

Siggiewi Local Council

Report and Financial Statements

For the year ended 31 December 2023

Prepared by:

PKF Malta Limited



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Siggiewi Local Council

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Siggiewi Local Council

Financial Statements for the year ended 31 December 2023

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

The Local Government (Financial) Regulations 1993, require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure 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 Government (Financial) Regulations 1993, and the Local Government (Financial) Procedures 1996, 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 Government (Financial) Regulations 1993, and the Local Government (Financial) Procedures 1996. 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 Council on 3rd June 2024 and signed on its behalf by:



Mr. Dominic Grech
Mayor



Ms. Ritiene Giorgino
Executive Secretary

Siggiewi Local Council

Statement of Comprehensive Income for the year ended 31 December 2023

		2023	2022
	Notes	Euro	Euro
Income			
Funds received from central government	4	956,258	1,068,006
Income raised from Bye-Laws	5	43,713	42,761
Local Enforcement Income	6	3,015	3,062
Finance Income	7	221	-
General Income	8	<u>32,326</u>	<u>7,617</u>
		<u>1,035,533</u>	<u>1,121,446</u>
Expenditure			
Personal emoluments	9	(161,468)	(164,109)
Operations and maintenance	10	(404,044)	(502,566)
Administration and other expenditure	11	(530,784)	(360,747)
Finance cost	12	<u>(296)</u>	<u>(407)</u>
		<u>(1,096,592)</u>	<u>(1,027,829)</u>
Deficit/ Surplus for the year		<u>(61,059)</u>	<u>93,617</u>
Other Comprehensive Loss/ Income		<u>-</u>	<u>-</u>
Total Comprehensive Loss/ Income		<u>(61,059)</u>	<u>93,617</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Siggiewi Local Council

Statement of Financial Position as at 31 December 2023

	Notes	2023 Euro	2022 Euro
Assets			
Non-current Assets			
Property, Plant and Equipment	13	901,310	991,573
Right of Use Asset	14	4,119	6,865
		<u>905,429</u>	<u>998,438</u>
Current Assets			
Receivables	15	111,653	101,332
Cash and Cash Equivalents	16	1,439,342	1,526,805
		<u>1,550,995</u>	<u>1,628,137</u>
Total assets		<u><u>2,456,424</u></u>	<u><u>2,626,575</u></u>
Reserves and Liabilities			
Reserves			
Retained Funds		<u>2,215,661</u>	<u>2,276,720</u>
Non-Current Liabilities			
Lease Liability	18	<u>1,474</u>	<u>4,363</u>
Current Liabilities			
Bank Balances Overdrawn	16	3,323	-
Lease Liability	18	2,889	2,774
Payables	17	233,077	342,718
		<u>239,289</u>	<u>345,492</u>
Total Liabilities		<u><u>240,763</u></u>	<u><u>349,855</u></u>
Total reserves and liabilities		<u><u>2,456,424</u></u>	<u><u>2,626,575</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements were approved by the Council on 3rd June 2024 and were signed on its behalf by:



Mr. Dominic Grech
Mayor



Ms. Ritiene Giorgino
Executive Secretary

Siggiewi Local Council

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

	Note	Retained Funds
		Euro
Balance at 1 January 2022		2,177,983
Prior year re-instatement	25	<u>5,120</u>
Balance at 1 January 2022 - Restated		2,183,103
Surplus for the year		91,587
Other Comprehensive Income		-
Prior-year re-instatement	25	<u>2,030</u>
Total Comprehensive income		<u>93,617</u>
Balance at 31 December 2022 - Restated		<u>2,276,720</u>
Balance at 1 January 2023 - Restated		2,276,720
Deficit for the year		(61,059)
Other Comprehensive Income		<u>-</u>
Total Comprehensive loss		<u>(61,059)</u>
Balance at 31 December 2023		<u>2,215,661</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Siggiewi Local Council

