KUNSILL REĠJONALI PORT

Annual Report

and

Financial Statements

for the year ended 31 December 2024

Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

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

for the year ended 31 December 2024

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Regional Council's statement of comprehensive income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Regional 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 Regional Councils, the income and expenditure of the Regional Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, the Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Regional Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Regional Council on the 17th February 2025 and signed on its behalf by

Chev. Paul Farrugia
President

Lianne Cassar
Deputy Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 €	2023 €
INCOME			
Funds received from Central Government	5	**666,665**	583,332
Funds received from Local Enforcement System	6	**33,975**	35,149
General income	7	**3,572,594**	2,045,035
		4,273,234	2,663,516
EXPENDITURE			
Personnel emoluments	9	**(110,390)**	(102,586)
Operations and maintenance	10	**(3,327,272)**	(2,665,954)
Administration and other expenditure	11	**(160,668)**	(133,648)
		(3,598,330)	(2,902,188)
Operating surplus / (deficit) for the year	8	**674,904**	(238,672)
Finance income	12	**1,077**	882
Surplus / (deficit) for the year		**675,981**	(237,790)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 €	2023 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	**25,387**	40,270
Other intangible assets		**-**	64
		25,387	40,334
Current Assets			
Receivables	14	**1,150,179**	885,919
Cash and cash equivalents	15	**4,591,913**	3,799,526
		5,742,092	4,685,445
Total Assets		**5,767,479**	4,725,779
EQUITY AND LIABILITIES			
Reserves			
Retained funds		**2,873,877**	2,197,896
		2,873,877	2,197,896
Non-Current Liabilities			
Advance payment	17	**200,000**	200,000
Lease liabilities		**-**	14,747
		200,000	214,747
Current Liabilities			
Borrowings	18	**737,825**	737,825
Payables	16	**1,941,030**	1,559,968
Lease liabilities		**14,747**	15,343
		2,693,602	2,313,136
Total liabilities		**2,893,602**	2,527,883
Total Equity and Liabilities		**5,767,479**	4,725,779

These financial statements were approved by the Regional Council on 17th February 2025 and signed on its behalf by:

Chev. Paul Farrugia
President

Lianne Cassar
Deputy Executive Secretary

The notes on pages 8 to 22 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Retained Funds €
At 1 January 2023	2,435,686
Total comprehensive deficit for the year	(237,790)
At 31 December 2023	**2,197,896**
At 1 January 2024	2,197,896
Total comprehensive surplus for the year	675,981
At 31 December 2024	**2,873,877**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 €	2023 €
Cash flows from Operating Activities			
Total comprehensive surplus / (deficit) for the year		**675,981**	(237,790)
Adjustments for:			
Interest receivable		**(1,077)**	(882)
Depreciation on right-of-use asset		**15,342**	15,665
Depreciation on property, plant and equipment and amortisation of intangible asset		**3,040**	5,142
Finance cost		**1,730**	1,730
Operating surplus / (deficit) before working capital changes		**695,016**	(216,135)
Decrease in receivables		**(264,260)**	(801,286)
Increase in payables		**380,466**	427,686
Cash generated from / (used in) operating activities		**811,222**	(589,735)
Cash flows from Investing Activities			
Purchase of property, plant and equipment		**(3,435)**	(4,896)
Proceeds from government grant		**-**	13,696
Interest received		**1,077**	882
Cash (used in) / generated from investing activities		**(2,358)**	9,682
Cash flows from Financing Activities			
Proceeds from borrowings		**-**	737,825
Interest paid on lease liabilities		**(1,730)**	(1,730)
Lease payments		**(14,747)**	(16,882)
Cash (used in) / generated from financing activities		**(16,477)**	719,213
Net Increase in Cash and cash equivalents		**792,387**	139,160
Cash and cash equivalents at the beginning of the year		**3,799,526**	3,660,366
Cash and cash equivalents at the end of the year	*15*	**4,591,913**	**3,799,526**

The notes on pages 8 to 22 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2024

1. General Information

Port Regional Council was setup in accordance with the Local Councils Act (Act XVI 2009) which included new legislative amendments regarding the setup of the five Regional Councils and the publishing of guidelines governing Regional Councils. The Port Regional Council has been established under the provisions of Art 37A (1) of the Act in accordance with Legal Notice 320 of 2012 dated 5th August 2012 and amended as per LN 363 of 2021 dated 10th September 2021. The office of the Port Regional Council is situated at 97, Triq Santa Marija, Hal Tarxien TXN 1708. Malta,

These financial statements were approved for issue by the Regional Council Members on the 17th February 2025. The Regional Council's presentation as well as functional currency is denominated in €.

