

MALTA STATISTICS AUTHORITY

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Published by the
Malta Statistics Authority
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Tel.: (+356) 2599 7531
website: <http://www.msa.gov.mt>

CIP Data

Report and Financial Statements for the period ended 31 December 2010
Malta Statistics Authority, Malta. - Valletta: MSA, 2011
vi, 38p.

ISBN: 978-99957-29-10-3 (print)
ISBN: 978-99957-29-11-0 (online)

NSO publications are available from:

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Printed in Malta at the Government Printing Press

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15 March 2011

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 2010, 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 ending 31 December 2010 were discussed and approved by the MSA Board during the meeting held on 28 February 2011.

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-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.

Statistical obligations

As an EU Member State and as part of the euro area, Malta has to satisfy the statistical demands by Eurostat in accordance with the statistical *Acquis*.

In order to meet its international obligations, the NSO is assisted by experts to review its practices in National Accounts. Improvements were evident in the compilation of Price Indices and further progress was registered in the deflation processes.

One is pleased to record that during 2010 the NSO has succeeded to compile most of the missing Short-term Business Statistics indicators. These are now being published by Eurostat along with those of other countries. These new data submissions were transmitted within the established time frames, and were included in the comparative monthly bulletins issued by Eurostat.

One has to acknowledge the cooperation of business establishments that are submitting output information relating to their activities on a monthly basis. In addition, the Office has succeeded in improving its data submissions to Eurostat particularly in the field of construction output indicators compiled in accordance with EU methodologies.

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

Before referring to the statistical activities of the NSO, it is worth recalling some events that occurred during 2010.

World Statistics Day

In accordance with a United Nations General Assembly resolution, Malta, together with most countries, celebrated World Statistics Day on 20 October 2010. This was a first-ever world event intended to celebrate the various achievements in the field of official statistics. A half-day seminar was organised in Malta and was addressed by foreign and local speakers that included representatives of the European Commission and the European Central Bank. To mark the occasion, the NSO launched the annual publication *Malta in Figures 2010*.

Visit by the Archbishop

On 8 January, His Grace the Archbishop Mgr. Paul Cremona O.P. paid a courtesy visit to the NSO where he celebrated mass and later met the MSA Board members and the NSO staff.

Equality mark

The NSO was one of the first eight organisations that were awarded the Equality Mark for the promotion of equality in gender issues at the place of work, and in the recruitment process.

Educational TV Programmes

Early in the year, arrangements were made with the TV Channel Education 22 for the production of fifteen TV programmes aimed at presenting and explaining in plain language the main official socio-economic statistical indicators compiled and published by the NSO on a regular basis. The series, entitled *Statistika għal Kulhadd*, was repeated on the national station (TVM).

It is envisaged that a new series of programmes will be produced in 2011.

Official Visits

During the year, several visits by Eurostat officials to monitor progress in pertinent statistical fields were organised. One should mention the Excessive Deficit Procedure visit undertaken by Eurostat Officials on 5-6 June 2010. This monitoring visit was carried out to ensure that Malta's debt and deficit statistics are being compiled in accordance with Council Regulation (EC) No 479/2009 (article 13).

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 2010 were duly supervised as required by legal provisions. 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.

The quarterly management and financial accounts were submitted to the Board by the Director General and discussed.

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 introduction of new methodology relating to the deflation of the Gross Domestic Product from the Output side, the new weighting frame of the Harmonised Index of Consumer prices and the Retail Price Index and other technical issues.

In November 2010, Ms Moira Catania, a Government representative on the MSA Board tendered her resignation to take up a new position outside Government.

Staff

At the end of 2010, the NSO had 149 employees on its books, with 1.7 females for every male.

The MSA Board is pleased to report that over 54 per cent of NSO staff members are graduates or are the holders of diplomas. Several of these also hold a Masters degree while other members are currently reading for a post-graduate degree or diploma. Most graduates are young in experience and for this reason, 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 156 workshops and meetings abroad during 2010. This involved 280 working days.

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. In addition, a statistical course on Analysis, Interpretation and Dissemination of Official statistics was organised in collaboration with the Staff Development Organization of the Prime Minister's Office. This event will be repeated in 2011.