Statement of Cash Flows for the year ended 31 December 2023

	2023 Euro	2022 Euro
	Note	
Cash flow from operating activities		
Deficit/ Surplus for the year	(61,059)	93,617
Adjustments for:		
Decrease in provision for bad debts	(1,140)	(8,334)
Depreciation of property, plant & equipment	117,718	115,074
Depreciation of Right-of-use asset	2,746	2,746
Interest payable	296	407
	<u>58,561</u>	<u>203,510</u>
Movement in payables	(109,641)	(96,117)
Movement in receivables	<u>(9,180)</u>	<u>(26,168)</u>
<i>Net cash (outflow)/inflow from operating activities</i>	<u>(60,260)</u>	<u>81,225</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(74,827)	(25,584)
Grants received from Government	47,371	80,505
<i>Net cash (used in)/generated from investing activities</i>	<u>(27,456)</u>	<u>54,921</u>
Cash flows from financing activities		
Lease payments	(2,774)	(2,663)
Lease interest paid	(296)	(407)
<i>Net cash (used in) from financing activities</i>	<u>(3,070)</u>	<u>(3,070)</u>
Movement in cash and cash equivalents	(90,786)	133,076
Cash and cash equivalents at beginning of year	<u>1,526,805</u>	<u>1,393,729</u>
Cash and cash equivalents at end of year	16 <u>1,436,019</u>	<u>1,526,805</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Siggiewi Local Council

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

1. General Information

The Siggiewi Local Council is a local government set up by the Local Councils Act, 1993. The office of the Council is situated at Siggiewi Civic Centre - 18, Pjazza San Nikola, Siggiewi. The Local Council's presentation as well as the functional currency are denominated in € (euro).

The financial statements were authorised for issue by the Council on 3rd June 2024. Siggiewi Local Council prepares the financial statements on a yearly basis from 1st January to 31st December.

2. 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.

(a) Accounting Convention

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).

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 EU.

(b) 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 company's financial results or position.

Standards and amendments that are effective for the first time in 2023 and could be applicable to the company 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.

Siggiewi Local Council

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

2. Reporting Procedures (Continued)

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

Standards and amendments that are not yet effective and have not been adopted early by the Local 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 Local Council's management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. 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.

3. Accounting policies

(a) Material accounting policies

Overall considerations

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

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

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, impairment loss to date and grants received for specific projects. Depreciation is calculated on a monthly basis using the straight-line method of depreciation at rates estimated to write down the cost of all assets over their expected useful life, other than land and trees as follows:

Siggiewi Local Council

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

3. Accounting policies (Continued)

(b) Property, plant and equipment (Continued)

	Rates in %
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
Playground furniture	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 surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. 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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

(c) Impairment of property, plant and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

3. Accounting policies (Continued)

(c) Impairment of property, plant and equipment (Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Leases

The Council has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means that comparative information is still reported under IAS 17 and IFRIC 4.

The Council as a lessee

The Council considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Council assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Council;
- the Council has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Council has the right to direct the use of the identified asset throughout the period of use. The Council assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Council recognises a right of use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Council, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

The Council depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Council also assesses the right-of-use asset for impairment when such indicators exist.

Siggiewi Local Council

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

3. Accounting policies (Continued)

(d) Leases (Continued)

At lease commencement date, the Council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Council's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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

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

The Council has elected to account for leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term. On the statement of financial position, the Council has opted to disclose the right-of-use assets and lease liabilities as separate financial statement line items.

(e) Related Parties

Related parties are those persons or bodies of persons having relationships with the council as defined in IAS 24. During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government.

(f) Impairment of Assets

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

3. Accounting policies (Continued)

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts receivable.

Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered as indicators that the amount to be received is impaired. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The amount of the provision is recognised in the Statement of Income and Expenditure.

(h) Payables

Payables are recognised as an expense in the period in which they are incurred. Amounts payable comprise creditor payments, that is, the amounts payable for the procurement of supplies and services. When an invoice or request for payment is received from a supplier, this is checked to the purchase order previously issued or the service contract, before payment is released in favour of any vendor. All cheque payments are signed by the Mayor and Executive Secretary and then reconciled with the bank statements on a monthly basis.

(i) Financial instruments

Recognition and de-recognition

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

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

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).

Siggiewi Local Council

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

3. Accounting policies (Continued)

(i) Financial instruments (Continued)

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 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 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 more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new 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.

Recognition of credit losses is no longer dependent on the Council first identifying a credit loss event. Instead, the Council considers a broader 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.

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

3. Accounting policies (Continued)

(i) Financial instruments (Continued)

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 Council's financial liabilities include lease liabilities and payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the 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'.

(j) Government grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and that the grants will be received.

As described in the property, plant and equipment note above the council was instructed to adopt the capital approach of government grants as from 1 January 2018, as opposed to the previously used income approach as per IAS 20.

Under the capital approach grants received are deducted from the respective asset's carrying account it was received for. This is shown as a separate line item in the property, plant and equipment note below.

