

MALTA STATISTICS AUTHORITY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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15 March 2010

The Hon. Tonio Fenech B.A.(Hons) Accty., F.I.A, C.P.A., M.P.
Minister of Finance, the Economy and Investment

Honourable Minister,

In accordance with Section 29 of the Malta Statistics Authority Act (XXIV of 2000), I am transmitting a copy of the report by the Director General on the activities of the National Statistics Office covering calendar year 2009, as well as a copy of the financial accounts of the Authority for the same period, duly certified by the auditors.

Both the report of the National Statistics Office and the audited financial statements for the year 1 January to 31 December 2009 were discussed and approved by the MSA Board during the meeting held on 9 March 2010.

General

The Malta Statistics Authority 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 co-ordination 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 MSA Board has a regulatory, supervisory and co-ordinating 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.

Adherence to the euro area

As has been observed in previous reports, EU membership offers challenges and opportunities to the NSO. Statistical demands by Eurostat, the statistical office of the EU Commission, are made from time to time and these have to be met by the statistical institutions of the Member States in accordance with the statistical *Acquis*. New statistical demands were forthcoming with Malta's entry into the euro area on 1 January 2008.

In order to meet its international obligations, the NSO was assisted by experts to review its practices in National Accounts, Price Indices and Short-term Business Statistics, to ensure adherence to European methodologies. In addition, the Office has succeeded in improving its data submissions to Eurostat particularly in the field of short-term industrial indicators. These new submissions of data were transmitted within the established time frames, and were included in the comparative monthly bulletins issued by Eurostat.

NSO officials attended most working groups organised by Eurostat, as described in further detail in this report.

DGINS Conference

On 1 October 2009, Malta hosted the annual conference of Directors General of EU Member States' Statistical Institutes. The theme chosen by Eurostat was "Migration: Statistical Mainstreaming". The Conference was opened by the Prime Minister of Malta and was attended by over 100 participants from 36 European countries.

Visits by His Excellency the President of the Republic and the Director General of Eurostat

His Excellency Dr George Abela, President of Malta, visited the NSO on 25 June 2009. His Excellency met members of the MSA Board and the NSO staff.

On 23 March 2009 Mr Walter Radermacher, Director General of Eurostat, visited the Office and had talks with the undersigned and the NSO management. The talks focused on the application of specific EU statistical legislation to Malta.

MSA Board Meetings

In terms of Section 6(2) of the MSA Act, the Board is required to meet at least twice every calendar quarter. During the period covered by the report, the Board met twelve times.

The statistical activities undertaken by the NSO during 2009 were duly supervised. The quarterly management accounts were submitted to the Board by the Director General and discussed. The need to review existing methodologies and the

recruitment of new staff were also important items on the agenda of most meetings of the MSA Board. Selection Boards to recruit staff at all levels were chaired by Board members.

As in past years, the Board kept the production and quality of statistical data under constant review. A number of NSO unit managers were invited to attend Board meetings to explain methodological issues. Special attention was given to revisions of the main statistical aggregates carried out by the NSO during the year.

Several presentations were also made particularly on national accounts issues, the Household Budgetary Survey results and the introduction of a new weighting frame in the Retail Price Index and the Harmonised Index of Consumer Prices.

MSA Website

During the year under review, extensive preparations were underway for an official website for the Malta Statistics Authority. The website, with a link to the NSO official website, was launched early in 2010 (www.msa.gov.mt). The Board, following a recommendation by the Director General, recognised the need to have its own website in view of its distinct legal entity, rather than making use of the NSO website.

Staff

At the end of 2009, the NSO had 150 employees on its books, with 1.8 females for every male.

The MSA Board is pleased to report that over 50 per cent of NSO staff members are graduates. Several of these also hold a Masters degree while other members are currently reading for a post-graduate degree or diploma. The intention is to further improve the general professional level of the staff, particularly through participation in specialised meetings and workshops organised by Eurostat and other international organisations.

