

MALTA STATISTICS AUTHORITY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

CONTENTS

	Page
Malta Statistics Authority Board	v
Letter of Transmittal.....	1
Statement of responsibilities of the Authority	9
Report of the auditors to the board members	10
Income and expenditure account.....	11
Balance sheet.....	12
Statement of changes in net assets / equity	13
Cash flow statement	14
Notes to the financial statements.....	15

MALTA STATISTICS AUTHORITY BOARD

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Secretary to the Board

Dr Jacqueline Tanti Dougall B.A., LL.D.

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Mr B. Borg Bonello B.A.(Hons.),M.A.(Warwick)

Prof. Joseph Falzon M.A.(Memphis), Ph.D.(Northwestern)

Mr Alfred Demarco B.Sc.(Econ.),A.C.I.B.

Ms Maria Catania B. Comm, B.A. (Hons.) (Economic) M.A. (European Studies)



22 November, 2004

The Hon. Lawrence Gonzi K.U.O.M., LL.D., M.P.
Prime Minister and Minister of Finance

Prime Minister,

In accordance with Section 29 of the Malta Statistics Authority Act 2000, I am transmitting a copy of a report by the Director-General on the activities of the National Statistics Office to cover the period 1 October 2003 to 30 September 2004 as well as a copy of the financial accounts of the Authority, certified by the auditors, for the same period.

Both the report of the National Statistics Office and the audited financial statements for 2003/2004 were discussed and approved by the Board on 26 November 2004. I am also highlighting some of the main items included in the Report.

General

The Malta Statistics Authority was set up by Act XXIV of 2000 and came into force on 1 March 2001. Its functions are defined in section 7 of the said Act as follows:

- a) To examine and submit, for the approval of the Minister, the business plan and financial estimates drawn up by the Director General for the administration of the Office;
- b) To regulate and to generally supervise the production of official statistics in accordance with international requirements and standards;
- c) To discuss and advise on statistical matters, including methodologies, relating to the collection, compilation and dissemination of statistics;
- d) To establish priorities in responding to the demand for official statistics;
- e) To liaise between the Office and other public bodies concerning the supply of data and the coordination of activities with statistical implications;
- f) To publish the business plan after its approval by the Minister of Finance;
- g) To disseminate the knowledge of official statistics;
- h) To consider and comment on, where necessary, the yearly report submitted by the Director-General on the work of the Office as required by article 9(5)(g).

The Board of the Malta Statistics Authority has a regulatory, supervisory and coordinating function. In most countries, the latter function is assumed by a separate technical committee. The National Statistics Office is the executive arm of the Authority.

EU Membership

The year 2004 posed considerable challenges to the National Statistics Office (NSO), as a result of Malta's membership in the European Union. The NSO had to assume new responsibilities imposed by the statistical Acquis. Several new areas of statistical information, hitherto not in the brief of the Statistics Office, had to be explored through the organisation of new surveys.

The year was also a most successful one. The administrative report which has been submitted by the Director General of the NSO bears witness to the sterling work that has been accomplished during the year. Appreciation of the extent and quality of this work has been demonstrated by the MSA Board during its monthly meetings.

Meetings

In terms of sec 6 (2) of the Statistics Act, the Board is required to meet at least twice every calendar quarter. However, the vast statistical programme of activities undertaken by the National Statistics Office during the past year as well as the need to review existing methodologies necessitated more frequent meetings. Twelve meetings were held during 2003/2004.

During the past two years, the Board kept the production and quality of statistical data under constant review. Indeed, most of the time has been devoted to presentations on new or reformed methodologies by the Director-General of the National Statistics Office or managers of the various units within the NSO.

Throughout discussions, the Board examined the relevance of such methodologies, keeping in mind the relevant EU directives and the country's obligations as determined by Eurostat under the statistical Acquis.

The local demand for statistical information and users' perception of the quality of main aggregates and indicators published regularly by the NSO were discussed during meetings with the main Constituted Bodies. Specific issues were raised during the Board's meetings by the respective Board Members nominated by Government, the business organisations and the trade unions.

The statistical system

The local statistical system comprises all those public and private organisations that provide and themselves make use of statistical information. The Board is conscious of the need to avoid duplication of work in the production of statistical information that would result in waste of human and other resources. For this reason, frequent meetings were held between the NSO, the Central Bank of Malta, the ETC and the main public enterprises in establishing a sound system of cooperation regarding the provision of relevant data, the collection of which is the competence of these Bodies.

