



**Malta Statistics Authority**  
**Annual Report**  
**&**  
**Financial Statements 2018**

# Malta Statistics Authority



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# **MALTA STATISTICS AUTHORITY**

## **ANNUAL REPORT**

### **& FINANCIAL STATEMENTS**

#### **TABLE OF CONTENTS**

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<b>CONTENTS</b>	<b>PAGE</b>
MALTA STATISTICS AUTHORITY BOARD	4
MALTA STATISTICS AUTHORITY SUB-COMMITTEES	6-7
2018 HIGHLIGHTS	8
CHAIRMAN'S STATEMENT	9-28
FINANCIAL STATEMENTS AND AUDITOR'S REPORT	29-60

# **The Malta Statistics Authority Board**

## **Chairman**

Prof Albert Leone Ganado

## **Deputy Chairman**

Dr Aaron G. Grech

## **Members**

Mr Etienne Caruana

Mr Gianluca Cutajar

Mr Emanuel P. Delia

Dr Vincent Marmara

Mr Godwin Mifsud

Ms Fleur Vella

Mr Josef Vella

## **Board Secretary**

Mr Joseph Bonello

## The Malta Statistics Authority Board



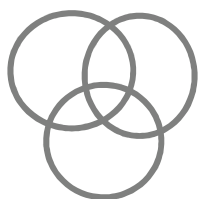
**Left to right:** Mr Gianluca Bezzina, Mr Godwin Mifsud, Mr Joseph Bonello,  
Mr Etienne Caruana, Prof Albert Leone Ganado, Dr Aaron G. Grech,  
Mr Emanuel P. Delia and Mr Josef Vella.

**In Absentia:** *Dr Vincent Marmara and Ms Fleur Vella*

# Malta Statistics Authority

## Sub-Committees

### Governance



*Chaired by:* Prof Albert Leone Ganado

*Members:* Dr Aaron G. Grech  
Mr Emanuel P. Delia  
Dr Vincent Marmara

### Monitoring and Assessment



*Chaired by:* Mr Godwin Mifsud

*Members:* Prof Albert Leone Ganado  
Dr Aaron G. Grech  
Dr Vincent Marmara

### Risk and Assurance



*Chaired by:* Dr Aaron G. Grech

*Members:* Prof Albert Leone Ganado  
Mr Josef Vella  
Ms Fleur Vella

# Malta Statistics Authority

## Chairman's Office Secretariat



*Reporting to:*

MSA Chairman

*Members:*

Mr Keith Grech

Mr Mario Felice

Mr Josef Bonello

Mr Jean Paul Camilleri

## Budget, Financial Management and Control Unit



*Reporting to:*

MSA Chairman

*Members:*

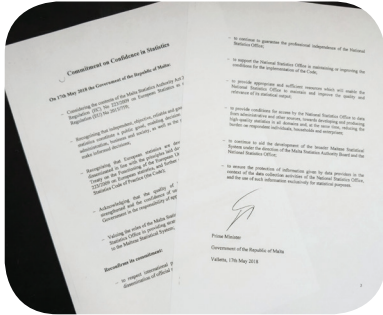
Ms Sarah Cachia

Mr Michael Manduca

Ms Maria Rema Azzopardi

# 2018

## Highlights



1



5



4



2



3

- 1 Commitment on Confidence in Statistics
- 2 Publication of the Household Budgetary Survey
- 3 Appointment of NSO Directors
- 4 Launch of Professional Training Programme
- 5 Continuation of SRSP Project by MSA Secretariat



## CHAIRMAN'S STATEMENT

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*Prof Albert Leone Ganado*

2018 was a very particular year for Malta, the Malta Statistics Authority (MSA) and the National Statistics Office, as it will be remembered for Valletta European Capital of Culture (hereinafter Valletta 2018), coming close on the heels of Malta holding the Presidency of the Council of the European Union in 2017.

Although the Office was not a direct participant in Valletta 2018, the National Statistics Office was an important data provider to Central Government and the Valletta 2018 Committee in the lead-up and during the year. In this regard, the Office supplied sets of specially-tailored statistics. Other information was commissioned through surveys. The Data Management Unit was a key driver in providing timely information for such a prestigious event that placed Valletta at the hub of European Culture.

In January, the National Statistics Office officially released the results of the Household Budgetary Survey (HBS) in line with the strategic milestones set by the Authority in its budgetary plans. The HBS was conducted through the established methodology, whereby households needed to keep a diary with details of their daily expenditures. The reference period was 2015/16. One of the most important outcomes of the HBS is that it enables analysis of the different household strata in society as it collects detailed information on expenditure patterns on

goods and services. Therefore, it is capable of yielding information on high-income households as well as on economically vulnerable ones, rendering it an important tool in the hands of policy makers. From a purely statistical standpoint, the HBS is also used to update the index basket and to estimate the households' final consumption expenditure as recorded in the country's National Accounts.

The Malta Statistics Authority succeeded in accessing funds from the European Structural Reform Support Programme (SRSP). Through this European funded programme, the Malta Statistics Authority actively participated in two knowledge exchange programmes. Working visits were carried out to the NSIs and Advisory Councils of Ireland (CSO) and of the Netherlands (CBS).

Among others, these exchanges helped in the drafting of an update to the legislative framework, to be presented to the Minister for Finance for his consideration. A valuable spill over of the programme is the compilation of a report on Monitoring of Statistics and Breach reports. The latter is a joint venture with Statistics Netherlands and is at an advanced stage, planned to be completed by mid-2019. It is to be noted that the MSA, as a statistical institution, was the first to benefit from this type of funding.

The National Statistics Office also continued with its IT modernisation programme as approved by the MSA. The Authority's role within this set-up is to ensure that the funds earmarked for the project are spent in line with existing financial regulations. The modernisation initiative will lead to improved business procedures. Official certification will confirm that all

information provided by the data subjects for the production of statistics is secure and used only for the purpose it is intended for. The IT modernisation project is in the third year of its six-year plan. To date the necessary studies have been completed and work is very advanced on the tender documents that will enable a multi-stage approach to the implementation and commissioning of works.

