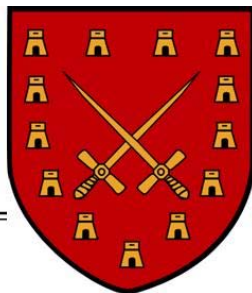


Kunsill Lokali Pembroke

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

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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

DISA' LEGISLATURA

Laqgħa Numru 02/2025

L-Erbgħa 29 ta' Jannar, 2025

Il-Kunsill Lokali Pembroke Itaqgħa' fl-uffiċċju Amministrattiv tiegħu li jinsab fl-indirizz Triq Alamein, Pembroke, fis-18:45.

PREŻENTI:

Av. Kaylon Zammit – Sindku
Adrian Dominic Ellul – Viċi Sindku
Therise Abela – Kunsillier
Carmel Cesare – Kunsillier
Raymond Lanzon – Kunsillier

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

Ħadd

ASSENTI

Ħadd

UFFIĊJAL PREŻENTI:

Kevin Borg – Segretarju Eżekuttiv
Diana Farrugia – f'isem il-kumpanija tal-accountants tal-Kunsill

Sindku : Av. Kaylon Zammit Viċi Sindku : Adrian Dominic Ellul
Kunsilliera : Therise Abela, Carmel Cesare u Raymond Lanzon

Segretarju Eżekuttiv : Kevin Borg M.Sc. (Gov & Mngt)

Minuti

Is-Sindku l-Av. Kaylon Zammit ippresjeda l-laqqgħa.

02.01 Qari tal-ittri ta' apoloġija.

02.01.1 Is-Sindku l-Av. Kaylon Zammit informa lill-Kunsill li kulhadd kien preżenti.

02.02 Financial Statements għas-sena 2024.

02.02.1 Is-Sindku l-Av. Kaylon Zammit ippreżenta l-Financial Statements għas-sena 2024 (**Ara Dok. 01**) fejn talab lill-Accountant tal-Kunsill biex tagħmel l-intervent tagħha.

02.02.2 Wara l-intervent tal-Accountant tal-Kunsill, u wara li ma kienx hemm domandi, is-Sindku l-Av. Kaylon Zammit ippropona l-approvazzjoni tar-rapport kif ipprezentat.

02.02.3 Il-Kunsillier Raymond Lanzon issekonda.

02.02.4 Il-Kunsill qabel unanimament.

02.03 Tmiem tal-laqqgħa u data tas-seduta li jmiss.

02.03.1 Is-Sindku l-Av. Kaylon Zammit għalaq il-laqqgħa fis-18:50.

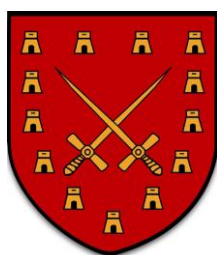
Konfermati, illum 26 ta' Frar, 2025

IFFIRMAT

Av. Kaylon Zammit
Sindku

IFFIRMAT

Kevin Borg M.Sc. (Gov & Mngt)
Segretarju Eżekuttiv



PEMBROKE LOCAL COUNCIL
REPORT & FINANCIAL STATEMENTS
For the year ended 31st December 2024

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 29 January 2025 and signed on its behalf by:

Signed

Dr. Kaylon Zammit
(Mayor)

Signed

Mr. Kevin Borg
(Executive Secretary)

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31st December 2024**

	Notes	Year Ended 2024 €	Year Ended 2023 €
Income			
Funds received from Central Government	3	764,533	500,539
Income raised by Local Council Bye-Laws	4	26,407	18,340
Income from Law Enforcement System	5	2,929	2,529
General Income	6	607,064	71,302
		<u>1,400,933</u>	<u>593,043</u>
Expenditure			
Personal emoluments	7	119,544	111,113
Operations and maintenance	8	1,246,499	566,611
Administrative and other expenditure	9	68,113	62,103
		<u>1,434,156</u>	<u>739,827</u>
Operating loss for the year		(33,223)	(146,784)
Loss for the year		<u>(33,223)</u>	<u>(146,784)</u>
Total comprehensive loss for the year		<u>(33,223)</u>	<u>(146,784)</u>

The notes on pages 7 to 22 form an integral part of these financial statements.

