

**MARSA LOCAL COUNCIL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2024

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On behalf of Parker Rusell Turner  
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MARSA LOCAL COUNCIL

STATEMENT OF LOCAL COUNCIL MEMBERS' AND EXECUTIVE SECRETARY'S RESPONSIBILITIES  
For the year ended 31 December 2024

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

This statement was approved by the Council on 19 February 2025 and signed on its behalf by :



Luke Farrugia  
Mayor



Mariella Strout  
Deputy Executive Secretary



MARSA LOCAL COUNCIL  
 STATEMENT OF TOTAL COMPREHENSIVE INCOME  
 For the year ended 31 December 2024

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	Notes	2024 €	2023 €
<b>INCOME</b>			
Funds received from Central Government	3	<b>1,156,751</b>	895,334
Income raised under Local Council Bye-Laws	4	<b>4,393</b>	191
Income raised under Local Enforcement System	5	<b>7,225</b>	4,461
General Income	6	<b>35,717</b>	25,373
		<b>1,204,086</b>	925,359
<b>EXPENDITURES</b>			
Personal emoluments	7	<b>187,047</b>	185,121
Operations and maintenance	8	<b>944,944</b>	675,342
Administration and other expenses	9	<b>178,117</b>	154,423
		<b>1,310,108</b>	1,014,886
<b>OPERATING DEFICIT FOR THE YEAR</b>		<b>(106,022)</b>	(89,527)
Finance cost	10	<b>(7,543)</b>	(7,883)
<b>DEFICIT FOR THE YEAR</b>	7	<b>(113,565)</b>	(97,410)

The notes on pages 6 to 24 form an integral part of these financial statements.

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MARSA LOCAL COUNCIL  
 STATEMENT OF FINANCIAL POSITION  
 As at 31 December 2024

	Notes	2024 €	2023 €
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible asset	11	-	1,172
Property, plant and equipment	12	424,963	444,275
		<u>424,963</u>	<u>445,447</u>
<b>CURRENT ASSETS</b>			
Inventories	13	322	322
Receivables	14	63,179	147,989
Cash and cash equivalents	15	164,262	178,515
		<u>227,763</u>	<u>326,826</u>
<b>TOTAL ASSETS</b>		<u>652,726</u>	<u>772,273</u>
<b>EQUITY AND LIABILITIES</b>			
<b>RESERVES</b>			
Retained fund		<u>197,129</u>	<u>310,694</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	17	<u>118,817</u>	<u>139,007</u>
<b>CURRENT LIABILITIES</b>			
Payables	16	316,481	303,123
Short-term borrowings	17	20,299	19,449
		<u>336,780</u>	<u>322,572</u>
<b>TOTAL LIABILITIES</b>		<u>455,597</u>	<u>461,579</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>652,726</u>	<u>772,273</u>

The notes on pages 6 to 24 form an integral part of these financial statements. These financial statements were approved by the Council on 19 February 2025.

  
 Luke Farrugia  
 Mayor

  
 Mariella Strout  
 Executive Secretary

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

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	Retained Funds
	€
<b>Year Ended 31 December 2023</b>	
Balance as at 1 January 2023	408,104
Deficit for the year	(97,410)
	<hr/>
Balance as at 31 December 2023	310,694
	<hr/>
<b>Year Ended 31 December 2024</b>	
Balance as at 1 January 2024	310,694
Deficit for the year	(113,565)
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Balance as at 31 December 2024	197,129
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MARSA LOCAL COUNCIL  
 STATEMENT OF CASH FLOWS  
 For the year ended 31 December 2024

	Notes	2024 €	2023 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit for the year		(113,565)	(97,410)
Reconciliation to cash generated from operations:			
Depreciation		44,746	31,620
Amortisation		1,172	1,173
Operating loss before working capital changes		(67,647)	(64,617)
Decrease/ (increase) in receivables		84,810	(52,029)
(Decrease)/ increase in payables		(16,004)	119,846
<b>NET CASH FLOW GENERATED FROM/ (USED IN) OPERATING ACTIVITIES</b>		<b>1,159</b>	<b>3,200</b>
<b>CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(25,435)	(62,400)
Receipt of grants		29,363	54,396
<b>NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES</b>		<b>3,928</b>	<b>(8,004)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITY</b>			
Repayment of borrowings		(19,340)	(18,564)
<b>NET CASH USED IN FINANCING ACTIVITY</b>		<b>(19,340)</b>	<b>(18,564)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(14,253)</b>	<b>(23,368)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>178,515</b>	<b>201,883</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	15	<b>164,262</b>	<b>178,515</b>

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## MARSA LOCAL COUNCIL

### Financial Statements for the year ended 31 December 2024

#### Notes to the Financial Statements

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#### 1. GENERAL INFORMATION

Marsa Local Council (the "Council" or "Local Council") is the local authority of Marsa incorporated in accordance with the Local Councils Act, 1993. The office of the Council is situated at Pont San Tumas, Marsa. These financial statements were approved for issue by the Council Members on. The Local Council's presentation as well as functional currency is dominated in €.

