

# **MALTA STATISTICS AUTHORITY**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**



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## **MALTA STATISTICS AUTHORITY BOARD**

### **Chairman**

Mr Reno Camilleri B.Sc.Econ.(Lond.),D.P.A.,M.B.I.M.

### **Secretary to the Board**

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

### **Members**

Dr Gordon Cordina B.A.(Hons.),M.Phil.(Cantab) Ph.D, Director General, NSO (*ex officio*)

Mr E.P.Delia M.A.(Econ.), M.Litt.(Oxon.)

Prof. Edward Zammit B.A.,M.Litt.,D.Phil

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





15 December 2006

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 2005 to 30 September 2006 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 2005/2006 were discussed and approved by the Board on 13 November 2006. 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**

As pointed out in previous reports, EU membership continues to pose considerable challenges and opportunities to the National Statistics Office (NSO). The NSO assumed new responsibilities in line with the statistical Aquis and continued to update and introduce new methodologies as determined by EU regulations.

During the year under review, the NSO was assisted by foreign experts to review its methodologies in the fields of National Accounts, Government Finance, Balance of Payments and Labour Market survey data.

The Office met its international obligations and transmitted data within the established time frames.

## **Transition Facilities**

The NSO has received financial assistance under the 2004 Transition Facility in order to continue with its institution-building programme. The Office is benefiting both through the TF Multi-beneficiary programme and under the TF National programme. Under the former programme the NSO has received financial assistance of nearly EUR 500,000 while another EUR 300,000 will be utilised in the near future to introduce projects mainly dealing with the national accounting system, the labour market, health statistics and the environment.

Appreciation of the extent and quality of this work has been demonstrated by the MSA Board during its monthly meetings.

## **Director General**

Following the appointment of Mr Alfred Camilleri, the former Director General of the National Statistics Office, as Permanent Secretary in the Ministry of Finance, Dr Gordon Cordina assumed the duties of Director General of the NSO on 7 August 2006.

Dr Cordina was appointed Director General following a public call for applications for the filling of the post. The Malta Statistics Authority made the appointment on the recommendation of an independent selection Board set up by the same Authority that recommended Dr Cordina for the position of Director General.

Dr Cordina holds a Doctorate in Economics and was a lecturer in the Department of Economics of the University of Malta. He was formerly a Research Manager in the Central Bank of Malta. Dr Cordina is also the author of several publications on economics and statistics.

At a Press Conference held on 7 September 2006, the new Director General met members of the media and explained to them his vision for the future development of the Office.

## **Meetings**

Although in terms of sec 6 (2) of the Statistics Act, the Board is required to meet at least twice every calendar quarter, the Board met twelve times during 2005/2006. The vast statistical programme of activities undertaken by the National Statistics Office during the past year, the need to review existing methodologies as well as the selection of a new Director General for the NSO, necessitated more frequent meetings.

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.

## **Users' needs**

The local demand for statistical information was monitored during the Board's meetings. Users' needs and their perception of the relevance and quality were discussed during meetings with the Constituted Bodies. The level of response by providers of data as well as the workload involved in the production of information were issues that attracted the attention of the Board during the last year.

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 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, standing committees were set up consisting of representatives of the NSO, the Ministry of Finance, the Central Bank of Malta, the ETC and the main public enterprises with a view to establish a sound system of cooperation regarding the provision of relevant data, the collection of which is the competence of these Bodies.

The sharing of information was a priority issue during the year and resulted in more efficiency and savings on resources. More work in this direction will be undertaken during 2007 after meetings with the MCESD and other Constituted Bodies.

## **Code of Practice**

On 25 May 2005, the EU Commission promulgated a new Code of Practice for European Statistics. The document sets out fifteen key principles for the production and dissemination of European official statistics and the institutional environment under which the National and Community Statistical Authorities operate. The Code of Practice focuses on the independence, integrity and accountability of these statistical authorities and is based on international, European and national standards and principles related to ethical behaviour, quality and good practices of official statistics.

