



Annual Report
2002-3

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Mission Statement

Our mission is to effectively co-ordinate standardization and related activities to meet the needs of the Maltese community in accordance with European and internationally recognized standards and practices, that enhance economic efficiency and international competitiveness, and fulfil the community's demand for consumer protection and for a safe and sustainable environment.



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Message from The Chairman

National Quality Infrastructure Jig Saw Nearing Completion.

The objective of establishing the Malta Standards Authority as the focal point for quality issues in Malta as well as to build the necessary quality infrastructure required by the EU Acquis in the area of free movement of goods is almost completed. In the first years, 2000 - 2001 emphasis was directed towards the legislative framework. This included the MSA Act of 2000, legislation for the setting up of Directorates and the transposition of the New and Old Approach Directives as part of our legal system as well as substantial regulations in the areas of chemicals, cosmetics and foodstuff.

The year 2001 saw standardization as the focal point of MSA activities, especially in the area of voluntary standards. Before 2001, Malta did not have a single national standard. In 2001, an agreement was signed with BSI and over 9000 European standards were adopted as Maltese National standards. To date, the Maltese catalogue of national standard comprises over 13000 standards, mostly European standards published by CEN, CENELEC and ETSI, International Standards by ISO and IEC as well as purely national standards. The most important breakthrough was registered last year when we published the first-ever nationally grown standard - MSA 100:2002 - Specifications for Keyboard allocation of graphic characters for data processing. This standard recommends the position of the Maltese characters (ċ, ġ, ħ, ż) on the computer keyboard and ensures that compatibility between different computer systems is achieved. This was followed this year with a new national standard - MSA 200:2003 - Maltese Data and Information Requirements on Information and Communication Technology. This standard specifies Maltese data and information requirements on information and communication technology. It covers elements such as the alphabet, sorting rules, format to numbers, dates and time.

As from October 2001, MSA became a full member of CENELEC - the European organization that develops standards on electrical products. Following this, MSA also became a full member of CEN - the European organisation that develops standards on non-electrical products and services. MSA was the second standards body from



Ing. Francis E. Farrugia
Chairman

candidate countries to achieve full membership status of these two organizations where normally, full membership is open only to EU and EFTA countries. To date, only four standards bodies from candidate countries are full members. MSA is also a full member in ETSI (the European Organisation that develops standards in the telecommunication field) and ISO (International Standards Organization). Full membership in all these organizations imply that MSA can participate fully in the development of European and international standards and will be in a position to defend the national interests in standards development. This has been evident in a number of occasions and in particular recently when after consultation with local interested parties, we have voted against a new CENELEC standard which was going to make it difficult for local electrical installation contractors to operate. Our vote helped in the withdrawal of this standard.

Today we are participating actively in a number of technical committees preparing European and international standards. Mirror technical committees have been set up and there are more than 80 local experts participating in these technical committees. In the last couple of years, more than ten European technical committees have chosen Malta as their venue to hold their meetings. Our ambition for the immediate future is to have the Secretariat of one of these technical committees.

While a lot has been covered in a short period of time in the areas of standards, both mandatory and voluntary, however, nothing was in place in 2001 in the area of conformity assessment. Conformity assessment is the process whereby third-party assessment provides proof of conformity with a national standard. So, in 2001 and 2002 the priorities were shifted on the setting up of conformity assessment services primarily in the areas of metrology and accreditation. The

National Metrology Service, which will be known as MSA - NMS was established by the Metrology Act of 2002. The role of the National Metrology Service is to ensure that the basic elements of the national measurement system are developed and maintained in order to support trade, industry and consumer interest by increasing the reliability of measurements. These elements include:

- the adoption of a system of units of measurement for use throughout the islands and to establish corresponding equivalents of old Maltese measurements,
- depository and custodian of the national reference standards, as well as their dissemination,
- ascertain traceability of measurement system and ensure conformity to international levels,
- the operation of legal metrology functions to assist government with the enactment and implementation of legislation and regulations relating to measurements in trade and some other areas,
- ensures the availability of calibration services,
- research work in collaboration with University and other bodies in the area of measurement.

In order to meet these objectives, a EU project has been initiated as part of the 1.5 M € pre-accession program to assist in the capacity building of the Malta Standards. A total of 500,000 € have been allocated for the purchase of high standard measuring equipment to provide the much needed calibration service to local industry in the areas of dimension, weight and temperature. Two units have been allocated by government at Corradino Business Incubation Centre, which will be housing the metrology laboratories. These laboratories are scheduled for opening by the end of 2003. Our aim is to expand the services to the fields of time (important for financial transactions) and frequency and humidity. Also, we will be extending this and other services to neighbouring countries.

In July 2002, the accreditation service was officially launched by the then Minister for Economic Services, Prof. Josef Bonnici. Accreditation is the process by which an authoritative body gives formal recognition that a body or a person is competent to carry out specific tasks. Only one national (recognized by Government) accreditation body

can be established in a country. The national and sole accreditation body in Malta established by law is the NAB-MSA (National Accreditation Body - Malta Standards Authority). It is the Maltese National Authority with responsibility for accreditation in accordance with the relevant national, international and European standards.

Activities conducted by the NAB-MSA include the accreditation of:

- Laboratories for calibration and testing;
- Certification Bodies providing certification of products, services, management systems and personnel;
- Inspection Bodies;
- Attestation Bodies for public procurement;
- EMAS Verifiers;
- CSPs providing e-Signatures;
- Conformity Assessment Bodies (Notified Bodies).

In November 2002, MSA attained full membership of EA (European co-operation for Accreditation). In order to encourage laboratories to attain accreditation, MSA took the initiative to set up an association of laboratory service providers known as Maltalab. The first general meeting of Maltalab will be taking place next December.

