

XAGHRA LOCAL COUNCIL

**Annual Report and
Financial Statements**

For the year ended 31 December 2023

Prepared by: Joe Cordina
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On behalf of Joe Cordina and Associates
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**ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2023**

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Financial Statements for the year ended 31 December 2023

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

The Local Councils (Financial) Regulations 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 Councils (Financial) Regulations, and the Local Councils (Financial) Procedures issued in terms of the said Act.

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

Approved by the Council and signed on its behalf on the 7th April '25 by:



Mr. Victor John Curmi
Mayor



Ms. Heidi Grech
Executive Secretary


STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	3	340,349	407,151
Current Assets			
Receivables	4	700,023	710,129
Cash in bank and at hand	5	951,942	1,007,632
		<u>1,651,965</u>	<u>1,717,761</u>
Total Assets		<u>1,992,314</u>	<u>2,124,912</u>
RESERVES AND LIABILITIES			
Reserves			
Retained Fund		843,165	812,192
Non-current Liabilities			
Non-current payables	6	235,304	235,304
Current Liabilities			
Payables	6	913,845	1,077,416
Total reserves and liabilities		<u>1,992,314</u>	<u>2,124,912</u>

The notes on pages 8 to 24 are an integral part of the financial statements.

These Financial Statements were approved by the Local Council on the 7th April 25 and signed on its behalf by:



Mr. Victor John Curmi
Mayor



Ms. Heidi Grech
Executive Secretary

XAGHRA LOCAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 €	2022 €
REVENUE			
Funds received from central government	7	604,028	601,641
Income from LES	9	2,428	3,643
General Income	10	24,199	104,628
		<u>630,655</u>	<u>709,912</u>
EXPENDITURE			
Personal emoluments	11	(105,563)	(117,694)
Operations and maintenance	12	(180,174)	(313,982)
Administration and other expenditure	13	(216,309)	(123,865)
Depreciation	14	(97,648)	(120,669)
		<u>(599,694)</u>	<u>(676,210)</u>
Operating surplus for the year		<u>30,961</u>	<u>33,702</u>
Investment income	8	12	12
Total Comprehensive Income for the year		<u>30,973</u>	<u>33,714</u>

The notes on pages 8 to 24 are an integral part of the financial statements.

XAGHRA LOCAL COUNCIL

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Funds 2023 €	Retained Funds 2022 €
At 1 January	812,192	778,478
Total Comprehensive Income for the year	30,973	33,714
At 31 December	<u>843,165</u>	<u>812,192</u>

The notes on pages 8 to 24 are an integral part of the financial statements.

XAGHRA LOCAL COUNCIL

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 €	2022 €
Cash Flows from Operating Activities			
Total Comprehensive income for the year		30,973	33,714
Adjustments for:			
Depreciation		97,648	120,669
Investment Income		(12)	(12)
Provision for doubtful debts		-	(3,589)
Operating surplus before working capital changes		<u>128,609</u>	<u>150,782</u>
(Increase)/decrease in Receivables		(47,245)	11,996
(Decrease)/increase in Payables		(521,625)	297,570
Net Cash (used in)/generated from operating activities		<u>(440,261)</u>	<u>460,348</u>
Cash flows from Investing Activities			
Purchase of property, plant and equipment		(299,321)	(864,596)
Investment Income		12	12
Capital grants received		647,506	64,459
Net Cash generated from/(used in) investing activities		<u>348,197</u>	<u>(800,125)</u>
Net movement in Cash and Cash Equivalents		<u>(92,064)</u>	<u>(339,777)</u>
Cash and Cash Equivalents at the beginning of Year		1,006,057	1,345,834
Cash and Cash Equivalents at the end of year	5	<u>913,993</u>	<u>1,006,057</u>

The notes on pages 8 to 24 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. General Information

Xaghra Local Council is the local authority of Xaghra setup in accordance with the Local Councils Act. The office of the Local Council is situated at 8th September Avenue, Xaghra, Gozo.

2. Material Accounting Policy Information

The accounting policies that are material to the financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Accounting convention

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 with the provisions of the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the EU.