The new Code of Practice may be regarded as a useful complementing guide to ‘The Fundamental Principles of Official Statistics’ that were approved by the Conference of European Statisticians (CES) in 1992 and adopted by the UN Social Economic Council in 1994. This document has been regarded as a significant benchmark in the history of European statistics.

The Code of Practice is being strictly observed by the Malta Statistics Authority and by the Office.

## **Quality and reliability**

The issue of duplication of effort was a priority on the Board’s agenda during the year. 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 by Eurostat on the high quality of the data that are being regularly submitted to the EU statistical Office by the NSO.

## **Timeliness of data**

A constant high-priority issue on the NSO agenda has been the release of the main social and economic aggregates like the Gross Domestic Product, the Balance of Payments, Trade, the Labour Supply, Government Finance and the Inflation Index, on a regular and timely basis. This aspect of official data has been emphasised in the European Code of Practice. 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 solve problems in 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 Release Calendar.

## **Dissemination Activities**

Issues of News Releases followed the pre-announced Calendar during the year. In this regard, the number of News Releases is expected to reach 296 in the year being reviewed. This translates into an average of five releases per week. Furthermore, the Library and Information Unit dealt with some 1,300 requests for information. In addition, ten full publications were issued, some of them in CD-ROM.

Press coverage was extensive and covered the main areas of economic and social activities.

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.

## **Special Data Dissemination Standards**

The NSO has been in the process of upgrading its metadata that includes methodological information, references to the pertinent regulations governing the production of certain indicators, as well as various dissemination formats. The intention is to satisfy the IMF's SDDS requirements in order to have social and economic information accepted and published in an internationally harmonised manner.

## **The Retail Price Index Advisory Committee**

The Retail Price Index Advisory Committee that replaced the RPI Management Board established in 1998, was set up under Section 33 of the Statistics Act. The Committee is composed of representatives of the social partners and its main function is to discuss the monthly changes in the Retail Price 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.

## **Harmonised Index of Consumer Prices**

The Harmonised Index was launched by the EU in 1997 in the context of the EMU convergence criteria under the Maastricht Treaty. The Index 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 on a monthly basis and submit the results to Eurostat.

The HICP has lately been the subject of an audit by Eurostat officials who were satisfied that the Index is being compiled according to the established international methodology.

### **Census of Population and Housing 2005**

The organisation of a Census of Population and Housing may be considered as the most comprehensive exercise carried out by the NSO during the period under review. This necessitated the setting up of two coordinating groups, one of NSO officials and the other consisting of officials from MITTS to discuss and organise all activities dealing with methodological, logistical, IT and communications aspects of the Census.

Preliminary and provisional results have already been published. It is envisaged that all results as well as an analysis of demographic changes during the last ten years will be released early next year.

### **The Media**

The Authority and the NSO have maintained good relations with the media through a constant liaison with reporters and correspondents by responding to their requests for new information and clarifications of technical terms.

The Board of the Authority and the NSO have always been united in their view of the media as essential to the transmission and dissemination of the statistical output of the Office.

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.

Methodological issues were also explained through articles and participation in radio and television programmes. The communication of official data will be further developed during 2007. This will be in line with the EU Commission's information campaign to dialogue as much as possible with the citizen.

### **Survey on Income and Living Conditions**

Reference was made in last year's report to the undertaking of a pilot Survey on Income and Living Conditions (SILC) among households. The SILC is intended to provide a set of indicators on income, poverty and social exclusion. The full survey was conducted in 2006 covering a sample of 4,500 households, with reference year 2005. Derived indicators were sent to Eurostat to allow analytical comparisons with Member States. Results are expected to be published towards the end of 2006.

The Board noted with satisfaction the positive response of households to carry out this longitudinal survey on a yearly basis as required by EU directives.

### **Cruise Passengers in Transit Survey (Cruistat)**

Following the successful launch of the Outbound Passenger Survey (Tourstat), the NSO has focused on another survey dealing with cruise passengers. This was necessitated by the lack of adequate information on expenditure by cruise passengers and the prospects of a considerable increase in this line of activity. This survey is based on the personal interview method and is carried out by a number of trained interviewers among tourists who choose to spend some time in Malta.

