

Qrendi Local Council

**Annual Report and Audited Financial Statements
31 December 2025**

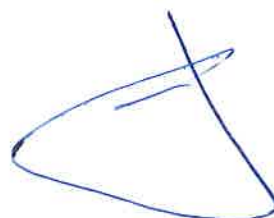


Prepared by Romina Perici Ferrante CPA

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Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

	Pages
Statement of Local 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 - 29
Report of the Independent Local Government Auditor to the Auditor General	30 - 31



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

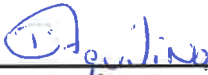
The Local Government (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's financial position at the end of the year and of the Local Council's comprehensive income for the year. By virtue of the 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 financial position of the Local Council as at the year and its comprehensive income for the year, and that they comply with the Act, the Local Government(Financial) Regulations, 1993 and the Local Government (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 Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 17 June 2026 and signed on its behalf by:



Mr. David Michael Schembri
Mayor



Ms. Rachel Aquilina
Executive Secretary



Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of comprehensive income

		Year ended 31 December	
	Notes	2025 €	2024 €
Income			
Funds received from Central Government	3	417,167	459,005
Other government income	4	97,131	87,090
General income	5	17,542	29,063
Income raised under Local Enforcement System	6	1,212	2,258
Investment income	7	104	72
		533,156	577,488
Expenditure			
Staff salaries	8	120,467	105,469
Operations and maintenance	9	125,576	152,248
Administrative and other expenditure	10	175,553	143,447
Finance costs		23	478
		421,619	401,642
Total Comprehensive Income for the year		111,537	175,846

The notes on pages 6 to 29 are an integral part of these financial statements.

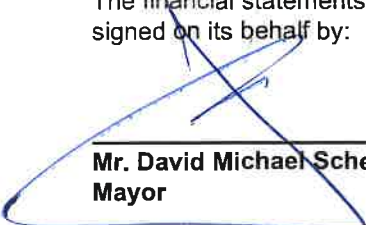


Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

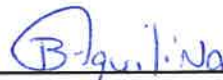
Statement of financial position

		As at 31 December	
		2025	2024
	Notes	€	Restated €
ASSETS			
Non-current assets			
Intangible Assets	11	-	243
Property, plant and equipment	12	765,798	521,178
Right-of-use assets	13	-	1,115
Total non-current assets		765,798	522,536
Current assets			
Trade and other receivables	14	45,659	34,685
Cash and cash equivalents	15	760,584	828,285
Total current assets		806,243	862,970
Total assets		1,572,041	1,385,506
EQUITY AND LIABILITIES			
Equity			
Surplus for the year		111,537	175,846
Retained funds		1,253,033	1,077,187
Total Equity		1,364,570	1,253,033
LIABILITIES			
Non-current liabilities			
Deferred income	16	98,238	38,139
Total non-current liabilities		98,238	38,139
Current liabilities			
Trade and other payables	17	94,233	86,818
Lease liabilities	13	-	1,232
Deferred income	16	15,000	6,284
Total current liabilities		109,233	94,334
Total reserves and liabilities		1,572,041	1,385,506

The financial statements on pages 2 to 29 were approved by the Local Council on 17 June 2026 and were signed on its behalf by:


Mr. David Michael Schembri
Mayor



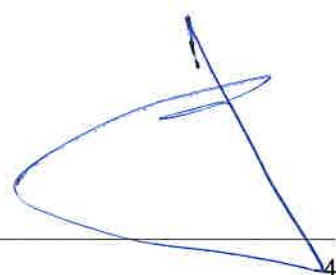

Ms. Rachel Aquilina
Executive Secretary

Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of changes in equity

	Retained Funds €	Total €
Balance at 1 January 2024	1,083,265	1,083,265
Prior-year adjustment (note 25)	(6,078)	(6,078)
Balance at 1 January 2024 – restated	1,077,187	1,077,187
Profit for the year – total comprehensive income	175,846	175,846
Balance at 31 December 2024 - restated	1,253,033	1,253,033
Balance at 1 January 2025	1,253,033	1,253,033
Profit for the year – total comprehensive	111,537	111,537
Balance at 31 December 2025	1,364,570	1,366,570

The notes on pages 6 to 29 are an integral part of these financial statements.



Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of cash flows

		Year ended 31 December	
	Notes	2025 €	2024 €
Cash flows from operating activities			
Cash generated from operations	18	221,080	130,391
Net cash generated from operating activities		221,080	130,391
Cash flows from investing activities			
Grants received	12	100,144	124,490
Purchase of property, plant and equipment	12	(387,574)	(415,850)
Net cash used in investing activities		(287,430)	(291,360)
Cash flows from financing activities			
Interest received		-	-
Payment of lease liabilities		(1,256)	(2,346)
Interest paid		(95)	(64)
Net cash used in financing activities		(1,351)	(2,410)
Net movement in cash and cash equivalents		(67,701)	(163,379)
Cash and cash equivalents at beginning of year	15	828,285	991,664
Cash and cash equivalents at end of year	15	760,584	828,285

The notes on pages 6 to 29 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Qrendi Local Council is the local authority of Qrendi set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at 7, Triq il-Knisja, Qrendi QRD 1103, Malta. These financial statements were approved for issue by the Council Members on 17 June 2026.