Quality and reliability

It has been pointed out that the issue of duplication of effort was a priority on the Board's agenda during the year. However, the Board was vigilant in ensuring that this rationalisation of resources would not involve compromising in any way the quality and

reliability of statistical information. The Board is satisfied that the local perception of statistics produced by the NSO does credit to the Office. One should also mention the views expressed recently by Eurostat on the high quality of the data that are being regularly submitted to the EU statistical Office by the NSO.

Timeliness

The timeliness of statistical information, particularly the salient economic aggregates like the Gross Domestic Product, the Balance of Payments, Trade, the Labour Supply, Monetary developments and the Inflation Index, whose timeliness is important for monitoring purposes, is a constant high-priority issue on the Office's agenda. In addition, although these statistics are compiled and published within a relatively short span of time, they have themselves to be reliable measures of economic performance. Admittedly, timely and good quality statistics are not always possible since the NSO has often to address the difficulty of obtaining the required information from public and private data providers on time. Nonetheless, every effort is being made to publish the more important statistical indicators as indicated in the news releases calendar.

Strict observance of a monthly news releases calendar has been achieved during the past year. This calendar may be consulted on the NSO website and anyone interested in knowing when to expect information on a particular item can now refer to it.

In this regard, one has to record that during 2004, the number of statistical releases is expected to reach 242 or an average of 4.6 every week, compared to 207 releases issued during 2003. Moreover, the Library and Information Unit dealt with some 1,400 requests for information, an increase of 12.1% over last year. Other requests for information are satisfied by the different statistical units within the Office. In addition, fourteen full publications were issued, some of them in the form of a CD-ROM.

The NSO has also maintained its international obligations concerning the supply of timely information required by the OECD, the EU Commission, the Council of Europe and Eurostat.

The Board noted with satisfaction the wide media coverage to the dissemination of official statistics to the general public.

The Retail Prices Index Advisory Committee

The Retail Prices Index Advisory Committee was set up under Section 33 of the Statistics Act. The Committee replaced the RPI Management Board which was established in 1998. It is composed of representatives of the social partners and its main function is to discuss the Retail Prices Index prior to its publication, as well as other factors that contribute towards inflationary pressures.

During the past twelve months the Committee met twelve times to discuss the monthly domestic index.

Harmonised Index of Consumer Prices

As from September of 2004, the NSO is also publishing a monthly Harmonised Index of Consumer Prices based on a common methodology for EU Member States. The Index

was launched by the EU in 1997 to satisfy the convergence criteria under the Maastricht Treaty. It is intended to allow price comparisons to be made with other EU Member States. It is a legally binding arrangement and the national statistical offices are required to compile it monthly and submit the results to Eurostat.

The Media

The Authority and the NSO have maintained good relations with the media through a constant and honest liaison with reporters and correspondents by responding to their requests for new information and clarifications of technical terms. Methodological issues were also explained through articles and participation in radio and television programmes.

The Board of the Authority and the NSO have always regarded this relationship as a fundamental characteristic of a democratic state where the public can have the opportunity to monitor the work of Government through the information provided by the official statistical institution. For this reason, official information has to be reliable, objective, relevant, confidential and transparent.

Throughout the past year, the NSO has maintained its policy of providing the main statistical aggregates without commenting on or interpreting the data. At the same time, it has published methodological guides and all necessary definitions and other relevant notes so as to allow analysis of socio-economic trends.

Press coverage was extensive and covered the main areas of economic and social activities. It has been estimated that the regular print media carried some 770 reports on the statistical releases issued several times weekly during the past year.

Intrastat

The main challenge during in 2004 has been the introduction of Intrastat, which is the system for collecting, classifying and recording statistics on merchandise trade within the European Union. It allows the direct recording of trade transactions in an electronic format through the transmission of information from importers and exporters. The pertinent software allows for the generation of reports in a format required by Eurostat. Since joining the EU on 1 May 2004, administrative documentation on trade was abolished.

Administrative documents were retained in respects of imports and exports originating from or directed outside the E.U.

The successful introduction of this system was possible through a thoughtful implementation plan adopted by the NSO in 2003 and with the cooperation of the Customs Authorities, Malta Enterprise, the Business Community and the media.

The Authority wishes to thank all those that contributed towards the implementation of Intrastat.

