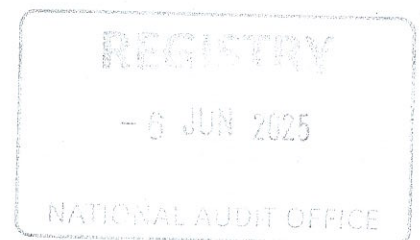




SWIEQI LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2024



Prepared by

Daniel Galea B. Accty. (Hons.) CPA

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

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Statement of Local 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 Local Council's statement of comprehensive income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local 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, Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 28th May 2025 and signed on its behalf by:



Noel Muscat
Mayor



Clarissa Buhagiar
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	932,023	871,727
Income raised under Council Bye-Laws	5	1,860	4,964
Income raised under Local Enforcement System	6	8,169	4,972
General Income	7	67,220	63,279
		<u>1,009,272</u>	<u>944,942</u>
 Expenditure			
Personal emoluments	9	(153,472)	(151,903)
Operations and maintenance	10	(554,620)	(489,769)
Administrative and other expenditure	11	(301,408)	(261,043)
		<u>(1,009,500)</u>	<u>(902,715)</u>
 Operating (deficit) / surplus for the year		(228)	42,227
 Investment income	12	73	54
 (Deficit) / surplus for the year		<u>(155)</u>	<u>42,281</u>

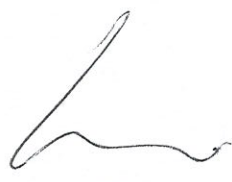
The notes on pages 8 to 25 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION


As at 31 December 2024

		2024 €	2023 €
ASSETS	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	13	476,445	318,581
Intangible assets	14	-	1,112
		<u>476,445</u>	<u>319,693</u>
Current assets			
Receivables	15	86,164	267,444
Cash and cash equivalents	16	180,942	439,364
		<u>267,106</u>	<u>706,808</u>
Total assets		<u><u>743,551</u></u>	<u><u>1,026,501</u></u>
EQUITY AND LIABILITIES			
Reserves			
Retained fund		<u>534,515</u>	534,670
		<u>534,515</u>	<u>534,670</u>
Current liabilities			
Payables	17	<u>209,036</u>	491,831
		<u>209,036</u>	<u>491,831</u>
Total equity and liabilities		<u><u>743,551</u></u>	<u><u>1,026,501</u></u>

These financial statements were approved by the Local Council on the 28th May 2025 and signed on its behalf by:



 Noel Muscat
 Mayor



 Clarissa Buhagiar
 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 2024

	Retained Funds €
At 1 January 2023	492,389
Surplus for the year 2023	42,281
	<hr/>
At 31 December 2023	534,670
	<hr/> <hr/>
At 1 January 2024	534,670
Deficit for the year 2024	(155)
	<hr/>
At 31 December 2024	534,515
	<hr/> <hr/>

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

		2024	2023
		€	€
	Note		
Cash flows from Operating Activities			
(Deficit) / profit for the year		(155)	42,281
Reconciliation to cash generated from operations:			
Depreciation of property, plant and equipment	13	59,807	49,997
Amortization of intangible assets	14	1,112	1,483
Interest receivable		(73)	(54)
Increase in provision for doubtful debts		4,769	-
Bad debts written off		(3,896)	-
Operating profit before working capital changes		<u>61,564</u>	93,707
Decrease/(increase) in receivables		128,345	(50,338)
Decrease in payables		<u>(282,795)</u>	<u>(103,737)</u>
Cash used in operating activities		(92,886)	(60,368)
Cash flows from Investing Activities			
Interest received		73	54
Purchase of property, plant & equipment		(202,981)	(50,823)
Receipt of grant		<u>37,372</u>	<u>15,120</u>
Cash used in investing activities		(165,536)	(35,649)
Net decrease in cash and cash equivalents		(258,422)	(96,017)
Cash and cash equivalents at the beginning of the year		<u>439,364</u>	<u>535,381</u>
Cash and cash equivalents at the end of the year	16	<u><u>180,942</u></u>	<u><u>439,364</u></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 2024

1. General Information

The Swieqi Local Council is the local Authority of Swieqi set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at G. Bassiera Road, Swieqi. These financial statements were approved for issue by the Council Members on the 28th May 2025. The Local Council's presentation as well as functional currency is denominated in €.