2. Summary of significant accounting policies

The Local Council should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

The Local Council's management has concluded that the disclosure of the Local Council's material accounting policies below are appropriate.

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

2.1 Accounting convention

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 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 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 (IFRSs) and comply with the Local Councils Act Cap 363, the Financial Regulations issued by the terms of the Act and the Local Government (Financial) Procedures 1996.

2.2 New or revised Standards or Interpretations

Standards, amendments and interpretations to existing standards

The new and revised standards that became effective for annual periods beginning on or after 1 January 2025 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.

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Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

New standards adopted as at 1 January 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

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

- Lack of Exchangeability (Amendments to IAS 21).

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

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

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Local Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Local Council at either reporting date.

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

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

These standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

The Local Council's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

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

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

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

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

IFRS 18 will be applied retrospectively with specific transitional provisions.

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

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

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Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

2.3 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	-
Trees	-
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Urban Improvements (Street Furniture)	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Playground Furniture	100
Street Lights	100
New Street Lights	Replacement Basis
Litter Bins	Replacement Basis
Street Mirrors	Replacement Basis

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 (continued)

2. Summary of significant accounting policies – continued

2.4 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 assets exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the assets less the costs to sell value in use. Impairment losses are immediately as an expense in the Statement of Comprehensive Income.

2.5 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 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)
- fair value through other comprehensive income (FVOCI).

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.

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):

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

- 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, and most receivables fall into this category of financial instruments.

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 Local 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.

Classification and measurement of financial liabilities

The Local Council's financial liabilities include payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designates a financial liability at fair value through profit or loss.

13

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

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'.

2.6 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.

2.7 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 in hand and balances held with banks

2.8 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.

2.9 Surpluses and deficits

Only surpluses and deficits that were realised at the date of the Financial Position are recognised 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.

2.10 Leases

As from 1 January 2019, 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 Council assesses whether the contract meets three key evaluations which are whether:

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

- 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;
- 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; and
- The Local Council has the right to direct the use of the identified asset throughout the period of use. The Local Council assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the lease period.

The Council has agreements in place relating to the lease of office premises and a separate lease for the use of a garage. In the current year, the Council elected to prospectively recognise right-of-use assets and lease liabilities.

The right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments.

2.11 Related parties

Related parties are those persons or bodies having relationships with the Local Council as defined by IAS 24 *Related Party Disclosures*. Further detail on related party transactions is disclosed in the notes to the financial statements

2.12 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, according to IAS 20 as the Council adopted Directive 1/2017 issued by the Department of Local Council. With the capital approach, grants are deducted from the carrying amount of the relative non-current asset. Depreciation will be accounted for on the resulting cost of the grant.

2.13 Foreign currency translation with SOCI policies

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 Local Council's functional and present currency. Transactions denominated in foreign currencies are translated into Euro at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange at the date of Statement of Financial Position.

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Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

2.14 Revenue recognition

According to IAS 20 as the Council adopted Directive 1/2017 issued by the Department of Local Council. With the Capital approach, grants are deducted from the asset. Depreciation will be accounted for on the resulting cost after grant.

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. All revenue – funds received from Central Government, Local enforcement system income, investment income and general income is accounted for in the Statement of Comprehensive Income as it accrues.

2.15 Local Enforcement System

During 2022 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.

2.16 Expenses

Expenses are recognised in the statement of profit or loss upon utilisation of the service or at the date of their origin.

2.17 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.

2.18 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.

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)

Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Notes to the financial statements (continued)

3. Funds received from Central Government

	2025 €	2024 €
In terms of Section 55 of the Local Council Act	417,167	459,005

4. Other government income

	2025 €	2024 €
Government income for projects and restorations	97,131	87,090

5. General income

	2025 €	2024 €
Other income net of contraventions and library services	2,408	21,400
Permits	15,134	7,663
	17,542	29,063

6. Income raised from Local Enforcement System

	2025 €	2024 €
Contraventions	1,212	2,258

7. Investment income

	2025 €	2024 €
Bank interest received	104	72

Notes to the financial statements (continued)

8. Staff Salaries

	2025 €	2024 €
Personal emoluments include, inter alia:		
Employees' salaries and bonuses	68,448	67,891
Executive Secretary's salary and allowances	22,516	13,248
Mayor's salary and allowance	14,903	11,330
Councillors' allowances	10,200	9,600
Vice Mayor's salary	4,400	3,400
	120,467	105,469

The average number of persons employed by Qrendi Local Council in 2025 is 9 (2023: 8).

