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Our Ref: NAO 107/2021/52

Your Ref:

11 June 2025

The Mayor and Executive Secretary
St Julians Local Council
St Julian's

Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2023**

In terms of Section P2.06 (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the Audit Report and Financial Statements, together with the Management Letter for the financial year ending 31 December 2024.

After seeking the Local Council's approval, you are kindly requested to submit your response to the Director (Monitoring & Support) Local Government Division, the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures, by not later than six weeks following receipt of this letter.

Yours faithfully,



T. Mercieca
Asst. Auditor General

Encls.

The Mayor
San Giljan Local Council
Forrest Street,
St. Julians, STJ 2033
Malta.

Grant Thornton Malta

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Our ref: MB/mf/125325

27 May 2025

Dear Sir,

Financial statements for the year ended 31 December 2023

During the course of our audit for the year ended 31 December 2023, we have reviewed the accounting system and procedures operated by your council. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter**1.1 Income**

We again identified inconsistencies in income from LES administration fee (refer to notes 2.1 to 2.2)

We are pleased to inform that we did not note any issues in relation to revenue classification for the year.

Even though we have received the latest financial statements of the Lvant Joint Committee for which the San Giljan Local Council is a member of in the previous year, we still recommend that the council raises issue on Joint Committee with the Department for Local Government and ensure that the committee is liquidated, and that the council received any further income that may be due to it. The issue on Lvant Joint Committee is still outstanding (refer to notes 2.3 to 2.5).

1.2 Expenditure

We are pleased to inform that we did not note any issued in relation to provisions, and salaries and wages during the year.

1.3 Property, plant and equipment

We again identified issue on fixed assets classification of financial statements with accounting records and fixed assets register (refer to notes 3.1 and 3.2)

We again identified missing details of fixed asset register (refer to notes 3.3 to 3.6)

We again noted that the council does not have a schedule of its assets not yet capitalised (refer to notes 3.7 and 3.8)

1.4 Trade and other receivables

As in previous year, when performing our test on the receivable balances, we were not able to obtain sufficient and appropriate supporting documents for the debtors selected (refer to notes 4.1 and 4.2).

We again identified long outstanding receivables that no allowance were provided (refer to notes 4.3 and 4.4).

1.5 Trade and other payables

We again noted that the council was not able to obtain suppliers' statements as at or near yearend from all suppliers (refer to notes 5.1 and 5.2).

We are pleased to inform that we have obtained sufficient and appropriate supporting documents for the supplier selected for testing for the year.

We again identified long-outstanding payables (refer to notes 5.3 and 5.4).

We are please to inform that we have not identified significant credit balance in the debtor's list as at yearend.

We again identified the contract's deposit guarantee outstanding and overdue (refer to notes 5.5 to 5.6).

1.6 Borrowings

We again identified an error in the books of the council with regards to the presentation of current and noncurrent portion of borrowings as at yearend (refer to notes 6.1 and 6.2)

1.7 Liquidity Position

We are pleased to inform that the council's Financial Situation Indicator is now above the minimum 10% maintaining rate.

2 Income

Income from LES administration fee

2.1 We obtained Loqus report 483 and reconciled to income from LES administration fees and established that the council's income from LES administration fees for 2023 is overstated by €10,424. No audit adjustment was proposed due to the fact that no explanation for the discrepancy was provided. This is not a material discrepancy.

2.2 We recommend that the council generates the Loqus report frequently and reconciles amounts to fees claimed for collection of fines. Any discrepancies should be discussed with the counterparty on a timely manner. - noted

Joint committee

- 2.3 We noted that the San Giljan Local Council formed part Lvant Joint Committee up to 31 August 2011.
- 2.4 In 2021, we have obtained the last audited financial statements of the Lvant Joint Committee and noted that the reserves of the committee only amounted to €1,680. To this end, our audit report was not qualified and we did not propose any adjustments as the amount to be divided between all committee members would not be material.
- 2.5 Nevertheless, we recommend that the council raises this issue with the Department for Local Government and ensures that the joint committee is liquidated, and that the council receives any further income that may be due to it.