2. Material Accounting Policies and Reporting Procedures

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted 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 Local 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.

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

None of these Standards or amendments to existing Standards have been adopted early by the Local Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Local Council.

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

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

2. Material Accounting Policies and Reporting Procedures (cont.)

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:

	Years
Land	No depreciation
Trees	No depreciation
Buildings	50
Office Furniture and Fittings	13 1/3 years
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	5
Motor Vehicles	5
Plant and Machinery	5
Computer Equipment	4
Plants	0
Litter Bins	Replacement basis
Playground Furniture	0
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
Street Lights	0

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.

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 Group'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.

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.

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

2. Material Accounting Policies and Reporting Procedures (cont.)

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.

Leases

The Council has applied IFRS 16 using the retrospective approach. At inception of a contract, the 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 Council assesses whether:

- 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 Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Council has the right to direct the use of the asset. The 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 Council has the right to direct the use of the asset if either:
 - The Council has the right to operate the asset; or
 - The Council designed the asset in a way that predetermines how and for what purpose it will be used.

The Council has applied this approach to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the 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 Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 Council's incremental borrowing rate. Generally, the 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 Council is reasonably certain to exercise, lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Council is reasonably certain not to terminate early

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

2. Material Accounting Policies and Reporting Procedures (cont.)

Financial assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition. Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

The Council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

Related parties

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

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 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.

Local Enforcement System

As from September 2012, the income recognised in the Income Statement was derived from the five Regional Committees and Local Enforcement System Agency.

Government grants

Government Grants relating to operating expenditure are recognised in the Statement of Comprehensive Income in the same period that the related expenditure is incurred.

Government Grants relating to the purchase of property, plant and equipment are accounted for using the capital approach, and are thus deducted from the carrying amount of the relative non-current asset.

Up to the year ended 31 December 2017, government grants were accounted for using the income approach according to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. On 1 January 2018, the capital approach, according to IAS 20, has been adopted, in line with Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and according to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, has been accounted for retrospectively.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**11. Administrative and other expenditure**

	2024	2023
	€	€
Utilities	30,672	28,915
Repairs and maintenance	2,653	11,962
Rent	8,665	9,504
National and international memberships	1,800	900
Office services	4,688	6,306
Transportation	8,311	2,506
Information services	4,427	4,502
Insurance coverage	6,229	4,148
Bank charges	931	817
Cleaning council premises	7,025	6,833
Professional services	79,134	54,214
Social and cultural events	79,970	78,721
Sundry minor expenses	1,215	235
Increase in provision for doubtful debts	4,769	-
Depreciation and amortisation	60,919	51,480
	<u>301,408</u>	<u>261,043</u>

12. Investment income

	2024	2023
	€	€
Investment income	73	54
	<u>73</u>	<u>54</u>

SWIEQI LOCAL COUNCIL

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

13. Property, plant and equipment

	Urban Improvements	Street lights, Mirrors & Playground Eq.	Furniture & Fittings	New Street Signs and Lighting	Office Equipment	Computer Equipment	Motor vehicles	Assets under construction	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2024	78,532	100,101	51,089	75,507	36,423	29,275	18,270	457,412	1,385,165	2,231,774
Additions	162,786	-	2,920	-	2,053	850	46,715	23,765	-	239,089
Reclassification	203,376	-	-	-	-	-	-	(203,376)	-	-
At 31 December 2024	444,694	100,101	54,009	75,507	38,476	30,125	64,985	277,801	1,385,165	2,470,863
Depreciation										
At 1 January 2024	44,882	89,934	30,059	75,507	34,660	27,584	18,270	-	505,414	826,310
Charge for the year	19,796	1,220	2,568	-	1,192	1,176	1,246	-	32,609	59,807
At 31 December 2024	64,678	91,154	32,627	75,507	35,852	28,760	19,516	-	538,023	886,117
Grants										
At 1 January 2024	-	-	-	-	-	-	-	438,897	647,986	1,086,883
Additions	36,108	-	-	-	-	-	37,372	4,000	-	77,480
Grants foregone	-	-	-	-	-	-	-	(56,062)	-	(56,062)
Reclassification	171,039	-	-	-	-	-	-	(171,039)	-	-
At 31 December 2024	207,147	-	-	-	-	-	37,372	215,796	647,986	1,108,301
Net Book values										
At 31 December 2024	172,869	8,947	21,382	-	2,624	1,365	8,097	62,005	199,156	476,445