Grant Agreements

As in previous years several new projects were undertaken by the NSO. There were 22 projects, partly financed from EU funds, concluded by the NSO and approved by the European Commission. The total value of the projects covered by the grant agreements concluded in 2010 amounted to €792,491, of which €125,916 from the "Transition Facility 2005" was actually received during 2007 and €85,277 from the EU-SILC 2007 Operation were actually received in 2006 through pre-financing.

Six projects were carried out by the Economic Statistics Directorate, including two projects on national accounts, one on the improvement in the use of HBS for food consumption indicators, one related to PPP Production of data and another on 'Outward Foreign Affiliates Statistics'. The Business Statistics Directorate was involved in six projects mainly in connection with environment, agriculture and international trade statistics and the Euro Groups Register. The Social Statistics Directorate was involved in nine projects, namely those relating to ICT, LFS, SILC, and on the Job Vacancy Statistics.

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

Users' Needs

As already noted in this report, the local demand for statistical information continued to increase. Users' needs were discussed during meetings with them on specific statistical topics. It is the intention of the NSO to continue the compilation of Tourism Satellite Accounts in 2011.

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

The Board is fully aware that the 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 are asked to complete questionnaires every month, the response burden has to be carefully considered whenever the NSO is required to provide additional information. Indeed, 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.

The Board is pleased to register that further cooperation has been established with several key Ministries to provide information that is collected by them in order to avoid requests for the same information by the NSO. This was in accordance with the recommendations 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 more extensive use of administrative registers for the extraction of data.

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 again renewed during 2010 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.

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 maintained its place as a priority item on the agenda of the MSA Board during 2011. Although the elimination of 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.

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.

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. Indeed, progress has been made in the submission of missing indicators.

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 analysis for decision-making. In this regard, every statistical institution may be regarded as pivotal to the economy.

During 2010, the NSO issued 249 news releases. These translate into an average of nearly five releases per week, or one per working day. All releases contained relative definitions and methodological notes at the end of the respective tables.

Furthermore, the External Cooperation and Communication unit dealt with some 2,100 requests for information. In addition, eleven statistical publications were issued, some of them in CD-ROM.

The MSA Board notes with great satisfaction that press coverage of statistical releases were extensive. One is also gratified to record that very often press

reviews on the release of data continued to be 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.

At the beginning of the year, a series of 13 television programmes entitled *Statistika għal Kulhadd* were transmitted on two local channels: Education 22 and TVM. These programmes were 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 to discuss the Index and other relevant issues and changes to the existing basket of goods and services that form the basis of the index.

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 and according to the ESA methodology.

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.

As explained earlier in the report, a gradual introduction of the deflation of GDP from the output side was initiated during 2010. This will continue to be addressed during the current year and will be done with the technical assistance of foreign experts.

This involved primarily the compilation of the relative price indices, their application in the supply and use tables and the deflation of the public sector non-markets services output.

The obligations to transmit to Eurostat the quarterly GDP within the stipulated 70-day period and in accordance with EU regulations were met.

Meetings of the Economic Statistics Development Programme (ESDP) were held on a regular basis and were assisted by a foreign consultant. Such meetings include representatives of the Ministry of Finance and the Central Bank of Malta.

Public Finance

Bi-annual tables on Malta's Excessive Debt and Deficit Procedure, as established by the Maastricht criteria, were duly 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.

During the year, a full set of tables of data on Government expenditures and receipts in respect of social protection was compiled. Work was also initiated on the compilation of an annual publication of social expenditure covering the period 2005-2009. This publication will be issued during 2011.

For the first time, a joint working group between the NSO and the CBM produced the financial accounts of economic sectors. The results were sent to Eurostat. At the same time, this group continued to discuss ways how to improve the quality of these accounts.

The accounts of general government were regularly published according to the monthly release calendar

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. The Balance of Payments were, therefore, compiled on a monthly basis. This was compiled on a country basis, thus showing transactions between Malta and the other trading partners. The Office cooperated with the Central Bank of Malta in carrying out monthly surveys of the non-financial and financial sectors.

A statement relating to the International Investment Position (IIP) was compiled and published. Improvements were noted in the collection of data 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.

For the first time, Malta participated in the Coordinated Direct Investment Survey (CDIS) that illustrates the direct investment abroad by local companies and the country of destination. This was submitted to the IMF for their publication on direct investment by participating countries.

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 was the case of the domestic price index, the HICP is also worked out on the basis of the new weighting frame introduced the year under review.

