



**IKLIN LOCAL COUNCIL**

**Annual Report and  
Financial Statements**

**For the year ended 31 December 2023**

**REGISTRY**

**- 6 MAY 2024**

**NATIONAL AUDIT OFFICE**

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On behalf of Parker Russell Turner  
Chartered Certified Accountants & Auditors  
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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

<b>CONTENTS</b>	<b>PAGES</b>
Statement of Local Council Members' and Executive Secretary's Responsibilities	3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 – 29
Report of the Independent Local Government Auditor to the Auditor General	30 – 32


**Financial Statements for the year ended 31 December 2023**

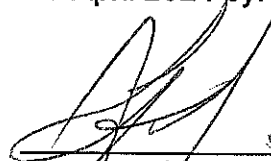
**Statement of Local Council Members' and Executive Secretary's Responsibilities**

The Local Government (Financial) Regulations 1993, require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of 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 Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Government (Financial) Regulations 1993, and the Local Government (Financial) Procedures 1996, 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 Government Act, Local Government (Financial) Regulations 1993, and the Local Government (Financial) Procedures 1996. 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.

Approved by the Council and signed on its behalf on 30 April 2024 by:

  
Dorian Sciberras  
Mayor

  
Etienne Montfort  
Executive Secretary


**STATEMENT OF FINANCIAL POSITION**

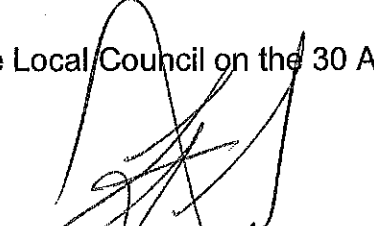
As at 31 December 2023

	Notes	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	161,488	162,139
Right of use assets	5	25,900	29,850
Intangible assets	3	1,359	2,259
		<u>188,747</u>	<u>194,248</u>
<b>Current Assets</b>			
Receivables	6	32,655	25,738
Cash and cash equivalents	7	190,583	210,195
Other financial assets	8	7,365	7,357
Total current assets		<u>230,603</u>	<u>243,290</u>
<b>Total Assets</b>		<u>419,350</u>	<u>437,538</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Retained Fund		312,053	327,925
<b>Non-current Liabilities</b>			
Deferred income	9	3,200	10,070
Non-current lease liabilities	10	21,950	25,900
		<u>25,150</u>	<u>35,970</u>
<b>Current Liabilities</b>			
Deferred income	9	24,713	24,713
Payables	10	57,434	48,930
		<u>82,147</u>	<u>73,643</u>
<b>Total liabilities</b>		<u>107,297</u>	<u>109,613</u>
<b>Total reserves and liabilities</b>		<u>419,350</u>	<u>437,538</u>

The notes on pages 8 to 29 are an integral part of the financial statements.

These Financial Statements were approved by the Local Council on the 30 April 2024 and signed on its behalf by:

  
 Dorian Sciberras  
 Mayor

  
 Etienne Montfort  
 Executive Secretary

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	Notes	2023 €	2022 €
<b>REVENUE</b>			
Funds received from Central Government	11	373,947	381,029
Income from Law Enforcement System	12	2,121	2,302
General income	14	31,854	27,639
		<u>407,922</u>	<u>410,970</u>
<b>EXPENDITURE</b>			
Personnel emoluments	15	(108,258)	(110,591)
Operations and maintenance	16	(142,459)	(172,294)
Administration and other expenditures	17	(173,107)	(146,958)
		<u>(423,824)</u>	<u>(429,843)</u>
Operating loss for the year		<u>(15,902)</u>	<u>(18,873)</u>
Interest income	13	30	11
<b>Total Comprehensive Loss for the year</b>		<u>(15,872)</u>	<u>(18,862)</u>

The notes on pages 8 to 29 are an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

	<b>Retained Funds 2023 €</b>	<b>Retained Funds 2022 €</b>
At 1 January	<b>327,925</b>	<b>346,787</b>
Total Comprehensive loss for the year	<b>(15,872)</b>	<b>(18,862)</b>
At 31 December	<b><u>312,053</u></b>	<b><u>327,925</u></b>

The notes on pages 8 to 29 are an integral part of the financial statements.