2. Reporting procedures

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 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 Regional 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 Regional 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.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Regional 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 Regional Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Regional Council.

Other Standards and amendments that are not yet effective and have not been adopted early by the Regional 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'

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

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.

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 Regional Council's financial statements.

3. Material Accounting Policies

An entity 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 Regional Council has concluded that the disclosure of the Regional Council's material accounting policies below are appropriate.

These policies have been consistently applied to all the years presented, unless otherwise stated.

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:

	%
Office furniture and fittings	7.5
Office equipment	20
Playground equipment	100
Computer equipment	25

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 Regional 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.

Assets not yet capitalised represents costs incurred on projects of the Regional Council which are still not finalised and is stated at cost. These include landscaping and a custom made Customer Care IT system. Costs included under assets not yet capitalised will be transferred to Computer Software and Special Programmes upon completion. The account is not depreciated until such time that the asset is completed and available for use.

Leases

The Regional Council as a lessee

The Regional Council makes use of leasing arrangements principally for the provision of office space. The rental contract for office space is typically negotiated for a period of 4 years.

At inception of a contract, the Regional Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Regional Council assesses whether:

Notes to the Financial Statements for the year ended 31 December 2024

3. Material accounting policies (cont.)

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Regional Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Regional Council has the right to direct the use of the asset. The Regional Council has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Regional Council has the right to direct the use of the asset if either:
- The Regional Council has the right to operate the asset; or
- The Regional Council designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Regional Council allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Regional Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Regional Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Regional Council's incremental borrowing rate. Generally, the Regional Council uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Regional Council is reasonably certain to exercise., lease payments in an optional renewal period if the Regional Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Regional Council is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Regional Council's estimate of the amount expected to be payable under a residual value guarantee or if the Regional Council changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Regional Council presents separately right-of-use assets in the statement of financial position

Short-term leases and leases of low-value assets

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

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

3. Material accounting policies (cont.)

Impairment of non financial assets

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.

Amounts receivable

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Regional 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.

Government grants

Government grants relating to administrative and other 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 and are thus deducted from the carrying amount of the relative non-current asset.

Other 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 trade and other payables are measure at amortised cost using the effective interest method.

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 Regional Council has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Regional 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).

Financial assets are classified into the following categories:

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

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

3. Material accounting policies (cont.)

The Regional 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 Regional 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 Regional Council first identifying a credit loss event. Instead, the Regional 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 Regional Council's financial liabilities include lease liabilities and payables.

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

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'.

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

3. Material accounting policies (cont.)

Related parties

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

Income recognition

Income is recognised at the fair value of the amount received or receivable, to the extent that it is probable that future economic benefits will flow to the Regional Council and these 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 assets to that asset's net carrying amount.

Government grants are recognised when there is reasonable assurance that all conditions attaching to them are complied with and the grants will be received. Government grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs which are intended to compensate, on a systematic basis. Such grants are presented as an income in the statement of comprehensive income.

Local Enforcement Income

Local Enforcement Income represents the income as it accrues from contraventions as controlled by the Local Enforcement System (L.E.S.). The Local Councils' Regional Council does not form part of any Joint Committee. The function of the Regional Council within the system is to manage the bank account in which the LES Online receipts are deposited and then distribute the paid contraventions to the various Local Councils. The amounts disclosed in the financial statements under Local Enforcement payables is the net of the cash held at the bank, into which the LES Online deposits are credited and the amount of contravention receipts, so credited, that were not yet distributed by year end. The notes within the cash and cash equivalents and payables further illustrate the situation.

Profits and losses

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.

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.

Capital Management

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

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

To achieve the above, the Regional 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 Regional 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.

4. 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 Regional 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 2024 (cont.)