3. Accounting policies (Continued)

(k) Foreign currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in Euro which is the Council's functional and presentation currency.

(l) Surplus and deficits

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 deficits 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.

(m) 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.

(n) Income recognition

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

Government grants are recognised when there is a 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 an income in the statement of comprehensive income.

Interest income is recognised as interest accrues (using the effective interest method). Interest income is included in finance income in the income statement.

(o) Expenses

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

(p) Local Enforcement System

During 2023, the amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to the various Regional Committees/ LESA for contraventions paid at the Council.

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3. Accounting policies (Continued)

(q) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis, Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

In the opinion of the council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

(r) Capital management policies and procedures

The council's Capital consists of its net assets, including working capital, represented by its retained funds. The council's management objective are to ensure the councils ability to continue as a going concern is still valid and that the council maintains a positive working capital ratio. To achieve this, the council carries out a quarterly review of the working capital ratio (financial situation indicator). This ratio was positive at the reporting date. The council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Siggiewi Local Council

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

	2023	2022
	Euro	Euro
4. Funds received from central government		
In terms of section 55 of the Local Councils Act (Cap 363)	887,021	879,478
Supplementary Government Income	64,045	107,010
Income from Organic Waste Collection	5,192	81,518
	<u>956,258</u>	<u>1,068,006</u>
	2023	2022
	Euro	Euro
5. Income raised from Bye-Laws		
Income raised under Local Council Bye-Laws	<u>43,713</u>	<u>42,761</u>
	2023	2022
	Euro	Euro
6. Local Enforcement Income		
Income from Contraventions	-	213
Regional Committees	3,015	2,849
	<u>3,015</u>	<u>3,062</u>
	2023	2022
	Euro	Euro
7. Finance Income		
Bank interest	<u>221</u>	<u>-</u>
	2023	2022
	Euro	Euro
8. General Income		
Income from other activities	15,099	5,047
Other income	17,227	2,570
	<u>32,326</u>	<u>7,617</u>

Siggiewi Local Council

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

	2023 Euro	2022 Euro
9. Personal Emoluments		
Mayor's allowance	16,003	15,516
Executive Secretary's salary	42,105	47,666
Employees' wages and salaries	76,568	74,414
Councillors' allowances	17,800	17,782
Social Security Contributions	8,992	8,731
	<u>161,468</u>	<u>164,109</u>

	2023 Euro	2022 Euro
10. Operations and Maintenance		
Repairs and upkeep:		
Road and street pavements (Patching works)	17,610	295
Street signs	18,307	8,392
Road markings	-	1,135
	<u>35,917</u>	<u>9,822</u>
Contractual services:		
Waste disposal and refuse collection (including bins on wheels)	166,211	280,865
Bulky refuse collection (including open skips)	21,553	44,390
Road and street cleaning (mechanical and manual)	67,199	69,381
Cleaning and maintenance of non-urban roads	65,245	66,485
Cleaning and maintenance of public conveniences	11,903	10,851
Cleaning and maintenance of parks and gardens	-	300
Street lighting	34,605	20,350
Local enforcement expenses	1,411	122
	<u>368,127</u>	<u>492,744</u>
	<u>404,044</u>	<u>502,566</u>

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Siggiewi Local Council

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

	2023 Euro	2022 Euro
11. Administration and other expenditure		
Utilities	25,058	16,301
Other repairs and upkeep	42,399	37,181
Rent	3,513	3,063
National and international memberships	825	554
Office services	38,964	12,006
Travel	13,028	4,690
Transport	7,043	6,043
Information services	15,131	11,956
Other contractual services	43,377	25,078
Bank interest and charges	872	1,398
Professional services	40,022	18,908
Education and training	253	4,013
Social events	43,189	44,602
Cultural events	113,906	47,388
Community services	22,740	9,746
Depreciation of property, plant & equipment	117,718	115,074
Depreciation of right-of-use asset	2,746	2,746
	<u>530,784</u>	<u>360,747</u>
	2022 Euro	2022 Euro
12. Finance Costs		
Lease liability interest	<u>296</u>	<u>407</u>

