KUNSILL LOKALI ĦAL LIJA
ĦAL LIJA LOCAL COUNCIL

Lija Local Council

Annual Report and Financial Statements

For the year ended 31 December 2025

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Lija Local Council

For the year ended 31 December 2025

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Lija Local Council

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

For the Year Ended 31 December 2025

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 26th May 2026 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 2025

	Note	2025 €	2024 €
Revenue			
Funds received from Central Government	3	**341,739**	387,476
Income raised from Local Enforcement System	4	**1,757**	2,315
General income	5	**20,843**	10,765
		364,339	400,556
Expenditure			
Personnel emoluments	6	**(141,504)**	(135,835)
Operations and maintenance	7	**(71,128)**	(126,130)
Administration and other expenditure	8	**(124,549)**	(136,863)
		(337,181)	(398,828)
Operating profit for the year		**27,158**	1,728
Finance cost	9	**(492)**	(1,283)
Total comprehensive income for the year		**26,666**	445

The notes on pages 6 to 22 form an integral part of these financial statements.

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Lija Local Council

Statement of Financial Position

As At 31 December 2025

	Note	2025 €	2024 €
ASSETS			
Non-current assets			
Property, plant and equipment	10	**71,146**	90,599
Total non-current assets		**71,146**	90,599
Current assets			
Trade and other receivables	11	**41,194**	33,713
Cash and cash equivalents	12	**444,353**	319,222
Total current assets		**485,547**	352,935
TOTAL ASSETS		**556,693**	443,534
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		**362,101**	335,435
Total reserves		**362,101**	335,435
Liabilities			
Non-current liabilities			
Deferred income	13	**146,265**	39,000
Lease liability – non-current	14	**-**	13,143
		146,265	52,143
Current liabilities			
Trade and other payables	15	**34,691**	42,156
Deferred income		**-**	
Lease liability	14	**13,636**	13,800
Total current liabilities		**48,327**	55,956
Total liabilities		**194,592**	108,099
TOTAL RESERVES AND LIABILITIES		**556,693**	443,534

The notes on pages 6 to 22 form an integral part of these financial statements.

These financial statements on pages 2 to 22 were approved by the Local Council on 26th May 2026 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 2025

	Retained Earnings €	Total Equity €
Balance as at 1 January 2025	**335,435**	**335,435**
Total comprehensive income for the year	**26,666**	**26,666**
Balance as at 31 December 2025	**362,101**	**362,101**

	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

The notes on pages 6 to 22 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 2025

	Notes	2025 €	2024 €
Cash from operating activities:			
Comprehensive income for the year		**26,666**	445
Depreciation of property, plant and equipment	10	**27,014**	32,611
Interest paid		**492**	1,283
Deferred income released	13	**(5,885)**	(10,682)
Operating income/(loss) before changes in working capital		**48,287**	23,657
Decrease/(increase) in receivables		**(7,481)**	14,366
(Decrease)/increase in payables		**(7,464)**	(26,712)
Grants generated	10	**113,150**	5,713
Net cash flows generated from operating activities		**146,492**	17,024
Cash from investing activities:			
Purchase of property, plant & equipment	10	**(11,856)**	(101,144)
Receipt of grant		**4,295**	88,163
Net cash flows used in investing activities		**(7,561)**	(12,981)
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		**125,131**	(9,757)
Cash and cash equivalents at beginning of year		**319,222**	328,979
Cash and cash equivalents at end of year	12	**444,353**	319,222

The notes on pages 6 to 22 form an integral part of these financial statements.

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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 26th May 2026. 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.

2. Material Accounting Policies and Reporting procedures (continued)

d) 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 the Local Council financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the company are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and therefore the 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 published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Local Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Local Council at either reporting date.

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 'Subsidiaries without Public Accountability Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These Standards and 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.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The adoption of IFRS 18 'Presentation and Disclosure in financial statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial Statements, and therefore relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- A new requirement to disclose performance measures defined by management, and
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Local Council is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Local Council financial statements.

e) Going concern

The Statement of Financial Position on page 3 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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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.

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.

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2. Material Accounting Policies and Reporting Procedures (continued)

g) Leases (continued)

i. The Local Council is the lessee (continued)

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.

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

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2. Material Accounting Policies and Reporting Procedures (continued)

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.

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.

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2. Material Accounting Policies and Reporting Procedures (continued)

m. Financial Instruments (continued)

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.

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.

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2. Material Accounting Policies and Reporting Procedures (continued)

m. Financial Instruments (continued)

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.

2. Material Accounting Policies and Reporting Procedures (continued)

n) Capital and operating grants (continued)

Government grants received during the year for future construction of property, plant and equipment and operating expenditures are presented in the statement of financial position as deferred income. The costs related to the construction of property, plant and equipment which were paid with these grants are shown as Assets under Construction.

