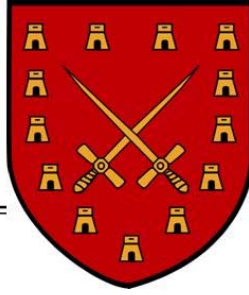


## Kunsill Lokali Pembroke

Triq Alamein  
Pembroke, PBK 1776,  
Malta.

Tel : (+356) 2137 2111 Fax : (+356) 2137 2555  
Web page : www.pembroke.gov.mt  
e-mail : pembroke.lc@gov.mt



## Pembroke Local Council

Alamein Road  
Pembroke, PBK 1776,  
Malta.

Tel : (+356) 2137 2111 Fax : (+356) 2137 2555  
Web page : www.pembroke.gov.mt  
e-mail : pembroke.lc@gov.mt

### MINUTI

## Laqgħa tal-Kunsill Lokali Pembroke

### TMINN LEGISLATURA

## Laqgħa Numru 02/2024

L-Erbgħa 31 ta' Jannar, 2024

Il-Kunsill Lokali Pembroke Itaq' fl-Uffiċċju Amministrattiv tiegħu li jinsab fl-indirizz Triq Alamein, Pembroke, fil-5.20 ta' wara nofsinhar.

#### PREŻENTI:

Dean Hili – Sindku

Désirée Vella Brincat – Kunsillier

Charles Cesare – Kunsillier

Raymond Lanzon – Kunsillier

#### ASSENTI b'APOLOGIJI Skont Ordni Permanenti 14A (3):

Ħadd

#### ASSENTI

Omar Elaref Arab – Viċi Sindku

#### UFFIĊJAL PREŻENTI:

Kevin Borg – Segretarju Eżekuttiv

Shaun Camilleri – Accountants tal-Kunsill

---

Sindku : Avv. Dean Hili Viċi Sindku : Omar Elaref Arab  
Kunsilliera : Dr. Désirée Vella Brincat M.D, Charles Cesare u Raymond Lanzon

Segretarju Eżekuttiv : Kevin Borg

## Minuti

Is-Sindku Dean Hili ppresjeda l-laqqha.

### 2.01 Qari tal-ittri ta' apoloġija.

- 2.01.1. Is-Sindku Dean Hili nforma lill-Kunsill li l-Viċi Sindku Omar Elaref Arab talab li jiġi skużat, l'izda l-ittra ta' apoloġija kienet għadt ma wasltix. Fid-dawl ta' dan il-kelliem ippropona li jekk kemm il-darba din tasal sa qabel tintemm laqqha 01/K8/2024, huwa kien qed jipproponi li din tiġi milqugħa, filwaqt li jekk ma tasalx sa tmiem l'imsemmija laqqha, il-persuna għandu jitqies bħala assenti.
- 2.01.2. Il-Kunsillier Charles Cesare issekonda.
- 2.01.3. Il-Kunsill qabel unanimament.
- 2.01.4. *Nota – l-imsemmija ittra t'appoloġija ma waslitx sa tmiem il-laqqha li qed issir referenza għaliha u allura ser jiġi kkunsidrat bħala assenti.*

### 2.02 Financial Statements għas-sena 2023.

- 2.02.1 Is-Sindku Dean Hili ippreżenta l-unaudited Financial Statements għas-sena 2023, fejn talab lill-Accountant tal-Kunsill biex jagħti l-ispjega tiegħu. **(Ara Dok. 1)**
- 2.02.2 Wara li ma kien hemm ebda kummenti, is-Sindku Dean Hili ippropona li l-Financial Statements għas-sena 2023 jiġu approvata kif iċċirkolata.
- 2.02.3 Il-Kunsillier Raymond Lanzon issekonda.
- 2.02.4 Il-Kunsill qabel unanimament.
- 2.02.5 Is-Sindku Dean Hili għalaq il-laqqha fil-5:25pm.

