

MALTA STATISTICS AUTHORITY

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

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MALTA STATISTICS AUTHORITY BOARD

Chairman

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

Secretary to the Board

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

Members

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

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

Mr B. Borg Bonello B.A.(Hons.),M.A.(Warwick)

Prof. Joseph Falzon M.A.(Memphis), Ph.D.(Northwestern)

Mr Alfred Demarco B.Sc.(Econ.),A.C.I.B.

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

12 November 2007

The Hon. Lawrence Gonzi K.U.O.M., LL.D., M.P.
Prime Minister and Minister of Finance

Prime Minister,

In accordance with Section 29 of the Malta Statistics Authority Act 2000, I am transmitting a copy of the report by the Director General on the activities of the National Statistics Office to cover the period 1 October 2006 to 30 September 2007 as well as a copy of the financial accounts of the Authority, certified by the auditors, for the same period.

Both the report of the National Statistics Office and the audited financial statements for 2006/2007 were discussed and approved by the Board on 9 November 2007. I am also highlighting some of the main items included in the report.

General

The Malta Statistics Authority was set up by Act XXIV of 2000 and came into force on 1 March 2001. Its functions are defined in section 7 of the said Act as follows:

- a) To examine and submit, for the approval of the Minister, the business plan and financial estimates drawn up by the Director General for the administration of the Office;
- b) To regulate and to generally supervise the production of official statistics in accordance with international requirements and standards;
- c) To discuss and advise on statistical matters, including methodologies, relating to the collection, compilation and dissemination of statistics;
- d) To establish priorities in responding to the demand for official statistics;
- e) To liaise between the Office and other public bodies concerning the supply of data and the 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 Board of the Malta Statistics Authority has a regulatory, supervisory and co-ordinating function. In most countries, the latter function is assumed by a separate technical committee. The National Statistics Office is the executive arm of the Authority.

EU Membership

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

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

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

Transition Facilities (TF)

NSO has received financial assistance under the 2004 Transition Facility in order to continue with its institution-building programme. The organisation is benefiting both through the TF Multi-beneficiary programme and under the TF National programme. Further details on the organisation's engagement in Transition Facilities are provided in Table 6 of the NSO Annual Report.

Director General

On 26 January 2007 the MSA Board had to regretfully accept the resignation of Dr Gordon Cordina, the Director General of NSO. In agreement with the MSA Board and in consultation with the Minister of Finance, Mr Reno Camilleri, Chairman of the MSA Board, assumed also the duties of Director General of the National Statistics Office, in an acting capacity.

Meetings

Although in terms of Sec 6(2) of the Statistics Act, the Board is required to meet at least twice every calendar quarter, the Board met twelve times during 2006/2007. The vast statistical programme of activities undertaken by NSO in the course of the past year, the need to review existing methodologies, and the selection of a new Director General for the organisation necessitated more frequent meetings.

The Board kept the production and quality of statistical data under constant review. Indeed, most of the time has been devoted to presentations on new or reformed methodologies by the Acting Director General of the National Statistics Office and by the managers of the various units within NSO.

Throughout discussions, the Board examined the relevance of such methodologies, keeping in mind the relevant EU directives and the country's obligations as determined by Eurostat under the statistical Acquis.

Users' Needs

The local demand for statistical information was monitored during the Board's meetings. Users' needs and their perception of the relevance and quality were discussed during meetings with the Constituted Bodies. The level of response by data providers and the workload involved in the production of information were issues that engaged the attention of the Board during the last year. In the opinion of the Board, the response burden is gradually becoming an acute problem that must continue to be addressed in 2008.

Specific issues were raised during the Board's meetings by the respective Board Members nominated by Government, the business organisations and the trade unions.

The Statistical System

The local statistical system comprises all public and private organisations that provide and make use of statistical information. The Board is conscious of the need to avoid duplication of work in the production of statistical information that would result in waste of human and other resources. For this reason, standing committees were set up consisting of representatives of NSO, the Ministry of Finance, the Employment and Training Corporation and the main public enterprises, with a view to establishing a sound system of cooperation regarding the provision of relevant data, the collection of which is the competence of these bodies.

A cooperation agreement with the Central Bank of Malta was signed during the year.

Code of Practice

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

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

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

A Peer Review from Eurostat is scheduled to take place in the third week of November 2007.