9. Operations and maintenance

	2025 €	2024 €
Repairs and upkeep:		
Street signs	3,666	3,916
Road markings	10,409	9,111
Other repairs and upkeep	11,280	10,273
	25,355	23,300
 Contractual services:		
Waste Disposal and Refuse collection	4,013	74,450
Cleaning and maintenance of public conveniences	27,504	26,082
Cleaning and maintenance – non-urban	722	-
Bulky refuse collection	17,789	12,697
Street lighting	9,558	11,096
Cleaning and maintenance of parks and gardens	5,357	2,025
Road & Street Cleaning	35,278	2,598
	100,221	128,948
	125,576	152,248

Notes to the financial statements (continued)

10. Administrative and other expenditure

	2025 €	2024 €
Amortisation on intangible assets	243	327
Depreciation on tangible assets (Note 12)	42,811	31,115
Depreciation on right-of-use assets (Note 13)	1,115	1,191
Professional services	12,647	10,722
General expenses	1,600	340
Community services & events	86,234	61,216
Utilities	10,882	6,835
Material and supplies	740	1,051
Advertising Publications	2,702	17,027
Office services	6,394	2,554
Rent	3,406	2,500
Transport	875	704
Studies and consultations	619	2,549
Insurance	3,905	3,398
IT Development	212	1,853
Bad debts write off	1,945	-
Decrease in provision for bad debts	(1,945)	-
Overseas travelling	1,168	65
	<u>175,553</u>	<u>143,447</u>

11. Intangible Assets

	2025 €
COST	
Balance as at 1 January 2025	6,962
Additions	-
At 31 December 2025	<u>6,962</u>
GRANTS	
Balance as at 1 January 2025	5000
Additions	-
As at 31 December 2025	<u>5000</u>
ACCUMULATED DEPRECIATION	
Balance as at 1 January 2025	1,719
Charge for the year	243
At 31 December 2025	<u>1,962</u>
NET BOOK VALUE	
At 31 December 2025	<u>-</u>

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Notes to the financial statements (continued)

11. Intangible Assets – (continued)

	2024
	€
COST	
Balance as at 1 January 2024	6,962
Additions	-
At 31 December 2024	<u>6,962</u>
GRANTS	
Balance as at 1 January 2024	5,000
Additions	-
As at 31 December 2024	<u>5,000</u>
ACCUMULATED DEPRECIATION	
Balance as at 1 January 2024	1,392
Charge for the year	327
At 31 December 2024	<u>1,719</u>
NET BOOK VALUE	
At 31 December 2024	<u>243</u>

Notes to the financial statements (continued)

12. Property, plant and equipment

	Office furniture & fittings €	Office equipment €	Urban improvements €	Buildings €	Street signs €	Assets under construction €	Total €
COST							
Balance as at 1 January 2025	21,945	40,930	447,684	2,101,974	5,280	354,410	2,972,223
Additions	-	1,876	159,225	-	-	226,476	387,577
At 31 December 2025	21,945	42,806	606,909	2,101,974	5,280	580,886	3,359,800
GRANTS							
Balance as at 1 January 2025	-	-	153,771	289,572	-	67,725	511,068
Additions	-	1,876	80,928	-	-	17,340	100,144
As at 31 December 2025	-	1,876	234,699	289,572	-	85,065	611,212
ACCUMULATED DEPRECIATION							
Balance as at 1 January 2025	21,147	40,582	253,529	1,619,441	5,280	-	1,939,979
Charge for the year	204	127	17,458	25,022	-	-	42,811
At 31 December 2025	21,351	40,709	270,987	1,644,463	5,280	-	1,982,790
NET BOOK VALUE							
At 31 December 2025	594	221	101,223	167,939	-	495,821	765,798

Notes to the financial statements (continued)

12. Property, plant and equipment – (continued)

	Office furniture & fittings €	Office equipment €	Urban improvements €	Buildings €	Street signs €	Assets under construction €	Total €
COST							
Balance as at 1 January 2024	21,945	40,930	447,684	2,040,534	5,280	-	2,556,373
Additions	-	-	-	61,440	-	354,410	415,850
At 31 December 2024	21,945	40,930	447,684	2,101,974	5,280	354,410	2,972,223
GRANTS							
Balance as at 1 January 2024	-	-	157,433	229,143	-	-	386,576
Additions	-	-	-	56,765	-	67,725	124,490
As at 31 December 2024	-	-	157,433	285,908	-	67,725	511,066
ACCUMULATED DEPRECIATION							
Balance as at 1 January 2024	20,914	40,453	245,769	1,596,448	5,280	-	1,908,864
Charge for the year	233	129	7,760	22,993	-	-	31,115
At 31 December 2024	21,147	40,582	253,529	1,619,441	5,280	-	1,939,979
NET BOOK VALUE							
At 31 December 2024	798	348	36,722	196,625	-	286,685	521,178




Notes to the financial statements (continued)

13. Leases

Information about leases for which the Company is a lessee is presented below:

(i) Right-of-use assets

	Premises €	Total €
2024		
Balance as at 1 January	2,306	2,306
Additions	-	-
Depreciation charge for the year	(1,191)	(1,191)
Balance as at 31 December	1,115	1,115
2025	€	€
Balance as at 1 January	1,115	1,115
Additions	-	-
Depreciation charge for the year	(1,115)	(1,115)
Balance as at 31 December	-	-