#### 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES

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

##### ACCOUNTING CONVENTION

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap. 363).

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

##### STANDARDS, AMENDMENTS, AND INTERPRETATIONS TO EXISTING STANDARDS

The new and revised standards that became effective for annual periods beginning on or after 1 January 2023 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

##### NEW AND AMENDED STANDARDS ADOPTED BY THE LOCAL COUNCIL

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

Standards and amendments that are effective for the first time in 2024 and could be applicable to the Local Council are:

- IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information.
- IFRS S2 Climate related Disclosures
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (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)

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

## 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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

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

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the SASB standards to enhance their international applicability
- Classification and measurements of financial instruments (Amendments to IAS 7 and IFRS 9)
- Hedge Accounting by a first-time adopter (Amendments IFRS 1)
- Lessee derecognition of lease liabilities and Transaction price (Amendments IFRS 9)
- Introduction and credit risk disclosures (Amendments IFRS 7)

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's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Local Council's financial statements.

**2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)**

**REVENUE RECOGNITION**

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**

Up till August 2011, the Council used to manage the Local Enforcement System as part of the Valletta Joint Committee. As from 1 September 2011, the Council started to form part of the Southern Region which took over the management of Local Enforcement System and the Council is receiving a 10% administration fee on every fine paid at the Council. As from October 2015 LESA took over the administration of the Local Enforcement System.

**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.

**INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**INTANGIBLE ASSETS**

In line with IAS 38, intangible assets are initially recorded at cost and are subsequently stated at cost less amortisation. Amortisation to write off the cost is calculated on a monthly basis using the straight line method.

	%
Computer software	25 - 100

MARSA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

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**2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)**

**PROPERTY, PLANT AND EQUIPMENT**

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

	%
Land	0
Trees	0
Buildings	1
Office furniture and fittings	7.5 - 100
Construction works	10 - 100
Urban improvements (street furniture)	10 - 100
Special projects	10 - 100
Office equipment	20 - 100
Motor vehicles	20
Plant and machinery	20 - 100
Computer equipment	25 - 100
Plants	100
Litter bins	100
Playground furniture	100
Traffic signs	100
Road signs	100
Street mirrors	100
Street lights	100

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Freehold land, land held on perpetual emphyteusis and assets in the course of construction are not depreciated.

Directive issued in 2017 by the Department of Local Councils, applicable as from 1 January 2018, instructs the Council to depreciate non-current assets on a monthly basis using straight line method at the rates specified in the Local Council (Financial) Procedures (P1.X1).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered 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.

## 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

### 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 total comprehensive income.

### RECEIVABLES

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 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 in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

### LEASES

For any new contracts entered into on or after 1 January 2019, the Local Council considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Local Council assesses whether the contract meets three key evaluations which are

- a) Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Local Council.
- b) The Local Council has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- c) The Local Council has the right to direct the use of the identified asset throughout the period of use. The Local Council assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

The Local Council depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Local Council also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Local Council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Local Council's incremental borrowing rate.

## 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

### Short-term leases and leases of low-value assets

The Local Council has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### RELATED PARTIES

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard 24.

### SURPLUSES AND DEFICITS

Only surpluses that were realised at the date of the statement of financial position are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

### 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.

### 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.

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

#### 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).

## 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

### FINANCIAL INSTRUMENTS (continued)

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 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 Local 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 forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the 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.

The Local Council considers a broad 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.

## 2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

### FINANCIAL INSTRUMENTS (continued)

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 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'.

### CAPITAL MANAGEMENT

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

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

To achieve the above, the Council carries out 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 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.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 Executive Secretary, the accounting estimates and judgements made in the preparation of the financial statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS 1 (revised) - 'Presentation of Financial Statements'.

