

MALTA STATISTICS AUTHORITY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

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MALTA STATISTICS AUTHORITY BOARD

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22 November, 2005

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 2004 to 30 September 2005 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 2004/2005 were discussed and approved by the Board on 21 November 2005. I am also highlighting some of the salient items 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

As pointed out in last year's report, Malta's membership in the European Union posed considerable challenges to the National Statistics Office. Indeed, new socio-economic indicators compiled according to Eurostat's methodologies had to be introduced. Most of these are governed by EU directives and have to be supplied on a monthly basis. One may refer to the Harmonised Index of Consumer Prices, the Labour Force Survey and the quarterly National Accounts aggregates by way of example. These new responsibilities imposed by the statistical Acquis necessitated new resources and the assistance by foreign experts.

The Authority had the opportunity to examine and discuss these new programmes and is satisfied with the way the National Statistics Office is endeavouring to meet these challenges. In this respect, the year under review was a successful one. The administrative report which has been submitted by the Director-General of the NSO bears witness to the vast work that has been accomplished during the year.

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 2004/2005.

Most of the time has been devoted to presentations and discussion on new or reformed methodologies. The Board assisted to frequent presentations 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 pertinent EU directives as well as the country's obligations as determined by Eurostat under the statistical Acquis.

Several issues concerning the requirements of local institutions and the quality of statistical information 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 official statistical system comprises all those public and private organisations that provide and themselves make use of statistical information. The demand for such information is on the increase both from Eurostat and from private and public entities. On the other hand, the Board is conscious of the heavy burden that requests for data are exerting on the suppliers of such information. On several occasions, the Board discussed 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, standing committees were set up between the NSO, the Central Bank of Malta, the ETC and the Economic Policy Division of the Ministry of Finance in order to establish a

sound system of cooperation regarding the provision of relevant data, the collection of which is the competence of these Bodies.

Quality and reliability

The need for a sensible trade-off between quality and timeliness of official statistics is still an issue that is debated in international and local fora. Moreover, the issue of duplication of effort was a priority on the Board's agenda during the year. Indeed, 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. Within the local context, this issue is of primary importance.

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. In addition an IMF Mission has recently been in Malta to examine the methodologies used in the production of official statistics. The draft report points to a sound and reliable system that is being operated within NSO. It is the intention to publish the final report of this Mission that spent a fortnight reviewing the work of NSO as soon as it is available.

Timeliness

The publication of the salient economic aggregates like the Gross Domestic Product, the Balance of Payments, Trade, the Labour Supply, Monetary developments and the Inflation Index is regulated by several EU directives that have to be strictly observed by the NSO. The timeliness of these aggregates provides an essential measure for monitoring the performance of the economy and, at the same time, to compare it with that of other countries.

The Board is pleased to note that these aggregates are being accepted as 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 scheduled in the news releases calendar.

Official statistics in Malta constitute a sensitive area and the strict observance of a monthly statistics releases calendar has been deemed a significant achievement during the last two years. 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.

Dissemination of Statistical Information

In this regard, one has to record that during 2005, the number of statistical releases is expected to reach 279 or an average of 5.4 every week, compared to 249 releases issued during 2004. Moreover, the Library and Information Unit dealt with some 1,300

requests for information. Other requests for information are satisfied by the different statistical units within the Office. In addition, fourteen full publications were issued or will be issued later on in the year, 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 related 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 concurrently with the signing of the Accord on Industrial Relations and is composed of representatives of the social partners. Its main functions are to discuss the monthly Retail Prices Index prior to its publication, as well as other factors that contribute towards inflationary pressures.

During the past twelve months this Advisory Committee met twelve times.

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 information of official statistics 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 and healthy 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.

Census

The main challenge during 2004 has been the introduction of Intrastat, which is the system for collecting, classifying and recording statistics on merchandise trade within the European Union. The principal challenge during 2005 has been the organisation of the 2005 Census of Population and Housing. Apart from the vast organisational activities involving the recruitment of over one thousand part-time enumerators, a lot of work had to be done in connection with the recording of the census information and the inputting and production of the pertinent information collected during the census. The IT Unit was deeply involved in this.

The Census management and Data Entry System has been developed to cater for the management and data entry processes of all census questionnaires. It is hoped that the census results will be available earlier than usual.