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

(b) *New or amended accounting standards, and interpretations adopted*

The following amended standards became applicable for the current reporting period:

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The term 'significant' was replaced with 'material' in the context of disclosing accounting policy information. In assessing the materiality of the accounting policy information the Council considers the size of transactions, other events or conditions and their nature.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Council adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and endorsed by the EU that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRS Accounting Standards as adopted by the EU did not result in substantial changes to the Council's accounting policies impacting the Council's financial performance and position.

New or amended accounting standards, and interpretations issued but not yet effective

At the end of the reporting period, certain new standards, interpretations and amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial year. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The Council anticipates that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

(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 LESA and the various Regional Committees for contraventions paid at the Council.

(e) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the straight line method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

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.

(f) Government Grants

Government grants relating to the purchase of property, plant and equipment 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. Government grants relating to operating expenditure are recognised in profit or loss over the periods in which the Council recognises the related costs which the grants are intended to compensate.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

(h) 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.

(m) 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.

(n) Financial Instruments

Financial assets and financial liabilities are recognised when the 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.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

(n) Financial Instruments (continued)

Financial assets (continued)

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

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'.

(o) Judgements in applying accounting policies and key sources of estimation

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Council, 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.

XAGHRA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

3. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture & Fittings €	Office & Computer Equipment €	Urban Improvements €	New Street Signs €	Special Programmes €	Plant and Equipment €	Assets Under Construction €	Motor Vehicles €	Total €
Cost									
At 1 Jan 2023	22,047	31,542	539,433	42,145	5,094,842	8,558	87,049	47,243	5,872,859
Additions	-	-	9,958	-	289,363	-	-	-	299,321
At 31 Dec 2023	22,047	31,542	549,391	42,145	5,384,205	8,558	87,049	47,243	6,172,180
Grants and other reimbursements									
At 1 Jan 2023	-	(2,500)	(40,446)	-	(2,836,241)	-	(43,621)	(36,800)	(2,959,608)
Additions	-	-	(6,984)	-	(259,441)	-	-	(2,050)	(268,475)
At 31 Dec 2023	-	(2,500)	(47,430)	-	(3,095,682)	-	(43,621)	(38,850)	(3,228,083)
Depreciation & Impairment									
At 1 Jan 2023	(21,612)	(29,042)	(406,162)	(42,145)	(1,965,344)	(8,558)	(33,063)	(174)	(2,506,100)
Charge for the year	(72)	-	(7,419)	-	(88,479)	-	-	(1,678)	(97,648)
At 31 Dec 2023	(21,684)	(29,042)	(413,581)	(42,145)	(2,053,823)	(8,558)	(33,063)	(1,852)	(2,603,748)
Net Book Value									
At 31 Dec 2023	363	-	88,380	-	234,700	-	10,365	6,541	340,349

XAGHRA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

3. PROPERTY, PLANT AND EQUIPMENT – Continued

	Office Furniture & Fittings €	Office & Computer Equipment €	Urban Improvements €	New Street Signs €	Special Programmes €	Plant and Equipment €	Assets Under Construction €	Motor Vehicles €	Total €
Cost									
At 1 Jan 2022	22,047	31,542	471,163	42,145	4,389,380	8,558	43,428	-	5,008,263
Additions	-	-	68,270	-	705,462	-	43,621	47,243	864,596
At 31 Dec 2022	<u>22,047</u>	<u>31,542</u>	<u>539,433</u>	<u>42,145</u>	<u>5,094,842</u>	<u>8,558</u>	<u>87,049</u>	<u>47,243</u>	<u>5,872,859</u>
Grants and other reimbursements									
At 1 Jan 2022	-	(2,500)	(8,528)	-	(2,025,618)	-	-	-	(2,036,646)
Additions	-	-	(31,918)	-	(810,623)	-	(43,621)	(36,800)	(922,962)
At 31 Dec 2022	<u>-</u>	<u>(2,500)</u>	<u>(40,446)</u>	<u>-</u>	<u>(2,836,241)</u>	<u>-</u>	<u>(43,621)</u>	<u>(36,800)</u>	<u>(2,959,608)</u>
Depreciation & Impairment									
At 1 Jan 2022	(21,540)	(29,041)	(377,454)	(42,145)	(1,873,630)	(8,558)	(33,063)	-	(2,385,431)
Charge for the year	(72)	(1)	(28,708)	-	(91,714)	-	-	(174)	(120,669)
At 31 Dec 2022	<u>(21,612)</u>	<u>(29,042)</u>	<u>(406,162)</u>	<u>(42,145)</u>	<u>(1,965,344)</u>	<u>(8,558)</u>	<u>(33,063)</u>	<u>(174)</u>	<u>(2,506,100)</u>
Net Book Value									
At 31 Dec 2022	435	-	97,825	-	293,257	-	10,365	10,269	407,151

