



Tuesday, 10th March 2026

Director for Local Government

Mr. Chris Galea,

26, Archbishop Street

Valletta

Subject: Management Letter Reply for Financial Statements for the year ended 31st December 2025

Dear Mr. Galea,

We refer to your Management Letter dated 10 March 2026 in relation to the audit of the financial statements of the Local Councils' Association for the year ended 31 December 2025.

We would like to thank you for the observations and recommendations provided. Please find below our responses with reference to the clauses outlined in your letter.

Clause 2 – Right-of-Use Assets and Lease Liabilities

Clause 2.1

We note your observation that the unaudited financial statements included finance costs and right-of-use amortisation amounting to €1,897 and €12,954 respectively, which were not reflected in the trial balance. We acknowledge that these amounts were removed in order to reconcile the financial statements with the audited trial balance.

Clause 2.2

The Association acknowledges the recommendation to ensure that the amounts presented in the financial statements are fully aligned with those recorded in the trial balance and the related supporting schedules. The Local Councils' Association will formally notify the external accountant to take note of this observation. Furthermore, this matter will also be discussed internally with the Association's bookkeeper to ensure that future entries and reporting are fully aligned with the applicable accounting standards and the trial balance records.

It is also important to note that the Association had forwarded all the necessary documentation and the relevant bank borrowing rates to the accountant; however, for reasons currently unclear, these were not taken into account during the preparation of the financial statements. The Association will therefore ensure closer coordination with the accountant in order to avoid similar discrepancies in future reporting periods.



Clause 3 – Trade and Other Receivables

Clause 3.1 – 3.2

The balances relating to long-outstanding receivables are already under review. The Association is assessing the validity of these balances and following up with the respective debtors to seek settlement of the outstanding amounts. In the case of Mr Noel Zarb, the Association has already received written confirmation that the payment will be settled once the reimbursement due to him from the Get Qualified scheme is processed by the respective entity. A copy of Mr Zarb's email confirmation is annexed to this letter for your reference. Should the recoverability of any other balances remain doubtful, the Association will consider presenting the matter for discussion and approval during a council meeting in order to determine whether a provision for doubtful debts should be recognised. Please refer to Annex A.

Clause 3.3 – Derek Garden Centre Limited

The Association notes the audit adjustment made to reverse the receivable and reclassify the amount to accruals due to the ongoing dispute. The matter remains under review and the Association will continue discussions with the supplier in order to resolve the issue and regularise the accounting treatment accordingly.

Clause 3.4

The Association will follow up with the supplier with the aim of obtaining a credit note for the invoice previously issued, as recommended.

Clause 4 – Expenses

Clause 4.1 – 4.2

The recommendation regarding the assessment of the lease agreement in accordance with IFRS 16 has been noted. The Association confirms that the lease agreement had already been updated and the relevant documentation was available for review. However, for reasons currently unclear, these were not taken into account during the preparation of the financial statements. The Association will ensure that the relevant documentation is reviewed accordingly and that the appropriate accounting treatment is applied, including the potential recognition of a right-of-use asset and lease liability in line with the applicable accounting standards. Please refer to Annex B.



**Assocjazzjoni
Kunsilli Lokali**

Local Councils' Association Malta

Conclusion

The Association appreciates the professional support provided throughout the audit process and thanks your team for the cooperation extended to our staff during the course of the audit.

Best Regards

Mario Fava

President

Lianne Cassar

Executive Secretary

Annex A.

Outlook

FW: Invoice 2022/053

From Ian Magro <imagro@lca.org.mt>
Date Mon 09/03/2026 11:33
To Lianne Cassar <lcassar@lca.org.mt>

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Wednesday, 11 February 2026 08:13
To: Ian Magro <imagro@lca.org.mt>
Cc: Lianne Cassar <lcassar@lca.org.mt>; Mario Fava <mario@mariofava.com.mt>
Subject: Re: Invoice 2022/053

Bonġu Sur Magro,

Tkellimt ma tat-taxxa u qaluli li għandi nirċievi ir-rebate maħdum fuq it-taxxa ta dis-sena lejn l-aħħar ta dis-sena jew bidu tas-sena d-diehla. Kif nirċievi s-somma mingħandom ngħaddilkom l-pagament.

Grazzi u Tislijiet
Noel Zarb

On Mon, 09 Feb 2026 at 15:13, Ian Magro <imagro@lca.org.mt> wrote:

Għażiż Sur Zarb,

Nittama li tinsab tajjeb.

Bhalissa għaddejjin bl-awditjar min-naħa tal-awdituri tal-Gvern u gibdulna l-attenzjoni fuq il-bilanċ li għad hemm pendenti min-naħa tiegħek.

