

Siggiewi Local Council

Report and Financial Statements

For the year ended 31 December 2024

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07 JUL 2025



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 2024

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 2nd June 2025 and signed on its behalf by:



Mr. Julian Borg
Mayor



Ms. Ritienne Giorgino
Executive Secretary



Siggiewi Local Council

Statement of Comprehensive Income for the year ended 31 December 2024

		2024	2023
	Notes	Euro	Euro
Income			
Funds received from central government	4	1,075,231	956,258
Income raised from Bye-Laws	5	47,841	43,713
Local Enforcement Income	6	4,921	3,015
Finance Income	7	59	221
General Income	8	<u>22,045</u>	<u>32,326</u>
		<u>1,150,097</u>	<u>1,035,533</u>
Expenditure			
Personal emoluments	9	(177,097)	(161,468)
Operations and maintenance	10	(424,544)	(404,044)
Administration and other expenditure	11	(546,299)	(530,784)
Finance cost	12	<u>(181)</u>	<u>(296)</u>
		<u>(1,148,121)</u>	<u>(1,096,592)</u>
Surplus/ (Deficit) for the year		<u>1,976</u>	<u>(61,059)</u>
Other Comprehensive Income / (Loss)		<u>-</u>	<u>-</u>
Total Comprehensive Income / (Loss)		<u><u>1,976</u></u>	<u><u>(61,059)</u></u>

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

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Statement of Financial Position as at 31 December 2024

	Notes	2024 Euro	2023 Euro
Assets			
Non-current Assets			
Property, Plant and Equipment	13	725,385	901,310
Right of Use Asset	14	1,373	4,119
		<u>726,758</u>	<u>905,429</u>
Current Assets			
Receivables	15	53,951	111,653
Cash and Cash Equivalents	16	1,781,336	1,439,342
		<u>1,835,287</u>	<u>1,550,995</u>
Total assets		<u>2,562,045</u>	<u>2,456,424</u>
Reserves and Liabilities			
Reserves			
Retained Funds		<u>2,217,637</u>	<u>2,215,661</u>
Non-Current Liabilities			
Lease Liability	18	-	1,474
Current Liabilities			
Bank Balances Overdrawn	16	-	3,323
Lease Liability	18	1,474	2,889
Payables	17	342,934	233,077
		<u>344,408</u>	<u>239,289</u>
Total Liabilities		<u>344,408</u>	<u>240,763</u>
Total reserves and liabilities		<u>2,562,045</u>	<u>2,456,424</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 2nd June 2025 and were signed on its behalf by:


Mr. Julian Borg
Mayor


Ms. Ritiene Giorgino
Executive Secretary

Siggiewi Local Council

Statement of Changes in Equity for the year ended 31 December 2024

	Note	Retained Funds
		Euro
Balance at 1 January 2023		2,276,720
Deficit for the year		(61,059)
Other Comprehensive Income		-
Total Comprehensive loss		<u>(61,059)</u>
Balance at 31 December 2023		<u>2,215,661</u>
Balance at 1 January 2024		2,215,661
Surplus for the year		1,976
Other Comprehensive Income		-
Total Comprehensive income		<u>1,976</u>
Balance at 31 December 2024		<u><u>2,217,637</u></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 2024

	2024 Euro	2023 Euro
	Note	
Cash flow from operating activities		
Surplus / (Deficit) for the year	1,976	(61,059)
Adjustments for:		
Decrease in provision for bad debts	(458)	(1,140)
Depreciation of property, plant & equipment	107,678	117,718
Depreciation of Right-of-use asset	2,746	2,746
Interest payable	181	296
	<u>112,123</u>	<u>58,561</u>
Movement in receivables	58,160	(9,180)
Movement in payables	109,857	(109,641)
<i>Net cash generated from / (used in) operating activities</i>	<u>280,140</u>	<u>(60,260)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,167)	(74,827)
Grants received from Government	74,414	47,371
<i>Net cash inflow / (outflow) from investing activities</i>	<u>68,247</u>	<u>(27,456)</u>
Cash flows from financing activities		
Lease payments	(2,889)	(2,774)
Lease interest paid	(181)	(296)
<i>Net cash outflow from financing activities</i>	<u>(3,070)</u>	<u>(3,070)</u>
Movement in cash and cash equivalents	345,317	(90,786)
Cash and cash equivalents at beginning of year	<u>1,436,019</u>	<u>1,526,805</u>
Cash and cash equivalents at end of year	16 <u>1,781,336</u>	<u>1,436,019</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 2024