MARSA LOCAL COUNCIL  
 Financial Statements for the year ended 31 December 2024  
 Notes to the Financial Statements

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**3 FUNDS RECEIVED FROM CENTRAL GOVERNMENT**

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act	686,698	624,437
Belt Kulturali 2022 grant	-	-
Income in relation to refund of Marsa racecourse waste costs	438,690	237,971
Other Government income	31,363	32,926
	<u>1,156,751</u>	<u>895,334</u>

**4 INCOME RAISED UNDER BYE-LAWS**

	2024	2023
	€	€
Income from bye-laws	<u>4,393</u>	<u>191</u>

**5 INCOME RAISED UNDER LOCAL ENFORCEMENT SYSTEM**

	2024	2023
	€	€
LES administration fee	3,790	3,682
LES contraventions	3,435	779
	<u>7,225</u>	<u>4,461</u>

**6 GENERAL INCOME**

	2024	2023
	€	€
Donations	50	1,600
Contributions	-	4,112
Income from permits	35,667	19,661
	<u>35,717</u>	<u>25,373</u>

MARSA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2024  
Notes to the Financial Statements

**7 DEFICIT FOR THE YEAR**

	2024	2023
	€	€
<b>Deficit for the year is stated after charging:</b>		
Staff salaries	187,047	185,121
Depreciation on tangible assets	44,746	31,620
Amortisation on intangible assets	1,172	1,173
	<u>187,047</u>	<u>185,121</u>
<b>Staff salaries</b>		
<b>Personal emoluments include, inter alia:</b>		
Mayor's remuneration	16,366	16,003
Allowances	17,800	17,800
Executive secretary salary and allowances	30,335	40,516
Employees' salaries	111,500	99,036
Social security contributions	11,046	11,766
	<u>187,047</u>	<u>185,121</u>

**8 OPERATIONS AND MAINTENANCE**

	2024	2023
	€	€
<b>Repair and upkeep:</b>		
Road and street pavements (patching works)	1,003	12,794
Street signs	-	2,101
Road markings	30,041	12,221
Office repairs	15,474	29,180
	<u>46,518</u>	<u>56,296</u>
<b>Contractual Services:</b>		
Refuse and household waste collection and tipping fees	170,184	143,589
Collection of illegal dumping	78,358	40,454
Bulky refuse collection	12,547	11,562
Road and street collection	98,387	96,399
Cleaning and maintenance of public conveniences	7,618	7,680
Cleaning and maintenance of parks and gardens	28,120	34,189
Cleaning and maintenance of verges / non-urban	39,607	31,086
Cleaning and maintenance of council premises	110	-
Waste and cleaning costs of Marsa racecourse area	438,690	237,971
Street lighting costs	24,805	16,116
	<u>898,426</u>	<u>619,046</u>
Total	<u>944,944</u>	<u>675,342</u>

MARSA LOCAL COUNCIL  
 Financial Statements for the year ended 31 December 2024  
 Notes to the Financial Statements

**9 ADMINISTRATION AND OTHER EXPENSES**

	2024	2023
	€	€
Utilities	19,804	19,798
Office services	8,141	5,832
Transport	519	2,875
Information services	3,536	8,495
Other contractual services	27,865	16,646
Insurance	7,060	7,031
Staff uniforms	-	136
LESI expenditure	1,072	1,416
Legal disputes	123	859
Rent	700	700
Community and hospitality	58,426	53,773
Depreciation on tangible assets	44,746	31,620
Amortisation on intangible assets	1,172	1,173
Office Expenditure and Repairs	4,953	4,069
	<u>178,117</u>	<u>154,423</u>

**10 FINANCE COST**

	2024	2023
	€	€
Interest and charges payable to banks	<u>7,543</u>	<u>7,883</u>

**11 INTANGIBLE ASSET**

	2024	2023
	€	€
<b>Cost</b>		
As at 1 <sup>st</sup> January	9,868	9,868
Addition for the year	-	-
As at 31 <sup>st</sup> December	<u>9,868</u>	<u>9,868</u>
<b>Depreciation</b>		
As at 1 <sup>st</sup> January	8,696	7,523
Amortisation for the year	1,172	1,173
As at 31 <sup>st</sup> December	<u>9,868</u>	<u>8,696</u>
<b>Net Book Value</b>		
As at 31 <sup>st</sup> December	<u>-</u>	<u>1,172</u>

MARSA LOCAL COUNCIL  
 Financial Statements for the year ended 31 December 2024  
 Notes to the Financial Statements