The MSA is happy to note that the National Statistics Office has fulfilled its statutory domestic and international reporting obligations in a timely manner in the face of the various challenges, especially those resulting from lack of resources. On behalf of all the members of the MSA Board, I would like to thank all the staff for their dedication and commitment. At the same time, the Authority pledges to continue its work towards improving the standing and recognition of national official statistics both locally and overseas.

## **Household Budgetary Survey (HBS)**

In January, the National Statistics Office delivered the Household Budgetary Survey which had 2015 as a reference base year. The HBS was commissioned over a three-year period with the first year dedicated to the development of relevant software and survey design and the second year focusing on the collection of information from households across Malta and Gozo, to whom the Office is greatly indebted for their participation. The HBS, apart from its intrinsic economic and sociological value, is a measure of trust in the statistical institution. This relationship of trust is

evidenced by the participation rate of 62 per cent, equivalent to 3,691 households.

The results of the HBS were eagerly awaited by the policy makers, by researchers as well as by the social partners. The HBS provides important information on the level and composition of household consumption expenditure according to social, economic and geographic characteristics. Additionally, it represents the informative base for the measure of inflation classified by different categories of household expenditure.

Furthermore, the results of the HBS were needed from an operational viewpoint as they provide the weighting structure for both the Harmonised Index of Consumer Prices (HICP) and the Retail Price Index (RPI). The former uses a chained weighted index while the latter has a fixed weighted structure. The RPI is an important policy tool as it provides the basis upon which the Cost of Living Adjustment is calculated.

***The completion of the HBS served to update the weighting structure of all price indices***

### **Commitment on Confidence in Statistics**

During 2018 all European governments had to reconfirm their commitment and respect towards the European goal of producing and disseminating statistics in line with the principles enshrined in Regulation (EC) No 223/2009 and the European Statistics Code of Practice.

***The Prime Minister, Dr Joseph Muscat signed the declaration of Commitment of Confidence in Statistics on the 17<sup>th</sup> of May, 2018***

The European Statistical Governance Advisory Board (ESGAB) is tasked to ensure that the commitment towards these European values is maintained to the highest standard, and peer reviews are commissioned at regular intervals. The preparations for the next round of peer reviews are currently underway and these have been given prominence in ESGAB's Annual Report<sup>1</sup>.

On 17 May, the Government of Malta approved the Commitment on Confidence in Statistics. With this document, the Government commits itself to fully support the development of the Maltese Statistical System, notably the production and dissemination of statistics according to the 15 principles of the European Statistics Code of Practice<sup>2</sup>.

### **Update of Price Indices with regards to market rents**

Over the past years the property rental market has changed drastically. The property rental market, especially in the case of non-social rents, has changed from a closed to an open market situation. The change in market conditions, implies that both the HICP and RPI price indices require updating to remain faithful to the statistical principles of relevance and quality. From an operational point of view, the sub-index weight for rental

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<sup>1</sup> [https://ec.europa.eu/eurostat/documents/34693/9521735/ESGAB\\_annual\\_report\\_2018.pdf/773cfe93-3c4a-4037-bd61-3e9a80bb6039](https://ec.europa.eu/eurostat/documents/34693/9521735/ESGAB_annual_report_2018.pdf/773cfe93-3c4a-4037-bd61-3e9a80bb6039)

<sup>2</sup> <https://nso.gov.mt/en/nso/Pages/Commitment-on-Confidence.aspx>

properties required updating. This needed to be supported by a mechanism to collect monthly prices from a larger sample base.

In the absence of a specific housing register for market rental properties, the NSO Price Statistics Unit executed a detailed exercise to establish a statistically significant weighting structure for market rents.

In this respect, both the HICP as well as the RPI are updated which requires a rigorous data collection process.

This gives rise to the idea of investing in a dedicated Unit within the National Statistics Office to carry out continuous Household Budgetary Surveys on a smaller-scale panel rather than executing a large-scale snapshot of local consumption patterns every five to seven years. Considering the fast-moving pace of the economy and the importance of accurate monitoring of economic progress, a continuous survey may serve the NSO and the country better.

## ***Changes in the rental housing market lead to internal studies for the updating of price indices***

### **Progress in securitising and modernising the NSO Infrastructure**

As reported in previous annual reports, work continued on the modernisation of the ICT infrastructure. Half way through the project plan, most of the groundwork is now complete. The next three years will see the issuance of the tender, its adjudication and eventually a staged implementation process.

***The mandate of compiling official statistics necessitates the need to maintain high information security standards***

In parallel, investment will be made to train staff members to ensure a smooth and gradual migration process from the existing operational processes to a new statistics production environment. Most of the training funds earmarked for this project have been made available through European Social Funds for the Operational Programme for

2014-2020. I am very pleased to note that the MSA Secretariat and the NSO's Special Projects Unit collaborated and were one of the first statistical institutions on a European level to be awarded funds for the specific objective to:

*'retrain employees working in the general public sector, to make them more efficient when providing services to the general public'.*

This supports the scope of a modern statistical institution which embraces disseminating information for public knowledge, but which also sets the cornerstone for supporting informed policy making.

To cite one example, the Royal Statistical Society (RSS) *Data Manifesto* calls on the UK Government to take evidence more seriously in policy formulation and evaluation and highlights that official statistics should be at the heart of policy debate<sup>3</sup>.

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<sup>3</sup> [https://www.rss.org.uk/Images/PDF/influencing-change/2016/RSS\\_Data%20Manifesto\\_2016\\_Online.pdf](https://www.rss.org.uk/Images/PDF/influencing-change/2016/RSS_Data%20Manifesto_2016_Online.pdf)

The investment currently earmarked for information technology practices will lead to an increase in efficiency in the production process. Perhaps more importantly, the new investment will increase the reputational standing of the National Statistics Office as the official institution for statistical research and evidence-based data.