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

4. Receivables	2023	2022
	€	€
Accounts receivable	12,954	41,802
Prepayments and accrued income	687,069	668,327
	<u>700,023</u>	<u>710,129</u>

Receivables	2023	2022
	€	€
Within the current period	3,773	38,963
Exceeded credit period but not yet impaired	9,181	2,839
	<u>12,954</u>	<u>41,802</u>

5. 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:

	2023	2022
	€	€
Bank Balances:		
Ordinary funds	946,130	1,004,255
Funds at Central Bank	3	3
Cash in hand	1,629	3,374
Overdrawn balances	(37,949)	(1,575)
Bank Guarantees	4,180	-
	<u>913,993</u>	<u>1,006,057</u>
Cash and cash equivalents	913,993	1,006,057
Transfer to payables (Note 6)	37,949	1,575
	<u>951,942</u>	<u>1,007,632</u>

XAGHRA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

	2023	2022
	€	€
6. Payables		
Accounts payable	290,874	300,963
Other payables	85,447	38,911
Accruals	576,255	470,996
Capital Grants received in advance	57,373	379,054
Europe for Citizens Grant	11,251	31,221
Smart Waste Depots – Operational Grant	90,000	90,000
Overdrawn bank balances (Note 5)	37,949	1,575
	<u>1,149,149</u>	<u>1,312,720</u>
Less: Non-current payables	(235,304)	(235,304)
	<u>913,845</u>	<u>1,077,416</u>
	2023	2022
	€	€
Non-current payables		
Between one and two years	-	-
Between two and five years	235,304	235,304
	<u>235,304</u>	<u>235,304</u>

Note: The capital grants received in advance represent funding received from the Gozo Ministry, from the Ministry for the Environment, Climate Change and Planning and from The Ministry for the National Heritage, the Arts and Local Government which were partly utilised during 2023 and will be utilised on capital projects during 2024. Once the projects will commence these will be capitalised under Property, plant and equipment. Capital commitments in relation to these grants are explained under Note 16 to the financial statements.

The Europe for Citizens grant received relates to a Youth Exchange Programme. This was supposed to start in 2020 however due to Covid-19 this project was delayed and completed during 2023.

XAGHRA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

7. Funds received from Central Government	2023	2022
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	604,028	598,641
Other income	-	3,000
	<u>604,028</u>	<u>601,641</u>
8. Investment income	2023	2022
	€	€
Bank Interest Receivable	12	12
	<u>12</u>	<u>12</u>
9. Income from LES	2023	2022
	€	€
Administrative income under LES	2,428	3,643
	<u>2,428</u>	<u>3,643</u>
10. General Income	2023	2022
	€	€
Income from permits	21,339	19,833
Income from organic waste collection	-	84,795
Other income	2,860	-
	<u>24,199</u>	<u>104,628</u>
11. Personal emoluments	2023	2022
	€	€
Personal emoluments include, inter alia:		
Mayor's honoraria	11,079	10,742
Mayor and Councillors' Allowances	12,897	13,000
Executive Secretary salary and allowances	29,891	44,739
Employee salaries	45,735	42,700
Social Security Contributions	5,961	6,513
	<u>105,563</u>	<u>117,694</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