The last piece of the jigsaw is the provision of certification service. MSA has just published two national standards covering traditional lace and filigree work. MSA will be introducing voluntary certification schemes (conformity mark) later in the year for those organizations/individuals who want to submit their products for assessment against the national standards. These schemes were developed to support local traditional craft work, identification labels on certified products will be a means for distinguishing them from inferior quality product or imported imitations.

From May next year when Malta becomes officially a EU Member State enormous opportunities will open up for Maltese manufacturers/service providers especially SMEs. Although theoretically all trade barriers have to disappear, however, it is a known fact that organizations having a quality management system certified to ISO 9001 have a better chance to penetrate and sell their product/services in

the 500 million European market. Already, over 200 Maltese organizations have achieved certification to MSA EN ISO 9001. Unfortunately, Maltese SMEs are presently at a disadvantage when compared with similar European SMEs as it is presently prohibitive for some of them, especially the very small ones, to obtain certification due to the fact that no local certification bodies exist which can provide this service (certification) at a reasonable price and the only alternative is to make use of foreign certification bodies. In order to remedy this situation and in support of small enterprises, the MSA will be providing certification service as from next November. MSA will be shortly signing a Memorandum of Understanding with Dansk Institute who will be supporting MSA during the first months.

Once certification service is up and running then the quality infrastructure jigsaw is completed. However, there are other functions falling under the remit of MSA. One of the objectives for the attainment of a single market is the free movement of goods between Member States. The Single Market will never be achieved if Member States at national level create technical barriers to trade through regulations and standards. In order to ensure that such technical barriers are not created, Member State have to identify a national focal point to act as the notification point for the Commission and other Member States when national legislation that could end up as a potential trade barrier is being drafted. The MSA has been identified as the official Notification Point in Malta both for the EU and WTO regarding technical standards, regulations and for rules on information society. A number of contact points within every Ministry have been identified and trained in the system and already a number of regulations were referred to MSA for advice prior to their being published.

As if these are not enough, the following is an incomplete list of responsibilities, sector-wise falling under MSA:

1. Food Sector

- a) Specific responsibility for risk assessment in food and feed under the Food Safety Act. This includes both chemical and microbiological aspects;



Visit by Chairman Ing. Francis E. Farrugia and Ing. J. Bartolo, Head MSA - NMS to the Croatian Standards Institute in Zagreb

- b) Advising the Food Safety Commission (FSC) on temporary national authorisations of food additives under Directive 95/2/EC;
- c) Advising the Food Safety Commission (FSC) on national measures concerning contaminants and contact materials in the absence of harmonised Community provisions;
- d) Receiving notifications for the placing on the Maltese market of dietetic foods and food supplements;
- e) Advising the Department of Public Health on the advisability of safeguard measures regarding dietetic foods and food supplements (safeguard measures);
- f) Recognition of natural mineral waters under Directive 80/777/EEC;
- g) Risk assessment and authorization of novel foods
Competent Authority for the purposes of EC
- h) Regulation 2081/92 (designations of origin and geographical indications)
- i) Competent Authority for the purposes of EC Regulation 2082/92 (certificates of specific character)
- j) National Register of Spirits

2. Chemical Sector

- a) Competent Authority for the purposes of Directive 67/548/EEC on dangerous substances
- b) Competent Authority for the purposes of Directive 99/45/EC on dangerous preparations
- c) Competent Authority for the purposes of Directive 76/769/EEC on marketing restrictions on certain dangerous substances
- d) Notification of new chemicals to the European



Invitation by ON Austria to MSA Chairman to discuss future collaboration between the two organizations.

Commission under Directive 67/548/EEC

- e) Competent Authority for the purposes of EC Regulation 793/93 on existing chemicals
- f) Competent Authority for the purposes of Directive 91/155/EEC on material safety data sheets
- Competent authority for the purposes of EC legislation on fertilizers

3. Cosmetics sector

- a) Responsible for notification of placing of cosmetic products on the Community market
- b) Responsible for risk assessment of cosmetic products, including inspection of product information files
- c) Responsible for national authorisation of preservatives, colours and UV filters in cosmetic products pending Community decision.

4. Consumer and industrial goods sector

- a) Competent authority for notifying Conformity Assessment Bodies (Notified Bodies) under the New Approach Directives.
- b) Competent authority to issue products conformity marks
- c) Competent authority to enforce legal metrology
- d) Competent authority to invoke Safeguard Clause falling under the New Approach Directives.
- e) Responsible authority to carry out Risk Assessment on the request of the Market Surveillance authorities
- f) Competent authority to keep National Register for Class I Manufacturing of Medical devices.

5. Environmental sector

- a) Competent authority to accredit Environmental Management System (MSA ISO 14001) Certification body,
- b) Competent authority for EMAS
- c) Accreditation of EMAS Verifiers
- d) Competent authority to maintain register of EMAS site
- e) Competent authority for EU Ecolabelling schemes
- f) Competent authority to vote for the adoption of European environmental standards prepared by CEN and CENELEC.
- g) Specific responsibility for risk assessment of chemical substances under all chemicals legislation (human health, environmental and combined human health/environmental effects), including risk analysis for the purposes of notification of national measures under Directive 98/34/EC.

6. Information and Communication Technology sector.

- a) Competent body to prepare national standards covering ICT
- b) National body representing Malta on ETSI (European Telecommunication Standards Institute) with voting power.
- c) Competent authority to accredit CSP for e-signature

7. Leisure industry sector

- a) National body representing Malta on CEN where European standards in this sector are prepared and voted for.
- b) Competent Authority to prepare HACCP (food safety) guidelines for catering industry.

8. Construction industry sector

- a) Responsible for the transposition of Construction Products Directives

- b) Responsible authority to prepare and adopt standards in the area of construction including the Euro Codes.
- c) Competent authority for the provision of type approval under EOTA regulations.
- d) Competent authority to accredit and Notify Bodies for the Construction Products.