Survey on Income and Living Conditions

Reference was made in last year's report to the undertaking of a pilot survey on households' income and living conditions during 2004. This research was intended to provide a set of indicators on income, poverty and social exclusion to enable the formulation of socio-economic indicators as indicated in the Laeken list. They are worked out using harmonized definitions and methodologies. Apart from providing valuable information on the changing characteristics of Malta's demography, the information obtained through this research will allow the compilation of reliable comparative indices on poverty and social exclusion.

The Board noted with satisfaction the positive response of households to this pilot and it is the intention of the NSO to introduce this longitudinal survey on a yearly basis as required by EU directives.

Inbound Tourism Survey (Tourstat)

During the course of 2004, the new ongoing survey on inbound tourism replaced the disembarkation-card system. It is the main survey taken by the NSO and provides useful information on the tourist industry. This survey is based on the personal interview method and is carried out by a number of trained interviewers among departing tourists. Apart from the number of tourists, markets, type of accommodation and number of nights stayed, this survey provides information on tourist expenditure on flight, accommodation and other services.

The survey is also an important source of information on the expenditure by tourists coming on package tours or on their own.

National Accounts

Last year's report outlined the progress registered in adopting the European System of National Accounts (ESA 95). This was a project undertaken in 1998 with the assistance of foreign experts. Several new statistical classifications have been introduced and new tables incorporating the three approaches to the estimation of the Gross Domestic Product were published earlier this year. This was a significant step forward in that Malta's national income had never been estimated from the Output approach. Special attention was also directed towards a better estimation of the value of hidden economic activities to be included in the GDP.

The National Accounts Unit managed to fulfill its obligations in respect of the working of the Purchasing Power Parities programme. It has also continued to develop its regional accounts system and the Excessive Debt Procedure, an indicator which has to be closely monitored.

Public Finance

With the cooperation of the Treasury and the Central Bank of Malta, the NSO has implemented a system for the generation of reports on Malta's Excessive Debt and Deficit. These are embodied in periodic reports sent to the E.U. Commission.

At the same time, the Public Finance Unit proceeded with the compilation of the social protection accounts in accordance with the European System of Social protection Statistics (ESSPROS).

Information Technology

During the past year, the NSO continued to strengthen its IT Unit. The intention is to create its own information system to lessen its reliance on outside support, particularly the services provided by MITTS. This does not mean that the assistance of MITTS can be dispensed with. Indeed, cooperation with this Company was maintained throughout the year. The main projects undertaken jointly included the creation of new software for direct reporting of Balance of Payments transactions, Intrastat and Extrastat, the Labour Force Survey, the Survey on Income and Living Conditions, the Inbound Tourism Survey and the Harmonised Index of Consumer Prices.

The undertaking of additional surveys necessitated the setting-up of a Computer Aided Telephone Interviewing system. This was completed in 2004. The necessary training to the interviewers was provided for by the IT Unit.

Staff

The NSO retained more or less the same number of employees (126) as last year. The Board is pleased to record that 38 per-cent of the NSO staff complement are graduates. Twelve members of the staff hold a Masters degree. Besides these, there are also ten members who are presently reading for a post graduate degree or diploma. The intention is to improve still further the general professional level of the staff particularly through attendance at specialised meetings and workshops organised by Eurostat.

Attendance at the more important Eurostat meetings has been maintained notwithstanding the expenses involved in the participation of such meetings. This participation contributes directly towards the upgrading of existing methodologies and the harmonization of our statistical system.

Staff training is a priority item on the agenda of all statistical institutions. The NSO report makes reference to the various courses undertaken by the staff that are organized by the University of Malta or other recognized institutions.

Research and Methodology

During the past year, the Research and Methodology Unit of the NSO was further developed and strengthened. New 'ad hoc' surveys were carried out by the Unit. These included research among disabled persons, the Use of the Internet among children, the impact of advertising for Health Promotion purposes, Time-Use survey and other research related to culture and education and gender issues. At present, the Unit is concentrating on an omnibus survey that incorporates the information requirements of other private and public organizations.

Future initiatives

The following are some of the initiatives that will either continue to be developed or introduced during the next year.