Siggiewi Local Council

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

13. Property, Plant and Equipment

	Council Premises		Office Furniture		New Street Signs		Office Equipment		Plant & Machinery		Urban Improvements		Special Prg. Re-surf		Asset Under Construction		Total		
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
Cost																			
As at 1 Jan 2023	532,927	17,827	25,283	51,064	9,738	1,376,164	4,025,908	13,435	6,052,346										
Additions	-	1,882	-	-	-	72,945	-	-	74,827										
As at 31 Dec 2023	532,927	19,709	25,283	51,064	9,738	1,449,109	4,025,908	13,435	6,127,173										
Grants and Other Reimbursements																			
As at 1 Jan 2023	-	(2,430)	-	(1,951)	-	(827,975)	(1,626,828)	-	(2,459,184)										
Additions	-	-	-	-	-	(47,371)	-	-	(47,371)										
As at 31 Dec 2023	-	(2,430)	-	(1,951)	-	(875,346)	(1,626,828)	-	(2,506,555)										
Depreciation																			
As at 1 Jan 2023	(46,289)	(6,484)	(25,283)	(46,702)	(9,738)	(438,996)	(2,028,097)	-	(2,601,589)										
Charge for the year	(5,122)	(1,049)	-	(1,653)	-	(35,480)	(74,415)	-	(117,719)										
As at 31 Dec 2023	(51,411)	(7,533)	(25,283)	(48,355)	(9,738)	(474,476)	(2,102,512)	-	(2,719,308)										
Net Book Value																			
As at 31 Dec 2023	481,516	9,746	-	758	-	99,287	296,568	13,435	901,310										

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Siggiewi Local Council

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

13. Property, Plant and Equipment (Continued)

	Council Premises		Office Furniture		New Street Signs		Office Equipment		Plant & Machinery		Urban Improvements		Special Prg. Re-surf		Asset Under Construction		Total		
	Euro		Euro		Euro		Euro		Euro		Euro		Euro		Euro		Euro		
Cost																			
As at 1 January 2022	532,927		17,827		25,283		50,405		9,738		1,373,438		3,245,536		103,035		5,358,189		
Prior-year reinstatement (note 25)	-		-		-		-		-		-		668,573		-		668,573		
Additions	-		-		-		659		-		2,726		22,323		-		25,708		
Reclassifications	-		-		-		-		-		-		89,476		(89,600)		(124)		
As at 31 December 2022	532,927		17,827		25,283		51,064		9,738		1,376,164		4,025,908		13,435		6,052,346		
Grants and Other Reimbursements																			
As at 1 January 2022	-		-		-		(1,951)		-		(825,249)		(859,272)		-		(1,686,472)		
Prior-year reinstatement (note 25)	-		-		-		-		-		-		(692,207)		-		(692,207)		
Additions	-		(2,430)		-		-		-		(2,726)		(75,349)		-		(80,505)		
As at 31 December 2022	-		(2,430)		-		(1,951)		-		(827,975)		(1,626,828)		-		(2,459,184)		
Depreciation																			
As at 1 January 2022	(41,167)		(5,489)		(25,283)		(41,029)		(9,738)		(404,214)		(1,966,276)		-		(2,493,195)		
Prior-year reinstatement (note 25)	-		-		-		-		-		-		8,804		-		8,804		
Charge for the year	(5,122)		(995)		-		(5,673)		-		(34,782)		(70,625)		-		(117,198)		
As at 31 December 2022	(46,289)		(6,484)		(25,283)		(46,702)		(9,738)		(438,996)		(2,028,097)		-		(2,601,589)		
Net Book Value																			
As at 31 December 2022	486,638		8,913		-		2,411		-		109,193		370,983		13,435		991,573		

Siggiewi Local Council

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

14. Right of Use Asset

	Right of Use Asset Euro
Cost	
As at 1 January 2023	12,357
Additions	-
As at 31 December 2023	<u>12,357</u>
Grants and Other Reimbursements	
As at 1 January 2023	-
Additions	-
As at 31 December 2023	<u>-</u>
Depreciation	
As at 1 January 2023	(5,492)
Charge for the year	(2,746)
As at 31 December 2023	<u>(8,238)</u>
Net Book Value	
As at 31 December 2023	<u>4,119</u>
As at 31 December 2022	<u>6,865</u>

15. Receivables

	2023 Euro	2022 Euro
Trade receivables	2,085	28,250
Provision for doubtful debts	(458)	(458)
LES	45,262	46,403
LES Provision	(45,262)	(46,403)
Other Debtors	9,100	1,000
Accrued income	87,764	65,489
Financial Asset	<u>98,491</u>	94,281
Advance payments to suppliers	2,828	2,493
Prepayments	10,334	4,558
	<u>111,653</u>	<u>101,332</u>

Trade Receivables are analysed as follows:

	2023 Euro	2022 Euro
Within Credit Period	(157)	7,926
Exceeded Credit Period	2,242	20,324
Provision for Doubtful Debts	(458)	(458)
	<u>1,627</u>	<u>27,792</u>

Siggiewi Local Council

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

15. Receivables (Continued)

LES debtors are stated after a specific provision for doubtful debts amounting to €45,262. Movements of €1,140 were reflected as a decrease in provision for bad debts with the corresponding entry reflected as bad debt write off during the year under review.

16. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council Statement of Financial Position:

	2023 Euro	2022 Euro
Cash at bank	1,347,976	1,440,996
Central Bank of Malta Accounts	91,366	85,809
Bank balances overdrawn	<u>(3,323)</u>	<u>-</u>
Cash and cash equivalents at year-end	<u>1,436,019</u>	<u>1,526,805</u>

	2023 Euro	2022 Euro
17. Payables		
<i>Current Liabilities</i>		
Trade payables	106,692	198,509
Accruals	50,866	42,202
Other payables	3,783	3,783
Deferred capital grants	71,444	97,932
Advance payments from receivables	<u>292</u>	<u>292</u>
	<u>233,077</u>	<u>342,718</u>

	Euro	Euro
<i>Deferred capital grants</i>		
Balance at the beginning of the year	97,932	156,876
Additions during the year	132,042	43,422
Release of deferred income	<u>(158,530)</u>	<u>(102,366)</u>
Balance at the end of the year	<u>71,444</u>	<u>97,932</u>
Short-Term Deferred Income	<u>71,444</u>	<u>97,932</u>
Long-Term Deferred Income	<u>-</u>	<u>-</u>

Siggiewi Local Council

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

	2023 Euro	2022 Euro
18. Lease Liability		
Lease liability	<u>4,363</u>	<u>7,137</u>
The maturity of lease commitments is analysed as follows:		
	2023 Euro	2022 Euro
Less than one year	2,889	2,774
More than 1 year but less than 5 years	<u>1,474</u>	<u>4,363</u>
Total lease liabilities at 31 December	<u>4,363</u>	<u>7,137</u>
Current	<u>2,889</u>	<u>2,774</u>
Non-Current	<u>1,474</u>	<u>4,363</u>

Lease Liability refers to the lease of the Local Council Premises that have been leased out to the Siggiewi Local Council. It is a 15-year renewable lease that commenced on 1st July 2010. The council intends to renew this lease continuously. It will be renewed on 1st July 2025.

All works and repairs relating to the above-mentioned lease are a sole responsibility of the council. The rent of 3,070 Euro is payable half yearly in advance.

IFRS 16 exemptions were taken into consideration. However, since the lease started in the year 2010, which is long term, and the premises are not of low value, the exemptions under IFRS 16 do not apply.

19. Capital Commitments

For the year ending 31 December 2023, the Local Council approved the following Capital Commitments:

Authorised by the Local Council and contracted:

Description	2023 Euro	2022 Euro
Reading Garden- preliminary phase	81,457	65,165
Restoration project	<u>10,000</u>	<u>-</u>

These capital commitments will be partly financed from grants receivable by the Local Council amounting to € 65,165.

Siggiewi Local Council

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

20. Contingent Liabilities

The Siggiewi Local Council currently has one pending court case in the following names:

“Cem Kofoglu vs Infrastructure Malta & Siggiewi Local Council” for damages to be determined and awarded by the Courts.

21. Events after the Statement of Financial Position date

There were no particular important events affecting the operation of the council since the end of the accounting year.

22. Financial Risk Management

Financial assets include equity, other receivables and cash held at bank and in hand. Financial liabilities include other payables and long-term borrowings.

The Council is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

The Council adopts an overall risk management to maintain and control its exposures.

Cash and cash equivalents

As at 31 December 2023, the Council held balances with Bank of Valletta p.l.c which is a local financial institution. The Council held other balances with the Central Bank of Malta. The credit rating assigned to Bank of Valletta p.l.c is set at BBB- and is considered satisfactory. The credit rating assigned to Central Bank of Malta is set at A+ and is also satisfactory. The Council considers that there is a low probability of default relating to a local bank and that the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Council.

