

ZEJTUN LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2024

REGISTRY

27 MAY 2025

NATIONAL AUDIT OFFICE

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ZEJTUN LOCAL COUNCIL

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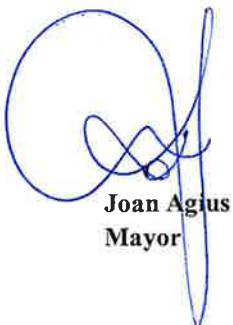
Financial statements for the year ended 31 December 2024

Statement of Council Members' and Executive Secretary's responsibilities

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed Annual Administrative Report which includes the Council's statement of comprehensive income for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations, it is the duty of the Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

This statement was approved by the Council on 13 May 2025 and signed on its behalf by:



Joan Agius
Mayor



Anton Falzon
Executive Secretary

ZEJTUN LOCAL COUNCIL

Statement of comprehensive income

Year ended 31 December

	Notes	2024 €	2023 €
Income			
Funds received from Central Government	5	1,263,398	1,041,838
Income raised under Council Bye-Laws	6	63,581	59,838
Income from Local Enforcement System	7	10,223	11,854
General income	8	89,168	106,696
Total income		<u>1,426,370</u>	<u>1,220,226</u>
Expenditure			
Personal emoluments	9	(349,546)	(326,744)
Operations and maintenance	10	(530,066)	(404,910)
Administrative and other expenditure	11	(528,212)	(468,419)
Total expenditure		<u>(1,407,824)</u>	<u>(1,200,073)</u>
Operating surplus for the year		18,546	20,153
Finance income	12	69	123
Finance costs	13	(2,457)	(2,956)
Finance loss, net		<u>(2,388)</u>	<u>(2,833)</u>
Surplus for the year		<u>16,158</u>	<u>17,320</u>

The notes on pages 7 to 42 form an integral part of these financial statements.

ZEJTUN LOCAL COUNCIL

Statement of financial position

		<u>As at 31 December</u>	
	Notes	2024 €	2023 €
Assets			
Non-current assets			
Property, plant and equipment	14	1,515,605	1,546,008
Right-of-use assets	15	30,178	39,727
Total non-current assets		<u>1,545,783</u>	<u>1,585,735</u>
Current assets			
Receivables	16	186,638	170,373
Cash and cash equivalents	17	1,861,641	1,823,479
Total current assets		<u>2,048,279</u>	<u>1,993,852</u>
Total assets		<u>3,594,062</u>	<u>3,579,587</u>

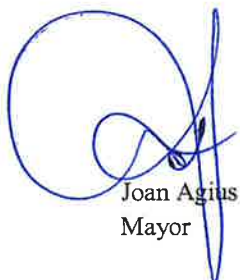
The notes on pages 7 to 42 form an integral part of these financial statements.


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Statement of financial position

		<u>As at 31 December</u>	
	Notes	2024	2023
		€	€
Reserves and liabilities			
Reserves			
Retained earnings		3,076,240	3,060,082
Total reserves		<u>3,076,240</u>	<u>3,060,082</u>
Liabilities			
Non-current liabilities			
Amounts payable under PPP agreement	18	28,808	38,409
Lease liabilities	20	20,898	30,928
Total non-current liabilities		<u>49,706</u>	<u>69,337</u>
Current liabilities			
Payables	19	448,483	430,535
Amounts payable under PPP agreement	18	9,603	9,603
Lease liabilities	20	10,030	10,030
Total current liabilities		<u>468,116</u>	<u>450,168</u>
Total liabilities		<u>517,822</u>	<u>519,505</u>
Total reserves and liabilities		<u><u>3,594,062</u></u>	<u><u>3,579,587</u></u>

The financial statements were approved by the Council on 13 May 2025 and signed on its behalf by:


Joan Agius
Mayor


Anton Falzon
Executive Secretary

The notes on pages 7 to 42 form an integral part of these financial statements.