- Following the successful implementation of the pilot survey on Income and Living Conditions, the full scale survey will be introduced next year. Henceforth, it will be a yearly commitment on the NSO.
- The Labour Force Survey will continue to be carried out on a monthly basis. This will require the strengthening of the Labour Statistics Unit.
- Further attention will be focused on the exhaustiveness of the Gross Domestic Product as outlined in the European System of Accounts 1995 as well as the compilation of new statements of Malta's trade and financial transactions with the world, EU Member States and other countries.
- As pointed out in last year's report the adoption of the statistical Aquis imposed a heavier burden on the NSO that can only be assumed on the basis of the availability of more qualified staff. The NSO is not finding it difficult to recruit suitably qualified personnel but financial considerations are precluding the Office from resorting to further recruitment to reinforce certain units.
- More training on basic survey techniques will be provided in the coming months. This will be achieved in cooperation with the University. During the past years, relations with the University have been enhanced.
- The NSO will continue to honour its commitment to adhere to the release calendar of statistical information in the main statistical areas. At the same time, it will keep a continuous dialogue and consultation with its principal users to ensure that their needs are met on time.
- During the coming year, the Authority and the NSO will study ways and means to avoid duplication of effort, to rationalize the demand for statistical data from its main suppliers in order to lessen the clerical burden on these providers of data.
- The Board of the Authority will proceed with its monthly discussions on methodologies and best practices for the compilation of timely and good quality statistics.
- The Board is also pleased to note that official data are generally regarded as reliable, independent and professionally produced. Users are satisfied that official information does not reflect in any way the interests of government or of any particular group of users.

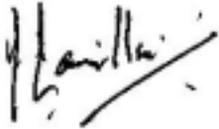
Acknowledgements

The Board would like to thank all those government departments, business establishments, NGOs, households and individuals that have supplied information requested by the NSO during the past year.

Our thanks also go to the media for their efforts in communicating official information to the general public and to all those who offered assistance and suggestions.

In endorsing the detailed and informative report of the Director-General, NSO, the Board would like to report to thank the staff of the NSO for their work during the year covered by the report.

Our thanks are also due to the ex-Minister of Finance and Economic Affairs, the present Prime Minister and Minister of Finance, and the Parliamentary Secretary (Finance) in the Office of the Prime Minister.

A handwritten signature in black ink, appearing to read 'Reno Camilleri', with a long horizontal stroke extending to the right.

Reno Camilleri
Chairman

Statement of responsibilities of the Authority

The Authority is governed by a Board consisting of 8 members. Among other responsibilities, the Authority is responsible for the production of official statistics in accordance with international requirements and standards.

The Authority is responsible for ensuring that:

- a. Proper accounting records are kept of all transactions entered into by the Authority, and of its assets and liabilities;
- b. Adequate controls and procedures are in place for safeguarding the assets of the Authority, and the prevention and detection of fraud and other irregularities.

In preparing the financial statements which give a true and fair view of the state of affairs as at the end of each financial year and of its surplus or deficit for that year, the Authority:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- follows International Financial Reporting Standards; and
- prepares the financial statements on the going concern basis unless this is considered inappropriate.

Report of the auditors to the board members

We have audited the accompanying financial statements on pages 11 to 22. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 30 September 2004 and of its surplus, changes in net assets/equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Malta Statistics Authority Act, 2000.



Mark Bugeja
f/Grant Thornton

Certified Public Accountants

Grant Thornton House
Princess Elizabeth Street
Ta' Xbiex MSD 11
Malta

26 November 2004

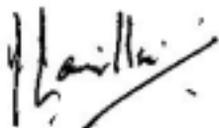
Income and expenditure account

	Note	2004 Lm	2003 Lm
Income	3	1,342,397	1,459,906
Expenditure		(1,321,228)	(1,431,711)
Surplus for the year before taxation	4	21,169	28,195
Taxation	5	117	173
Surplus for the year		21,052	28,022

Balance sheet at 30 September

	Note	2004 Lm	2003 Lm
Non-current assets			
Tangible assets	6	159,200	175,621
Investment	7	499	499
		<hr/>	<hr/>
		159,699	176,120
		<hr/>	<hr/>
Current assets			
Stocks	8	21,354	21,518
Debtors	9	85,508	60,590
Cash at bank and in hand		24,443	85,246
		<hr/>	<hr/>
		131,305	167,354
Creditors: amounts falling due within one year	10	152,543	205,192
		<hr/>	<hr/>
Net current liabilities		(21,238)	(37,838)
		<hr/>	<hr/>
Total assets less current liabilities		138,461	138,282
Creditors: amounts falling due after more than one year	11	75,164	96,037
		<hr/>	<hr/>
Net assets		63,297	42,245
		<hr/>	<hr/>
Reserves			
Retained funds		63,297	42,245
		<hr/>	<hr/>