## Data Visualisation Initiatives

During the past years great strides were made to improve the dissemination of the final product by making better use of data visualisations. Infographics and geospatial data mapping were introduced in various outputs including snippets on social media, news releases and publications. Through such innovations, the Office aims to improve statistical literacy among its audience segments.

Data visualisation has been a growing topic of research among statistical practitioners and academics. Its application to official statistics is seen in the many research projects conducted by the various national statistical institutes (NSIs). As users are becoming more accustomed to interactive graphics rather than to tabular displays, there are opportunities for complex official data series to be presented in visual and dynamic formats to facilitate understanding and interpretation.

***The MSA is supporting the initiative taken by the Acting Director General to improve communication channels of official statistics***



The goal of data visualisation is to present data and its analysis with clarity and integrity, without any distortion or misrepresentation. By making use of visualisation tools to attract, engage and empower users, official statistics can be transformed into a product fit for universal usage, something that even laymen can understand, appreciate, think through and make good use of.

## **Continuous Education Initiatives**

The MSA Board recognises that the National Statistics Office has a very specific role to play as the compiler and provider of official statistics. To be able to remain relevant, the NSO needs to make use of a pool of staff who are experts in various academic fields. These must remain abreast with the latest academic and practical methods of statistical production.

Having formed part of academia at the University of Malta for my entire working career I understand this need very well. As MSA Chairman, I have strongly supported the investment in learning and in the further development of our human resources. So much so, that a section of the newly signed collective agreement, representing all the NSO's workforce, recognises the importance for upskilling of NSO employees as they form part of a national knowledge-based institution.

- Funds for continuous professional development

The MSA has set-up a cost centre within its budgetary structures earmarked specifically for training and continuous development. The MSA encourages its staff to make use of existing measures offered by the Public

Administration, such as tax credits and scholarship grants to expand their capabilities, while also promoting any necessary additional support.

An internal committee was set-up.

- Submission of Statistical Papers

***The MSA through its Secretariat is keeping a hands on approach to secure European and local funds to be invested in the upskilling of all staff members***

During 2018 the MSA introduced an award scheme for members of staff that are either authors or co-authors of professional statistical papers which are published in academic journals.

It is the intention of the MSA Board and of the Acting Director General that eventually the NSO will be able to publish its own statistical journal.

- Striving to improve the status of Official Statistics both locally and internationally

To increase the status of the National Statistics Office both locally as well as within international quarters the MSA Board advised the Acting Director General to consider the publication of a statistical journal as well as to create schemes to encourage members of staff to participate in international seminars, through the submission of papers as well as participation in statistical data symposiums and international statistical competitions.

Hopefully, during 2019 our call for participation in these initiatives will come into being to inject inspiration into the work culture.

## **General Data Protection Regulation**

The General Data Protection Regulation (GDPR) became applicable in all Member States as of 25 May 2018. The GDPR seeks to harmonise data privacy laws across the EU. Preparation for this overarching regulation involved intensive work by way of several internal policies and processes.

To mitigate any complications with the statistical production process, several NSIs across the European Union were advised by the Commission to make amendments at the national level to their respective Data Protection Legislation<sup>4</sup>.

To this effect our legal team, in consultation with the Information and Data Protection Commissioner and the Attorney General, worked to introduce changes in Chapter 586 of the Laws of Malta. This was successfully done through the inclusion of the definition of official statistics.

## **Proposition for changes to the Malta Statistics Authority Act**

As mentioned in the introduction, a joint taskforce between the Malta Statistics Authority and the National Statistics Office worked with Mifsud Bonnici Advocates, the latter as legal consultants, to rewrite a statistical legal framework to be presented for the consideration of the Minister for Finance.

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<sup>4</sup> Recital 162 of the EU GDPR

The legal draft was compiled after considering both local and international statistical aspects. We are grateful to both Statistics Netherlands and Statistics Ireland for their contribution to and advice on the various factors impinging on this exercise

From a local perspective we also consulted several stakeholders such as the Information and Data Protection Commissioner, the Attorney General, the Central Bank of Malta and other data subjects. Sincere thanks are due to all parties that provided insights into this project.

***The MSA is taking part in a European project funded by SRSP which one of its objectives is to propose changes to the MSA Act***

The proposed new legal text provides an update on the definition of official statistics. It also enhances the principle of data protection and the availability of data on a need-to-know basis, while referring to the European Statistics Code of Practice. The new text outlines: the possibility of decentralising the statistical process through the establishment of Other National Authorities (ONA), strengthening the NSO's position for the acquisition of administration data for the compilation of statistics; a collaborative partnership between the Central Bank of Malta and the NSO for the production of statistics; and a mechanism to resolve impasses within the general public sector to support the timeliness and relevance of statistical production.

Furthermore, as suggested in the last Peer Review by the European Commission (Eurostat), the proposed legal framework has a specific focus

on delineating the functions and duties of the MSA from those of the NSO. The former's primary objective is that of a regulatory function, hence ex post, by which the MSA is expected to monitor the quality of statistics to ensure trust in the data being disseminated, while also advising the NSO on best operational practices to follow. The latter is an independent knowledge-based institution, enacted by law to produce and disseminate official statistics.

The result of the changes being proposed is to stress the importance of investing in data governance, thereby allowing the NSO to make use of a broad range of data and statistics across Government.

### **Meeting with the European Statistical Governance Advisory Board**

In May an important meeting was organised with the European Statistical Governance Advisory Board (ESGAB) to exchange views on the implementation of the European Statistics Code of Practice in Malta and on the proposed changes to the Maltese legal framework as far as statistical compilation is concerned. During the discussion the idea of setting up an exploratory meeting for all the statistics regulatory and advisory bodies within the EU was floated.

With pleasure I note that this event will be organised by ESGAB in June 2019.

### **Working Environment**

The premises currently in use by the National Statistics Office at Lascaris are becoming too small to host all its operations. Furthermore, the MSA

Board understands that the NSO should be housed in a working environment that reflects its importance to society, that is energy efficient and that can support the provision of new services such as a communication centre and a data laboratory for researchers.

