

**Attard Local Council**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2023**

**Attard Local Council**

**For the Year Ended 31 December 2023**

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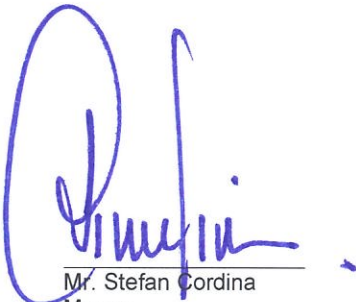
**Attard Local Council**

**Statement of Local Council Members' and Executive Secretary's Responsibilities**

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 the accounting policies applicable to Local Council, 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 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 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 24<sup>th</sup> April 2024 and signed on its behalf by:



Mr. Stefan Cordina  
Mayor



Ms. Marica Mifsud Mintoff  
Executive Secretary

**Independent Local Government Auditor's Report to the Auditor General**

**Report on the Audit of the Financial Statements**

## Report of the Local Government Auditor

To the Auditor General

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Attard Local Council set out on pages 5 to 29 which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

#### Basis for opinion

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

#### Responsibilities of those charged with governance for the financial statements

As described on page 1 the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



#### Auditor's responsibilities for the audit of the financial statements

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

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

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

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



The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

**GRANT THORNTON**  
Certified Public Accountants

Fort Business Centre  
Triq l-Intorajatur, Zone 1  
Central Business District,  
Birkirkara CBD 1050  
Malta

24 April 2024



## Attard Local Council

### Statement of Comprehensive Income

For the Year Ended 31 December 2023

		2023	2022
	Notes	€	€
<b>Revenue</b>			
Funds received from Central Government	3	829,332	988,999
Income raised from Local Enforcement System		3,549	3,428
General income	4	55,920	42,614
		888,801	1,035,041
<b>Expenditure</b>			
Personnel emoluments	7	(239,464)	(216,788)
Operations and maintenance		(518,115)	(717,110)
Administration and other expenditure		(203,390)	(163,557)
		(960,969)	(1,097,455)
<b>Loss from operations</b>		<b>(72,168)</b>	<b>(62,414)</b>
Finance costs	5	-	(13)
Other income		-	2,109
<b>Loss before tax</b>		<b>(72,168)</b>	<b>(60,318)</b>
<b>Loss for the year - total comprehensive loss</b>	6	<b>(72,168)</b>	<b>(60,318)</b>

The notes on pages 9 to 29 form an integral part of these financial statements.

**Attard Local Council**

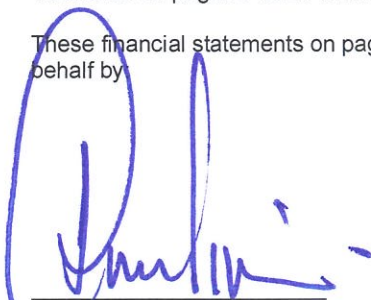
**Statement of Financial Position**

**For the Year Ended 31 December 2023**

		2023	2022
	Notes	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>623,908</b>	544,949
<b>Total non-current assets</b>		<b>623,908</b>	544,949
<b>Current assets</b>			
Receivables	11	<b>258,062</b>	183,897
Cash and cash equivalents	13	<b>59,375</b>	286,114
<b>Total current assets</b>		<b>317,437</b>	470,011
<b>TOTAL ASSETS</b>		<b>941,345</b>	1,014,960
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Retained earnings		<b>207,669</b>	279,837
<b>Total reserves</b>		<b>207,669</b>	279,837
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	15	<b>198,259</b>	271,267
<b>Current liabilities</b>			
Deferred income	15	<b>276,246</b>	264,918
Payables	12	<b>259,171</b>	198,938
<b>Total current liabilities</b>		<b>535,417</b>	463,856
<b>Total liabilities</b>		<b>733,676</b>	735,123
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>941,435</b>	1,014,960

The notes on pages 9 to 29 form an integral part of these financial statements.

