



Regjun Tramuntana

Annual Report and Financial Statements
31 December 2024

Table of Contents	Pages
Statement of Regional Council Members' and Executive Secretary's Responsibilities	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-28



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

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Regional Council's comprehensive income for the period and of the Regional Council's retained funds at the end of the period. By virtue of the same regulations, it is the duty of the Regional Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996.

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 1993, and the Local Council (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the Regional Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Regional Council on the 24 January 2025 and signed on its behalf by:

Clifford Galea Vella Malsennikov
President



Bjorn Bonello
Executive Secretary

Statement of Comprehensive Income

	Notes	2024	2023
		€	€
Income			
Funds received from Central Government	3	666,665	583,332
Reimbursement from LESA	4	135,740	57,545
General income	5	5,187,053	2,923,972
		<u>5,989,458</u>	<u>3,564,849</u>
Expenditure			
Personnel emoluments	6	237,846	262,984
Direct operating expenses	7	4,776,773	3,661,678
Administrative and other expenditure	8	262,805	310,446
		<u>5,277,424</u>	<u>4,235,108</u>
Operating surplus/(deficit) for the year		<u>712,034</u>	<u>(670,259)</u>
Investment income	9	12	12
Surplus/(deficit) for the year		<u>712,046</u>	<u>(670,247)</u>
Financial assistance to the local councils within the regional council		(85,081)	(86,480)
Total comprehensive (loss)/income for the year		<u>626,965</u>	<u>(756,727)</u>

The notes on pages 6 to 28 form an integral part of these financial statements

L. O. V. 

Statement of Financial Position

	Notes	2024	2023
		€	€
ASSETS			
Non-current assets			
Intangible asset	10	-	3,779
Tangible assets			
Property, plant and equipment	11	22,246	21,633
Right of use asset	20	24,854	47,698
		47,100	69,331
Current assets			
Receivables	12	2,237,240	1,678,077
Cash and cash equivalents	13	3,714,457	2,035,466
		5,951,697	3,713,543
Total Assets		5,998,797	3,786,653
Reserves			
Retained fund		1,464,104	837,139
Total Equity		1,464,104	837,139
Non-Current Liabilities			
Payables	14	16,845	24,452
Current Liabilities			
Payables	14	3,651,904	2,059,118
Short-term borrowings	15	865,944	865,944
		4,517,848	2,925,062
Total Liabilities		4,534,693	2,949,514
Total Equity and Liabilities		5,998,797	3,786,653

These financial statements were approved by the Regional Council on the 24 January 2025 and are signed on its behalf by:

Clifford Galea Vella Malsennikov
President

Bjorn Bonello
Executive Secretary

Statement of Changes in Equity

	Retained Fund €
Balance at 1 January 2023	1,593,866
Total comprehensive loss for the year	(756,727)
Balance at 31 December 2023	837,139
Balance at 1 January 2024	837,139
Total comprehensive income for the year	626,965
Balance at 31 December 2024	1,464,104

The notes on pages 6 to 28 form an integral part of these financial statements

Statement of Cash Flows

	Notes	2024	2023
		€	€
Cash flows from operating activities			
Total comprehensive income/(expenditure) for the year		626,965	(756,727)
Adjustments for:			
Depreciation on property, plant & equipment	11	7,878	7,979
Depreciation on right of use asset	20	22,844	22,844
Amortisation on intangible assets	10	3,779	4,602
Interest receivable		(12)	(12)
Interest on lease liabilities		1,735	1,128
Reversal of provision for bad debts	12	(9,250)	(11,814)
Receivables written-off		64,972	34,996
Surplus/(deficit) for the year before working capital movements		718,911	(697,004)
(Increase) in receivables		(549,913)	(1,476,372)
Increase in payables		1,518,521	900,610
Net cash (used in)/generated from operating activities		1,687,519	(1,272,766)
Cash flows from investing activities			
Investment income receivable		12	12
Payments to acquire property, plant and equipment	11	(8,491)	(3,699)
Net cash used in investing activities		(8,479)	(3,687)
Cash flows from financing activities			
Lease repayments including interest expense		(24,806)	(24,662)
Receipt of government grant		24,757	9,471
Proceeds from short-term borrowings		-	865,944
Net cash (used in)/generated from financing activities		(49)	850,753
Movement in cash and cash equivalents		1,678,991	(425,700)
Cash and cash equivalents at the beginning of the year		2,035,466	2,461,166
Cash and cash equivalents at the end of the year	13	3,714,457	2,035,466

The notes on pages 6 to 28 form an integral part of these financial statements

Notes to the Financial Statements
For the year ended 31 December 2024**1. Statutory Information**

Regjun Tramuntana is the Regional Council of the northern region of Malta setup in accordance with the Local Councils Act. The Office of the Regional Council is situated at 112, Triq Ġulju, Buġibba, San Pawl il-Baħar, Malta.

a. Basis of preparation

The 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 are prepared under the historical cost convention, in accordance to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

b. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, 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 recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the Regional Council members, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

c. Application of new and revised International Financial Reporting Standards (IFRSs)**New or revised standards or interpretations****New standards adopted as at 1 January 2024**

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Regional Council's financial results or position.