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

	Note	2023 €	2022 €
<b>Cash Flows from Operating Activities</b>			
Total Comprehensive loss for the year		(15,872)	(18,862)
Adjustments for:			
Depreciation on property plant and equipment		28,837	37,462
Amortisation of intangible asset		900	900
Depreciation on lease asset		3,950	3,950
Grant released to income		(133)	(21,399)
Interest Income		(30)	(11)
Net cash generated before working capital changes		17,652	2,040
(Increase)/ decrease in receivables		(6,917)	6,479
Increase in payables		8,504	15,748
Increase in other financial assets		(8)	(7,357)
Net Cash generated from operating Activities		19,231	16,910
<b>Cash flows from Investing Activities</b>			
Purchase of property, plant and equipment		(34,923)	(21,040)
Interest Income		30	11
Advanced payments received		-	24,713
Net Cash (used in)/ generated from Investing Activities		(34,893)	3,684
<b>Cash flows from Financing Activities</b>			
Payment of lease obligations		(3,950)	(3,950)
Net cash used in financing activities		(3,950)	(3,950)
Net movement in Cash and Cash Equivalents		(19,612)	16,644
Cash and Cash Equivalents at the beginning of Year		210,195	193,551
Cash and Cash Equivalents at the end of year	7	190,583	210,195

The notes on pages 8 to 29 are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 1. General Information

Iklin Local Council is the local authority of Iklin setup in accordance with the Local Government Act. The office of the Local Council is situated at "Three Vilages", Triq ir-Rumanzieri, Iklin,

The financial statements were authorised for issue by the Council on the 30 April 2024.

### 2. Material Accounting Policies and Reporting Procedures

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Accounting convention

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 Government Act (Cap 363).

The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards as adopted by the EU and comply with the Local Government Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

#### (b) Standards, amendments and interpretations to existing standards

The new and revised standards that became effective for annual periods beginning on or after 1 January 2023 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

#### New and amended standards adopted by the Council

Information on new standards, amendments and interpretations that are relevant to the Council's financial statements is provided below. Certain other new standards and interpretations not listed below have been issued but are not relevant and therefore are not expected to have any impact on the Council's financial statements.

The Council started to adopt the new accounting pronouncements which have become effective this year, and are as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(b) Standards, amendments and interpretations to existing standards - continued**

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement2)

These amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

Disclosure of changes on accounting estimates (Amendments to IAS 8)

These amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

**New Standards, amendments and interpretations to existing standards that are not yet effective.**

At the date of authorisation of these financial statements, several new, but not effective Standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Local Council. These are the following:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(b) Standards, amendments and interpretations to existing standards – continued**

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place of the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 31 October 2023, the IASB issued amendments to IAS 1, that clarifies how conditions with which an entity must comply within twelve months after the reporting period effect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued amendments to IFRS 16. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued amendments to IAS 7. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

The Councillors and Executive Secretary anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Local Council financial statements.

**(c) Revenue recognition**

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues.

**(d) Local Enforcement System**

During 2023 the amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to the various Regional Committees/ LESA for contraventions paid at the Council.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(e) Property, Plant and Equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. As from 1 January 2018 depreciation was changed from the reducing balance method to the straight line method, after the Local Council adopted Directive 1/2017 issued by the Department of Local Government. Depreciation is calculated at rates to write off the cost less residual value of each asset over its expected useful life as follows:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5 - 10
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 Bins	replacement basis
Playground furniture	100
Road and traffic Signs	replacement basis
Street Mirrors	replacement basis
Street Lights	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Local Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(f) Leased assets**

For any new contracts entered into on or after 1 January 2019, the Local Council considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Local Council assesses whether the contract meets three key evaluations which are

- a) whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Local Council.
- b) The Local Council has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- c) The Local Council has the right to direct the use of the identified asset throughout the period of use. The Local Council assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Local Council recognises a right-of-use asset and a lease liability on the balance sheet. 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 assets 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 interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

**(g) Government Grants**

Government grants are accounted for on the Capital Approach according to IAS 20 as the Council adopted Directive 1/2017 issued by the Department of Local Council. With the Capital Approach, any grants received are netted off against the cost of the asset to which they relate. Depreciation will be accounted on the resulting cost less grant.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(h) Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the statement of comprehensive income.