These financial statements on pages 5 to 29 were approved by the Local Council on 24<sup>th</sup> April 2024 and were signed on its behalf by



Mr. Stefan Cordina  
Mayor



Ms. Marica Mifsud Mintoff  
Executive Secretary

**Attard Local Council**

**Statement of Changes in Equity**

**For the Year Ended 31 December 2023**

	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>€</b>	<b>€</b>
Balance as at 1 January 2023	279,837	279,837
<b>Comprehensive loss</b>		
Loss for the year - total comprehensive loss	(72,168)	(72,168)
<b>Balance as at 31 December 2023</b>	<b>207,669</b>	<b>207,669</b>

	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>€</b>	<b>€</b>
Balance as at 1 January 2022	340,155	340,155
<b>Comprehensive loss</b>		
Loss for the year - total comprehensive loss	(60,318)	(60,318)
<b>Balance as at 31 December 2022</b>	<b>279,837</b>	<b>279,837</b>

The notes on pages 9 to 29 form an integral part of these financial statements.

**Attard Local Council**

**Statement of Cash Flows**

**For the Year Ended 31 December 2023**

	Notes	2023 €	2022 €
<b>Cash from operating activities:</b>			
Loss from operations		(72,168)	(60,318)
Depreciation of property, plant and equipment	8	70,630	44,017
Amortisation of intangible assets	9	-	85
Movement in provision for doubtful debts	11	(815)	1,525
Bad debts written off	11	916	1,625
Lease interest payable	10	-	13
Operating loss before changes in working capital		(1,437)	(13,053)
Increase in receivables		(67,482)	(33,372)
(Decrease)/Increase in payables		(23,201)	121,559
<b>Net cash flows (used in)/ from operating activities</b>		<b>(92,120)</b>	<b>75,134</b>
<b>Cash from investing activities:</b>			
Purchase of property, plant & equipment		(637,517)	(456,183)
Receipt of grant		502,898	378,462
<b>Net cash flows used in investing activities</b>		<b>(134,619)</b>	<b>(77,721)</b>
<b>Cash from financing activities:</b>			
Interest paid		-	(13)
Payment of principal portion of lease liabilities		-	(4,535)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(4,548)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(226,739)</b>	<b>(7,135)</b>
Cash and cash equivalents at beginning of year		286,114	293,249
<b>Cash and cash equivalents at end of year</b>	13	<b>59,375</b>	<b>286,114</b>

The notes on pages 9 to 29 form an integral part of these financial statements.

## Attard Local Council

### Notes to the Financial Statements

For the Year Ended 31 December 2023

#### 1. General Notes

##### i. Entity information

The Local Council Attard is the local authority of Malta set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at Triq Sant' Anna 13/15 H'Attard, ATD 1340.

##### ii. Basis of preparation

The financial statements have been prepared and presented 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 (IFRS) as adopted by the European Union (EU).

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

##### iii. Basis of measurement

The financial statements have been prepared on the historical cost basis, as modified to include fair values where it is stated in the accounting policies below.

##### iv. Functional and presentation currency

The financial statements are presented in Euro (€), which is the Local Council's functional and reporting currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

##### v. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

##### 1. General Notes (Continued)

###### vi. Going concern

The Statement of Financial Position on page 6 and the notes thereto, with special reference to capital commitments, suggest that the 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 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 fall due without curtailing its future commitments.

###### vii. New or revised Standards or Interpretations

###### New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the Local Council are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

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

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

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. 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.

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

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

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies

##### a. Property, plant and equipment

###### i. Valuation Method

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

###### ii. Depreciation

Depreciation is charged to the statement of comprehensive income on a monthly basis using the straight-line method at rates calculated to write off the cost less residual value of each asset over the estimated useful life as follows:

Urban improvements and construction	10%
Buildings	1%
Plant, machinery and equipment	20%
Furniture and fixtures	10%
Motor vehicles	20%
Office equipment	20%
IT equipment	25%
Plants	100%
Road signs	Replacement Basis
New streetlights	100%
Street mirrors	Replacement Basis
Traffic signs	Replacement Basis
Playground furniture	100%
Little bins	Replacement Basis
Special projects	10%
Construction works	Upon completion

Assets under construction are depreciated upon completion of work.