Considering all these responsibilities it is obvious that MSA finds a place on the following government agencies;

- i. Food Safety Commission
- ii. Occupation Health and Safety Authority
- iii. Pesticide Control Board
- iv. Chemical Control Board
- v. Committee on Medicinal and Cosmetic Products
- vi. MEUSAC

In most EU Member States the standardization authority is not only consulted in issues related to industrial and



consumer issues but has an automatic representation on committees set up to regulate or to give advice. Recently, the Authority has been requested to be represented on the IT Advisory Board whilst it has made requests to be considered for representations on the National Committee for Sustainable Development. The Authority will be also requesting representation on the Building Industry Consultative Council. Finally, it is hoped that communication would be established with Enterprise Malta as new industrial projects have to meet EU directive and regulations and this know-how is only available within MSA.

Council of the Malta Standards Authority



Record of Attendance at Council Meetings

Name	2002			2003							
	8th Council meeting 4th Oct.	9th Council meeting 4th Nov.	10th Council meeting 9th Dec.	1st Council meeting 6th Jan.	2nd Council meeting 17th Feb.	3rd Council meeting 17th Mar.	4th Council meeting 5th May.	5th Council meeting 16th June.	6th Council meeting 6th Aug.	Extra-ordinary meeting 26th Aug.	7th Council meeting 29th Sep.
1 Ing. F. E. Farrugia	P	P	P	P	P	P	P	P	P	P	P
2 Mr. C. V. Galea	P	E	E	P	P	P	P	P	P	P	P
3 Dr. Ing. J. C. Borg	P	P	P	P	E	P	P	P	P	P	E
4 Mr. R. Fava	P	P	P	P	P	E	E	P	P	P	E
5 Mr. W. Kenely	P	P	E	E	P	P	P	P	E	E	E
6 Dr. M. Micallef	P	P	P	P	P	E	P	P	E	E	E
7 Mr. G. Micallef	P	P	P	P	E	P	P	P	P	P	P
8 Mr. J. Mifsud *				P	P	E	P	P	E	E	P
9 Mr. M. Pizzuto	E	E	P	P	E	P	E	E	P	P	P
10 Mr. N. Sammut Tagliaferro *					P	P	P	E	P	P	P
11 Mrs. M. A. Sant Fournier	P	E	E	P	E	P	P	E	P	P	P
12 Dr. L. Zammit Mangion	P	P	P	P	P	P	P	P	P	P	P
13 Mr. J. Tabone *					P	P	P	P	P	E	P
14 Mr. A. Mifsud *				P	P	P	P	P	P	P	E

E - Excused P - Present * - Appointed during 2003

Chief Executive Officer's Message

The Malta Standards Authority has responsibilities and important functions in the framework of the free movement of goods between our Country and the international community. In its programme the Authority is contributing towards upgrading local manufactured goods and facilitating through Multilateral Agreements with other countries the exchange of goods between Malta and foreign countries. Local manufacturing and service industries may now participate through the Malta Standards Authority in the drafting of European and international standards before these are published and adopted.

The Malta Standards Authority continued to benefit from a technical assistance and training programme started in December 2001 which was spread over a 24-month period. The project is financed by EU Pre-Accession funds and co-financed by the Malta Government. Staff from the Authority attended various training courses abroad and technical experts have given their advice to the officials to implement systems existing abroad in standardization. These services were not available in Malta and with the help of this project expert advice was obtained to set up another two Directorates providing Metrology and Accreditation services. Under the same Financing Agreement, a tender worth half a million Euro was awarded for the procurement of laboratory equipment for the use of the new National Metrology Services of the Malta Standards Authority. These Metrology services will start in the third quarter of 2003.

Great efforts were made by the Authority to refurbish in time two units at Kordin Business Incubation Centre into state-of-the-art Metrology Laboratories. The Metrology Services will offer local industry with traceable measurement in length, volume and temperature in its first phase of its development. Legal Metrology will benefit the consumer and provide calibration services to industry.

A Lead Assessors Course for Laboratories was organized for Malta Standards Authority technical staff at the beginning of 2003. The Authority has now the necessary qualified personnel to offer accreditation services through its Accreditation Directorate (MSA-NAB).

The Standardization Directorate is now regularly participating in European technical committees drafting European standards. Through this participation, the Authority would be



Mr. Joseph Spiteri
CEO Malta Standards Authority

contributing towards publication of European standards which take the consideration of needs of Maltese industry. These standards are published by the support of weighted voting by all CEN members. Malta Standards Authority is a full CEN member. The first Maltese standards were published during the year covered by this report.

The two regulatory Directorates, the Consumer and Industrial Goods and the Food, Chemicals and Cosmetics are regularly updating local regulations on EU Directives, participating in European technical committees and giving advice to the Minister on new EU draft Directives which will have their impact on Malta when these are published after 1st May 2004. The number of expert groups continued to be increased under these two Directorates during this year.

The Authority has participated in the Notification Committee of the EU and a formal invitation was made to Malta to start a Simplified Notification Procedure between Malta and the EU Member States through the EU Commission. Proceedings are underway to finalise this Agreement between the EU Commission and the Malta Government until Accession when the full Notification Procedure would become operational. Malta and the Member States will be obliged to notify each other at draft stage of any national standard or technical regulation which may create barriers to trade. The Malta Standards Authority is the official EU and WTO notification point in Malta.

During this year the Malta Standards Authority was upgraded owing to the contribution that the Authority is providing to the Maltese industry. The Authority continued to recruit new personnel to consolidate its structure to be able to offer new services in Malta related to Standardization. These services will facilitate the free movement of goods between Malta and other countries and prepare local industry to face future challenges.

Accreditation Directorate



Ing. Claudio Boffa
Director, MSA.



standards. The Accreditation Directorate will seek international recognition of its operations by EA (the European Co-operation for Accreditation) through the multilateral agreements so as to obtain international recognition of the certificates issued by the bodies which it will accredit.