**(i) Amounts Receivable**

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amounts of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

**(j) Foreign Currencies**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in Euro, which is the Council's functional and presentation currency.

**(k) Surplus and deficits**

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

### (l) Cash and Equivalents

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

### (m) Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Birkirkara Joint Committee.

### (n) Payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the council.

### (o) Financial Instruments

#### *Recognition and derecognition*

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

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

#### *Classification and initial measurement of financial assets*

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

Financial assets are classified into the following categories:

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(o) Financial Instruments – continued**

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

***Subsequent measurement of financial assets***

***Financial assets at amortised cost***

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

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

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

***Impairment of financial assets***

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new 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 fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Local Council first identifying a credit loss event. Instead, 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:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(o) 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 while 'lifetime expected credit losses' are recognised for the second category.

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

***Financial liabilities***

The council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

**(p) Capital management policies and procedures**

The council's capital consists of its net assets, including working capital, presented by its retained funds. The Council's management objective are to ensure that the Council's ability to continue as a going concern is still valid and that the Council maintains a positive working capital ratio. To achieve this, the Council carries out a quarterly review of the working capital ratio (Financial Situation Indicator). This ratio was positive at the reporting date. The council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

**(q) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS adopted by the EU requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**(q) Critical accounting estimates and judgements – continued**

In the opinion of the council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

**3. Intangible assets**

	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
Cost		
At 1 January	<b>3,599</b>	3,599
At 31 December	<b>3,599</b>	3,599
Depreciation		
At 1 January	<b>1,340</b>	440
Charge for the year	<b>900</b>	900
At 31 December	<b>2,240</b>	1,340
Net Book Value		
At 31 December	<b>1,359</b>	2,259

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**4. PROPERTY, PLANT AND EQUIPMENT**

	Construction €	Office Furniture & Fittings €	New Street Signs & Lights €	Urban Improvements €	Office Equipment €	Plant and Machinery €	Special Programmes €	Motor Vehicle €	Projects Under Construction €	Total €
<b>Cost</b>										
At 1 Jan 2023	549,122	27,532	37,078	236,958	29,369	1,085	1,191,605	13,411	36,523	2,122,683
Additions	5,900	280	-	-	224	-	-	-	28,519	34,923
Disposals	-	-	-	-	-	-	-	-	(18,537)	(18,537)
<b>At 31 Dec 2023</b>	<b>555,022</b>	<b>27,812</b>	<b>37,078</b>	<b>236,958</b>	<b>29,593</b>	<b>1,085</b>	<b>1,191,605</b>	<b>13,411</b>	<b>46,505</b>	<b>2,139,069</b>
<b>Grants and other reimbursements</b>										
At 1 Jan 2023	15,561	3,400	-	89,222	7,090	-	1,050,905	-	11,800	1,177,978
Transferred from deferred income Released on disposal	-	-	-	-	-	-	-	-	6,870 (18,670)	6,870 (18,670)
<b>At 31 Dec 2023</b>	<b>15,561</b>	<b>3,400</b>	<b>-</b>	<b>89,222</b>	<b>7,090</b>	<b>-</b>	<b>1,050,905</b>	<b>-</b>	<b>-</b>	<b>1,166,178</b>
<b>Depreciation</b>										
At 1 Jan 2023	494,252	20,830	37,078	103,925	17,430	1,085	94,555	13,411	-	782,566
Charge for the year	4,266	385	-	11,551	2,959	-	9,676	-	-	28,837
<b>At 31 Dec 2023</b>	<b>498,518</b>	<b>21,215</b>	<b>37,078</b>	<b>115,476</b>	<b>20,389</b>	<b>1,085</b>	<b>104,231</b>	<b>13,411</b>	<b>-</b>	<b>811,403</b>
<b>Net Book Value At 31 Dec 2023</b>	<b>40,943</b>	<b>3,197</b>	<b>-</b>	<b>32,260</b>	<b>2,114</b>	<b>-</b>	<b>36,469</b>	<b>-</b>	<b>46,505</b>	<b>161,488</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2023 – continued