During 2010, the Office extended the use of the hedonic method of quality adjustment to other items in the index such as mobile phones, internet services and used cars.

The NSO carried out further surveys such as the estate agencies' rent survey, in order to develop further the exercise related to economic estimates involving Purchasing Power Parities.

The annual 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 continued to be focused on a reorganisation of business statistics, particularly short-term indicators. More work is recommended in this area. On the other hand, one should keep in mind the reduction of the response burden on enterprises.

However, one has to acknowledge that significant progress has been made in this direction. Most of the required Short-Term Business indicators are now available.

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 now been fully developed to ensure that monthly trade statistical releases are published on time.

Agriculture and Fisheries Statistics

During 2010, 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. Results of this survey were transmitted to Eurostat during 2010.

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.

During the same year, a postal census was carried out to collect information on the pig industry.

However, for most of the year the unit was engaged in the decennial Census of Agriculture, and results are expected in the second half of 2011.

Demographic and Social Statistics

Several surveys were carried out during 2010 in order to collect information covering demographic developments in the Maltese Islands, as well as data on income and living conditions.

It is pertinent to mention some of the yearly or ongoing surveys carried out by the Demographic, Social and Culture Statistics unit of the NSO:

- Survey on Income and Living Conditions - an on-going survey that provides the most important indicators on living conditions;
- Labour Force Survey that is conducted on a yearly basis and is the only source of labour data for comparative purposes with other EU countries;
- Labour Cost Survey that targets companies employing 10 workers or more;
- Several surveys to collect data on educational achievements, and schools' population;
- Job Vacancy Survey, mainly based on administrative records;
- Adult Education Survey, whose results will be finalised early in 2011;
- Three ongoing surveys, Tourstat, Accomstat and Cruistat to collect data relating to the tourism industry and its contribution to the country's National Income.

Furthermore, there are other questionnaires relating to ICT usage, Posts and Telecommunications, and information society.

The assistance extended by Ministries and Departments, especially the Ministry for Social Policy and the Ministry of Education, has to be acknowledged.

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, notwithstanding pressure from some correspondents for analytical comments on certain indicators. At the same time, all methodological information was provided 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.

As has already been pointed out, assistance from the media was particularly appreciated in the production and transmission of statistical educational programmes.

During 2010 the NSO maintained its practice of launching some of its publications through a press conference.

Information Technology

During 2010, the NSO continued to strengthen its IT Systems unit through the recruitment of more programmers to satisfy the increasing demand for such services. A total of 25 software applications were developed during 2010.

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. Some of these surveys were referred to earlier in this report.

Future Initiatives

The following are some of the initiatives that will be introduced, or will continue to be developed, in 2011 and beyond:

- The main initiative to be undertaken in 2011 will be the census of Population and Housing. This is the most complicated exercise carried out by a statistical institution. Preparations for the census are well in hand but will be intensified later on in the year. Census day will be during the first half of November. A coordinating committee has been set up to discuss and make the necessary preparations. Detailed instructions concerning methodological aspects of the census were issued by Eurostat. To ensure comparability, core tables on the main demographic characteristics of the population have to be compiled in accordance with these instructions.
- As from 2011, the NSO will be carrying out an annual Health Survey. Information from this survey will enable the Office to make the necessary changes in the PPP adjustments.
- Adjustments in the weighting frame of the HICP will be based on National Accounts data. This is intended to ensure some weights adjustment on a yearly basis.
- Reference to the publication on the International Investment Position of the country has already been made earlier. The data is released every six months showing the position as at end June and end December. Preparations are in hand to have such statistics published every quarter.
- During 2011, the results of the first domestic tourism survey will be analysed and published.

As already indicated in the report, the NSO will continue with the compilation of Tourism Satellite Accounts. The intention is to have a better picture of the contribution of their industry to the GDP. It is a highly technical exercise that will be carried out with the assistance of a foreign expert and the cooperation of tourism operators.

The NSO will continue to assume responsibility for the coordination and execution of surveys as commissioned by private organisations.

It is important that work undertaken in connection with the deflation of the GDP from the output approach will continue during 2011. First estimates are already available internally but more work is needed to produce a deflated GDP from this approach.

More work will be undertaken on the introduction of the new methodology of the European System of Accounts as well as on NACE Rev 2. This involves a general reclassification exercise that has to be completed within a specified time frame.