Certain new standards and interpretations have been issued but are not expected to have a material impact on the Regional Council's financial statements.

1. Statutory information - continued**c. Application of new and revised International Financial Reporting Standards (IFRSs) - continued****Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Regional Council**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Regional Council.

Management anticipates that all of the relevant pronouncements will be adopted in the Regional Council's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Regional Council's financial statements.

2. Material accounting policies

The material accounting policies adopted 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.

The material accounting policies and reporting procedures used by the Council are as follows:

a. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Regjun Tramuntana and the revenue can be reliably measured, regardless of when the payment is received.

b. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The Regional Council's financial statements are presented in Euro (€), which is the Regional Council's functional currency.

c. Local Enforcement System

Income from the Local Enforcement System is recognized in the Statement of Comprehensive Income as it accrues.

L.B.U. 

2. Material accounting policies - continued**d. Intangible assets**

Intangible assets comprise computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years using the straight-line method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount.

e. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on a monthly basis using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives using depreciation rates as follows:

• Office furniture and fittings	7.5%
• Office Equipment	20%
• Plant and Machinery	20%
• Computer Equipment	25%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

f. Impairment of assets

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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are immediately recognised as an expense in the statement of comprehensive income.

2. Material accounting policies – continued**g. Receivables**

Receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Receivables are amounts mainly due from Government entities for services provided in the ordinary course of operations of the Regional Council. They are generally due for settlement within 30 days and therefore are classified as current. Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Regional Council holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

h. Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash at hand and cash in bank.

i. Surplus and deficits

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

j. Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

k. Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2. Material accounting policies - continued**I. Leases****The regional council as a lessee**

The council makes use of leasing arrangements principally for the provision of office space and parking space. The rental contracts for office and parking space are typically negotiated for terms of between 1 and 5 years and some of these have extension terms. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as escalation clauses.

The 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 company assesses whether the contract meets three key evaluations which are 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 council.
- the 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.
- the council has the right to direct the use of the identified asset throughout the period of use. The Regional Council assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the 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 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 commencement date (net of any incentives received).

The 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 council also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the 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 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. The incremental borrowing rate will be re-assessed every time a new lease is entered into by the Regional Council and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.



2. Material accounting policies – continued**l. Leases – continued**

The council has financed all of its obligations internally and has therefore not been subject to market fluctuations in the interest rate from its borrowings with third parties. The council does not expect this rate to vary significantly in the foreseeable future.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, the council has opted to disclose right-of-use assets and lease liabilities as separate financial statement line items.

m. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Regional Council has an unconditional right to defer settlement of the liability for at least 12 months from the end of the reporting period.

n. Capital management

The Regional Council's capital consists of its net assets, including working capital, represented by its retained funds. The Regional Council's management objectives are to ensure:

- that the Regional Council's ability to continue as a going concern is still valid; and
- that the Regional Council's maintains a positive working capital ratio.

To achieve the above, the Regional Council carries out a quarterly review of the working capital ratio ('Financial Situation Indicator'). The Regional 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.

2. Material accounting policies – continued**o. Financial instruments****Recognition and derecognition**

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

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

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

The Regional 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' or 'finance income'.

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.

2. Material accounting policies – continued**o. Financial instruments – continued**

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 Regional Council's cash and cash equivalents, and most 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 fair value through profit or loss.

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

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

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

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

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

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

2. Material accounting policies – continued**o. Financial instruments – continued****Classification and measurement of financial liabilities**

The Regional Council's financial liabilities include payables and short-term borrowings. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Regional Council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in 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 profit or loss are included within 'finance costs' or 'finance income'.

p. Related parties

Related parties are those persons or bodies of persons having relationships with the Regional Council as defined in International Accounting Standard No. 24.

q. Government grants

Government grants relating to operating expenditure are recognised in the Statement of Comprehensive Income in the same period that the related expenditure is incurred.