SWIEQI LOCAL COUNCIL

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

13. Property, plant and equipment (cont.)

	Urban Improvements €	Street lights, Mirrors & Playground Eq. €	Furniture & Fittings €	New Street Signs and Lighting €	Office Equipment €	Computer Equipment €	Motor vehicles €	Assets under construction €	Special Programmes €	Total €
Cost										
At 1 January 2023	57,814	100,101	38,984	75,507	36,423	29,275	18,270	676,249	1,148,328	2,180,951
Additions	20,718	-	12,105	-	-	-	-	18,000	-	50,823
Reclassification	-	-	-	-	-	-	-	(236,837)	236,837	-
At 31 December 2023	78,532	100,101	51,089	75,507	36,423	29,275	18,270	457,412	1,385,165	2,231,774
Depreciation										
At 1 January 2023	38,765	88,847	28,022	75,507	32,765	24,661	17,052	-	470,694	776,313
Charge for the year	6,117	1,087	2,037	-	1,895	2,923	1,218	-	34,720	49,997
At 31 December 2023	44,882	89,934	30,059	75,507	34,660	27,584	18,270	-	505,414	826,310
Grants										
At 1 January 2023	-	-	-	-	-	-	-	483,907	587,856	1,071,763
Additions	-	-	-	-	-	-	-	11,343	3,777	15,120
Reclassification	-	-	-	-	-	-	-	(56,353)	56,353	-
At 31 December 2023	-	-	-	-	-	-	-	438,897	647,986	1,086,883
Net Book values										
At 31 December 2023	33,650	10,167	21,030	-	1,763	1,691	-	18,515	231,765	318,581

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

14. Intangible Assets

	Computer software €	Total €
Cost		
At 1 January and 31 December 2024	9,712	9,712
Depreciation		
At 1 January 2024	8,600	8,600
Charge for the year	1,112	1,112
At 31 December 2024	9,712	9,712
Net Book value at 31 December 2024	-	-
	Computer software €	Total €
Cost		
At 1 January and 31 December 2023	9,712	9,712
Depreciation		
At 1 January 2023	7,117	7,117
Charge for the year	1,483	1,483
At 31 December 2023	8,600	8,600
Net Book value at 31 December 2023	1,112	1,112

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

15. Receivables

	2024	2023
	€	€
Trade receivables	13,383	70,556
Other receivables and accrued income	65,272	188,118
Prepayments	7,509	8,770
	<u>86,164</u>	<u>267,444</u>

	2024	2023
	€	€
Financial receivables	78,655	258,674
Non-financial receivables	7,509	8,770
	<u>86,164</u>	<u>267,444</u>

Receivables

Credit period analysis:

	2024	2023
	€	€
Within credit period	600	6,470
Exceeded credit period but not impaired	12,783	64,086
Impaired and provided for	103,013	98,501
Provision for doubtful debts	(103,013)	(98,501)
	<u>13,383</u>	<u>70,556</u>

Impaired and written off	<u>3,896</u>	<u>-</u>
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	2024	2023
	€	€
61 - 90 days	-	336
91 - 120 days	263	-
Over 120 days	18,801	69,160
	<u>19,064</u>	<u>69,496</u>

Impairment recognized on receivables includes outstanding monies due from the Law Enforcement Pre-Pooling System amounting €96,731 (2023: €98,501). The balances are older than two years and have been impaired in full in line with guidance received from the Department from Local Government.