(ii) Lease liabilities

Lease liabilities are classified as follows:

	2025 €	2024 €
Non-current (Note 16)	-	-
Current	-	1,232
	-	1,232

(iii) Amounts recognised in profit or loss

	2025 €	2024 €
Depreciation charge on right-of-use assets	1,115	1,192
Interest expense on lease liability (included in finance cost)	23	64
	1,138	1,256

Notes to the financial statements (continued)

14. Trade and other receivables

	2025 €	2024 €
Current		
Receivable from local enforcement system	67,211	69,155
Provision for doubtful debts	(67,211)	(69,155)
Trade receivables	27,883	11,421
Accrued income	15,486	21,565
Prepayments	2,290	1,699
	<u>45,659</u>	<u>34,685</u>

LES Debtors are stated after a specific provision for doubtful debts amounting to € 67,211.

15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2025 €	2024 €
Cash in hand	-	342
Cash at Bank:		
Current accounts	132,906	99,880
Savings accounts	627,678	728,063
	<u>760,584</u>	<u>828,285</u>

Notes to the financial statements (continued)

16. Amounts falling due after one year

	2025 €	2024 €
(i) Deferred income:		
Repayable between one and two years	15,000	6,284
Repayable between two and five years	98,238	38,139
	<u>113,238</u>	<u>44,423</u>

17. Trade and other payables

	2025 €	2024 €
Current		
Trade payables	8,360	43,659
Accruals	84,901	43,159
Other payables	972	-
	<u>94,233</u>	<u>86,818</u>

18. Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

	2025 €	2024 €
Profit for the year	111,537	175,846
Adjustments for:		
Amortisation on intangible assets	243	327
Depreciation of property, plant and equipment (Note 4)	42,811	31,115
Recognition of Deferred income	68,815	-
Depreciation on right-of-use assets (Note 5)	1,115	1,191
Interest payable	118	64
Bad debts write off	1,945	-
Decease in provision for bad debts	(1,945)	-
Changes in working capital:	-	-
Trade and other receivables	(10,974)	(7,715)
Trade and other payables	7,415	(70,437)
Cash generated from operations	<u>221,080</u>	<u>130,391</u>

Notes to the financial statements (continued)

19. Financial risk management

	Current	Non – Current	
	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	9,332	-	-
Accruals	84,901	-	-

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

	Current	Non – Current	
	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	43,659	-	-
Accruals	43,159	-	-
Lease payments	1,232	-	-

It is the policy of the Executive Secretary to maintain an adequate capital base in order to sustain the future development of the Local Council and safeguard the ability of the Local Council to continue as a going concern. In this respect, the Executive Secretary monitors the operations and results of the Local Council.

20. Related party transactions

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Western Regional Council	Joint control
Central Joint Committee (Local Enforcement)	No Control
Northern Harbour District Joint Committee	No control
South Regional Committee	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Police General Head Quarters	No control
Local Councils' Association	No control
Local Enforcement System Agency	No control
Central Bank of Malta	No control
Planning Authority	No control
Malta Communications Authority	No control
Water Services Corporation	No control

Notes to the financial statements (continued)

20. Related party transactions (continued)

Enemalta Corporation	No control
Department of Inland Revenue	No control
Department of Information	No control
Department for Elderly and Community Care	No control
Commissioner for Data Protection	No control
Wasteserv Malta Limited	No control
Malta Information Technology Agency	No control
Tech.mt	No control
ARMS Ltd	No control
Ministry of Finance	No control
GAL - Foundation Local Action Group	No control
Maltapost plc	No control
Transport Malta	No control
Ministry of Transport and Infrastructure	No control
Malta Tourism Authority	No control
Malta Gaming Authority	No control
Malta Council for Science and Technology	No control
Infrastructure Malta	No control

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

	2025	2024
	€	€
Significant control		
<i>Revenue:</i>		
Annual financial allocation	417,167	459,005
<i>Expenditure:</i>		
Waste disposal and refuse collection	4,013	74,450

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.

21. Fair value estimation

At 31 December 2025 and 2024, the carrying amounts of cash at bank, trade and other receivables, trade and other payables and amounts falling due after one year reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and relatively short period of time between the origination of the instruments and their expected realisation

Notes to the financial statements (continued)

22. Financial risk management

The Local Council has exposure to credit risk and liquidity risk from the use of financial instruments within its activities.

This note presents information about the Local Council's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Local Council's management of capital. Further quantitative disclosures are included in these financial statements.

The responsibility for the management of risk is vested in the Executive Secretary. Accordingly, it is the Executive Secretary, who has the overall responsibility for establishing an appropriate risk management framework.

22.1 Credit risk

Credit risk is the risk of financial loss to the Local Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Local Council is exposed to credit and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk and its risk management focuses on actively securing short to medium cash flows by minimising exposure to financial risks. Credit risk principally arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions.

Trade and other receivables

The Local Council monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Council's receivables, taking into account historical experience in collection of accounts receivable.