Indeed, NSO staff attended 196 workshops and meetings abroad during 2009. This involved 395 working days and a financial burden on NSO to the tune of €116,000.

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 particularly in statistical and methodological issues, ICT-related subjects, and management issues.

Grant-based Projects

As in previous years, several new projects were undertaken by the NSO. There were 19 projects, partly financed from EU funds, awarded during 2009. These included pilot studies in the water and energy statistical sectors, in agriculture, in the introduction of NACE Rev. 2 in national accounting and in the environment.

Other projects involved new statistical programmes in the social domain such as modules on reconciliation between work and family life and in ICT-related

programmes, such as research on ICT usage in households and by individuals, e-commerce and industry and ICT expenditure and investment.

Through EU financial support, further studies were carried out, such as on the harmonisation of price indices. At present some 17 are in hand, involving around €300,000 by way of EU funding.

The Office has also filed applications for financial assistance to initiate other projects during 2010.

Users' Needs

The local demand for statistical information continued to increase. Users' needs were discussed during meetings with them on specific statistical topics.

The level of response by data providers and the workload involved in the production of information were issues that continued to be discussed during MSA Board meetings.

Response Burden

In the opinion of the Board, response burden has become a pressing issue that must continue to be addressed in the current year. In such a small country like Malta, where several business establishments have to be asked to complete questionnaires every month, the response burden has to be carefully considered whenever the NSO is required to provide additional information. The Board has been 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 of data providers.

In 2009, the NSO embarked on the implementation of a report commissioned during 2008 that contained ways and means of avoiding duplication of requests for information during surveys and to make use of administrative records for the extraction of information. The NSO is presently making some use of administrative registers for the extraction of data. The Board is pleased to observe that the NSO carried out talks with the Better Regulation Unit at OPM in this regard.

In addition, standing committees were set up consisting of representatives of the NSO, the Ministry of Finance, the Economy and Investment, the Employment and Training Corporation and the main public entities, with a view to establishing a sustained level of co-operation regarding the provision of relevant data, the collection of which is the competence of these bodies.

The memorandum of understanding with the Central Bank of Malta was renewed during 2009 and a standing committee meets regularly to review developments in economic statistics.

In this respect, the MSA would like to acknowledge the support of various ministries and departments, particularly the Ministries of Finance and Social Policy, and the Inland Revenue and VAT departments.

It is clear, however, that micro data should be forthcoming from the competent administrative sources to enable the NSO to lessen the response burden on data providers.

Code of Practice

The European Statistics Code of Practice promoted by Eurostat in 2005 continued to be observed. The document sets out 15 key principles for the production and dissemination of European official statistics. It focuses on the independence, integrity and accountability of these statistical authorities, and emphasises the standards and principles governing ethical behaviour, quality and good practices in official statistics that have to be observed by National Statistical Institutes.

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

Quality and Timeliness of Data

The Code of Practice is also intended to ensure good-quality data and this issue has been on the agenda of the MSA Board during 2009. Although duplication of effort resulting in waste of human resources is a priority item, the Board was vigilant in ensuring that this rationalisation of resources would not compromise 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 organisation.

The Board is also satisfied that the publication of the main social and economic aggregates was regular and timely, in accordance with the advance release calendar.

Although the main statistical indicators are compiled and published within a relatively short period of time, they show reliable trends of economic performance. Their relevance is gaining in importance, more so in present times. One should emphasise that timely and good-quality statistics are sometimes difficult to compile without the full support and continued assistance of data providers. Every effort is being made to abide by professional standards in the compilation and dissemination of the main socio-economic indicators and to explore further the use of administrative data as detailed in the NSO annual report.

The Board is also pleased to note that the NSO has succeeded in meeting its obligations with regard to the transmission to Eurostat of the main socio-economic indicators within the prescribed periods.

Dissemination Activities

One of the functions of the NSO is to provide users with all the socio-economic data essential for a proper and complete assessment for decision-making. In this regard, every statistical institution may be regarded as pivotal to the economy.