Gains and losses on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

##### b. Intangible assets

###### i. Acquired intangible assets

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### b. Intangible assets (continued)

###### i. Acquired intangible assets (continued)

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale).

Amortisation is based on a useful life of 4 years and is charged to the statement of comprehensive income

##### c. Inventories

Inventories are stated at the lower of cost and net realisable value. Stocks are determined by the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

##### d. Leases

###### i. The Local Council is the lessee

The Local Council leases an office building used as its office. The rental lease contract is for a fixed period of one year but may be extended for a further year. Lease terms contain a wide range of different terms and conditions. The lease agreement does not impose any covenants. Leased asset may not be used as security for borrowing purposes.

At inception of a contract, the Local Council shall assess whether the 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 of time in exchange for consideration.

At lease commencement date, the Local Council recognises a right-of-use asset and a lease liability in its statement of financial position. 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 asset 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 Local Council's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Local Council would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Local Council.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### d. Leases (continued)

##### i. The Local Council is the lessee (continued)

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Local Council's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

In May 2022, The Local Council was granted a one year extension of lease agreement for its office space and had elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these were recognised as an expense in profit and loss on a straight-line basis over the lease term. In June 2023, an additional extension was granted for a further six months till December 2023, which was also accounted for as a short-term lease.

##### e. Retained Earnings

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 deficits 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.

##### f. Revenue Recognition

##### i. Funds received from Central Government

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs.

##### ii. Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the statement of comprehensive income.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### f. Revenue recognition (continued)

##### iii. Income raised from Local Enforcement System

These are commission income earned based on the value of contraventions paid at the Local Council. Revenue is recognised upon receipt of contraventions by the Local Council.

##### iv. General Income

These are income received from the issuance of permits by the Local Council. Revenue is recognised upon issuance of permits.

##### g. Expenditures

Expenditures except personal emoluments are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

##### h. Personal Emoluments

Contributions toward the state pension in accordance with local legislation are recognised in the statement of comprehensive income when they are due.

##### i. Impairment

##### i. Non-financial assets

The carrying amount of the Local Council's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Attard Local Council

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### j. Financial Instruments

###### i. 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 substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

###### ii. Classification and initial measurement of financial assets

Except for those 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, other than those designated and effective as hedging instruments, are classified into one of the following categories:

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

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

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 revenue and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

###### iii. 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 equivalent, receivables and other receivables fall into this category of financial instruments.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### j. Financial Instruments (continued)

##### iii. Subsequent movement of financial assets (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 FVTPL.

The Local Council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### iv. Receivables

The Local Council makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Local Council uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Local Council assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

##### v. Classification and measurement of financial liabilities

The Local Council's financial liabilities include payables, accruals and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designated a financial liability at FVTPL.

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 the statement of comprehensive income are included within finance costs or finance income.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### k. Government grants

##### i. Capital and operating grants

Government grants relating to operating expenditure are recognised in the profit or loss 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.

Government grants received during the year for future construction of property, plant and equipment and operating expenditures are presented in the statement of financial position as deferred income. The costs related to the construction of property, plant and equipment which were paid with these grants are shown as Assets under Construction.

#### l. Financial Risk Management

##### i. Financial Risk Management

The Local Council's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Local Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Local Council's financial performance.

##### *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 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.

##### ii. Market Risk

##### **Foreign Exchange Risk**

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Local Council is not exposed to foreign exchange risk since it does not trade in any foreign currencies.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 2. Material Accounting Policies (continued)

##### I. Financial Risk Management (continued)

##### iii. Credit Risk

Financial assets which potentially subject the Local Council to concentrations of credit risk consist principally of cash at bank and receivables and other receivables. 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 receivable balances of the Local Council are mainly composed of balances with government-related entities. Given the low risk associated with such entities, the default risk is considered to be insignificant. Given the fact that this will not result in material misstatement, the Local Council did not calculate and account for this 'expected credit loss'.