Ikun ferm apprezzat jekk tagħtina risposta min-naħa tiegħek meta l-ammont ta' €2349.00 ħa jiġi mħallas halli nkunu nistghu ninfurmaw lill-awdituri.

Grazzi bil-quddiem.

Tislijiet,

Ian Magro

Uffiċjal Amministrattiv II

Assoċjazzjoni Kunsill Lokali

Local Government Building, Triq il-Gvern Lokali, Marsa

☎ +356 2596 8000 / +356 7905 9801

🌐 www.lca.org.mt

f Local Councils' Association

From: Ian Magro
Sent: Tuesday, 7 October 2025 09:10
To: Noel Zarb <zarbnoel@gmail.com>
Cc: Lianne Cassar <lcassar@lca.org.mt>
Subject: RE: Invoice 2022/053

Bonġu Sur Zarb,

Nisperaw li tinsab tajjeb.

Nitolbok tibagħtilna meta ħa tkun qiegħed tħallas l-ammont dovut. Napprezzaw jekk dan isir malajr kemm jista jkun.

Tislijiet,

Ian Magro

Uffiċjal Amministrattiv II

Assoċjazzjoni Kunsill Lokali

Local Government Building, Triq il-Gvern Lokali, Marsa

☎ +356 2596 8000 / +356 7905 9801

🌐 www.lca.org.mt

📘 Local Councils' Association

From: Noel Zarb <zarbnoel@gmail.com>

Sent: Tuesday, 7 January 2025 09:35

To: Ian Magro <imagro@lca.org.mt>

Cc: Lianne Cassar <lcassar@lca.org.mt>

Subject: Re: Invoice 2022/053

Bongu Ian,

Is- Sena it-tajba lilkom ukoll.

Dalghodu tkellimt ma tad-dipartiment tat-taxxa u qaluli li se nkun nista niclamija aktar flus lejn l-ahhar ta' 2025 fuq sena bazi ta' 2024 fejn hdimt xi ftit part-time peress li bhalissa jiena qiegħed student l-MCAST. Bhalissa qiegħed fl-ahhar ftit xhur u qed naghmel it- tezi allura ma' nistax inhallas dak l-ammont. Meta nigradwa għandi nkun qed nahdem full-time u għandi niehu l-kreditu tat-taxxa lura u nkun nista' nhallas.

Grazzi u Tislijiet

Noel

On Mon, 6 Jan 2025 at 10:19, Ian Magro <imagro@lca.org.mt> wrote:

Bongu Noel,

Is-Sena it-Tajba.

Napprezzaw jekk l-ammont pendenti ta' €2349.00 jigi ssettijjat mill-aktar fis possibli. Dan anke habba il-fatt li minn hawn u ftit jiem ohra ha jkollna l-awdituri.

Grazzi u Tislijiet,

Ian Magro

Assistent Principjal

Assoċjazzjoni Kunsilli Lokali - Local Government

Tel: +356 2596 8000

Website: www.lca.org.mt

F: Local Councils' Association

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Thursday, 10 October 2024 13:07
To: Ian Magro <imagro@lca.org.mt>
Subject: Re: Invoice 2022/053

Ghaziz Ian,

Minn dakinar li kont ircivejt il 1251EUR li kont ghaddejtilkom fl-ahhar tal-2023 ma ircivejt xejn. Nahseb li fl-ahhar ta' dis-sena ghandu johrog xi pagament lehor.

Grazzi
Noel

On Wed, 9 Oct 2024 at 14:35, Ian Magro <imagro@lca.org.mt> wrote:

Ghaziz Noel,

Nisperaw li tinsab tajjeb.

Kont ircivejt ir-rimbors min-naha tat-taxxa?

Nisma minghandek.

Tislijiet,

Ian Magro


Assistent Principali

Assocjazzjoni Kunsill Lokali

Local Government Building, Triq il-Gvern Lokali, Marsa

+356 2596 8000 / +356 7905 9801

 www.lca.org.mt

 Local Councils' Association

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Thursday, 4 January 2024 09:58
To: Ian Magro <imagro@lca.org.mt>
Subject: Re: Invoice 2022/053

Bongu Ian,

Is- Sena t-tajba lilek ukoll.

Ma kien hemm xejn, probabli fl-ahhar ta' din is-sena la ma harigx ma' tas-sena l-ohra skont kif qaluli huma.

Grazzi u Tislijiet,
Noel Zarb

On Thu, 4 Jan 2024 at 07:22, Ian Magro <imagro@lca.org.mt> wrote:

Bongu Noel,

Is-Sena it-Tajba lilek.

Kien hemm xi zviluppi minghand tat-taxxa biex jithallas il-bilanc ta' €2349.00?