**4. PROPERTY, PLANT AND EQUIPMENT – Continued**

	Construction €	Office Furniture & Fittings €	New Street Signs & Lights €	Urban Improvements €	Office Equipment €	Plant and Machinery €	Special Programmes €	Motor Vehicle €	Projects Under Construction €	Total €
<b>Cost</b>										
At 1 Jan 2022	549,122	27,175	37,078	236,958	26,672	1,085	1,191,605	13,411	18,537	2,101,643
Additions	-	357	-	-	2,697	-	-	-	17,986	21,040
<b>At 31 Dec 2022</b>	<b>549,122</b>	<b>27,532</b>	<b>37,078</b>	<b>236,958</b>	<b>29,369</b>	<b>1,085</b>	<b>1,191,605</b>	<b>13,411</b>	<b>36,523</b>	<b>2,122,683</b>
<b>Grants and other reimbursements</b>										
At 1 Jan 2022	15,561	3,400	-	91,828	7,090	-	1,050,905	-	11,800	1,180,584
Reversals	-	-	-	(2,606)	-	-	-	-	-	(2,606)
<b>At 31 Dec 2022</b>	<b>15,561</b>	<b>3,400</b>	<b>-</b>	<b>89,222</b>	<b>7,090</b>	<b>-</b>	<b>1,050,905</b>	<b>-</b>	<b>11,800</b>	<b>1,177,978</b>
<b>Depreciation</b>										
At 1 Jan 2022	487,609	20,448	37,078	92,297	13,834	1,085	80,071	12,682	-	745,104
Charge for the year	6,643	382	-	11,628	3,596	-	14,484	729	-	37,462
<b>At 31 Dec 2022</b>	<b>494,252</b>	<b>20,830</b>	<b>37,078</b>	<b>103,925</b>	<b>17,430</b>	<b>1,085</b>	<b>94,555</b>	<b>13,411</b>	<b>-</b>	<b>782,566</b>
<b>Net Book Value</b>										
At 31 Dec 2022	39,309	3,302	-	43,811	4,849	-	46,145	-	24,723	162,139

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

	2023	2022
	€	€
<b>5. Right-of-use assets</b>		
<u>Cost</u>	45,650	45,650
<u>Depreciation</u>		
At 1 January	15,800	11,850
Depreciation	3,950	3,950
	<u>19,750</u>	<u>15,800</u>
<b>Net Book value</b>	<u>25,900</u>	<u>29,850</u>

	2023	2022
	€	€
<b>6. Receivables</b>		
<i>Financial assets</i>		
Amounts invoiced but not yet settled	823	9,906
Accrued income	26,707	7,545
Other receivable	-	3,186
	<u>27,530</u>	<u>20,637</u>
<i>Non-financial assets</i>		
Prepayments	5,125	5,101
	<u>32,655</u>	<u>25,738</u>

	2023	2022
	€	€
<b>Amounts invoiced but not yet settled are analysed as follows:</b>		
Within the current period	823	9,906
	<u>823</u>	<u>9,906</u>

**7. Cash and Cash equivalents**

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the statement of cash flow comprise the following amounts in the Local Council statement of financial position:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

<b>7. Cash and Cash Equivalents (continued)</b>	<b>2023</b>	<b>2022</b>
	€	€
Bank Balances:		
Ordinary funds	179,698	200,027
Balances at Central Bank	10,579	9,883
Cash in hand	306	285
	<u>190,583</u>	<u>210,195</u>
<b>8. Other financial assets</b>	<b>2023</b>	<b>2022</b>
	€	€
Term-deposit	7,365	7,357
	<u>7,365</u>	<u>7,357</u>
<b>9. Deferred Income</b>	<b>2023</b>	<b>2022</b>
	€	€
Balance at 1 January	34,783	28,863
Advance payments received	-	24,713
	<u>34,783</u>	<u>53,576</u>
Released to Property plant and equipment	(6,870)	-
Transferred against accrued income	-	(18,793)
	<u>27,913</u>	<u>34,783</u>
Balance at 31 December	27,913	34,783
Less current portion	(24,713)	(24,713)
	<u>3,200</u>	<u>10,070</u>
Between 1 and 2 years	3,200	10,070
	<u>3,200</u>	<u>10,070</u>
<b>10. Payables</b>	<b>2023</b>	<b>2022</b>
	€	€
Trade creditors	32,765	27,942
Amounts due to other parties	833	370
Lease liabilities	25,900	29,850
Accruals	19,886	16,668
	<u>79,384</u>	<u>74,830</u>
Less: Non-current lease liabilities	(21,950)	(25,900)
	<u>57,434</u>	<u>48,930</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**10. Payables (continued)**

