TARXIEN LOCAL COUNCIL

Annual Report

and

Financial Statements

for the year ended 31 December 2025

Prepared by

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ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2025

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Statement of Local Council Members' and Executive Secretary's Responsibilities for the year ended 31 December 2025

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 1993, 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 1993, and the Local Councils (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 18th March 2026 and signed on its behalf by

Joseph Abela Galea
Mayor

Lianne Cassar
Deputy Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 €	2024 €
Income			
Funds received from Central Government	4	**644,059**	753,543
Income raised under Council Bye-Laws	5	**60,393**	50,432
Income raised under Local Enforcement System	6	**7,711**	5,600
General income	7	**34,902**	8,976
		747,065	818,551
Expenditure			
Personal emoluments	9	**(162,650)**	(110,481)
Operations and maintenance	11	**(325,164)**	(444,845)
Administrative and other expenditure	12	**(246,901)**	(232,577)
		(734,715)	(787,903)
Operating surplus for the year		**12,350**	30,648
Finance income	10	**15**	-
Surplus for the year		**12,365**	30,648

The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 €	2024 €
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**713,720**	819,770
		713,720	819,770
Current assets			
Receivables	*14*	**40,838**	48,271
Cash and cash equivalents	*15*	**911,725**	710,807
		952,563	759,078
Total assets		**1,666,283**	**1,578,848**
EQUITY AND LIABILITIES			
Equity			
Retained funds		**1,439,847**	1,427,482
		1,439,847	1,427,482
Current liabilities			
Payables	*16*	**226,436**	151,366
		226,436	151,366
Total equity and liabilities		**1,666,283**	**1,578,848**

These financial statements were approved by the Local Council on the 18th March 2026 and signed on its behalf by:

Joseph Abela Galea
Mayor

Lianne Cassar
Deputy Executive Secretary

The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Retained Funds €
At 1 January 2024	1,396,834
Surplus for the year 2024	30,648
At 31 December 2024	**1,427,482**
At 1 January 2025	**1,427,482**
Surplus for the year 2025	**12,365**
At 31 December 2025	**1,439,847**

The notes on pages 8 to 23 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 €	2024 €
Cash flows from operating activities			
Surplus for the year		**12,365**	30,648
Reconciliation to cash generated from operations:			
Depreciation		**145,071**	139,641
Interest receivable		**(15)**	-
Grant income released		**-**	102,882
Operating profit before working capital changes		**157,421**	273,171
Decrease in receivables		**7,433**	119,884
Increase in payables		**75,070**	60,322
Net cash generated from operating activities		**239,924**	453,377
Cash flows from investing activities			
Interest received		**15**	-
Purchase of property, plant and equipment		**(128,786)**	(302,656)
Receipt of grant		**89,765**	-
Net cash used in investing activities		**(39,006)**	(302,656)
Net increase in cash and cash equivalents		**200,918**	150,721
Cash and cash equivalents at the beginning of the year		**710,807**	560,086
Cash and cash equivalents at the end of the year	*15*	**911,725**	**710,807**

The notes on pages 8 to 23 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2025

1. General information

The Taxien Local Council is the local Authority of Tarxien set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at 73, Saint Mary Street, Tarxien. These financial statements were approved for issue by the Council Members on the 18th March 2026. The Local Council's presentation as well as functional currency is denominated in Euro (€).

2. Material accounting policies and 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 European Union.

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 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the Local Council are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not 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. 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 at either reporting date.

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These Standards and 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 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The adoption of IFRS 18 'Presentation and Disclosure in financial statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Local Council is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other 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.

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.

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

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:

	%
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

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Property, plant, and equipment (cont.)

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.

Impairment of Non – financial 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 Local Council has applied IFRS 16 using the retrospective approach. At inception of a contract, the Local 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 Local 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 Local Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Local Council has the right to direct the use of the asset. The Local 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 Local Council has the right to direct the use of the asset if either:
- The Local Council has the right to operate the asset; or
- The Local Council designed the asset in a way that predetermines how and for what purpose it will be used.