5. Funds received from Central Government

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act	**666,665**	583,332
	666,665	583,332

6. Funds received from Local Enforcement System

	2024	2023
	€	€
Income from Contraventions	**33,975**	35,149

7. General Income

	2024	2023
	€	€
Reimbursement of payroll from LESA	**28,764**	28,530
Reimbursement of operational costs from LESA	**48,842**	30,955
Refuse collection and disposal	**2,961,987**	1,981,619
Other income	**533,001**	3,931
	3,572,594	2,045,035

8. Operating Surplus/(Deficit) for the year

	2024	2023
	€	€
Operating surplus/(deficit) for the year is stated after charging:		
Staff salaries	**110,390**	102,586
Depreciation of property plant & equipment and amortisation	**18,382**	20,807

9. Personnel emoluments

	2024	2023
	€	€
Personnel emoluments include, inter alia:		
President's honoraria	**22,660**	22,158
Executive Secretary salary and allowances	**35,701**	31,001
Employee's salaries	**47,802**	45,535
Social Security Contributions	**4,227**	3,892
	110,390	102,586

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

10. Operations and maintenance

	2024	2023
	€	€
Local Councils Schemes	**164,908**	108,175
Refuse collection and disposal	**3,052,907**	2,511,393
Grant to University of Malta	**-**	34,500
Bid book Belt Kulturali	**100,000**	-
Local Enforcement System - expenses	**9,457**	11,886
	3,327,272	2,665,954

11. Administrative and other expenditure

	2024	2023
	€	€
Utilities	**4,478**	5,752
Repairs and maintenance	**2,535**	5,386
Rent	**27,134**	19,259
National and international memberships	**250**	-
Office services	**16,108**	11,367
Travel	**-**	1,348
Transport	**2,153**	2,777
Insurance	**3,243**	2,306
Bank charges	**41**	221
Other contractual services	**2,178**	1,086
Professional services	**31,539**	23,328
Public relations	**856**	2,153
Community and hospitality	**49,468**	36,128
Movement in provision for bad debts	**573**	-
Finance cost - IFRS 16	**1,730**	1,730
Depreciation on right of use assets	**15,342**	15,665
Depreciation on property, plant and equipment	**3,040**	5,142
	160,668	**133,648**

12. Finance income

	2024	2023
	€	€
Interest income	**1,077**	882

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

13. Property, plant and equipment

	Office Equipment €	Computer Equipment €	Furniture & Fittings €	Playground Equipment €	Right of use Asset €	Total €
Cost						
At 1 January 2024	2,728	19,582	22,435	27,200	62,659	**134,604**
Additions for the year	-	2,292	1,143	-	-	**3,435**
At 31 December 2024	2,728	21,874	23,578	27,200	62,659	**138,039**
Depreciation						
At 1 January 2024	2,356	18,404	15,044	9,200	31,330	**76,334**
Charge for the year	323	877	1,776	-	15,342	**18,318**
At 31 December 2024	2,679	19,281	16,820	9,200	46,672	**94,652**
Grants						
At 1 January 2024	-	-	-	18,000	-	**18,000**
Reclassification	-	-	-	-	-	**-**
At 31 December 2024	-	-	-	18,000	-	**18,000**
Net Book values						
At 31 December 2024	**49**	**2,593**	**6,758**	**-**	**15,987**	**25,387**

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

13. Property, plant and equipment (cont.)

	Office Equipment €	Computer Equipment €	Furniture & Fittings €	Playground Equipment €	Right of use Asset €	Total €
Cost						
At 1 January 2023	2,728	19,582	22,435	27,200	62,659	**134,604**
At 31 December 2023	2,728	19,582	22,435	27,200	62,659	**134,604**
Depreciation						
At 1 January 2023	2,033	15,902	13,171	9,200	15,665	**55,971**
Charge for the year	323	2,502	1,873	-	15,665	**20,363**
At 31 December 2023	2,356	18,404	15,044	9,200	31,330	**76,334**
Grants						
At 1 January 2023	-	-	-	18,000	-	**18,000**
At 31 December 2023	-	-	-	18,000	-	**18,000**
Net Book values						
At 31 December 2023	**372**	**1,178**	**7,391**	**-**	**31,329**	**40,270**

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

14. Receivables

	2024	2023
	€	€
Other receivables	**732,277**	801,218
Prepayments and accrued income	**417,902**	84,701
	1,150,179	**885,919**

Receivables

General receivables are analysed as follows:

	2024	2023
	€	€
Within credit period	**238,289**	398,257
Exceeded credit period but not impaired	**493,988**	402,961
Impaired and provided for	**1,801,964**	1,875,078
Provision for doubtful debts	**(1,801,964)**	(1,875,078)
	732,277	**801,218**

Accrued income includes amounts receivable for contraventions which were unpaid as at year end. Contraventions which were unpaid as at year end on which the tribunal has issued a decision by December 2019 were considered doubtful and a provision for these amounts was recorded in the financial statements. These amounts which were considered as irrecoverable totalled to €1,801,964 (2023 – €1,875,078).

