



KUNSILL LOKALI HAL LIJA
HAL LIJA LOCAL COUNCIL

Lija Local Council

Annual Report and Financial Statements

For the year ended 31 December 2024

REGISTRY

30 JUN 2025

NATIONAL AUDIT OFFICE

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Lija Local Council

For the year ended 31 December 2024

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Lija Local Council


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

For the Year Ended 31 December 2024

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Council, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on 18th June 2025 and signed on its behalf by:



Mr. Anthony Dalli
Mayor



Ms. Pamela Seguna
Executive Secretary

Lija Local Council

Statement of Comprehensive Income

For the Year Ended 31 December 2024

		2024	2023
	Note	€	€
Revenue			
Funds received from Central Government	3	387,476	386,087
Income raised from Local Enforcement System	4	2,315	1,486
General income	5	10,765	13,981
		400,556	401,554
Expenditure			
Personnel emoluments	6	(135,835)	(115,880)
Operations and maintenance	7	(126,130)	(146,329)
Administration and other expenditure	8	(136,863)	(117,775)
		(398,828)	(379,984)
Operating profit for the year		1,728	21,570
Finance cost	9	(1,283)	(1,879)
Total comprehensive income for the year		445	19,691

The notes on pages 6 to 23 form an integral part of these financial statements.

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Lija Local Council


Statement of Financial Position

As At 31 December 2024

	Note	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	10	90,599	110,229
Total non-current assets		90,599	110,229
Current assets			
Trade and other receivables	11	33,713	48,079
Cash and cash equivalents	12	319,222	328,979
Total current assets		352,935	377,058
TOTAL ASSETS		443,534	487,287
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		335,435	334,990
Total reserves		335,435	334,990
Liabilities			
Non-current liabilities			
Deferred income	13	39,000	43,969
Lease liability – non-current	14	13,143	25,660
		52,143	69,629
Current liabilities			
Trade and other payables	15	42,156	82,668
Lease liability	14	13,800	-
Total current liabilities		55,956	82,668
Total liabilities		108,099	152,297
TOTAL RESERVES AND LIABILITIES		443,534	487,287

The notes on pages 6 to 23 form an integral part of these financial statements.

These financial statements on pages 2 to 23 were approved by the Local Council on 18th June 2025 and were signed on its behalf by:



Mr. Anthony Dalli
Mayor



Ms. Pamela Seguna
Executive Secretary

Lija Local Council

Statement of Changes in Equity

For the Year Ended 31 December 2024

	Retained Earnings	Total Equity
	€	€
Balance as at 1 January 2024	334,990	334,990
Total comprehensive income for the year	445	445
Balance as at 31 December 2024	335,435	335,435

	Retained Earnings	Total Equity
	€	€
Balance as at 1 January 2023	315,299	315,299
Total comprehensive income for the year	19,691	19,691
Balance as at 31 December 2023	334,990	334,990

The notes on pages 6 to 23 form an integral part of these financial statements.

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Lija Local Council

Statement of Cash Flows

For the Year Ended 31 December 2024

		2024	2023
	Notes	€	€
Cash from operating activities:			
Comprehensive income for the year		445	19,691
Depreciation of property, plant and equipment	10	32,611	26,123
Interest paid		1,283	1,879
Deferred income released	13	(10,682)	(212,443)
Operating income/(loss) before changes in working capital		23,657	(164,750)
Decrease/(increase) in receivables		14,366	(95)
(Decrease)/increase in payables		(26,712)	20,614
Grants generated	10	5,713	205,098
Net cash flows generated from operating activities		17,024	60,867
Cash from investing activities:			
Purchase of property, plant & equipment	10	(101,144)	(368,172)
Receipt of grant		88,163	321,949
Net cash flows used in investing activities		(12,981)	(46,223)
Cash from financing activity:			
Lease payments	14	(13,800)	(13,800)
Net cash flows used in financing activity		(13,800)	(13,800)
Net movement in cash and cash equivalents		(9,757)	844
Cash and cash equivalents at beginning of year		328,979	328,135
Cash and cash equivalents at end of year	12	319,222	328,979

The notes on pages 6 to 23 form an integral part of these financial statements.