Quality and Reliability

The issue of duplication of effort was a priority on the Board's agenda during the year. The Board was vigilant in ensuring that this rationalisation of resources would not compromise in any way the quality and reliability of statistical information. The Board is satisfied that the local perception of statistics produced by NSO does credit to the organisation. One should also mention the views expressed by Eurostat on the high quality of the data that are being regularly submitted by NSO to the Statistical Office of the European Community.

Timeliness of Data

A constant high-priority issue on the NSO agenda has been the release of the main social and economic aggregates like the Gross Domestic Product, the Balance of Payments, Trade, the Labour Supply, Government Finance and the Inflation Index, on a regular and timely basis. This aspect of official data has been emphasised in the European Code of Practice. Although these statistics are compiled and published within a relatively short span of time, they have themselves to be reliable measures of economic performance. Admittedly, timely and good-quality statistics are not always possible since NSO often faces problems in obtaining the required information from public and private data providers on time. Nonetheless, every effort is being made to publish the more important statistical indicators as indicated in the News Release Calendar.

Dissemination Activities

Publication of news releases followed the pre-announced calendar during the year. In this regard, the number of news releases is expected to reach 205 in the year being reviewed. This translates into an average of four releases per week. Furthermore, the Library and Information Unit dealt with some 1,300 requests for information. In addition, seven full publications were issued, some of them in CD-ROM.

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

NSO has also maintained its international obligations concerning the supply of timely information required by the OECD, the EU Commission, the Council of Europe and Eurostat.

The Retail Price Index Advisory Committee

The Retail Price Index Advisory Committee that replaced the RPI Management Board established in 1998, was set up under Section 33 of the Statistics Act. The Committee is composed of representatives of the social partners and its main function is to discuss the monthly changes in the Retail Price Index prior to its publication, as well as other factors that contribute towards inflationary pressures.

During the past twelve months the Committee met twelve times.

Harmonised Index of Consumer Prices

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

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

Census of Population and Housing 2005

The results of the Census of Population and Housing 2005 have been published in two volumes and are accompanied by a CD-ROM.

The Media

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

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

Throughout the past year, NSO has maintained its policy of providing the main statistical aggregates without commenting on or interpreting the data. At the same time, it has published methodological guides and all necessary definitions and other relevant notes so as to enable analysis of socio-economic trends.

Special care was taken to explain in detail the main revisions to the Gross Domestic Product made during the year.

Methodological issues were also explained through articles and participation in radio and television programmes. The communication of official data will be further developed during 2008. This approach is in line with the European Commission's information campaign to maintain an ongoing dialogue with citizens.

Survey on Income and Living Conditions (SILC)

Reference was made in last year's report to the undertaking of a pilot Survey on Income and Living Conditions among households (SILC). SILC is intended to provide a set of indicators on income, poverty and social exclusion. The third survey was conducted in July 2007 and had a gross sample of 4,500 households. Meanwhile, analysis of SILC data collected in 2006 (reference year: 2005) was completed.

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

Cruise Passengers in Transit Survey (Cruistat)

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

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

National Accounts

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

The National Accounts Unit concentrated on the compilation of new weights for the annual Purchasing Power Parities (PPP) exercise on sectoral accounts with particular reference to capital stock and formation and Supply and Use Tables (SUT).

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

Public Finance

With the cooperation of the Treasury and the Central Bank of Malta, within the context of the Government Finance Committee, NSO has implemented a system for the generation of reports on Malta's Excessive Debt and Deficit. These are embodied in periodic reports sent to the European Commission.

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

Information Technology

During the past year, NSO continued to strengthen its IT Unit and to maintain an extensive computerisation programme.

More use was made of the Computer Aided Telephone interviewing (CATI) system. CATI permitted the undertaking of several requests from private organisations to organise surveys on their behalf.

Staff

At the time of writing, NSO had 139 employees on its books. The MSA Board is pleased to record that 45 per cent of the NSO staff complement are graduates. This implies a considerable increase of nine percentage points over 2006, when this share stood at around 36 per cent. Several of these also hold a Masters degree while other members are currently reading for a post-graduate degree or diploma. The intention is to improve still further the general professional level of the staff, particularly through attendance at specialised meetings and workshops organised by Eurostat. These events are also important for the upgrading of existing methodologies and the harmonisation of our statistical system.