Market risk

i) Cash flow and fair value interest rate risk

As the Council has no interest-bearing assets, the Council's income and operating cash flows are independent of changes in market interest rates. Although the Council has borrowings issued at fixed rates, the exposure to fair value interest rate risk is limited and ultimately endorsed by Central Government.

ii) Credit Risk

Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances and the presentation of debtors' net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.

Siggiewi Local Council

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

22. Financial Risk Management (Continued)

Credit risk arises whenever increasing variances between the main council's income, that provided by Central Government, and the cost of its outsourced services which are mostly exposed to commodity risks. Furthermore, the huge reduction of other revenue from LES, following its restructuring through central government, and Permits could well expose the Council even more to credit issues unless this shortfall is recovered from other sources.

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements. Assets recognised at the end of the reporting period and is summarised as follows:

Classes of Financial assets – Carrying Amounts	2023	2022
	Euro	Euro
Trade & Other Receivables (Note 15)	98,491	94,281
Cash and Cash Equivalents (Note 16)	1,436,019	1,526,805
	<u>1,534,510</u>	<u>1,621,086</u>

The Maximum Exposure to Credit Risk for Trade Receivables at the reporting Date, net of impairment losses, by type of customer is as follows:

Classes of Financial assets – Carrying Amounts	2023	2022
	Euro	Euro
Amount Invoiced Not yet Settled by Class:		
Government Owned Entities	1,627	27,792
	<u>1,627</u>	<u>27,792</u>

The Local Council assesses the credit quality of its customers by taking into Account their Financial Standing and past experience. The Local Council considers the credit quality of its financial Assets as being acceptable.

Included in the Local Council's trade receivables there are no balances which are past due, and which have not been provided for.

	2023	2022
	Euro	Euro
Current	(157)	8,503
30 Days	54	658
60 Days	-	17,386
90 Days	7	-
120+ Days	2,181	1,703
	<u>2,085</u>	<u>28,250</u>

Siggiewi Local Council

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

22. Financial Risk Management (Continued)

iii) Liquidity risk

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period and ensures that no additional financing facilities are expected to be required over the coming year.

	2023			
	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
Trade Payables	106,692	-	-	-
Other Payables	-	-	-	-
Lease Liability	1,445	1,444	1,474	-
Accruals	50,866	-	-	-

	2022			
	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
Trade Payables	198,509	-	-	-
Other Payables	-	-	-	-
Lease Liability	1,387	1,387	4,363	-
Accruals	42,202	-	-	-

The Council's objectives when managing capital are to safeguard the Local Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Local Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Local Council's capital structure is monitored by the Executive Secretary and the Local Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Local Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Local Council.

Siggiewi Local Council

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

22. Financial Risk Management (Continued)

Summary of Financial Assets and Liabilities

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

	2023 Euro	2022 Euro
Current Assets		
Receivables:		
Trade and other receivables	98,491	94,281
Cash and cash equivalents	<u>1,436,019</u>	<u>1,526,805</u>
	<u>1,534,510</u>	<u>1,621,086</u>
Non-Current Liabilities		
Lease liability	<u>1,474</u>	<u>4,363</u>
Current Liabilities		
Financial liabilities measured at amortised Cost:		
Trade payables	106,692	198,509
Lease liability	2,889	2,774
Accruals	<u>50,866</u>	<u>42,202</u>
	<u>160,447</u>	<u>243,485</u>

23. Fair Value Estimation

The Nominal Values less Estimated Credit Adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

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

Siggiewi Local Council

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

24. Related Party Transactions

Identity of Related Parties

All the Authorities set up by Central Government and all the entities which are owned by Central Government are considered to be related parties to the Siggiewi Local Council.

The Siggiewi Local Council has the following related parties exercising:

<i>Name of entity</i>	<i>Nature of relationship</i>
Department of Local Government	Significant control
Western Regional Council	Moderate Control
Central Regional Committee	No Control
South-Eastern Regional Committee	No Control
South Regional Committee	Joint Control
Gozo Regional Committee	No Control
North Regional Committee	No Control
Western Regional Committee	No Control
South Joint Committee for Local Enforcement	Joint Control
Water Services Corporation	No control
Malta Environment and Planning Authority	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
WasteServ Malta Ltd	No control
Inland Revenue Department	No control
ARMS Limited	No control
Director General Works Division	No control
Transport Malta	No control
Police General Head Quarters	No control
Lands Department and Housing Authority	No control
Bank of Valletta plc	No control
Local Enforcement System Agency	No control
Courts of Justice	No Control
Central Bank of Malta	No Control

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

	2023	2022
	Euro	Euro
Income:		
Annual Financial Allocation	887,021	879,478
Assistances from Western Regional Council	17,227	-
	<hr/>	<hr/>
Expenses:		
Waste disposal and refuse collection	166,221	-
	<hr/>	<hr/>

Siggiewi Local Council

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

24. Related Party Transactions (Continued)

The ultimate controlling party of the Local Council is Central Government since the Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Local Council, directly or indirectly. The main key management personnel are the Major, Councillors and the Executive Secretary.