During 2009, the NSO issued 236 news releases. These translate into an average of more than four releases per week. As from January, releases were revamped with

particular attention given to definitions and methodological notes at the end of each release.

Furthermore, the Information Services unit dealt with some 1,420 requests for information. In addition, nine statistical publications were issued, some of them in CD-ROM.

The MSA Board notes with great satisfaction that press coverage of statistical releases was extensive. One is also gratified to record that very often press reviews on the release of data were published online within minutes of the release time by the NSO.

Publications by the NSO, Eurostat, international organisations and other EU statistical offices are accessible to the public at the Office's library. The NSO website contains all publications issued in full text and in real time. These are accessible to the public free of charge.

In this context, one should make special reference to Malta's subscription to the IMF's Special Data Dissemination Standard (SDDS) on 1 December 2009. A number of metadata documents have been prepared and are available on the IMF website together with an advance calendar of releases.

Towards the end of the year, a series of 13 television programmes entitled *Statistika għal Kulhadd* started being recorded for eventual transmission on two local channels: Education 22 and TVM. These programmes are intended to provide the general public with an insight on official statistics, their collection and compilation for publication.

The Retail Price Index Advisory Committee

The Retail Price Index Advisory Committee, replacing the RPI Management Board established in 1998, was set up under Section 33 of the MSA Act. The Committee is composed of representatives of the social partners and its main function is to analyse and 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 period under review, the Committee met every month.

During the last two Committee meetings, the preliminary results of the Household Budgetary Survey 2008/2009 were discussed. At the request of committee members, the NSO provided further information on the new weighting frame that was eventually introduced in the Retail Price Index in January 2010.

National Accounts

The Gross Domestic Product estimated through the three traditional approaches, was published on a quarterly and annual basis in accordance with the release calendar. These were accompanied by all the necessary explanations as envisaged in the Code of Practice.

Updates and validations were carried out for several NACE categories that included the manufacturing sector and some of the services sectors such as wholesale and retail trade, and real estate, renting and business activities.

During 2009, the national accounts were subject to a routine control visit by Eurostat. The visit focused on the resources and methods used in the estimation of the Gross National Income (GNI). The outcome of the visit was positive.

The obligations to transmit to Eurostat the quarterly GDP within the stipulated 70-day period were met.

Public Finance

Bi-annual tables on Malta's Excessive Debt and Deficit Procedure, as established by the Maastricht criteria, were submitted to the European Commission. The compilation of these statements is carried out with the co-operation of the Ministry of Finance, the Economy and Investment and the Central Bank of Malta.

Two publications were released during the year covering the compilation of the Social Protection accounts in accordance with the European System of Integrated Social Protection Statistics (ESSPROS). For the first time, the NSO published an analysis of social benefits by locality, illustrating trends in 44 social benefits during the period 2000-2008 in respect of the 68 localities comprising Malta and Gozo. This publication was given wide media coverage.

Balance of Payments

As was pointed out in last year's report, following the adoption of the euro on 1 January 2008, Malta was required to submit to the European Central Bank (ECB) a monthly statement of financial transactions between Malta and the rest of the euro area. Special attention was given to the compilation of the Balance of Payments on a monthly basis during 2009. The Office cooperated with the Central Bank of Malta in carrying out monthly surveys of the non-financial and financial sectors.

Two statements relating to the International Investment Position (IIP) were compiled and published. Statistics on foreign affiliates and portfolio investments were also collected.

More work was directed towards issues related to the classification of resident and non-resident companies.

Harmonised Index of Consumer Prices

The Harmonised Index of Consumer Prices, launched by the EU in 1997 in the context of the EMU convergence criteria under the Maastricht Treaty, is intended to allow price comparisons with other EU Member States. It is a legally binding arrangement and National Statistical Institutes are required to compile it on a monthly basis, and submit the results to Eurostat.