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

Future Initiatives

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

- in 2008, NSO will initiate a new Household Budgetary Survey immediately after the completion of the pilot survey. Among other things, this exercise will update the weighting frames of the Retail Price Index and the Harmonised Index of Consumer Prices and will enhance the estimation of consumption expenditure for national income purposes;
- in 2007, work on the introduction of a Producer Price Index was finalised. The Index will be introduced in 2008. This will provide a short-term indication of competitiveness and inflation developments, and can be used to enhance the deflation process for National Accounts purposes;
- further attention will be focused on the exhaustiveness of the Gross Domestic Product as outlined in the ESA 95, as well as the compilation of new statements of Malta's trade and financial transactions with EU Member States and other countries. The ESA 95 may also be due for some revisions. Eurostat's vision is directed towards further harmonisation of methodologies with the aim of bringing them more in line with those of other countries outside the EU;
- as highlighted in earlier reports, the adoption of the statistical Acquis imposed a heavier burden on the NSO that can only be assumed on the basis of the availability of more qualified staff. An intensive drive was mounted during 2007 and NSO now has a full staff complement. In the coming year, attention will be directed towards the filling of posts at senior management level;

- more training on basic survey techniques will be provided in the coming months. Relations with the University have been enhanced and it is envisaged that a course leading to an academic qualification in official statistics will be proposed in 2008;
- NSO will continue to honour its commitment to adhere to the Advanced Release Calendar of statistical information in the main statistical areas. At the same time, it will maintain a continuous dialogue and consultation with its principal users to ensure that their needs are met on time;
- in the course of 2008, the Malta Statistics Authority and NSO will concentrate on the adoption of new strategies in data collection in order to avoid duplication of effort and to rationalise the demand for statistical data from its main suppliers, thus lessening response burdens. As stated elsewhere, this issue is developing into an acute problem;
- the MSA Board will proceed with its monthly discussions on methodologies and best practices for the compilation of timely and good-quality statistics in accordance with the European Code of Practice;
- the MSA Board is also pleased to note that official data are generally regarded as reliable, independent and professionally produced. Users are satisfied that official information is credible, reliable and unbiased.

Acknowledgements

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

Our thanks also go to the media for their efforts in communicating official information, to the general public and civil society, and to all those who offered assistance and suggestions and showed appreciation of the efforts of the Malta Statistics Authority and NSO to give Malta an efficient and reliable statistical service.

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



Reno Camilleri
Chairman

Statement of responsibilities of the Authority

The Authority is governed by a Board consisting of 8 members. Among other responsibilities, the Authority is responsible for the production of official statistics in accordance with international requirements and standards.

The Authority is responsible for ensuring that:

- a. Proper accounting records are kept of all transactions entered into by the Authority, and of its assets and liabilities;
- b. Adequate controls and procedures are in place for safeguarding the assets of the Authority, and the prevention and detection of fraud and other irregularities.

In preparing the financial statements which give a true and fair view of the state of affairs as at the end of each financial year and of its surplus or deficit for that year, the Authority:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- follows International Financial Reporting Standards; and
- prepares the financial statements on the going concern basis unless this is considered inappropriate.

Report of the auditors to the board members

We have audited the accompanying financial statements on pages 11 to 22. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 30 September 2007 and of its surplus, changes in net assets/equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Malta Statistics Authority Act, 2000.



Mark Bugeja
f/Grant Thornton

Certified Public Accountants

Grant Thornton House
Princess Elizabeth Street
Ta' Xbiex XBX 1104
Malta

9 November 2007

Income and expenditure account

	Note	2007 Lm	2006 Lm
Income	3	1,421,048	1,918,736
Expenditure		<u>(1,413,841)</u>	<u>(1,851,907)</u>
Surplus for the year before taxation	4	7,207	66,829
Taxation	5	<u>(459)</u>	<u>(59)</u>
Surplus for the year		<u>6,748</u>	<u>66,770</u>

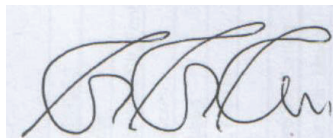
Balance sheet at 30 September

	Note	2007 Lm	2006 Lm
Non-current assets			
Property, plant and equipment	6	170,252	182,613
Financial asset	7	499	499
		<hr/>	<hr/>
		170,751	183,112
		<hr/>	<hr/>
Current assets			
Stocks	8	15,161	24,120
Debtors	9	69,053	136,892
Cash at bank and in hand		334,155	213,391
		<hr/>	<hr/>
		418,369	374,403
Creditors: amounts falling due within one year	10	377,128	351,107
		<hr/>	<hr/>
Net current assets		41,241	23,296
		<hr/>	<hr/>
Total assets less current liabilities		211,992	206,408
Creditors: amounts falling due after more than one year	11	47,889	49,053
		<hr/>	<hr/>
Net assets		164,103	157,355
		<hr/>	<hr/>
Reserves			
Retained funds		164,103	157,355
		<hr/>	<hr/>