3 Fixed assets

Classification of financial statements with accounting records

- 3.1 We identified differences between the net book value (NBV) of certain assets in the financial statements and the NBV in the accounting records of the same categories. These are summarised below:

Asset category	NBV in financial statement €	NBV in unaudited accounting record €	Difference €
Office equipment	778	2,427	(1,649)
Urban improvements	42,184	76,183	(33,999)
Assets not yet capitalised	200,634	500,840	(300,206)
Construction Special programmes	57,331	107,577	(50,246)
	285,645	(100,456)	386,101
	<u>586,872</u>	<u>586,871</u>	<u>1</u>

- 3.2 We recommend that the council investigates these classifications and ensures that the financial statements reflect the correct classification.

Details of fixed asset register

- 3.3 When reviewing the fixed asset register, we noted that certain details like invoice numbers, location and suppliers' details are missing.

- 3.4 We recommend that every possible effort should be made to complete the fixed asset register to include at least all of the following:
- Description of asset
 - Date of purchase
 - Supplier details
 - Invoice number
 - Asset tag code (where applicable)
 - Cost
 - Depreciation rate
 - Location of the asset
 - Grants received
- 3.5 In addition, we have determined a total amount of € 4,326,471 difference in cost of fixed assets upon comparing the costs per accounting records and per fixed asset register. Upon checking, assets which were fully depreciated as at yearend are still on the fixed asset register, but the costs and accumulated depreciation are nil.
- 3.6 An updated fixed asset register enables the council to exercise proper control over the council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased still exist or are in use, or should have been written off in the books. Therefore, we recommend that the council's fixed asset register is updated with all relevant and accurate details.

Status and schedule of assets not yet capitalised

- 3.7 As at 31 December 2023, assets not yet capitalized and corresponding grants amounted to € 550,998 and € 350,364, respectively, were not part of the fixed asset register. The audit team has requested the breakdown and the status of each asset but was not provided by the council.
- 3.8 We recommend that the schedule of assets not yet capitalised and grants related are readily available and regularly monitored by the council. This is to timely determine the status of each ongoing projects.

4 Trade and other receivables

Confirmation of trade receivables

- 4.1 We selected samples of debtors for verification of existence and accuracy of balances through external positive confirmations, subsequent collection or vouching of other supporting documents. However, we were not able to obtain sufficient and appropriate supporting documents for the debtors listed below. Our audit report was qualified in this respect.

	Gross amount	Provision	Net amount
	€	€	€
Water Services Corporation	37,890.79	35,178.50	2,712.29
Media Trends Ltd - Sean Fitz	22,971.59	5,458.17	17,513.42
Green MT Ltd	13,593.87	13,593.87	-
Active Enterprises	12,377.79	2,777.79	9,600.00
Streetcom Outdoor	6,802.62	3,352.62	3,450.00
Tourism Zones	3,985.00	-	3,985.00
LESA	3,707.82	-	3,707.82
	<u>101,329.48</u>	<u>60,360.95</u>	<u>40,968.53</u>

- 4.2 We recommend that the council must ensure proper keeping of records to support the balances presented in the financial statements. Furthermore, the council must maintain close communication with the debtors for ease in collection of accounts and requesting confirmation replies during the audit.

Long outstanding debtors

- 4.3 The council's debtor list includes the following long-outstanding balances which are past due for more than twelve months and no allowance were provided:

	€
Media Trends Ltd - Sean Fitz	17,513.42
Active Enterprises	6,400.00
Water Services Corporation	2,712.29
FM Core	2,581.39
LESA	1,849.50
Nicholas Baldacchino	1,550.52
Antonio Barbuzza	1,414.78
Streetcom Outdoor	600.00
Ludwig Dimech	210.26
Raymond Bonnici	150.00
	<u>34,982.16</u>

- 4.4 We recommend that the council should regularly review overdue receivables for recoverability and if so, chase these debtors by sending reminders for the long overdue amounts. If recoverability of these debtors remains doubtful, the council should consider making a provision for doubtful debts in the books of account after obtaining approval from council meeting.

