

HAL GHARGHUR LOCAL COUNCIL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2024

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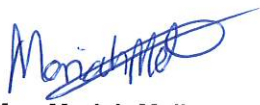
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**STATEMENT OF COUNCIL MEMBER'S AND DEPUTY EXECUTIVE SECRETARY'S  
RESPONSABILITIES FOR THE YEAR ENDED 31 DECEMBER 2024**

The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes a statement of the Council's statement of comprehensive income for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and 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 Council for the year and its retained funds as at year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, system and time scales referred to in the Local Council (Financial) Procedures, 1996.

This statement was approved by the Council on 30 September 2025 and signed on its behalf by:



**Mrs. Mariah Meli**

**Mayor**



**Mrs. Jeanette Galea**

**Deputy Executive Secretary**


**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

		As at 31 December	
		2024	2023
		€	€
ASSETS	Notes		
<b><u>Non-current assets</u></b>			
Property, plant and equipment	12	234,074	214,299
Intangible assets	13	319	319
Right-of-use asset	14	-	5,402
<b>Total non-current assets</b>		<b>234,393</b>	<b>220,020</b>
<b><u>Current assets</u></b>			
Inventories	15	1,041	1,041
Trade and other receivables	16	13,571	72,706
Cash and cash equivalents	17	21,075	59,198
<b>Total current assets</b>		<b>35,687</b>	<b>132,945</b>
<b>Total assets</b>		<b>270,080</b>	<b>352,965</b>
 <b>RESERVES AND LIABILITIES</b>			
<b><u>Reserves</u></b>			
Retained earnings		77,856	149,115
<b>Total reserves</b>		<b>77,856</b>	<b>149,115</b>
<b><u>Non-current liabilities</u></b>			
Lease liabilities		-	-
<b><u>Current liabilities</u></b>			
Trade and other payables	18	192,224	199,246
Lease liabilities	19	-	4,604
<b>Total current liabilities</b>		<b>192,224</b>	<b>203,850</b>
<b>Total liabilities</b>		<b>192,224</b>	<b>203,850</b>
<b>Total reserves and liabilities</b>		<b>270,080</b>	<b>352,965</b>

The notes on pages 6 to 26 are an integral part of these financial statements.

The financial statements were approved by the Council member on 30 September 2025 and signed on its behalf by:

  
**Mrs. Mariah Meli**  
Mayor

  
**Mrs. Jeanette Galea**  
Deputy Executive Secretary

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2024**

	Notes	Year ended 31 December	
		2024 €	2023 €
<b>Income</b>			
Funds received from Central Government	3	365,368	366,610
Income from Law Enforcement System	4	6,065	3,281
Investment Income	5	30	-
General income	6	59,024	33,672
		<u>430,487</u>	<u>403,563</u>
<b>Expenditure</b>			
Personal emoluments	8	(110,245)	(113,086)
Operations and maintenance	9	(334,237)	(155,158)
Administrative and other expenses	10	(56,621)	(155,875)
		<u>(501,103)</u>	<u>(424,119)</u>
<b>Operating loss for the year</b>		<b>(70,616)</b>	<b>(20,556)</b>
Finance costs	11	(676)	(858)
Finance income		-	76
		<u>(71,292)</u>	<u>(21,338)</u>
<b>Loss before tax</b>		<b>(71,292)</b>	<b>(21,338)</b>
Tax expense		-	-
		<u>(71,292)</u>	<u>(21,338)</u>
<b>Loss for the year</b>		<b>(71,292)</b>	<b>(21,338)</b>

The notes on pages 6 to 26 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2024**

	Note	Retained earnings €
<b>At 1 January 2024</b>		<b>149,115</b>
<b>Net loss for the year</b>		<b>(71,259)</b>
<b>At 31 December 2024</b>		<b><u>77,856</u></b>
<b>At 1 January 2023</b>		<b>170,453</b>
<b>Net loss for the year</b>		<b>(21,338)</b>
<b>At 31 December 2023</b>		<b><u>149,115</u></b>

The notes on pages 6 to 26 are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2024**