As in the case of the domestic price index, the HICP is also worked out on the basis of a new weighting frame resulting from the findings of the Household Budgetary

Survey. The NSO was assisted by a foreign expert in the introduction of new weights in the HICP.

During 2009, the Office extended the use of the hedonic method of quality adjustment to other items in the index and developed further the exercise related to economic estimates involving Purchasing Power Parities.

The Immovable Property index was also the subject of a joint task force set up by the NSO and the Central Bank of Malta to reconcile the indices produced by both institutions.

Industry and Trade Indicators

Attention was focused on a reorganisation of business statistics, particularly short-term indicators. At the same time, one has to acknowledge that more work is needed in this area in order to satisfy Eurostat's demand for such data. On the other hand, one should keep in mind the reduction of the response burden on enterprises.

In this context, one may also refer to the improvements that have been introduced in connection with the capture of data in relation to international trade. The Supplementary Declaration System (Intrastat), used to record trade transactions between Member States, and the Customs Electronic System (Extrastat), have been fully developed to ensure that monthly trade statistical releases are published on time.

Agriculture and Fisheries Statistics

During 2009, the Agricultural and Fisheries Statistics unit continued with a survey to build a mathematical model to establish the volume of water used in agriculture, after taking into account the type of crop and area, and other variables. The survey was spread over a year to capture seasonal factors.

The Unit, in co-operation with the Food and Veterinary Services within the Ministry of Resources and Rural Affairs, launched the Farm Accountancy Data Network (FADN) Survey.

Demographic and Social Data

Several surveys were carried out during 2009 in order to collect information covering demographic developments in the Maltese Islands, as well as data on culture and living conditions. The assistance extended by ministries and departments, especially the Ministry for Social Policy and the Ministry of Education, has to be acknowledged.

In addition, the ongoing research on income and living conditions of households, together with the organisation of the Labour Force Survey form the body of achievement in Malta's social statistics compilation.

The Media

The MSA Board and the NSO have always considered the media as essential partners in the transmission and dissemination of statistical information to the general public. For this reason, a constant liaison was maintained with reporters and analysts of economic developments by providing more information on specific aggregates and clarifications of technical issues.

Throughout the past year, the NSO has maintained its policy of providing the main statistical aggregates without interpreting the data. At the same time, all methodological information was provided in order to enable analysts and commentators to arrive at valid conclusions. Special care was taken to explain in detail methodological changes, particularly relating to the quarterly Gross Domestic Product estimates.

During 2009 the NSO adopted the commendable practice of launching its publications through a press conference.

Information Technology

During 2009, the NSO continued to strengthen its IT Systems unit and launched an extensive computerisation programme. With the assistance of MITA, eight new software projects were completed.

More use was made of the Computer Aided Telephone Interviewing (CATI) system. CATI permitted the undertaking of several requests from our clients to carry out surveys on their behalf.

Future Initiatives

The following are some of the initiatives that will be introduced, or will continue to be developed, in 2010 and beyond:

- More work will be undertaken in connection with the deflation of the GDP from the output approach. First estimates will be available internally in 2010.
- The disaggregation of Government expenditure at the COFOG second-digit level will continue. Work will be concentrated on expenditure relating to the Education and Health sectors. As from 2010, the ESA transmission programme requires such data.
- More work will be undertaken on the introduction of the new methodology of the European System of Accounts. This involves a general reclassification exercise that has to be completed within a specified number of years.
- The NSO will compile and publish bi-annually a statement of Foreign Direct Investment (FDI) in a disaggregated form. Problems concerning confidentiality still need to be addressed.