The MSA believes that during 2019 this proposal should be given due consideration by the authorities, in view of major events occurring in 2021: the national population and housing census and immediately afterwards, a household budgetary survey. These commitments require careful planning of logistics and operational space.

I hope that after the necessary consultations, a suitable site will be identified within a reasonable timeframe. Drawing on specific EU funds is a possibility.

***The MSA has always been hosted within the NSO Office in Lascaris, Valletta. The need for its own infrastructure is now a matter of urgency***

## **New Challenges**

Big data is perhaps not a natural fit within the established quality framework of official statistics. The main reason for this is that the data generating mechanism of big data sources does not fall under NSIs' control and indeed, quality mechanisms are not generally known. This situation is evidently at odds with statistical surveys, whose data generating mechanism is designed by NSIs through scientific sampling

techniques. Big data also differs from administrative data sources in that the data generating mechanisms of the latter are made known to NSIs that use such sources. Consequently, the development of sound methodologies to extract valid statistical information from big data is still fairly embryonic: *how to guarantee the quality of inferences drawn from big*

***The strong correlation between data and ICT is gradually being recognised within the local statistical system***

*data is the subject of much current research*<sup>5</sup>.

Despite the theoretical difficulties, it is hard to view the future of statistical compilation in isolation from big data sets. The leading NSIs within the European Union, including CBS Netherlands, have already invested in a set-up to investigate the advantages of using big data sources to compile quality statistics.

These projects include exploring computational methods such as web-scraped price data, machine learning for matching addresses and natural language processing for coding textual survey responses.

- Free and Open Software Sources (FOSS)

The use of free and open software sources is now pointing to the new way forward within the statistical landscape. From a user perspective, open source software works in much the same way as proprietary software systems, the basic difference being that no licence fees are required.

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<sup>5</sup> The use of machine learning in official statistics, UNECE Machine Learning Team, November 2018

There are, however, significant differences. The idea behind open source software is that users are effectively co-developers, suggesting ways to improve it and helping to hunt out bugs and problems.

Without going into too much depth, the toolkit of the modern statistician will soon require at least basic computer programming skills. Owing to the way it is developed, open source software may require more technical know-how than commercial proprietary systems. Therefore, NSIs may need to put time and effort into training employees to the level required to use it.

- Inappropriate use of Statistics

During 2018 ESGAB recommended that it is the duty of NSIs and Statistics Authorities to ensure that official statistics are used as an instrument for rational decision making to the extent possible. In its appeal ESGAB suggested that the inappropriate use of statistics be mitigated as otherwise public trust in statistics is weakened.

During the past few years the MSA and the National Statistics Office acted and engaged in consultations with different organisations that are either users or providers of statistics, or both to increase the knowledge of proper use of official statistics.

Going forward the MSA intends to support the improvement of statistical literacy on a national basis, by gradually transforming our outreach initiatives from a dissemination to an information Unit. This implies moving away from the existing culture of providing official statistics to



media outlets and relying exclusively on them to communicate information towards taking strategic and targeted measures for promoting the action itself and its results, to a multitude of audiences, including the media and the public.

## Senior Management

Towards the end of 2017 the Director for Economic and Business Statistics and the Director General both resigned. To ensure continuity the MSA Board of Directors unanimously agreed to appoint Mr Etienne Caruana as Acting Director General. Mr Caruana is the most senior Director within the NSO.

At the beginning of 2018, the Board agreed that the most pressing objective was to fill the vacant post of Director Economic and Business Statistics. This position was earmarked to have an overarching role within the National Statistics Office comprising at least ten (10) production units. The Authority sought to create a single directorate to improve synergies between the business and the economic statistics domains.

***The Authority  
will remain a  
catalyst for the  
proper use of  
official statistics  
in the Maltese  
islands***

Unfortunately, the recruitment drive did not attract the expected interest. On this basis the MSA had to retain the existing senior management structure of separate Directors for Business and Economic Statistics albeit emphasising the importance of co-operation between the Directorates under the headship of the Director General's Office. The former post was

filled by Mr Manuel Tabone, a post graduate in Economics from the University of Malta who commenced his working career as a statistician with the NSO. Prior to being promoted to a directorship post, Mr Tabone was responsible for the Gozo Regional Office as Head of Unit.

In the last quarter of the year, preparations were made by the MSA to issue an open call for the vacant posts of Director Economic Statistics and subsequently that of Director General. These posts are expected to be filled in during the first months of 2019.

### **Budget, Financial Management and Control**

During the year ending December 2018, this Unit was involved in many initiatives for the Office. In October, the Collective Agreement for MSA employees was concluded and signed after negotiations and collaboration with the UHM, Industrial Relations Unit and the Permanent Secretary, Ministry for Finance. During the first half of 2019, the conclusion of the Managerial Grades' salary package will be a priority.

The Unit also controls procurement procedures and approves all types of expenditure before any purchase orders are issued. During 2018, the Finance Unit was involved in the compilation of several calls for quotations regarding works for the much-needed refurbishing of the NSO. The Unit also co-managed the calls for tenders under the European Social Funds (ESF) project.

Another important achievement was the acquisition of the Inventory module to be integrated with the current accounting system, with a view to improve control of the Fixed Asset Register.

Besides the ESF Grant, the Unit worked on 12 new Eurostat Grant applications and closed-off seven existing ones, resulting in an income from grants of €327,000 for the year under review.

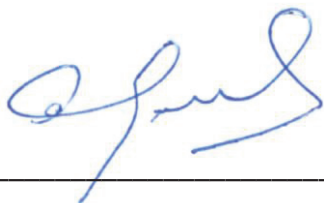
The management and control of all Income and Expenditure is a priority. The MSA ended the year with a healthy reserve, ready to be utilised for the IT Transformation project and the other instrumental changes envisaged to modernise the NSO.

