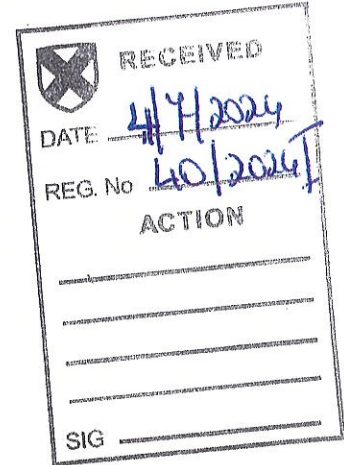


Our Ref: NAO 107/2021/36

Your Ref:

2 July 2024

The Mayor
Marsaxlokk Local Council
Marsaxlokk



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 2023.

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,

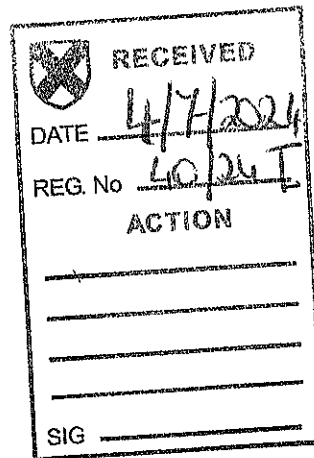


T. Mercieca
Asst. Auditor General

Encls.

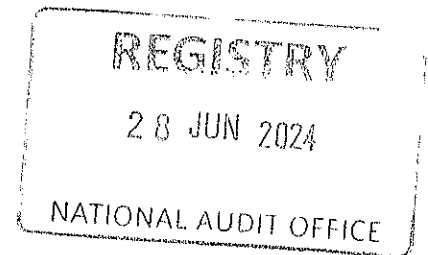
Grant Thornton Malta

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Central Business
District
Birkirkara CBD1050
Malta
T +356 20931000



The Mayor
Marsaxlokk Local Council
2, Triq Vittorjo Cassar,
Marsaxlokk MXK

Our ref MB/mf/120924
28 May 2024



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 Fixed assets**

We have not noted the same issue on the fixed assets capitalization. Additionally, we noted that the fixed assets additions during the year were properly inputted in the fixed asset register, with the relevant details previously raised. We still however noted issues on the fixed assets schedules (refer to note 2.3 to 2.4).

1.2 Pre-regional LES debtors

We have once again noted an issue with respect to pre-regional LES debtors (refer to note 3.1 to 3.3).

1.3 Garnishee order

The garnishee order is still recorded in the books of account (refer to note 3.4 to 3.5).

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1.+ Confirmation of debtors

We are pleased to inform that the issue on the unreconciled debtor balance has been rectified.

1.5 Accrued income

We have not noted the same issue on unreversed accrued income item during the year. However, we have noted an issue with respect to the accrued income recognition (refer to note 3.5 to 3.6).

1.6 Cash and cash equivalents

We have once again noted an issue with respect to the cash reconciliation procedures (refer to note 4.1 to 4.5).

1.7 Trade creditors

We did not note any debit balance in the creditors accounts, however, we have once again noted an issue with respect to the cash reconciliation procedures (refer to note 5.3 to 5.5).

1.8 Long-outstanding creditors

We further again noted long-outstanding creditors in the books of account (refer to note 5.6 to 5.7)

1.9 Accrued expenses

The issue on accrued expenses relating to the legal expenses for a court case has been rectified. However, we have noted that discrepancies in the accrued expenses account (refer to note 5.8 to 5.9).

1.10 Deferred income

We are pleased to inform that the issue on the unreversed deferred income balance has been rectified.

1.11 Government allocation

We have not noted the same issues from prior year.

1.12 Income

We recommend that the council raises issue on Joint Committee with the Department for Local Government and ensures that the committee is liquidated, and that the council received any further income that may be due to it. The issue on Zejtun Joint Committee is still outstanding (refer to note 6.1 to 6.3).

1.13 Expenditures

We again noted discrepancies in the expenditures accounts (refer to note 7.1 to 7.2).

1.14 Opening balances

We are pleased to inform that the issue on the opening balances has been rectified during the year.