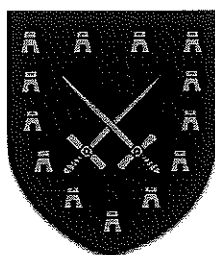
**Konfermati, illum 28 ta' Frar, 2024**

**IFFIRMAT**

Avv. Dean Hili  
**Sindku**

**IFFIRMAT**

Kevin Borg  
**Segretarju Eżekuttiv**



PEMBROKE LOCAL COUNCIL  
REPORT & FINANCIAL STATEMENTS  
For the year ended 31<sup>st</sup> December 2023

Prepared by: GCS Accounting Malta Limited

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

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed Annual Administrative Report which includes the Local Council's Statement of Profit or Loss and Other Comprehensive Income for the year and of the Council's retained funds at the end of this year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local 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 1993, 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 31 January 2024 and signed on its behalf by:



---

**Dr. Dean Hili LLD**  
(Mayor)



---

**Mr. Kevin Borg**  
(Executive Secretary)

**Report of the Local Government Auditors' on the Pembroke Local Council to the Director of Audit**

**Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31<sup>st</sup> December 2023**

	Notes	Year Ended 2023  €	Year Ended 2022  €
<b>Income</b>			
Funds received from Central Government	3	479,369	527,005
Income raised by Local Council Bye-Laws	4	1,001	577
Income from Law Enforcement System	5	2,529	2,899
General Income	6	110,144	21,542
		<u>593,043</u>	<u>552,023</u>
<b>Expenditure</b>			
Personnel emoluments	7	106,480	111,480
Operations and maintenance	8	530,457	274,881
Administrative and other expenditure	9	98,009	67,658
		<u>734,946</u>	<u>454,019</u>
<b>Operating profit/loss for the year</b>		<b>(141,903)</b>	<b>98,004</b>
<b>Profit/Loss for the year</b>		<u><b>(141,903)</b></u>	<u><b>98,004</b></u>
<b>Total comprehensive income for the year</b>		<u><b>(141,903)</b></u>	<u><b>98,004</b></u>

The notes on pages 9 to 24 form an integral part of these financial statements.

**Statement of Financial Position  
as at 31<sup>st</sup> December 2023**

	Notes	Year Ended 2023 €	Year Ended 2022 €
<b>Assets</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	10	121,163	123,054
<b>Total non-current assets</b>		<b>121,163</b>	<b>123,054</b>
<b><u>Current assets</u></b>			
Inventories	11	1,415	1,431
Trade and other receivables	12	36,623	147,940
Cash and cash equivalents	13	685,276	742,361
<b>Total current assets</b>		<b>723,314</b>	<b>891,732</b>
<b>Total assets</b>		<b>844,477</b>	<b>1,014,786</b>
<b>Reserves and liabilities</b>			
<b><u>Reserves</u></b>			
Retained earnings		681,026	822,929
<b>Total Reserves</b>		<b>681,026</b>	<b>822,929</b>
<b><u>Current liabilities</u></b>			
Trade and other payables	14	163,452	191,857
<b>Total current liabilities</b>			<b>191,857</b>
<b>Total reserves and liabilities</b>		<b>844,477</b>	<b>1,014,786</b>

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

These financial statements were approved by the Local Council on 31 January 2024 and are signed by:



\_\_\_\_\_  
**Dr. Dean Hill LLD**  
(Mayor)



\_\_\_\_\_  
**Mr. Kevin Borg**  
(Executive Secretary)

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**Statement of Changes in Equity**  
**for the year ended 31<sup>st</sup> December 2023**

	<b>Retained earnings</b> €
<b>At 1 January 2022</b>	<b>724,925</b>
Profit for the year	98,004
<b>At 31 December 2022</b>	<b>822,929</b>
<b>At 1 January 2023</b>	<b>822,929</b>
Loss for the year	(141,903)
<b>At 31 December 2023</b>	<b>680,230</b>