### **Concluding Remarks:**

In concluding I would like to thank the Minister for Finance, Professor Scicluna, for reappointing me for another period of three years as Chairman of the Authority. I would also like to show my appreciation and gratitude, first and foremost, to my close collaborator and Deputy Chairman of the Authority, Dr Aaron G. Grech, whose advice, wisdom and tenacity have been an indispensable support. Further thanks go to all the Board members, who not only dedicate their time and expertise to Board matters, but also involve themselves at Sub-committee levels whenever called upon to do so. My thanks are due also to Mr Robert Borg who has served on the MSA Board since 2013 and who was instrumental in providing invaluable financial advice. As Chairman and on behalf of the Board, I welcome Mr Josef Vella to the Malta Statistics Authority Board.

My deep appreciation also goes to all NSO staff. Notwithstanding the insufficiency of resources, they showed great dedication and professionalism in meeting all statistical requirements, under the direction of the Acting Director General, Mr Etienne Caruana, with the support of the Director for Data Capability, Director for Business Statistics and Director for Corporate Services.

Finally, official statistics cannot be produced without the co-operation and trust of the individuals, households, enterprises and public entities that had the role of data subjects in one form or another. This co-operation is key to establishing a knowledge-based society and is the best route towards a truly national statistical system.



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**Prof Albert Leone Ganado**

Chairman  
Malta Statistics Authority

# **Malta Statistics Authority**

## **Audited Financial Statements**

### **For the year ending 31 December 2018**

#### **Principal activity**

The Malta Statistics Authority (MSA) is a public corporate body with regulatory responsibility relating to the production of official statistics in accordance with internationally harmonised methodologies, for the benefit of the Government of Malta, the European Union, international organisations and the general public. The Authority was setup through the enactment of the Malta Statistics Authority Act (Chapter 422 of the Laws of Malta).

The Malta Statistics Authority reports to the Minister responsible for official statistics and the Authority's statutory audit financial statements are to be tabled in Parliament as per Article 26 (4) of the said Act.

#### **Review of business development and financial position**

The results for the year under review are disclosed on page 39, while the financial position of the Authority as at 31<sup>st</sup> December 2018 is disclosed on page 40.

#### **Events after the end of the reporting year**

No significant events, influencing the financial results and position of the Authority, have taken place after the end of the reporting year.

## **Future developments**

No changes are envisaged in operations during the forthcoming year.

## **Surplus of Funds**

The surplus for the year amounted to €397,291 is being carried forward to the next financial year.

## **Auditor**

The auditor, Mr Charles Scerri, has intimated his willingness to continue in office. A resolution proposing his re-appointment will be put before the members during the Malta Statistics Authority Board Meeting of the month of April 2019.

## **Statement of responsibilities of the Authority**

The Authority is governed by a Board consisting of a Chairperson, Deputy Chairperson, the Director General (*ex officio*) and six members. Their responsibility is to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of the state of affairs of the Authority at the end of each financial year and of the gain or loss for the year then ended.

In preparing the financial statements, the Authority:

- Selects suitable accounting policies and applies them consistently;

- Makes judgements and estimates that are reasonable and prudent; and
- Prepares the financial statements on a going concern basis, unless it is appropriate to presume that the Authority will not continue in business

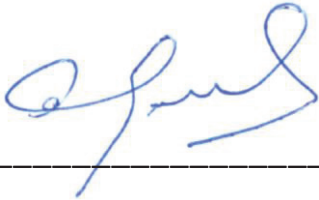
The Authority is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Malta Statistics Authority Act.

The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority is responsible to ensure that it establishes and maintains internal control to provide reasonable assurance with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

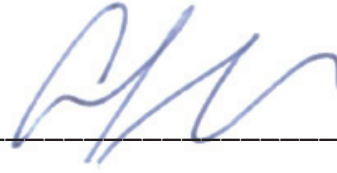
In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Approved by the Authority on the 20<sup>th</sup> March 2019 and signed on its behalf by:



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Prof Albert Leone Ganado  
Chairperson



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Dr Aaron George Grech  
Deputy Chairperson



## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of the Malta Statistics Authority**

I have audited the financial statements of the Malta Statistics Authority as set out on pages 39 to 58, which comprise the statement of the financial position as at 31<sup>st</sup> December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and explanatory notes.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Authority as at 31<sup>st</sup> December 2018 and of its financial performance for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Malta Statistics Authority Act (Cap. 422).

### **Basis for Opinion**

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the Malta Statistics Authority in accordance with the International Ethics Standards

Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession Act (Cap. 281) in Malta, and that I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other information**

The representatives of the Authority are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Responsibilities of the representatives of the Authority and those charged with governance for the audit of the financial statements**

The representatives of the Authority are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the representatives of the Authority determine as necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements the representatives of the Authority are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the representatives either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

## **Auditor's responsibility for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is defined as a high level of assurance however, it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when and where it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users based on these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the representatives.
- Conclude on the appropriateness of the representatives' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Authority's ability to continue as a going concern.

If it is concluded that a material uncertainty exists, it is required to be qualified in the auditor's report and disclosed in the financial statements or, if such disclosures are inadequate, to modify our opinion. Conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

I will communicate to the representatives of the Authority, among other matters, the planned scope and timing of the audit and significant audit

findings, including any significant deficiencies in internal control that I identify during my audit.