1. Introduction

Accreditation is the main procedure by which a body can be formally recognised as technically competent to carry out specific tasks. It therefore provides a ready means for customers to select reliable conformity assessment bodies (e.g. testing and calibration laboratories, inspection bodies, certification bodies) which meet their needs.

Accredited bodies are re-evaluated by the accreditation body to ensure their continued compliance with requirements, and to check that their standard of operation is being maintained.

2. National Accreditation Body - Malta Standards Authority (NAB-MSA)

The National Accreditation Body, NAB-MSA, is operated by the Accreditation Directorate of the Malta Standards Authority. It provides an accreditation service that meets the requirements set in European and international accreditation

The NAB-MSA is responsible for the accreditation of various types of bodies performing conformity assessment tasks. Accreditation is an evaluation process whereby the operation of various types of bodies is evaluated against internationally accepted accreditation standards.

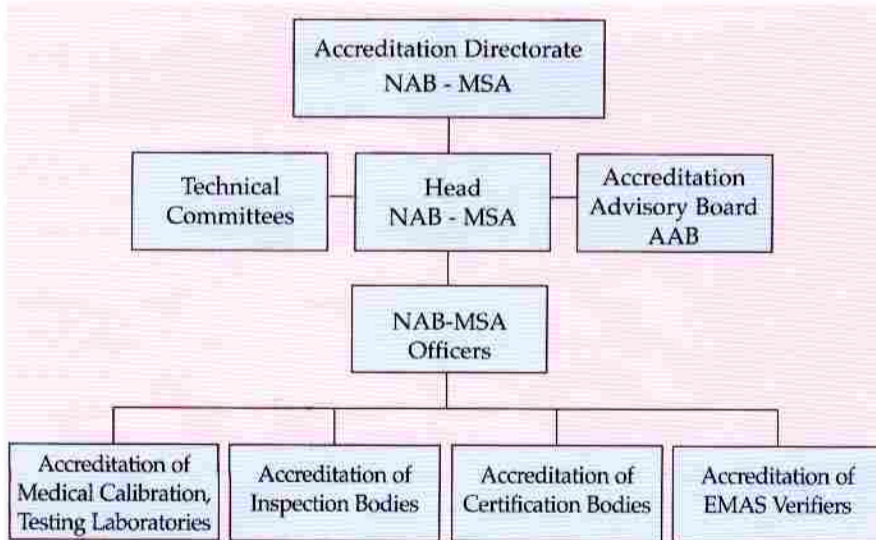
NAB-MSA is also responsible to collaborate with other European and international accreditation bodies, and to represent in them the Maltese interests.

3. Development of the NAB-MSA

A two-year development plan covering the initial set-up of the accreditation system in Malta has been prepared together with an established Irish expert and a former employee of the Irish National Accreditation Board, Mr. John Hussey. The main objective is to set up a national accreditation body in Malta which meets the requirements of the European Co-operation for Accreditation (EA) and of the international

standards which define requirements for accreditation bodies namely ISO/IEC Guide 58 (Calibration and testing laboratory accreditation systems - General requirements for operation and recognition), ISO/IEC Guide 61 (General requirements for assessment and accreditation of certification/registration bodies) and the future ISO/IEC 17011 (General requirements for bodies providing assessment and accreditation of conformity assessment bodies).

The plan is constantly monitored by this Irish Expert. The year 2002 saw the completion of the NAB-MSA quality management system and the accreditation



Accreditation Standards	
Type of Conformity Assessment Body	Accreditation Standard
Laboratories	
Testing and Calibration Laboratories	MSA EN ISO/IEC 17025
Medical Laboratories	MSA EN ISO 15189
Certification Bodies	
Certification Bodies for Quality Management Systems	ISO/IEC Guide 62 MSA EN 45012
Certification Bodies for Environmental Management Systems	ISO/IEC Guide 66
Certification Bodies for Personnel Certification	MSA EN ISO/IEC 17024
Certification Bodies for Product Certification	ISO/IEC Guide 65 MSA EN 45011
Certification Service Providers issuing qualified certificates to the requirements of the EU Electronic-Signatures Directive	Electronic Signatures Directive No. 1999/93
Inspection Bodies	
Inspection Bodies	MSA ISO/IEC 17020 MSA EN45004
EMAS (Eco-Management and Audit Scheme)	
EMAS Verifiers	EMAS Regulation No. 761/2001
GLP (Good Laboratory Practice)	
GLP Sites	OECD Guidelines on GLP EU Directive 88/320

scheme for laboratories. The full system has been audited by the Irish expert. The management system is now being extended to accommodate the accreditation of Inspection Bodies and EMAS (Eco-Management Audit Scheme) Verifiers.

The personnel of the NAB-MSA are undergoing intensive training to ensure that they are prepared to meet the accreditation demands from local organisations.

Most of the activities mentioned above have been made possible through the provision of pre-accession funds provided by the European Union and partly by the Government of Malta.

4. NAB-MSA becomes a full member of the European Co-operation for Accreditation

On completion of its quality system, the NAB-MSA



European co-operation for Accreditation

submitted its application to the European Co-operation for Accreditation (EA) in August 2002. During the EA General Conference of November 2002, NAB-MSA was accepted as full member of EA and signed the memorandum of understanding with this co-operation of accreditation bodies. The members forming EA are practically all the European countries, including all EA and EFTA countries as well as EU candidate countries. EA has established a system of Multi-Lateral Agreements (MLA) under which an EA member that has been assessed by a team composed of other EA members can sign the MLA. All members of the MLA agree to accept test and calibration certificates issued



by other signatory members of the MLA. This ensures that certificates issued by accredited laboratories are recognized both on a national and an international scale.