2 Fixed assets

Upkeep of fixed asset register

2.1 As pointed out in our prior years' management letters, the fixed asset register must at least include the following details:

- i. Supplier details
- ii. Asset description
- iii. Invoice number
- iv. Amount
- v. Invoice date
- vi. Asset tag code (where applicable)
- vii. Location of asset
- viii. Depreciation and rates
- ix. Grants received

2.2 We suggest that the council updates its fixed asset register, classification and categorises assets appropriately. This will ensure the appropriate treatment of depreciation and grants and hence net book value. It will also enable identification of the assets concerned and thus the council can maintain control over its assets by carrying out physical inspections.

Unreconciled fixed assets schedule

2.3 In our initial testing of fixed assets schedule, we noted that the fixed assets register does not agree with the balance per books. We have noted that the differences were coming from the erroneous account used for the recognition of depreciation expense.

2.4 We recommend that the council should ensure timely reconciliation of the fixed asset register with the council's book of accounts.

3 Receivables

Pre-regional LES debtors

3.1 The council recorded an increase to the LES Debtors account of € 107,585.52. There was no related movement noted however in the income account. Further, we obtained report 622 generated from the Loqus system and found that tribunal pending payments as at 31 December 2023 were €75,994.85, compared to the local council's book balance of € 183,580.37, resulting to a variance of €107,585.52. No adjustments were made by the local council and the audit did not further propose an audit adjustment to account for because it has no effect on the financial statements since LES debtors are carried at nil value following a provision for doubtful debts for the same

amount. For financial reporting purposes however, we reflected the balance as per the report 622 amounting to €75,994.85.

- 3.2 Furthermore, we noted that the total recognised income from contraventions does not equal to the movement of the outstanding balance of LES Debtors with a difference of € 18,172.27.
- 3.3 We recommend that the council takes the matter up with Loqus to determine what the correct balance is and then considers whether an adjustment should be passed in the council's books. Additionally, when adjustments are passed, the council should also ensure that the movements are also accounted for in the income statement.

Garnishee order

- 3.4 As noted in our previous management letter, other debtors include the amount of €2,808.36 with respect to a garnishee order dated 2008. The latter was served on the council by Dr Gaetano. During 2017, audit the executive secretary informed us that it was released by the Joint Committee in 2014. If the garnishee order was released, it should have been adjusted for in the council's books of account.
- 3.5 We strongly advise the council to investigate the matter and verify whether the garnishee order was released. Once established and supported by documentary evidence, the council should adjust its books of account.

Accrued income

- 3.5 The local council's books of account didn't include accrued income amounting to €9,875.00. Out of the total amount, €4,875.00 pertains to the remaining receivables from Local Government Division for events under government schemes which concluded in 2023. The remaining amount of €5,000.00 pertains to the Christmas lights scheme for 2023 from Malta Tourism Authority, the associated costs of which have already been incurred by the local council. We proposed an adjustment to record such accrued income as of 31 December 2023.
- 3.6 We recommend that the council should revisit ongoing projects under government schemes and record accruals for unreceived payments accordingly so that income is recorded in the correct financial period based on the accruals concept of accounting.

4 Cash and cash equivalents

- 4.1 In our review of bank reconciliation, we initially noted a significant variance per book and per bank's replies for APS bank account no. 43694120024 and BOV bank account no. 40023668683 amounting to €13,000 respectively. Per confirmation with the accountant and per further inspection, we noted that this pertains to unrecorded bank transfers. An adjustment was booked by the council to correct this.
- 4.2 The accountant provided us with a list of bank reconciling items for APS bank account no. 43694110011. Based on our checking, we noticed an outstanding check balance with a variance of €798.14 when matched with its supporting documents. This was confirmed by the accountant and

an adjustment was passed.

- 4.3 In the same bank account, we have noticed stale checks amounting to €2,593.58.
- 4.4 Further, in the same bank account, we have noted deposits in transit amounting to €1,697.62, which were erroneously recorded twice in the books. This was confirmed by the accountant and an adjustment was passed.
- 4.5 We recommend that the council prepares monthly bank reconciliation for all bank accounts and ensures reconciling items are recorded properly. This will assist in identifying missing, unrepresented and stale cheques.

5 Trade and other payables

Supplier statements

- 5.1 The council did not obtain monthly statements from all of its suppliers. Memos issued from time to time by the Department of Local Government specifically state that the council should obtain monthly statements from all 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.