The MSA Board appreciates the assistance of VISET in this regard.

### **National Accounts**

Last year's report outlined the progress registered in adopting the European System of National Accounts (ESA 95). Several new statistical classifications have been introduced. The GDP estimated through the use of three approaches has been published on a quarterly and annual basis. At the same time, the FISM contribution to GDP was allocated and included within the various sectors.

The National Accounts Unit concentrated on the compilation of new weights for the annual Purchasing Power Parities (PPP) exercise on sectoral accounts with particular reference to capital stock and formation and Supply and Use Tables (SAT). With the cooperation of several organisations, the National Accounts Unit managed to establish the basis for the introduction of new specific accounts such as those relating to Health, Insurance and Financial Services.

The work of the Unit was also reviewed during four visits made by experts from Eurostat.

### **Public Finance**

With the cooperation of the Treasury and the Central Bank of Malta, within the context of the Government Finance Committee, 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 EU Commission.

A more detailed analysis of General Government expenditure has been introduced by gradually extending the COFOG classification to a two-digit level. At the same time, the Government Finance Unit proceeded with the compilation of the Social Protection accounts in accordance with the European System of Social Protection Statistics (ESSPROS) for the years 1995-2005.

## **Information Technology**

During the past year, the NSO continued to strengthen its IT Unit and maintain an extensive computerisation programme. Apart from satisfying the demand for IT applications for the Population Census and other newly-introduced surveys, it executed other projects linked with the euro changeover process.

More use was made of the Computer Aided telephone interviewing system. The System permitted the undertaking of several requests from private organisations to organise surveys on their behalf.

## **Staff**

The NSO retained the same number of employees as last year (141). The Board is pleased to record that 36 per cent of the NSO staff complement are graduates. Twenty staff members hold a Masters degree. There are also other members who are currently 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. These events are also important for the upgrading of existing methodologies and the harmonisation of our statistical system.

Staff training is a priority item on the agenda of all statistical institutions. The NSO Annual Report makes reference to the various initiatives undertaken in this regard.

## **Future initiatives**

The following are some of the initiatives that will either be introduced or will continue to be developed in the coming year:

- During 2007, the NSO will initiate a new Household Budgetary Survey. Among other things, this exercise will update the weighting frames of the Retail Price Index and the Harmonised Index of Consumer Prices and will enhance the estimation of consumption expenditure for national income purposes;
- The NSO plans to introduce a Producer Price Index in 2007. This will provide a short-term indication of competitiveness and inflation developments, and can be used to enhance the deflation process for National Accounts purposes;
- 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. The ESA may also be due for some revisions. Eurostat's vision is directed towards further

harmonisation of methodologies with the aim of bringing them more in line with those of other countries outside the EU;

- As pointed out earlier in the 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;
- More training on basic survey techniques will be provided in the coming months. During the past years, relations with the University have been enhanced and it is envisaged that a course leading to an academic qualification in official statistics will be proposed in 2007;
- The NSO will continue to honour its commitment to adhere to the Advanced Release Calendar of statistical information in the main statistical areas. At the same time, it will maintain 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 concentrate on the adoption of new strategies in data collection in order to avoid duplication of effort and to rationalise the demand for statistical data from its main suppliers, thus lessening response burdens;
- 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 in accordance with the European Code of Practice;
- 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 is credible, reliable and unbiased.

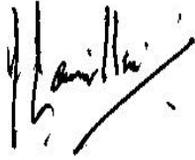
### **Acknowledgements**

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

During the year, the Chairman of the MSA Board and the Director General of the NSO had the pleasure to welcome the President of the Republic, the Prime Minister, the Leader of the Opposition and the Parliamentary Secretary for Finance in the Office of the Prime Minister on the occasion of official visits to the Office.

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 and showed appreciation of the efforts being done by the MSA and the NSO to give Malta an efficient and reliable statistical service.