5 Trade and other payables

Suppliers' statements

- 5.1 During the course of our audit, we noted that the council did not obtain statements as at or near yearend from all suppliers to confirm the yearend balances and to ensure the completeness of the books of account. Circulars issued from time to time by the Department for Local Government specifically emphasise that the council should acquire monthly statements from all its suppliers.
- 5.2 We recommend that the council obtains monthly statements from all suppliers in order to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Long outstanding creditors

- 5.3 The council's creditor list includes the following balances which have been outstanding for more than one year:

	€
Galea Cleaning Solutions	28,742.16
Malta Planning & Des Cons	23,600.00
Med Developers Designers &	17,537.46
Mica Med Ltd	4,698.17
APCO Ltd	1,954.01
Rita Dimech Portelli	157.55
LESA	4.65
	<u>76,694.00</u>

- 5.4 We recommend that the council reviews these amounts and either settle them if still due, or else, reverse them after having obtained approval from the council members. Furthermore, decisions and discussion regarding these balances should be minuted during council meeting.

Contractor's deposit guarantee

- 5.5 Upon enquiry about the council's deposit guarantees amounting to €18,642, we were informed that these relate to deposits requested upon application for permits of construction work by an individual or corporate body. Some of these deposits go back to 2015 which were never claimed.
- 5.6 We recommend that the council obtains advice on whether such amounts are still due to the contractor or whether legally, these are now the council's revenue. Furthermore, before removing such amounts from the guarantees to the profit or loss, approval in council meeting should be obtained.

6 Borrowings

- 6.1 The team proposed an adjustment to correctly present the current and non-current portion of the loans based on the loan amortisation schedule. This has been considered appropriately in the audited financial statements.
- 6.2 We recommend that the council must review its loan amortisation schedule during the financial statement preparation and ensure that the current and non-current portions of its bank loans are appropriately presented in the financial statements.

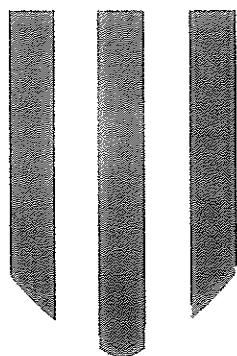
Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence, our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Ms Cher Fenech and her staff for their co-operation and assistance during the course of the audit.

Yours faithfully,





SAN GILJAN LOCAL COUNCIL

**Annual Report
and
Financial Statements**

for the year ended 31 December 2023

Prepared by

Daniel Galea B. Accty. (Hons.) CPA

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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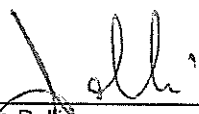
Statement of Local Council Members' and Executive Secretary's Responsibilities

for the year ended 31 December 2023

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

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

This statement was approved by the Local Council on the 27th May 2025 and signed on its behalf by



Guido Dalli
Mayor



Malcolm Agius
Acting Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
		€	€
	<i>Notes</i>		
Revenue			
Funds received from Central Government	4	1,064,176	1,246,600
Income raised under Local Council Bye-Laws	5	21,000	(21,538)
Income raised under Local Enforcement System	6	13,627	9,646
General Income	7	115,171	95,062
		<u>1,213,974</u>	<u>1,329,770</u>
 Expenditure			
Personal emoluments	9	(222,049)	(205,511)
Operations and maintenance	10	(477,045)	(772,797)
Administrative and other expenditure	11	(184,371)	(290,224)
		<u>(883,465)</u>	<u>(1,268,532)</u>
 Operating surplus for the year		 330,509	 61,238
 Finance income	12	 26	 -
Finance costs	12	(1,429)	(1,734)
 Surplus for the year		 <u>329,106</u>	 <u>59,504</u>

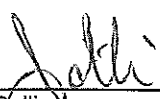
The notes on pages 8 to 26 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