**Statement of Financial Position
as at 31st December 2024**

	Notes	Year Ended 2024	Year Ended 2023
		€	€
Assets			
<u>Non-current assets</u>			
Property, plant and equipment	10	101,440	121,163
Total non-current assets		101,440	121,163
<u>Current assets</u>			
Inventories	11	1,393	1,415
Trade and other receivables	12	374,819	36,623
Cash and cash equivalents	13	641,954	685,276
Total current assets		1,018,166	723,314
Total assets		1,119,606	844,477
Reserves and liabilities			
<u>Reserves</u>			
Retained earnings		642,922	676,145
Total Reserves		642,922	676,145
<u>Current liabilities</u>			
Trade and other payables	14	476,684	168,332
Total current liabilities		476,684	168,332
Total reserves and liabilities		1,119,606	844,477

The notes on pages 7 to 22 form an integral part of these financial statements.

These financial statements were approved by the Local Council on 29 January 2025 and are signed by:

Signed

Dr. Kaylon Zammit
(Mayor)

Signed

Mr. Kevin Borg
(Executive Secretary)

Statement of Changes in Equity
for the year ended 31st December 2024

	Retained earnings €
At 1 January 2023	822,929
Loss for the year	(146,784)
At 31 December 2023	676,145
At 1 January 2024	676,145
Loss for the year	(33,223)
At 31 December 2024	642,922

Statement of Cash Flows
for the year ended 31st December 2024

	Notes	2024	2023
		€	€
Cash flows from operating activities			
Loss for the year		(33,223)	(146,784)
<u>Adjustments for:</u>			
Depreciation	10	27,595	26,492
Operating loss before working capital changes		(5,628)	(120,292)
Movements in working capital:			
Movement in inventories		22	16
Movement in trade and other receivables		(338,198)	(12,474)
Movement in trade and other payables		308,354	(14,044)
Movement in deferred income (grants)		-	(9,481)
Net cash used in operating activities		(35,450)	(156,275)
Cashflows from investing activity			
Payment to acquire property, plant and equipment	10	(7,872)	(84,701)
Cash used in investing activity		(7,872)	(84,701)
Cash flows from financing activity			
Grants received		-	183,891
Cash generated from financing activity		-	183,891
Net movement in cash and cash equivalents in the year		(43,322)	(57,085)
Cash and cash equivalents at beginning of year	13	685,276	742,361
Cash and equivalents at end of year	13	641,954	685,276
Cash and equivalents – cash at bank and on hand		641,954	685,276

The notes on pages 7 to 22 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31st December 2024

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 29 January 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.

2. Material 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 material 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 2024

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

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

These amendments do not have a significant impact on these financial statements and therefore no additional disclosures have not 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 Council and no interpretations have been issued that are applicable and need to be taken into consideration by the Council.

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

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

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

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 Council's financial statements.

Notes to the Financial Statements for the year ended 31st December 2024**2. Material Accounting Policies and Reporting Procedures – continued****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).

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 when it is probable that economic benefits will flow to the entity. 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 1st 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:

Notes to the Financial Statements for the year ended 31st December 2024**2. Material Accounting Policies and Reporting Procedures – continued****Property, Plant and Equipment – continued**

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

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.

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.

Notes to the Financial Statements for the year ended 31st December 2024**2. Material Accounting Policies and Reporting Procedures – continued****Financial instruments****Recognition and derecognition**

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

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

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 statement of comprehensive income 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.

Notes to the Financial Statements for the year ended 31st December 2024

2. Material Accounting Policies and Reporting Procedures – continued

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.

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 Statement of comprehensive income (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 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 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.