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Lija Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2024

1. General Notes

Entity information

Hal Lija Local Council is the local authority of Hal Lija set up in accordance with the Local Council's Act. The office of the Local Council is situated at 36, Videnza, Triq il-Mithna, Hal Lija. These financial statements were approved for issue by the Council on 18th June 2025. The local Council's financial statements are prepared on a going concern basis and are presented in euro which is the functional currency of the Council.

2. Material Accounting Policies and Reporting Procedures

a) Basis of preparation

The financial statements have been prepared and presented in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

The financial statements have been prepared on a historical cost basis.

b). Functional and presentation currency

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

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

c) Use of estimates and assumptions

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

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

Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting procedures (continued)

d) 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 are:

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

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

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

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


- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability Disclosures'

None of these Standards or amendments to existing Standards have been adopted early by the Local Council. The Local Council's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The Local Council will assess the impact on disclosures from the initial adoption of IFRS 18, IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The Local Council is not expected to early adopt this new standard.

e) Going concern

The Statement of Financial Position on page 6 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Local Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Local Council able to meet its financial obligations as they fall due without curtailing its future commitments.

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting procedures (continued)

f) Property, plant and equipment

i. Valuation Method

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

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All other repairs

ii. Depreciation

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

Land	0%
Trees	0%
Buildings	1%
Office furniture and fittings	7.5%
Construction works	10%
Urban improvements (street furniture)	10%
Special projects	10%
Office equipment	20%
Motor vehicles	20%
Plant and machinery	20%
Computer equipment	25%
Plants	100%
Litter bin	Replacement Basis
Playground furniture	100%
Road and traffic signs	Upon completion
Street mirrors	Upon completion
Streetlights	100%

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

g) Leases

i. The Local Council is the lessee

The Local Council leases an office building used as its office. The rental lease contract is for a fixed period of more than one year. Current lease expires in year 2027. Lease terms contain a wide range of different terms and conditions. The lease agreement does not impose any covenants. Leased asset may not be used as security for borrowing purposes.

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting Procedures (continued)

g) Leases (continued)

i. The Local Council is the lessee (continued)

At inception of a contract, the Local Council shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the Local Council recognises a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Local Council, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Local Council depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Local Council also assesses the right-of-use asset for impairment when such indicators exist.

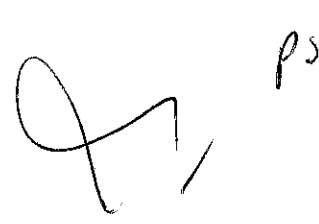
At the commencement date, the Local Council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Local Council's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the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

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

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

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

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



Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting Procedures (continued)

h) Retained Earnings

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these financial statements. All foreseeable liabilities and potential deficits arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

i) Revenue Recognition

i. Funds received from Central Government

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

ii. Interest income

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

iii. Income raised from Local Enforcement System

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

iv. General Income

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

j) Expenditures

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

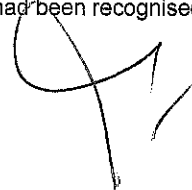
k) Personal Emoluments

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

l) Impairment

i. Non-financial assets

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

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting Procedures (continued)

m) Financial Instruments

i. Recognition and derecognition

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

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

ii. Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

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

iii. Subsequent measurement of financial assets

Financial assets at amortised cost

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

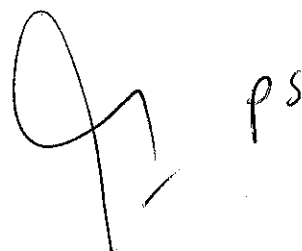
- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Local Council's cash and cash equivalent, receivables and other receivables fall into this category of financial instruments

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

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



Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

2. Material Accounting Policies and Reporting Procedures (continued)

m. Financial Instruments (continued)

iii. Subsequent measurement of financial assets (continued)

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

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

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

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

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

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

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

iv. Receivables

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

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

v. Classification and measurement of financial liabilities

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

n) Capital and operating grants

Government grants relating to operating expenditure are recognised in the profit or loss in the same period that the related expenditure is incurred.