Receivables are presented net of impairment charges for bad and doubtful debts. However, in the opinion of the Executive Secretary, credit risk with respect to receivables is limited in view of the reputable nature of the Local Council's debtor base for which there is no history of default.

Cash and cash equivalents

The Local Council banks only with local financial institutions with high quality standing or rating. As such, the probability of default is considered to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be considered insignificant.

The Council's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2025 €	2024 €
<i>Loans and receivables category:</i>		
Trade and other receivables (Note 14)	45,659	34,685
Cash and cash equivalents (Note 15)	760,584	828,285
	806,243	862,970

Notes to the financial statements (continued)

22. Financial risk management– continued

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Local Council does not hold any collateral as security in this respect.

22.2 Liquidity risk

Liquidity risk is the risk that the Local Council will not be able to meet its financial obligations as they fall due. The Local Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Notes 16 and 17). The Local Council's trade and other payables are entirely repayable within one year from the end of the reporting period.

The Local Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the Local Council ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

The maximum exposure to liquidity risk at the end of the reporting period in respect of the Council's financial liabilities is equivalent to their carrying amount as disclosed in Notes 16 and 17 to the financial statements.

At 31 December 2025 and 31 December 2024, the contractual maturities on the financial liabilities of the Council were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Comprehensive Income.

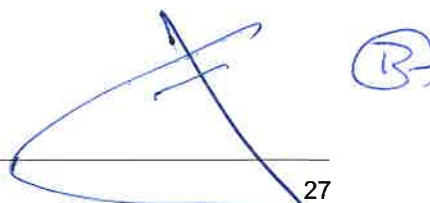
Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 15), 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.

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	2025	2024
	€	€
Financial assets measured at amortised costs:		
Trade and other receivables	45,659	34,685
Cash and Cash Equivalents	760,584	828,285
	806,243	862,970



Notes to the financial statements (continued)

22. Financial risk management– continued

Current Liabilities	2025	2024
	€	€
Financial liabilities measured at amortised costs:		
Payables	8,360	43,659
Other Payables	972	-
Accruals	84,901	43,159
	94,233	86,818

22.3 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.

23. Capital commitments

Details of capital commitments are as follows:

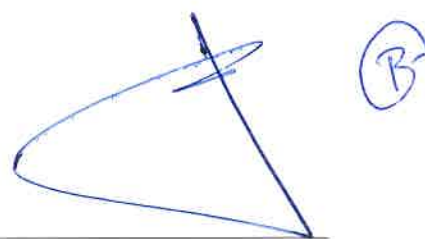
These are split between authorised and contracted for and/or authorised and not contracted for.

	2025	2024
	€	€
Mobility and accessibility – installation of lift	-	-
Playing field Nicolo Communit	-	-
Council Premises Project & Other urban development	417,505	-
	417,505	-

This commitment will be partly financed from grants received by the Local Council.

24. 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 end and the date the financial statements have been authorised for issue.



Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

25. Prior Year Re-Instatement

Prior-year adjustment of €6,078 was reflected against opening retained funds, and consists as follows:

Income for the year ended 31 December 2023 has been overstated by €6,078 in view of waste income which will not be received by the Local Council. An adjustment has been reflected to reverse the said amounts from Trade and other receivables in note 14 to the financial statements with the corresponding decrease being reflected against opening retained funds.

The effect of the restatement of the financial statements is summarized below:

	As previously stated	As re-stated	Difference
	€	€	€
Effect on Statement of Financial Position			
Trade and other receivables	40,763	34,685	(6,078)
Effect on Statement of Changes in Equity			6,078

**Independent auditors' report
To the Auditor General**

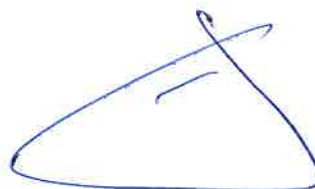


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Qrendi Local Council

**Annual Report and Audited Financial Statements
31 December 2025**

Prepared by Romina Perici Ferrante CPA

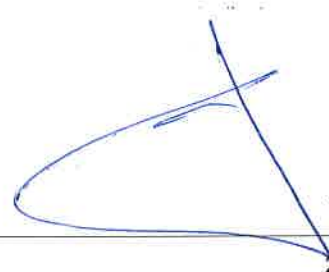
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Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of comprehensive income

		Year ended 31 December	
	Notes	2025 €	2024 €
Income			
Funds received from Central Government	3	417,167	459,005
Other government income	4	97,131	87,090
General income	5	17,542	29,063
Income raised under Local Enforcement System	6	1,212	2,258
Investment income	7	104	72
		533,156	577,488
Expenditure			
Staff salaries	8	120,467	105,469
Operations and maintenance	9	125,576	152,248
Administrative and other expenditure	10	175,553	143,447
Finance costs		23	478
		421,619	401,642
Total Comprehensive Income for the year		111,537	175,846

The notes on pages 6 to 29 are an integral part of these financial statements.