Notes to the Financial Statements for the year ended 31st December 2024**2. Material Accounting Policies and Reporting Procedures – continued****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 31st December 2024**3. Funds received from Central Government**

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act (Cap 363)	529,983	499,871
Other government income	234,550	668
	764,533	500,539

4. Income raised by Local Council Bye-Laws

	2024	2023
	€	€
Income raised under Local Council Bye-Laws	26,407	18,340

5. Income from Law Enforcement System

	2024	2023
	€	€
Fines, penalties and fees	2,929	2,529

6. General Income

	2024	2023
	€	€
Donations and sponsorships	13,695	850
Other income	593,367	70,452
	607,062	71,302

Notes to the Financial Statements for the year ended 31st December 2024**7. Personnel Emoluments**

	2024	2023
	€	€
Mayor's allowance	11,330	11,107
Councillors' allowances	12,663	13,112
Executive Secretary's salary and allowances	40,727	39,673
Employees' salaries	48,112	40,875
Social security contributions	6,712	6,346
	119,544	111,113

8. Operations and Maintenance

	2024	2023
	€	€
Repairs and upkeep:		
Road and street pavements	659,923	288,574
Public property	23,763	-
Street signs and road markings	5,293	16,229
Other repairs and upkeep	3,641	37
	692,620	304,840
Contractual Services:		
Refuse collection	53,811	42,275
Bulky refuse collection	10,017	9,962
Road and Street Cleaning & premises	39,085	38,963
Cleaning and Maintenance of non-urban roads	23,478	18,672
Cleaning and Maintenance of Parks and Gardens	17,063	17,062
Cleaning and Maintenance of verges	28,384	20,528
Cleaning and Maintenance of Council Property	4,084	3,550
Cleaning and Maintenance of Public Conveniences	4,751	4,669
Local Enforcement System (L.E.S) Expenses	581	372
Street lighting expenses	321,430	65,229
Other contractual services	29,048	14,223
	531,732	235,505

Notes to the Financial Statements for the year ended 31st December 2024**8. Operations and Maintenance - continued****Other Expenditure:**

Water, electricity and telecommunications	5,658	5,807
Bank charges	1,008	785
Insurance	4,166	3,104
Community and hospitality	11,315	16,570
	22,147	26,266
Total Operations and Maintenance Expenses	1,246,499	566,611

9. Administration and other expenditure

	2024	2023
	€	€
Depreciation	27,595	26,492
Water, electricity and telecommunications	1,754	-
Rent	1,319	1,452
Office services	5,181	6,369
Library expenses	1,675	1,491
Transport	196	392
Advertising and public relations	1,334	613
Professional services	28,705	24,709
Sundry minor expenses	354	585
Total Administration and other expenditure	68,113	62,103

Notes to the Financial Statements for the year ended 31st December 2024

10. Property, plant and equipment	Office Furniture,								Assets not yet	
	& Fittings	Office Equipment	Urban Improvements	Constructions	Trees	Plant & Machinery	Special Programmes	New Street Signs	capitalised	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2023	25,293	49,247	863,164	621,223	17,307	4,225	653,660	11,787	362,729	2,608,635
Additions	-	-	24,601	-	-	-	-	-	60,100	84,701
Reclassifications	-	-	422,829	-	-	-	-	-	(422,829)	-
	25,293	49,247	1,310,594	621,223	17,307	4,225	653,660	11,787	-	2,693,336
Grants										
At 1 January 2023	-	(10,258)	(351,684)	(51,423)	-	-	(653,660)	-	(362,729)	(1,429,754)
Additions	-	-	-	-	-	-	-	-	(60,100)	(60,100)
Reclassification	-	-	(422,513)	-	-	-	-	-	422,829	-
At 31 December 2023	0	(10,258)	(774,513)	(51,423)	-	-	(653,660)	-	-	(1,489,854)
Depreciation										
At 1 January 2023	(23,861)	(25,089)	(421,080)	(569,800)	-	(4,210)	-	(11,787)	-	(1,055,827)
Charge for the year	(190)	(2,384)	(23,907)	-	-	(12)	-	-	-	(26,492)
At 31 December 2023	(24,051)	(27,473)	(444,987)	(569,800)	-	(4,222)	-	(11,787)	-	(1,082,319)
Net book value at 31 December 2023	1,242	11,516	91,096	-	-	3	-	-	-	121,163