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 Siġġiewi 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 2nd June 2025. 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) Standards, amendments and interpretations to existing standards

The new and revised standards that became effective for annual periods beginning on or after 1 January 2024 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

New and amended standards adopted by the Council

Information on new standards, amendments and interpretations that are relevant to the Council's financial statements is provided below. Certain other new standards and interpretations not listed below have been issued but are not relevant and therefore are not expected to have any impact on the Council's financial statements.

The Council started to adopt the new accounting pronouncements which have become effective this year, and are as follows:

- IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information;
- IFRS S2 Climate related Disclosures;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-Current Liabilities with Covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

2. Reporting Procedures (continued)

(b) Standards, amendments and interpretations to existing standards (continued)

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

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

New Standards, amendments and interpretations to existing standards that are not yet effective

At the date of authorisation of these financial statements, several new, but not effective Standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Local Council. These are the following:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates);
- Amendments to the SASB standards to enhance their international applicability;
- Classification and measurements of financial instruments (Amendments to IFRS7 and IFRS 9);
- Hedge Accounting by a first-time adopter (Amendments IFRS 1);
- Lessee derecognition of lease liabilities and Transaction price (Amendments IFRS 9);
- Introduction and credit risk disclosures (Amendments IFRS 7);
 - IFRS18 Presentation and Disclosure in Financial Statements;
 - IFRS19 Subsidiaries without Public Accountability: Disclosure.

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.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

3. Accounting policies

(a) 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:

	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.

(b) 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.

3. Accounting policies (continued)

(b) 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.

(c) 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.

3. Accounting policies (continued)

(c) 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.

(d) 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.

(e) 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.

(f) 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

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

3. Accounting policies (continued)

(f) Receivables (continued)

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.

(g) 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.

(h) 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).

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'.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

3. Accounting policies (continued)

(h) Financial instruments (continued)

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.

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.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

3. Accounting policies (Continued)

(h) Financial instruments (Continued)

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'.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

3. Accounting policies (Continued)

(m) Income recognition (Continued)

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.

(n) Local Enforcement System

During 2024, 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.

(o) 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).

(p) 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.

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Notes to the Financial Statements for the year ended 31 December 2024

	2024	2023
	Euro	Euro
4. Funds received from central government		
In terms of section 55 of the Local Councils Act (Cap 363)	965,493	887,021
Supplementary Government Income	109,738	64,045
Income from Organic Waste Collection	-	5,192
	<u>1,075,231</u>	<u>956,258</u>
	2024	2023
	Euro	Euro
5. Income raised from Bye-Laws		
Income raised under Local Council Bye-Laws	<u>47,841</u>	<u>43,713</u>
6. Local Enforcement Income	2024	2023
	Euro	Euro
Regional Committees	<u>4,921</u>	<u>3,015</u>
7. Finance Income	2024	2023
	Euro	Euro
Bank interest	<u>59</u>	<u>221</u>
	2024	2023
	Euro	Euro
8. General Income		
Income from other activities	-	15,099
Other income	<u>22,045</u>	<u>17,227</u>
	<u>22,045</u>	<u>32,326</u>

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

	2024 Euro	2023 Euro
9. Personal Emoluments		
Mayor's allowance	16,366	16,003
Executive Secretary's salary	44,333	42,105
Employees' wages and salaries	88,837	76,568
Councillors' allowances	17,800	17,800
Social Security Contributions	9,761	8,992
	<u>177,097</u>	<u>161,468</u>