Survey on Income and Living Conditions

The EU Commission has attached great importance to social indicators that are being compiled by the Income and Living Conditions Survey (SILC) that has replaced the European Community Household Panel (ECHP). Following a pilot survey undertaken in 2004, the SILC is now providing a set of indicators on income, poverty and social exclusion to enable the formulation of socio-economic indicators as indicated in the Laeken list. Priority is given to this instrument both at national and at EU level.

This ongoing survey is worked out using harmonised definitions and methodologies established by Eurostat. Apart from providing valuable information on the changing characteristics of Malta's demography at national level, the information obtained through this research will allow the compilation of reliable comparative indices on incomes, poverty and social exclusion.

The Board noted with satisfaction the positive response of households to this longitudinal research project.

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.

The survey is the only source of information on the number of tourists visiting Malta, tourist markets, average number of nights stayed as well as type of accommodation. It provides also a classification of total 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. New tables incorporating the three approaches to the estimation of the Gross Domestic Product were published 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.

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 as requested by Eurostat. 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). Such data are also being published on a quarterly basis.

Information Technology

During the past year, the NSO continued to strengthen its IT Unit in order to lessen its reliance on outside support, particularly the services provided by MITTS although cooperation with this Company was maintained throughout the year. During the period under review several joint projects were concluded. These included the creation of new software for direct reporting of Balance of Payments transactions, Intrastat and Extrastat, the Survey on Income and Living Conditions and the Inbound Tourism Survey.

The Computer Aided Telephone Interviewing system (CATI) that was introduced during the previous year was instrumental in the gathering of information in respect of several surveys.

In addition, the CATI was commissioned by a number of local private and public entities to carry out telephone surveys on their behalf.

The NSO website was enhanced while work on the implementation of Eurostat's EDAMIS programme was taken in hand.

However, the biggest challenge of the IT Unit during the last year was its involvement in the preparation of the Census of Population and Housing 2005.

Staff

The NSO had 141 staff members, 61 men and 80 women, on its books as at end September 2005. This number included 14 in the managerial grade and 35 statisticians. The Board is pleased to record that 40 per cent of the NSO staff complement are graduates. Besides these, there are also 18 members of the staff 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 through the pursuit of higher academic qualifications.

Training

Staff training is a priority item on the agenda of all statistical institutions. An intensive training programme was introduced in 2003 and was followed up during 2005. Moreover, attendance at the more important Eurostat meetings has been maintained during the period under review. This participation contributes directly towards the upgrading of existing methodologies and the harmonization of our statistical system.

The NSO report makes reference to the various meetings organised by Eurostat and attended by the staff.

Research and Methodology

During the past year, the Research and Methodology Unit of the NSO was further developed and strengthened. The section provided the necessary methodological assistance to other Units particularly in the analysis of new surveys' results. It has also designed and launched a cruise passenger survey at the cruise passenger terminal and continued with the design and questionnaire of the Survey on Income and Living Conditions (SILC).

In addition, the Unit undertook consultancy services and research work for third parties. These included a survey on bird trapping, a perceptions survey on pension reform, a survey on visitors to historical sites and a continuous TV and radio audience survey.

At present, the Unit is concentrating on the organisation of the Census.

Future initiatives

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

- The primary challenge for the coming year will be the recording and analysis of the results of the Population and Housing Census. This is a complex exercise and will involve the participation of several units of the NSO.
- Following the successful implementation of the pilot survey on Income and Living Conditions, the NSO will study the possibility of introducing an on going Household Budgetary Survey. This will make it possible to revise the weighting frame of the Retail Price Index every year (if deemed necessary) and will enhance the existing information on households consumption expenditure for National Accounts purposes.
- Both the Labour Force Survey and the Harmonised Index of Consumer Prices will continue to be carried out on a monthly basis. This will require the strengthening of these units. In addition, the NSO will continue with its SILC programme.
- Following the successful compilation of the Gross Domestic Product through the Production approach, attention will continue to be focused on the exhaustiveness of the Gross Domestic Product.
- As pointed out in previous reports, 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 still precluding the Office from resorting to further recruitment to reinforce certain units. One such Unit is the Environment, Energy and Regional Statistics Unit. Statistics on the Environment and Energy generation and use need to be further developed if the NSO is to satisfy requests for such information.
- 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 established releases 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.
- The Authority and the NSO will continue to study ways and means to avoid duplication of effort, to rationalise the demand for statistical data from its main suppliers in order to lessen the clerical burden on 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.