3. Funds received from Central Government

	2025	2024
	€	€
In terms of Section 55 of the Local Council Act (Cap 363)	**313,866**	357,540
Other government income	**27,873**	29,936
	341,739	387,476

4. Income raised from Local Enforcement System

	2025	2024
	€	€
Regional Committee LESA - administration fees	**1,757**	2,315

5. General Income

	2025	2024
	€	€
Income from permits	**11,421**	9,543
Other income	**9,422**	1,222
	20,843	10,765

6. Personnel Emoluments

	2025	2024
	€	€
Mayor's allowances	**11,503**	11,330
Councillors' allowances	**18,000**	13,000
Executive secretary salary and allowances	**36,509**	37,559
Employees' salaries	**67,060**	65,613
Social security contributions	**8,432**	8,333
	141,504	135,835

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

Average number of employees

The average number of persons employed by the Local Council during the year was as follows:

	2025	2024
Employees	**4**	4
Mayor & Councillors	**5**	5
Total	**9**	9

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7. Operations and maintenance

	2025 €	2024 €
Repairs and upkeep:		
Road and street pavements	-	30
Signs and road markings	-	739
Other repairs and upkeep	**5,790**	25,651
	5,790	26,420
Contractual services:		
Refuse collection	**5,772**	48,360
Bulky refuse collection	**3,644**	6,299
Road and street cleaning	**23,519**	24,988
Cleaning and maintenance of public convenience	**7,244**	8,213
Cleaning and maintenance of parks and gardens	**16,909**	10,089
Streetlights	**6,806**	466
Other	**1,444**	1,295
	65,338	99,710
	71,128	126,130

8. Administration and other expenditure

	2025 €	2024 €
Utilities	**4,074**	5,573
Rent payable	**1,507**	1,585
Office services	**4,298**	6,156
Travel	**2,450**	726
Publications and advertising	**4,513**	6,948
Professional services	**35,778**	34,733
Community services and events	**30,429**	31,282
Bank interest and charges	**1,052**	1,063
Depreciation	**27,014**	34,992
Insurance	**4,750**	11,145
Other expenses	**1,333**	2,660
Bad debt	**7,351**	-
	124,549	136,863

9. Finance cost

	2025 €	2024 €
Lease interest cost	**492**	1,283

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2025

31 December 2025	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 2025	28,705	8,672	54,474	695,643	79,851	785,366	53,415	3,641	62,734	1,772,501
Additions	806	808	-	8,564	1,678	-	-	-	-	11,856
As at 31 December 2025	**29,511**	**9,480**	**54,474**	**704,207**	**81,529**	**785,366**	**53,415**	**3,641**	**62,734**	**1,784,357**
Grants										
As at 1 January 2025	8,865	3,950	14,925	500,992	34,443	175,045	24,800	-	-	763,020
Additions	-	-	-	4,295	-	-	-	-	-	4,295
As at 31 December 2025	**8,865**	**3,950**	**14,925**	**505,287**	**34,443**	**175,045**	**24,800**	**-**	**-**	**767,315**
Depreciation										
As at 1 January 2025	17,802	4,328	37,948	149,094	42,792	610,321	15,316	3,641	37,640	918,882
Charge for the year	285	309	666	6,703	1,481	-	5,023	-	12,547	27,014
As at 31 December 2025	**18,087**	**4,637**	**38,614**	**155,797**	**44,273**	**610,321**	**20,339**	**3,641**	**50,187**	**945,896**
Net Book Value										
At 31 December 2025	**2,559**	**893**	**936**	**43,123**	**2,813**	**-**	**8,276**	**-**	**12,546**	**71,146**

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10. Property, plant and equipment

31 December 2024

	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 2024	28,705	8,262	53,385	606,407	69,442	785,366	53,415	3,641	62,734	1,671,357
Additions	-	410	1,089	89,236	10,409	-	-	-	-	101,144
As at 31 December 2024	**28,705**	**8,672**	**54,474**	**695,643**	**79,851**	**785,366**	**53,415**	**3,641**	**62,734**	**1,772,501**
Grants										
As at 1 January 2024	8,865	3,950	14,925	412,829	34,443	175,045	24,800	-	-	674,857
Additions	-	-	-	88,163	-	-	-	-	-	88,163
As at 31 December 2024	**8,865**	**3,950**	**14,925**	**500,992**	**34,443**	**175,045**	**24,800**	**-**	**-**	**763,020**
Depreciation										
As at 1 January 2024	17,577	4,180	37,282	142,884	34,999	610,321	10,293	3,641	25,094	886,271
Charge for the year	225	148	666	6,210	7,793	-	5,023	-	12,546	32,611
As at 31 December 2024	**17,802**	**4,328**	**37,948**	**149,094**	**42,792**	**610,321**	**15,316**	**3,641**	**37,640**	**918,882**
Net Book Value										
At 31 December 2024	**2,038**	**394**	**1,601**	**45,557**	**2,616**	**-**	**13,299**	**-**	**25,094**	**90,599**