Notes to the Financial Statements for the year ended 31st December 2024**10. Property, plant and equipment**

	Office Furniture & Fittings	Office Equipment	Urban Improvements	Constructions	Trees	Plant & Machinery	Special Programmes	New street Signs	Assets not yet capitalised	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2024	25,293	49,247	1,310,594	621,223	17,307	4,225	653,660	11,787	-	2,693,336
Additions	3,099	4,773	-	-	-	-	-	-	-	7,872
Reclassification	-	-	-	-	-	-	-	-	-	-
	28,392	54,020	1,310,594	621,223	17,307	4,225	653,660	11,787	-	2,701,208
Grants										
At 1 January 2024	-	(10,258)	(774,513)	(51,423)	-	-	(653,660)	-	-	(1,489,854)
Additions	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	-	(10,258)	(774,513)	(51,423)	-	-	(653,660)	-	-	(1,489,854)
Depreciation										
At 1 January 2024	(24,051)	(27,473)	(444,987)	(569,800)	-	(4,222)	-	(11,787)	-	(1,082,319)
Charge for the year	(295)	(2,567)	(24,730)	-	-	(3)	-	-	-	(27,595)
At 31 December 2024	(24,346)	(30,040)	(469,716)	(569,800)	-	(4,225)	-	(11,787)	-	(1,109,914)
Net book value at 31 December 2024	4,046	13,722	66,365	-	-	-	-	-	-	101,440

Notes to the Financial Statements for the year ended 31st December 2024**11. Inventories**

	2024	2023
	€	€
Books and other publications	1,393	1,415

12. Trade and other receivables

	2024	2023
	€	€
Amount invoiced but not yet settled (Note 12.1)	8,772	34,003
Allowance for doubtful debts	(4,200)	(4,200)
Pre-pooling LES Debtors	87,012	87,544
Provision for LES Debtors	(87,012)	(87,544)
Accrued income	368,102	3,142
Financial assets at amortised cost	372,674	32,945
Prepayments	2,145	3,678
Total trade and other receivables	374,819	36,623

Note 12.1

Receivables within credit period	4,572	29,803
Allowance for doubtful debts	4,200	4,200
	8,772	34,003

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.

13. Cash and Cash Equivalents

	2024	2023
	€	€
Cash on hand	720	618
Cash at bank	641,234	684,658
	641,954	685,276

Notes to the Financial Statements for the year ended 31st December 2024**14. Trade and other payables**

	2024	2023
	€	€
Trade payables	142,186	117,610
Accruals and deferred Income	325,860	41,860
Other creditors	-	224
Financial liabilities at amortised cost	468,046	159,694
Government grants not yet utilised	8,638	8,638
	476,684	168,332

Accruals include estimated for goods and services received prior to 31 December 2024 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 €529,983 (2023: €499,871).

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 31st December 2024**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:

	2024	2023
	€	€
Trade and other receivables (Note 12)	374,819	32,945
Cash and cash equivalents (Note 13)	641,954	685,276
	<u>1,016,773</u>	<u>718,221</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. The local council considers that the above financial assets that are not impaired for each reporting dates under review are of good quality, including these past due accounts. See note 12.1 for further information on impairment of financial assets.

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.

Notes to the Financial Statements for the year ended 31st December 2024**17. Financial Risk Management - continued***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.

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. The local council is not exposed to interest rate risk since it does not have variable interest rate borrowing.

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 €685,276. 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:

	2024 €	2023 €
Current Assets		
Financial assets at amortised cost:		
Trade and other receivables (Note 12)	374,819	32,945
Cash and cash equivalents (Note 13)	641,954	685,276
	1,016,773	718,221
Current Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 14)	476,684	159,694

20. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

21. Contingent liability

The Local Council has an ongoing legal dispute of a €550 claim with an insurance provider. As the outcome is uncertain as at 31 December 2024, no provision for such claim has been made.