- In 2010, an agriculture census is due to be carried out. This census is carried out every decade to collect data relating to the structure and use of agriculture holdings.
- A new software package aimed at improving the updating of the Business Register will become operative during 2010.
- The Innovation Survey targeting some 1,500 firms is expected to be completed during 2010.
- Work will continue on the compilation of a set of environmental accounts, after consultations with the competent authorities.
- More training on basic survey techniques will be provided. The NSO will continue to provide courses on official statistics for its own staff and for senior civil servants.
- The Demographic, Social and Culture Statistics unit will continue to work with other organisations to identify better sources for the compilation of migration statistics. At the same time, it will launch the 2009 Survey on Income and Living Conditions.
- Additional work in connection with a Labour Cost Survey covering 1,275 establishments, initiated in 2009 with 2008 as reference year, will continue in 2010. This will take into account firms employing at least 10 persons in the manufacturing, construction and services sectors.
- A revamped publication incorporating statistics on education will be launched in 2010. Data resulting from the adult education survey will be analysed and published.
- All surveys connected with tourism statistics (the ongoing frontier survey for inbound and outbound tourism as well as the accommodation survey) will continue during 2010. In addition, more attention will be directed to improve data sources in connection with sea departures and domestic tourism.
- The NSO will maintain a continuous dialogue and consultation with the principal data users to ensure that their needs are met on time. It will continue to adhere to the release calendar in the dissemination of statistical releases.
- In the course of 2010, the MSA and the NSO will concentrate on the adoption of new strategies in data collection, to avoid duplication of effort and to make use of administrative registers. This is a continuous challenge to the Office, considering that most registers may not be harmonised for use by the NSO.

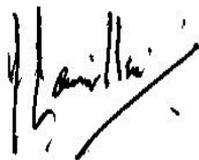
- The MSA Board will proceed with its monthly monitoring of methodologies and best practices for the compilation of timely and good-quality statistics in accordance with the European Statistics Code of Practice.
- The NSO will continue to undertake a number of customised surveys on behalf of public authorities and private companies.

Acknowledgements

The Board would like to thank all government departments, business enterprises, NGOs, households and individuals that have supplied information to the NSO in the period under review. A special mention should be made with regard to the technical and financial assistance received from Eurostat.

The MSA would like to thank the media for their efforts in communicating official information in an impartial manner, the general public, and all those who offered assistance, suggestions, and showed appreciation of the efforts made by the NSO to give Malta an efficient and reliable statistical service.

In endorsing the detailed and informative report of the NSO Director General, the Board would like to thank the organisation's management and staff for their sterling work during 2009.

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 period and of its surplus or deficit for that period, 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 as adopted by the EU; and
- prepares the financial statements on the going concern basis unless this is considered inappropriate.

Income and expenditure account

	Notes	2009 €	2008 (15 months) €
Income	4	3,479,376	4,911,104
Expenditure		(3,748,401)	(4,987,445)
		(269,025)	(76,341)
Finance income	5	698	9,627
Finance costs	5	-	(557)
		(268,327)	(67,271)
Over-provision for accrued salaries in previous year		182,996	-
Loss for the year/ period before taxation	6	(85,331)	(67,271)
Taxation	7	(105)	(2,455)
Loss for the year/period		(85,436)	(69,726)

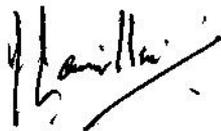
Balance sheet

	Notes	2009 €	2008 €
Assets			
Non-current			
Property, plant and equipment	8	320,822	339,095
Investment	9	-	1,162
		320,822	340,257
Current			
Inventories	10	59,627	40,525
Trade and other receivables	11	136,735	257,266
Cash and cash equivalents	12	129,740	587,276
		326,102	885,067
Total assets		646,924	1,225,324

Balance sheet – continued

	Notes	2009 €	2008 €
Reserves			
Retained funds		<u>227,095</u>	<u>312,531</u>
Liabilities			
Non-current			
Long term payables	13	<u>105,449</u>	<u>108,161</u>
Current			
Trade and other payables	14	<u>314,380</u>	<u>804,632</u>
Total liabilities		<u>419,829</u>	<u>912,793</u>
Total equity and liabilities		<u>646,924</u>	<u>1,225,324</u>

The financial statements on pages 14 to 30 were approved on 9 March 2010 and were signed by:



Reno Camilleri
Chairman



Prof. Edward Zammit
Member

Statement of changes in net assets/equity

	Retained funds €
At 1 October 2007	382,257
Loss for the period	(69,726)
At 31 December 2008	312,531
At 1 January 2009	312,531
Loss for the year	(85,436)
At 31 December 2009	227,095

Statement of cash flows

	Notes	2009	2008
		(15 months)	
		€	€
Operating activities			
Loss before tax		(85,331)	(67,271)
Adjustments	15	53,418	84,093
Change in inventories		(19,102)	(5,209)
Change in trade and other receivables		120,531	(103,158)
Change in trade and other payables		(490,252)	(73,840)
Tax paid		(105)	(2,455)
		(420,841)	(167,840)
Investing activities			
Payments to acquire property, plant and equipment		(37,393)	(39,625)
Interest received		698	16,369
		(36,695)	(23,256)
Net change in cash and cash equivalents		(457,536)	(191,096)
Cash and cash equivalents, beginning of period		587,276	778,372
Cash and cash equivalents, end of period	12	129,740	587,276

Notes to the financial statements

1 Nature of operations

The Authority is responsible for the production of official statistics.

2 General information

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

The financial statements are presented in euro (€), which is also the functional currency of the Authority.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

3.2 Income and expense 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 Authority has complied with the conditions attaching to them.

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

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

3.3 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Authority, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year-end exchange rates are recognised in the income statement.

3.4 Property, plant and equipment

Items of plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is calculated using the straight line method to write off the cost or valuation of the assets over their estimated useful lives on the following bases:

	%
- Improvements to premises	2
- Computer equipment	33.33
- Furniture, fixtures and fittings	15
- Office equipment	15
- Motor vehicles	20

No depreciation is provided on assets that are not yet brought into use.

3.5 Impairment testing of tangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To

determine the value in use, the Authority's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Authority's members.

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Investments

Investments are included in the Authority's balance sheet at cost less any impairment loss that may have arisen. Income from investments is recognised only to the extent of distributions received by the Authority from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At each balance sheet date the Authority reviews the carrying amount of its investment to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in profit or loss.

3.7 Financial assets

The Authority's financial assets other than cash and cash equivalents fall into the category of loans and receivables. A summary of financial assets by category is given in note 16.5.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting, however, is omitted where the effect of discounting is immaterial. A provision for impairment of loans and receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

Loans and receivables are considered for impairment on a case-by-case basis and the provision is based on management's assessment of the amount recoverable on each receivable.

Any change in the value of loans and receivables is recognised in profit or loss.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to acquiring the inventories and to bringing them to their existing location and condition. Financing costs are not taken into consideration. Costs of inventories are assigned using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.9 Cash and cash equivalents

For the purposes of the balance sheet and statement of cash flows cash and cash equivalents comprise cash in hand and at bank.

3.10 Financial liabilities

The Authority's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method. A summary of the Authority's financial liabilities by category is given in note 16.5.

Financial liabilities are recognised when the Authority becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement.

4 Income

	2009	2008
		(15 months)
	€	€
Government subvention		
- direct: paid to MSA	2,826,979	3,299,731
- indirect: expenses paid by Ministry	77,484	264,054
- household budgetary survey	208,614	476,886
Government grant	32,204	3,390
EU grant agreements	217,191	687,326
Sale of publications	46,055	125,825
Other income	70,849	53,892
	3,479,376	4,911,104

5 Finance income and finance costs

The following amounts have been included in the income statement line for the reporting periods presented:

	2009	2008 (15 months)
	€	€
Bank interest received	698	9,627
Finance income	698	9,627
Realised loss on exchange	-	557
Finance costs	-	557

6 Loss for the year/period before taxation

Loss for the year/period before taxation is stated after charging:

	2009	2008 (15 months)
	€	€
Board members' remuneration	37,270	46,587
RPI Advisory Committee members' remuneration	8,665	11,561
Staff costs	2,688,708	3,483,083
Auditors' remuneration	1,000	540
Depreciation	55,666	97,110