Trade creditors reconciliation

- 5.3 We noted exceptions to the balances of Regjun Nofsinhar amounting to €710.78. Per further checking, we noted that the difference amounting to €608.99 was due to the difference in the amount per invoice and per books for September 2023 tipping fees. An adjustment was passed to tie up the account for this difference.
- 5.4 We have also noted a difference amounting to €840.10 between the confirmation reply from Ronald Bezzina and the amount per books. Per further checking, we noted that the difference pertained to an unrecorded invoice from this supplier. This was confirmed by the accountant and an adjustment was booked to accrue accordingly.
- 5.5 The above situation highlights the importance of reconciling creditors' balances to suppliers' statements and thus once again we recommend obtaining suppliers' statements on a monthly basis and reconciling immediately.

Long-outstanding creditors

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

Creditor	€
WasteServ Malta Ltd	1,261.65
Island Services Limited	250.50
Lesa	245.00
MG Pulis	20
	<u>1,777.15</u>

- 5.7 We recommend that the council reviews this amounts and, either settles it if still due, or else reverses it after having obtained approval from the council. Furthermore, decisions and discussions regarding these balances should be minuted during the council meetings.

Accrued expenses

- 5.8 Based on our procedures for accruals, we noted that no accrual was made for the performance bonus of the Executive Secretary amounting to €2,529.15. This was confirmed by the accountant and she further noted that no accrual was made as there was no final performance bonus appraisal yet. The council agreed to book the proposed adjustment together with the reconciliation of wages and salaries expense.
- 5.9 The council should communicate timely with the accountant as to the performance bonus appraisals status and inform the accountant of the reasonable performance bonus percentage, so that the related expenditure is recorded in the correct financial period based on the accruals concept of accounting.

6 Income

Joint Committee

- 6.1 We noted that the Zejtun Joint Committee, of which Marsaxlokk local council formed part up to 31 August 2021, has provided audited financial statement for the year ended 31 December 2015.
- 6.2 We have obtained the last audited financial statements of the Zejtun Joint Committee and noted that the reserves of the committee only amount to €2,672. To this end our audit report was not qualified as the amount to be divided between all committee members would not be material.
- 6.3 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.

7 Expenditures

Operations and maintenance

- 7.1 During our testing, we noted one transaction under the repairs and upkeep amounting to €1,038.40, which as confirmed by the council, was an erroneous invoice issued by the supplier to them. The council is awaiting credit note to reverse this transaction. However, to comply with the accounting standards, we proposed to reverse this transaction accordingly.
- 7.2 We highly recommend that the council ensures expenses or purchases recorded during the year are reasonable.

8 Financial statements

Presentation of financial statements

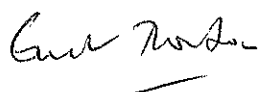
- 8.1 The Local Council is required to prepare financial statements in conformity with International Financial Reporting Standards (IFRS). During our audit, we identified that the council's unaudited financial statements needed updates and further corrections in accordance with IFRS.
- 8.2 We recommend that the council gives more attention to the preparation of the financial statements. The required updates and corrections have been amended in the audited 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 as 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 Karen Scieluna, Ms Caroline Desira and their staffs for their co-operation and assistance during the course of the audit.


Yours faithfully,



Local Council Marsaxlokk

Annual Audit Report

For the year ended 31 December 2023

	RECEIVED
DATE	14/7/2024
REG No	40/2024
ACTION	

SIG	_____

CBA

RECEIVED
28 JUN 2024
NATIONAL AUDIT OFFICE

Local Council Marsaxlokk

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Local Council Marsaxlokk


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

This statement was approved by the Council on 28/5/24 and signed on its behalf by:


Steven Grech
Mayor


Karen Scicluna
Executive Secretary

Local Council Marsaxlokk

Statement of Comprehensive Income
for the year ended 31 December 2023

	Notes	2023 €	2022 €
Funds received from Central Government	3	476,752	461,060
Income raised under Local Enforcement System	4	3,336	1,479
General Income	6	25,009	14,730
		<u>505,097</u>	<u>477,269</u>
Expenditure			
Personal Emoluments	8	(161,407)	(142,405)
Operations and maintenance	9	(239,214)	(222,772)
Administration and other expenditure	10	(217,233)	(183,650)
		<u>(617,854)</u>	<u>(548,827)</u>
Operating loss for the year		<u>(112,757)</u>	<u>(71,558)</u>
Finance income	5	<u>24</u>	<u>-</u>
Loss for the year	7	<u>(112,733)</u>	<u>(71,558)</u>