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:

	2023	2022
	€	€
<b>Class of financial assets – carrying amounts</b>		
Receivables and other receivables	165,552	178,836
Cash and cash equivalents	59,375	286,114
	<u>224,927</u>	<u>464,950</u>

The Local Council does not hold any collateral or other credit enhancements to cover this credit risk.

##### iv. 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 cash and cash equivalents amounting to €59,375 (2022: €286,114).

The Local Council also maintains a positive net asset position of €207,669 (2022: €279,837) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising. At 31 December 2023, the Local Council's financial liabilities have contractual maturities which are summarised in the following page:

**Attard Local Council**

**Notes to the Financial Statements (continued)**

**For the Year Ended 31 December 2023**

**2. Material Accounting Policies (continued)**

**I. Financial Risk Management (continued)**

**iv. Liquidity Risk (continued)**

**31 December 2023**

	Current		Non-Current	
	Within 1 year	1 to 5 years	Later than 5 years	
	€	€	€	
Payables	176,319	-	-	
Accruals	82,852	-	-	
	<b>259,171</b>	-	-	

**31 December 2022**

	Current		Non-Current	
	Within 1 year	1 to 5 years	Later than 5 years	
	€	€	€	
Payables	107,867	-	-	
Accruals	91,071	-	-	
	<b>198,938</b>	-	-	

**v. Cash flow and fair value 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 maximizing the net interest income and expense. As the Local Council has no significant interest-bearing assets, the Local Council is not exposed to any variable interest rate liabilities.

## Attard Local Council

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2023

#### 3. Funds received from Central Government

	2023	2022
	€	€
In terms of Section 55 of the Local Council Act	828,508	818,812
Other government income	824	170,187
<b>Total</b>	<b>829,332</b>	<b>988,999</b>

#### 4. General Income

	2023	2022
	€	€
Sale of goods and other merchandise	-	8
Income from permits	44,136	41,140
Other income	10,212	352
Media charges and LES pre-regional committees and commissions	1,572	1,114
<b>Total</b>	<b>55,920</b>	<b>42,614</b>

#### 5. Finance Costs

	2023	2022
	€	€
<b>Financing Cost:</b>		
Interest on lease liability	-	13

#### 6. Loss for the year

Loss from operations is stated after charging the following:

##### a. Loss for the year

	2023	2022
	€	€
Amortisation of intangible asset	-	85
Staff salaries	239,464	216,788
Depreciation of property, plant and equipment	70,630	44,017
	<b>310,094</b>	<b>260,890</b>

**Attard Local Council**

**Notes to the Financial Statements (continued)**

**For the Year Ended 31 December 2023**

**7. Personnel Emoluments**

**a. Wages and Salaries**

Payroll costs for the year comprise of the following:

	<u>2023</u>	<u>2022</u>
	€	€
Mayor's remuneration	18,401	19,540
Councillors' allowances	20,202	18,576
Executive secretary salary and allowances	43,483	51,875
Employees' salaries	142,945	114,536
Social security contributions	14,433	12,261
<b>Total</b>	<b><u>239,464</u></b>	<b><u>216,788</u></b>

Contributions toward the state pension in accordance with local legislation are recognised in the statement of comprehensive income when they are due.

**b. Average number of employees**

The average number of persons employed by the Local Council during the year was as follows:

	<u>2023</u>	<u>2022</u>
Employees	6	6
Mayor & Councillors	9	9
<b>Total</b>	<b><u>15</u></b>	<b><u>15</u></b>