	2024 Euro	2023 Euro
10. Operations and Maintenance		
Repairs and upkeep:		
Road and street pavements (Patching works)	13,463	17,610
Street signs	11,756	18,307
Road markings	4,974	-
	<u>30,193</u>	<u>35,917</u>
Contractual services:		
Refuse collection (including bins on wheels)	171,219	166,211
Bulky refuse collection (including open skips)	19,674	21,553
Road and street cleaning (mechanical and manual)	90,220	67,199
Cleaning and maintenance of non-urban roads	61,222	65,245
Cleaning and maintenance of public conveniences	12,420	11,903
Street lighting	37,931	34,605
Local enforcement expenses	1,665	1,411
	<u>394,351</u>	<u>368,127</u>
	<u>424,544</u>	<u>404,044</u>

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

	2024 Euro	2023 Euro
11. Administration and other expenditure		
Utilities	20,363	25,058
Other repairs and upkeep	60,056	42,398
Rent	1,569	3,513
National and international memberships	31,894	825
Office services	34,572	38,964
Travel	964	13,028
Transport	6,955	7,043
Information services	15,866	15,131
Other contractual services	46,439	43,377
Bank interest and charges	846	872
Professional services	55,692	40,022
Education and training	3,010	253
Social events	36,064	43,189
Cultural events	105,406	113,906
Community services	16,637	22,740
Depreciation of property, plant & equipment	107,678	117,719
Depreciation of right-of-use asset	2,746	2,746
Provision for bad debts	(458)	-
	<u>546,299</u>	<u>530,784</u>

	2024 Euro	2023 Euro
12. Finance Costs		
Lease liability interest	<u>181</u>	<u>296</u>

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

13. Property, Plant and Equipment

Cost	Council Premises		Office Furniture		New Street Signs		Office Equipment		Plant & Machinery		Urban Improvements		Motor Vehicles		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	Euro	Euro	
As at 1 Jan 2024	532,927	19,709	25,283	51,064	9,738	1,449,109	-	4,025,908	13,435	6,127,173											
Additions	-	1,065	-	528	-	2,405	10,532	-	-	-	-	-	-	-	-	-	-	-	-	14,530	
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,363)	
As at 31 Dec 2024	532,927	20,774	25,283	51,592	9,738	1,451,514	10,532	4,025,908	5,072	6,133,340											
Grants and Other Reimbursements																					
As at 1 Jan 2024	-	(2,430)	-	(1,951)	-	(875,346)	-	(1,626,828)	-	(2,506,555)											
Additions	-	-	-	-	-	-	-	-	-	-	-	(5,350)	(69,064)	-	-	-	-	-	-	(74,414)	
As at 31 Dec 2024	-	(2,430)	-	(1,951)	-	(875,346)	(5,350)	(1,695,892)	-	(2,580,969)											
Depreciation																					
As at 1 Jan 2024	(51,411)	(7,533)	(25,283)	(48,355)	(9,738)	(474,476)	-	(2,102,512)	-	(2,719,308)											
Charge for the year	(5,122)	(1,148)	-	(274)	-	(31,996)	(471)	(68,667)	-	(107,678)											
As at 31 Dec 2024	(56,533)	(8,681)	(25,283)	(48,629)	(9,738)	(506,472)	(471)	(2,171,179)	-	(2,826,986)											
Net Book Value																					
As at 31 Dec 2024	476,394	9,663	-	1,012	-	69,696	4,711	158,837	5,072	725,385											