7 Taxation

	2009	2008 (15 months)
	€	€
Malta income tax:		
Final withholding tax at 15%	105	2,455

8 Property, plant and equipment

	Improvements to premises €	Computer equipment €	Furniture and fittings €	Office equipment €	Motor vehicles €	Total €
Cost						
At 1 October 2007	276,567	637,009	310,012	227,335	45,276	1,496,199
Additions	-	21,550	7,036	11,039	-	39,625
At 31 December 2008	276,567	658,559	317,048	238,374	45,276	1,535,824
At 1 January 2009	276,567	658,559	317,048	238,374	45,276	1,535,824
Additions	-	5,531	24,530	7,332	-	37,393
At 31 December 2009	276,567	664,090	341,578	245,706	45,276	1,573,217
Depreciation						
At 1 October 2007	35,381	595,700	259,740	172,029	36,769	1,099,619
Depreciation for the period	6,895	44,729	21,961	20,016	3,509	97,110
At 31 December 2008	42,276	640,429	281,701	192,045	40,278	1,196,729
At 1 January 2009	42,276	640,429	281,701	192,045	40,278	1,196,729
Depreciation for the year	5,531	16,418	17,144	13,766	2,807	55,666
At 31 December 2009	47,807	656,847	298,845	205,811	43,085	1,252,395
Carrying amounts						
At 30 September 2007	241,186	41,309	50,272	55,306	8,507	396,580
At 31 December 2008	234,291	18,130	35,347	46,329	4,998	339,095
At 31 December 2009	228,760	7,243	42,733	39,895	2,191	320,822

9 Investments

	2009 €	2008 €
Centre for Socio-Economic Research Company Limited 499 ordinary shares of €2.329373 each	1,162	1,162
Less: Amount written off	(1,162)	-
	<u>-</u>	<u>1,162</u>

The company held 499 shares out of 500 shares making up the issued share capital of Centre for Socio-Economic Research Company Limited, representing a holding of 99.8%. Centre for Socio-Economic Research Company Limited was engaged in providing consulting and training services and is in the process of liquidation. The investment was accounted for at cost.

The registered address of Centre for Socio-Economic Research Company Limited is Central Block, Lascaris, Valletta.

10 Inventories

	2009	2008
	€	€
Books and publications	39,210	17,920
Stationery	20,417	22,605
	59,627	40,525

11 Trade and other receivables

	2009	2008
	€	€
Trade receivables	83,671	96,061
Accrued income	31,393	138,886
Financial assets	115,064	234,947
VAT receivable	196	-
Prepayments	21,475	22,319
Trade and other receivables - current	136,735	257,266

The carrying value of short-term loans and receivables is considered a reasonable approximation of fair value.

The Authority does not have any credit terms with its trade debtors. The age of trade debtors is as follows:

	2009	2008
	€	€
Not more than 1 month	10,827	10,671
More than 1 month but not more than 3 months	5,664	32,338
More than 3 months but not more than 6 months	67,180	5,577
More than 6 months but not more than 1 year	-	21,916
More than one year	-	25,559
	83,671	96,061

12 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2009 €	2008 €
Cash and bank balances	129,740	587,276
Cash and cash equivalents in the balance sheet and statement of cash flows	129,740	587,276

The Authority did not have any restrictions on its cash in hand and at bank at year end.

13 Long term payables

	2009 €	2008 €
Grants (note):	108,161	111,551
Less: amount transferred to income and expenditure account	(2,712)	(3,390)
	105,449	108,161

Note -

	Government grant €	European Union grant €	Total €
Cost			
At 1 October 2007/			
31 December 2008/			
31 December 2009	389,724	77,943	467,667
Amortisation			
At 1 October 2007	278,173	77,943	356,116
Amounts transferred to income and expenditure	3,390	-	3,390
At 31 December 2008	281,563	77,943	359,506
At 1 January 2009	281,563	77,943	359,506
Amounts transferred to income and expenditure	2,712	-	2,712
At 31 December 2009	284,275	77,943	362,218
Balance			
At 30 September 2007	111,551	-	111,551
At 31 December 2008	108,161	-	108,161
At 31 December 2009	105,449	-	105,449

The carrying value of long term payables is a reasonable approximation of fair value.