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

3. Funds received from Central Government

	2024 €	2023 €
Government Allocation	666,665	583,332
	<u>666,665</u>	<u>583,332</u>

4. Reimbursement from LESA

	2024	2023
	€	€
Salaries and Operational expenses	135,740	57,545
	<u>135,740</u>	<u>57,545</u>

5. General income

	2024	2023
	€	€
Waste collection and disposal	5,132,488	2,900,216
Contributions	29,808	23,756
EU Project	24,757	-
	<u>5,187,053</u>	<u>2,923,972</u>

6. Personnel Emoluments

	2024	2023
	€	€
President's Honoraria	22,660	22,158
Executive Secretary Salary and allowances	26,334	36,789
Employees' salaries, Overtime and allowances	174,705	185,311
Social Security Contributions	14,147	18,726
	<u>237,846</u>	<u>262,984</u>

Average number of people employed

	No.	No.
Executive Secretary	1	1
Employees	6	7
President and Council Members	10	10

7. Direct operating expenses

	2024	2023
	€	€
Refuse Collection	2,545,023	2,347,440
Tipping Fees	2,231,496	1,311,376
Prosecution and warden services	(2,133)	-
Cash Collection Services	319	142
Datatrak	2,068	2,699
Commission paid to Collectors	-	21
	<u>4,776,773</u>	<u>3,661,678</u>

8. Administrative and other expenditure

	2024 €	2023 €
Travelling Expenses	14,543	28,770
Promotion and Advertising	30,488	10,160
Telecommunications	3,074	2,704
Publications	108	3,150
Admin Fees and Commission Expense Councils	369	124
Repairs and Servicing	13,714	630
Rent	-	1,247
Professional Fees	22,519	21,019
Water and Electricity	3,337	2,265
IT Expenses	6,531	8,624
Premises Expenses	4,052	1,447
Lease charges	15,323	5,740
Audit fees	1,227	-
Membership Fees	-	3,263
Motor Vehicle expenses	1,134	2,037
Cleaning expenses	1,800	2,335
Postage and Stationery	3,518	4,381
Subscriptions	5,947	1,112
Bank charges	1,653	878
Insurance	1,664	1,443
Miscellaneous Expenses	19,640	9,772
Cultural Events	43,276	108,688
Animal welfare	5,528	2,721
RU You Project	2,182	4,027
Social Impact Assessment	17,250	17,250
Consumables CIF Project	16,321	-
Organization of Courses	620	6,924
Reversal of provision for bad LES debts	(9,250)	(11,814)
Receivables written-off	-	34,996
Interest on lease liabilities	1,735	1,128
Depreciation and amortisation	11,658	12,581
Depreciation on right-of-use asset	22,844	22,844
	262,805	310,446

9. Investment income

	2024 €	2023 €
Bank interest receivable	12	12

10. Intangible asset

	Computer Software €
At 1 January 2023	
Cost	21,110
Accumulated amortisation	(12,729)
Net book amount	8,381
Movements for the year ended 31 December 2023	
Opening net book amount	8,381
Amortisation charge	(4,602)
Closing net book amount	3,779
At 31 December 2023	
Cost	21,110
Accumulated amortisation	(17,331)
Net book amount	3,779
Movements for the year ended 31 December 2024	
Opening net book amount	3,779
Amortisation charge	(3,779)
Closing net book amount	-
At 31 December 2024	
Cost	21,110
Accumulated amortisation	(21,110)
Net book amount	-

Amortisation of €3,779 (2023: €4,602) is included in administrative and other expenditure.

11a. Property, plant and equipment

Asset	Office furniture and fittings	Office Equipment	Computer Equipment	Plant & Machinery	Total
	€	€	€	€	€
Cost					
As at 1 January 2024	9,569	14,040	22,478	12,861	58,948
Additions	8,220	271	-	-	8,491
Disposal	-	-	-	-	-
As at 31 December 2024	<u>17,789</u>	<u>14,311</u>	<u>22,478</u>	<u>12,861</u>	<u>67,439</u>
Grants and other disbursements					
As at 1 January 2024	-	-	-	-	-
Additions	-	-	-	-	-
As at 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation					
As at 1 January 2024	4,085	8,253	16,758	8,219	37,315
Charge for the year	867	2,647	2,163	2,201	7,878
Released on disposal	-	-	-	-	-
As at 31 December 2024	<u>4,952</u>	<u>10,900</u>	<u>18,921</u>	<u>10,420</u>	<u>45,193</u>
Net Book Value					
As at 31 December 2024	<u>12,837</u>	<u>3,411</u>	<u>3,557</u>	<u>2,441</u>	<u>22,246</u>