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**Statement of changes in equity
for the year ended 31 December 2024**

	Retained earnings
	€
Balance at 1 January 2023	3,042,762
Surplus for the year	17,320
Balance at 31 December 2023	<u>3,060,082</u>
Balance at 1 January 2024	3,060,082
Surplus for the year	16,158
Balance at 31 December 2024	<u><u>3,076,240</u></u>

ZEJTUN LOCAL COUNCIL

Statement of cash flows for the year ended 31 December 2024

	Notes	2024 €	2023 €
Cash flows from operating activities			
Net cash generated from operating activities	26	280,636	16,106
Net cash generated from operating activities		<u>280,636</u>	<u>16,106</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(352,232)	(166,969)
Bank interest		69	123
Net cash used in investing activities		<u>(352,163)</u>	<u>(166,846)</u>
Cash flows from financing activities			
Grants received		131,777	22,649
Lease payments		(12,487)	(2,458)
Payment of penalties		(9,601)	-
Net cash generated from financing activities		<u>109,689</u>	<u>20,191</u>
Net change in cash and cash equivalents		38,162	(130,549)
Cash and cash equivalents at beginning of year		1,823,479	1,954,028
Cash and cash equivalents at end of year	17	<u>1,861,641</u>	<u>1,823,479</u>

The notes on pages 7 to 42 form an integral part of these financial statements.

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

1. General Information

The Zejtun Local Council is a local authority of Malta set up in accordance with the Local Councils Act. The office of the Local Council is situated at 28, Triq Sant' Anglu, Zejtun. These financial statements were approved for issue by the Council Members on the 13 May 2025. The Local Council's presentation as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Office of the Prime Minister.

1.1 New or revised standards or interpretations

New standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted are:

- o Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- o Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- o Non-current Liabilities with Covenants (Amendments to IAS 1)

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

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

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations published by the IASB or IFRIC include.

- o Lack of Exchangeability (Amendments to IAS 21)
- o Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- o IFRS 18 'Presentation and Disclosure in Financial Statements'

None of these Standards or amendments to existing Standards have been adopted early by the council. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The council will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The council is not expected to early adopt this new standard.

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Notes to the financial statements for the year ended 31 December 2024

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2. Material accounting policies

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

2.1 Basis of preparation

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), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

The financial statements of the Zejtun Local Council have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to entities/companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Local Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Functional and presentation currency

Items included in the financial statements of the Zejtun Local Council are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements are presented in euro (€), which is also the functional currency of the Council. Amounts are rounded to the nearest euro, unless otherwise stated.

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Notes to the financial statements for the year ended 31 December 2024

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2.2 Financial instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The main areas of expected impact are as follows:

- o the classification and measurement of financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- o an expected credit loss-based impairment will need to be recognised on trade receivables; and
- o the new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value.

With the new requirements, any entity choosing to measure the liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within the profit or loss.

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Notes to the financial statements for the year ended 31 December 2024

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This standard is applicable for annual periods beginning on or after 1 January 2018. Amendments made to IAS 1 Presentation of Financial Statements following the release of IFRS 9 Financial Instruments now require the separate presentation of the following line items in the statement of profit or loss:

- (a) interest revenue calculated using the effective interest rate method, separately from other revenue;
- (b) gains and losses from the derecognition of financial assets measured at amortised cost;
- (c) impairment losses determined in accordance with section 5.5 of IFRS 9, including reversals of impairment losses or impairment gains; and
- (d) gains and losses recognised as a result of a reclassification of financial assets from measurement at amortised cost to fair value through profit or loss.

Comparatives in first year after adoption of IFRS 9 Financial Instruments. As a general rule, entities must provide comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.

Impairment of financial assets: While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

In line with the Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

Recognition and derecognition

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 expired.

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:

- o amortised cost;
- o fair value through profit or loss (FVTPL); and
- o fair value through other comprehensive income (FVOCI).

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Notes to the financial statements for the year ended 31 December 2024

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The Council does not have any financial assets categorised as FVTPL and FVOCI in the period presented.

The classification is determined by both:

- o the entity's business model for managing the financial asset; and
- o the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in statement of comprehensive income are presented within 'finance cost', '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):

- o they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- o 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 receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the 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:

- o financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and

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Notes to the financial statements for the year ended 31 December 2024

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o 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 liability

The council's financial liability includes amounts payable under PPP agreement lease liability 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 (FVTPL).

