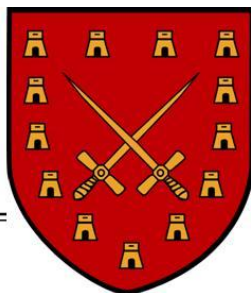


## Kunsill Lokali Pembroke

Triq Alamein  
Pembroke, PBK 1776,  
Malta.  
Tel : (+356) 2137 2111 Fax : (+356) 2137 2555  
Web page : [www.pembroke.gov.mt](http://www.pembroke.gov.mt)  
e-mail : [pembroke.lc@gov.mt](mailto: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](http://www.pembroke.gov.mt)  
e-mail : [pembroke.lc@gov.mt](mailto:pembroke.lc@gov.mt)

### MINUTI

## Laqgħa tal-Kunsill Lokali Pembroke

### DISA' LEGISLATURA

## Laqgħa Numru 02/2026

L-Erbgħa 28 ta' Jannar, 2026

Il-Kunsill Lokali Pembroke Itaq' fl-uffiċċju Amministrattiv tiegħu li jinsab fl-indirizz Triq Alamein, Pembroke, fit-15:30.

#### PREŻENTI:

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

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

Ħadd

#### ASSENTI

Ħadd

#### UFFIĊJAL PREŻENTI:

Kevin Borg – Segretarju Eżekuttiv  
Ms. Diana Farrugia u Ms. Christina Dimech - Accountants tal-Kunsill

---

Sindku : Av. Kaylon Zammit      Viċi Sindku : Adrian Dominic Ellul Grech  
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' apologija.**

02.01.1 Is-Sindku l-Av. Kaylon Zammit informa lill-Kunsill li l-membri kollha kienu preżenti.

### **02.02 Financial Statements għas-sena 2025.**

02.02.1 Is-Sindku l-Av. Kaylon Zammit ippreżenta l-Financial Statements għas-Sena Finanzjarja 2025, u talab lill-Accountants tal-Kunsill biex jagħtu l-ispjega tagħhom. (Dok. 01)

02.02.2 Wara l-ispjega tal-Accountants, is-Sindku l-Av. Kaylon Zammit ippropona l-approvazzjoni tal-Financial Statements għas-Sena Finanzjarja 2025 kif ipprezentati.

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 fit-15:35.

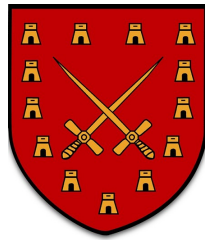
**Konfermati, illum 25 ta' Frar, 2026**

#### **IFFIRMAT**

Av. Kaylon Zammit  
**Sindku**

#### **IFFIRMAT**

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



PEMBROKE LOCAL COUNCIL  
REPORT & FINANCIAL STATEMENTS  
For the year ended 31<sup>st</sup> December 2025

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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 the 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 28<sup>th</sup> January 2026 and signed on its behalf by:

SIGNED

SIGNED

---

**Dr. Kaylon Zammit**  
(Mayor)

---

**Mr. Kevin Borg M.Sc (Gov & Mngt)**  
(Executive Secretary)

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31<sup>st</sup> December 2025**

	Notes	Year Ended 2025 €	Year Ended 2024 €
<b>Income</b>			
Funds received from Central Government	3	502,470	529,983
Income raised under Local Council Bye-Laws	4	33,171	26,407
Income raised under Law Enforcement System	5	2,811	2,929
General income	6	393,326	770,637
		<u>931,778</u>	<u>1,329,956</u>
<b>Expenditure</b>			
Personal emoluments	7	129,891	119,544
Operations and maintenance	8	542,378	1,246,499
Administrative and other expenditure	9	57,926	68,113
		<u>730,195</u>	<u>1,434,156</u>
<b>Operating profit/ (loss) for the year</b>		<u>201,583</u>	(104,200)
<b>Profit/ (loss) for the year</b>		<u>201,583</u>	(104,200)
<b>Total comprehensive income/ (loss) for the year</b>		<u>201,583</u>	(104,200)

The notes on pages 7 to 21 form an integral part of these financial statements.

