

MARSA LOCAL COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2025

Contents

	Page
Statement of Local Council Members' and Executive Secretary's Responsibilities	1
Statement of Total Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 24
Report of the Local Government Auditor to the Auditor General	25 - 27

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MARSA LOCAL COUNCIL

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 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 18 February 2026 and signed on its behalf by :



Luke Farrugia
Mayor



Roderick Ebejer
Executive Secretary

MARSA LOCAL COUNCIL
STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year ended 31 December 2025

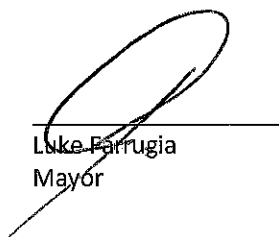
	Notes	2025 €	2024 €
INCOME			
Funds received from Central Government	3	996,955	1,159,992
Income raised under Local Council Bye-Laws	4	-	-
Income raised under Local Enforcement System	5	4,458	3,984
General Income	6	50,632	40,110
		<u>1,052,045</u>	<u>1,204,086</u>
EXPENDITURES			
Personal emoluments	7	235,225	187,047
Operations and maintenance	8	559,954	955,676
Administration and other expenses	9	187,758	167,385
		<u>982,937</u>	<u>1,310,108</u>
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		69,108	(106,022)
Finance cost	10	(6,667)	(7,543)
DEFICIT FOR THE YEAR	7	<u>62,441</u>	<u>(113,565)</u>


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

MARSA LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	2025 €	2024 €
ASSETS			
NON-CURRENT ASSETS			
Intangible asset	11	-	-
Property, plant and equipment	12	408,365	424,964
		<u>408,365</u>	<u>424,964</u>
CURRENT ASSETS			
Inventories	13	322	322
Receivables	14	26,271	63,178
Cash and cash equivalents	15	285,882	164,262
		<u>312,475</u>	<u>227,762</u>
TOTAL ASSETS		<u>720,840</u>	<u>652,726</u>
EQUITY AND LIABILITIES			
RESERVES			
Retained fund		<u>259,570</u>	<u>197,129</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	17	<u>97,779</u>	<u>118,817</u>
CURRENT LIABILITIES			
Payables	16	342,344	316,481
Short-term borrowings	17	21,147	20,299
		<u>363,491</u>	<u>336,780</u>
TOTAL LIABILITIES		<u>461,270</u>	<u>455,597</u>
TOTAL EQUITY AND LIABILITIES		<u>720,840</u>	<u>652,726</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 18 February 2026.


Luke Farrugia
Mayor


Roderick Ebejer
Executive Secretary

MARSA LOCAL COUNCIL
 STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 December 2025

	Retained Funds
	€
Year Ended 31 December 2024	
Balance as at 1 January 2024	310,694
Deficit for the year	(113,565)
Balance as at 31 December 2024	<u>197,129</u>
Year Ended 31 December 2025	
Balance as at 1 January 2025	197,129
Surplus for the year	62,441
Balance as at 31 December 2025	<u>259,570</u>

MARSA LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	2025 €	2024 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		62,441	(113,565)
Reconciliation to cash generated from operations:			
Depreciation		36,286	44,746
Amortisation		-	1,172
Operating loss before working capital changes		98,727	(67,647)
Decrease/ (increase) in receivables		36,907	84,811
(Decrease)/ increase in payables		25,863	(16,005)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES		161,497	1,159
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,687)	(25,435)
Receipt of grants		-	29,363
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES		(19,687)	3,928
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of borrowings		(20,190)	(19,340)
NET CASH USED IN FINANCING ACTIVITY		(20,190)	(19,340)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		121,620	(14,253)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		164,262	178,515
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	285,882	164,262

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

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 European Union (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 2025 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 2025 and could be applicable to the Local Council are:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)

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 Local Council.

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

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

- Translation into a Hyperinflationary Presentation Currency (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability : Disclosures

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.

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 total 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.

2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

GOVERNMENT GRANTS

Government grants relating to operating expenditure are recognised in the statement of total 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.

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.

2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

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 total comprehensive income during the financial period in which they are incurred.

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 total comprehensive income.

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.

2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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. These 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); 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 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.

2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

FINANCIAL INSTRUMENTS (continued)

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.

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 and borrowings.

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'.

2. MATERIAL ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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.

To achieve the above, the Local 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 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.

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 Deputy 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'.