The NSO will continue to compile and publish bi-annually a statement of Foreign Direct Investment (FDI) in a disaggregated form. As has already anticipated, this exercise may give rise to confidentiality problems that have to be addressed.

In 2010, an agriculture census was carried out. This collected information is being processed and will be available for publication in the second quarter of this year.

The NSO will continue to give attention to the provision of environment statistics comprising information on the use and supply of water, land, energy, emissions waste and other sustainable indicators.

Further work in connection with the updating of the Business Register will be undertaken during 2011.

The Innovation Survey, targeting some 1,500 firms, is expected to be completed.

Work will continue on the compilation of a set of environmental accounts, after consultation 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. This is being with the cooperation of the Ministry for Justice and Home Affairs.

As from 2011, the NSO will be embarking on a four-year programme to carry out surveys in different cultural fields. The intention is to collect information on cultural activities and participation, educational aspects and cultural industries.

Difficulties are still being met in the compilation of migration statistics particularly information relating to migratory outflows. More investigation is needed in this particular area of demographic statistics.

In 2010, the Office carried out the first survey on domestic tourism. The results will be published in 2011. It is the intention to improve further the methodology employed in this survey that should take into account the particular characteristics of the country.

All surveys connected with tourism statistics (the ongoing frontier survey for inbound and outbound tourism as well as the accommodation survey) will continue during 2011. In addition, more attention will be directed to improve data sources in connection with sea departures and cruise liner visitors.

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 concentrated on the adoption of new strategies in data collection, to avoid duplication of effort and to make use of administrative registers. These efforts yielded good results. However, the use of administrative registers is a continuous challenge to the Office, considering that most registers may not be harmonised for use by the NSO.

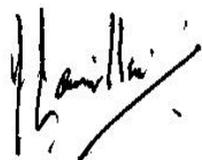
The MSA Board will proceed with its monthly monitoring of methodologies and best practices for the compilation of timely and good-quality statistics in accordance with the European Statistical Code of Practice.

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 2010.



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 European Union; and
- prepares the financial statements on the going concern basis unless this is considered inappropriate.

Income and expenditure account

	Notes	2010 €	2009 €
Income	5	3,847,891	3,479,376
Expenditure		(3,884,294)	(3,748,401)
		(36,403)	(269,025)
Finance income	6	229	698
		(36,174)	(268,327)
Overprovision for accrued salaries in previous year		-	182,996
Loss before tax	7	(36,174)	(85,331)
Tax expense	8	(34)	(105)
Loss for the year		(36,208)	(85,436)

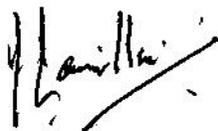
Statement of financial position

	Notes	2010 €	2009 €
Assets			
Non-current			
Property, plant and equipment	9	<u>566,202</u>	<u>320,822</u>
Current			
Inventories	11	61,970	59,627
Trade and other receivables	12	118,129	136,735
Cash and cash equivalents	13	103,409	129,740
		<u>283,508</u>	<u>326,102</u>
Total assets		<u>849,710</u>	<u>646,924</u>

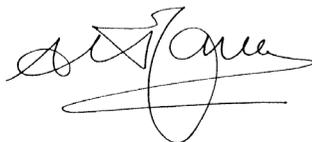
Statement of financial position – continued

	Notes	2010 €	2009 €
Reserves			
Retained funds		<u>190,887</u>	<u>227,095</u>
Liabilities			
Non-current			
Long term payables	14	<u>372,285</u>	<u>105,449</u>
Current			
Trade and other payables	15	<u>286,538</u>	<u>314,380</u>
Total liabilities		<u>658,823</u>	<u>419,829</u>
Total equity and liabilities		<u>849,710</u>	<u>646,924</u>

The financial statements on pages 16 to 34 were approved on 28 February 2011 and signed by:



Reno Camilleri
Chairman



Alfred Demarco
Member

Statement of changes in net assets/equity

	Retained funds €
At 1 January 2009	312,531
Loss for the year	(85,436)
At 31 December 2009	227,095
At 1 January 2010	227,095
Loss for the year	(36,208)
At 31 December 2010	190,887

Statement of cash flows

	Notes	2010 €	2009 €
Operating activities			
Loss before tax		(36,174)	(85,331)
Adjustments	16	45,937	53,418
Net changes in working capital	16	(11,579)	(388,823)
Tax paid		(34)	(105)
		(1,850)	(420,841)
Investing activities			
Payments to acquire property, plant and equipment		(24,710)	(37,393)
Interest received		229	698
		(24,481)	(36,695)
Net change in cash and cash equivalents		(26,331)	(457,536)
Cash and cash equivalents, beginning of year		129,740	587,276
Cash and cash equivalents, end of year	13	103,409	129,740

Notes to the financial statements

1 Nature of operations

The Authority is responsible for the production of official statistics.