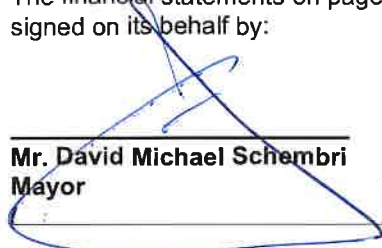

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Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

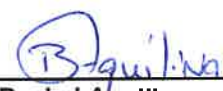
Statement of financial position

		As at 31 December	
		2025	2024
	Notes	€	Restated €
ASSETS			
Non-current assets			
Intangible Assets	11	-	243
Property, plant and equipment	12	765,798	521,178
Right-of-use assets	13	-	1,115
Total non-current assets		765,798	522,536
Current assets			
Trade and other receivables	14	45,659	34,685
Cash and cash equivalents	15	760,584	828,285
Total current assets		806,243	862,970
Total assets		1,572,041	1,385,506
EQUITY AND LIABILITIES			
Equity			
Surplus for the year		111,537	175,846
Retained funds		1,253,033	1,077,187
Total Equity		1,364,570	1,253,033
LIABILITIES			
Non-current liabilities			
Deferred income	16	98,238	38,139
Total non-current liabilities		98,238	38,139
Current liabilities			
Trade and other payables	17	94,233	86,818
Lease liabilities	13	-	1,232
Deferred income	16	15,000	6,284
Total current liabilities		109,233	94,334
Total reserves and liabilities		1,572,041	1,385,506

The financial statements on pages 2 to 29 were approved by the Local Council on 17 June 2026 and were signed on its behalf by:


Mr. David Michael Schembri
Mayor




Ms. Rachel Aquilina
Executive Secretary

Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of changes in equity

	Retained Funds €	Total €
Balance at 1 January 2024	1,083,265	1,083,265
Prior-year adjustment (note 25)	(6,078)	(6,078)
Balance at 1 January 2024 – restated	1,077,187	1,077,187
Profit for the year – total comprehensive income	175,846	175,846
Balance at 31 December 2024 - restated	1,253,033	1,253,033
 Balance at 1 January 2025	 1,253,033	 1,253,033
Profit for the year – total comprehensive	111,537	111,537
 Balance at 31 December 2025	 1,364,570	 1,366,570

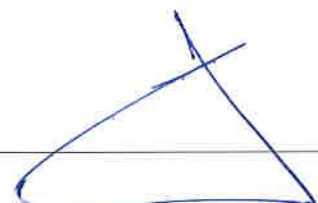
The notes on pages 6 to 29 are an integral part of these financial statements.

Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

Statement of cash flows

		Year ended 31 December	
	Notes	2025 €	2024 €
Cash flows from operating activities			
Cash generated from operations	18	221,080	130,391
Net cash generated from operating activities		221,080	130,391
Cash flows from investing activities			
Grants received	12	100,144	124,490
Purchase of property, plant and equipment	12	(387,574)	(415,850)
Net cash used in investing activities		(287,430)	(291,360)
Cash flows from financing activities			
Interest received		-	-
Payment of lease liabilities		(1,256)	(2,346)
Interest paid		(95)	(64)
Net cash used in financing activities		(1,351)	(2,410)
Net movement in cash and cash equivalents		(67,701)	(163,379)
Cash and cash equivalents at beginning of year	15	828,285	991,664
Cash and cash equivalents at end of year	15	760,584	828,285

The notes on pages 6 to 29 are an integral part of these financial statements.



13

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

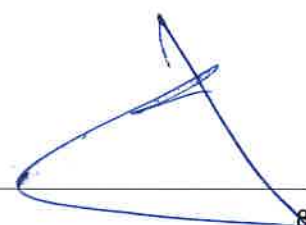
Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

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

IFRS 18 will be applied retrospectively with specific transitional provisions.

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

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



(B)

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

2.3 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	-
Trees	-
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Urban Improvements (Street Furniture)	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Playground Furniture	100
Street Lights	100
New Street Lights	Replacement Basis
Litter Bins	Replacement Basis
Street Mirrors	Replacement Basis

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.



Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

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'.

2.6 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.

2.7 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 in hand and balances held with banks

2.8 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.

2.9 Surpluses and deficits

Only surpluses and deficits that were realised at the date of the Financial Position are recognised 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.

2.10 Leases

As from 1 January 2019, 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 Council assesses whether the contract meets three key evaluations which are whether:

Notes to the financial statements (continued)

2. Summary of significant accounting policies – continued

- 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;
- 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; and
- The Local Council has the right to direct the use of the identified asset throughout the period of use. The Local Council assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the lease period.

The Council has agreements in place relating to the lease of office premises and a separate lease for the use of a garage. In the current year, the Council elected to prospectively recognise right-of-use assets and lease liabilities.

The right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments.

2.11 Related parties

Related parties are those persons or bodies having relationships with the Local Council as defined by IAS 24 *Related Party Disclosures*. Further detail on related party transactions is disclosed in the notes to the financial statements

2.12 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, according to IAS 20 as the Council adopted Directive 1/2017 issued by the Department of Local Council. With the capital approach, grants are deducted from the carrying amount of the relative non-current asset. Depreciation will be accounted for on the resulting cost of the grant.