**12 PROPERTY, PLANT AND EQUIPMENT**

ASSET	Assets under Construction	Office furniture & fittings	Buildings	New Street signs	Office Equipment	Computer equipment	Motor Vehicle	Plant & Machinery	Urban Improvements & Construction	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€	€
<b>COST</b>											
As at January 2024	1,100	219,342	337,132	15,046	35,447	15,971	44,485	69,421	1,194,306	1,467,556	3,399,806
Additions	-	23,681	-	-	1,754	-	-	-	-	-	25,435
As at 31 December 2024	1,100	243,023	337,132	15,046	37,201	15,971	44,485	69,421	1,194,306	1,467,556	3,435,108
<b>GRANTS &amp; OTHER REIMBURSEMENTS</b>											
As at 1 January 2024	-	48,055	-	-	-	-	40,591	19,800	376,051	702,184	1,186,681
Additions for the year	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2024	-	48,055	-	-	-	-	40,591	19,800	376,051	702,184	1,186,681
<b>ACCUMULATED DEPRECIATION</b>											
As at 1 January 2024	-	115,575	32,302	15,046	34,619	13,057	1,532	46,471	808,465	701,783	1,768,850
Charge for the year	-	16,855	3,371	-	21	1,720	-	1,080	5,861	15,838	44,746
As at 31 December 2024	-	132,430	35,673	15,046	34,640	14,777	1,532	47,551	814,326	717,621	1,813,596
<b>NET BOOK VALUE</b>											
As at 31 December 2024	1,100	62,538	301,459	-	2,561	1,194	2,362	2,070	3,929	47,750	424,963

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**12 PROPERTY, PLANT AND EQUIPMENT**

ASSET	Assets under construction	Office furniture & fittings	Buildings	New Street signs	Office Equipment	Computer equipment	Motor Vehicle	Plant & Machinery	Urban Improvements & Construction	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€	€
<b>COST</b>											
As at January 2023	1,100	160,909	337,132	15,046	35,447	14,229	42,260	69,421	1,194,306	1,467,556	3,337,406
Additions	-	58,433	-	-	-	1,742	2,225	-	-	-	62,400
As at 31 December 2023	1,100	219,342	337,132	15,046	35,447	15,971	44,485	69,421	1,194,306	1,467,556	3,399,806
<b>GRANTS &amp; OTHER REIMBURSEMENTS</b>											
As at 1 January 2023	-	-	-	-	-	-	34,250	19,800	376,051	702,184	1,132,285
Additions for the year	-	48,055	-	-	-	-	6,341	-	-	-	54,396
As at 31 December 2023	-	48,055	-	-	-	-	40,591	19,800	376,051	702,184	1,186,681
<b>ACCUMULATED DEPRECIATION</b>											
As at 1 January 2023	-	104,479	28,931	15,046	34,619	13,057	1,532	45,391	808,230	685,945	1,737,230
Charge for the year	-	11,096	3,371	-	-	-	-	1,080	235	15,838	31,620
As at 31 December 2023	-	115,575	32,302	15,046	34,619	13,057	1,532	46,471	808,465	701,783	1,768,850
<b>NET BOOK VALUE</b>											
As at 31 December 2023	1,100	55,712	304,830	-	828	2,914	2,362	3,150	9,790	63,589	444,275

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**13 INVENTORIES**

	2024 €	2023 €
Lapel badges / sets for resale	<u>322</u>	<u>322</u>

**14 RECEIVABLES**

	2024 €	2023 €
Receivables (note 1)	2,142	3,599
Les receivables (note 2)	-	-
Other receivables	-	799
Accrued income	<u>58,984</u>	<u>141,112</u>
Financial assets	<u>61,126</u>	<u>145,510</u>
Prepayments	<u>2,053</u>	<u>2,479</u>
Total receivables	<u>63,179</u>	<u>147,989</u>

Note 1: General receivables are analysed as follows:

	2024 €	2023 €
Within credit period	62,679	146,385
Exceeded credit period but not impaired	500	1,604
Impaired and provided for	7,930	7,930
Provision for doubtful debts	<u>(7,930)</u>	<u>(7,930)</u>
	<u>63,179</u>	<u>147,989</u>

Note 2: LES Debtors are stated after a specific provision for doubtful debts amounting to € 95,446 (2023: € 95,446).