Included in the other accounts receivable are amounts due from related parties amounting to €574,283 (2023 : €801,218). 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 comprise the following statement of financial position amounts.

	2024	2023
	€	€
Bank balance	**4,591,821**	3,799,403
Cash in hand	**92**	123
	4,591,913	3,799,526

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

16. Payables

	2024	2023
	€	€
Financial Liabilities		
Trade payables	**605,567**	416,481
Accruals	**153,008**	132,231
Other general payables	**1,150,510**	979,311
Other LES payables	**2,000**	2,000
	1,911,085	1,530,023

	2024	2023
	€	€
Non-Financial Liabilities		
Funds received from tarmac projects within Local Councils	**29,945**	29,945
	29,945	29,945
Total Payables	**1,941,030**	1,559,968

Included in the accounts payable are amounts due to related parties amounting to €448,668 (2023 : €257,353). These amounts are unsecured, interest free and repayable on demand.

17. Advance Payment

Advanced payment relates to income received from government in relation to capital projects. The below balances represent advanced payment received for capital projects that were not yet started at the end of the financial year.

	2024	2023
	€	€
Non-current		
Lease Liability - IFRS 16	**-**	14,747
Capital project - ESC Plan	**200,000**	200,000
	200,000	214,747

18. Borrowings

	2024	2023
	€	€
Loans due to LGD	**149,297**	149,297
Amount due to LGD	**588,528**	588,528
	737,825	737,825

These amounts are unsecured, interest free and repayable on demand

19. Ultimate controlling party

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

20. Capital Commitments

The Regional Council committed Eur86,000 for the purchase of an electric van and Eur5,000 for the purchase of furniture, fixtures and fittings. The Council is expected to receive Eur72,398 from Government schemes as refund of the cost of the electric van. Other commitments will be financed from its funds.

21. Financial Risk Management

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

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

Credit risk

Financial assets which potentially subject the Regional Council to concentrations of credit risk consist principally of cash at bank and debtors. The Regional 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 Regional Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Regional Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Regional Council has no significant concentration of credit risk.

Summary of financial assets and liabilities by category:

	2024	2023
	€	€
Current Assets		
Financial assets measured at amortised costs:		
Accounts and other receivables	**1,137,491**	872,727
Cash and Cash Equivalents	**4,591,913**	3,799,526
	5,729,404	4,672,253
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	**758,575**	548,712

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

21. Financial Risk Management (cont.)

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Regional 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 Regional 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 Regional Council has as cash and cash equivalents the amount of €4,591,913. This should ensure an ongoing working capital of the Regional Council for the next 12 months. The Regional Council registered a profit for the year of €675,981 (2023: loss of €237,790) during the year ended 31 December 2024, and as at that date, the Regional Council had a net current asset position of €3,048,490 (2023: €2,372,309).

Foreign Currency Risk

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

Interest Rate Risk

The Regional Council operates bank accounts without any financing facilities. As a result, the Regional Council is not exposed to cash flow interest rate risk on bank balances.

Other risks

Borrowings issued at variable rates expose the Regional Council to cash flow interest rate risk. In general, the Regional 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 Executive Council Members 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.

22. Related party transactions

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

Name of Entity	*Nature of relationship*
Local Enforcement System Agency	No control
Local Councils of Malta and Gozo	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Arms Limited	No control
Police General Headquarters	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Office of the Prime Minister	No control
Housing Authority	No control
Local Councils' Association	No control
Office of the Commissioner for Data Protection	No control
Association of Local Councils' Secretaries	No control
Ministry for Resources and Rural Affairs	No control

Transactions were carried out with Central Government for the payment of the Government Allocation amounting to €666,665 (2023: €583,332).

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

22. Related party transactions (cont.)

Transactions were carried out with other Local Councils and Government entities that do not have control over the Region. These mainly include various Local Councils in Malta and Gozo and amount to €2,651,147 (2023: €2,523,279), representing collection and disposal of waste and administration fees on contraventions paid and local councils schemes.

The amounts due from / to related parties at year-end are disclosed in notes 14 and 16. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

23. Fair values estimation

At 31 December 2024 and at 31 December 2023, 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.

24. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.

Report of the Local Government Auditors to the Auditor General