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

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

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Notes to the financial statements for the year ended 31 December 2024

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2.3 Property, plant and equipment

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

	Rates in %
Buildings	1.0 - 1.28
Office furniture & fittings	7.5 - 100.0
Construction works	10.0 - 46.15
Urban improvements (Street furniture)	10.0 - 100.0
Special programmes (Projects)	10.0 - 100.0
Office equipment	20.0 - 100.0
Motor vehicles	20.0
Plant and machinery	20.0 - 100.0
Computer equipment	25.0 - 100.0
Playground equipment	100.0
Street lighting	100.0

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of comprehensive income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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Notes to the financial statements for the year ended 31 December 2024

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Impairment of property, plant and equipment

Property, plant and equipment 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of property, plant and equipment are reviewed for possible reversal at each reporting date.

The Regulator makes use of leasing arrangements principally for the provision of administration and use of government properties and garage and other premises. The rental contract for office space is typically negotiated for a period of 1 to 5 years and some has extension terms.

For contracts entered into, 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'.

2.4 Leases

Measurement and recognition of leases as a lessee

At lease commencement date, the Council recognises a right of use asset and a lease liability in its 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 asset 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.

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).

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**Notes to the financial statements
for the year ended 31 December 2024**

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

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. The leases were reported according to IFRS 16.

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Notes to the financial statements for the year ended 31 December 2024

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2.5 Receivables

Receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables are expected to be settled within the short-term and as such cash flows relating to such receivables are not discounted since the effect of discounting is immaterial.

Known bad debts are written off at the end of the accounting period.

2.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks.

2.7 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are expected to be settled within the short-term and as such cash flows relating to such payables are not discounted since the effect of discounting is immaterial.

2.8 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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Notes to the financial statements for the year ended 31 December 2024

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2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for Central Government allocation in terms of section 55 of the Local Councils Act, 1993, goods supplied services provided and other Central Government grants. The Council recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Council's activities, as described below. The Council bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Central Government allocation in terms of section 55 of the Local Councils Act, 1993

The Council does not have control on the amount of this income stream or the timing of its actual transfer to the Council's bank accounts. The amount receivable under this heading is communicated to the Council through the Department for Local Government after the annual Central Government budget is approved by Parliament and is transferred directly to the Council's designated bank account at the beginning of each quarter. The receipt of such funds is usually net of any deductions deemed by the Department for Local Government and these deductions may include; penalties inflicted, use of the Central Government electronic infrastructure or any other cost that the Department for Local Government passes on to the Council.

The income under this heading accounts for major income stream to the Council and is primarily tied up to specific expenditure headings on which the Council is bound to allocate.

(b) Services provided

The Council derives income from permit fees issued to the general public.

The Council also derives income in the form of 10% commission on the payments of contraventions under the Local Law Enforcement system accruing to the five Regional Committees (up to the 30 September 2015) and (as from 1 October 2015) to the LESA Agency.

(c) Central Government grants

Note 2. 10, refers to the treatment of grants that are aimed to finance the Council for the urban improvement of the locality.

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Notes to the financial statements for the year ended 31 December 2024

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2.10 Government grants

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

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

Up to the year ended 31 December 2017, government grants were accounted for using the income approach according to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. On 1 January 2018, the capital approach, according to IAS 20, has been adopted, in line with the Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

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Notes to the financial statements for the year ended 31 December 2024

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3. Financial risk management

The Council's activities are exposed to a variety of financial risks, that includes interest rate risk, liquidity risk and credit risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

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

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

With respect to credit risk, the receivables are monitored continuously for recoverability. Receivables are presented net of allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidences of a reduction in the recoverability of the cash flows. Known bad debts are therefore maintained to the lowest possible, thereby lowering as much as possible the concentration of credit risk.

Interest rate risk

The Council does not have any significant banking or other variable interest-bearing borrowing facilities and, therefore, is not subject to interest rate fluctuations.

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Notes to the financial statements for the year ended 31 December 2024

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Liquidity risk

The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and plans projects accordingly. The Council Members and Executive Secretary do not consider that it is significantly exposed to liquidity risk.