2 General information

The Malta Statistics Authority is incorporated and domiciled in Malta. The address of the Authority's registered office, which is also its principal place of business, is Lascaris, Valletta VLT 2000.

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 European Union, and in accordance with the Malta Statistics Authority Act, 2000.

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

3 Changes in accounting policies

3.1 Overall considerations

The Authority has considered the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which became effective from 1 January 2010:

- IFRS 3 *Business Combinations* (Revised 2008)
- IAS 27 *Consolidated and Separate Financial Statements* (Revised 2008)
- *Improvements to IFRSs 2009*

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described in notes 3.2, 3.3 and 3.4. An overview of standards, amendments and interpretations to IFRSs issued but not yet effective is given in note 3.5.

3.2 Adoption of IFRS 3 Business Combinations (Revised 2008)

The revised standard on business combinations (IFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. IFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010.

The adoption of the standard does not affect the financial position or results of the Authority as it did not have any investments falling under the scope of IFRS 3R.

3.3 Adoption of IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

The adoption of *IFRS 3R* required that the revised IAS 27 (IAS 27R) is adopted at the same time. IAS 27R introduced changes to the accounting requirements for transactions with non-controlling (formerly called 'minority') interests and the loss of control of a subsidiary. These changes are applied prospectively. During the current period, the Authority had no transactions with non-controlling interests.

3.4 Adoption of Improvements to IFRSs 2009 (issued in April 2009)

The *Improvements to IFRSs 2009* made several minor amendments to IFRSs. Such amendments have been applied by the Authority but are not expected to have any significant impact on the financial position, results or classifications of assets and liabilities of the Authority.

3.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Authority

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Authority.

Management anticipates that all the relevant pronouncements will be adopted in the Authority's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Authority's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Authority's financial statements.

Annual Improvements 2010 (effective from 1 July 2010 and later)

The IASB has issued *Improvements to IFRS 2010* (2010 Improvements). Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of IFRS 3R, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The Authority's preliminary assessments indicate that the 2010 Improvements will not have a material impact on the Authority's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been

issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Authority. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

4 Summary of accounting policies

4.1 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).

4.2 Income and expense recognition

Income from government subvention 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 and expenditure account upon utilisation of the service or at the date of their origin.

4.3 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 items in the statement of financial position at year-end exchange rates are recognised in the income and expenditure account.

4.4 Property, plant and equipment

Items of property, 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	20 - 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.

4.5 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.

4.6 Investments

Investments are included in the Authority's statement of financial position 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 the end of each reporting period 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.

4.7 Financial instruments

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Authority are classified into loans and receivables upon initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss.

All income and expenses relating to loans and receivables are presented within 'finance costs', 'finance income', or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'other expenses'.

Financial liabilities

The Authority's financial liabilities include trade and other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs' or 'finance income'.

4.8 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. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.9 Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash in hand and at bank.

5 Income

	2010	2009
	€	€
Government subvention		
- direct: paid to MSA	2,731,976	2,826,979
- indirect: expenses paid by Ministry	55,572	77,484
- household budgetary survey	-	208,614
- programmes and initiatives	299,987	-
- refurbishment of premises paid by Ministry	5,004	29,492
Government grant	70,099	2,712
EU grant agreements	383,777	217,191
Sale of publications and surveys	255,701	46,055
Other income	45,775	70,849
	3,847,891	3,479,376

6 Finance income

The following amounts have been included in the income and expenditure account line for the reporting periods presented:

	2010	2009
	€	€
Bank interest received	229	698
Finance income	229	698

7 Loss before tax

Loss before tax is stated after charging:

	2010	2009
	€	€
Board members' remuneration	37,270	37,270
RPI Advisory Committee members' remuneration	9,830	8,665
Staff costs	3,041,881	2,871,704
Auditors' remuneration	1,000	1,000
Depreciation of property, plant and equipment	115,702	55,666

