furniture and fittings	5,000	-
Upgrading of Howard Gardens	120,000	120,000
Office equipment	10,000	-
	<u>135,000</u>	<u>120,000</u>

These commitments will be partly financed from grants receivable by the Local Council of €81,464

19. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department for Local Government	Significant control
North Joint Committee (Local Enforcement)	Joint Control
West Regional Committee	Joint Control
North Regional Committee	No Control
Gozo Regional Committee	No control
Port Regional Committee	No control
South Regional Committee	No control
Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
ARMS	No control
Bank of Valletta plc	No control
Department of Information	No control
MITA	No control
Association of Local Councils' Secretaries	No control
Ministry for Resources and Rural Affairs	No control
Local Councils Association	No control
Local Enforcement Systems Agency	No control

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

19. Related party transactions (cont.)

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

	2023 €	2022 €
<i>Income</i>		
Transactions with central government	301,437	284,333
Transactions with regions	171	261
	<u>301,608</u>	<u>284,594</u>
 <i>Expenditure</i>		
Transactions with government entities	15,938	8,306
Key personnel remuneration	100,193	111,236
	<u>116,131</u>	<u>119,542</u>

20. Ultimate controlling party

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

21. 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.

22. Financial Risk Management

The Local Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Local Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Local Council's financial performance.

Credit risk

Financial assets which potentially subject the Local Council to concentrations of credit risk consist principally of cash at bank and debtors. The Local Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Local Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to receivables is monitored continuously and the Local Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Local Council has no significant concentration of credit risk.

The maximum exposure to credit risk for amounts receivable at the reporting date, net of impairment losses, by type of customer is as follows:

- Receivables from related parties: €2,920 (2022: €3,353)

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

22. Financial Risk Management (cont.)

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Local Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Local Council has as cash and cash equivalents the amount of €473,812.

This should ensure an ongoing working capital of the Local Council for the next 12 months. The Council also maintains a positive current net asset position of €381,031 (2022: € 290,894) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

Foreign Currency Risk

Foreign currency transactions arise when the Local Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currencies.

Interest Rate Risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objective of interest rate risk management is to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximising the net interest income.

Market risks

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Other risks

The Local Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Local Council to cash flow interest rate risk. In general, the Local Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

Summary of financial assets and liabilities by category:

	2023	2022
	€	€
Current Assets		
Loans and receivables:		
Accounts and other receivables	13,015	11,711
Cash and Cash Equivalents	473,812	372,096
	<u>486,827</u>	<u>383,807</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	<u>27,793</u>	<u>12,364</u>

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

23. Capital Risk Management

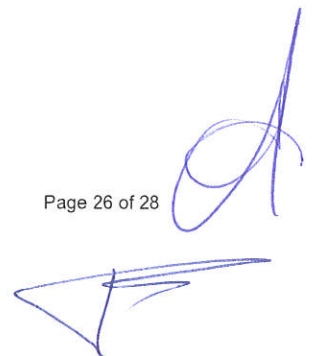
The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

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.

24. Fair value of financial assets and financial liabilities

At 31 December 2023 and at 31 December 2022, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amount.



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