	Notes	Year ended 31 December	
		2024 €	2023 €
<b>Cash flows from operating activities</b>		<b>(71,292)</b>	<b>(21,338)</b>
<u>Adjustments to reconcile profit with net cash flows:</u>			
Depreciation and amortisation	10	<b>18,802</b>	28,640
Movement in lease and right-of-use asset		<b>798</b>	-
Movement in provision for doubtful debts		-	(200)
Finance cost	11	<b>676</b>	858
Finance income		-	(76)
<u>Working capital adjustments:</u>			
Movement in inventories		-	3
Movement in receivables	16	<b>59,135</b>	(27,437)
Movement in payables	18	<b>(7,022)</b>	60,133
Finance expense paid	11	<b>(676)</b>	-
Finance income received		-	76
<b>Net cash flows generating from (used in) operating activities</b>		<b>421</b>	<b>40,659</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	<b>(38,577)</b>	(17,573)
<b>Net cash used in investing activities</b>		<b>(38,577)</b>	<b>(17,573)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		-	(5,553)
Repayment of interest on leases		-	(858)
Capital grants received during the year		-	9,875
<b>Net cash generated from (used in) financing activities</b>		<b>-</b>	<b>3,464</b>
<b>Net movement in cash and cash equivalents</b>		<b>(38,156)</b>	<b>24,550</b>
Cash and cash equivalents at beginning of year		<b>59,198</b>	32,648
<b>Cash and equivalents at end of year</b>		<b>21,042</b>	<b>59,198</b>
<b>Total cash in hand and at bank at year end</b>		<b>21,042</b>	<b>59,198</b>

The notes on pages 6 to 26 are an integral part of these financial statements.

Notes to the financial statements

**1. General Information**

The Hal Gharghur Local Council (the Local Council) is a local authority of Malta set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at Triq San Nikola, Hal Gharghur GHR 1162, Malta. The financial statements were approved for issue by the Council Members on the 30 September 2025.

The Local Council's presentations as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within Ministry for Justice, Culture and Local Government.

**2. Material Accounting Policies and Reporting Procedures**

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

**Accounting convention**

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act, 1993 (Cap. 363), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures, 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards, as adopted by the European Union.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of Section 67 of the Local Councils Act, 1993 (Cap 363).

**New standards adopted as at 1 January 2024**

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position. Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the Local Council are:

- Classification of Liabilities as Current or Non current (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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

***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 Company.

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

- Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Presentation and Disclosure in Financial Statements (IFRS 18)

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

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.

***Property, plant and equipment***

Property, plant, and equipment are stated at cost less accumulated depreciation, impairment and grants received for specific projects (which grants were treated through the balance sheet approach). Depreciation is calculated on a monthly basis using the straight-line method of depreciation at rates estimated to write down the cost of all assets over their expected useful life, other than land and trees, as follows:

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	%
Land	0
Trees	0
Buildings	1
Office Furniture & Fittings	7.5
Construction and Street Paving	10
Urban Improvements (Street Furniture)	10
Special Programmes (Projects)	10
Office Equipment and Computer Equipment	25
Intangible asset – computer software	25
Motor Vehicles	20
Plant and Machinery	20
Road/Street Signs	Replacement Basis
Litter Bins	Replacement Basis
Playground Equipment	100
Street Lighting	100
Street Mirrors	Replacement Basis
Plants	100

Assets under construction represents professional fees incurred in relation to capital projects that have not been completed at year end are stated at cost. Costs included under assets under construction will be transferred to 'Construction & Street Paving' upon completion. The account is not depreciated until such time that the asset is completed and available for use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating loss. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

***Impairment of non-financial assets***

At the end of each reporting year, the Local Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Local Council estimates the recoverable amount of the cash-generating units to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

***Intangible assets***

Intangible assets include acquired computer software. It is accounted for using the cost model whereby capitalised cost is amortised on a straight-line basis over its estimated useful life, as this asset is considered finite. Residual value and useful life are reviewed at each reporting date. In addition, it is subject to impairment testing.

The following rate is applied:

	%
Computer software	25

Acquired computer software is capitalized on the basis of the costs incurred to acquire and install the specific software.