Local Council Marsaxlokk

Statement of Financial Position
for the year ended 31 December 2023

ASSETS	Notes	2023 €	2022 €
Non-current assets			
Property, plant and equipment	11	130,496	147,293
Current Assets			
Receivables	12	47,982	64,141
Cash and cash equivalents	13	211,573	280,896
Total current assets		<u>259,555</u>	<u>345,037</u>
Total Assets		<u>390,051</u>	<u>492,330</u>
Reserves			
Retained earnings		195,721	308,454
		<u>195,721</u>	<u>308,454</u>
Current Liabilities			
Trade and other payables	14	194,330	183,876
		<u>194,330</u>	<u>183,876</u>
Total equity and liabilities		<u>390,051</u>	<u>492,330</u>

These financial statements were approved by the Local Council on 28/5/24 and signed on its behalf by:


Steven Grech
Mayor


Karen Scicluna
Executive Secretary

Local Council Marsaxlokk

Statement of Changes in Equity
for the year ended 31 December 2023

	Retained Funds	Total
	€	€
At 1 January 2022	380,012	380,012
Loss for the year	(71,558)	(71,558)
At 31 December 2022	<u>308,454</u>	<u>308,454</u>
At 1 January 2023	308,454	308,454
Loss for the year	(112,733)	(112,733)
At 31 December 2023	<u>195,721</u>	<u>195,721</u>

Local Council Marsaxlokk

Statement of Cash Flows
for the year ended 31 December 2023

	2023		2022	
	€	€	€	€
Net loss for the year	(112,733)		(71,558)	
Reconciliation to cash generated from operations:				
Amortisation and Deprecation	48,014		65,392	
Interest received	(24)		-	
	<hr/>		<hr/>	
Operating deficit before working capital changes	(64,743)		(6,166)	
Decrease/(increase) in receivables	1,6159		(35,287)	
Increase in payables	8,237		73,354	
Increase/(decrease) in other payables	2,217		(1,613)	
	<hr/>		<hr/>	
Cash (used in)/generated from operating activities		(38,130)		30,288
Cash flow from investing activities				
Interest received	24		-	
Purchase of property, plant and equipment	(37,070)		(110,888)	
Grants received	5,853		49,550	
	<hr/>		<hr/>	
Cash used in investing activities		(31,193)		(61,338)
Net decrease in cash in the year		(69,323)		(31,050)
Cash and equivalents at beginning of year		280,896		311,946
		<hr/>		<hr/>
Cash and equivalents at end of year		211,573		280,896
		<hr/>		<hr/>

1. General information

The Marsaxlokk Local Council is the local authority of Malta set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at 2, Triq Vittorio Cassar, Marsaxlokk. These financial statements were approved for issue by the Council Members on 28/5/2024. The Local Council's presentation as well as functional currency is €.

2. Accounting Policies and Reporting Procedures

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

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair value where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provision of the Local Council Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Council (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards (IFRS).

These financial statements have been drawn up in accordance with the policies and reporting procedures prescribed for Local Council 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 Council Act (Cap. 363)

New or revised Standards or Interpretations

New standards 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 Councils's financial results or position. Accordingly, the Council has made no changes to its accounting policies in 2023.

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 additional disclosures have been made.

New or revised Standards or Interpretations (cont'd)

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 International Accounting Standards Board (IASB). None of these Standards or amendments to existing Standards have been adopted early 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)

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.

The Council 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 Council's financial statements.