Attard Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

8. Property, plant and equipment

31 December 2023

	Assets under construction and equipment	Urban improvements and construction	Plant, machinery and equipment	Furniture and fixtures	Motor vehicles	Trees	Total
	€	€	€	€	€	€	€
<b>Cost</b>							
Opening balance	377,028	3,148,712	47,063	34,474	26,999	11,529	3,645,805
Additions	602,882	32,102	2,533	-	-	-	637,517
Capitalisation	(603,379)	603,379	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>376,531</b>	<b>3,784,193</b>	<b>49,596</b>	<b>34,474</b>	<b>26,999</b>	<b>11,529</b>	<b>4,283,322</b>
<b>Grants</b>							
At 1 January	-	(1,414,013)	(1,608)	(2,892)	(15,275)	-	(1,433,788)
Additions	-	(487,928)	-	-	-	-	(487,928)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>(1,901,941)</b>	<b>(1,608)</b>	<b>(2,892)</b>	<b>(15,275)</b>	<b>-</b>	<b>(1,921,716)</b>
<b>Depreciation and impairment losses</b>							
Opening balance	-	(1,593,601)	(38,296)	(27,552)	(7,619)	-	(1,667,068)
Depreciation	-	(64,168)	(3,935)	(1,367)	(1,160)	-	(70,630)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>(1,657,769)</b>	<b>(42,231)</b>	<b>(28,919)</b>	<b>(8,779)</b>	<b>-</b>	<b>(1,737,698)</b>
<b>Net Book Value</b>							
At 1 January 2023	377,028	141,098	7,159	4,030	4,105	11,529	544,949
At 31 December 2023	<b>376,531</b>	<b>224,483</b>	<b>5,757</b>	<b>2,663</b>	<b>2,945</b>	<b>11,529</b>	<b>623,908</b>

## 8. Property, plant and equipment (continued)

31 December 2022

	Assets under construction €	Urban improvements and Plant, machinery construction and equipment €	Furniture and fixtures €	Motor vehicles €	Trees €	Total €
<b>Cost</b>						
Opening balance	39,348	3,034,576	34,369	26,999	11,529	3,189,622
Additions	337,680	114,136	105	-	-	456,183
<b>Balance 31 December 2022</b>	<b>377,028</b>	<b>3,148,712</b>	<b>34,474</b>	<b>26,999</b>	<b>11,529</b>	<b>3,645,805</b>
<b>Grants</b>						
At 1 January	-	(1,347,043)	(2,892)	(15,275)	-	(1,366,818)
Additions	-	(66,970)	-	-	-	(66,970)
<b>Balance 31 December 2022</b>	<b>-</b>	<b>(1,414,013)</b>	<b>(2,892)</b>	<b>(15,275)</b>	<b>-</b>	<b>(1,433,788)</b>
<b>Depreciation and impairment losses</b>						
Opening balance	-	(1,556,320)	(26,185)	(6,459)	-	(1,623,051)
Depreciation	-	(37,281)	(1,367)	(1,160)	-	(44,017)
<b>Balance 31 December 2022</b>	<b>-</b>	<b>(1,593,601)</b>	<b>(27,552)</b>	<b>(7,619)</b>	<b>-</b>	<b>(1,667,068)</b>
<b>Net Book Value</b>						
At 1 January 2022	39,348	131,213	5,292	5,265	11,529	199,753
At 31 December 2022	<b>377,028</b>	<b>141,098</b>	<b>4,030</b>	<b>4,105</b>	<b>11,529</b>	<b>544,949</b>

## Attard Local Council

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

#### 9. Intangible assets

##### a. Computer software

	2023	2022
	€	€
<b>Cost</b>	<b>6,643</b>	6,643
<b>Amortisation</b>		
Opening balance	(1,008)	(923)
Charge for the year	-	(85)
	<b>(1,008)</b>	<b>(1,008)</b>
<b>Grants</b>	<b>(5,635)</b>	<b>(5,635)</b>
<b>Balance at 1 January</b>	-	85
<b>Balance at 31 December</b>	-	-

#### 10. Leases

##### a. Right-of-use assets

This note provides information for leases where the Local Council is a lessee. There are no leases in place where the Local Council is the lessor. The Local Council has one contract for the lease of land and buildings which are used for its operations. In May 2022, The Local Council was granted a one year extension of lease agreement for its office space and had elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these were recognised as an expense in profit and loss on a straight-line basis over the lease term. In June 2023, an additional extension was granted for a further six months till December 2023, which was also accounted for as a short-term lease.