	2023	2022
	€	€
Non-current payables		
Financial obligations under finance lease		
Between 1 and 2 years	3,950	3,950
Between 2 and 5 years	11,850	11,850
Over five years	6,150	10,100
Closing balance	<u>21,950</u>	<u>25,900</u>

**11. Funds received from Central Government**

	2023	2022
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	318,076	308,824
Other Government Income	55,871	72,205
	<u>373,947</u>	<u>381,029</u>

**12. Income from Local Enforcement System**

	2023	2022
	€	€
Income from Regional administration fee	2,121	2,044
Income from Joint Committee	-	258
	<u>€ 2,121</u>	<u>2,302</u>

**13. Interest income**

	2023	2022
	€	€
Bank Interest Receivable	30	11

**14. General income**

	2023	2022
	€	€
Income from permits	24,329	20,104
Other income	7,525	7,535
	<u>31,854</u>	<u>27,639</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

<b>15. Personnel emoluments</b>	<b>2023</b>	<b>2022</b>
	€	€
Personnel emoluments include, inter alia:		
Mayor's Honoraria	11,079	10,742
Councillors' and Mayor Allowance	13,000	13,000
Executive Secretary salary and allowances	38,532	44,731
Employees' Salaries	39,461	36,208
Social Security Contributions	6,186	5,910
<b>Total</b>	<b>108,258</b>	<b>110,591</b>
<b>16. Operations and maintenance</b>	<b>2023</b>	<b>2022</b>
	€	€
Operations and maintenance includes inertia:		
<b>Repairs and upkeep:</b>		
Road and street maintenance	24,847	46,329
Other repairs and upkeep	5,710	7,360
	<b>30,557</b>	<b>53,689</b>
<b>Contractual services:</b>		
Refuse Collection	17,021	41,970
Bulky Refuse Collection	7,996	5,908
Waste disposal	25,831	18,977
Road and street cleaning	37,679	33,533
Cleaning and maintenance of parks and gardens	11,953	3,457
Cleaning and maintenance council premises	2,267	2,671
Street Lighting	8,599	12,022
LES related expenditure	556	67
	<b>111,902</b>	<b>118,605</b>
<b>Total Operations and maintenance expenses</b>	<b>142,459</b>	<b>172,294</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

	2023	2022
	€	€
<b>17. Administrative and other expenditures</b>		
Water and electricity	3,691	3,288
Telecommunications	2,304	2,305
Uniforms	287	1,812
Rent	14,651	15,250
Printing and stationery	5,224	4,008
Advertising	3,212	1,727
Sundry minor expenses	200	353
Studies and consultations	-	7,000
Professional services	40,449	35,063
Compensation for damages	790	410
Transport expenses	6,651	3,396
Community and hospitality	61,961	30,034
Depreciation on property plant and equipment	28,837	37,462
Depreciation on intangible asset	900	900
Depreciation on lease assets	3,950	3,950
	<u>173,107</u>	<u>146,958</u>

**18. Contingent liabilities**

As at 31 December 2023, the Local Council has a Cash pledge of € 2,000 on a performance bond.

**19. Capital commitments**

At the end of the financial year there was one capital projects approved but not yet contracted for. This related to the construction of council premises.

Details of capital commitments are as follows	2022	2022
	€	€
Approved but not contracted for	97,000	97,000
Approved for but not contracted for:		
Improvements to premises	15,000	10,000
Urban improvements	17,000	17,000
Playing field equipment (note)	10,000	15,000
Electric Motor Vehicle	55,000	55,000
	<u>97,000</u>	<u>97,000</u>

Note: This commitment will be partly financed from grants receivable by the Local Council amounting to € 76,900.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**20. Related Parties Disclosures**

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
Birkirkara Joint Committee for Local Enforcement	Joint control
Central Regional Committee for Local Enforcement	Joint control
Malta Environment and Planning Authority	
Arms Limited, Water Service Corporation, Enemalta Corporation, Inland Revenue Department, Director General Works Division, WasteServ Malta Ltd, Cleansing Services Department, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Head Quarters, Bank of Valletta Plc and the Department of Lands	No control

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

	2022	2022
	€	€
Significant control Revenue:		
Annual financial allocation	<b>318,076</b>	308,824

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

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Local Council, directly or indirectly. The main key management personnel are the Major, Councillors and the Executive Secretary.