Accounting policies and Reporting Procedures (cont'd)

Property, plant and equipment

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

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5 - 100
Construction Works	10 - 100
Urban Improvements (Street Furniture)	10 - 100
Special Projects	10 - 100
Office Equipment	20 - 100
Motor Vehicles	20 - 48
Plant and Machinery	20 - 100
Computer Equipment	25 - 100
Plants	100
Litter Bins	Replacement Basis
Playground Furniture	100
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	Replacement Basis
Street Lights	100

Accounting policies and Reporting Procedures (cont'd)

Up to the year ended 31 December 2017, depreciation was calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life according to IAS 16 Property, Plant and Equipment. On 1 January 2018, the straight line method in line with IAS 16, has adopted, in line with Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting estimate, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for prospectively.

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 asset are reviewed and adjusted as appropriate, at each end of the reporting period. 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 company 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 trade and other receivables

Trade and other assets are measured at fair value, with changes in fair value subsequently recognized in profit and loss. The Council applies the simplified approach for all trade receivables and contract assets. Accordingly, the assessment to determine whether there is a significant increase in credit risk is not applicable for such financial assets.

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to measure life time expected credit loss on an individual instrument basis and in order to ensure the life time expected credit losses are recognized before an asset becomes credit-impaired or an actual default occurs, life time expected credit losses on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the life time expected credit losses are estimated using provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

The Council's trade receivables are of a short term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for the receivable after 360 days, the loss rate was adjusted to take into consideration the actual recoveries over the selected period.

Accounting policies and Reporting Procedures (cont'd)

Impairment of cash and cash equivalents

Cash and cash equivalents are demand deposits, a one day probability of default has been applied, based on the respective external ratings of the counter party banks and adequate loss given default rate to the carrying amount at the measurement date. The Council bank with local financial institutions with high quality standing and rating and management consider the probability of default to be close to zero.

Related parties

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

Revenue

Revenue in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for other income such as that derived from the organization of courses, cultural, sporting and social is only recognized on a cash basis. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably.

Local enforcement system

Up till August 2011, the Council use to manage the local enforcement system in its locality and used to receive all the income generated from the fines. As from 1 September 2011 the Council started to form part of the Southern Region, which took over the management of the local enforcement system and the Council is receiving a 10% administration fee on every fine paid at the council. As from October 2015 LESA took over the administration of the local enforcement system.

Government grants

Government grants relating to operating expenditure are recognized in the statement of comprehensive income in the same period that the related expenditure is incurred.

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

Up to the year ended 31 December 2017, government grants were accounted for using the income approach according to IAS 20 Accounting for government grants and disclosure of government assistant. On 1 January 2018, the capital approach, according to IAS 20, has been adopted, in line with the directive No. 1/2017 issued by the department for local government. This is a change in the accounting policy, and according to IAS 8 Accounting policies, changes in accounting estimates and errors it has been accounted for retrospectively.

Profits and losses

Only losses 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 financial statements are approved.

Accounting policies and Reporting Procedures (cont'd)

Cash and equivalents

Cash and cash equivalents are carried in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and balances held with banks.

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); or
- 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.

Accounting policies and Reporting Procedures (cont'd)

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.

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 trade and other 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 FVTPL.

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'.

Accounting policies and Reporting Procedures (cont'd)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectant 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.

Capital management policies

The Council's objectives when managing capital is to safeguard the Council's ability to continue as a going concern, so that it can continue to provide services and benefits to its local community.

The Council sets the amount of capital in proportion to risk. The Council manages the capital structure and make adjustments to within the lights of changes in economic conditions and the risk characteristics of the underlying assets.

The Council monitors capital on the basis of the debt-to-adjusted capital ratio. The ratio is calculated as net debt + adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises of retained earnings.

3. Funds received from Central Government

	2023 €	2022 €
In terms of section 55 of the Local Council Act	423,469	418,473
Other Government Income	53,283	42,587
	<u>476,752</u>	<u>461,060</u>

4. Local Enforcement Income

	2023 €	2022 €
Income for LES administration fees	3,336	1,478
	<u>3,336</u>	<u>1,478</u>

Local Council Marsaxlokk

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

5. Finance Income

	2023 €	2022 €
Bank Interest	24	-
	<u>24</u>	<u>-</u>

6. General Income

	2023 €	2022 €
Income from courses	1,680	2,597
Donations	-	300
Contributions	2,260	2,539
Income from Permits	21,069	9,294
	<u>25,009</u>	<u>14,730</u>