	Less than 3 months €	Between 3 months and 1 year €	Within 1 year €	Between 1 and 2 years €
At 31 December 2024				
Payables (excluding grants and deferred income)	126,008	55,070	78,856	-
	<u>126,008</u>	<u>55,070</u>	<u>78,856</u>	<u>-</u>
At 31 December 2023				
Payables (excluding grants and deferred income)	62,288	77,452	38,466	-
	<u>62,288</u>	<u>77,452</u>	<u>38,466</u>	<u>-</u>

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**Notes to the financial statements
for the year ended 31 December 2024**

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Credit risk

Financial assets which potentially subject the Council to concentration of credit risk consist primarily of cash in banks and receivables. The Council's cash in banks is placed with quality financial institutions as well as it limits the amount of credit exposure with any financial credit history. In this respect, credit with respect to receivables is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

Included in the Council's receivables balance are the following debtors which are past due at the end of the reporting period net of an allowance for doubtful debts and excluding related party receivables. For balances with related parties in note 23, the remaining amounts are still considered recoverable as these customers have not defaulted in the past. The credit period allowed by the Council to its debtors is 60 days.

	2024	2023
	€	€
30 to 60 days	76,342	32,621
61 to 90 days	9,557	800
+91 days	19,726	22,706
	<u>105,625</u>	<u>56,127</u>

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Notes to the financial statements for the year ended 31 December 2024

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4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Council's accounting policies which are described in note 2, the Council Members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Council Members have made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.2 Useful lives of property, plant and equipment

As described in note 2. 3, the Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The depreciation rates are dictated by the Local Councils Department and as such the Council is not in a position to change the useful lives of the property, plant and equipment. The review of the estimated useful lives of the property, plant and equipment is used to decide whether to write off the asset, the said asset or group of assets are no longer useful or to impair the asset as required.

5. Funds received from Central Government	2024	2023
	€	€
In terms of section 55 of the Local Councils Act, 1993	1,088,938	989,048
Grants released to income	110,431	49,778
Other government income	64,029	3,012
	<u>1,263,398</u>	<u>1,041,838</u>

ZEJTUN LOCAL COUNCIL

**Notes to the financial statements
for the year ended 31 December 2024**

..... continued

6. Income raised under Council Bye-Laws	2024	2023
	€	€
Permits related to construction	52,437	51,943
Permits for use of skips	7,083	3,949
Permits from kiosks	4,061	3,946
	<u>63,581</u>	<u>59,838</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

7. Income from Local Enforcement System

	2024	2023
	€	€
a) LES income from Regions	10,223	11,854
	<u>10,223</u>	<u>11,854</u>

In accordance with the Local Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000.

The recording of income from surplus of the LESA Committee was recognised on a cash basis.

As from September 2011, the contraventions previously accruing to the Joint Committee started accruing in favour of the 'Regjun Xlokk'.

On 1 October 2015, the contraventions previously accruing to the 'Regjun Xlokk' started accruing in favour of the LESA Regjun Xlokk.

The Council's income from the Local Enforcement System therefore reflects four revenue streams that are as follows:

- a) 10% on the contraventions income accruing to all Regional Committees up to 30 September 2015;
- b) 10% on the contraventions income accruing to all LESA Committees as from the 1st October 2015 that are settled at the Council's cash point;
- c) Receipts from the LESA Committee representing the Council's share of surplus on the Law Enforcement System accruing up to the 31 August 2011; and
- d) LESA income distribution.

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

8. General income	2024	2023
	€	€
Contributions youth and sports	525	3,450
Rental income	13,510	11,616
Tribunal rent	19,250	19,250
Souvenirs	511	275
Other income	1,088	14,607
Zejt z-Zejtun	4,953	5,470
Manucca CDCC	36,000	36,000
Contributions community activites	11,531	13,929
Educational services	1,800	2,099
	<u>89,168</u>	<u>106,696</u>

9. Personal emoluments	2024	2023
	€	€

Personal emoluments include, inter alia:

Mayor's honoraria	16,366	16,003
Council Members' allowance	22,600	22,600
Executive Secretary's salary and allowance	36,378	35,175
Employees' salaries	250,654	231,417
Social security contributions - employer's share	23,548	21,549
	<u>349,546</u>	<u>326,744</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

10. Operations and maintenance

Operations and maintenance includes, inter alia:

	2024	2023
	€	€
Repairs and upkeep:		
Road and street pavements	4,850	3,092
Street signs	9,257	17,211
Office furniture & equipment	501	485
Plant & equipment	125	-
Street markings	4,093	2,941
Maintenance council property	3,739	131
	<u>22,565</u>	<u>23,860</u>
Contractual services:		
Waste disposal	209,687	122,389
Refuse collection	103,243	59,443
Bulky refuse collection	48,198	43,881
Road & street cleaning	81,415	79,504
Cleaning and maintenance of non-urban roads	6,146	23,426
Clean. & maint. - public conveniences	2,731	1,629
Cleaning council premises	11,720	4,850
Clean. & maint. of parks & gardens	-	1,628
Street lighting	39,294	33,439
Grants forgone	8,250	-
Provision for bad debts	(3,183)	10,861
	<u>507,501</u>	<u>381,050</u>
Total operations and maintenance expenses	<u><u>530,066</u></u>	<u><u>404,910</u></u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

11.1 Administrative and other expenditure	2024	2023
	€	€
Utilities	12,901	11,020
Operating materials & supplies	13,796	8,880
Cleaning materials & supplies	1,210	1,399
Uniforms	-	993
Upkeep of photocopier	1,087	1,603
Rents	120	5,056
Membership - local organisations	643	643
Printing	6,290	2,471
Depreciation of right-of-use asset	9,548	9,548
Stationery	4,147	1,885
Postage	1,742	591
Public library services	3,562	3,535
Other office services	2,052	1,703
Fuel	5,444	6,236
Advertising	175	235
Insurance coverage	14,172	6,615
Bank charges	1,229	1,089
Other contractual service	3,517	6,660
IT development services	5,505	7,979
Balance carried forward to next page	<u>87,140</u>	<u>78,141</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

11.2 Administrative and other expenditure (cont.)	2024	2023
	€	€
Balance brought forward from previous page	87,140	78,142
Engineering Services	6,404	23,015
Accountancy Services	4,673	6,018
Other cost	1,915	1,452
Education	3,048	2,905
Other Hospitality Costs	6,414	7,146
Social Events: Community	12,172	16,209
Social Events: Youths and Sports	670	14,733
Social Activity: Zejt iz-Zejtun	48,129	52,886
Social Activity: Christmas Project	-	(99)
Cultural Events	23,147	14,973
Community Services	-	2,201
Incidental Expenses	76,979	20,572
Local Enforcement	5,734	321
10% Administration fee	929	1,154
Depreciation expense	250,858	226,792
	<u><u>528,212</u></u>	<u><u>468,419</u></u>
12. Finance income	2024	2023
	€	€
Bank interest	69	123
	<u>69</u>	<u>123</u>
13. Finance costs	2024	2023
	€	€
Lease finance charges	2,457	2,956
	<u>2,457</u>	<u>2,956</u>

ZEJTUN LOCAL COUNCIL

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

14 Property, plant and equipment

Cost	Property €	Special programmes €	Furniture & fittings €	Street signs €	Urban improvements €	Office equipment €	Plant & machinery €	Motor vehicles €	Trees €	Assets not yet capitalised €	Total €
At 1 January 2024	486,957	5,984,896	141,476	53,452	903,858	39,467	26,927	97,553	39,198	20,000	7,793,784
Reclassification	-	20,000	-	-	-	-	-	-	-	(20,000)	-
Additions	-	306,279	1,480	-	-	2,248	3,030	39,195	-	-	352,232
At 31 December 2024	486,957	6,311,175	142,956	53,452	903,858	41,715	29,957	136,748	39,198	-	8,146,016
Government grants											
At 1 January 2024	50,000	1,478,868	-	-	428,306	2,078	-	33,000	4,026	-	1,996,278
Additions	-	131,777	-	-	-	-	-	-	-	-	131,777
At 31 December 2024	50,000	1,610,645	-	-	428,306	2,078	-	33,000	4,026	-	2,128,055
Depreciation											
At 1 January 2024	50,260	3,542,021	109,343	53,452	447,049	35,800	11,954	1,619	-	-	4,251,498
Charge for the year	3,294	211,253	7,135	-	4,386	2,497	4,810	17,483	-	-	250,858
At 31 December 2024	53,554	3,753,274	116,478	53,452	451,435	38,297	16,764	19,102	-	-	4,502,356
N.B.V. at 31.12.24	383,403	947,256	26,478	-	24,117	1,340	13,193	84,646	35,172	-	1,515,605