The financial statements on pages 11 to 22 were approved on 26 November 2004 and were signed by:



Chairman



Member

Statement of changes in net assets/equity

	Retained funds Lm
At 30 September 2002	14,223
Surplus for the year	28,022
	<hr/>
At 30 September 2003	42,245
Surplus for the year	21,052
	<hr/>
At 30 September 2004	63,297
	<hr/>

Cash flow statement

	Note	2004 Lm	2003 Lm
Operating activities			
Cash (absorbed by)/generated from operations	12(a)	(39,533)	189,880
Tax paid		(117)	(173)
		<hr/>	<hr/>
Net cash (used in)/ generated from operating activities		(39,650)	189,707
		<hr/>	<hr/>
Investing activities			
Payments to acquire tangible fixed assets	12(b)	(21,931)	(36,173)
Payment to acquire investment		-	(499)
Interest received		778	1,151
		<hr/>	<hr/>
Net cash used in investing activities		(21,153)	(35,521)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(60,803)	154,186
Cash and cash equivalents at beginning of year		85,246	(68,940)
		<hr/>	<hr/>
Cash and cash equivalents at end of year		24,443	85,246
		<hr/>	<hr/>

Notes to the financial statements

1 Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are presented in Maltese Liri (Lm).

2 Summary of significant accounting policies

Revenue recognition

Income from government subvention is recognised when received.

Income from National Programme for the Adoption of the Acquis funds is recognised on an accrual basis.

Government grant represents the net book value of assets supplied by the government. The grant is deferred and transferred to the income and expenditure account in equal parts over the expected useful lives of the related assets.

EU grant represents the net book value of assets supplied by the EU. The grant is deferred and transferred to the income and expenditure account in equal parts over the expected useful lives of the related assets.

Interest income from investments is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

	%
Improvements to premises	2
Computer equipment	33 1/3
Furniture and fittings	15
Office equipment	15
Motor vehicles	20

Impairment

At each balance sheet date the Authority reviews the carrying amounts of its 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).

Notes to the financial statements

2 Summary of significant accounting policies (continued)

Impairment (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. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Authority's balance sheet when the Authority has become a party to the contractual provisions of the instruments.

Trade and other debtors

Trade and other debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other creditors

Trade and other creditors are stated at their nominal value.

Foreign currency amounts

Assets and liabilities in foreign currencies are translated into Maltese Liri at the rate of exchange ruling at the balance sheet date.

Transactions during the year are translated into Maltese Liri at the rate of exchange ruling on the date of the transaction.

All profits and losses on exchange are dealt with through the income and expenditure account.

Notes to the financial statements (continued)

3 Income

	2004	2003
	Lm	Lm
Government subvention		
- direct: paid to MSA	1,023,950	800,450
- indirect: expenses paid by Ministry	132,993	85,423
National Programme for the Adoption of the		
Acquis funds	86,522	361,289
Government grant	16,322	16,885
EU grant	11,391	9,110
Licences, training and installation expenses		
funded by the EU	-	18,936
Sale of publications	27,914	15,554
Other income	43,122	152,259
Realised gain on exchange	183	-
	<hr/>	<hr/>
	1,342,397	1,459,906
	<hr/>	<hr/>

4 Surplus for the year before taxation

	2004	2003
	Lm	Lm
Surplus for the year before taxation is stated		
after charging:		
Board members' remuneration	16,000	8,250
RPI Board members' remuneration	3,000	2,654
Staff costs	930,966	956,262
Auditors' remuneration	220	210
Depreciation	56,466	55,819
	<hr/>	<hr/>

5 Taxation

	2004	2003
	Lm	Lm
Malta income tax:		
Final withholding tax at 15%	117	173
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Tangible fixed assets