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

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

7. Operations and maintenance

	2024	2023
	€	€
Repairs and upkeep:		
Road and street pavements	30	3,875
Signs and road markings	739	2,355
Other repairs and upkeep	25,651	44,110
	<u>26,420</u>	<u>50,340</u>
Contractual services:		
Refuse collection	48,360	41,436
Bulky refuse collection	6,299	7,674
Road and street cleaning	24,988	23,431
Cleaning and maintenance of public convenience	8,213	7,139
Cleaning and maintenance of parks and gardens	10,089	8,009
Streetlights	466	5,621
Other	1,295	2,679
	<u>99,710</u>	<u>95,989</u>
	<u>126,130</u>	<u>146,329</u>

8. Administration and other expenditure

	2024	2023
	€	€
Utilities	5,573	2,602
Rent payable	1,585	1,334
Office services	6,156	4,732
Travel	726	2,150
Publications and advertising	6,948	5,290
Professional services	34,733	34,060
Community services and events	31,282	36,829
Bank interest and charges	1,063	988
Depreciation	34,992	26,123
Insurance	11,145	3,012
Other expenses	2,660	655
	<u>136,863</u>	<u>117,775</u>

9. Finance cost

	2024	2023
	€	€
Lease interest cost	1,283	1,879

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

31 December 2023

	Office furniture & fittings €	Plant & machinery €	Office equipment €	Urban development and special projects €	New street signs, lanterns & lights €	Construction works €	Motor vehicles €	Computer equipment €	Right of use asset – property €	Total €
Cost										
As at 1 January 2023	27,606	8,282	45,125	300,850	57,251	785,366	12,350	3,641	62,734	1,303,185
Additions	1,099	-	8,260	305,557	12,191	-	41,065	-	-	368,172
As at 31 December 2023	28,705	8,282	53,385	606,407	69,442	785,366	53,415	3,641	62,734	1,671,357
Grants										
As at 1 January 2023	8,865	3,950	6,685	136,131	22,252	175,045	-	-	-	352,908
Additions	-	-	8,260	276,698	12,191	-	24,800	-	-	321,949
As at 31 December 2023	8,865	3,950	14,925	412,829	34,443	175,045	24,800	-	-	674,857
Depreciation										
As at 1 January 2023	17,353	4,115	36,730	136,483	34,999	610,321	4,803	2,797	12,547	860,148
Charge for the year	224	65	552	6,401	0	0	5,460	844	12,547	26,123
As at 31 December 2023	17,577	4,180	37,282	142,884	34,999	610,321	10,263	3,641	25,094	886,271
Net Book Value										
At 31 December 2023	2,263	132	1,178	50,894	-	-	18,322	-	37,640	110,229

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

11. Trade and other receivables

	2024	2023
	€	€
Receivables	8,682	8,379
Accrued income	22,301	33,079
Financial assets & amortised cost	30,983	41,458
Prepayments	2,730	6,621
Total receivables	33,713	48,079

Receivables are stated net of provision for doubtful debts of Eur8,153 (2023: Eur1,893).

12. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position.

	2024	2023
	€	€
Current accounts	6,303	6,898
Savings accounts	312,791	321,949
Cash in hand	128	132
	319,222	328,979

13. Deferred income

	2024	2023
	€	€
Opening balance	43,969	51,314
Allocations of funds	5,713	205,098
Release of funds	(10,682)	(212,443)
Closing balance	39,000	43,969

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

15. Trade and other payables

	2024	2023
	€	€
Current liabilities		
Payables	18,281	41,523
Other payables	2,822	-
Accruals	21,053	27,345
Financial liabilities measured at amortised cost	42,156	68,868

16. Capital commitments

There were no capital commitments as at 31 December 2024.