ZEITUN LOCAL COUNCIL

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

14 Property, plant and equipment

Cost	Property €	Special programmes €	Furniture & fittings €	Street signs €	Urban improvements €	Office equipment €	Plant & machinery €	Motor vehicles €	Trees €	Assets not yet capitalised €	Total €
At 1 January 2023	486,857	5,947,953	134,138	53,452	903,858	39,192	22,067	-	39,198	-	7,626,815
Additions	-	36,943	7,338	-	-	275	4,860	97,553	-	20,000	166,969
At 31 December 2023	486,857	5,984,896	141,476	53,452	903,858	39,467	26,927	97,553	39,198	20,000	7,793,784
Government grants											
At 1 January 2023	50,000	1,489,219	-	-	428,306	2,078	-	-	4,026	-	1,973,629
Refund	-	(10,351)	-	-	-	-	-	-	-	-	(10,351)
Additions	-	-	-	-	-	-	-	33,000	-	-	33,000
At 31 December 2023	50,000	1,478,868	-	-	428,306	2,078	-	33,000	4,026	-	1,996,278
Depreciation											
At 1 January 2023	47,219	3,337,961	102,063	53,452	442,624	33,663	7,724	-	-	-	4,024,706
Charge for the Year	3,041	204,060	7,280	-	4,425	2,137	4,230	1,619	-	-	226,792
At 31 December 2023	50,260	3,542,021	109,343	53,452	447,049	35,800	11,954	1,619	-	-	4,251,498
N.B.V. at 31.12.23	386,697	964,007	32,133	-	28,503	1,589	14,973	62,934	35,172	20,000	1,546,008

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

15. Right-of-use assets

The following assets has been recognised as right-of-use assets of the Council:

	Government properties	Garage and other Premises	Total
	€	€	€
Cost			
At 1 January 2024	13,424	35,850	49,274
At 31 December 2024	<u>13,424</u>	<u>35,850</u>	<u>49,274</u>
Depreciation			
At 1 January 2024	3,573	5,975	9,548
Charge for the year	3,573	5,975	9,548
At 31 December 2024	<u>7,146</u>	<u>11,950</u>	<u>19,096</u>
Carrying amount as at 31 December 2024	<u>6,278</u>	<u>23,900</u>	<u>30,178</u>
Cost			
At 1 January 2023	-	-	-
Additions	13,425	35,850	49,275
At 31 December 2023	<u>13,425</u>	<u>35,850</u>	<u>49,275</u>
Depreciation			
At 1 January 2023	-	-	-
Charge for the year	3,573	5,975	9,548
At 31 December 2023	<u>3,573</u>	<u>5,975</u>	<u>9,548</u>
Carrying amount as at 31 December 2023	<u>9,852</u>	<u>29,875</u>	<u>39,727</u>

The table below describes the nature of the Council's leasing activities by type of right-of-use assets recognised in the statement of financial position:

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

Right-of-use assets	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term
Government properties	4	1-5 years	2 years
Garage and other premises	1	4 years	4 years
16. Receivables		2024	2023
		€	€
Falling due within one year			
Receivables	16. 1	80,278	910
Other related undertakings	16. 1	6,845	33,532
Grants receivable from Central Government	16. 2	89,473	36,334
Accrued income		1,622	93,082
Financial assets		178,218	163,858
Prepayments		8,420	6,515
		<u>186,638</u>	<u>170,373</u>
		2024	2023
		€	€
16. 1 Credit period analysis:			
Within credit period		69,252	21,358
Exceeded credit period but not impaired		17,871	13,084
Impaired and provided for		18,502	21,685
Provision for doubtful debts		(18,502)	(21,685)
		<u>87,123</u>	<u>34,442</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

As at the date of the statement of financial position, the ageing analysis of the receivables is as follows:

	Total €	Current Neither past due nor impaired €	Less than 30 days €	Past due but not impaired		91 days and over €
				31 to 60 days €	61 to 90 days €	
At 2024	<u>87,123</u>	<u>69,252</u>	<u>4,713</u>	<u>2,377</u>	<u>9,557</u>	<u>1,224</u>
At 2023	<u>34,442</u>	<u>21,358</u>	<u>2,312</u>	<u>8,951</u>	<u>800</u>	<u>1,021</u>
				2024		2023
				€		€
16.2 Grants receivable from Central Government:						
Balance at the beginning of the year				36,334		53,685
Increase				67,889		18,152
Received				(6,500)		(35,503)
Forgone				(8,250)		-
				<u>89,473</u>		<u>36,334</u>
Amount receivable within one year				<u>89,473</u>		<u>18,155</u>
Amount receivable between one and two years				<u>-</u>		<u>18,179</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

17. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents in the statement of cash flows comprise the following amounts in the Council's statement of financial position.