**Statement of Financial Position  
As at 31<sup>st</sup> December 2025**

	Notes	Year Ended 2025	Year Ended 2024
		€	€
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Property, plant and equipment	10	<u>118,262</u>	101,440
<b>Total non-current assets</b>		<u>118,262</u>	101,440
<b><i>Current assets</i></b>			
Inventories	11	1,349	1,393
Trade and other receivables	12	85,510	303,842
Cash and cash equivalents	13	<u>1,234,819</u>	641,954
<b>Total current assets</b>		<u>1,321,678</u>	947,189
<b>Total assets</b>		<u>1,439,940</u>	1,048,629
<b>RESERVES AND LIABILITIES</b>			
<b><i>Reserves</i></b>			
Retained earnings		<u>773,528</u>	571,945
<b>Total Reserves</b>		<u>773,528</u>	571,945
<b><i>Current liabilities</i></b>			
Trade and other payables	14	<u>666,412</u>	476,684
<b>Total current liabilities</b>		<u>666,412</u>	476,684
<b>Total reserves and liabilities</b>		<u>1,439,940</u>	1,048,629

The notes on pages 7 to 21 form an integral part of these financial statements.

These financial statements were approved by the Local Council on 28<sup>th</sup> January 2026 and are signed by:

SIGNED

\_\_\_\_\_  
Dr. Kaylon Zammit  
(Mayor)

SIGNED

\_\_\_\_\_  
Mr. Kevin Borg M.Sc (Gov & Mngt)  
(Executive Secretary)

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**Statement of Changes in Equity**  
**for the year ended 31<sup>st</sup> December 2025**

	<b>Retained Earnings €</b>
<b>At 1 January 2024</b>	676,145
Loss for the year	(104,200)
<b>At 31 December 2024</b>	<u>571,945</u>
<b>At 1 January 2025</b>	571,945
Profit for the year	201,583
<b>At 31 December 2025</b>	<u><b>773,528</b></u>

**Statement of Cash Flows**  
**for the year ended 31<sup>st</sup> December 2025**

	Notes	2025	2024
		€	€
<b>Cash flows from operating activities</b>			
Profit/ (loss) for the year		201,583	(104,200)
<u>Adjustments for:</u>			
Depreciation	10	26,332	27,595
<b>Operating loss before working capital changes</b>		<b>227,915</b>	<b>(76,605)</b>
<b>Movements in working capital:</b>			
Movement in inventories		44	22
Movement in trade and other receivables		218,330	(267,219)
Movement in trade and other payables		(339,286)	308,352
Movement in deferred income (grants)		529,017	-
<b>Net cash used in operating activities</b>		<b>636,020</b>	<b>(35,450)</b>
<b>Cashflows from investing activity</b>			
Payment to acquire property, plant and equipment	10	(43,155)	(7,872)
<b>Cash used in investing activity</b>		<b>(43,155)</b>	<b>(7,872)</b>
<b>Cash flows from financing activity</b>			
Grants received		-	-
<b>Cash generated from financing activity</b>		<b>-</b>	<b>-</b>
<b>Net movement in cash and cash equivalents in the year</b>		<b>592,865</b>	<b>(43,322)</b>
Cash and cash equivalents at beginning of year	13	641,954	685,276
<b>Cash and equivalents at end of year</b>	<b>13</b>	<b>1,234,819</b>	<b>641,954</b>
<b>Cash and equivalents – cash at bank and on hand</b>		<b>1,234,819</b>	<b>641,954</b>

The notes on pages 7 to 21 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 2025

### 1. General Information

Pembroke Local Council (“the 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 Alamein, Pembroke, Malta. These financial statements were approved for issue by the Local Council Members on 28<sup>th</sup> January 2026.

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

### 2. Material Accounting Policies and Reporting Procedures

#### 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 (Cap 363).

#### New or revised standards or interpretations

##### New standards adopted as at 1 January 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on Council's financial results or position.

One amendment that is effective for the first time in 2025 and could be applicable to the Local Council is:

- Lack of exchangeability - The Effects of Changes in Foreign Exchange Rates (amendments to IAS 21).

This amendment does not have a significant impact on these financial statements and therefore no additional 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 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:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows (Amendments to IFRS 1, IFRS 7);
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);
- Presentation and Disclosure in Financial Statements (IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19).

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## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025

### 2. Material Accounting Policies and Reporting Procedures – continued

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.

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.

#### 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 organisation of courses, cultural, sporting and social activities is only recognised when it is probable that economic benefits will flow to the entity. Income from investment activities is recognised when the rights of receipt have been established. Interest income from financial assets is recognised 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 losses 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.