The lease contract includes an extension option. The option is negotiated by the Local Council to provide flexibility in managing the leased asset and align with the Local Council's business needs. The Local Council exercises significant judgement in determining whether the extension and termination option is reasonably certain to be exercised. The lease contract does not include variable payment element.

The rent amount that was classified as an expense in the statement of comprehensive income in relation to the 2023 lease extension which the Local Council elected to account for as a short-term lease amounted to €12,000 (2022: €6,952).

Attard Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

11. Receivables

a. Receivables

	2023	2022
	€	€
Receivables	3,443	137,196
Other receivables	162,109	41,640
<b>Financial assets</b>	<b>165,552</b>	<b>178,836</b>
<b>Prepayments and accrued income</b>	<b>92,510</b>	<b>5,061</b>
	<b>258,062</b>	<b>183,897</b>

Included in the receivables balance is a provision for bad debts amounting to €709 (2022: €1,525). Furthermore, bad debts written off during the year ended 31 December 2023 amounted to €916 (2022: €1,625). These are recorded as part of administrative expenses in the statement of comprehensive income.

The carrying value of financial assets is considered a reasonable approximation of fair value.

	2023	2022
	€	€
Within credit period	236	100,701
Exceeded credit period	3,207	36,495
<b>Total</b>	<b>3,443</b>	<b>137,196</b>

General receivables are analysed as follows:

Included in the receivables are debtors with a carrying amount of €3,207 (2022: €36,495) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

b. Receivables ageing analysis

	2023	2022
	€	€
Not more than 3 months	364	33,058
More than 6 months	2,843	3,437
<b>Total</b>	<b>3,207</b>	<b>36,495</b>

Attard Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

11. Receivables (continued)

c. Receivables impairment reconciliation

**Movement in the provision for impairment of receivables is as follows:**

	2023	2022
	€	€
Balance at 1 January	107,986	118,038
(Decrease) in provision for LES debtors	(2,365)	(10,052)
<b>Provision for impairment, 31 December</b>	<b>105,621</b>	<b>107,986</b>

Local Enforcement System (LES) debtors are stated after a specific provision for doubtful debts amounting to €105,621 (2022: €107,986).

12. Payables

	2023	2022
	€	€
Payables	176,319	107,867
Accruals	82,852	91,071
<b>Financial liabilities</b>	<b>259,171</b>	<b>198,938</b>

The carrying value of financial liabilities is considered to be a reasonable approximation of fair value. Payables are unsecured, interest-free and payable upon demand.

13. Cash and cash equivalents

a. Cash and cash equivalents for the statement of financial position and statement of cash flow

	2023	2022
	€	€
Cash in hand	300	314
Bank balances	59,075	285,800
<b>Total cash and cash equivalents</b>	<b>59,375</b>	<b>286,114</b>

## Attard Local Council

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

#### 14. Commitments

Details of capital commitments at the accounting date are as follows:

**(i) Approved but not yet contracted for:**

	2023	2022
	€	€
Construction of new Local Council's premises	-	8,500
Embellishment of public garden at Ġnien il-Palma	296,491	-
Upkeep and maintenance of parks, gardens, and soft Areas	22,890	-

#### 15. Deferred income

	2023	2022
	€	€
At 1 January	536,185	224,693
Increase in year	289,169	318,348
Capitalised during the year	(350,849)	(6,856)
<b>At 31 December</b>	<b>474,505</b>	<b>536,185</b>

**Comprising:**

	2023	2022
	€	€
Non-current	198,259	271,267
Current	276,246	264,918
<b>At 31 December</b>	<b>474,505</b>	<b>536,185</b>

#### 16. Contingent liabilities

The Local Council as at 31 December 2023 had the following pending Court case:

- case opened by a third party in front of the First Hall, claiming damages caused by a tree that fall onto the road. The Local Council is contesting the case on the basis that the particular road falls outside its responsibility.

Guarantee:

- The Local Council has a bank guarantee of €5,000 in favour of Building & Construction Agency (BCA) previously known as Building Regulations Office (BRO), on a third-party liability damage in connection with the restoration of the former railway embankment.