	2024	2023
	€	€
Cash in hand	2,315	2,579
Bank balances: Current and savings accounts	1,859,326	1,820,900
	<u>1,861,641</u>	<u>1,823,479</u>
18. Amounts payable under the PPP agreement	2024	2023
	€	€
Non-current		
Ministry for Transport, Infrastructure and Capital Projects	<u>28,808</u>	<u>38,409</u>
Current		
Public Private Partnership (PPP) agreement & penalty	<u>9,603</u>	<u>9,603</u>
Total amount payable under the PPP agreement & penalty	<u>38,411</u>	<u>48,012</u>
Amount payable within one year	9,603	9,603
Amount payable between two to five years	<u>28,808</u>	<u>38,409</u>
	<u>38,411</u>	<u>48,012</u>

The amount payable under the Public Private Partnership (PPP) will be 50% paid out of Central Government funds and 50% out of the Council's general funds, in line with the PPP agreement reached between the Central Government and the Council.

ZEJTUN LOCAL COUNCIL

**Notes to the financial statements
for the year ended 31 December 2024**

..... continued

19. Payables	2024	2023
	€	€
Falling due within One Year		
General payables	126,008	62,288
Advanced payment	139,434	205,322
Accruals and deferred income	58,968	79,242
Other Payables	124,073	83,683
	<u>448,483</u>	<u>430,535</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

20. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
	€	€
Non-current		
Government properties	2,225	5,740
Garage and other premises	18,673	25,188
Total non-current	<u>20,898</u>	<u>30,928</u>
Current		
Government properties	3,514	3,514
Garage and other premises	6,516	6,516
Total current	<u>10,030</u>	<u>10,030</u>
Total lease liabilities	<u>30,928</u>	<u>40,958</u>

The Council has leases for government properties and garage and other premises. Each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Council classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Council to sublet the asset to another party, the right-of-use asset can only be used by the Council. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at each reporting period were as follows:

	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
	€	€	€	€
31 December 2024				
Lease payments	12,488	22,465	-	34,953
Finance charges	(2,458)	(1,567)	-	(4,025)
Net present values	<u>10,030</u>	<u>20,898</u>	<u>-</u>	<u>30,928</u>

ZEJTUN LOCAL COUNCIL

**Notes to the financial statements
for the year ended 31 December 2024**

..... continued

31 December 2023				
Lease payments	12,488	34,953	-	47,441
Finance charges	(2,458)	(4,025)	-	(6,483)
Net present values	<u><u>10,030</u></u>	<u><u>30,928</u></u>	<u><u>-</u></u>	<u><u>40,958</u></u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

21. Financial instruments

The Council manages its liquidity to ensure that it will be able to continue as going concerns while maximising the return through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from the prior years.

21.1 Categories of financial instruments

	2024	2023
	€	€
<i>Financial assets</i>		
Financial asset at amortised cost:		
<u>Current assets</u>		
Grants receivable from Central Government	89,473	36,334
Receivables	88,745	127,524
Cash and cash equivalents	1,861,641	1,823,479
	<u>2,039,859</u>	<u>1,987,337</u>
<i>Financial liabilities</i>		
Financial liabilities at amortised cost		
<u>Non-current liabilities</u>		
Lease liabilities	20,898	30,928
Amounts payable under PPP agreement & penalty	28,808	38,409
	<u>49,706</u>	<u>69,337</u>
<u>Current liabilities</u>		
Lease liabilities	10,030	10,030
Amounts payable under PPP agreement & penalty	9,603	9,603
General payables	126,008	62,288
Accruals	55,070	77,452
Other payables	124,073	83,682
	<u>324,784</u>	<u>243,055</u>