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

A handwritten signature in black ink, appearing to read 'Reno Camilleri', with a long, sweeping 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 13 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 2006 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

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7 December 2006

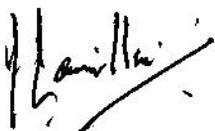
## Income and expenditure account

	Note	2006 Lm	2005 Lm
Income	3	1,918,736	1,374,533
Expenditure		(1,851,907)	(1,347,202)
		_____	_____
Surplus for the year before taxation	4	66,829	27,331
Taxation	5	59	43
		_____	_____
Surplus for the year		66,770	27,288
		_____	_____

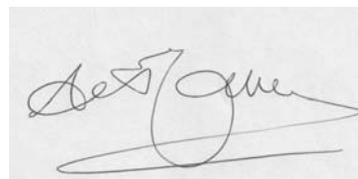
## Balance sheet at 30 September

	Note	2006 Lm	2005 Lm
<b>Non-current assets</b>			
Property, plant and equipment	6	182,613	160,690
Financial asset	7	499	499
		<hr/>	<hr/>
		183,112	161,189
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	8	24,120	22,023
Debtors	9	136,892	88,956
Cash at bank and in hand		213,391	121,502
		<hr/>	<hr/>
		374,403	232,481
<b>Creditors: amounts falling due within one year</b>	10	351,107	250,100
		<hr/>	<hr/>
<b>Net current asset/(liabilities)</b>		23,296	(17,619)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		206,408	143,570
<b>Creditors: amounts falling due after more than one year</b>	11	49,053	52,985
		<hr/>	<hr/>
<b>Net assets</b>		157,355	90,585
		<hr/>	<hr/>
<b>Reserves</b>			
Retained funds		157,355	90,585
		<hr/>	<hr/>

The financial statements on pages 13 to 24 were approved on 7 December 2006 and were signed by:



Chairman



Member

## Statement of changes in net assets/equity

	<b>Retained funds Lm</b>
At 30 September 2004	63,297
Surplus for the year	27,288
	—————
At 30 September 2005	90,585
Surplus for the year	66,770
	—————
At 30 September 2006	<b>157,355</b>
	—————

## Cash flow statement

	Note	2006 Lm	2005 Lm
<b>Operating activities</b>			
Cash generated from operations	12(a)	154,951	136,537
Tax paid		(59)	(43)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>154,892</b>	136,494
		<hr/>	<hr/>
<b>Investing activities</b>			
Payments to acquire property, plant and equipment	12(b)	(63,599)	(39,722)
Interest received		596	287
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(63,003)</b>	(39,435)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>91,889</b>	97,059
Cash and cash equivalents at beginning of year	12(c)	121,502	24,443
		<hr/>	<hr/>
Cash and cash equivalents at end of year	12(c)	213,391	121,502
		<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 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.

### Property, plant and equipment

Items of property, plant and equipment 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

	2006	2005
	Lm	Lm
Government subvention		
- direct: paid to MSA	1,077,750	1,103,600
- indirect: expenses paid by Ministry	98,718	114,434
- census	515,000	10,000
Government grant	2,363	10,788
EU grant	1,569	11,391
EU grant agreements	184,222	28,052
Sale of publications	10,578	24,772
Other income	28,158	70,845
Realised gain on exchange	378	651
	<hr/>	<hr/>
	1,918,736	1,374,533
	<hr/>	<hr/>

### 4 Surplus for the year before taxation

	2006	2005
	Lm	Lm
Surplus for the year before taxation is stated after charging:		
Board members' remuneration	16,000	16,000
RPI Board members' remuneration	3,970	4,220
Staff costs	1,093,122	957,162
Auditors' remuneration	230	230
Depreciation	43,905	49,623
	<hr/>	<hr/>

### 5 Taxation

	2006	2005
	Lm	Lm
Malta income tax:		
Final withholding tax at 15%	59	43
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 6 Property, plant and equipment