The significant transactions carried out with key management personnel are:

	2023	2022
	€	€
Personal emoluments include, inter alia:		
Mayor's Allowance	<b>11,079</b>	10,742
Councillors' Allowance	<b>13,000</b>	13,000
Executive Secretary salary and allowances	<b>38,532</b>	44,731

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**21. 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 the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance actively securing the council's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risks to which the council is exposed are described below.

**21.1 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:

	<b>2023</b>	<b>2022</b>
	€	€
Class of financial assets – carrying amounts		
Trade and other receivables	<b>27,530</b>	20,637
Cash and Cash Equivalents	<b>190,583</b>	210,195
Other financial assets	<b>7,365</b>	7,357
	<b>225,478</b>	238,189

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 with only 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. The credit risk exposure on financial assets is low since all non-impaired trade receivables are all related to 'The Government of Malta'. See note 6 for further information on impairment or financial assets 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 cash is placed with a quality financial institution with a credit rating of BBB+.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**21. Risk management objectives and policies (continued)**

**21.2 Liquidity risk**

The council's 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 manage 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 an excess of financial assets.

At 31 December 2023, the Council's financial liabilities have contractual maturities which are summarised as follows:

	<b>Current</b>	<b>Non – Current</b>	
	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	€	€	€
<b>Payables</b>	<b>33,598</b>	-	-
<b>Accruals</b>	<b>19,886</b>	-	-
<b>Lease liabilities</b>	<b>3,950</b>	<b>15,800</b>	<b>6,150</b>

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

	<b>Current</b>	<b>Non – Current</b>	
	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	€	€	€
<b>Payables</b>	<b>28,312</b>	-	-
<b>Accruals</b>	<b>16,668</b>	-	-
<b>Lease liabilities</b>	<b>3,950</b>	<b>15,800</b>	<b>10,100</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**21. Risk management objectives and policies - continued**

**21.3 Interest rate risk**

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 7), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management 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.

**21.4 Summary of the financial assets and liabilities by category**

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

<b>Current Assets</b>	<b>2023</b>	<b>2022</b>
	€	€
Financial assets measured at amortised costs:		
Trade and other receivables	27,530	20,637
Cash and Cash Equivalents	190,583	210,195
Other financial assets	7,365	7,357
	<u>225,478</u>	<u>238,189</u>
<b>Non-current liabilities</b>	<b>2023</b>	<b>2022</b>
	€	€
Lease liabilities	21,950	25,900
	<u>21,950</u>	<u>25,900</u>
<b>Current Liabilities</b>	<b>2023</b>	<b>2022</b>
	€	€
Financial liabilities measured at amortised costs:		
Payables	32,765	27,942
Amounts due to other parties	833	370
Accruals	19,886	16,668
Lease liabilities	3,950	3,950
	<u>57,434</u>	<u>48,930</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023 – continued

**21. Risk management objectives and policies - continued**

**21.5 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 structure to reduce cost of capital.

The Council's equity, 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.

**22. Fair value estimation**

At 31 December 2023 and 31 December 2022, the carrying amounts of cash at bank, other financial assets, 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.

**23. Events after the statement of financial position date**

There have been no events whether favourable or unfavourable which occurred between the end of the reporting period and the date the financial statements have been authorised for issue.



Grant Thornton

## 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 Iklin Local Council set out on pages 4 to 29 which comprise the statement of financial position as at 31 December 2023, and the statement of 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 significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2023, 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).

#### 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 3 the Executive Secretary and the members of the Local 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 Local 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 Local 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 partner on the audit resulting in this independent auditor's report is Mark Bugeja.

A handwritten signature in black ink, appearing to be "Mark Bugeja", written over a horizontal line.

Mark Bugeja (Partner) for and on behalf of

**GRANT THORNTON**  
Certified Public Accountants

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Triq L-Intornjatur, Zone 1  
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Malta

30 April 2024