Fully amortised asset is retained in the accounts until these are no longer in use and no further charge for amortization is made in respect of those asset.

**Leases**

***The Local Council as a lessee***

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Local Council assesses whether the contract meets three key evaluations which are whether:

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

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 its group.

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.

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 the Statement of Comprehensive Income.

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.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in the Statement of Comprehensive Income. The right-of-use asset is adjusted for all other lease modifications.

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

#### ***Cash and cash equivalents***

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held at banks.

#### ***Financial instruments***

##### ***Recognition and derecognition***

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

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

##### ***Classification and initial measurement of financial assets***

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

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 the Statement of Comprehensive Income are presented within 'finance costs' or 'finance income'.

### ***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 principle 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, trade receivables and most other receivables fall into this category of financial instruments.

### ***Impairment of financial assets***

IFRS 9 's impairment requirements use more forward-looking information to recognise expected credit losses — the 'expected credit loss (ECL) model'. Instruments within the scope of the new 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.

Recognition of credit losses is no longer dependent on the Local Council first identifying a credit loss event. Instead, 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 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 trade and most other payables and lease liabilities.

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 the Statement of Comprehensive Income.

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'.

#### ***Related parties***

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

#### ***Income recognition***

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organization of courses, cultural, sporting and social activities is only recognised on a cash basis.

Income from investment activities is recognised when the rights of receipt have been established. Income from Law Enforcement System represents the income as it accrues from contraventions as controlled by the Local Enforcement System (LES).

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Local Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### ***Governments grants***

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

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

***Foreign currencies***

In preparing the financial statements of the Local Council, transactions in currencies other than the Local Council's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Investment income on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the Statement of Comprehensive Income for the period in which they are incurred.

***Provisions***

Provisions are recognised when the Local Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Local Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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***Judgements in applying accounting policies and key sources of estimating uncertainty.***

In the process of applying the Local Council's accounting policies, the Council Members have made no judgements which can significantly affect the amounts recognised in the financial statements.

At the end of the reporting year, except as disclosed in note 21, there were no key assumptions concerning the future, or any other key sources of estimating uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**3. Funds received from Central Government**

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act, 1993	<b>348,043</b>	316,093
Supplementary income	-	50,311
Other government income	<b>17,325</b>	206
	<b>365,368</b>	366,610

**4. Income from Law Enforcement System**

	2024	2023
	€	€
LES share of joint committee results	-	473
Income from regional committees	-	2,808
Community services	<b>2,258</b>	-
Contraventions	<b>2,565</b>	-
Income from permits	<b>1,242</b>	-
	<b>6,065</b>	3,281

**5. Investment income**

	2024	2023
	€	€
Bank interest	<b>30</b>	-
	<b>30</b>	-

**6. General income**

	2024	2023
	€	€
Cultural activities	-	848
Income from permits	-	15,253
Documents & information	<b>41,557</b>	-
EU funds	<b>672</b>	-
Twinning	<b>403</b>	-
Insurance claims	<b>13,362</b>	-
Income from adverts & sponsorships	<b>3,030</b>	7,610
Other general income	-	9,961
	<b>59,024</b>	33,672

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**7. Net loss for the year**

Net loss for the year is stated after changing:

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		€	€
Personal emoluments		<b>110,245</b>	113,086
Depreciation and amortisation		<b>24,203</b>	28,640
		<b>110,245</b>	113,086

**8. Personnel emoluments**

		<b>2024</b>	<b>2023</b>
		€	€
Personnel emoluments include, inter alia:			
Mayor's honoraria		<b>11,330</b>	11,079
Councillors' allowance		<b>13,000</b>	13,000
Executive secretary's salary and allowance		-	39,348
Bonuses		<b>1,391</b>	-
Employees' salaries		<b>72,993</b>	40,739
Social security contributions		<b>6,641</b>	6,438
Overtime		<b>4,890</b>	2,482
		<b>110,245</b>	113,086

The average number of personnel for the year was 4 FTEs (full time equivalents) which remained the same as that applicable for 2024. These figures exclude four councillors as they are recipients of allowances only.