17. Related party transactions

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Regional Committees (Local Enforcement)	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation / ARMS	No control

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

	2024	2023
	€	€
Annual financial allocation	357,540	322,365

The ultimate controlling party of the Local Council is Central Government since the Council's main revenue is from Government allocation received every quarter. Apart from the normal funds received from Government, the Council also receives funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

Key management compensation

Transactions with key management personnel are disclosed in note 6. The Council considers its Mayor, Councillors, and the Executive Secretary to be key management personnel. Remuneration paid to its key management personnel amounted to Eur61,889 (2023: Eur60,333) during year ended 31 December 2024.

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

18. Risk Management Objectives and Policies

The Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the council members and focuses on actively securing the Council's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risk to which the Council is exposed are described below.

18.1 Credit Risk

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	2024	2023
		€	€
Classes of financial assets — carrying amounts			
Receivables	11	8,682	8,379
Accrued income	11	22,301	33,079
Cash and cash equivalents	12	319,222	328,979
		350,205	370,437

The Council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Council's policy is to deal only with creditworthy counterparties.

The Council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Council's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

18. Risk Management Objectives and Policies (continued)

18.2 Liquidity Risk

The Council's trade and other payables exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the Council's obligations when they become due.

The Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The Council's liquidity is deemed to be sufficient in view of the matching of cash inflows and out flows arising from expected maturities of financial instruments.

	Notes	2024 €	2023 €
Current liabilities			
Financial liabilities measured at amortised cost			
Payables	15	18,281	41,523
Other payables	15	2,822	-
Lease liability	14	13,800	13,800
Accruals	15	21,053	27,345
		55,956	82,668
Non-current liabilities			
Financial liabilities measured at amortised cost			
Lease liability	14	13,143	25,660

At 31 December, the Council's financial liabilities have contractual maturities which are summarised below:

31 December 2024	Current Within 1 year	Non- Current 1-5 Years	Later than 5 Years
Payables	18,281	-	-
Other payables	2,822	-	-
Lease liability	13,800	13,143	-
Accruals	21,053	-	-
Total	55,956	13,143	-

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

18. Risk Management Objectives and Policies (continued)

18.2 Liquidity Risk (continued)

This compares to the maturities of the Council's financial liabilities in the previous reporting period as follows:

	Current Within 1 year	Non- Current 1-5 Years	Later than 5 Years
31 December 2023			
Payables	41,523	-	-
Lease liability	13,800	25,660	-
Accruals	27,345	-	-
Total	82,668	25,660	-

18.3 Interest Rate Risk

The Council has no significant interest-bearing assets other than cash and cash equivalent (Note 12), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. The Council monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, the Council considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

18.4 Foreign Currency Risk

The Council is not exposed to foreign exchange risk since it does not transact in foreign currencies.

18.5 Summary of financial assets and liabilities by category

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

	Notes	2024 €	2023 €
Current assets			
Receivables	11	8,682	8,379
Accrued income	11	22,301	33,079
Cash and cash equivalents	12	319,222	328,979
		350,205	370,437
Current liabilities			
Payables	15	18,281	41,523
Other payables	15	2,822	-
Lease liability	14	13,800	13,800
Accruals	15	21,053	27,345
		55,956	82,668
Non-current liabilities			
Lease liability	14	13,143	25,660

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Lija Local Council

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2024

18. Risk Management Objectives and Policies (continued)

18.6 Capital Risk Management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structures to reduce cost of capital.

The Council's reserves, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

19. Fair Value Estimation

As at 31 December 2024 and 31 December 2023, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

20. Comparative amounts

Certain amounts have been reclassified to conform with the current year's presentation.

21. Events After the End of the Reporting Period

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

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Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Lija Local Council set out on pages 2 to 23 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the “Legislation”).

Basis for opinion

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

Responsibilities of those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement principal on the audit resulting in this independent auditor's report is Alex Brincat.



Alex Brincat (Principal) for and on behalf of

Grant Thornton

Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD1050
Malta

18 June 2025