3 FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	2025	2024
	€	€
In terms of section 55 of the Local Councils Act	595,851	686,698
Income in relation to refund of Marsa racecourse waste costs	346,483	438,690
Other Government income	54,621	34,604
	<u>996,955</u>	<u>1,159,992</u>

MARSA LOCAL COUNCIL
 Financial Statements for the year ended 31 December 2025
 Notes to the Financial Statements

4 INCOME RAISED UNDER LOCAL COUNCIL BYE-LAWS

	2025 €	2024 €
Income from bye-laws	-	-

5 INCOME RAISED UNDER LOCAL ENFORCEMENT SYSTEM

	2025 €	2024 €
LES administration fee	4,414	3,790
LES contraventions	44	194
	<u>4,458</u>	<u>3,984</u>

6 GENERAL INCOME

	2025 €	2024 €
Donations	3,400	50
Contributions	11,178	4,393
Income from permits	36,054	35,667
	<u>50,632</u>	<u>40,110</u>

7 DEFICIT FOR THE YEAR

	2025 €	2024 €
Deficit for the year is stated after charging:		
Staff salaries	235,225	187,047
Depreciation on tangible assets	36,286	44,746
Amortisation on intangible assets	-	1,172

Staff salaries

Personal emoluments include, inter alia:

Mayor's remuneration	16,616	16,366
Allowances	24,800	17,800
Executive secretary salary and allowances	36,567	30,335
Employees' salaries	144,838	111,500
Social security contributions	12,404	11,046
	<u>235,225</u>	<u>187,047</u>

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

8 OPERATIONS AND MAINTENANCE

	2025	2024
	€	€
Repair and upkeep:		
Road and street pavements (patching works)	673	1,003
Street signs	-	-
Road markings	46,936	30,041
Office repairs	6,006	15,474
	<u>53,615</u>	<u>46,518</u>
Contractual Services:		
Refuse and household waste collection and tipping fees	-	180,916
Collection of illegal dumping	-	78,358
Bulky refuse collection	5,936	12,547
Road and street collection	95,396	98,387
Cleaning and maintenance of public conveniences	18,984	7,618
Cleaning and maintenance of parks and gardens	19,173	28,120
Cleaning and maintenance of verges / non-urban	-	39,607
Cleaning and maintenance of council premises	-	110
Waste and cleaning costs of Marsa racecourse area	346,483	438,690
Street lighting costs	20,367	24,805
	<u>506,339</u>	<u>909,158</u>
Total	<u>559,954</u>	<u>955,676</u>

9 ADMINISTRATION AND OTHER EXPENSES

	2025	2024
	€	€
Utilities	18,985	19,804
Office services	8,669	8,141
Transport	4,530	519
Information services	11,692	3,536
Other contractual services	20,881	17,133
Insurance	6,994	7,060
Staff uniforms	3,163	-
LESI expenditure	2,928	1,072
Legal disputes	-	123
Rent	700	700
Community and hospitality	65,268	58,426
Depreciation on tangible assets	36,286	44,746
Amortisation on intangible assets	-	1,172
Office Expenditure and Repairs	7,662	4,953
	<u>187,758</u>	<u>167,385</u>

MARSA LOCAL COUNCIL
 Financial Statements for the year ended 31 December 2025
 Notes to the Financial Statements

10 FINANCE COST

	2025	2024
	€	€
Interest and charges payable to banks	<u>6,667</u>	<u>7,543</u>

11 INTANGIBLE ASSET

	2025	2024
	€	€
Cost		
As at 1 st January and 31 st December	9,868	9,868
Depreciation		
As at 1 st January	9,868	8,696
Amortisation for the year	-	1,172
As at 31 st December	<u>9,868</u>	<u>9,868</u>
Net Book Value		
As at 31 st December	<u>-</u>	<u>-</u>

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
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
	€	€	€	€	€	€	€	€	€	€	€
COST											
As at January 2025	1,100	243,023	337,132	15,046	37,201	15,971	44,485	69,421	1,194,306	1,467,556	3,425,241
Additions	-	805	-	-	-	18,882	-	-	-	-	19,687
As at 31 December 2025	1,100	243,828	337,132	15,046	37,201	34,853	44,485	69,421	1,194,306	1,467,556	3,444,928
GRANTS & OTHER REIMBURSEMENTS											
As at 1 January 2025	-	48,055	-	-	-	-	40,591	19,800	376,051	702,184	1,186,681
Additions for the year	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2025	-	48,055	-	-	-	-	40,591	19,800	376,051	702,184	1,186,681
ACCUMULATED DEPRECIATION											
As at 1 January 2025	-	132,430	35,673	15,046	34,640	14,777	1,532	47,551	814,326	717,621	1,813,596
Charge for the year	-	13,283	3,371	-	1,085	3,147	779	1,080	-	13,541	36,286
As at 31 December 2025	-	145,713	39,044	15,046	35,725	17,924	2,311	48,631	814,326	731,162	1,849,882
NET BOOK VALUE											
As at 31 December 2025	1,100	50,060	298,088	-	1,476	16,929	1,583	990	3,929	34,210	408,365

MARSA LOCAL COUNCIL
 Financial Statements for the year ended 31 December 2025
 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
	€	€	€	€	€	€	€	€	€	€	€
COST											
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	3,425,241
GRANTS & OTHER REIMBURSEMENTS											
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
ACCUMULATED DEPRECIATION											
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
NET BOOK VALUE											
As at 31 December 2024	1,100	62,538	301,459	-	2,561	1,194	2,362	2,070	3,929	47,751	424,964