**9. Operations and maintenance**

	2024	2023
	€	€
Operations and maintenance include, inter alia:		
<b>Repairs and upkeep:</b>		
Road and street pavements (patching works)	-	981
Road markings & signs	-	2,234
Plant & machinery	-	1,538
Other repairs and public property	<b>61,489</b>	<b>20,727</b>
	<b>61,489</b>	<b>25,480</b>
<b>Contractual services:</b>		
Refuse collection	<b>35,121</b>	27,049
Bulky refuse collection	<b>11,549</b>	6,398
Waste disposal/tipping fees	<b>47,346</b>	32,379
Roads and street cleaning	<b>49,583</b>	35,515
Cleaning and maintenance public conveniences	<b>5,550</b>	6,630
Cleaning and maintenance non-urban, parks and gardens	<b>11,485</b>	2,567
LES related expenditure	-	1,057
Other contractual services	<b>1,906</b>	18,083
Public utilities	<b>4,295</b>	-
Public materials & supplies	<b>2,404</b>	-
Rent	<b>11,729</b>	-
Street lightning	<b>16,135</b>	-
Insurance	<b>2,185</b>	-
Bank charges	<b>774</b>	-
Hospitality	<b>61,480</b>	-
Community	<b>75</b>	-
EU projects	<b>1,589</b>	-
Professional services	<b>9,542</b>	-
	<b>272,748</b>	<b>129,678</b>
<b>Total operations and maintenance</b>	<b>334,237</b>	<b>155,158</b>

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**10. Administrative and other expenses**

	2024	2023
	€	€
Utilities	2,912	6,537
Cleaning materials & supplies	11,142	1,426
Rent	-	3,690
National & international memberships	2,054	-
Operating materials and supplies	-	953
Travel	726	-
Information services	3,057	-
Street lighting	-	18,916
Professional services	50	-
Incidental expenses	120	-
Amortisation	5,402	-
Bank charges	-	1,093
Insurance coverage	-	4,079
Participation fees and memberships	-	711
Advertising & public relations expenses	-	845
ICT expenses	-	1,141
Legal and professional fees	-	9,690
Office services	5,996	6,479
Community and hospitality	-	64,753
Fines, penalties and other minor expenses	-	-
Depreciation of property, plant and equipment	-	23,002
Depreciation of right-of-use asset	-	5,401
Amortisation of intangibles	-	237
Depreciation	18,802	-
Library & information service expenses	-	1,764
Transport costs	6,360	5,355
Training costs	-	-
Movement in provision on bad debts	-	(200)
Cost of books sold:	-	3
<b>TOTAL ADMINISTRATION AND OTHER EXPENSES</b>	<b>56,621</b>	<b>155,875</b>

**11. Finance cost**

	2024	2023
	€	€
Interest on leasing arrangements	<b>676</b>	<b>858</b>

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**12. Property, plant and equipment**

Cost	Council Premises		Construction & Street Paving		Office Furniture Fixtures & Fittings		Street Signs		Urban Improvements		Office/Computer Equipment & software		Plant & Machinery		Special Programmes		Assets under Construction		Total	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		
At 01 January 2024	120,927	426,877	36,193	14,908	189,070	30,141	32,239	1,257,634	4,075	2,112,064										
Additions	-	38,868	-	-	-	-	227	-	-	-	-	-	-	-	-	-	-	-	39,096	
<b>For the period ending 31<sup>st</sup> December 2024</b>	<b>120,927</b>	<b>465,745</b>	<b>36,193</b>	<b>14,908</b>	<b>189,070</b>	<b>30,141</b>	<b>32,466</b>	<b>1,257,634</b>	<b>4,075</b>	<b>2,151,160</b>										
<b>Grant</b>																				
At 01 January 2024	(4,669)	(63,937)	(843)	-	(46,561)	(1,328)	-	(716,224)	-	(833,562)										
Allocation for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>At 31 December 2024</b>	<b>(4,669)</b>	<b>(63,937)</b>	<b>(843)</b>	<b>-</b>	<b>(46,561)</b>	<b>(1,328)</b>	<b>-</b>	<b>(716,224)</b>	<b>-</b>	<b>(833,562)</b>										
<b>Accumulated depreciation</b>																				
At 01 January 2024	(15,548)	(300,932)	(31,459)	(14,908)	(112,292)	(27,622)	(32,087)	(529,555)	-	(1,064,403)										
Charge for the year	(1,163)	(11,702)	(521)	-	(4,128)	(184)	(104)	(1,000)	-	(18,802)										
<b>At 31 December 2024</b>	<b>(16,711)</b>	<b>(312,634)</b>	<b>(31,980)</b>	<b>(14,908)</b>	<b>(116,420)</b>	<b>(27,806)</b>	<b>(32,191)</b>	<b>(530,555)</b>	<b>-</b>	<b>(1,083,205)</b>										
<b>Carrying amount</b>																				
<b>At 31 December 2024</b>	<b>99,547</b>	<b>89,174</b>	<b>3,370</b>	<b>-</b>	<b>26,089</b>	<b>1,008</b>	<b>275</b>	<b>10,855</b>	<b>4,075</b>	<b>234,393</b>										