**Charles Scerri**

**Certified Public Accountant and Registered Auditor**

**The Penthouse**

**Carolina Court**

**Giuseppe Cali Street**

**Ta' Xbiex XBX 1425**

**Date: 20<sup>th</sup> March 2019**

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**Statement of comprehensive income**  
**For the year ended 31st December 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>€</b>	<b>€</b>
<b>Income</b>	4	<b>6,555,864</b>	6,376,377
		-----	-----
Administrative expenses		<b>(6,158,850)</b>	(6,019,417)
Finance income	5	<b>277</b>	158
		-----	-----
<b>Surplus for the year</b>	6	<b>397,291</b>	357,118
		=====	=====

## Statement of financial position As at 31<sup>st</sup> December 2018

	Note	2018 €	2017 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>226,292</b>	249,037
		-----	-----
		<b>226,292</b>	249,037
		=====	=====
<b>Current assets</b>			
Inventories	9	<b>57,812</b>	58,589
Trade and other receivables	10	<b>637,777</b>	938,980
Cash at bank	13	<b>2,464,409</b>	1,329,809
		-----	-----
<b>Total current assets</b>		<b>3,159,998</b>	2,327,378
		-----	-----
<b>Total assets</b>		<b>3,386,290</b>	2,576,415
		=====	=====
<b>Equity</b>			
Accumulated funds		<b>1,642,713</b>	1,245,422
		-----	-----
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	11	<b>136,407</b>	138,972
		-----	-----
<b>Total non-current liabilities</b>		<b>136,407</b>	138,972
		-----	-----
<b>Current liabilities</b>			
Trade and other payables	12	<b>1,607,170</b>	1,192,021
		-----	-----
<b>Total current liabilities</b>		<b>1,607,170</b>	1,192,021
		-----	-----
<b>Total liabilities</b>		<b>1,743,577</b>	1,330,993
		-----	-----
<b>Total equity and liabilities</b>		<b>3,386,290</b>	2,576,415
		=====	=====



## Statement of changes in equity For the year ended 31st December 2018

	<b>Accumulated fund €</b>
At 1 <sup>st</sup> January 2017	888,304
Surplus for the year	357,118
	-----
At 31 <sup>st</sup> December 2017	1,245,422
	=====
At 1 <sup>st</sup> January 2018	1,245,422
Surplus for the year	397,291
	-----
<b>At 31<sup>st</sup> December 2018</b>	<b>1,642,713</b>
	=====

## Statement of cash flows

### For the year ended 31st December 2018

	Note	2018	2017
<b>Cash flow from operating activities</b>			
Surplus for the year		397,291	357,118
Adjustments for:			
Depreciation		63,201	56,043
Government grant transferred to Income & Expenditure Account		(54,544)	(46,412)
Movements in working capital for:			
Inventories		777	825
Trade and other receivables		301,203	9,992
Trade and other payables		428,893	(26,985)
		-----	-----
<b>Net cash inflow before interest</b>		<b>1,136,821</b>	350,581
Interest receivable		(277)	(158)
		-----	-----
<b>Net cash inflow from operating activities</b>		<b>1,136,544</b>	350,423
		-----	-----
<b>Cash flow from investing activities</b>			
Payments to acquire property, plant and equipment		(40,456)	(66,739)
Interest receivable		277	158
		-----	-----
<b>Net cash outflow used in investing activities</b>		<b>(40,179)</b>	(66,581)
		-----	-----
<b>Cash flow from financing activities</b>			
Government capital grants		38,235	66,741
		-----	-----
<b>Net cash inflow from financing activities</b>		<b>38,235</b>	66,741
		-----	-----
<b>Movement in cash and cash equivalents</b>		<b>1,134,600</b>	350,583
Cash and cash equivalents at the beginning of the year		1,329,809	979,226
		-----	-----
<b>Cash and cash equivalents at the end of the year</b>	13	<b>2,464,409</b>	1,329,809
		=====	=====

## **Notes to the financial statements**

### **For the year ended 31st December 2018**

#### **Reporting Authority**

The Malta Statistics Authority was set up by the Maltese Parliament through the Malta Statistics Authority Act (Chapter 422 of the Laws of Malta) and the statutory financial statements are tabled in Parliament as per article 26 (4) of the said act.

#### **Basis of preparation**

##### **Statement of compliance**

The financial statements have been prepared and presented in accordance with the provisions of the International Financial Reporting Standards as adopted by the EU (IFRSs) and the requirements of the Malta Statistics Authority Act (Chapter 422 of the laws of Malta).

#### **2.2 Basis of measurement**

The financial statements are prepared under the historical cost basis. The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### **2.3 Functional and presentation currency**

The financial statements are presented in Euro, which is the Authority's functional currency.

Transactions in foreign currencies are translated to the functional currency of the Authority at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are converted to the functional currency at the exchange rate applicable on that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Profits or losses made on foreign currency conversions are recorded in the statement of comprehensive income.

## **2.4 Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Authority's representatives, the accounting estimates and judgments 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.

## **3.0 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

### **3.1 Property, plant and equipment**

Property, plant and equipment, are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these items. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income, during the financial year in which they are incurred.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the expected useful life of the assets concerned having regard to their residual value. The annual rates used for this purpose, which are applied consistently, are:

	%
Improvement to leasehold premises	2
Furniture and fixtures	15
Office equipment	15
Motor Vehicles	20
Computer software	20
Computer equipment	20 – 33.33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as a profit or loss within the other income or administrative and other expenses categories.

### 3.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Stocks are determined by the weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

### 3.3 Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

### 3.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 3.5 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 3.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable by the Authority for services provided. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

- The Authority has transferred to the buyer the significant risks and rewards of ownership of the services provided. Generally, this is when the customer has approved the services that have been provided;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Authority; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from government subvention is recognised on an accrual basis.

- Government grants and EU grants are not recognised until there is a reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.
- Government grants and EU grants are recognised on a systematic basis over the years in which the entity recognises as expenses the related costs for which the grants are intended to compensate.
- Government grants and EU grants related to assets are presented in the statement of financial position by setting up the grant as deferred income and is recognised on a systematic basis over the useful life of the asset.
- Government grants and EU grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the entity with no future related costs are recognised in the year in which they become receivable.

Interest income

- Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

### **3.7 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition of non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Authority becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Authority's contractual rights to the cash flows from the financial assets expire or if the Authority transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Authority commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Authority's obligations specified in the contract expire or are discharged or cancelled.

### **3.8 Financial assets**

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

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

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 most 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 default rates for each identified group.

### **3.9 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'.

### **3.10 Reserves**

The retained fund includes all current and prior year retained surpluses and deficits.