MARSA LOCAL COUNCIL
 Financial Statements for the year ended 31 December 2025
 Notes to the Financial Statements

13 INVENTORIES

	2025 €	2024 €
Lapel badges / sets for resale	<u>322</u>	<u>322</u>

14 RECEIVABLES

	2025 €	2024 €
Receivables (note 1)	935	2,142
Les receivables (note 2)	-	-
Other receivables	-	-
Accrued income	<u>23,516</u>	<u>58,984</u>
Financial assets	<u>24,451</u>	<u>61,126</u>
Prepayments	<u>1,820</u>	<u>2,052</u>
Total receivables	<u>26,271</u>	<u>63,178</u>

Note 1: General receivables are analysed as follows:

	2025 €	2024 €
Within credit period	25,771	62,678
Exceeded credit period but not impaired	500	500
Impaired and provided for	8,625	7,930
Provision for doubtful debts	<u>(8,625)</u>	<u>(7,930)</u>
	<u>26,271</u>	<u>63,178</u>

Note 2: LES Debtors are stated after a specific provision for doubtful debts amounting to € 94,867 (2024: € 94,867).

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

	2025 €	2024 €
LES debtors	94,867	94,867
Provision for doubtful debts	<u>(94,867)</u>	<u>(94,867)</u>
	-	-

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

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:

	2025 €	2024 €
Cash at bank	275,030	158,947
Cash in hand	10,852	5,315
	<u>285,882</u>	<u>164,262</u>

16 PAYABLES

	2025 €	2024 €
Financial liabilities		
Payables and other payables	174,497	230,562
Accruals	57,703	35,223
Financial liabilities	<u>232,200</u>	<u>265,785</u>
Deferred income	110,144	50,696
Total current liabilities	<u>342,344</u>	<u>316,481</u>

17 BORROWINGS

	2025 €	2024 €
Non-current		
Bank borrowings	<u>97,779</u>	<u>118,817</u>
Current		
Bank borrowings	<u>21,147</u>	<u>20,299</u>
Repayable within one year	21,147	20,299
Repayable between two and five years	93,301	91,962
Repayable between five years and more	4,478	26,855
	<u>118,926</u>	<u>139,116</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% (2024: 4.15%) per annum and are repayable over 20 years by monthly instalments of €1,682 and €456 respectively.

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

18 CAPITAL COMMITMENTS

	2025	2024
Details of capital commitments are as follows:	€	€
Approved but not yet contracted for	113,000	78,000
Approved and contracted for	-	-
	113,000	78,000
Security cameras	35,000	-
Playing field	78,000	78,000
	113,000	78,000

19 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 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:

	2025	2024
Annual financial allocation	€ 595,851	€ 686,698

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

The Local 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:

		2025	2024
		€	€
	Notes		
Classes of financial assets – carrying amounts:			
Receivables	14	24,451	61,126
Cash at bank	15	275,030	158,947
		<u>299,481</u>	<u>220,073</u>

LIQUIDITY RISK

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Local Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short-term commitments. The Local Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Local Council has as cash and cash equivalents the amount of € 285,882. This should ensure ongoing working capital of the Local Council for the next 12 months. However, the Local Council has a negative net current asset position of (€ 51,016) 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.

MARSA LOCAL COUNCIL
 Financial Statements for the year ended 31 December 2025
 Notes to the Financial Statements

20 FINANCIAL RISK MANAGEMENT – continued

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

	Current Payable within 1 year	Non Current	
		Payable within 2 & 5 years	Payable after more than 5 years
31 December 2025	€	€	€
Payables	174,497	-	-
Accruals	57,703	-	-
Bank borrowings	21,147	93,301	4,478
	253,347	93,301	4,478
31 December 2024			
Payables	230,562	-	-
Accruals	35,223	-	-
Bank borrowings	20,299	91,962	26,855
	286,084	91,962	26,855

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 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.

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements

21 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES

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

	Notes	2024 €	2023 €
Current assets			
Loans and receivables:			
Receivables	14	61,126	145,510
Cash at bank	15	158,947	178,269
		<u>220,073</u>	<u>323,779</u>
Current liabilities			
Financial Liabilities measured at amortised cost:			
Payables and other payables	16	230,562	208,482
Accruals	16	35,223	73,308
Bank borrowings	17	20,299	19,449
		<u>286,084</u>	<u>301,239</u>
Non-current liabilities			
Financial Liabilities measured at amortised cost:			
Bank borrowings	17	118,817	139,007
		<u>404,901</u>	<u>440,246</u>

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 Local Council and on the continued support of the Local Council's creditors. Any adverse change in either of these assumptions above, would not let the Local Council able to meet its financial obligations as they all due without curtailing its future commitment

MARSA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2025
Notes to the Financial Statements