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Cost	Council Premises		Construction & Street Paving		Office Furniture Fixtures & Fittings		Street Signs		Urban Improvements		Office/Computer Equipment & software		Plant & Machinery		Special Programmes		Assets under Construction		Total		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
At 01 January 2023	120,927	426,877	36,193	14,908	174,091	30,141	32,239	1,257,634	1,481	2,094,491											
Additions	-	-	-	-	14,979	-	-	-	-	2,594	17,573										
<b>For the period ending 31<sup>st</sup> December 2023</b>	<b>120,927</b>	<b>426,877</b>	<b>36,193</b>	<b>14,908</b>	<b>189,070</b>	<b>30,141</b>	<b>32,239</b>	<b>1,257,634</b>	<b>4,075</b>	<b>2,112,064</b>											
<b>Grant</b>																					
At 01 January 2023	(4,669)	(63,937)	(843)	-	(36,686)	(1,328)	-	(716,224)	-	(823,687)											
Allocation for the year	-	-	-	-	(9,875)	-	-	-	-	(9,875)											
<b>At 31 December 2023</b>	<b>(4,669)</b>	<b>(63,937)</b>	<b>(843)</b>	<b>-</b>	<b>(46,561)</b>	<b>(1,328)</b>	<b>-</b>	<b>(716,224)</b>	<b>-</b>	<b>(833,562)</b>											
<b>Accumulated depreciation</b>																					
At 01 January 2023	(14,492)	(286,628)	(31,068)	(14,908)	(107,808)	(25,954)	(32,008)	(528,335)	-	(1,041,201)											
Charge for the year	(1,076)	(14,304)	(391)	-	(4,484)	(1,668)	(79)	(1,000)	-	(23,002)											
<b>At 31 December 2023</b>	<b>(15,568)</b>	<b>(300,932)</b>	<b>(31,459)</b>	<b>(14,908)</b>	<b>(112,292)</b>	<b>(27,622)</b>	<b>(32,087)</b>	<b>(529,335)</b>	<b>-</b>	<b>(1,064,203)</b>											
<b>Carrying amount</b>																					
At 31 December 2023	<b>100,690</b>	<b>62,008</b>	<b>3,891</b>	<b>-</b>	<b>30,217</b>	<b>1,191</b>	<b>152</b>	<b>12,075</b>	<b>4,075</b>	<b>214,299</b>											

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**13. Intangible Assets**

	2024	2023
	€	€
<b>Cost of software</b>		
At 1 January and 31 December	<b>3,306</b>	3,306
<b>Accumulated amortisation</b>		
At 1 January	2,987	2,750
Charge for the year	-	237
At 31 December	<b>2,987</b>	2,987
<b>Net book value</b>	<b>319</b>	319

**14. Right-of-use asset**

	2024	2023
	€	€
<b>Gross carrying amount</b>		
At 1 January 31 December	<b>21,605</b>	21,605
<b>Accumulated depreciation</b>		
At January	16,203	10,802
Depreciation	5,402	5,401
At 31 December	<b>21,605</b>	16,203
<b>Net book amount</b>		
At 31 December 2024	-	5,402