2.13 Foreign currency translation with SOCI policies

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 Local Council's functional and present currency. Transactions denominated in foreign currencies are translated into Euro at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange at the date of Statement of Financial Position.

Notes to the financial statements (continued)

11. Intangible Assets – (continued)

	2024
	€
COST	
Balance as at 1 January 2024	6,962
Additions	-
At 31 December 2024	<u>6,962</u>
GRANTS	
Balance as at 1 January 2024	5,000
Additions	-
As at 31 December 2024	<u>5,000</u>
ACCUMULATED DEPRECIATION	
Balance as at 1 January 2024	1,392
Charge for the year	327
At 31 December 2024	<u>1,719</u>
NET BOOK VALUE	
At 31 December 2024	<u>243</u>

Notes to the financial statements (continued)

12. Property, plant and equipment

	Office furniture & fittings €	Office equipment €	Urban improvements €	Buildings €	Street signs €	Assets under construction €	Total €
COST							
Balance as at 1 January 2025	21,945	40,930	447,684	2,101,974	5,280	354,410	2,972,223
Additions	-	1,876	159,225	-	-	226,476	387,577
At 31 December 2025	21,945	42,806	606,909	2,101,974	5,280	580,886	3,359,800

GRANTS

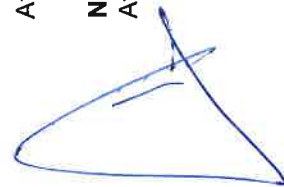
Balance as at 1 January 2025	-	-	153,771	289,572	-	67,725	511,068
Additions	-	1,876	80,928	-	-	17,340	100,144
As at 31 December 2025	-	1,876	234,699	289,572	-	85,065	611,212

ACCUMULATED DEPRECIATION

Balance as at 1 January 2025	21,147	40,582	253,529	1,619,441	5,280	-	1,939,979
Charge for the year	204	127	17,458	25,022	-	-	42,811
At 31 December 2025	21,351	40,709	270,987	1,644,463	5,280	-	1,982,790

NET BOOK VALUE

At 31 December 2025	594	221	101,223	167,939	-	495,821	765,798
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(B)

Notes to the financial statements (continued)

19. Financial risk management

	Current	Non – Current	
	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	9,332	-	-
Accruals	84,901	-	-

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

	Current	Non – Current	
	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	43,659	-	-
Accruals	43,159	-	-
Lease payments	1,232	-	-

It is the policy of the Executive Secretary to maintain an adequate capital base in order to sustain the future development of the Local Council and safeguard the ability of the Local Council to continue as a going concern. In this respect, the Executive Secretary monitors the operations and results of the Local Council.

20. Related party transactions

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Western Regional Council	Joint control
Central Joint Committee (Local Enforcement)	No Control
Northern Harbour District Joint Committee	No control
South Regional Committee	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Police General Head Quarters	No control
Local Councils' Association	No control
Local Enforcement System Agency	No control
Central Bank of Malta	No control
Planning Authority	No control
Malta Communications Authority	No control
Water Services Corporation	No control

Notes to the financial statements (continued)

20. Related party transactions (continued)

Enemalta Corporation	No control
Department of Inland Revenue	No control
Department of Information	No control
Department for Elderly and Community Care	No control
Commissioner for Data Protection	No control
Wasteserv Malta Limited	No control
Malta Information Technology Agency	No control
Tech.mt	No control
ARMS Ltd	No control
Ministry of Finance	No control
GAL - Foundation Local Action Group	No control
Maltapost plc	No control
Transport Malta	No control
Ministry of Transport and Infrastructure	No control
Malta Tourism Authority	No control
Malta Gaming Authority	No control
Malta Council for Science and Technology	No control
Infrastructure Malta	No control

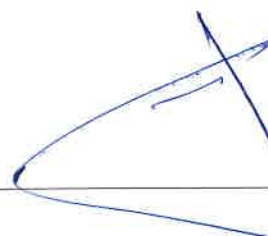
The following were the significant transactions carried out by the Council with related parties having:

	2025	2024
	€	€
Significant control		
<i>Revenue:</i>		
Annual financial allocation	417,167	459,005
<i>Expenditure:</i>		
Waste disposal and refuse collection	4,013	74,450

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.

21. Fair value estimation

At 31 December 2025 and 2024, the carrying amounts of cash at bank, trade and other receivables, trade and other payables and amounts falling due after one year reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and relatively short period of time between the origination of the instruments and their expected realisation

 25

Notes to the financial statements (continued)

22. Financial risk management

The Local Council has exposure to credit risk and liquidity risk from the use of financial instruments within its activities.

This note presents information about the Local Council's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Local Council's management of capital. Further quantitative disclosures are included in these financial statements.

The responsibility for the management of risk is vested in the Executive Secretary. Accordingly, it is the Executive Secretary, who has the overall responsibility for establishing an appropriate risk management framework.

22.1 Credit risk

Credit risk is the risk of financial loss to the Local Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Local Council is exposed to credit and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk and its risk management focuses on actively securing short to medium cash flows by minimising exposure to financial risks. Credit risk principally arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions.