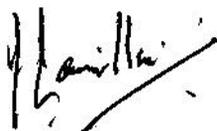
Acknowledgements

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 thank the staff of the Office for their work during the year covered by the report.

Our thanks are also due to the 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 24. 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 2005 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
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Ta' Xbiex MSD 11
Malta

21 November 2005

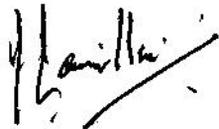
Income and expenditure account

	Note	2005 Lm	2004 Lm
Income	3	1,374,533	1,342,397
Expenditure		(1,347,202)	(1,321,228)
		<hr/>	<hr/>
Surplus for the year before taxation	4	27,331	21,169
Taxation	5	43	117
		<hr/>	<hr/>
Surplus for the year		27,288	21,052
		<hr/>	<hr/>

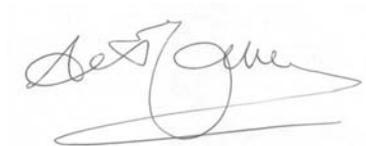
Balance sheet at 30 September

	Note	2005 Lm	2004 Lm
Non-current assets			
Tangible fixed assets	6	160,690	159,200
Financial asset	7	499	499
		<hr/>	<hr/>
		161,189	159,699
		<hr/>	<hr/>
Current assets			
Stocks	8	22,023	21,354
Debtors	9	88,956	85,508
Cash at bank and in hand		121,502	24,443
		<hr/>	<hr/>
		232,481	131,305
Creditors: amounts falling due within one year	10	250,100	152,543
		<hr/>	<hr/>
Net current liabilities		(17,619)	(21,238)
		<hr/>	<hr/>
Total assets less current liabilities		143,570	138,461
Creditors: amounts falling due after more than one year	11	52,985	75,164
		<hr/>	<hr/>
Net assets		90,585	63,297
		<hr/>	<hr/>
Reserves			
Retained funds		90,585	63,297
		<hr/>	<hr/>

The financial statements on pages 11 to 24 were approved on 21 November 2005 and were signed by:



Chairman



Member

Statement of changes in net assets/equity

	Retained funds Lm
At 30 September 2003	42,245
Surplus for the year	21,052
	—————
At 30 September 2004	63,297
Surplus for the year	27,288
	—————
At 30 September 2005	90,585
	—————

Cash flow statement

	Note	2005 Lm	2004 Lm
Operating activities			
Cash generated from/(absorbed by) operations	12(a)	136,537	(39,533)
Tax paid		(43)	(117)
		<hr/>	<hr/>
Net cash from/(used in) operating activities		136,494	(39,650)
		<hr/>	<hr/>
Investing activities			
Payments to acquire tangible fixed assets	12(b)	(39,722)	(21,931)
Interest received		287	778
		<hr/>	<hr/>
Net cash used in investing activities		(39,435)	(21,153)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		97,059	(60,803)
Cash and cash equivalents at beginning of year	12(c)	24,443	85,246
		<hr/>	<hr/>
Cash and cash equivalents at end of year	12(c)	121,502	24,443
		<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 on an accrual basis.

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 grants represent the net book value of assets supplied by the EU and grant agreements. The grant referring to the assets is deferred and transferred to the income and expenditure account in equal parts over the expected useful lives of the related assets. The grant agreements are also deferred and transferred to the income and expenditure account when the enterprise has complied with the conditions attaching to them.

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

	2005	2004
	Lm	Lm
Government subvention		
- direct: paid to MSA	1,103,600	1,023,950
- indirect: expenses paid by Ministry	114,434	132,993
- census	10,000	-
National Programme for the Adoption of the Acquis funds	-	86,522
Government grant	10,788	16,322
EU grants		
- depreciation allowance	11,391	11,391
- grant agreements	28,052	-
Sale of publications	24,772	27,914
Other income	70,845	43,122
Realised gain on exchange	651	183
	<hr/>	<hr/>
	1,374,533	1,342,397
	<hr/>	<hr/>

4 Surplus for the year before taxation

	2005	2004
	Lm	Lm
Surplus for the year before taxation is stated after charging:		
Board members' remuneration	16,000	16,000
RPI Board members' remuneration	4,220	3,845
Staff costs	958,382	930,966
Auditors' remuneration	230	220
Depreciation	49,623	56,466
	<hr/>	<hr/>