7. Loss for the year

	2023 €	2022 €
Loss for the year is stated after charging:		
Staff salaries	161,407	142,405
Deprecation of non-current assets	48,014	65,392
	<u>209,421</u>	<u>207,797</u>

Local Council Marsaxlokk

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

8. Personal Emoluments

	2023	2022
	€	€
Mayor's Honoraria	13,479	13,142
Mayor's & Councillors' Allowance	10,282	9,655
Executive Secretary Salary and Allowances	6,926	17,719
Employees' Salaries	120,616	94,251
Social Security Contributions	10,104	7,638
	<u>161,407</u>	<u>142,405</u>

9. Operations and Maintenance

	2023	2022
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	9,665	7,736
Road/Street Pavements	3,930	439
Signs and road markings	2,292	2,417
Road & Street Patching	2,198	1,152
Office Furniture and Equipment	-	628
Plant & Equipment	155	557
Sundry Repairs	868	1,242
Other repairs and upkeep	755	13,022
Council property	5,020	324
	<u>24,883</u>	<u>27,517</u>
<i>Contractual Services:</i>		
Refuse Collection	11,115	49,268
Bulky Refuse Collection	10,417	21,911
Tipping fees	50,419	10,526
Hire of Open Skips	3,598	9,410
Road & Street Cleaning	76,465	26,415
Cleaning & Maintenance of Non-Urban Roads	1,430	448
Cleaning – Public Conveniences	12,576	12,491
Cleaning – Council Premises	70	541
Waste Disposal	16,117	4,609
Cleaning & Maintenance Parks & Garden	5,182	16,216
Clean. & Maint. Soft Areas	3,712	5,425
Street Lighting	20,764	36,173
Office equipment rent	201	-
Local Enforcement Expenses	505	1,822
Other Contractual Services	1,760	-
	<u>214,331</u>	<u>195,255</u>
	<u>239,214</u>	<u>222,772</u>

Local Council Marsaxlokk

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

10. Administrative and other expenditures

	2023	2022
	€	€
Utilities	12,430	10,535
Uniforms	29	651
Sundry materials & supplies	7,639	5,004
Rent	8,000	8,000
Participation fee – Nat. Mtg.	2,522	663
Printing	2,604	1,953
Stationery	7,162	5,523
Subscriptions	-	223
Couriers	1,251	1,779
Postages	146	179
Transport	7,918	6,922
Information Services	8,204	7,063
Insurance Coverage	7,967	8,540
Bank Charges	926	939
Penalties	-	535
IT Development Services	7,990	7,876
Legal services	19,204	6,608
Accounting services	6,207	6,818
Professional services	9,692	6,593
Other support services	19,366	9,692
Entertainment	480	458
Other Hospitality Costs	225	1,422
Social Events	39,257	20,282
Amortisation and Deprecation	48,014	65,392
	<u>217,233</u>	<u>183,650</u>

Local Council Marsaxlokk

Notes to the Financial Statements
for the year ended 31 December 2022

11. Property, plant and equipment

	Motor Vehicle	Property	Construction Works	New Street Signs	Urban Improvements	Plant and Machinery	Office & Computer Equipment	Office Furniture & Fittings	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2022	28,256	57,633	1,483,883	14,554	404,022	17,157	116,095	108,409	34,142	2,264,151
Additions	27,300	-	-	-	52,804	-	15,516	-	15,268	110,888
At 31 December 2022	55,556	57,633	1,483,883	14,554	456,826	17,157	131,611	108,409	49,410	2,375,039
Grants										
At 1 January 2022	-	44,232	760,810	-	321,405	-	55,305	59,474	7,533	1,248,759
Government grants current year	10,170	-	-	-	39,380	-	-	-	-	49,550
At 31 December 2022	10,170	44,232	760,810	-	360,785	-	55,305	59,474	7,533	1,298,309
Depreciation										
At 1 January 2022	22,463	825	673,265	14,554	56,795	15,812	49,616	30,715	-	864,045
Charge for the year	4,916	135	24,756	-	24,971	498	7,858	2,258	-	65,392
At 31 December 2022	27,379	960	698,021	14,554	81,766	16,310	57,474	32,973	-	929,437
Net book values										
At 31 December 2022	18,007	12,441	25,051	-	14,275	847	18,832	15,962	41,877	147,293