The Local 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 Local Council has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Local 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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Leases (cont.)

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 Local Council's incremental borrowing rate. Generally, the Local 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 Local Council is reasonably certain to exercise., lease payments in an optional renewal period if the Local Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Local 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 Local Council's estimate of the amount expected to be payable under a residual value guarantee or if the 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.

Short-term leases and leases of low-value assets

The Local 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 Local Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

Payables

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.

Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

Except for those 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 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

Financial assets are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

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

The classification is determined by both:
- the Local Council's 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

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 raise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Local Council's cash and cash equivalents, and most receivables fall into this category of financial instruments.

Financial liabilities

The Local Council's financial liabilities include payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Local 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'.

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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

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.

Local Enforcement System

As from 2015, the income recognised in the statement of comprehensive income was derived from the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee.

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, and are thus deducted from the carrying amount of the relative non-current asset.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial statements are presented in euro, which is the Local Council's functional and presentation currency.

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.

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.

Expenses

Expenses are recognised in profit or loss upon utilisation of service or as incurred.

Cash and cash equivalents

Cash are carried in the statement of financial position at face value. For the purposes of the statement cash flow, cash and cash equivalents comprise cash in hand and balances held with banks.

Capital Management

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

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

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

2. Material accounting policies and reporting procedures (cont.)

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.

4. Funds received from Central Government

	2025	2024
	€	€
In terms of section 55 of the Local Councils Act, 1993	**593,328**	714,620
Other government income	**50,731**	38,923
	644,059	753,543

5. Income raised under Council Bye-Laws

	2025	2024
	€	€
Permits	**60,393**	50,432

6. Income raised under Local Enforcement System

	2025	2024
	€	€
Commission received from LESA	**7,711**	5,600

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal notice 32 of 2000.

As from September 2012, the income recognised in the statement of comprehensive income was derived from the six Regional Councils and the Local Enforcement System Agency, which income consists of administration fee of 10% of cash collected on behalf of LESA or the Regional Committee.

The recording of income from contraventions for offences was based on reports generated by the contractor entrused with the system by the Ministry.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

7. General income

	2025	2024
	€	€
General income	**34,902**	8,976

8. Surplus for the year

	2025	2024
	€	€
Profit for the year is stated after charging:		
Staff salaries	**162,650**	110,481
Depreciation of property, plant & equipment	**145,071**	139,641

9. Personal emoluments

	2025	2024
	€	€
Mayor's honoraria	**16,616**	17,475
Councillors' allowances	**24,800**	15,400
Executive secretary salary and allowances	**26,370**	24,087
Employees' salaries	**80,621**	40,795
Social security contributions	**14,243**	12,724
	162,650	110,481

10. Finance income

	2025	2024
	€	€
Finance income	**15**	-
	15	-

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

11. Operations and maintenance

	2025	2024
	€	€
Repairs and Upkeep:		
Road and street pavements	**26,679**	37,647
Road markings and street signs	**33,994**	15,196
Other repairs and upkeep	**314**	2,123
Street lighting	**29,760**	20,672
	90,747	75,638
Contractual Services:		
Refuse collection	**-**	60,292
Landfill tipping fees	**-**	119,028
Road & street cleaning (mechanical and manual)	**50,694**	43,646
Bulky refuse collection (including open skips)	**23,678**	15,662
Cleaning & maintaining parks & gardens	**18,675**	22,156
	93,047	260,784
Other Expenditure:		
Community and hospitality	**115,295**	78,749
Other contractual services	**10,936**	2,842
Public utilities	**8,592**	14,004
Rent	**5,213**	11,908
Bank charges	**1,334**	920
	141,370	108,423
Total operations and maintenance costs	**325,164**	444,845