	Improvements to premises Lm	Computer equipment Lm	Furniture & fittings Lm	Office equipment Lm	Motor vehicles Lm	Total Lm
Cost						
At 1 October 2003	86,299	188,091	101,882	68,967	13,412	458,651
Additions	5,140	27,358	5,915	1,632	-	40,045
At 30 September 2004	91,439	215,449	107,797	70,599	13,412	498,696
Depreciation						
At 1 October 2003	6,431	156,188	64,750	45,671	9,990	283,030
Charge for the year	1,829	29,739	14,484	8,152	2,262	56,466
At 30 September 2004	8,260	185,927	79,234	53,823	12,252	339,496
Net book value						
At 30 September 2004	83,179	29,522	28,563	16,776	1,160	159,200
At 30 September 2003	79,868	31,903	37,132	23,296	3,422	175,621

The Authority has a specialised library which has been built up over a number of years. The material was donated to the Authority by international institutions or else was taken over from Government. Apart from these, the Authority also acquires library material through the exchange of material with international organisations, and acquires books using own funds in which case the funds are charged to the income and expenditure account.

The fair value of this material is estimated at around Lm 30,000, which amount has not been recognised in these financial statements as the recognition criteria set out in IAS 16, Property, Plant and Equipment are not met.

7 Investment

	2004 Lm	2003 Lm
Centre for Socio-Economic Research Company Limited		
499 ordinary shares of Lm1 each, fully paid	499	499

Notes to the financial statements (continued)

8 Stocks

	2004 Lm	2003 Lm
Books and publications	14,763	14,399
Stationery	6,591	7,119
	<hr/>	<hr/>
	21,354	21,518
	<hr/>	<hr/>

9 Debtors

	2004 Lm	2003 Lm
Amounts falling due within one year:		
Trade debtors	15,505	46,597
Accrued income	70,003	1,596
Other debtors	-	12,397
	<hr/>	<hr/>
	85,508	60,590
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2004 Lm	2003 Lm
Trade creditors	25,970	78,661
Other creditors	7,626	86,560
Accruals	118,947	39,971
	<hr/>	<hr/>
	152,543	205,192
	<hr/>	<hr/>

11 Creditors: amounts falling due after more than one year

	2004 Lm	2003 Lm
Grants (note)	102,877	122,032
Less: amounts transferred to income and expenditure account	(27,713)	(25,995)
	<hr/>	<hr/>
	75,164	96,037
	<hr/>	<hr/>

Notes to the financial statements (continued)

11 Creditors: amounts falling due after more than one year (continued)

Note -

Grants

	Government grant Lm	European Union grant Lm	Total Lm
Cost			
At 1 October 2003	167,309	26,621	193,930
Amounts granted during the year	-	6,840	6,840
	-----	-----	-----
At 30 September 2004	167,309	33,461	200,770
	-----	-----	-----
Amortisation			
At 1 October 2003	88,783	9,110	97,893
Amounts transferred to income and expenditure during the year	16,322	11,391	27,713
	-----	-----	-----
At 30 September 2004	105,105	20,501	125,606
	-----	-----	-----
Balance			
At 30 September 2004	62,204	12,960	75,164
	-----	-----	-----
At 30 September 2003	78,526	17,511	96,037
	-----	-----	-----

Notes to the financial statements (continued)

12 Notes to the cash flow statement

(a) Cash (absorbed by)/generated from operations	2004 Lm	2003 Lm
Surplus for the year before taxation	21,169	28,195
Adjustments for:		
Depreciation	56,466	55,819
Government grant transferred to income and expenditure account	(27,713)	(25,995)
Interest receivable	(340)	(1,809)
Non-cash additions to fixed assets	(6,723)	-
	<hr/>	<hr/>
Surplus before working capital changes	42,859	56,210
Decrease/(increase) in stocks	164	(5,321)
(Increase)/decrease in debtors	(25,357)	12,266
(Decrease)/increase in creditors	(57,199)	126,725
	<hr/>	<hr/>
	(39,533)	189,880
	<hr/>	<hr/>
(b) Tangible fixed assets		

During the year, the Authority acquired fixed assets with an aggregate cost of Lm33,321. Lm6,840 were financed by means of an EU grant. Cash payments of Lm36,173 were made during the year.

Notes to the financial statements (continued)

13 Financial instruments

Financial assets include debtors and cash held at bank. Financial liabilities include creditors. At 30 September 2004 and 2003, the Authority had no unrecognised financial instruments.

Risk management policies

- (a) 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.
- (b) Liquidity risk is limited as the Authority has sufficient funding resources and the ability to raise finance to meet its financial obligations as these arise.

Fair values

At 30 September 2004 and 2003, the fair values of financial assets and liabilities were not materially different from their carrying amounts.