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 31<sup>st</sup> December 2025****2. Material Accounting Policies and Reporting Procedures – continued****Property, Plant and Equipment – continued**

Category	%
Trees	0
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.

Assets not yet capitalised 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.

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**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****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.

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**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****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.

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**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****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 are 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 2025****3. Funds received from Central Government**

	<b>2025</b>	2024
	€	€
In terms of section 55 of the Local Councils Act (Cap 363)	<b>491,003</b>	529,983
Other government income	<b>11,467</b>	-
	<b>502,470</b>	529,983

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

	<b>2025</b>	2024
	€	€
Income raised under Local Council Bye-Laws	<b>33,171</b>	26,407

**5. Income raised under Law Enforcement System**

	<b>2025</b>	2024
	€	€
Fines, penalties and fees	<b>2,811</b>	2,929

**6. General Income**

	<b>2025</b>	2024
	€	€
Donations and sponsorships	<b>6,900</b>	13,695
Other income	<b>386,426</b>	756,942
	<b>393,326</b>	770,637

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****7. Personal Emoluments**

	2025	2024
	€	€
Mayor's allowance	11,503	11,330
Councillors' allowances	18,000	12,663
Executive Secretary's salary and allowances	43,126	40,727
Employees' salaries	50,272	48,112
Social security contributions	6,990	6,712
	<b>129,891</b>	<b>119,544</b>

	2025	2024
	No.	No.
<i>Average number of people employed</i>		
Employees	3	3
Mayor and Councillors	5	5
	<b>8</b>	<b>8</b>

**8. Operations and Maintenance**

	2025	2024
	€	€
<b>Repairs and upkeep:</b>		
Road and street pavements	273,550	659,923
Public property	5,742	23,763
Street signs and road markings	24,906	5,293
Other repairs and upkeep	-	3,641
	<b>304,198</b>	<b>692,620</b>

**Contractual Services:**

Refuse collection	-	53,811
Bulky refuse collection	10,776	10,017
Road and Street Cleaning & premises	38,962	39,085
Cleaning and Maintenance of non-urban roads	23,787	23,478
Cleaning and Maintenance of Parks and Gardens	17,063	17,063
Cleaning and Maintenance of verges	29,890	28,384
Cleaning and Maintenance of Council Property	3,353	4,084
Cleaning and Maintenance of Public Conveniences	4,306	4,751
Local Enforcement System (L.E.S) Expenses	720	581
Street lighting expenses	58,525	321,430
Other contractual services	8,590	29,048
	<b>195,972</b>	<b>531,732</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****8. Operations and Maintenance - continued**

	<b>2025</b>	2024
	€	€
<b>Other Expenditure:</b>		
Water, electricity and telecommunications	<b>5,812</b>	5,658
Bank charges	<b>830</b>	1,008
Insurance	<b>2,130</b>	4,166
Community and hospitality	<b>33,436</b>	11,315
	<b>42,208</b>	22,147
<b>Total Operations and Maintenance Expenses</b>	<b>542,378</b>	1,246,499

**9. Administration and other expenditure**

	<b>2025</b>	2024
	€	€
Depreciation	<b>26,332</b>	27,595
Water, electricity and telecommunications	<b>1,937</b>	1,754
Rent	<b>(302)</b>	1,319
Office services	<b>9,762</b>	5,181
Library expenses	<b>1,862</b>	1,675
Transport	<b>540</b>	196
Advertising and public relations	<b>410</b>	1,334
Professional services	<b>16,747</b>	28,705
Sundry minor expenses	<b>638</b>	354
<b>Total Administration and other expenditure</b>	<b>57,926</b>	68,113

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****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
	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>										
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
At 31 December 2024	28,392	54,020	1,310,594	621,223	17,307	4,225	653,660	11,787	-	2,701,208
<b>Grants</b>										
At 1 January 2024/ 31 Dec 2024	-	(10,258)	(774,513)	(51,423)	-	-	(653,660)	-	-	(1,489,854)
<b>Depreciation</b>										
At 1 January 2024	(24,051)	(27,473)	(444,986)	(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)
<b>Net book value at 31 December 2024</b>	<b>4,046</b>	<b>13,722</b>	<b>66,365</b>	<b>-</b>	<b>17,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,440</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****10. Property, plant and equipment – continued**