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

13. Property, Plant and Equipment (Continued)

Cost	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
As at 1 January 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
Reclassifications	-	-	-	-	-	-	-	-	-
As at 31 December 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 January 2023	-	(2,430)	-	(1,951)	-	(827,975)	(1,626,828)	-	(2,459,184)
Additions	-	-	-	-	-	(47,371)	-	-	(47,371)
As at 31 December 2023	-	(2,430)	-	(1,951)	-	(875,346)	(1,626,828)	-	(2,506,555)
Depreciation									
As at 1 January 2023	(46,289)	(6,484)	(25,283)	(46,702)	(9,738)	(438,996)	(2,028,097)	-	(2,610,589)
Charge for the year	(5,122)	(1,049)	-	(1,653)	-	(35,480)	(74,415)	-	(117,719)
As at 31 December 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 December 2023	481,516	9,746	-	758	-	99,287	296,568	13,435	901,310

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

14. Right of Use Asset

	Right of Use Asset Euro
Cost	
As at 1 January 2024	12,357
Additions	-
As at 31 December 2024	<u>12,357</u>
Grants and Other Reimbursements	
As at 1 January 2024	-
Additions	-
As at 31 December 2024	<u>-</u>
Depreciation	
As at 1 January 2024	(8,238)
Charge for the year	(2,746)
As at 31 December 2024	<u>(10,984)</u>
Net Book Value	
As at 31 December 2024	<u>1,373</u>
As at 31 December 2023	<u>4,119</u>

15. Receivables

	2024 Euro	2023 Euro
Trade receivables	2,045	2,085
Provision for doubtful debts	-	(458)
LES	43,644	45,262
LES Provision	(43,644)	(45,262)
Other Debtors	9,100	9,100
Accrued income	35,037	87,764
Financial Asset	<u>46,182</u>	<u>98,491</u>
Advance payments to suppliers	2,534	2,828
Prepayments	5,235	10,334
	<u>53,951</u>	<u>111,653</u>

Trade Receivables are analysed as follows:

	2024 Euro	2023 Euro
Within Credit Period	-	(157)
Exceeded Credit Period	2,045	2,242
Provision for Doubtful Debts	-	(458)
	<u>2,045</u>	<u>1,627</u>

LES debtors are stated after a specific provision for doubtful debts amounting to €45,262. There were no movements during the year under review.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

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:

	2024 Euro	2023 Euro
Cash at bank	1,666,311	1,347,976
Central Bank of Malta Accounts	115,025	91,366
Bank balances overdrawn	<u>-</u>	<u>(3,323)</u>
Cash and cash equivalents at year-end	<u>1,781,336</u>	<u>1,436,019</u>

	2024 Euro	2023 Euro
17. Payables		
<i>Current Liabilities</i>		
Trade payables	132,146	106,692
Accruals	56,980	50,866
Other payables	6,588	3,783
Deferred income	147,220	71,444
Advance payments from receivables	<u>-</u>	<u>292</u>
	<u>342,934</u>	<u>233,077</u>

	Euro	Euro
<i>Deferred Income</i>		
Balance at the beginning of the year	71,444	97,932
Additions during the year	126,898	132,042
Release of deferred income	<u>(51,122)</u>	<u>(158,530)</u>
Balance at the end of the year	<u>147,220</u>	<u>71,444</u>
Short-Term Deferred Income	<u>147,220</u>	<u>71,444</u>
Long-Term Deferred Income	<u>-</u>	<u>-</u>

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

18. Lease Liability	2024 Euro	2023 Euro
Lease liability	<u>1,474</u>	<u>4,363</u>

The maturity of lease commitments is analysed as follows:

	2024 Euro	2023 Euro
Less than one year	1,474	2,889
More than 1 year but less than 5 years	<u>-</u>	<u>1,474</u>
Total lease liabilities at 31 December	<u>1,474</u>	<u>4,363</u>
Current	<u>1,474</u>	<u>2,889</u>
Non-Current	<u>-</u>	<u>1,474</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 2024, the council approved the following Capital Commitments,

Authorised by the Local Council and contracted:

Description	2024 Euro	2023 Euro
Reading Garden- preliminary phase	350,000	81,457
Restoration project	10,000	10,000
Dun Manwel Zammit Project	65,165	-
Vjal Kulhadd	683,161	-
Pavement Projects	<u>802,000</u>	<u>-</u>

These capital commitments will be partly financed from grants receivable by the Local Council amounting to € 1,900,326.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

20. Contingent Liabilities

The Siggiewi Local Council currently has two pending court cases in the following names:

- "Galea George vs Siggiewi Local Council" for damages not exceeding €2,950.
- "Cem Kofoglu vs. 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 2024, 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.

