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The Mayor
Birzebbuga Local Council
Dar Birzebbuga,
Triq Santa Marija,
Birzebbuga BBG 1651
Malta



Our ref PC/mc/126726

14 April 2026

Dear Sirs,

**Financial statements for the year ended 31 December 2025**

During the course of our audit for the year ended 31 December 2025, we have reviewed the accounting system and procedures operated by Birzebbuga Local Council (the "Council"). We set out in this report the more important points that arose as a result of our review.

1 Previous management letter**1.1 Zurrieq Joint Committee**

The council's books of account include an amount receivable from the Zurrieq Joint Committee (refer to note 2.1).

1.2 Long outstanding creditors

The creditors list still includes long-outstanding creditors (refer to note 3.1).

1.3 Confirmation of trade creditors

We are pleased to note that we did not encounter any discrepancy in the confirmation of trade creditors.

2 Trade and other receivables**Zurrieq Joint Committee**

- 2.1 We noted that included with receivables is an amount of €67,619 due from the Zurrieq Joint Committee of which Birzebbuga Local Council had formed part of. The council is claiming that this amount relates to pre-regional contraventions paid since December 2008 and remitted to the Committee erroneously. We further noted that no movement took place during the current year.

- 2.2 As of audit date, we were informed by the Council that it has reiterated its position to collect the payment of €67,619 and the amount is not provided for. The Zurrieq Joint Committee is no longer in operation and recoverability of this balance remains highly doubtful. As a result, our audit report has been qualified.
- 2.3 We recommend that the Council continues to query this issue with the Department for Local Government and tries to obtain audited financial statements to verify whether the Council has any amounts which are still due to it.

Unusual trade debtor balance

- 2.4 We noted that included with trade receivables is an amount of €8,810 relating to Nexos Street Lighting. Audit procedures revealed that this amount arises from a net debit balance in the creditors' ageing report. Further investigation showed that the Council failed to recognise invoice number 2011810 dated 21 October 2023, which had already been settled amounting to €10,000, relating to the purchase of a decorative single lantern LED pole. As a result, an audit adjustment was posted to properly account for the invoice, asset and respective depreciation.
- 2.5 We recommend that the council obtains monthly statements from all suppliers to and strengthen its review process for creditor balances at month-end to ensure proper reconciliation of payable amounts in the council's ledgers. This would help ensure the completeness and accuracy of the ageing reports.

3 Trade and other payables

Long outstanding creditors

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

Creditor	€
Zurrieq Joint Comittee for LES	8,485.24
Alfred Schembri & Sons Ltd (note 3.2)	303,513.69
	311,998.93

- 3.2 The council informed us that no payments are being made to Alfred Schembri & Sons Ltd as the supplier became black-listed and the council was instructed not to make any payments. We recommend that the council seeks guidance on the matter from the Department for Local Government.
- 3.3 We recommend that the council reviews these amounts and either settles them if still due, or else, reverses them after having obtained approval from the council. Furthermore, decisions and discussions regarding these balances should be minuted during the council meetings.



4 Property, plant and equipment

- 4.1 In prior years, a reclassification entry was posted to align the council's accounting records with the property, plant and equipment schedule disclosed in the financial statements. During the current year, the council opted to include an adjustment relating to the reallocation of depreciation.
- 4.2 The council should ensure PPE balances and depreciation allocations are reconciled to the general ledger at year-end, with any required adjustments recorded directly in the accounting system to maintain accuracy and reduce reliance on manual reclassifications.

Conclusion

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

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

Yours faithfully,

Grant Thornton