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

22. Capital commitments

	2024 €	2023 €
Details of capital commitments at the accounting date are as follows:		
(i) Approved but not yet contracted for	360,000	571,000
(ii) Contracted for but not provided in the financial statements	90,000	149,885
	<u>450,000</u>	<u>720,885</u>

These can be analysed further as follows:

(i) Approved but not yet contracted for:		
Special programmes	360,000	571,000
	<u>360,000</u>	<u>571,000</u>
(ii) Contracted for but not provided in the financial statements		
Special programmes	90,000	149,885
	<u>90,000</u>	<u>149,885</u>

The works on the road resurfacing projects will be conducted under Public Private Partnership (PPP) agreements.

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

23. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The ultimate controlling party of the Zejtun Local Council is the Local Councils Department within the Office of the Prime Minister.

All the companies, authorities and agencies set up by the Central Government are also considered to be related parties to Zejtun Local Council but do not have significant control. The Joint Committee (up to the 31 August 2011), All Regional Committees (from 1 September 2011), the Local Councils Association and the other Local Councils are also considered to be a related

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

Name of Entity:	Nature of relationship
Department of Local Government	Significant control
Regional Committee - Local Law Enforcement	Joint control
Bank of Valletta	No control
Cleansing Services Department	No control
Enemalta Corporation	No control
Law Courts of Malta	No control
Local Councils Association	No control
Local Councils, other than Zejtun Local Council	No control
Police Commissioner	No control
Malta Environment & Planning Authority	No control
Malta Tourism Authority	No control
MITTS	No control
Public Broadcasting Services Ltd	No control
Water Services Corporation	No control
Wasteserv Malta Limited	No control
Works Division - Director General Works	No control
Commissioner for Data Protection	No control
Director of Information	No control
University of Malta	No control
Commissioner for Lands	No control
Department of Agriculture	No control
South Regional Committee	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South East Regional Committee	Joint control

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

Central Regional Committee	No control
ARMS Limited	No control
Commissioner of Inland Revenue	No control

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

	2024	2023
	€	€
Cash transactions:		
Income - annual financial allocation	1,088,938	989,048
Commissions receivable from Regional Committees	<u>10,223</u>	<u>11,854</u>

	2024	2023
	€	€
Non-cash transactions:		
Government grants released	<u>110,431</u>	<u>49,778</u>

Year-end balances arising from related party transactions	2024	2023
	€	€
Central Government grants	89,474	36,334
Receivables from related parties	<u>20,922</u>	<u>29,532</u>

The receivables from related parties arise mainly from the annual financial allocation by Central Government, grants receivable and income arising from delegation of responsibilities. The receivables are unsecured in nature and bear no interest. Provisions amounting to € 10,040 are held against receivables from related parties (2023: € 460).

	2024	2023
	€	€
Payables to related parties	<u>104,410</u>	<u>65,960</u>

The payables to related parties arise mainly from purchases of goods and services and are mainly due 1 month after the date of purchase. The payables bear no interest.

ZEJTUN LOCAL COUNCIL

Notes to the financial statements for the year ended 31 December 2024

..... continued

24. Post-balance sheet events

There were no particular important events affecting the Council which occurred since the end of the accounting period.

25. Fair value estimation

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

26. Net cash generated from operating activities	2024	2023
	€	€
Surplus for the year	16,158	17,320
Adjustments for:		
Depreciation on property, plant and equipment	250,858	226,791
Movement in provision for doubtful debts	(3,183)	10,861
Bank interest	(69)	(123)
Depreciation on right-of-use assets	9,548	9,548
Lease finance charges	2,457	2,956
Movements in working capital:		
Receivables	(13,082)	(75,156)
Payables	17,949	(176,091)
Net cash generated from operating activities	<u>280,636</u>	<u>16,106</u>

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Zejtun Local Council set out on pages 2 to 42 which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the "Legislation").

Basis for opinion

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

Responsibilities of those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

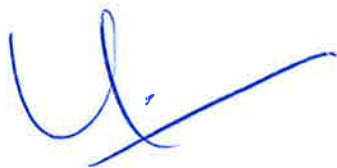
As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Mark Bugeja (Principal) for and on behalf of

Grant Thornton

Certified Public Accountants

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Malta

13 May 2025