- The Local Council has also provided in 2022 a bank guarantee of €5,000 in favour of Building & Construction Agency (BCA) previously known as Building Regulations Office (BRO), on a third-party liability damage in connection with the construction and setting up of a Cultural Education and Information Centre at Ġnien L-Istazzjon, H'Attard.

## Attard Local Council

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

#### 17. Related party transactions

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

<b>Name of entity</b>	<b>Nature of relationship</b>
Department of Local Councils	Significant control
Regional Committee (Local Enforcement)	Joint control
Gozo Regional Committee	No control
North Regional Committee	No control
South Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Local Enforcement System Agency	No control
Local Councils' Association	No control
Planning Authority	No control
Malta Information Technology Agency	No control
Tech.mt	No control
Transport Malta Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Infrastructure Malta Agency	No control
Department of Inland Revenue	No control
Bank of Valletta plc	No control
Wasteserv Malta Limited	No control
GreenPak	No control
ARMS Ltd	No control
ERA Monitoring Unit	No control

#### 18. Fair value estimation

The nominal value 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.

**Attard Local Council**

**Notes to the Financial Statements (continued)**

**For the Year Ended 31 December 2023**

**19. Summary of financial assets and liabilities**

The carrying amounts of the Local Council's financial assets and liabilities are recognized at the reporting dates under review are categorized as follows:

	<u>2023</u>	<u>2022</u>
	€	€
<b>Current assets</b>		
Financial assets at amortised cost:		
Receivables	165,552	178,836
Cash and cash equivalents	<u>59,375</u>	<u>286,114</u>
<b>Total current assets</b>	<u>224,927</u>	<u>464,950</u>
<b>Current liabilities</b>		
Payables	176,319	107,867
Accruals	<u>82,852</u>	<u>91,071</u>
<b>Total current liabilities</b>	<u>259,171</u>	<u>198,938</u>

**20. Post-reporting date events**

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

**For the Year Ended 31 December 2023**

**Schedules**

**Operations and Maintenance**

	2023	2022
	€	€
<b><i>Repairs and Upkeep</i></b>		
Public property	2,920	14,830
Road/street pavements	12,141	16,310
Signs	14,341	9,659
Road Markings	539	768
Office furniture and equipment	3,082	3,571
Plant and equipment	1,055	164
Council property	55	797
Other repair and upkeep	-	281
	<b>34,133</b>	<b>46,380</b>
<b><i>Contractual Services:</i></b>		
Waste disposal	86,795	79,357
Refuse collection	71,657	321,680
Bulky refuse collection	21,338	24,627
Skips refuse collection	4,702	6,608
Cleaning services	1,080	1,024
Road and Street Cleaning	188,446	142,902
Cleaning and Maintenance Non-urban areas	16,489	6,114
Cleaning - Public conveniences	25,087	11,552
Other contractual services	-	177
Cleaning and Maintenance - Parks & Gardens	36,019	43,107
Cleaning and Maintenance - Soft Areas	16,413	17,590
Street lighting	14,443	10,057
Experts	472	383
Twining	-	4,753
Local enforcement expenses	1,041	799
	<b>483,982</b>	<b>670,730</b>
<b>Total Operations and Maintenance Costs</b>	<b>518,115</b>	<b>717,110</b>

**Attard Local Council****Schedules (continued)****Schedule of Administrative Expenses**

	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
<b>Administrative expenses</b>		
Utilities	12,398	12,000
Other repairs and upkeep	14,223	8,928
Rent	12,610	8,187
National and International Memberships	55	55
Office services	8,869	14,575
Travel	-	3,266
Transport	10,384	11,694
Information services	7,662	7,292
Bank charges	1,344	1,248
Lease of equipment	1,819	2,296
Insurance coverage	8,616	7,448
Professional services	25,293	28,018
Entertainment	1,150	916
Social events	12,031	8,998
Cultural events	14,806	1,384
Bad debts written off	100	3,150
Depreciation and amortisation	70,630	44,102
Donations	1,400	-
<b>Total</b>	<b>203,390</b>	<b>163,557</b>