### **3.11 Going concern**

The financial statements have been prepared on the going concern basis, which assume that the Authority will continue in operational existence for the foreseeable future. With reference to the Malta Statistics Authority Act, 2000 Part 4 article 19 sub-article 3, the Government shall pay the Authority to meet any of its expenditure that cannot be met out of its revenue and the costs of specified works to be continued or otherwise carried out by the Authority, being works of infrastructure or of a similar capital nature.

## 4 Income

	<b>2018</b>	2017
	€	€
Government subvention:		
Direct: paid to MSA	<b>4,700,000</b>	4,600,000
Indirect: expenses paid by the		
Ministry of Finance	<b>70,231</b>	65,957
Programs and initiatives	<b>1,016,122</b>	1,032,906
Household budgetary survey	<b>3,878</b>	31,602
Household budgetary survey (Expenditure)	<b>(3,878)</b>	(31,602)
Refurbishment of premises paid by the		
Ministry for Finance	<b>48,184</b>	39,201
Government grant Capital nature ( <i>Note 11</i> )	<b>54,544</b>	46,412
EU Grant agreements	<b>307,336</b>	321,894
European social fund	<b>9,223</b>	-
Sale of publications and surveys	<b>297,377</b>	206,186
Other income	<b>52,847</b>	63,821
	-----	-----
	<b>6,555,864</b>	6,376,377
	=====	=====

## 5 Finance income

	2018	2017
	€	€
Bank interest received	277	158
	=====	=====

## 6 Surplus for the year

### 6.1 The surplus for the year is stated after charging the following:

	2018	2017
	€	€
Audit fee	2,288	2,288
Depreciation (note 8)	63,201	56,043
	=====	=====
<b>Staff costs:</b>		
Board members remuneration	53,573	53,573
RPI Advisory Committee members' remuneration	8,153	8,817
Staff wages and salaries (excluding HBS wages)	4,703,679	4,595,302
	=====	=====

The average number of persons employed during the year was made up as follows:

	2018	2017
	Number	Number
Average number of MSA employees	161	170
Average number of casual survey interviewers	44	39
	=====	=====

## 7 Taxation

The Board as per previous practice, considers the Authority as tax exempt and did not provide for taxation at 35% in the financial statements. A request in terms of Article 12(2) of the Income Tax Act to obtain a tax exemption on its surplus will be made with the Ministry of Finance. To date, no such exemption has been received.

## 8 Property plant and equipment

	Improvement to premises €	Computer equipment €	Furniture & Fittings €	Office Equipment €	Motor vehicles €	Total €
<b>Cost</b>						
At 1 <sup>st</sup> January 2018	232,295	784,088	309,789	220,749	49,824	1,596,745
Additions	-	21,831	7,339	11,286	-	40,456
Disposals	-	-	-	(26,350)	(26,350)	
	-----	-----	-----	-----	-----	-----
At 31 <sup>st</sup> December 2018	232,295	805,919	317,128	232,035	23,474	1,610,851
	-----	-----	-----	-----	-----	-----
<b>Depreciation</b>						
At 1 <sup>st</sup> January 2018	78,694	745,434	283,035	208,559	31,986	1,347,708
Charge for the year	5,713	37,563	8,474	6,991	4,460	63,201
Disposals	-	-	-	(26,350)	(26,350)	
	-----	-----	-----	-----	-----	-----
At 31 <sup>st</sup> December 2018	84,407	782,997	291,509	215,550	10,096	1,384,559
	-----	-----	-----	-----	-----	-----
<b>Net book value</b>						
<b>At 31<sup>st</sup> December 2018</b>	<b>147,888</b>	<b>22,922</b>	<b>25,619</b>	<b>16,485</b>	<b>13,378</b>	<b>226,292</b>
	=====	=====	=====	=====	=====	=====
Net book value						
At 31 <sup>st</sup> December 2017	153,601	38,654	26,754	12,190	17,838	249,037
	=====	=====	=====	=====	=====	=====

## 9 Inventories

	2018 €	2017 €
Books and publications	<b>42,637</b>	43,416
Stationery	<b>15,175</b>	15,173
	-----	-----
	<b>57,812</b>	58,589
	=====	=====

Publications which are given for free are valued at their original cost.

## 10 Trade and other receivables

	Note	2018 €	2017 €
Trade receivables	10.1	<b>69,280</b>	276,858
Accrued income		<b>434,123</b>	646,156
		-----	-----
Financial assets		<b>503,403</b>	923,014
Prepayments		<b>134,374</b>	15,966
		-----	-----
		<b>637,777</b>	938,980
		=====	=====

### 10.1 The Authority does not have any credit terms with its trade debtors.

The age of trade debtors is as follows:

	2018 €	2017 €
More than 1 month	<b>17,377</b>	73,474
More than 1 month but not more than 3 months	<b>24,528</b>	199,037
More than 3 months but not more than 6 months	<b>27,375</b>	4,344
	-----	-----
	<b>69,280</b>	276,858
	=====	=====

### 10.2 Accrued income

Accrued income includes €400,000 as of 31<sup>st</sup> December 2018 (2017: €643,594) representing a sum payable by the National Statistics Office to ex-public officers in respect to retiring service pension which sum shall be compensated in full by the Government of Malta in the event that the National Statistics Office is unable to meet this expenditure out of its annual budgetary allocation. The members of the Authority Board are of the opinion that it shall not be possible for the National Statistics Office to meet this expenditure out of its annual budgetary

allocation. A corresponding amount is recognised as accrued expense (Note 12).

## 11 Deferred income

	2018	2017
	€	€
<b>Government grants</b>		
At 1 <sup>st</sup> January	<b>182,309</b>	161,980
Additions	<b>38,235</b>	66,741
Amounts transferred to income and expenditure account	<b>(54,544)</b>	(46,412)
	-----	-----
At December	<b>166,000</b>	182,309
	=====	=====

	2018	2017
	€	€
<b>Comprising</b>		
Current deferred income	<b>29,593</b>	43,337
	=====	=====
Non-current deferred income		
Between 2 and 5 years	<b>54,741</b>	59,960
After more than 5 years	<b>81,666</b>	79,012
	-----	-----
	<b>136,407</b>	138,972
	=====	=====

This refers to government grants with respect to computer equipment, improvements to premises, furniture, fixtures and fittings and office equipment, which are deferred over the assets' useful lives.