Local Council Marsaxlokk

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

11 Property, plant and equipment

	Motor Vehicle	Property	Construction Works	New Street Signs	Urban Improvements	Plant and Machinery	Office & Computer Equipment	Office Furniture & Fittings	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2023	55,556	57,633	1,483,883	14,554	456,826	17,157	131,611	108,409	49,410	2,375,039
Additions	-	-	-	7,944	8,279	485	4,480	-	15,882	37,070
At 31 December 2023	55,556	57,633	1,483,883	22,498	465,105	17,642	136,091	108,409	65,292	2,412,109
Grants										
At 1 January 2023	10,170	44,232	760,810	-	360,785	-	55,305	59,474	7,533	1,298,309
Government grants current year	-	-	-	-	5,853	-	-	-	-	5,853
At 31 December 2023	10,170	44,232	760,810	-	366,638	-	55,305	59,474	7,533	1,304,162
Depreciation										
At 1 January 2023	27,379	960	698,021	14,554	81,766	16,310	57,474	32,973	-	929,437
Charge for the year	4,916	-	16,083	7,944	8,607	491	7,768	2,205	-	48,014
At 31 December 2023	32,295	960	714,104	22,498	90,373	16,801	65,242	35,178	-	977,451
Net book values										
At 31 December 2023	13,091	12,441	8,969	-	8,094	841	15,544	13,757	57,759	130,496

12. Receivables

	2023 €	2022 €
Receivables	6,357	28,723
Other receivables	2,808	2,808
Accrued income	35,997	25,576
Financial assets	<u>45,162</u>	<u>57,107</u>
Prepayments	2,820	7,034
	<u>47,982</u>	<u>64,141</u>

Receivables

Receivables are non-interest bearing and are generally 30-days term.

General receivables are analysed as follows:

	2023 €	2022 €
Within credit period	6,189	319
Exceeded credit period but not impaired	168	28,404
	<u>6,357</u>	<u>28,723</u>

LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to €75,995 (2022: €94,167).

The movement for the provision for doubtful debts is as follows:

	2023 €	2022 €
Balance at 1 January	94,167	94,167
(Decrease) in provision for LES Debtor	(18,172)	-
	<u>75,995</u>	<u>94,167</u>

Local Council Marsaxlokk

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

13. Cash and equivalents

	2023 €	2022 €
Bank Balances	211,045	280,368
Cash in Hand	528	528
	<u>211,573</u>	<u>280,896</u>

14. Payables

	2023 €	2022 €
Payables	82,571	74,475
Other payables	1,660	-
Accruals	47,843	47,145
	<u>132,074</u>	<u>121,620</u>
Financial Liabilities		
Deferred income and grants	62,256	62,256
	<u>194,330</u>	<u>183,876</u>

15. Capital commitments

	2023 €	2022 €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for		
These could be analysed as follows:	332,433	201,945
	<u>332,433</u>	<u>201,945</u>
(i) Approved but not yet contracted		
Urban improvements	332,433	201,945
	<u>332,433</u>	<u>201,945</u>

16. Contingent liabilities and contingent asset

The council is still discussing a penalty received from the Environment & Resources Authority to € 6,400 (2022: € 6,400). The outcome is uncertain and due to this, the amount has not been provided for.

17. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Fgura Joint Committee (Local Enforcement)	Joint Control
Local Enforcement System Agency	No Control
Gozo Regional Committee	No Control
North Regional Committee	No Control
South Regional Committee	No Control
South Eastern Regional Committee	No Control
Central Regional Committee	No Control
Public General Head Quarters	No Control
Local Councils' Association	No Control
Malta Information Technology Agency	No Control
Malta Communication Authority	No Control
Malta Tourism Authority	No Control
Malta Transport Authority	No Control
Department of Lands	No Control
Department of Inland Revenue	No Control
Permanent Secretary – Ministry of Education	No Control
Permanent Secretary – Ministry for Family & Social Solidarity	No Control
Bank of Valletta plc	No Control
Airmalta plc	No Control
Jobs plus	No Control
Arms Limited	No Control
Planning Authority	No Control
Environment and Resources Authority	No Control
Water Services Corporation	No Control
Enemalta Corporation	No Control
Cleansing Services Department	No Control
Director General – Works Division	No Control
Wasterserv Malta Limited	No Control
Commissioner for Data Protection	No Control

Local Council Marsaxlokk

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

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

	2023 €	2022 €
Annual Financial Allocation	423,469	418,473
	<u> </u>	<u> </u>

Key management compensation

Transactions with key management personnel are disclosed in note 8.