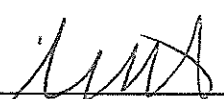
As at 31 December 2023

		2023 €	2022 €
ASSETS	<i>Notes</i>		
Non-Current Assets			
Property, plant and equipment	13	<u>751,835</u>	<u>737,073</u>
		<u>751,835</u>	<u>737,073</u>
Current Assets			
Receivables	15	<u>174,979</u>	275,811
Cash and Cash Equivalents	16	<u>780,554</u>	<u>531,472</u>
		<u>955,533</u>	<u>807,283</u>
Total Assets		<u><u>1,707,368</u></u>	<u><u>1,544,356</u></u>
EQUITY AND LIABILITIES			
Reserves			
Retained Fund		<u>984,012</u>	<u>654,906</u>
		<u>984,012</u>	<u>654,906</u>
Non-Current Liabilities			
Long-term borrowings	18	<u>21,545</u>	<u>27,936</u>
		<u>21,545</u>	<u>27,936</u>
Current Liabilities			
Payables	17	<u>283,882</u>	575,791
Short-term borrowings	18	<u>6,358</u>	6,067
Deferred income	19	<u>411,571</u>	<u>279,656</u>
		<u>701,811</u>	<u>861,514</u>
Total Liabilities		<u><u>723,356</u></u>	<u><u>889,450</u></u>
Total Equity and Liabilities		<u><u>1,707,368</u></u>	<u><u>1,544,356</u></u>

These financial statements were approved and authorised for issue by the Local Council on 27th May 2025 and signed on its behalf by:



 Guido Dalli
 Mayor



 Malcolm Agius
 Acting Executive Secretary

The notes on pages 8 to 26 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Funds €
At 1 January 2022	595,402
Surplus for the year 2022	59,504
	<hr/>
At 31 December 2022	654,906
	<hr/> <hr/>
At 1 January 2023	654,906
Surplus for the year 2023	329,106
	<hr/>
At 31 December 2023	984,012
	<hr/> <hr/>

The notes on pages 8 to 26 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		2023	2022
		€	€
	<i>Note</i>		
Cash flows from Operating Activities			
Surplus for the year		329,106	59,504
Reconciliation to cash generated from operations:			
Depreciation and amortisation	13	69,687	68,288
Increase in provision for expected credit losses		4,718	2,856
Interest receivable		(26)	-
Interest payable		1,429	1,734
Operating Profit before Working Capital Changes		<u>404,914</u>	<u>132,382</u>
Decrease in receivables		96,116	109,334
(Decrease)/increase in payables		<u>(291,909)</u>	<u>86,370</u>
Cash generated from operating activities		<u>209,121</u>	<u>328,086</u>
Cash flows from Investing Activities			
Interest received		26	-
Purchase of property, plant & equipment	13	<u>(219,648)</u>	<u>(750,108)</u>
Cash used in investing activities		<u>(219,622)</u>	<u>(750,108)</u>
Cash flows from Financing Activities			
Repayment of bank loans		(6,101)	(5,822)
Receipt of grant	13, 19	267,113	823,857
Interest paid		<u>(1,429)</u>	<u>(1,734)</u>
Cash generated from Financing activities		<u>259,583</u>	<u>816,301</u>
Net Increase in Cash and Cash Equivalents		249,082	394,279
Cash and Cash Equivalents at the Beginning of the year		<u>531,472</u>	<u>137,193</u>
Cash and Cash Equivalents at the End of the year	16	<u><u>780,554</u></u>	<u><u>531,472</u></u>

The notes on pages 8 to 26 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2023

1. General Information

The San Giljan Local Council is the local Authority of San Giljan set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Triq Forrest, San Giljan. These financial statements were approved for issue by the Council Members on 27th May 2025. The Local Council's presentation as well as functional currency is denominated in Euro (€).

2. Material Accounting Policies

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

Material accounting policies

An entity 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.

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is 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 as adopted by the European Union (EU).

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

New or revised standards or Interpretations adopted as at 1 January 2023

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

Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the Council are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

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 Council

At the date of authorisation 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 Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Council.