16. 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
	€	€
Cash at bank	179,313	439,187
Cash in hand	1,629	177
	<u>180,942</u>	<u>439,364</u>

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

17. Payables

	2024	2023
	€	€
Payables	115,130	174,435
Other payables	2,995	8,800
Deferred Income	26,220	258,937
Accruals	64,691	49,659
	<u>209,036</u>	<u>491,831</u>
	2024	2023
	€	€
Financial liabilities	182,816	232,894
Non-financial liabilities	26,220	258,937
	<u>209,036</u>	<u>491,831</u>
	2024	2023
	€	€
Within credit period	3,301	64,136
Exceeded credit period but not impaired	111,829	110,299
	<u>115,130</u>	<u>174,435</u>
	2024	2023
	€	€
61 - 90 days	9,660	27,516
91 - 120 days	30,958	-
Over 120 days	71,211	82,783
	<u>111,829</u>	<u>110,299</u>

Included in the accounts payable are amounts due to related parties amounting to €18,770 (2023 : €28,228). These amounts are unsecured, interest free and repayable on demand.

18. Contingent liability and assets

The Council receives motor claims from third parties suffering damages when using the streets of the Locality. The claims are assessed by the Council before acceptance of liability. The Council is currently contesting such a claim in front of the Small Claims Tribunal which amount is not expected to exceed €1,538.

There are a number of cases before the revision Board of Planning Authority where the Council is appearing as an interested third party thereto but this should not have any financial impact on the said council.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**19. Capital Commitments**

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	771,048	101,000
- Contracted for but not provided in the financial statements	-	-
	<u>771,048</u>	<u>101,000</u>
(i) Approved but not yet contracted for:		
lbragg road	700,000	-
Madliena environmental trail	-	90,000
Gnien Maurice CC	60,048	-
Furniture & fittings	3,000	3,000
Office equipment	3,000	3,000
Computer equipment	4,000	4,000
Computer software	1,000	1,000
Motor vehicle	-	-
	<u>771,048</u>	<u>101,000</u>

The Council will be refunded for part of the above capital commitments from the Development Planning Fund and EU Funds.

20. Ultimate controlling party

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

21. Financial Risk Management

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

Credit risk

Financial assets which potentially subject the Council to concentrations of credit risk consist principally of cash at bank and debtors. The 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 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 Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**21. Financial Risk Management (cont.)****Summary of financial assets and liabilities by category:**

	2024	2023
	€	€
Current assets		
Financial assets measured at amortised costs:		
Receivables	78,655	258,674
Cash and cash equivalents	180,942	439,364
	<u>259,597</u>	<u>698,038</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	115,130	174,435
Other payables	2,995	8,800
Accruals	64,691	49,659
	<u>182,816</u>	<u>232,894</u>

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 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 Council has as cash and cash equivalents the amount of €180,492 (2023: €439,364)

This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive current net asset position of €58,070 (2023: €214,977) 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 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 currency transactions.

Interest Rate Risk

The Council does not operate any bank accounts which have financing facilities and as a result, the Council is not exposed to cash flow interest rate risk on bank balances.

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 Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, the 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.

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

21. Financial Risk Management (cont.)

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 Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Inland Revenue Department	No control
Local Enforcement System Agency	No control
Central Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Local Enforcement System Agency	No control
Planning Authority	No control
Malta Information Technology Agency	No control
Water Services Corporation	No control
Enemalta Corporation	No control
ARMS Limited	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Malta Tourism Authority	No control
Office of the Prime Minister	No control

The amounts due from / to related parties at year-end are disclosed in notes 15 and 17. 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.

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

	Related party activity	2024 Total activity	%	Related party activity	2023 Total activity	%
	€	€		€	€	
<i>Income</i>						
Transactions with Central Government	932,023			871,727		
Transactions with regions/LESA	8,169			4,972		
	940,192	1,009,272	93	876,699	944,942	93
<i>Expenditure</i>						
Transactions with government entities	277,162			267,000		
Key personnel remuneration	153,472			151,903		
	430,634	1,009,500	43	418,903	902,715	46

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

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.

Report of the Local Government Auditor

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To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swieqi Local Council set out on pages 4 to 25 which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of those charged with governance for the financial statements

As described on page 3 the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Secretary and the members of the Local Council are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is the intention to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

The Executive Secretary and the members of the Local Council are responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Principal on the audit resulting in this independent auditor's report is Alex Brincat.



Alex Brincat (Principal) for and on behalf of

GRANT THORNTON

Certified Public Accountants

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28 May 2025