The amount in the provision for doubtful debts is as follows:

	2023 €	2023 €
LES debtors	95,446	95,446
Provision for doubtful debts	<u>(95,446)</u>	<u>(95,446)</u>
	<u>-</u>	<u>-</u>

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**15 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2024 €	2023 €
Cash at bank	158,947	178,269
Cash in hand	5,315	246
	<u>164,262</u>	<u>178,515</u>

**16 PAYABLES**

	2024 €	2023 €
Financial liabilities		
Payables and other payables	230,562	208,482
Accruals	35,223	73,308
Financial liabilities	<u>265,785</u>	<u>281,790</u>
Deferred income	50,696	21,333
Total current liabilities	<u>316,481</u>	<u>303,123</u>

**17 BORROWINGS**

	2024 €	2023 €
Non-current		
Bank borrowings	<u>118,817</u>	139,007
Current		
Bank borrowings	<u>20,299</u>	19,449
Repayable within one year	20,299	19,449
Repayable between two and five years	91,962	88,389
Repayable between five years and more	26,855	50,618
	<u>139,116</u>	<u>158,456</u>

The two bank loans are secured by First General Hypothec over the assets of the Council and by a letter of undertaking by the Government of Malta to channel funds due to the Council. The loans bears interest at 4.15% (2023: 4.15%) per annum and are repayable over 20 years by monthly instalments of €1,682 and €456 respectively.

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**18 CAPITAL COMMITMENTS**

	2024	2023
	€	€
Details of capital commitments are as follows:		
Approved but not yet contracted for	78,000	28,000
Approved and contracted for	-	-
	<u>78,000</u>	<u>28,000</u>
Playing field	<u>78,000</u>	<u>28,000</u>

**19 RELATED PARTY TRANSACTIONS**

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

Name of Entity	Nature of relationship
Department for Local Government	Significant Control
South Eastern Regional Committee	Joint Control
Police General Head Quarters	No Control
Central Regional Committee	No Control
South Regional Committee	No Control
Gozo Regional Committee	No Control
North Regional Committee	No Control
Malta Environment and Planning Authority	No Control
Water Services Corporation	No Control
Enemalta Corporation	No Control
Cleansing Services Department	No Control
Director General – Works Division	No Control
Department of Lands	No Control
Bank of Valletta Plc	No Control
Wasteserv Malta Limited	No Control
Transport Malta	No Control
Local enforcement system agency	No Control

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

	2024	2023
Annual financial allocation	<u>€ 686,698</u>	<u>€ 624,437</u>

**20 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 a quality financial institution with a credit rating of BBB+. 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. The risk of default is negligible for both bank and debtors and hence there are no expected credit losses.

The council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarised as follows:

		<b>2024</b>	<b>2023</b>
		€	€
Classes of financial assets – carrying amounts:	Notes		
Receivables	14	<b>61,126</b>	<b>145,510</b>
Cash at bank	15	<b>164,262</b>	<b>178,515</b>
		<b>225,388</b>	<b>324,025</b>

**20 FINANCIAL RISK MANAGEMENT – continued**

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 € 164,262. This should ensure ongoing working capital of the Council for the next 12 months. However, the Council has a negative net current asset position of € (109,017) indicating potential liquidity issues and an inability to meet short-term obligations. This is usually counteracted by the Department of Local Government in giving the subvention in advance.

At 31 December 2024 the Council's financial liabilities have contractual maturities which are summarised below:

	<b>Current</b> Payable within 1 year	<b>Non Current</b> Payable	
		within 2 & 5 years	Payable after more than 5 years
	€	€	€
31 December 2024			
Payables	<b>230,562</b>	-	-
Accruals	<b>35,223</b>	-	-
Bank borrowings	<b>20,299</b>	<b>91,962</b>	<b>26,885</b>
	<b>286,084</b>	<b>91,962</b>	<b>26,885</b>
31 December 2023			
Payables	208,482	-	-
Accruals	73,308	-	-
Bank borrowings	19,449	88,353	50,618
	301,239	88,353	50,618

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 currencies.

INTEREST RATE RISK

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

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**21 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES**

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

	Notes	2024 €	2023 €
<b>Current assets</b>			
Loans and receivables:			
Receivables	14	<b>61,126</b>	145,510
Cash at bank	15	<b>164,262</b>	178,515
		<b>225,388</b>	324,025
<b>Current liabilities</b>			
Financial Liabilities measured at amortised cost:			
Payables and other payables	16	<b>230,562</b>	208,482
Accruals	16	<b>35,223</b>	73,308
Bank borrowings	17	<b>20,299</b>	19,449
		<b>286,084</b>	301,275

**22 FAIR VALUES ESTIMATION**

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

**23 EVENTS AFTER THE REPORTING PERIOD**

There were no particular important event or transactions affecting the council that have occurred since the end of the accounting period, which, though properly excluded from the financial statements, are of such importance that they should have been disclosed in the notes to the financial statements.

**24 GOING CONCERN**

The statement of financial position on page 3 and the notes thereto, with special reference to capital commitments, suggest that going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council able to meet its financial obligations as they all due without curtailing its future commitment.