Notes to the Financial Statements for the year ended 31 December 2024

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	2024	2023
	Euro	Euro
Trade & Other Receivables (Note 15)	46,182	98,491
Cash and Cash Equivalents (Note 16)	<u>1,781,336</u>	<u>1,436,019</u>
	<u>1,827,518</u>	<u>1,534,510</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	2024	2023
	Euro	Euro
Amount Invoiced Not yet Settled by Class:		
Government Owned Entities	<u>2,045</u>	<u>1,627</u>
	<u>2,045</u>	<u>1,627</u>

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

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

	2024	2023
	Euro	Euro
Current	-	(157)
30 Days	450	54
60 Days	461	-
90 Days	65	7
120+ Days	<u>1,069</u>	<u>2,181</u>
	<u>2,045</u>	<u>2,085</u>

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

22. Financial Risk Management (Continued)

iii) Liquidity risk

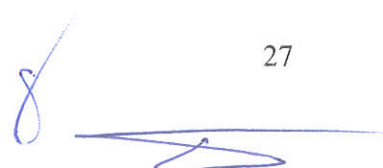
Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period and ensures that no additional financing facilities are expected to be required over the coming year.

	2024			
	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
Trade Payables	132,146	-	-	-
Other Payables	-	-	-	-
Lease Liability	1,474	-	-	-
Accruals	56,980	-	-	-

	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	-	-	-

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

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



Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

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:

	2024 Euro	2023 Euro
Current Assets		
Receivables:		
Trade and other receivables	46,182	98,491
Cash and cash equivalents	<u>1,781,336</u>	<u>1,436,019</u>
	<u>1,827,518</u>	<u>1,534,510</u>
Non-Current Liabilities		
Lease liability	<u>-</u>	<u>1,474</u>
Current Liabilities		
Financial liabilities measured at amortised Cost:		
Trade payables	132,146	106,692
Lease liability	1,474	2,889
Accruals	<u>56,980</u>	<u>50,866</u>
	<u>190,600</u>	<u>160,447</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 2024 and 31 December 2023, 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 2024

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
Central Regional Committee	No control
South-Eastern Regional Committee	No control
South Regional Committee	No control
Gozo Regional Committee	No control
North Regional Committee	No control
Western Regional Committee	Joint 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 control:

	2024	2023
	Euro	Euro
Income:		
Annual Financial Allocation	965,493	887,021
Assistances from Western Regional Council	12,894	17,227
	<hr/>	<hr/>
Expenses:		
Waste disposal and refuse collection	171,219	166,211
	<hr/>	<hr/>

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.

Siggiewi Local Council

Notes to the Financial Statements for the year ended 31 December 2024

24. Related Party Transactions (Continued)

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 Mayor, Councillors and the Executive Secretary.

The significant transactions carried out with key management personnel are:

	2024	2023
	Euro	Euro
Key Management Emoluments		
<i>Executive Secretary</i>	44,333	42,105
<i>Mayor Honoraria</i>	16,366	16,003
<i>Councillors Allowance</i>	17,800	17,800
	<hr/>	<hr/>

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 30 which comprise the statement of financial position as at 31 December 2024, 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 2024, 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.

HEAD OFFICE:

13, Curate Fenech Street, Birzebbuga - BBG2032, Malta, EU
T +356 2165 4567 | M +356 7765 0000
E info@prturner.com.mt | W www.parkerrussellturner.com

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.

HEAD OFFICE:

13, Curate Fenech Street, Birzebbuga - BBG2032, Malta, EU
 T +356 2165 4567 | M +356 7765 0000
 E info@prturner.com.mt | W www.parkerrussellturner.com

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

2 June 2025