**Statement of Cash Flows**  
**for the year ended 31<sup>st</sup> December 2023**

	Notes	2023	2022
		€	€
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(141,903)	98,004
<u>Adjustments for:</u>			
Depreciation	9, 10	26,494	23,947
Reversal of provision for doubtful debts		-	-
<b>Operating loss/surplus before working capital changes</b>		<u>(115,409)</u>	<u>121,951</u>
<b>Movements in working capital:</b>			
Movement in inventories		16	103
Movement in trade and other receivables		111,317	(2,723)
Movement in trade and other payables		(37,043)	102,936
Movement in deferred income(Grants)		8,638	-
<b>Net cash generated from operating activities</b>		<u>(32,481)</u>	<u>222,267</u>
<b>Cashflows from investing activity</b>			
Payment to acquire property, plant and equipment	10	(107,409)	(368,999)
<b>Cash used in investing activity</b>		<u>(107,409)</u>	<u>(368,999)</u>
<b>Cash flows from financing activity</b>			
Grants received		82,805	238,938
<b>Cash generated from financing activity</b>		<u>(24,604)</u>	<u>238,938</u>
<b>Net movement in cash and cash equivalents in the year</b>		<b>(57,085)</b>	<b>92,206</b>
Cash and cash equivalents at beginning of year	13	<b>742,361</b>	650,155
<b>Cash and equivalents at end of year</b>	<b>13</b>	<u><b>685,276</b></u>	<u>742,361</u>
<b>Cash and equivalents – cash at bank and on hand</b>		<u><b>685,276</b></u>	<u>742,361</u>

The notes on pages 9 to 24 form an integral part of these financial statements.

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## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023

### 1. General Information

Pembroke Local Council is the local authority of Pembroke set up in accordance with the Local Councils Act 1993. The office of the Local Council is situated at Triq il-Alamein, Pembroke, Malta. These financial statements were approved by the Council on 31 January 2024.

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

### 2. Accounting Policies and Reporting Procedures

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

The 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.

#### New or revised standards or interpretations

##### New standards adopted as at 1 January 2022

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

##### 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, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Local Council.

Management anticipates that all of the relevant pronouncements will be adopted in the Local Council's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Local Council's financial statements.

#### 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 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, 1993 (Cap 363).

## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023

### 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 recognized on a cash basis. Income from investment activities is recognized when the rights of receipt have been established. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the 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.

### Local Enforcement System

Local Enforcement Income represents the income as it accrues from contraventions as controlled by the Local Enforcement System (L.E.S). The amount receivable from the Local Enforcement System is disclosed in the statement of financial position. A full provision for bad debts is accounted for receivables aged over two years. As from the 1<sup>st</sup> September 2011, the Council forms part of the North Regional Committee, which is responsible for the L.E.S income of the locality. The contract provides for a 10% administration fee payable to the Council for contraventions collected by the Council and remitted to the respective Regional Committees. During the year the L.E.S. undergone changes with the introduction of the LESA which has taken over the functions previously undertaken by the Regional Committees.

### Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment loss to date. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present values of property, plant and equipment do not differ materially from those that would be determined by using fair values at the end of each reporting period. Subsequent costs are included in the asset's carrying amount 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 Local Council.

Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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

Category	%
Land / Trees	0
Buildings	1
Office Furniture and Fittings	7.5 / 20
Construction Works / Special Projects / Urban Improvements (Street Furniture)	10
Office Equipment / Motor Vehicles / Plant and Machinery / Air conditioners	20
Computer Equipment / Computer software	25
Plants / Litter Bins / Playground furniture	100
Traffic / Road Signs / Street Mirrors / Lights	replacement basis

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**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023**

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 surplus. 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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Construction in-progress represent costs incurred on projects of which are still not finalised and is stated at cost. These include renovation and upgrading specific area which will be transferred to urban improvements upon completion. The account is not depreciated until such time that the asset is completed and available for use.

**Impairment of property, plant and equipment**

At the end of each reporting period, 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 Council estimates the recoverable amount of the cash-generating unit 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.

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.

**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.

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**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023****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 profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

**Subsequent measurement of financial assets**

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Local Council's cash and cash equivalents, and trade and most 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 requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

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

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## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023

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 other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

### Related Parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24. The paragraphs adopted from IAS 24 are paragraph 25 – 27, being amendments to government related entities disclosures.

### Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023

### Government Grants

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

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

Up to the year ended 31st December 2017, government grants were accounted for using the income approach according to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance." On 1st January 2018, the capital approach, according to IAS 20, has been adopted, in line with the directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and; according to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," it has been accounted for retrospectively.

### Inventories

Inventories are valued at lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in selling.

### Profits and Losses

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

### Cash and Cash Equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

### Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirement of IAS1 – 'Presentation of Financial Statements'.

### Capital Management Policies and Procedures

The Local Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objective is 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 this, the Local Council carries out a quarterly review of the working capital ratio (Financial Situation Indicator). This ratio was positive at the reporting date. 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.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023****3. Funds received from Central Government**

	<b>2023</b>	2022
	€	€
In terms of section 55 of the Local Councils Act (Cap 363)	<b>478,701</b>	494,871
Other government income	<b>668</b>	32,134
	<b>479,369</b>	527,005

**4. Income raised by Local Council Bye-Laws**

	<b>2023</b>	2022
	€	€
Income raised under Local Council Bye-Laws	<b>1,001</b>	577

**5. Income from Local Enforcement System**

	<b>2023</b>	2022
	€	€
Fines, penalties and fees	<b>2,529</b>	2,899

**6. General Income**

	<b>2023</b>	2022
	€	€
Donations and sponsorships	-	650
Income from permits	<b>17,672</b>	12,523
Other income	<b>92,472</b>	8,369
	<b>110,144</b>	21,542

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****7. Personnel Emoluments**

	2023	2022
	€	€
Mayor's allowance	11,107	10,742
Councillors' allowances	13,112	13,000
Executive Secretary's salary and allowances	35,040	46,672
Employees' salaries	40,875	35,301
Social security contributions	6,346	5,765
	<u>106,480</u>	<u>111,480</u>

**8. Operations and Maintenance**

	2023	2022
	€	€
<b>Repairs and upkeep:</b>		
Road and street pavements	288,574	19,039
Public property	37	30,909
Street signs	24,240	-
Other repairs and upkeeping	-	95
Road markings	(8,011)	14,035
	<u>304,840</u>	<u>64,078</u>
<b>Contractual Services:</b>		
Refuse collection	42,275	71,587
Bulky refuse collection	9,962	10,185
Road and Street Cleaning & premises	38,963	39,956
Cleaning and Maintenance of non-urban roads	18,672	18,598
Cleaning and Maintenance of Parks and Gardens	17,062	17,733
Cleaning and Maintenance of verges	20,528	20,923
Cleaning and Maintenance of Council Property	3,550	2,255
Cleaning and Maintenance of Public Conveniences	4,669	3,814
Local Enforcement System (L.E.S) Expenses	372	15
Street lighting expenses	65,229	16,863
Other contractual services	4,335	8,874
	<u>225,617</u>	<u>210,803</u>
<b>Total Operations and Maintenance Expenses</b>	<u>530,457</u>	<u>274,881</u>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****9. Administration and other expenditure**

	2023	2022
	€	€
Depreciation	26,494	23,947
Water, electricity, and telecommunications	5,807	6,248
Rent	1,452	1,486
National and international memberships	-	1,198
Office services	5,778	6,149
Insurance	3,104	6,768
Library expenses	1,491	1,512
Transport	392	306
Advertising and public relations	613	670
Professional services	25,051	13,900
Community and hospitality	26,458	4,526
Sundry minor expenses	584	419
Reversal of provision for bad debts	-	-
Bank charges	785	529
<b>Total Administration and other expenditure</b>	<b>98,009</b>	<b>67,658</b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)