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11. Trade and other receivables

	2025	2024
	€	€
Receivables	**693**	8,682
Overpayments & Guarantees	**30,391**	-
Accrued income	**6,370**	22,301
Financial assets & amortised cost	**37,454**	30,983
Prepayments	**3,740**	2,730
Total receivables	**41,194**	33,713

Receivables are stated net of provision for doubtful debts of Eur10,866 (2024: Eur8,153).

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.

	2025	2024
	€	€
Current accounts	**18,067**	6,303
Savings accounts	**426,140**	312,791
Cash in hand	**146**	128
	444,353	319,222

13. Deferred income

	2025	2024
	€	€
Opening balance	**39,000**	43,969
Allocations of funds	**113,150**	5,713
Release of funds	**(5,885)**	(10,682)
Closing balance	**146,265**	39,000

14. Leases

Lease liability is presented in the statement of financial position as follows:

	2025	2024
	€	€
Current:		
Lease liability	**13,636**	13,800
Non-current:		
Lease liability	-	13,143
	13,636	26,943

The lease liability pertains to the premises leased by the Local Council for its operations. It is recognized in the statement of financial position as both a right-of-use asset and a corresponding lease liability.

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14. Leases (continued)

The lease is set to expire on 1 March 2027.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2025 and 2024 are as follows:

	Minimum lease payments		
	Within one year	**Between two and five years**	**Total**
	€	**€**	**€**
31 December 2025			
Lease payments	13,800	-	13,800
Finance charge	(164)	-	(164)
	13,636		**13,636**

	Minimum lease payments		
	Within one year	Between two and five years	Total
	€	€	€
31 December 2024			
Lease payments	13,800	13,800	27,600
Finance charge	(549)	(108)	(657)
	13,251	**13,692**	**26,943**

15. Trade and other payables

	2025	2024
	€	€
Current liabilities		
Payables	**17,325**	18,281
Other payables	**6,217**	2,822
Accruals	**11,149**	21,053
Financial liabilities measured at amortised cost	**34,691**	42,156

16. Capital commitments

There were no capital commitments as at 31 December 2025.

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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:

	2025	2024
	€	€
Annual financial allocation	**313,866**	357,540

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 Eur66,012 (2024: Eur61,889) during year ended 31 December 2025.

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	**2025**	2024
Classes of financial assets — carrying amounts		**€**	€
Receivables	11	**693**	8,682
Accrued income	11	**6,371**	22,301
Cash and cash equivalents	12	**444,207**	319,222
Guarantee & Overpayment	11	**30,391**	
		481,662	350,205

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.

18. Risk Management Objectives and Policies (continued)

18.2 Liquidity Risk

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.

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	2025	2024
Current liabilities		€	€
Financial liabilities measured at amortised cost			
Payables	15	**17,325**	18,281
Other payables	15	**6,217**	2,822
Lease liability	14	**13,636**	13,800
Accruals	15	**11,149**	21,053
		48,327	55,956
Non-current liabilities			
Financial liabilities measured at amortised cost			
Lease liability	14	-	13,143

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

31 December 2025	**Current Within 1 year**	**Non-Current 1-5 Years**	**Later than 5 Years**
Payables	**17,325**	-	-
Other payables	**6,217**	-	
Lease liability	**13,636**	-	-
Accruals	**11,149**	-	-
Total	**48,327**	-	-

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 2024			
Payables	18,281	-	-
Other Payables	2,822		
Lease liability	13,800	13,143	-
Accruals	21,053	-	-
Total	55,956	13,143	-

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	2025	2024
Current assets		**€**	€
Receivables	11	**693**	8,682
Accrued income	11	**30,391**	22,301
Cash and cash equivalents	12	**444,353**	319,222
Guarantee & overpayment	11	**30,391**	
		505,828	350,205
Current liabilities			
Payables	15	**17,325**	18,281
Other payables	15	**6,217**	2,822
Lease liability	14	**13,636**	13,800
Accruals	15	**11,149**	21,053
		48,327	55,956
Non-current liabilities			
Lease liability	14	-	13,143

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18. Risk Management Objectives and Policies (continued)

18.6 Capital Risk Management

The Council's objectives when manging 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 commitment s 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 2025 and 31 December 2024, 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 22 which comprise the statement of financial position as at 31 December 2025, 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 (ISA). 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 ISA 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 ISA, 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.

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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

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26 May 2026