The financial statements on pages 11 to 22 were approved on 9 November 2007 and were signed by:



Chairman



Member

Statement of changes in net assets/equity

	Retained funds Lm
At 30 September 2005	90,585
Surplus for the year	66,770
	—————
At 30 September 2006	157,355
Surplus for the year	6,748
	—————
At 30 September 2007	164,103
	—————

Cash flow statement

	Note	2007 Lm	2006 Lm
Operating activities			
Cash generated from operations	12(a)	152,031	154,951
Tax paid		(459)	(59)
		<hr/>	<hr/>
Net cash from operating activities		151,572	154,892
		<hr/>	<hr/>
Investing activities			
Payments to acquire property, plant and equipment	12(b)	(33,852)	(63,599)
Interest received		3,044	596
		<hr/>	<hr/>
Net cash used in investing activities		(30,808)	(63,003)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		120,764	91,889
Cash and cash equivalents at beginning of year	12(c)	213,391	121,502
		<hr/>	<hr/>
Cash and cash equivalents at end of year	12(c)	334,155	213,391
		<hr/>	<hr/>

Notes to the financial statements

1 Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are presented in Maltese Liri (Lm) which is the functional currency of the Authority.

2 Summary of significant accounting policies

Revenue recognition

Income from government subvention is recognised on an accrual basis.

Income from National Programme for the Adoption of the Acquis funds is recognised on an accrual basis.

Government grant represents the net book value of assets supplied by the government. The grant is deferred and transferred to the income and expenditure account in equal parts over the expected useful lives of the related assets.

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

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

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

	%
Improvements to premises	2
Computer equipment	33 1/3
Furniture and fittings	15
Office equipment	15
Motor vehicles	20

Impairment

At each balance sheet date the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Notes to the financial statements

2 Summary of significant accounting policies (continued)

Impairment (continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Authority's balance sheet when the Authority has become a party to the contractual provisions of the instruments.

Trade and other debtors

Trade and other debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other creditors

Trade and other creditors are stated at their nominal value.

Foreign currency amounts

Assets and liabilities in foreign currencies are translated into Maltese Liri at the rate of exchange ruling at the balance sheet date.

Transactions during the year are translated into Maltese Liri at the rate of exchange ruling on the date of the transaction.

All profits and losses on exchange are dealt with through the income and expenditure account.

Notes to the financial statements (continued)

3 Income

	2007	2006
	Lm	Lm
Government subvention		
- direct: paid to MSA	1,130,500	1,077,750
- indirect: expenses paid by Ministry	39,418	98,718
- census	-	515,000
Government grant	1,164	2,363
EU grant	-	1,569
EU grant agreements	157,018	184,222
Sale of publications	54,208	10,578
Other income	38,740	28,158
Realised gain on exchange	-	378
	<hr/>	<hr/>
	1,421,048	1,918,736
	<hr/>	<hr/>

4 Surplus for the year before taxation

	2007	2006
	Lm	Lm
Surplus for the year before taxation is stated after charging:		
Board members' remuneration	16,000	16,000
RPI Board members' remuneration	3,720	3,970
Staff costs	1,078,842	1,093,122
Auditors' remuneration	230	230
Depreciation	39,042	43,905
	<hr/>	<hr/>

5 Taxation

	2007	2006
	Lm	Lm
Malta income tax:		
Final withholding tax at 15%	459	59
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Property, plant and equipment