**15. Inventories**

	2024	2023
	€	€
Inventory of books for sale	<b>1,041</b>	1,041

**16. Trade and other receivables**

	2024	2023
	€	€
Trade receivables	8,835	9,888
Provision for doubtful debts	-	(5,740)
LES Debtors	-	23,629
Provision for doubtful Les debts	-	(23,629)
Accrued income & prepayments	<b>4,736</b>	37,717
<b>Financial assets</b>	<b>13,571</b>	35,972
Advance payment	-	30,841
Prepayments	-	-
<b>Total trade and other receivables</b>	<b>13,571</b>	72,706

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The average credit period on sales of services is 60 days. Trade receivables disclosed above include amounts (see below credit analysis) that are past due at the end of the reporting year for which the Local Council has not recognised an allowance for doubtful debts because there has been a significant change in credit quality and the amounts are still considered recoverable.

<b>Credit period analysis</b>	<b>2024</b>	<b>2023</b>
	€	€
Within credit period	<b>3,095</b>	3,877
Exceeded credit period but not impaired	-	271
Provided for	<b>5,740</b>	5,740
<b>Total</b>	<b>8,835</b>	<b>9,888</b>

Trade receivables are stated net of a provision for doubtful debts of €5,740 (2023: €5,740). LES debtors are stated net of a provision for doubtful debts of €23,629 (2023: €23,629).

**17. Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise the following amounts:

	<b>2024</b>	<b>2023</b>
	€	€
Cash at bank	<b>21,075</b>	59,179
Cash in hand	-	19
Cash and cash equivalents	<b>21,075</b>	<b>59,198</b>

**18. Trade and other payables**

	<b>2024</b>	<b>2023</b>
	€	€
Trade payables	<b>102,393</b>	91,820
Related party undertaking	-	27,085
Accruals	<b>29,345</b>	21,636
<b>Financial liabilities</b>	<b>131,738</b>	140,541
Deferred income	<b>61,295</b>	58,705
Lease liability	<b>(809)</b>	-
<b>Total trade and other payables</b>	<b>192,224</b>	<b>199,246</b>

**19. Leases**

Lease liabilities are included in the Statement of Financial Position as follows:

	<b>2024</b>	<b>2023</b>
	€	€
<b>Current</b>	-	4,604
<b>Non-current</b>	-	-
<b>Total</b>	<b>-</b>	<b>4,604</b>

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The Local Council has lease for motor vehicle. Lease is included as a right-of-use asset in the Statement of Financial Position, with the exception of short-term leases (leases with an effected term of 12 months or less) and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Local Council classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Right-of-use assets	No of right-of-use assets leased	Remaining leased term
Motor vehicle	1	0 years

No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Local Council.

The Local Council's lease agreement does not contain any contingent rent clauses. Unless otherwise stated, the lease agreement does not contain purchase options, renewal or escalation clauses or any restrictions regarding further leasing or additional debts.

The lease agreement for the right-of-use-asset has been exhausted, and there are no remaining lease years. The lease payments for the year ended 31.12.2024 amount to 6,089 and the finance charges amount to 676.

Further minimum lease payments at 31 December 2023 were as follows:

	Not later than one year	Later than one year but not later than five years	Total
	€	€	€
31 December 2023			
Lease payments	5,766	-	5,766
Finance charges	(1,162)	-	(1,162)
Net present values	4,604	-	4,604

## 20. Capital commitments

The capital commitments at year end 2024 stood at €326,860 (2023: €326,860) and referred to capital expenditure on an architectural lighting system and resurfacing of a Triq L-Ghaxqet I-Ghajj. This will be partly financed up to the sum of €195,867 emanating from UIF funds.

## 21. Contingent liabilities

The Local Council forms part of a Local Enforcement pooling System, profits and losses generated from which system cannot be quantified at year end and have been excluded from these financial statements.

## 22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate controlling part of the Local Council is the Department for Local Governance since the Local Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from the Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

All the companies, authorities and agencies set up by the Central Government are also considered to be related parties to Gharghur Local Council but do not have significant control.