10. Property, plant and equipment	Office Furniture, & Office		New Street		Plant & Machinery		Const. & Street Paving		Special Projects		Urban Improvement		Construction In-progress		Total
	Fittings	Equipment	Signs	Signs	€	€	€	€	€	€	€	€	€	€	
At 1 January 2022	24,745	43,525	11,787	11,787	4,225	621,223	653,660	17,307	863,164	-	-	2,239,636			
Additions	548	5,722	-	-	-	-	-	-	-	362,729	368,999				
	25,293	49,247	11,787	11,787	4,225	621,223	653,660	17,307	863,164	362,729	368,999			2,608,635	
<b>Grants</b>															
At 1 January 2022	-	(10,258)	-	-	-	(51,423)	(653,660)	-	(351,684)	-	-	(1,067,025)			
Additions	-	-	-	-	-	-	-	-	-	(362,729)	(362,729)				
	-	(10,258)	-	-	-	(51,423)	(653,660)	-	(351,684)	(362,729)	(362,729)			(1,429,754)	
At 31 December 2022	25,293	38,989	11,787	11,787	4,225	569,800	-	-	511,480	-	-	1,178,881			
<b>Depreciation</b>															
At 1 January 2022	(23,500)	(23,785)	(11,787)	(11,787)	(4,198)	(569,800)	-	-	(398,810)	-	-	(1,031,880)			
Charge for the year	(361)	(1,304)	-	-	(12)	-	-	-	(22,270)	-	-	(23,947)			
At 31 December 2022	(23,861)	(25,089)	(11,787)	(11,787)	(4,210)	(569,800)	-	-	(421,080)	-	-	(1,055,827)			
Net book value at 31 December 2022	1,432	13,900	-	-	15	-	-	17,307	90,400	-	-	123,054			

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****10. Property, plant and equipment**

	Office Furniture, & Fittings	Office Equipment	Urban Improvements	Constructions	Trees	Plant & Machinery	Special Programmes	New street Signs	Total
€	€	€	€	€	€	€	€	€	€
<b>Cost</b>									
At 1 January 2023	25,293	49,247	863,164	621,223	17,307	4,225	653,660	11,787	2,245,906
Additions	-	-	107,409	-	-	-	-	-	107,409
	25,293	49,247	970,573	621,223	17,307	4,225	653,660	11,787	2,353,315
<b>Grants</b>									
At 1 January 2023	-	(10,258)	(351,684)	(51,423)	-	-	(653,660)	-	(1,067,024)
Additions	-	-	(82,807)	-	-	-	-	-	(82,807)
At 31 December 2023	-	(10,258)	(434,491)	(51,423)	-	-	(653,660)	-	(1,149,831)
<b>Depreciation</b>									
At 1 January 2023	(23,861)	(25,089)	(421,080)	(569,800)	-	(4,210)	-	(11,787)	(1,055,827)
Charge for the year	(450)	(2,122)	(23,907)	-	-	(15)	-	-	(26,494)
At 31 December 2023	(24,222)	(26,393)	(446,690)	(569,800)	-	(4,222)	-	(11,787)	1,083,114
Net book value at 31 December 2023	982	11,778	91,095	-	17,307	-	-	-	121,162

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****11. Inventories**

	2023	2022
	€	€
Books and other publications	1,415	1,431

**12. Trade and other receivables**

	2023	2022
	€	€
Amount invoiced but not yet settled (Note 12.1)	37,003	19,322
Allowance for doubtful debts	(4,200)	(4,200)
Pre-pooling LES Debtors	87,544	88,860
Provision for LES Debtors	(87,544)	(88,860)
Other debtors	-	123,791
Accrued income	142	5,873
<b>Financial assets at amortised cost</b>	<b>32,945</b>	<b>144,786</b>
Advances to suppliers	-	-
Prepayments	3,678	3,154
<b>Total trade and other receivables</b>	<b>36,623</b>	<b>147,940</b>

**Note 12.1**

Receivables within credit period	-	15,122
Allowance for doubtful debts	4,200	4,200
	<b>4,200</b>	<b>19,322</b>

None of the receivables are at impaired status.

The credit period on receivables (Note 12.1) is of 90 days. No interest is charged on receivables for the first 90 days from the date of request of payment. Thereafter, the Local Council may consider imposing an interest charge of 2% per annum on the outstanding balance. Allowances for doubtful debts are recognised against receivables after 730 days (two years). Receivables disclosed in (Note 12.1) include amounts that are past due at the end of the reporting date for which the Council has not recognised an allowance for doubtful debts, as these are still considered recoverable. Other debtors pertains to the amount which the Local Council is entitled to receive from its operational agreement with the Embassy of the People's Republic of China.