12. Administrative and other expenditure

	2025	2024
	€	€
Depreciation	**145,071**	139,641
Professional services	**14,123**	14,917
Insurance	**12,524**	8,920
Office services	**23,495**	24,183
Utilities	**6,426**	7,941
Transport	**11,620**	1,717
Information services	**3,462**	5,308
Office repairs and maintenance	**7,787**	6,381
Loss from court case	**-**	10,000
General expenditure	**22,393**	13,569
	246,901	232,577

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

13. Property, plant and equipment

	Property	Office Furniture & Fittings	New Street Signs	Urban Improvements	Office Equipment	Computer equipment	Special programs	Motor vehicles	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2025	156,118	75,967	14,990	580,918	39,090	29,354	3,469,878	51,531	4,000	**4,421,**
Additions	-	16,414	-	104,816	2,897	-	1,697	-	2,962	**128,**
Reclassification	-	-	-	-	-	-	(1,994)	-	1,994	
At 31 December 2025	156,118	92,381	14,990	685,734	41,987	29,354	3,469,581	51,531	8,956	**4,550,**
Accumulated depreciation										
At 1 January 2025	34,238	34,115	14,990	131,245	36,830	23,674	1,730,191	6,654	-	**2,011,**
Charge for the year	1,469	4,770	-	28,148	1,487	3,348	104,934	915	-	**145,**
At 31 December 2025	35,707	38,885	14,990	159,393	38,317	27,022	1,835,125	7,569	-	**2,157,**
Grants and other reimbursements										
At 1 January 2025		18,245	-	183,086	-	2,300	1,345,508	41,000	-	**1,590,**
Additions	-	-	-	89,765	-	-	-	-	-	**89,**
At 31 December 2025	-	18,245	-	272,851	-	2,300	1,345,508	41,000	-	**1,679,**
Net book values										
At 31 December 2025	**120,411**	**35,251**	**-**	**253,490**	**3,670**	**32**	**288,948**	**2,962**	**8,956**	**713,**

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

13. Property, plant and equipment (cont.)

	Property	Office Furniture & Fittings	New Street Signs	Urban Improvements	Office Equipment	Computer equipment	Special programs	Motor vehicles	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2024	156,118	75,967	14,990	283,688	37,664	29,354	3,469,878	47,531	4,000	**4,119,190**
Additions	-	-	-	297,230	1,426	-	-	4,000	-	**302,656**
At 31 December 2024	156,118	75,967	14,990	580,918	39,090	29,354	3,469,878	51,531	4,000	**4,421,846**
Accumulated depreciation										
At 1 January 2024	32,769	29,345	14,990	107,098	35,532	19,403	1,627,723	5,436	-	**1,872,296**
Charge for the year	1,469	4,770	-	24,147	1,298	4,271	102,468	1,218	-	**139,641**
At 31 December 2024	34,238	34,115	14,990	131,245	36,830	23,674	1,730,191	6,654	-	**2,011,937**
Grants and other reimbursements										
At 1 January 2024	-	24,846	-	84,603	-	2,300	1,345,508	30,000	-	**1,487,257**
Additions	-	6,716		98,483		-		11,000		**116,199**
Adjustments	-	(13,317)	-	-	-	-	-	-	-	**(13,317**
At 31 December 2024	-	18,245	-	183,086	-	2,300	1,345,508	41,000	-	**1,590,13**
Net book values										
At 31 December 2024	**121,880**	**23,607**	**-**	**266,587**	**2,260**	**3,380**	**394,179**	**3,877**	**4,000**	**819,77**

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

14. Receivables

	2025	2024
	€	€
Receivables	**141,904**	123,653
Funds advanced to joint venture	**5,617**	5,617
Accrued income	**25,537**	35,978
Impairment recognized on receivables	**(140,414)**	(122,134)
Total financial assets at amortised cost	**32,644**	43,114
Prepayments	**8,194**	5,157
	40,838	48,271

Credit period analysis:

	2025	2024
	€	€
Within credit period	**1,150**	361
Exceeded credit period but not impaired	**340**	1,158
Impaired and provided for	**140,414**	122,134
Provision for doubtful debts	**(140,414)**	(122,134)
	1,490	1,519

Local Enforcement System (LES) Debtors

LES Debtors are stated after a specific provision for doubtful debts amounting to €105,018 (2024 - €86,738) and a provision of general receivables based on the Local Council's historical credit loss experience, amounting to €35,396 (2024 - €35,396).