All Regional Committees (from 1 September 2011), the Local Councils Association and the other Local Councils are also considered to be related parties.

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

<b>Name of entity</b>	<b>Nature of relationship</b>
Department of Local Council	Significant Control
Gozo Regional Committee	No control
Central Regional Committee	No control
North Regional Committee	Joint Control
South Regional Committee	No control
Eastern Regional Committee	No control
Local Enforcement System Agency	No control
ARMS Ltd	No control
Ministry Of Finance	No control
Police General Headquarters	No control
Malta Environment and Planning Authority	No control
Department of Education	No control
Department of Lands	No control
Water Services Corporation	No control
Wasteserv Malta Limited	No control
Local Councils Association	No control
Bank Of Valletta	No control
Central Bank Of Malta	No control
Department Of Inland Revenue	No control
Ministry of Justice, Culture and Local Government	No control
Majjistral Action Group Foundation	No control
Transport Malta	No control
Public Works Department	No control

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

The Local Council considers the Mayor, councillors and executive secretary to be key personnel. Remuneration paid to these amounted to €57,255 (2023: €63,427). Transactions with key personnel are reported in note 7

	<b>2024</b>	<b>2023</b>
	€	€
Income – Annual Financial Allocation	<b>348,043</b>	<b>316,093</b>

## 23. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is any asset that is cash or a contractual right to receive cash. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial instruments give rise to the following risks:

### *Credit Risk*

Credit risk is the risk of financial loss to the Local Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Local Council's cash at banks, receivables and due from related parties. The Local Council controls this credit risk through strict monitoring procedures and regular coordination with its related parties, with the result that the Local Council's exposure to impairment loss is not significant. The Local Council's maximum exposure to credit risk is the carrying amount of its financial assets.

	Notes	2024	2023
		€	€
Trade and other receivables	16	13,571	35,972
Cash and cash equivalents	17	21,075	59,198
		34,646	95,170

### *Liquidity Risk*

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Local Council receives guaranteed funds from central government which are predetermined as to how they are to be spent in services towards the community. Other funds are available to the council to finance capital projects.

The Local Council's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities. The Local Council closely monitors its cash flows to be able to finance its operations and capital expenditures and pay its obligation as and when they fall due.

This table below summarises the maturity profile of the Local Council's financial liabilities on 31 December 2023 and 2024 based on the contractual undiscounted payments.

31 December 2023	Less than 1 year	From 1 to 5 years	More than 5 years
	€	€	€
Accruals	21,636	-	-
Lease liability	4,604	-	-
Payables	118,905	-	-
Totals	145,145	-	-

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31 December 2024	Less than 1 year	From 1 to 5 years	More than 5 years
	€	€	€
Accruals	29,344	-	-
Lease liability	(809)	-	-
Payables	102,393	-	-
<b>Totals</b>	<b>130,928</b>	<b>-</b>	<b>-</b>

*Foreign currency risk*

Foreign currency transactions arise when the council buys and 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 foreign currency.

*Interest rate risk*

Interest rate risk mainly arise 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 maximise the net interest income and expenses.

## 24. Financial Risk Management

*Credit risk*

Financial assets which potentially subject the Local Council to concentration of credit risk consist primarily of cash at bank and receivables. The Local Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any financial credit history.

In this respect, credit with respect to receivables is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Local Council has no significant concentration of credit risk.

*Movement in provision for doubtful debts*

	2024	2023
	€	€
Provision as of 1 January	5,940	5,940
Movement during the year	(200)	(200)
Provision as at 31 December	<b>5,740</b>	<b>5,740</b>

Provision for doubtful debts is in respect of trade debtors. At year end the council provided for all debts that were due for more than 24 months. With respect to LES debtors the council made a full provision after correctly reflecting the amount due to the Local Council in respect of LES as per Loqus (Datatrak) report. Included in the Local Council's receivables balance are the following receivables which are past due at the end of the reporting period net of an allowance for doubtful debts and excluding related party receivables. The credit period allowed by the Local Council to its debtors is 30 days.