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**2. Material Accounting Policies (cont.)**

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

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses 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
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	Replacement basis
Playground Furniture	100
Traffic Signs	Replacement basis
Road 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 statement of financial position 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 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 period in which they are incurred.

Impairment of Assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

Government Grants

Government grants are accounted for on the Income Approach in accordance with IAS 20. These are accounted for on a systematic basis in the Statement of Comprehensive Income over the periods necessary to match them with the related costs which they intend to compensate. If such costs have already been incurred when the grant is made, or if there are no related costs, then the grant is accounted for when it becomes receivable.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material Accounting Policies (cont.)

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.

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The 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.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

2. Material Accounting Policies (cont.)

Impairment of financial assets (cont.)

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 and bank borrowings.

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.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Related parties

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

Income recognition

Income is recognised at the fair value of the amount received or receivable, to the extent that it is probable that future economic benefits will flow to the Council and these can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

Government grants are recognised when there is reasonable assurance that all conditions attaching to them are complied with and the grants will be received. Government grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs which are intended to compensate, on a systematic basis. Such grants are presented as a credit in the statement of comprehensive income.

Local Enforcement Income

As from September 2012, the income recognised in the Income Statement was derived from the five Regional Committees and the Local Enforcement System Agency.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Council operates. These financial statements are presented in €, which is the Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.

Profits and losses

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these financial statements. All foreseeable liabilities and potential 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.

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.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**2. Material Accounting Policies (cont.)***Capital Management*

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives 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 the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. 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.

3. Judgments 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.

4. Funds received from central government

	2023	2022
	€	€
In terms of section 55 of the Local Councils Act	973,340	963,640
Other Government Income	90,836	282,960
	<u>1,064,176</u>	<u>1,246,600</u>

5. Income raised under Local Council Bye-Laws

	2023	2022
	€	€
Income from street advertising	<u>21,000</u>	<u>(21,538)</u>

6. Income raised Local Enforcement system

	2023	2022
	€	€
Pre-regional Committees	3,207	2,499
Regional Committees/LESA - Administrative Fees	10,420	7,147
	<u>13,627</u>	<u>9,646</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**7. General Income**

	2023	2022
	€	€
General Income	114,371	94,632
Contributions and donations	800	430
	<u>115,171</u>	<u>95,062</u>

8. Operating surplus for the year

	2023	2022
	€	€
Surplus for the year is stated after charging:		
Staff salaries	222,049	205,511
Depreciation and amortisation	69,687	68,288
Provision for bad debts	4,717	2,856
	<u>4,717</u>	<u>2,856</u>

9. Personal Emoluments

	2023	2022
	€	€
Mayor's Remuneration	16,003	15,516
Councillors' Allowances	22,600	22,600
Executive Secretary Salary and Allowances	40,535	40,209
Employees' Salaries	131,141	115,484
Social Security Contributions	11,770	11,702
	<u>222,049</u>	<u>205,511</u>

The average number of persons employed by the Council during the year was as 9 (2022: 8).

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

10. Operations and Maintenance

	2023	2022
	€	€
<i>Repairs and Upkeep:</i>		
Road and Street Pavements (patching works)	3,481	3,557
Public property	4,231	6,478
Street signs	7,096	8,904
Road Markings	8,114	5,447
Other repairs and Upkeep	29,748	24,281
	<u>52,670</u>	<u>48,667</u>
<i>Contractual Services:</i>		
Refuse Collection	141,113	255,218
Bulky Refuse Collection	20,741	44,667
Road and Street Cleaning	122,568	125,630
Cleaning and Maintenance - Public Conveniences	15,436	15,906
Cleaning and Maintenance - Parks and Gardens	11,110	39,641
Cleaning and Maintenance - Soft areas	11,702	8,399
Support Services	5,281	160,760
Street Lighting	96,424	73,909
	<u>424,375</u>	<u>724,130</u>
 Total Operations and Maintenance Costs	 <u>477,045</u>	 <u>772,797</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**11. -Administrative and other expenditure**