14 Trade and other payables

	2009 €	2008 €
Trade payables	81,792	56,300
Accrued expenses	126,548	599,016
Financial liabilities	208,340	655,316
Deferred income	105,953	140,102
Other payables	87	9,214
Trade and other payables - current	314,380	804,632

Short-term financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

15 Statement of cash flows

The following non-cash flow adjustments have been made to the result for the period to arrive at operating cash flow:

	2009	2008
	€	(15 months) €
Adjustments:		
Investment written off	1,162	-
Depreciation charge of property, plant and equipment	55,666	97,110
Interest income	(698)	(9,627)
Government and EU grants transferred to income and expenditure account	(2,712)	(3,390)
	53,418	84,093

16 Risk management objectives and policies

The Authority is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from both its operating and investing activities. The Authority's risk management is coordinated by the Board members and focuses on actively securing the Authority's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Authority is exposed are described below. See also note 16.5 for a summary of the Authority's financial assets and liabilities by category.

16.1 Foreign currency risk

The Authority is not significantly exposed to foreign currency risk since most of its transactions are carried out in euro.

16.2 Interest rate risk

The Authority is not exposed to interest rate risk on its payables and borrowings since all of these are interest free.

16.3 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	Note	2009 €	2008 €
Classes of financial assets – carrying amounts			
Trade and other receivables	11	115,064	234,947
Cash and cash equivalents	12	129,740	587,276
		244,804	822,223

The Authority's Board members consider that all the above financial assets for each of the reporting dates under review are of good credit quality.

None of the Authority's financial assets is secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Authority is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

16.4 Liquidity risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see notes 13 and 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 31 December 2008 and 2009, the Authority's financial liabilities have contractual maturities which are summarised below:

	2009				2008			
	Current		Non-current		Current		Non-current	
	Within 6 months	6-12 months	2-5 years	Later than 5 years	Within 6 months	6-12 months	2-5 years	Later than 5 years
	€	€	€	€	€	€	€	€
Trade and other payables	208,340	-	-	-	655,316	-	-	-

The above contractual maturities reflect the gross cash flows which may differ from carrying values of liabilities at the balance sheet date.

16.5 Summary of financial assets and liabilities by category

The carrying amounts of the Authority's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2009 €	2008 €
Non-current assets		
- Investments	-	1,162
Current assets		
Trade and other receivables	115,064	234,947
Cash and cash equivalents	129,740	587,276
	244,804	822,223
Current liabilities		
Financial liabilities measured at amortised cost:		
- Trade and other payables	208,340	655,316

17 Capital management policies and procedures

The Authority's capital management objectives are:

- To ensure the Authority's ability to continue as a going concern, and
- To provide official statistics from the capital investment made in the Authority.

The capital structure of the Authority consists of cash and cash equivalents and reserves.

The Board's policy is to maintain a strong capital base to maintain Government, public and creditor confidence and to sustain future development of the Authority's ever-growing role and activities.

18 Events after the balance sheet date

No adjusting or significant non-adjusting events have occurred between the balance sheet date and the date of authorisation on 9 March 2010 by the Board.

Independent auditors' report

To the Board of

Malta Statistics Authority

We have audited the accompanying financial statements of Malta Statistics Authority set out on pages 14 to 30, which comprise the balance sheet as at 31 December 2009, and the income and expenditure account, statement of changes in assets/equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the financial statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 31 December 2009, and of its deficit, changes in net assets/equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the Malta Statistics Authority Act, 2000.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke that tapers to a point.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Tower Business Centre
Tower Street
Swatar, BKR 3013

9 March 2010