5 Taxation

	2005	2004
	Lm	Lm
Malta income tax:		
Final withholding tax at 15%	43	117
	<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 2004	91,439	215,449	107,797	70,599	13,412	498,696
Additions	17,491	14,354	14,748	4,520	-	51,113
	-----	-----	-----	-----	-----	-----
At 30 September 2005	108,930	229,803	122,545	75,119	13,412	549,809
	-----	-----	-----	-----	-----	-----
Depreciation						
At 1 October 2004	8,260	185,927	79,234	53,823	12,252	339,496
Charge for the year	2,179	25,188	13,947	7,149	1,160	49,623
	-----	-----	-----	-----	-----	-----
At 30 September 2005	10,439	211,115	93,181	60,972	13,412	389,119
	-----	-----	-----	-----	-----	-----
Net book value						
At 30 September 2005	98,491	18,688	29,364	14,147	-	160,690
	-----	-----	-----	-----	-----	-----
At 30 September 2004	83,179	29,522	28,563	16,776	1,160	159,200
	-----	-----	-----	-----	-----	-----

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 Financial asset

	2005 Lm	2004 Lm
499 ordinary shares of Lm1 each, fully paid in Centre for Socio-Economic Research Company Limited representing 99.8% holding	499	499
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Notes to the financial statements (continued)

8 Stocks	2005	2004
	Lm	Lm
Books and publications	15,733	14,763
Stationery	6,290	6,591
	<hr/>	<hr/>
	22,023	21,354
	<hr/>	<hr/>
9 Debtors	2005	2004
	Lm	Lm
Trade debtors	81,065	15,505
Prepayments and accrued income	7,891	70,003
	<hr/>	<hr/>
	88,956	85,508
	<hr/>	<hr/>
10 Creditors: amounts falling due within one year	2005	2004
	Lm	Lm
Trade creditors	53,642	25,970
Other creditors	408	7,626
Accruals and deferred income	196,050	118,947
	<hr/>	<hr/>
	250,100	152,543
	<hr/>	<hr/>
11 Creditors: amounts falling due after more than one year	2005	2004
	Lm	Lm
Grants (note)	75,164	102,877
Less: amounts transferred to income and expenditure account	(22,179)	(27,713)
	<hr/>	<hr/>
	52,985	75,164
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Notes to the financial statements (continued)

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

Note -

Grants

	Government grant	European Union grant	Total
	Lm	Lm	Lm
Cost			
At 1 October 2004/ 30 September 2005	167,309	33,461	200,770
	-----	-----	-----
Amortisation			
At 1 October 2004	105,105	20,501	125,606
Amounts transferred to income and expenditure during the year	10,788	11,391	22,179
	-----	-----	-----
At 30 September 2005	115,893	31,892	147,785
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Balance			
At 30 September 2005	51,416	1,569	52,985
	-----	-----	-----
At 30 September 2004	62,204	12,960	75,164
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Notes to the financial statements (continued)

12 Notes to the cash flow statement

(a) Cash generated from/(absorbed by) operations

	2005 Lm	2004 Lm
Surplus for the year before taxation	27,331	21,169
Adjustments for:		
Depreciation	49,623	56,466
Government grant transferred to income and expenditure account	(22,179)	(27,713)
Interest receivable	(528)	(340)
Non-cash additions to fixed assets	-	(6,723)
	<hr/>	<hr/>
Surplus before working capital changes	54,247	42,859
(Increase)/decrease in stocks	(669)	164
Increase in debtors	(3,207)	(25,357)
Increase/(decrease) in creditors	86,166	(57,199)
	<hr/>	<hr/>
	136,537	(39,533)
	<hr/>	<hr/>

(b) Tangible fixed assets

During the year, the Authority acquired fixed assets with an aggregate cost of Lm51,113. Cash payments of Lm 39,722 were made during the year.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2005 Lm	2004 Lm
Cash in hand	100	3
Cash at bank	121,402	24,440
	<hr/>	<hr/>
	121,502	24,443
	<hr/>	<hr/>

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 2005 and 2004, 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 2005 and 2004, the fair values of financial assets and liabilities were not materially different from their carrying amounts.