**13. Cash and Cash Equivalents**

	2023	2022
	€	€
Cash on hand	618	758
Cash at bank	684,658	741,603
	<b>685,276</b>	<b>742,361</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****14. Trade and other payables**

	2023	2022
	€	€
Trade payables	116,874	106,178
Accruals and deferred Income	36,977	66,284
Other creditors	9,601	1,276
<b>Financial liabilities at amortised cost</b>	<b>163,452</b>	<b>173,738</b>
Government grants not yet utilised	8,638	18,119
	<b>8,638</b>	<b>191,857</b>

Accruals include estimated for goods and services received prior to 31 December 2023 and for which invoices have not yet been received by the Local Council.

**15. Fair Values Estimation**

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

**16. Related party transactions**

The Pembroke Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. No Control- Arms Ltd., Water Services Corporation, Enemalta Corporation, WasteServ Malta Ltd., Malta Information Technology Agency, Northern Harbour District Joint Committee, Malta Tourism Authority, Bank of Valletta plc., South Regional Committee, Gozo Regional Committee, South-eastern Regional Committee, Central Regional Committee, LESA, Police General Head Quarters, Malta Environment and Planning Authority, Department of Lands and the Department of Information.

In the ordinary course of its operations, the Council received funds and income from the related parties. The Council's income reflected in the statement of profit or loss and comprehensive income comprises funds received from the Central Government amounting to €478,701 (2022: €494,871).

In the opinion of the Local Council's members, disclosure of related party transactions, which are generally carried out, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Council.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)****17. Financial Risk Management**

The Local Council's activities expose it to a variety of financial risks such as market risk, credit risk, foreign currency risk, interest rate risk and liquidity risk. The Local Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Local Council's financial performance.

*Market Risk*

The Local Council's interest rate risk arises from its deposits with financial institutions. The Local Council does not have any long-term borrowings. In general, the Local Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

*Credit Risk*

Financial assets which potentially subject the Local Council to concentrations of credit risk which are principally made up of cash at bank and debtors. The Local Council's cash is placed with a quality financial institution. The Local Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Local Council places a provision on any debt on which there is doubt of recoverability. Furthermore, credit risk is limited due to the fact that government-owned customers comprise a high percentage of the council's debtor base. LES Debtor balance has been provided for fully with an allowance for bad debts.

The Local Council's exposure to credit risk is limited to the carrying amount of financial assets recognized at the date of the Statement of Financial Position (as disclosed in Notes 12 and 13, and as referred to here under), which arises from cash and cash equivalents and credit exposures from receivables as follows:

	2023	2022
	€	€
Trade and other receivables (Note 12)	32,945	144,786
Cash and cash equivalents (Note 13)	685,276	742,361
	<u>718,221</u>	<u>887,147</u>

LES debtor relate to sentenced cases arising from contraventions which are legally due to the Local Council. The credit risk exposure is high on LES debtor as the Local Council has no control on such collectables. Cash at bank relates to balances held as savings accounts placed with a local reliable financial institution. The credit risk exposure in this respect is considered low.

*Foreign currency risk*

Most of the Local Council's transactions are carried out in Euro. Exposure to foreign currency exchange rates arise from the Local Council's transactions in foreign currency. There were no figures translates from foreign currency to Euro as at the date of the Statement of the Financial Position, thus putting the foreign currency risk at nil.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)***Interest Rate Risk*

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

*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 risks management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order to not create financial distress and curtail current obligations as well as future short-term commitments. The Local Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Local Council has as cash and cash equivalents the amount of €718,221. This should ensure an ongoing working capital of the Local Council for the next 12 months. The Local Council also maintains a positive net asset position ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

**18. Events after the reporting date**

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

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

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

	2023	2022
	€	€
<b>Current Assets</b>		
Financial assets at amortised cost:		
Trade and other receivables (Note 12)	32,945	144,786
Cash and cash equivalents (Note 13)	685,276	742,361
	<u>718,221</u>	<u>887,147</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Trade and other payables	163,452	173,738

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2023 (cont.)**

**20. Reclassifications**

Certain comparative amounts have been reclassified to reflect a fairer presentation.