Trade and other receivables

The Local Council monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Council's receivables, taking into account historical experience in collection of accounts receivable.

Receivables are presented net of impairment charges for bad and doubtful debts. However, in the opinion of the Executive Secretary, credit risk with respect to receivables is limited in view of the reputable nature of the Local Council's debtor base for which there is no history of default.

Cash and cash equivalents

The Local Council banks only with local financial institutions with high quality standing or rating. As such, the probability of default is considered to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be considered insignificant.

The Council's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2025	2024
	€	€
<i>Loans and receivables category:</i>		
Trade and other receivables (Note 14)	45,659	34,685
Cash and cash equivalents (Note 15)	760,584	828,285
	806,243	862,970

Notes to the financial statements (continued)

22. Financial risk management– continued

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Local Council does not hold any collateral as security in this respect.

22.2 Liquidity risk

Liquidity risk is the risk that the Local Council will not be able to meet its financial obligations as they fall due. The Local Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Notes 16 and 17). The Local Council's trade and other payables are entirely repayable within one year from the end of the reporting period.

The Local Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the Local Council ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

The maximum exposure to liquidity risk at the end of the reporting period in respect of the Council's financial liabilities is equivalent to their carrying amount as disclosed in Notes 16 and 17 to the financial statements.

At 31 December 2025 and 31 December 2024, the contractual maturities on the financial liabilities of the Council were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Comprehensive Income.

Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 15), 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.

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	2025	2024
	€	€
Financial assets measured at amortised costs:		
Trade and other receivables	45,659	34,685
Cash and Cash Equivalents	760,584	828,285
	806,243	862,970

Notes to the financial statements (continued)

22. Financial risk management– continued

Current Liabilities	2025	2024
	€	€
Financial liabilities measured at amortised costs:		
Payables	8,360	43,659
Other Payables	972	-
Accruals	84,901	43,159
	94,233	86,818

22.3 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.

23. Capital commitments

Details of capital commitments are as follows:

These are split between authorised and contracted for and/or authorised and not contracted for.

	2025	2024
	€	€
Mobility and accessibility – installation of lift	-	-
Playing field Nicolo Communit	-	-
Council Premises Project & Other urban development	417,505	-
	417,505	-

This commitment will be partly financed from grants received by the Local Council.

24. 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 end and the date the financial statements have been authorised for issue.

Qrendi Local Council
Annual Report and Audited Financial Statements - 31 December 2025

25. Prior Year Re-Instatement

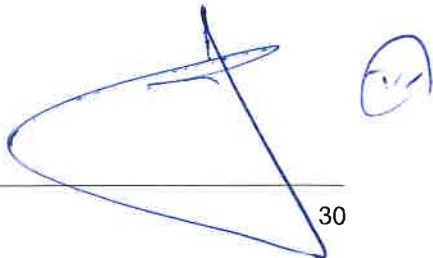
Prior-year adjustment of €6,078 was reflected against opening retained funds, and consists as follows:

Income for the year ended 31 December 2023 has been overstated by €6,078 in view of waste income which will not be received by the Local Council. An adjustment has been reflected to reverse the said amounts from Trade and other receivables in note 14 to the financial statements with the corresponding decrease being reflected against opening retained funds.

The effect of the restatement of the financial statements is summarized below:

	As previously stated	As re-stated	Difference
	€	€	€
Effect on Statement of Financial Position			
Trade and other receivables	40,763	34,685	(6,078)
Effect on Statement of Changes in Equity			6,078

**Independent auditors' report
To the Auditor General**



A large, stylized handwritten signature in blue ink is written over a horizontal line. To the right of the signature is a small, circular blue ink stamp containing some illegible markings.

QRENDI LOCAL COUNCIL**INDEPENDENT AUDITORS' REPORT**

To the Auditor General

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Qrendi Local Council, set out on pages 2 to 29 which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, 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 Local Council as at 31 December 2025, and of its financial performance and cashflows 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 Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Local Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of those charged with governance for the financial statements

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

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QRENDI LOCAL COUNCIL**INDEPENDENT AUDITORS' REPORT****Responsibilities of those charged with governance for the financial statements (continued)**

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

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

Auditors' 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 auditors' 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 ISAs, we exercise professional judgment 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 Local Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Local Council's ability to continue as a going concern.

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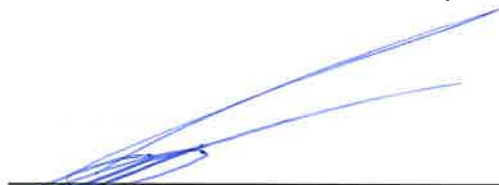
QRENDI LOCAL COUNCIL**INDEPENDENT AUDITORS' REPORT****Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 Local 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 principal authorised to sign on behalf of Parker Russell Turner on the audit resulting in this independent auditors' report is Mr. Arthur Douglas Turner.


Arthur Douglas Turner – Partner
On behalf of Parker Russell Turner

"Parker Russell Turner",
13, Curate Fenech Street,
Birzebbugia
Malta

17 June 2026