Tislijiet,



Ian Magro

Assistent Principali

Assoċjazzjoni Kunsill Lokali

Local Government Building, Triq il-Gvern Lokali, Marsa

+356 2596 8000 / +356 7905 9801

 www.lca.org.mt

 Local Councils' Association

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Friday, 1 December 2023 11:22
To: Ian Magro <imagro@lca.org.mt>
Cc: Lianne Cassar <lcassar@lca.org.mt>
Subject: Re: Invoice 2022/053

Bongu Ian

Dak li battikom biss s'issa.

Tislijiet
Noel Zarb

Sent from my iPhone

On 01 Dec 2023, at 10:43, Ian Magro <imagro@lca.org.mt> wrote:

Bongu Noel,

Kont irċevejt xi pagament ieħor mingħand tat-taxxa?

Tislijiet,

<image002.jpg>

From: Lianne Cassar <lcassar@lca.org.mt>
Sent: Monday, 20 November 2023 14:22
To: Noel Zarb <zarbnoel@gmail.com>; Ian Magro <imagro@lca.org.mt>
Subject: RE: Invoice 2022/053

Thanks Noel

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Monday, 20 November 2023 13:44
To: Ian Magro <imagro@lca.org.mt>
Cc: Lianne Cassar <lcassar@lca.org.mt>
Subject: Re: Invoice 2022/053

Għaziz Ian,

Dahlitli parti mis-somma, €1251. Kont qed nistenna li nircievi xi dokument biex ikolli xi haga x'nuri. Apparti min hekk saqsejt għala dahlu biss €1251 u qaluli li għax se johorgu in installments. Annass għandek id-dokument li rċevejt. Tista tibattli fit l-IBAN jekk jghogbok halli filkas nibat il-hlas hemm?

Grazzi u tislijiet,
Noel Zarb

On Fri, 17 Nov 2023 at 15:05, Ian Magro <imagro@lca.org.mt> wrote:

Għaziz Noel,



Kemm nistaqsik kellek xi feedback minghand id-Dipartiment tat-Taxxa.

Nisma minghandek.

Tislijiet,

<image003.jpg>

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Tuesday, 3 October 2023 17:18
To: Ian Magro <imagro@lca.org.mt>
Cc: Lianne Cassar <lcassar@lca.org.mt>
Subject: Re: Invoice 2022/053

Hi Ian,

Ghadni le, huma qaluli li ghandi nisma xi haga lejn novembru/dicembru kif jibdeu johorgu tat taxxa

Grazzi
Noel Zarb

Sent from my iPhone

On 02 Oct 2023, at 10:57, Ian Magro <imagro@lca.org.mt> wrote:

Bongu Noel,

Peress li rridu naghlqu Q3, kellek xi rispons?

Tislijiet,

<image001.jpg>

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Monday, 18 September 2023 10:18
To: Ian Magro <imagro@lca.org.mt>
Cc: Lianne Cassar <lcassar@lca.org.mt>
Subject: Re: Invoice 2022/053

Bongu Ian.

Sissa ghadni ma rcivejt xejn

Grazzi

Sent from my iPhone

On 18 Sep 2023, at 10:12, Noel Zarb <zarbnoel@gmail.com> wrote:

Bongu Ian

Sent from my iPhone

On 18 Sep 2023, at 09:46, Ian Magro <imagro@lca.org.mt> wrote:

Bongu Noel,

Kellek xi tip ta' risposta ulterjuri?

Tislijiet,

<image002.jpg>

From: Lianne Cassar <lcassar@lca.org.mt>
Sent: Friday, 4 August 2023 11:04
To: Noel Zarb <zarbnoel@gmail.com>
Cc: Ian Magro <imagro@lca.org.mt>
Subject: RE: Invoice 2022/053

Ok hi tajjeb kemm izommna infurmati mela ghax ghaddejjin b audit

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Friday, 4 August 2023 11:01
To: Lianne Cassar <lcassar@lca.org.mt>
Subject: Re: Invoice 2022/053

Bongu,

L-applikazzjoni tieghi qiegħda issued, kellimt lil tat-taxxa biex nikkonferma u tax credit refund għandu johrog bejn novembru u dicembru mal-istatement tat-taxxa.

Grazzi u Tislijiet
Noel Zarb

On Thu, 3 Aug 2023 at 15:22, Lianne Cassar <lcassar@lca.org.mt> wrote:

Ghaziz Sur Zarb,

Grazzi napprezzaw li tiċċekja.