Included in the receivables from other undertakings are amounts due from related parties amounting to €1,490 (2024: €1,519).

Amounts due from related parties are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

	2025	2024
	€	€
Cash at bank	**907,747**	710,764
Cash in hand	**3,978**	43
	911,725	710,807

Cash and cash equivalents included in the statement of cash flows comprise the above statement of financial position amounts.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

16. Payables

	2025	2024
	€	€
Payables	**73,023**	80,454
Other payables	**13,845**	16,041
Accruals	**26,313**	10,322
Total financial liabilities at amortised cost	**113,181**	106,817
Deferred income	**99,450**	31,550
	212,631	138,367
Non-financial liabilities		
Youth Exchanges	**2,200**	2,200
Liabilities arising from Joint Venture	**11,605**	10,799
	13,805	12,999
Total payables	**226,436**	**151,366**

16.1 Deferred income

	2025	2024
	€	€
Capital projects	**27,550**	27,550
Other deferred income local funds	**71,900**	4,000
	99,450	31,550

17. Capital commitments

	2025	2024
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	**240,000**	150,000
- Contracted for but not provided in the financial statements	**-**	-
	-	-
(i) Approved but not yet contracted for:		
Public conveniences	**40,000**	35,000
Office works	**90,000**	115,000
Software	**10,000**	-
Gardens	**100,000**	-
	240,000	150,000

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

18. Contingent liabilities

The Local Council is involved in a court case and an arbitration case, along with the Commissioner of Land in respect of land occupied by Mark Farrugia Garden. The Local Council, on the advice of its legal counsel, does not expect a negative financial impact to this case.

The Local Council is involved in a court case against an insurance company pending the Magistrates Court of Malta wherein the Local Council is being sued for damages in the amount of €10,000.

The Local Council has entered into a Local Enforcement Pooling System, losses or profits from which system cannot be quantified at the year-end date and have been excluded from these financial statements.

19. 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.

20. 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 debtors 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.

Summary of assets and liabilities by category:

	2025	2024
	€	€
Current assets		
Financial assets at amortised cost:		
Receivables	**32,644**	43,114
Cash	**911,725**	710,807
	944,369	753,921
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	**113,181**	106,817
	113,181	106,817

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

20. 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 cash in the amount of €911,725. This should ensure an ongoing working capital of the Local Council for the next 12 months. The Local Council also maintains a positive net current asset position of €726,127 (2024: €607,712) 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 Local Council does not trade in any foreign currency transactions.

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.

21. Related party transactions

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

Name of Entity	*Nature of relationship*
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
Malta Environment and 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
Office of the Commissioner for Data Protection	No control

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.

Notes to the Financial Statements for the year ended 31 December 2025 (cont.)

21. Related party transactions (cont.)

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

	2025			2024		
	Related party activity	Total activity		Related party activity	Total activity	
	€	€	%	€	€	%
Income						
Transactions with central government	**644,059**			753,543		
Transactions with regions/LESA	**7,711**			5,600		
	651,770	**747,065**	**87**	759,143	818,551	93
Expenditure						
Transactions with government entities	-			119,028		
Key personnel remuneration	**162,650**			110,481		
	162,650	**734,715**	**22**	229,509	787,903	29

22. Fair values estimation

At 31 December 2025 and 2024, 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 assets and non-current financial liabilities are not materially different from their carrying amount.

23. Events after the reporting date

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