The significant transactions carried out with key management personnel are:

	2023	2022
	Euro	Euro
Key Management Emoluments		
<i>Executive Secretary</i>	42,105	47,666
<i>Mayor Honoraria</i>	16,003	15,516
<i>Councillors Allowance</i>	17,800	17,782

25. Prior-year Re-instatements

Prior-year adjustments of € 7,150 were reflected against opening retained funds, and consist as follows:

- i. Additions of € 668,573 in relation to Measure 4.3 on Rural Roads were omitted in previous years. These were reflected within Property, Plant and Equipment as Special Programme Re-surfacing, as disclosed in note 13 to the financial statements with the corresponding entry being reflected against Trade Payables in note 17 to the financial statements.
- ii. Grant receivable in relation to the project mentioned in note i above, amounting to € 705,099, was not reflected in previous years. An adjustment has been reflected to recognise such amount as Grants within Property, Plant and Equipment in note 13 to the financial statements with the corresponding increases being reflected against accrued income of € 42,815 in note 15 and cash and cash equivalents of € 662,284, with the Central Bank of Malta Accounts in note 16 to the financial statements.
- iii. Further to notes i and ii above, the Local Council has not recognized one bank account held with Central Bank of Malta in previous years in relation to Measure 4.3 on Rural Roads. Adjustments were carried out to reflect the payments effected through the said bank account as follows:

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

25. Prior-year Re-instatements (Continued)

- Bank charges of € 1,653, which were incurred as to an amount of € 1,559 prior to 2022 and an amount to € 94 incurred in 2022. The adjustments were affected against opening retained earnings, and the income statement for the year 2022 has been restated to reflect the said bank charges;
 - Payments to trade payables of € 660,169 were adjusted for against Trade Payables in note 17 to the financial statements.
- iv. Grant receivable in relation to Restoration of Rubble Walls was overstated by € 12,892 in previous years. An adjustment was reflected against Grants under Property, Plant and Equipment, as disclosed in note 13 to the financial statements with the corresponding entry being reflected against Deferred capital grants in note 17 to the financial statements.
- v. Consequent to the above adjustments, Depreciation within Property, Plant and Equipment in note 13 to the financial statements was overstated by € 8,804, with an amount of € 2,124 pertaining to 2022, and an amount of € 6,680 pertaining to prior-years. The said amounts were adjusted for against opening retained earnings.

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

	As previously stated €	As re-stated €	Difference €
Effect on Statement of Profit and Loss and Other Comprehensive Income (iii and v)			
Bank charges and interest	1,304	1,398	94
Depreciation	117,198	115,074	(2,124)
Effect on Statement of Financial Position			
Property, Plant and equipment	1,006,403	991,573	(14,830)
Cash and Cash Equivalents	1,526,343	1,526,805	462
Receivables	58,517	101,332	42,815
Payables	321,421	342,718	(21,297)
Effect on Retained funds			7,150

SIGGIEWI LOCAL COUNCIL**INDEPENDENT AUDITORS' REPORT**

To the Auditor General

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

We have audited the financial statements of Siggiewi Local Council, set out on pages 4 to 32 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Local Council as at 31 December 2023, and of its financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

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

Responsibilities of those charged with governance for the financial statements

As described on page 3, the Executive Secretary and the members of the Local Council are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the EU, and for such internal 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 Local Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is the intention to liquidate the Local Council or to cease operations, or has no realistic alternative but to do so. The Executive Secretary and the members of the Local Council are responsible for overseeing the Local Council's financial reporting process.



SIGGIEWI LOCAL COUNCIL

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Local Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Local Council's ability to continue as a going concern. 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.

SIGGIEWI LOCAL COUNCIL

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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



Arthur Douglas Turner – Partner
On behalf of Parker Russell Turner

“Parker Russell Turner”,
13, Curate Fenech Street,
Birzebbugia
Malta

4 June 2024