	2023	2022
	€	€
Utilities	13,728	8,345
Other repairs and upkeep	-	4,476
Rent	4,661	4,473
National and International Memberships	-	250
Office Services	7,262	5,900
Transport	27,149	23,568
Travel	3,158	1,642
Information services	-	1,710
Other contractual services	4,138	12,011
Insurance	3,041	3,027
Bank Charges	1,604	1,277
Professional Services	25,178	44,871
Tuition for courses and expenses	-	500
Community Services	55,767	58,949
Sundry minor expenses	3,704	904
LES related expenses	1,079	1,875
(Reversal of)/Provision for Legal claims against the Council	(40,502)	44,350
Increase in provision for bad debts	4,717	2,856
Twinning expenses	-	952
Depreciation and amortisation	69,687	68,288
	<u>184,371</u>	<u>290,224</u>

12. Finance costs

	2023	2022
	€	€
Loan interest	<u>1,429</u>	<u>1,734</u>

SAN GILJAN LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

13. Property, plant and equipment

	Property €	Trees €	Office Furniture & fittings €	Office Equipment €	Urban Improvements €	Assets not yet Capitalised €	New Street Signs €	Construction €	Special Programmes €	Total €
Cost										
At 1 January 2023	185,798	8,817	74,449	57,170	138,804	538,625	9,707	314,927	4,241,038	5,669,335
Additions	-	-	-	781	-	12,372	-	36,562	169,933	219,648
At 31 December 2023	185,798	8,817	74,449	57,951	138,804	550,997	9,707	351,489	4,410,971	5,788,983
Depreciation										
At 1 January 2023	33,170	-	67,899	53,926	55,741	-	9,707	235,447	533,657	989,547
Charge for the year	1,906	-	825	1,029	6,879	-	-	8,464	50,584	69,687
At 31 December 2023	35,076	-	68,724	54,955	62,620	-	9,707	243,911	584,241	1,059,234
Grants										
At 1 January 2023	-	-	-	2,218	34,000	350,364	-	50,247	3,405,887	3,842,716
Grants for current year	-	-	-	-	-	-	-	-	135,198	135,198
At 31 December 2023	-	-	-	2,218	34,000	350,364	-	50,247	3,541,085	3,977,914
Net Book values										
At 31 December 2023	150,722	8,817	5,725	778	42,184	200,633	-	57,331	285,645	751,835

SAN GILJAN LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

13. Property, plant and equipment (cont.)

	Property €	Trees €	Office Furniture & fittings €	Office Equipment €	Urban Improvements €	Assets not yet Capitalised €	New Street Signs €	Construction €	Special Programmes €	Total €
Cost										
At 1 January 2022	185,798	8,817	74,449	57,170	138,804	469,360	9,707	314,927	3,580,196	4,819,228
Additions	-	-	-	-	-	69,266	-	-	680,842	750,108
At 31 December 2022	185,798	8,817	74,449	57,170	138,804	538,626	9,707	314,927	4,241,038	5,569,336
Depreciation										
At 1 January 2022	31,264	-	67,068	51,764	48,862	-	9,707	230,639	482,533	921,837
Charge for the year	1,906	-	831	2,162	6,879	-	-	4,808	51,124	67,710
At 31 December 2022	33,170	-	67,899	53,926	55,741	-	9,707	235,447	533,657	989,547
Grants										
At 1 January 2022	-	-	-	2,218	34,000	282,023	-	50,247	2,582,031	2,950,519
Grants for current year	-	-	-	-	-	68,341	-	-	823,856	892,197
At 31 December 2022	-	-	-	2,218	34,000	350,364	-	50,247	3,405,887	3,842,716
Net Book values										
At 31 December 2022	152,628	8,817	6,550	1,026	49,063	188,262	-	29,233	301,494	737,073