	Improvements to premises	Computer equipment	Furniture & fittings	Office equipment	Motor vehicles	Total
	Lm	Lm	Lm	Lm	Lm	Lm
Cost						
At 1 October 2006	118,730	263,938	131,148	82,568	19,253	615,637
Additions	-	9,530	1,940	15,027	184	26,681
	_____	_____	_____	_____	_____	_____
At 30 September 2007	118,730	273,468	133,088	97,595	19,437	642,318
	_____	_____	_____	_____	_____	_____
Depreciation						
At 1 October 2006	12,814	236,397	102,633	66,600	14,580	433,024
Charge for the year	2,375	19,337	8,873	7,252	1,205	39,042
	_____	_____	_____	_____	_____	_____
At 30 September 2007	15,189	255,734	111,506	73,852	15,785	472,066
	_____	_____	_____	_____	_____	_____
Net book value						
At 30 September 2007	103,541	17,734	21,582	23,743	3,652	170,252
	_____	_____	_____	_____	_____	_____
At 30 September 2006	105,916	27,541	28,515	15,968	4,673	182,613
	_____	_____	_____	_____	_____	_____

The Authority has a specialised library which has been built up over a number of years. The material was donated to the Authority by international institutions or else was taken over from Government. Apart from these, the Authority also acquires library material through the exchange of material with international organisations, and acquires books using own funds in which case the funds are charged to the income and expenditure account.

The fair value of this material is estimated at around Lm 30,000, which amount has not been recognised in these financial statements as the recognition criteria set out in IAS 16, Property, Plant and Equipment are not met.

7 Financial asset

	2007	2006
	Lm	Lm
499 ordinary shares of Lm1 each, fully paid in Centre for Socio-Economic Research Company Limited representing 99.8% holding	499	499
	_____	_____

Notes to the financial statements (continued)

8 Stocks

	2007	2006
	Lm	Lm
Books and publications	5,721	15,893
Stationery	9,440	8,227
	<hr/>	<hr/>
	15,161	24,120
	<hr/>	<hr/>

9 Debtors

	2007	2006
	Lm	Lm
Trade debtors	57,211	62,556
Prepayments and accrued income	11,842	74,336
	<hr/>	<hr/>
	69,053	136,892
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2007	2006
	Lm	Lm
Trade creditors	44,660	69,966
Other creditors	4,312	1,647
Accruals and deferred income	328,156	279,494
	<hr/>	<hr/>
	377,128	351,107
	<hr/>	<hr/>

11 Creditors: amounts falling due after more than one year

	2007	2006
	Lm	Lm
Grants (note)	49,053	52,985
Less: amounts transferred to income and expenditure account	(1,164)	(3,932)
	<hr/>	<hr/>
	47,889	49,053
	<hr/>	<hr/>

Notes to the financial statements (continued)

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

Note -

Grants

	Government grant Lm	European Union grant Lm	Total Lm
Cost			
At 1 October 2006/ 30 September 2007	167,309	33,461	200,770
Amortisation			
At 1 October 2006	118,256	33,461	151,717
Amounts transferred to income and expenditure during the year	1,164	-	1,164
At 30 September 2007	119,420	33,461	152,881
Balance			
At 30 September 2007	47,889	-	47,889
At 30 September 2006	49,053	-	49,053

Notes to the financial statements (continued)

12 Notes to the cash flow statement

(a) Cash generated from operations

	2007 Lm	2006 Lm
Surplus for the year before taxation	7,207	66,829
Adjustments for:		
Depreciation	39,042	43,905
Government and EU grants transferred to income and expenditure account	(1,164)	(3,932)
Interest receivable	(3,746)	(2,328)
	<hr/>	<hr/>
Surplus before working capital changes	41,339	104,474
Decrease/(increase) in stocks	8,959	(2,097)
Decrease/(increase) in debtors	68,541	(46,204)
Increase in creditors	33,192	98,778
	<hr/>	<hr/>
	152,031	154,951
	<hr/>	<hr/>

(b) Property, plant and equipment

During the year, the Authority acquired property, plant and equipment with an aggregate cost of Lm 26,681. Cash payments of Lm 33,852 were made during the year.

(c) Cash and cash equivalents

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

	2007 Lm	2006 Lm
Cash in hand	174	2,696
Cash at bank	333,981	210,695
	<hr/>	<hr/>
	334,155	213,391
	<hr/>	<hr/>

Notes to the financial statements (continued)

13 Financial instruments

Financial assets include debtors and cash held at bank and in hand. Financial liabilities include creditors. At 30 September 2007 and 2006, the Authority had no unrecognised financial instruments.

Risk management policies

- (a) Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances and the presentation of debtors net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.
- (b) Liquidity risk is limited as the Authority has sufficient funding resources and the ability to raise finance to meet its financial obligations as these arise.

Fair values

At 30 September 2007 and 2006, the fair values of financial assets and liabilities were not materially different from their carrying amounts.