11b. Property, plant and equipment

Asset	Office furniture and fittings €	Office Equipment €	Computer Equipment €	Plant & Machinery €	Total €
Cost					
As at 1 January 2023	9,254	13,841	19,293	12,861	55,249
Additions	315	199	3,185	-	3,699
As at 31 December 2023	9,569	14,040	22,478	12,861	58,948
Accumulated Depreciation					
As at 1 January 2023	3,367	5,615	14,507	5,847	29,336
Charge for the year	718	2,638	2,251	2,372	7,979
As at 31 December 2023	4,085	8,253	16,758	8,219	37,315
Net Book Value					
As at 31 December 2023	5,484	5,787	5,720	4,642	21,633




12. Receivables

	2024 €	2023 €
LES Contraventions adjudicated but not yet paid	906,960	981,182
Provision for Bad LES Debts	(906,960)	(981,182)
Contributions/LES Payments to be received from Councils/LESA	1,525,156	1,408,925
Accrued income	707,898	267,476
Financial assets measured at amortised cost	2,233,054	1,676,401
Prepayments	4,186	1,676
Total receivables	2,237,240	1,678,077

The total financial assets for the year amounted to €2,233,054 (2023: €1,676,401).

The average credit period on sales of services is 60 days. Receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Regional Council has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2024 €	2023 €
Age of receivables that are past due but not impaired		
60-90 days	818,546	638,368
91-120 days	83,833	256,793
More than 120 days	622,777	513,764
Total	1,525,156	1,408,925

	2024 €	2023 €
Movement in the allowance for doubtful debts		
Balance at beginning of the year	(981,182)	(992,996)
Decrease in provision for LES debtors	9,250	11,814
LES debts written off	64,972	-
Balance at end of the year	(906,960)	(981,182)

12. Receivables - continued

In determining the recoverability of a receivable, the Regional Council considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The impairment loss on receivables is included in administrative expenses in the statement of comprehensive income.

Receivables are stated net of a provision for doubtful debts of €906,960 (2023: €981,182).

13. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the Statement of cash flow comprise the following amounts in the Regional Council Statement of Financial Position:

	2024 €	2023 €
Bank balances:		
Ordinary funds	3,627,724	2,035,466
Cash in hand	86,733	-
	<u>3,714,457</u>	<u>2,035,466</u>

14. Payables

	2024 €	2023 €
Payables	2,266,854	872,759
Other payables	677,749	708,730
Accruals	183,759	160,524
Lease liabilities (note 20)	26,090	47,789
Financial liabilities measured at amortised cost	<u>3,154,452</u>	<u>1,789,802</u>
Deferred income	514,297	293,768
Total payables	<u>3,668,749</u>	<u>2,083,570</u>

The total financial liabilities for the year amounted to €3,154,452 (2023: €1,789,802).

14. Payables - continued**Comprising**

	2024 €	2023 €
Payables due after more than one year	<u>16,845</u>	<u>24,452</u>
Payables due within one year	<u>3,651,904</u>	<u>2,059,118</u>

15. Short-term borrowings

	2024 €	2023 €
Amounts due to DLG	<u>865,944</u>	<u>865,944</u>

The amounts due to DLG are unsecured, non-interest bearing, repayable on demand and do not have a fixed date of repayment.

16. Related party transactions

During the year, the Regional Council had carried out transactions with related parties resulting mainly in connection with income and administrative transactions. The following were the related parties:

Name of Entity	Nature of relationship
Department of Local Government	Significant Control
Joint Committee (Local Enforcement)	Joint Control
Local Enforcement Systems Agency	Joint Control
ARMS Ltd	No Control
Bank of Valletta plc	No Control
Local Councils' Association	No Control
Department of Inland Revenue	No Control
Malta Information Technology Agency (MITA)	No Control
Commissioner of Police	No Control
Datatrak	No Control
Guard & Warden Services	No Control
Wasteserv Malta	No Control

16. Related party transactions - continued

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

	2024 €	2023 €
Income from Department of Local Government	666,665	583,332
Amounts received from DLG to be refunded	-	865,944
LESA reimbursement	135,740	57,545

The ultimate controlling party of the Regional 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 region.

Transactions were carried out with other local councils and government entities that do not have control over the Regional Council. These mainly include various local councils in Malta and amount to €5,132,488 (2023: €2,900,216), representing collection and disposal of waste administration fees on contraventions paid and local council schemes.

Key management compensation

Transactions with key management personnel are disclosed in note 6.

17. Financial risk management

The Regional Council's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Regional Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Regional Council's financial performance.