EA has also signed Mutual Recognition Agreements (MRAs) with the organisations representing accreditation bodies from the rest of the world to enable international recognition of certificates issued by bodies accredited by its members. A benefit of such recognition is that it helps to reduce costs for manufacturers and exporters that have their products or material tested in accredited laboratories, by reducing or eliminating the need for retesting in another country.

The next step now is for NAB-MSA to sign MLAs in the area of testing. The process to sign MLAs is quite intensive and includes an on-site assessment of the NAB-MSA by EA. During its assessment, EA will also visit a number of bodies accredited by the NAB-MSA to verify the accreditation procedure as implemented by the NAB-MSA.

Through a recent communication, the European Commission is regarding the role played by accreditation as being a key to trade and that "more comprehensive guidance for the use of accreditation should be developed with the aim of increasing coherence and structure accreditation services within the Community, especially regarding the independence of accreditation bodies from commercial activities and competition between different bodies".

5. The Accreditation Advisory Board

The year 2002 saw the establishment of the first Accreditation Advisory Board. This Board is a balanced representation of all interested parties including government, the private industry and the consumers. The current composition of the Accreditation Advisory Board is:

Board Member	Organisation
Ing. Francis E. Farrugia	Malta Standards Authority
Ing. Joseph Bartolo	National Metrology Services - Malta Standards Authority
Ing. Claudio Boffa	National Accreditation Body - Malta Standards Authority
Dr. Susan Chircop	Ministry for Rural Affairs and the Environments
Mr. Mario Attard	Malta Tourism Authority
Ms. Rose Schembri	Ministry of Health
Ing. Stephen Rizzo	Federation of Industry
Mr. Joseph Spiteri	Chamber of Commerce
Mr. Noel Toledo	Ministry of Finance and Economic Affairs
Mr. Adrian Muscat Inglott	Consumer Affairs

The main functions of the Accreditation Advisory Board are:

- to provide advice of a technical nature to the NAB-MSA
- to provide assistance on general matters of policy and organisation relating to the functions and activities of the NAB-MSA
- to take the decision on the granting/withdrawal of accreditation depending on the report presented by the NAB-MSA.
- to approve the setting up and disbanding of technical committees following advice received from the Head of the NAB-MSA. These technical committees will be set up on a temporary basis and will provide scientific and technical advice on specific areas of expertise.

Mr. Peter J. Key, a former UKAS director and Assessment Manager, has been appointed to induct the Board members as to what their role and responsibilities will be. Further advice about the accreditation decision making process is being prepared by the same technical expert.

6. The Accreditation Process



7. Activities Carried out in 2002

The Accreditation Directorate has organised a number of other activities including:

- A Laboratories Lead Assessor Course, held together with the Swedish accreditation body, SWEDAC for the MSA technical staff;
- A seminar to launch Maltalab, an association for Maltese laboratories and which will be the national representative on Eurolab;
- Discussion with local laboratories in the process of preparing for laboratories.

Later this year the NAB - MSA will also be organising

- an internal auditing course for laboratorie
- a proficiency testing workshop

The NAB-MSA also participated in the EA General Assemblies in November 2002 and June 2003 to continue fostering its relationship with the members of EA. The NAB-MSA has also started to participate in the EA MAC committee which is a sub-committee within EA which oversees the operation of the member accreditation bodies and ensures that they are faithful to the memorandum of understanding and to the requirements of the multilateral agreements. The EA MAC also takes care for the development and implementation of the MLA agreements and set ups audit teams to verify the accreditation bodies.

8. Planned Activities

A number of activities are planned for the forthcoming year, with the aim to continue increasing the awareness about accreditation and its importance to the Maltese economy and its citizens. The NAB-MSA will also be organising a course on internal auditing for laboratories.

The Consumer and Industrial Goods Directorate



Ing. Anthony Camilleri
Head, Consumer and Industrial Goods Directorate, MSA.

The Consumer and Industrial Goods Directorate (CIGD) of the MSA is running through its third year of operations: being officially established in October 2000, with its first Head appointed in March 2001, but with effect as from 1st January 2001. In pursuance of its objectives, and with reference to LN 213/00 issued by virtue of the MSA Act Cap 419, the main sectors falling under its responsibility are:

1. Motor vehicles
2. Electrical risk and electrical equipment
3. Electromagnetic compatibility
4. Radio equipment and telecommunications terminal equipment
5. Energy efficiency requirements
6. Mechanical devices
7. Personal protective equipment
8. Construction products
9. Recreational craft
10. Medical devices
11. Pressure vessels
12. Toys
13. Gas appliances
14. Noise from vehicles and machinery.

Common regulatory requirements for products across Europe mean that goods can be traded freely, as long as they satisfy (harmonized) basic essential health and safety requirements. The MSA's Consumer and Industrial Goods Directorate has been involved in adopting and implementing a vast spectrum of technical regulations, as listed in the Table 1 below, which clearly shows that Malta has reached full harmonization with all the rules applicable in the EU Member States + EFTA countries in all sectors covered by this part of the *acquis communautaire*. The CIGD met all the targets set in the National Plan for the Adoption of the Acquis (NPAA) by transposing and implementing the remaining *circa* 100 Directives during 2002. Even the Commission in its "2002 Regular Report on Malta's Progress Towards Accession", published last October has recognized this fact. Quoting directly from this report:

*"Since the 1999 update of the Opinion, Malta has made steady and important progress in setting up an appropriate framework for the New and Global Approach and in transposing most of the New Approach, Old Approach and food safety directives. The process of bringing Malta's structures in relation to standardization, accreditation and market surveillance into line with the *acquis* has developed satisfactorily. Malta is at an advanced stage in terms of transposition of the *acquis* and administrative capacity in the field of free movement of goods."*

Furthermore, this recognition has been formally sealed at European level on 26th November 2002 when the (draft) Agreement between the European Communities and their Member States, of the one part, and Malta, of the other part, on Conformity Assessment and Acceptance of Industrial