	2018	2017
	€	€
<b>Government grants</b>		
<b>Cost</b>		
At 1 <sup>st</sup> January	<b>937,066</b>	870,325
Amounts transferred to income and expenditure account	<b>38,235</b>	66,741
	-----	-----
At December	<b>975,301</b>	937,066
	=====	=====
<b>Amortisation</b>		
At 1 <sup>st</sup> January	<b>754,757</b>	708,345
Amounts transferred to income and expenditure account	<b>54,544</b>	46,412
	-----	-----
At December	<b>809,301</b>	754,757
	=====	=====
<b>Balance</b>	<b>166,000</b>	182,309
	=====	=====

## 12 Trade and other payables

	Note	2018 €	2017 €
Trade payables		25,752	32,101
Accruals		667,719	918,283
		-----	-----
Financial liabilities		693,471	950,384
Deferred income from Government grants	11	29,593	43,337
Deferred income from Eurostat grants		68,003	-
Prepaid income		799,964	-
Other payables		-	182,947
Other payables for Eurostat audit		17,067	-
Other vat liability		(928)	15,353
		-----	-----
		1,607,170	1,192,021
		=====	=====

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

## 13 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2018 €	2017 €	Movement €
Cash at bank	2,464,409	1,329,809	1,134,600
	=====	=====	=====

## 14 Related party transactions

Malta Statistics Authority is an autonomous public institution enacted by the Malta Statistics Authority Act (Chapter 422 of the Laws of Malta). The Authority is the regulator for official statistics in Malta. In accordance with article 26 (4) of the Malta Statistics Authority Act, audited financial statements shall be tabled in Parliament by the Authority's line Minister. During the year under review, the Authority entered into transactions with a number of Government-related entities. As at 31<sup>st</sup> December 2018, the Authority had an outstanding receivable balance due by other governmental entities amounting to €59,436 (2017: €83,534), and an

outstanding payable owed to other governmental entities amounting to €1,896 (2017: €148).

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related entities are unsecured and interest free. Outstanding balances are usually settled in cash.

Income recognised for the year under review relating to subventions received from the Government of Malta are disclosed in note 4.

## **15 Financial risk management**

The Authority is exposed it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. 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 risk.

### **15.1 Foreign currency risk**

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

### **15.2 Interest risk**

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

### **15.3 Credit risk**

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



	<b>Note</b>	<b>2018</b> €	2017 €
Classes of financial assets – carrying amounts			
Trade and other receivables	10	<b>637,777</b>	938,980
Cash and cash equivalents	13	<b>2,464,409</b>	1,329,809
		-----	-----
		<b>3,102,186</b>	2,268,789
		=====	=====

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.

## 15.4 Liquidity risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise of trade and other payables. 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.

The Authority ensures a steady and healthy cash flow through persistent chasing up of debtors on a weekly basis to ensure that target inflows are received monthly. Targets are set by the management, who monitors cash flow regularly together with the accountant.

The Authority's financial liabilities at the reporting date under review are all short term and their contractual maturities fall within one year.

## **16 Statutory information**

The Malta Statistics Authority (MSA) ("the Authority") is the Authority which ensures that official statistics produced independently by its executive arm, the National Statistics Office, are reliable, robust, timely and impartial. The Authority is enacted by virtue of the Malta Statistics Authority Act, (Chapter 422 of the laws of Malta).

## Detailed income statement

### For the year ended 31st December 2018

	2018	2017
	€	€
<b>Income</b>	<b>6,559,742</b>	6,407,979
	-----	-----
<b>Administrative and other expenses</b>		
Air conditioning running costs	1,928	1,876
Auditor's remuneration	2,288	2,288
Bank interest and charges	758	770
Board members' remuneration	53,573	53,573
Cleaning expenses	33,105	35,050
Conference expenditure	2,132	9,226
Donations and miscellaneous expenses	4,100	200
Depreciation	63,201	56,043
European Social Fund	19,111	-
General expenses	3,061	4,721
Hire of equipment	10,784	13,057
Hospitality and entertainment	8,544	11,936
Insurance fees	12,392	14,958
IT Support – paid by the Ministry	43,370	39,850
Consultancy and professional fees	153,774	170,116
Licences, memberships and subscriptions	44,746	41,544
Medical services	774	1,076
Motor vehicles running expenses	10,093	9,945
Pensions payable to ex government employees	365,804	300,000
Postage and couriers	20,925	20,899

	<b>2018</b>	2017
	€	€
<b>Administrative and other expenses (continued)</b>		
Print and stationery fees	<b>25,703</b>	34,009
Publicity fees	<b>9,814</b>	6,326
Rental fees	<b>19,439</b>	19,338
Repair and maintenance	<b>20,291</b>	15,998
RPI Advisory Committee members' remuneration	<b>8,153</b>	8,817
Salaries	<b>4,703,679</b>	4,595,302
Surveys and interviews	<b>309,851</b>	307,485
Training costs	<b>8,818</b>	45,639
Telecommunication costs	<b>21,346</b>	20,589
Travelling expenses	<b>140,728</b>	137,049
Uniform expenses	<b>2,979</b>	4,623
Water and electricity fees	<b>23,425</b>	31,197
Premises maintenance	<b>10,161</b>	5,917
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	<b>6,158,850</b>	6,019,417
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<b>Household budgetary survey expenditure</b>		
Conferences	<b>1,247</b>	-
Printing and stationery fees	<b>1,201</b>	4,364
Publicity	<b>1,430</b>	-
Salaries and overtime	-	27,238
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	<b>3,878</b>	31,602
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Household budgetary survey expenditures are netted with income in note 4.		
<b>Total operating expenses</b>	<b>6,162,728</b>	6,051,019
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<b>Finance income</b>	<b>277</b>	158
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<b>Surplus for the year</b>	<b>397,291</b>	357,118
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