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

14. Intangible asset

	Computer software €
Cost	
At 1 January 2023 and 31 December 2023	4,160
	<hr/>
Depreciation	
At 1 January 2023 and 31 December 2023	4,160
	<hr/>
Net book value	
At 31 December 2023	-
	<hr/> <hr/>
	Computer software €
Cost	
At 1 January 2022	4,160
	<hr/>
At 31 December 2022	4,160
	<hr/>
Depreciation	
At 1 January 2022	3,582
Charge for the year	578
	<hr/>
At 31 December 2022	4,160
	<hr/>
Net book value	
At 31 December 2022	-
	<hr/> <hr/>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

15. Receivables

	2023	2022
	€	€
Receivables	113,813	237,439
Accrued income	57,000	31,442
Prepayments	4,166	6,930
	<u>174,979</u>	<u>275,811</u>

Receivables

General receivables are analysed as follows:

	2023	2022
	€	€
Within credit period	79,721	75,431
Exceeded credit period but not impaired	34,092	162,008
Impaired and provided for	60,825	56,107
Provision for expected credit losses	<u>(60,825)</u>	<u>(56,107)</u>
	<u>113,813</u>	<u>237,439</u>

Included in the accounts receivables are amounts due from related parties amounting to €112,371 (2022 : €228,715). These amounts are unsecured, interest free and repayable on demand. Receivables are stated net of impairment provision of €60,825 (2022: €56,107).

16. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts.

	2023	2022
	€	€
Cash at bank	779,172	518,748
Cash in hand	1,382	12,724
	<u>780,554</u>	<u>531,472</u>

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

17. Payables

	2023	2022
	€	€
Payables	176,583	464,771
Other payables	35,337	28,328
Accruals	71,962	82,692
	<u>283,882</u>	<u>575,791</u>

Included in the accounts payable are amounts due to related parties amounting to €5,422 (2022 : €21,972). These amounts are unsecured, interest free and repayable on demand.

18. Borrowings

	2023	2022
	€	€
Non-current		
Bank borrowings	<u>21,545</u>	<u>27,936</u>
Current		
Bank borrowings	<u>6,358</u>	<u>6,067</u>
Borrowings		
Repayable between one and two years	6,688	6,364
Repayable between two and five years	14,859	21,024
Repayable in five years or more	-	548
	<u>21,545</u>	<u>27,936</u>

The Bank Loan is guaranteed by the Central Government and secured by a 1st General Hypothec over the San Giljan Local Council assets and a Special Hypothec on the Council Offices and Garage. Loan attracts interest at 4.6% (2022 – 4.6%) and are repayable in monthly instalments of €629.69 (2022 - €629.69) inclusive of interest.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)

19. Deferred income

	2023	2022
	€	€
Government grants		
At 1 January	279,656	197,497
State Funds allocated to Local Council	<u>131,915</u>	<u>155,695</u>
	411,571	353,192
Recognized in Property, Plant & Equipment	-	(68,341)
Recognized in Income Statement	-	<u>(5,195)</u>
At 31 December	<u><u>411,571</u></u>	<u><u>279,656</u></u>
 Current Deferred Income	 <u><u>411,571</u></u>	 <u><u>279,656</u></u>

20. Capital commitments

	2023	2022
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	<u>737,082</u>	<u>737,082</u>
- Contracted for but not provided in the financial statements	<u>305,853</u>	<u>317,800</u>
(i) Approved but not yet contracted for:		
Various upgrading around the Locality	15,273	15,273
Office Furniture and fittings	5,000	5,000
Office Equipment	5,000	5,000
Resurfacing Triq Ross	87,066	87,066
Electric Vehicle	25,921	25,921
Resurfacing Triq il-Qaliet	89,818	89,818
Tarag Scicluna	443,235	443,235
Playing Field at Triq Birkirkara	33,040	33,040
Upgrading of Angelo Pullicino Steps	<u>32,729</u>	<u>32,729</u>
	<u>737,082</u>	<u>737,082</u>
(i) Contracted for but not provided in the Financial Statements:		
Gnien Saver Zarb	<u>305,853</u>	<u>317,800</u>
	<u><u>305,853</u></u>	<u><u>317,800</u></u>

These capital commitments will be financed by funds which the Council received from the Eastern Regional Committee, DP Funds and from own funds.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**21. Contingent liabilities**

The Council has received various claims for damages to their vehicles allegedly caused by the state of repair of the Locality's roads which claims may have a financial effect on the St Julian's Local Council. It is estimated that the total costs for these does not exceed Eur5,000. The Council was served by Court Cases for some of these claims and for some others, the damages are to be liquidated by the Court and therefore, the value remains uncertain.