8 Tax expense

	2010	2009
	€	€
Malta income tax:		
Final withholding tax at 15%	34	105

9 Property, plant and equipment

The Authority's property, plant and equipment comprise improvements to premises, computer equipment, furniture and fittings, office equipment and motor vehicles. The carrying amounts can be analysed as follows:

	Improvements to premises €	Computer equipment €	Furniture and fittings €	Office equipment €	Motor vehicles €	Total €
Cost						
At 1 January 2010	276,567	664,090	341,578	245,706	45,276	1,573,217
Additions	-	343,013	9,100	9,532	-	361,645
Disposals	-	(389,497)	-	-	-	(389,497)
At 31 December 2010	<u>276,567</u>	<u>617,606</u>	<u>350,678</u>	<u>255,238</u>	<u>45,276</u>	<u>1,545,365</u>
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	<u>276,567</u>	<u>664,090</u>	<u>341,578</u>	<u>245,706</u>	<u>45,276</u>	<u>1,573,217</u>
Depreciation						
At 1 January 2010	47,807	656,847	298,845	205,811	43,085	1,252,395
Depreciation for the period	5,531	77,877	16,158	13,945	2,191	115,702
Disposals	-	(388,934)	-	-	-	(388,934)
At 31 December 2010	<u>53,338</u>	<u>345,790</u>	<u>315,003</u>	<u>219,756</u>	<u>45,276</u>	<u>979,163</u>
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	<u>47,807</u>	<u>656,847</u>	<u>298,845</u>	<u>205,811</u>	<u>43,085</u>	<u>1,252,395</u>
Carrying amounts						
At 1 January 2009	<u>234,291</u>	<u>18,130</u>	<u>35,347</u>	<u>46,329</u>	<u>4,998</u>	<u>339,095</u>
At 31 December 2009	<u>228,760</u>	<u>7,243</u>	<u>42,733</u>	<u>39,895</u>	<u>2,191</u>	<u>320,822</u>
At 31 December 2010	<u>223,229</u>	<u>271,816</u>	<u>35,675</u>	<u>35,482</u>	<u>-</u>	<u>566,202</u>

10 Investment

	2010	2009
	€	€
Centre for Socio-Economic Research Company Limited		
499 ordinary shares of € 2.329373 each	-	1,162
Less:		
Amount written off	-	(1,162)
	<u>-</u>	<u>-</u>

The Authority 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 consultancy and training services and has been liquidated. The investment was accounted for at cost.

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

11 Inventories

	2010	2009
	€	€
Books and publications	39,317	39,210
Stationery	22,653	20,417
	<u>61,970</u>	<u>59,627</u>

12 Trade and other receivables

	2010	2009
	€	€
Trade receivables	91,534	83,671
Accrued income	6,325	31,393
Financial assets	<u>97,859</u>	<u>115,064</u>
VAT receivable	-	196
Prepayments	20,270	21,475
Trade and other receivables - current	<u>118,129</u>	<u>136,735</u>

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:

	2010	2009
	€	€
Not more than 1 month	79,567	10,827
More than 1 month but not more than 3 months	11,563	5,664
More than 3 months but not more than 6 months	404	67,180
	91,534	83,671

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2010	2009
	€	€
Cash and bank balances	103,409	129,740
Cash and cash equivalents in the statement of financial position and statement of cash flows	103,409	129,740

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

14 Long term payables

	2010	2009
	€	€
Grants (note):		
At 1 January	105,449	108,161
Amount transferred to income and expenditure account	(70,099)	(2,712)
Additions	336,935	-
At 31 December	372,285	105,449

Note -

	Government grant	European Union grant	Total
	€	€	€
Cost			
At 1 January and 31 December 2009	389,724	77,943	467,667
Additions	336,935	-	336,935
At 31 December 2010	<u>726,659</u>	<u>77,943</u>	<u>804,602</u>
Amortisation			
At 1 January 2009	281,563	77,943	359,506
Amounts transferred to income and expenditure	2,712	-	2,712
At 31 December 2009	<u>284,275</u>	<u>77,943</u>	<u>362,218</u>
At 1 January 2010	284,275	77,943	362,218
Amounts transferred to income and expenditure	70,099	-	70,099
At 31 December 2010	<u>354,374</u>	<u>77,943</u>	<u>432,317</u>
Balance			
At 1 January 2009	<u>108,161</u>	-	<u>108,161</u>
At 31 December 2009	<u>105,449</u>	-	<u>105,449</u>
At 31 December 2010	<u>372,285</u>	-	<u>372,285</u>