Tislijiet

<image003.jpg>

From: Noel Zarb <zarbnoel@gmail.com>
Sent: Thursday, 3 August 2023 15:18
To: Lianne Cassar <lcassar@lca.org.mt>
Cc: Mario Fava <mariofava16@gmail.com>; Ian Magro <imagro@lca.org.mt>
Subject: Re: Invoice 2022/053

Ghaziza Sa. Cassar,

L- ahhar li kont tkellimt mas- Sur Fava konna bqajna bl- iftehim li ser inhallas meta nircievi l- hlas minghand l-iskema li ghandi nircievih ghal- ahhar ta din is- sena. Se nerga nkellimom biex nara fiex waslet l - applikazzjoni tieghi.

Grazzi u tislijiet,
Noel Zarb

Sent from my iPhone

On 03 Aug 2023, at 12:55, Lianne Cassar <lcassar@lca.org.mt> wrote:

Ghaziz Sur Zarb,

Gentilment nixtieq ninfurmak li l-Assoċjazzjoni ser tkun qed tara li tigbor il-
hlasijiet dovuti sa mhux aktar tard mil-ewwel Gimgha t' Ottubru 2023. Dan
għalfeix l-Assoċjazzjoni trid tati rendikont lill-awdituri fl-ahhar tas-sena u
trid ukoll tagħlaq ir-Rapport Finanzjarju għat-Tielet Kwart tas-sena 2023 b'
dawn il-fondi imdahhlin.

Napprezzaw l-attenzjoni tiegħek f' dan ir-rigward sabiex ma jkunx hemm
bżonn li l-Assoċjazzjoni tiegħi passi urterji f' dan ir-rigward.

Grazzi u tislijiet

<image002.jpg>

From: Ian Magro <imagro@lca.org.mt>
Sent: Thursday, 3 August 2023 11:48
To: Lianne Cassar <lcassar@lca.org.mt>
Subject: FW: Invoice 2022/053

From: Ian Magro
Sent: Friday, 3 February 2023 13:08
To: zarbnoel@gmail.com
Subject: Invoice 2022/053

Good Afternoon Noel,

Hope you are fine.

Kind reminder to send us your payment of €3600.00 in settlement of
attached invoice.

Best Regards,

<image001.jpg>

<Xerox Scan_03022023124931.pdf>



Annex B.

 Outlook

FW: Borrowing Rate for LCA

From Ian Magro <imagro@lca.org.mt>
Date Mon 09/03/2026 11:32
To Lianne Cassar <lcassar@lca.org.mt>

 1 attachment (10 MB)
LCA - Indis Malta Agreement.pdf;

From: Ian Magro <imagro@lca.org.mt>
Sent: Thursday, 22 January 2026 14:49
To: Daniel Galea <daniel@danielgalea.com>
Subject: Fw: Borrowing Rate for LCA

F.Y.I.

Re. IFRS Office Rent

Sent from [Outlook for Android](#)

From: Paola Branch <paolabbranch@apsbank.com.mt>
Sent: Monday, January 5, 2026 12:42:24 pm
To: Ian Magro imagro@lca.org.mt; Robert Caruana Robert.Caruana@apsbank.com.mt
Cc: Paola Branch <paolabbranch@apsbank.com.mt>; Lianne Cassar <lcassar@lca.org.mt>; Janice Harvey <Janice.Harvey@apsbank.com.mt>
Subject: RE: Borrowing Rate for LCA

Dear Mr Magro,

Kindly note that debit interest rate for a commercial lending may vary from 4% to 5%p.a. depends on the purpose of the facility.

Kind Regards,

Janice Harvey
Assistant Branch Manager – Paola Branch
APS Bank plc

Tel: +3562560 3745
Email: janice.harvey@apsbank.com.mt



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Please consider your environmental responsibility before printing this email.

From: Ian Magro <imagro@lca.org.mt>

Sent: 05 January 2026 09:11

To: Robert Caruana <Robert.Caruana@apsbank.com.mt>

Cc: Paola Branch <paolabbranch@apsbank.com.mt>; Lianne Cassar <lcassar@lca.org.mt>; Janice Harvey <Janice.Harvey@apsbank.com.mt>

Subject: Borrowing Rate for LCA

EXTERNAL EMAIL - This email was sent by a person from outside your organization. Exercise caution when clicking links, opening attachments or taking further action, before validating its authenticity.

Good Morning Mr. Caruana,

Trust all is well. Happy New Year 2026 to you and all your colleagues.


We are currently working on our year 2025 accounts and all of our accounts are based on IFRS standards.

The auditors are asking for an indicative borrowing rate if the LCA would eventually borrow money to purchase property.

Thanks & Regards,

Ian Magro
Administration Officer II

Local Councils' Association
Local Government Building, Triq il-Gvern Lokali, Marsa
☎ +356 2596 8000 / +356 7905 9801
🌐 www.lca.org.mt
f Local Councils' Association

 **Assoċjazzjoni
Kunsilli Lokali**
Local Councils' Association Malta