TABLE 1: A summary of transpositions in connection with NPAA

Legal Notice	Citation	Legal Notice	Citation
New Approach Directives			
L.N. 16 of 1996	Safety of toys (88/378/EEC)	L.N. 396 of 2002 ²	Non-Automatic Weighing Instruments (90/384/EEC)
L.N. 52 of 1996	Appliances burning gaseous fuels (90/396/EEC)	L.N. 331 of 2002	Transportable Pressure Equipment (1999/36/EC)
L.N. 122 of 1998	Personal protective equipment (89/686/EEC)	L.N. 136 of 2003	Method for Designating Conformity Assessment Bodies (93/465/EEC)
L.N. 229 of 1998	Simple pressure vessels (87/404/EEC)	L.N. *** of 2003 ³	Explosives for Civil Uses (93/15/EEC)

L.N. 23 of 1999	Low voltage electrical equipment (73/23/EEC)	Old Approach Directives	
L.N. 24 of 1999	Electromagnetic compatibility (89/336/EEC)	L.N. 182 of 2000	Footwear (94/11/EC)
L.N. 107 of 1999	Equipment and protective systems in potentially explosive atmospheres (94/9/EC)	L.N. 183 of 2000	Wood in the rough (68/89/EC)
L.N. 66 of 2001	Active implantable medical devices (90/385/EEC)	L.N. 184 of 2000	Crystal Glass Order (69/493/EEC)
L.N. 47 of 2003	Medical devices (93/42/EEC)	L.N. 185 of 2000	Textile Names (96/74/EEC, 96/73/EEC and 73/44/EEC)
L.N. 231 of 2001	Recreational craft (94/25/EC)	L.N. 90 of 2002	Electro-Medical Equipment used in Veterinary Medicine (84/539/EEC)
L.N. 249 of 2001	Lifts (95/16/EC)	L.N. 92 of 2002	Certification and marking of wire-ropes, chains and hooks (73/361/EEC)
L.N. 250 of 2001	Machinery (98/37/EC)	L.N. 95 of 2002	Motor vehicles (EC Type-Approval) (70/156/EEC)
L.N. 270 of 2001 as amended by L.N. 330 of 2002	Construction Products (89/106/EEC)	L.N. 96 of 2002, to be repealed by L.N. 28 of 2003 as from 09/11/2003	Two or three-wheel motor vehicles (EC Type-Approval) (92/61/EEC)
L.N. 329 of 2001	Radio equipment and telecommunications terminal equipment and mutual recognition of their conformity (1999/05/EC)	L.N. 97 of 2002	Wheeled agricultural or forestry tractors (EC Type-Approval) (74/150/EEC)
L.N. 61 of 2002	In-vitro diagnostic medical devices (98/79/EC)	L.N. 145 of 2002	Aerosol dispensers (75/324/EEC)
L.N. 62 of 2002	New hot-water boilers fired with liquid or gaseous fuels (efficiency requirements) (92/42/EEC)	L.N. 146 of 2002	Common provisions for pressure vessels and inspection methods (76/767/EEC)
L.N. 63 of 2002	Energy efficiency requirements for household electric refrigerators, freezers and combinations thereof (96/57/EC)	Other Directives	
L.N. 64 of 2002	Noise emission in the environment by equipment for use outdoors(2000/14/EC)	L.N. 91 of 2002	Airborne noise emitted by household appliances (86/594/EEC)
L.N. 248 of 2002	Pressure Equipment (97/23/EC)	L.N. 99 of 2002 As amended by L.N. 27 of 2003 and L.N.235 of 2003	Indication by labelling and standard product information of the consumption of energy and other resources by household appliances (92/75/EEC)
L.N. 332 of 2002	Interoperability of the Trans-European High-Speed Rail System (96/48/EC)	L.N. 100 of 2002	Energy efficiency requirements for ballasts for fluorescent lighting (2000/55/EEC)
L.N. 333 of 2002	Cableway Installations Designed to Carry Persons (2000/9/EC)	N.B.: LNs highlighted in red have been re-published in the Government Gazette Number 17,324 following the Malta-EU Commission bilateral screening session held in May 2002 in connection with the ACAA.	

TABLE 2: Transposition of EC Directives in connection with ACAA

Legal Notice	Citation	Date of Publication	Government Gazette Number
L.N. 367 of 2002	Low Voltage Electrical Equipment Regulations, 2002	6th December 2002	17,324
L.N. 368 of 2002	Electromagnetic Compatibility Regulations, 2002	6th December 2002	17,324
L.N. 369 of 2002	Machinery Regulations, 2002	6th December 2002	17,324
L.N. 370 of 2002	Lifts Regulations, 2002	6th December 2002	17,324
L.N. 371 of 2002	Personal Protective Equipment Regulations, 2002	6th December 2002	17,324
L.N. 372 of 2002	Equipment and Protective Systems intended for use in Potentially Explosive Atmospheres Regulations, 2002	6th December 2002	17,324
L.N. 373 of 2002	Safety of Toys Regulations, 2002	6th December 2002	17,324
L.N. 374 of 2002	Radio equipment and telecommunications terminal equipment and mutual recognition of their conformity	6th December 2002	17,324

Products - referred in short as **ACAA** - was "initialled" in Brussels by the two "parties". All the agreed amendments to our respective Legal Notices were prepared by the CIGD, approved at that time by the Hon. Minister for Economic Services and published in the Government Gazette as shown in Table 2 above. The eight sectors covered at first are Toys, Low Voltage Equipment, Electromagnetic Compatibility, Equipment and Protective Systems used in Potentially Explosive Atmospheres, Radio and Telecommunications Terminal Equipment, Machinery, Lifts and Personal Protective Equipment.