22. Related party transactions

During the course of the year, the Council entered into transactions with related parties which are related through common ultimate controlling party. The Council entered into transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
Local Enforcement System Agency	No control
Eastern Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Arms Limited	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Office of the Prime Minister	No control
Office of the Commissioner for Data Protection	No control
Association of Local Councils' Secretaries	No control
Ministry for Resources and Rural Affairs	No control

The amounts due from / to related parties at year-end are disclosed in notes 15 and 17. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

Key Management compensation

Transactions with key management personnel are disclosed in note 9. The Council considers the Mayor, Councillors & Executive Secretary to be Key Management personnel.

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

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**22. Related party transactions (cont.)**

	Related party activity €	2023 Total activity €	%	Related party activity €	2022 Total activity €	%
<i>Income</i>						
Transactions with central government	1,064,176			1,246,600		
Transactions with regions	13,627			13,280		
	<u>1,077,803</u>	<u>1,213,974</u>	<u>89</u>	<u>1,259,880</u>	<u>1,329,770</u>	<u>95</u>
<i>Expenditure</i>						
Transactions with government entities	78,623			63,689		
Key personnel remuneration	79,138			78,325		
	<u>157,761</u>	<u>883,461</u>	<u>18</u>	<u>142,014</u>	<u>1,268,532</u>	<u>11</u>

23. Ultimate controlling party

The ultimate controlling party of the 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.

24. Financial Risk Management

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

Credit risk

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

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Council has as cash and cash equivalents the amount of €780,554 (2022: €531,472). This should ensure an ongoing working capital of the Council for the next 12 months.

Notes to the Financial Statements for the year ended 31 December 2023 (cont.)**24. Financial Risk Management (cont.)***Going Concern Risk*

The Council registered a profit of €329,106 (2022: €59,504) during the year ended 31 December 2023, and as at that date, the Council had a positive working capital of €253,722 (2022: deficiency of €54,231).

Ageing of financial assets is disclosed in note 15.

All financial liabilities mature within 60 days from year end.

Summary of financial assets and liabilities by category:

	2023	2022
	€	€
Current Assets		
Loans and receivables:		
Accounts and other receivables	170,813	268,881
Cash and Cash Equivalents	780,554	531,472
	<u>951,367</u>	<u>800,353</u>
Non-Current Liabilities		
Financial liabilities measured at amortised costs:		
Bank borrowings	21,537	27,936
	<u>21,537</u>	<u>27,936</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	283,882	575,791
Bank borrowings	6,358	6,067
	<u>290,240</u>	<u>581,858</u>

Foreign Currency Risk

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

Interest Rate Risk

The Council operates a bank account which have financing facilities. This facility has interest rates which did not fluctuate significantly over the past years and as a result, the Council is not exposed to cash flow interest rate risk on bank balances.

Market risks

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Other risks

The Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of San Giljan Local Council (the “council”) set out on pages 4 to 24 which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the council as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act (Cap. 363), the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the “Legislation”).

Basis for qualified opinion

Included in receivables are amounts due from various debtors amounting to €101,329 which were not supported by documentary evidence. A provision of €60,361 has been recognised against balances. Consequently, we were unable to satisfy ourselves as to the existence and recoverability of these balances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the council in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in

Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of those charged with governance for the financial statements

As described on page 3, the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

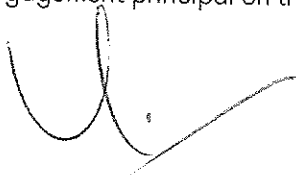
As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement principal on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Principal) for and on behalf of
GRANT THORNTON
Certified Public Accountants

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27 May 2025