12. Operations and Maintenance	2023	2022
	€	€
Repairs and Upkeep:		
Road and Street Pavements (patching works)	3,638	2,581
Street signs and markings	6,384	15,469
Other repairs and upkeep	45,827	52,619
Plants and trees	11,694	11,865
Total	67,543	82,534
Contractual Services:		
Refuse Collection (including bins on wheels)	65,160	185,355
Bulky Refuse Collection (incl tipping fees)	25,109	24,286
Road and street cleaning (mechanical and manual)	17,455	15,265
Cleaning and maintenance of Public Conveniences	3,442	4,768
Street Lighting	1,465	1,774
Total	112,631	231,448
Total Operations and Maintenance Expenses	180,174	313,982
13. Administration and other expenditure	2023	2022
	€	€
Utilities	5,823	6,315
Rent	4,932	5,829
National and International Memberships	2,192	1,275
Office Services	2,434	1,508
Travel	3,370	3,520
Transport	1,058	5,566
Information services	478	1,157
Professional Services	60,645	36,202
Community and Hospitality	17,368	7,356
Cultural events	118,009	58,726
Provision for doubtful debts	-	(3,589)
	216,309	123,865

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

	2023 €	2022 €
14. Depreciation and impairment provisions		
Depreciation	97,648	120,669

15. 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
Regional Committees	No control
Ministry for Gozo	No control
The Planning Authority	No control

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

	2023	2022
Significant control		
Revenue:		
Annual financial allocation	604,028	598,641

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.

XAGHRA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

16. Capital Commitments

At the end of the financial year there were no capital projects approved but not yet contracted for.

Details of capital commitments are as follows	2023 €	2022 €
Approved but not contracted for:		
Gozo Ministry Projects under Ministry for the Environment, Climate Change and Planning and under the Ministry for Gozo	-	1,444,902
Department for Local Government	-	45,000
Approved and contracted for:		
Gozo Ministry Projects under Ministry for the Environment, Climate Change and Planning and under Ministry for the National Heritage, the Arts and Local Government	1,592,783	433,292
Department for Local Government	45,000	-
	<u>1,637,783</u>	<u>1,923,194</u>
	2023 €	2022 €
Approved but not contracted for:		
Reconstruction Triq Marga	-	45,000
New Civic Centre	-	1,444,902
	<u>-</u>	<u>1,489,902</u>
Approved and contracted for:		
Reconstruction of Triq Marsalforn	128,778	386,334
Landscaping of Victory Square	6,058	11,958
Smart Waste Depots Project	13,045	35,000
Reconstruction Triq Marga	45,000	-
New Civic Centre	1,444,902	-
	<u>1,637,783</u>	<u>433,292</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

16. Capital Commitments (continued)

The Ministry for Gozo has agreed to grant €1,157,926 and €1,444,902 for the reconstruction of Triq Marsalforn and the construction of a new civic centre in Xaghra, respectively. During the 2022, the Department for Local Government has approved and granted €45,000 for the reconstruction of Triq Marga. The Ministry for the Environment, Climate Change and Planning has granted €30,000 for the Landscaping of Victory Square and €125,000 for the Smart Waste Depots Project. The Smart Waste Depots Projects grants relate to €35,000 for the infrastructure and installation of the project and €90,000 for the collection of waste.

17. Risk management objectives and policies

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

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

17.1 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:

	2023	2022
	€	€
Class of financial assets – carrying amounts		
Trade and other receivables	700,023	710,129
Cash and Cash Equivalents	951,942	1,007,632
	<u>1,651,965</u>	<u>1,717,761</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

17. Risk management objectives and policies - continued

17.2 Liquidity risk

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See notes 4 and 5 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 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.

	2023	2022
Payables		
Within one year	913,845	1,077,416
Within more than one year	235,304	235,304
	<u>1,149,149</u>	<u>1,312,720</u>

17.3 Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 5), 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 – continued

17. Risk management objectives and policies – continued

17.4 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:

Current Assets	2023	2022
	€	€
Loans and receivables:		
Trade and other receivables	700,023	710,129
Cash and Cash Equivalents	951,942	1,007,632
	<hr/>	<hr/>
	1,651,965	1,717,761
	<hr/>	<hr/>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Within one year	913,845	1,077,416
	<hr/>	<hr/>

17.5 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.

18. Fair value estimation

At 31 December 2023 and 31 December 2022, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.