	Improvements to premises Lm	Computer equipment Lm	Furniture & fittings Lm	Office equipment Lm	Motor vehicles Lm	Total Lm
<b>Cost</b>						
At 1 October 2005	108,930	229,803	122,545	75,119	13,412	549,809
Additions	9,800	34,135	8,603	7,449	5,841	65,828
	—	—	—	—	—	—
At 30 September 2006	118,730	263,938	131,148	82,568	19,253	615,637
	—	—	—	—	—	—
<b>Depreciation</b>						
At 1 October 2005	10,439	211,115	93,181	60,972	13,412	389,119
Charge for the year	2,375	25,282	9,452	5,628	1,168	43,905
	—	—	—	—	—	—
At 30 September 2006	12,814	236,397	102,633	66,600	14,580	433,024
	—	—	—	—	—	—
<b>Net book value</b>						
At 30 September 2006	<b>105,916</b>	<b>27,541</b>	<b>28,515</b>	<b>15,968</b>	<b>4,673</b>	<b>182,613</b>
	—	—	—	—	—	—
At 30 September 2005	98,491	18,688	29,364	14,147	-	160,690
	—	—	—	—	—	—

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

	2006 Lm	2005 Lm
499 ordinary shares of Lm1 each, fully paid in Centre for Socio-Economic Research Company Limited representing 99.8% holding	<b>499</b>	499
	—	—

## Notes to the financial statements (continued)

### 8 Stocks

	2006 Lm	2005 Lm
Books and publications	15,893	15,733
Stationery	8,227	6,290
	<u>24,120</u>	<u>22,023</u>

### 9 Debtors

	2006 Lm	2005 Lm
Trade debtors	62,556	81,065
Prepayments and accrued income	74,336	7,891
	<u>136,892</u>	<u>88,956</u>

### 10 Creditors: amounts falling due within one year

	2006 Lm	2005 Lm
Trade creditors	69,966	53,642
Other creditors	1,647	408
Accruals and deferred income	279,494	196,050
	<u>351,107</u>	<u>250,100</u>

### 11 Creditors: amounts falling due after more than one year

	2006 Lm	2005 Lm
Grants (note)	52,985	75,164
Less: amounts transferred to income and expenditure account	(3,932)	(22,179)
	<u>49,053</u>	<u>52,985</u>

## 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
<b>Cost</b>			
At 1 October 2005/ 30 September 2006	167,309	33,461	200,770
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<b>Amortisation</b>			
At 1 October 2005	115,893	31,892	147,785
Amounts transferred to income and expenditure during the year	2,363	1,569	3,932
	-----	-----	-----
At 30 September 2006	118,256	33,461	151,717
	-----	-----	-----
<b>Balance</b>			
At 30 September 2006	<b>49,053</b>	-	<b>49,053</b>
	-----	-----	-----
At 30 September 2005	51,416	1,569	52,985
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## Notes to the financial statements (continued)

### 12 Notes to the cash flow statement

#### (a) Cash generated from operations

	2006 Lm	2005 Lm
Surplus for the year before taxation	66,829	27,331
Adjustments for:		
Depreciation	43,905	49,623
Government and EU grants transferred to income and expenditure account	(3,932)	(22,179)
Interest receivable	(2,328)	(528)
	—	—
Surplus before working capital changes	104,474	54,247
Increase in stocks	(2,097)	(669)
Increase in debtors	(46,204)	(3,207)
Increase in creditors	98,778	86,166
	—	—
	<b>154,951</b>	<b>136,537</b>
	—	—

#### (b) Property, plant and equipment

During the year, the Authority acquired property, plant and equipment with an aggregate cost of Lm 65,828. Cash payments of Lm 63,599 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:

	2006 Lm	2005 Lm
Cash in hand	2,696	100
Cash at bank	210,695	121,402
	—	—
	<b>213,391</b>	<b>121,502</b>
	—	—

## 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 2006 and 2005, 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 2006 and 2005, the fair values of financial assets and liabilities were not materially different from their carrying amounts.