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

15 Trade and other payables

	2010	2009
	€	€
Trade payables	56,563	81,792
Accrued expenses	120,402	126,548
Financial liabilities	<u>176,965</u>	<u>208,340</u>
Deferred income	59,390	105,953
Other payables	50,183	87
Trade and other payables - current	<u>286,538</u>	<u>314,380</u>

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

16 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the pre-tax result for the year to arrive at operating cash flow:

	2010	2009
	€	€
Adjustments:		
Investment written off	-	1,162
Depreciation charge of property, plant and equipment	115,702	55,666
Interest income	(229)	(698)
Government and EU grants transferred to income and expenditure account	(70,099)	(2,712)
Loss on disposal of property, plant and equipment	563	-
	45,937	53,418
Net changes in working capital:		
Change in inventories	(2,343)	(19,102)
Change in trade and other receivables	18,606	120,531
Change in trade and other payables	(27,842)	(490,252)
	(11,579)	(388,823)

17 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 17.5 for a summary of the Authority's financial assets and liabilities by category.

17.1 Foreign currency risk

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

17.2 Interest rate risk

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

17.3 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Note	2010 €	2009 €
Classes of financial assets – carrying amounts			
Trade and other receivables	12	97,859	115,064
Cash and cash equivalents	13	103,409	129,740
		<u>201,268</u>	<u>244,804</u>

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.

17.4 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 14 and 15). 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 Authority's obligations when they become due.

At 31 December 2009 and 2010, the Authority's financial liabilities have contractual maturities which are summarised below:

	2010				2009			
	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	176,965	-	-	-	208,340	-	-	-

The above contractual maturities reflect the gross cash flows which may differ from carrying values of liabilities at the end of the reporting period.

17.5 Summary of financial assets and liabilities by category

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

	2010	2009
	€	€
Current assets		
Trade and other receivables	97,859	115,064
Cash and cash equivalents	103,409	129,740
	<u>201,268</u>	<u>244,804</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	<u>176,965</u>	<u>208,340</u>

18 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.

19 Events after the end of the reporting period

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation on 28 February 2011 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 16 to 34, which comprise the statement of financial position as at 31 December 2010, and the income and expenditure account, statement of changes in net assets/equity and statement of cash flows for the year 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 European Union. 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 financial position of the Authority as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union 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 the right.

Mark Bugeja (Partner) for and on behalf of
GRANT THORNTON
Certified Public Accountants

Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

28 February 2011

Income and expenditure account schedule

	2010	2009
	€	€
Administrative and other expenses		
Board members' remuneration	37,270	37,270
RPI Advisory Committee members' remuneration	9,830	8,665
Salaries	3,041,881	2,871,704
Overprovision for accrued salaries in previous year	-	(182,996)
Surveys and interviews	140,550	146,032
IT Support	22,384	53,497
Training costs	10,704	4,916
Telecommunications	37,231	39,589
Water and electricity	40,036	42,353
Rent	18,718	22,832
Printing and stationery	47,912	28,989
Postage and couriers	27,198	24,858
Publicity	5,384	2,398
Repairs and maintenance	37,627	52,860
Cleaning expenses	33,424	32,855
Accountancy fee	4,310	1,250
Legal and professional fees	21,453	18,285
Auditors' remuneration	1,000	1,000
General expenses	3,935	4,164
Depreciation	115,702	55,666
Hire of equipment	7,215	4,882
Travelling	134,754	178,206
Transport	4,911	3,666
Hospitality and entertainment	5,607	13,095
Bank interest and charges	576	514
Uniforms	3,197	3,606
Licences, memberships and subscriptions	23,654	19,523
Motor vehicle running expenses	6,868	6,276
Computer maintenance	1,833	5,879
Allowances	22,127	22,564
Medical services	4,381	5,336
Insurance	7,414	7,223
Investment written off	-	1,162
Bad debts written off	-	212
Loss on disposal of property, plant and equipment	563	-
Conferences	4,645	27,074
	3,884,294	3,565,405