18. Financial Risk Management

The exposure to risk and the way risks arises, together with the Local Council's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Local Council's exposure to financial risks or manner in which the council manages and measures these risks are disclosed below.

Where the possible, the Local Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

	2023 €	2022 €
Categories of financial instruments		
Financial assets		
Loans and receivables	45,162	57,107
Cash and bank balances	211,573	280,896
Receivables	<u>256,735</u>	<u>338,003</u>
Financial liabilities		
Trade payables and other payables	132,074	121,620
	<u>132,074</u>	<u>121,620</u>

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

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

Credit risk

Financial assets which potentially subject to Council to concentration of credit risk are principally made up of cash at bank and debtors. The Council's cash is placed with quality financial institutions.

The Council applies the simplified approach for all trade receivables and contract assets which uses a lifetime expected allowances. Accordingly, the assessment to determine whether there is a significant increase in credit risk is not applicable for such financial assets.

Where the Council does not have reasonable and supportable information that is available without undue costs or effort to measure life time expected loss on an individual instrument basis and in order to ensure the life time expected credit losses are recognized before and asset becomes credit-impaired or an actual default occurs, life time expected credit losses on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the life time expected credit losses are estimated using a provision matrix based on actuals credit loss experience over past years, which is adjusted to reflect current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

The Council' trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 30 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

As at 31 December 2023, trade receivables of € 168 (2022: €28,404) were past due but not impaired. The ageing of these past due trade receivables was over 1 month. These mainly related to a number of government entities for whom there is no recent history of default and exposure is very limited. Whilst a number of customers account for a certain percentage of the Council's past due trade debts, management has not identified any major concerns with respect to concentration of credit risk. Categorization of trade receivables as past due is determined by the Council on the basis of the nature of the credit terms in place and credit arrangements actually utilized in managing exposures with customer. Exposure is immaterial.

Cash and cash equivalents

The Council banks only with local financial institution with high quality standing or rating. At 31 December 2023 cash and cash equivalents are held with counterparty with a credit rating and are callable on demand. The Council considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Council.

Liquidity risk

The Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprises trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Council's obligations.

Management monitors liquidity risk by reviewing expected cash flow and ensures that no additional financing facilities are expected to be required over the coming year. The Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis.

At the end of the reporting period, the Local Council's net asset position amounted to € 195,721 (2022: €308,454) view of the matching of cash inflows and outflows arising from the expected maturities of financial instruments. In this respect management does not consider liquidity risk to the Council as significant taking into account the liquidity management process referred to above.

The following table analyses the Council's financial liabilities into relevant maturity grouping based on the remaining period at 31 December 2023 to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows. Balance due within equal their carrying balances, as the impact of discounting is not significant.

	Current Payable Within 1 year	Payable within 1&2 years	Non-Current Payable Within 2&5 years	Payable after more than 5 years	Total
	€	€	€	€	€
31 December 2023					
Payables	84,231	-	-	-	84,231
Accruals	47,843	-	-	-	47,843
	<u>132,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,074</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2022					
Payables	74,475	-	-	-	74,475
Other payables	-	-	-	-	-
Accruals	47,144	-	-	-	47,144
	<u>121,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,620</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
					23

With respect to the maturity of the Council's financial liabilities as at 31 December 2023, the Council discloses that the trade and other payables are entirely repayable within one year from the end of the respective reporting period.

19. Fair value estimation

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

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Marsaxlokk Local Council set out on pages 2 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of 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 unqualified 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 1 the Deputy Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Deputy 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

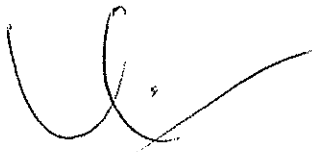
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Local 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 Local 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 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 engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants
Fort Business Centre
Triq L-Intornjatur Zone 1
Central Business District
Birkirkara CBD1050
Malta

28 May 2024