Credit risk

Financial assets which potentially subject the Regional Council to concentrations of credit risk consist principally of cash at bank and debtors. The Regional Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Regional Council has appropriate policies to ensure that income is received from sources with appropriate credit history. The Regional Council applies the simplified approach for all trade receivables and contract assets which uses a lifetime expected allowance. In this respect, credit risk with respect to debtors is monitored continuously and the Regional Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible, and in this respect the Regional Council has no significant concentration of credit risk.

17. Financial risk management - continued***Credit risk - continued***

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

	2024 €	2023 €
Classes of financial assets – carrying amounts:		
Receivables	2,233,054	1,676,401
Cash and cash equivalents	3,714,457	2,035,466
	<u>5,947,511</u>	<u>3,711,867</u>

Liquidity risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Regional Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short-term commitments. The Regional Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Regional Council has as cash in bank and in hand the amount of €3,714,457. This should ensure an ongoing working capital of the Regional Council for the next 12 months. The Regional Council also maintains a positive net asset position of €1,433,849 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2024 the Regional Council's financial liabilities have contractual maturities which are summarised below:

At 31 December 2024

	Current Within 1 year €	Non-current 1 to 5 Years €	Later than 5 years €
Payables	2,266,854	-	-
Other payables	677,749	-	-
Amounts due to DLG	865,944	-	-
Accruals	183,759	-	-
Lease liabilities	8,500	17,815	-
	<u>4,002,806</u>	<u>17,815</u>	<u>-</u>

17. Financial risk management – continued***Liquidity risk - continued***

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

At 31 December 2023

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	872,759	-	-
Other payables	708,730	-	-
Amounts due to DLG	865,944	-	-
Accruals	160,524	-	-
Lease liabilities	25,072	26,315	-
	<u>2,633,029</u>	<u>26,315</u>	<u>-</u>

Market risk**a. Foreign currency risk**

Foreign currency transactions arise when the Regional Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Regional Council does not trade in any foreign currencies.

b. Interest rate risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objectives of interest rate risk management are to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense. The regional council does not have any interest bearing liabilities and assets at year end.

18. Summary of financial assets and liabilities

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

	2024 €	2023 €
Current assets		
Financial assets measured at amortised costs:		
Receivables	2,233,054	1,676,401
Cash and cash equivalents	3,714,457	2,035,466
	<u>5,947,511</u>	<u>3,711,867</u>
Current liabilities		
Financial liabilities measured at amortised costs:		
Payables	2,266,854	872,759
Other payables	677,749	708,730
Amounts due to DLG	865,944	865,944
Accruals	183,759	160,524
Lease liabilities	8,500	25,072
	<u>4,002,806</u>	<u>2,633,029</u>

19. Fair values estimation

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

20. Leases

	2024 €	2023 €
Right-of-use Assets		
Cost		
At 1 January	116,131	75,982
Additions	-	40,149
At 31 December	<u>116,131</u>	<u>116,131</u>
Accumulated Depreciation		
Depreciation 1 January	68,433	45,589
Charge for the year	<u>22,844</u>	<u>22,844</u>
	<u>91,277</u>	<u>68,433</u>
Net Book Value 31 December	<u>24,854</u>	<u>47,698</u>

The below table shows the right-of-use assets and corresponding lease liabilities. All recognised right-of-use assets relate to the site at 112, Triq Ġulju, Buġibba, San Pawl il-Bahar, that is used as office premises, and parking space in Triq Emmanuele Pinto.

	2024 €	2023 €
Right-of-use assets	24,854	47,698
Lease liabilities:	26,090	47,789
Of which are:		
Current lease liabilities	9,245	23,337
Non-current lease liabilities	16,845	24,452
Maturity Analysis		
Less than one year	9,245	23,337
One to five years	16,845	24,452
More than five years	-	-

These liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2024 and 2023 were as follows:

20. Leases – continued

	Minimum lease payments		
	less than one year €	one to five years €	Total €
31 December 2024			
Lease payments	8,500	17,815	26,315
Finance charges	(893)	(970)	(1,863)
	<u>7,607</u>	<u>16,845</u>	<u>24,452</u>
31 December 2023			
Lease payments	25,072	26,315	51,387
Finance charges	(1,735)	(1,863)	(3,598)
	<u>23,337</u>	<u>24,452</u>	<u>47,789</u>

21. Capital commitments**Capital expenditure**

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2024 €	2023 €
Authorised but not contracted	<u>32,000</u>	<u>335,000</u>

These commitments for capital expenditure will be financed out of the reserved funds.

22. Post reporting events

No adjusting or significant adjusting events have occurred between the reporting date and the date of authorisation.