The date of coming into force of these eight regulations shall be concurrent with the date of coming into force of the ACAA. On the same date, the respective regulations, which are in vigore and highlighted in red in Table 1 for ease of reference, will be repealed accordingly. Following the signing of the Accession Treaty last April, Malta is now considered as an applicant country for full membership of the European Union as from 1st May 2004, and hence, the main aim of the ACAA is there to provide means for further developing closer industrial relations with the EU/EFTA and to integrate the above eight sectors covered by the New Approach with the Single Market before accession. Both political and commercial benefits will be achieved through this agreement, which will allow Community/Maltese exporters, if they so choose, to test and certify their industrial products to the same (aligned) requirements prior to export, and then access that market

without any further conformity assessment requirements. The certification procedures will only need to be carried out one time for both markets and against the same aligned requirements or standards. The recognition of certification will permit savings and stimulate exports. In terms of the benefits to Malta in general, the ACAA will facilitate access to the Community market and will give political credit for having aligned its legislation.

This Directorate collaborates closely with the other Directorates within the MSA (in particular with the Standardization and the Accreditation Directorates) to build a standards, testing and certification infrastructure that meets the needs of Maltese industry, through a range of



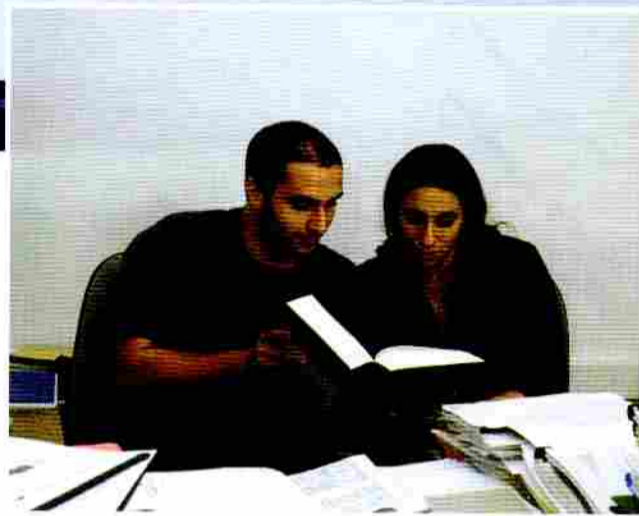
Legal Notice 345/2002 imposed a ban on the use of konjac gum in jelly-type confectionery, following reports of choking fatalities in young children in other countries.

The Novel Foods Regulations (L.N. 346/2002) introduced the concept of a 'novel food' in Maltese legislation, requiring all foods which did not have an established history of safe use to undergo a comprehensive risk assessment process prior to being placed on the market. The definition of novel food also includes genetically modified organisms and ingredients derived therefrom.

As part of its efforts to streamline legislation and reduce burdens on industry, the Authority recommended the repeal of a number of Legal Notices which could now be considered as no longer justified, obsolete or which had been superseded by more recent legislation. The repealed Legal Notices were:

1. Importation and Use of Brominated Vegetable Oils (Prohibition) Regulations, 1972 (L.N. 9 of 1972);
2. Lead in Cooking Utensils Regulations, 1976 (L.N. 91 of 1976);
3. Fruits, Legumes and Vegetables Regulations, 1977 (L.N. 8 of 1977);
4. Control of Diethyl Pyrocarbonate Regulations, 1977 (L.N. 9 of 1977);
5. Sale of Beer Regulations, 1977 (L.N. 26 of 1977);
6. Flour, Bread and Paste Regulations, 1977 (L.N. 92 of 1977);
7. English Type Sausage Meat (Standards) Regulations, 1984 (L.N. 44 of 1984);
8. Meat Burgers (Standards) Regulations, 1984 (L.N. 53 of 1984);
9. Ground, Minced and Chopped Meat (Standards) Regulations, 1984 (L.N. 59 of 1984);
10. Soft Drinks Regulations, 1978 (L.N. 13 of 1978).

Legislation on contaminants was kept updated during this period. Legal Notice 392/2002 introduced new maximum levels on aflatoxins in spices, ochratoxin A in cereals and dried vine fruit, and dioxins in meat, fish and certain other products.



The Edible Fats and Oils Regulations (L.N. 68/2003) replaced the previous L.N. 42/1977, taking into account revisions in the Codex Alimentarius standard for fats and oils for human consumption.

The Labelling, Presentation and Advertising of Foodstuffs Regulations were amended by L.N. 125/2003, which introduced new labelling provisions for drinks containing quinine and high levels of caffeine, as well as an improved definition of 'meat' to ensure that consumers were adequately informed about the extent of the use of fat and connective tissue as ingredients in processed meat products. L.N. 138/2002 implemented a number of technical amendments to the previously existing L.N. 4/1996 on materials in contact with foodstuffs, including plastics, ceramics and regenerated cellulose film.

2. Other Activities

During the past year, the Directorate intensified its contacts with local economic operators and provided assistance free of charge. The most common requests for assistance and information concerned the labelling of foodstuffs, HACCP, permitted additives, nutritional and health claims and cosmetic products. A number of foreign manufacturers and exporters also sought guidance from the Directorate regarding Maltese legislative requirements.

Discussions are underway with the Ministry of Agriculture on the implementation of a quality policy for Maltese agricultural and traditional products through the introduction of a national conformity mark. An informal Steering Committee, composed of representatives of the MSA, the Ministry of Agriculture, the Malta Crafts Council, the Malta Tourism Authority and producers' groups was set up to establish the necessary infrastructure for the successful operation of such a scheme.



In the area of food safety, the Directorate is represented on the Food Safety Commission established by the Minister of Health. The Directorate, in collaboration with the Standardization Directorate has started work on adopting the proposed ISO 22000 standard on food safety management systems as well as a number of sectoral guides, which would assist Maltese operators in implementing HACCP control systems for their food businesses. The ISO 22000 standard may also be used, on a voluntary basis, for

certification purposes, for which a demand is expected to occur in the manufacturing and hospitality sectors.