	Office Furniture & Fittings €	Office Equipment €	Urban Improvements €	Constructions €	Trees €	Plant & Machinery €	Special Programmes €	New Street Signs €	Assets not yet capitalised €	Total €
<b>Cost</b>										
At 1 January 2025	28,392	54,020	1,310,594	621,223	17,307	4,225	653,660	11,787	-	2,701,208
Additions	7,054	-	-	-	-	-	-	-	36,100	43,155
Disposals	(4,213)	(15,555)	(7,733)	(40,087)	-	-	-	(11,787)	-	(79,376)
At 31 December 2025	<b>31,233</b>	<b>38,465</b>	<b>1,302,861</b>	<b>581,136</b>	<b>17,307</b>	<b>4,225</b>	<b>653,660</b>	-	<b>36,100</b>	<b>2,664,987</b>
<b>Grants</b>										
At 1 January 2024/ 31 Dec 2025	-	(10,258)	(774,513)	(51,423)	-	-	(653,660)	-	-	(1,489,854)
<b>Depreciation</b>										
At 1 January 2025	24,346	30,040	469,716	569,800	-	4,225	-	11,787	-	1,109,914
Charge for the year	550	2,337	23,446	-	-	-	-	-	-	26,333
Disposals	(4,214)	(15,555)	(7,733)	(40,087)	-	-	-	(11,787)	-	(79,376)
At 31 December 2025	<b>20,682</b>	<b>16,822</b>	<b>485,429</b>	<b>529,713</b>	-	<b>4,225</b>	-	-	-	<b>1,056,871</b>
<b>Net book value at 31 December 2025</b>	<b>10,551</b>	<b>11,385</b>	<b>42,919</b>	-	<b>17,307</b>	-	-	-	<b>36,100</b>	<b>118,262</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****11. Inventories**

	2025	2024
	€	€
Books and other publications	<b>1,349</b>	1,393

**12. Trade and other receivables**

	2025	2024
	€	€
Amount invoiced but not yet settled (Note 12.1)	<b>77,903</b>	8,772
Allowance for doubtful debts	<b>(4,200)</b>	(4,200)
Pre-pooling LES Debtors	<b>86,860</b>	87,012
Provision for LES Debtors	<b>(86,860)</b>	(87,012)
Accrued income	<b>9,235</b>	297,125
<b>Financial assets at amortised cost</b>	<b>82,938</b>	301,697
Prepayments	<b>2,572</b>	2,145
<b>Total trade and other receivables</b>	<b>85,510</b>	303,842

**Note 12.1**

Receivables within credit period	<b>73,703</b>	4,572
Receivables with provision	<b>4,200</b>	4,200
	<b>77,903</b>	8,772

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**

	2025	2024
	€	€
Cash in hand	<b>732</b>	720
Cash at bank	<b>1,234,087</b>	641,234
	<b>1,234,819</b>	641,954

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025****14. Trade and other payables**

	2025	2024
	€	€
Trade payables	62,701	142,186
Accruals and deferred Income	594,573	325,860
Other payables	500	-
<b>Financial liabilities at amortised cost</b>	<b>657,774</b>	<b>468,046</b>
Government grants not yet utilised	8,638	8,638
	<b>666,412</b>	<b>476,684</b>

Accruals include estimated goods and services received prior to 31 December 2025 for which invoices have not yet been received by the Local Council. Deferred income includes €500,000 of funds received which will be utilised for capital projects.

**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 €502,470 (2024: €529,983).

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.

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## Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2025

### 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:

	2025	2024
	€	€
Trade and other receivables (Note 12)	<b>85,510</b>	301,697
Cash and cash equivalents (Note 13)	<b>1,234,819</b>	641,954
	<b>1,320,329</b>	943,651

LES debtors relate to sentenced cases arising from contraventions which are legally due to the Local Council. The credit risk exposure is high on LES debtors as the Local Council has no control on such collectables. The 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 31<sup>st</sup> December 2025****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 be 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 €1,234,819. 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:

	2025 €	2024 €
<b>Current Assets</b>		
Financial assets at amortised cost:		
Trade and other receivables (Note 12)	85,510	301,697
Cash and cash equivalents (Note 13)	1,234,819	641,954
	<b>1,320,329</b>	<b>943,651</b>
<b>Current Liabilities</b>		
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 14)	666,412	468,046