In June 2003, as part of the EU-funded programme aimed at strengthening the operational capacity of the Authority, experts from the Austrian Federal Environment Agency and the Netherlands Public Health and Environment Institute (RIVM) conducted a four-day course on chemical risk assessment and toxicology, open to Directorate staff, members of the MSA's expert groups, as well as scientists from other public authorities involved in chemicals risk management. This training will be supplemented by a more specialised course in exposure modelling and exposure scenarios, aimed at MSA staff, which will be delivered in Vienna in October 2003. Arrangements have also been made with the Slovene National Chemicals Bureau, to enable two MSA staff to attend a course on toxicology, organized in collaboration with EUROTOX, in Ljubljana in March 2004.

Metrology Directorate

The period under review has been one of intensive work meeting all goals established in the setting up of the Maltese national measurement system. The primary objectives for this system are:

- To provide a means for **local knowledge transfer** in the fundamental fields.
- To reduce the economic load for the acquisition of traceable measure in the same fields. The Directorate will be a **net cost saver** for Maltese stakeholders.
- Facilitate the fulfilment of **traceable calibration** requirements for laboratories intending to become accredited.
- Attracting foreign investment through a complete quality infrastructure - **the one stop shop concept**.

The lynch pin for the legislative structure has been the adoption of the Metrology Act by Parliament on 19th November 2002, this was soon followed by the completed transposition of the Legal Metrology Acquis by 31st December 2002. All milestones set out in the NPAA being accomplished within the timeframe established.

Contemporarily the equipment and lab site refurbishing tenders were adjudicated in the timeframe of December 2002. Both tenders were successful and work on the acquisition of metrology equipment and the refurbishing of the Kordin Business Incubation site, which had been earmarked for the new labs was underway.

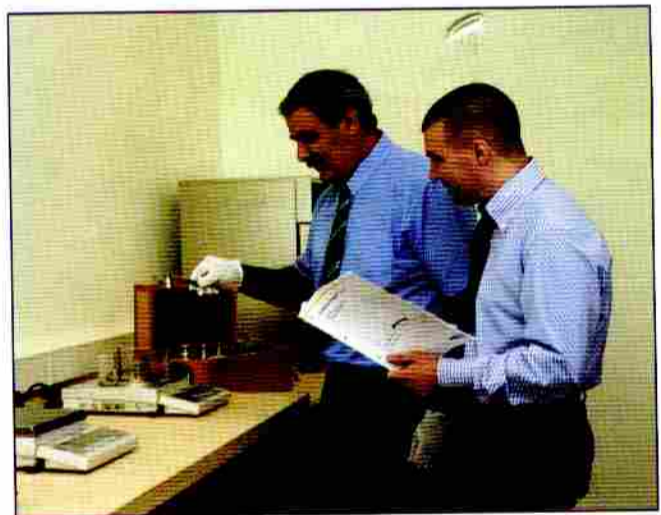


Ing. Joseph Bartolo
Head, Metrology Directorate MSA

The refurbishing of the labs commenced on 7th April 2003 and was finalized on 15th September 2003 in congruence with the planned installation of the first of the three labs. Messrs Sartorius initiated the installation of the mass lab at this time. All equipments have been sourced after the successful relaunching of the temperature lab tender.

The labs are set up with modern state of the art amenities and importantly the environmental control systems specific to the mass and dimension labs have been successfully executed using the latest technology close control systems.

In the first semester of 2003 directorate staff have undertaken intensive training periods with the partner European NMI's identified to assist the National Metrology Services to acquire the necessary technical competencies in the fields of work to be carried out. These include attachment periods in which all staff complement were deeply involved.

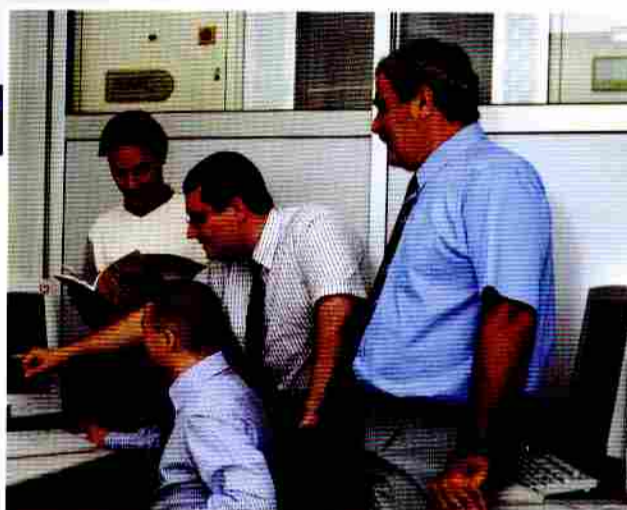


Mass training was carried out with the Istituto di Metrologia Gustavo Colonetti in Turin and followed up by intensive hands on mass comparator theory and practice with Messrs Sartorius in Gottengin. The temperature tuition was conducted with the National Metrology Laboratory in Dublin where good ground work was carried out in preparation for the implementation of the temperature lab. Dimension was co-tutored by the German NMI – PTB in Braunschweig and with the world re-knowned KOBA block gauge manufacturers. Further intensive work was also conducted with TESA in Renens, who supplied the dimension comparator equipment.

In the area of legal metrology the training with Legal Metrology Services Ireland was completed in June with our trading Standards officer acquiring a very valid experience in all facets of work related to legal metrology.

The metrology directorate has adopted the name of Malta Standards Authority National Metrology Services and implemented its proprietary logo, in time for the Malta presentation of the NMS quality system based on MSA/EN 17025 held in Istanbul on the 4th -5th September 2003.

The Maltese presentation was warmly received particularly as it marked a stark differentiation as to how our new NMI has effectively implemented an approved laboratory quality management system at the initiation of operation. MSA - NMS has consequently been approached by the Chair of the

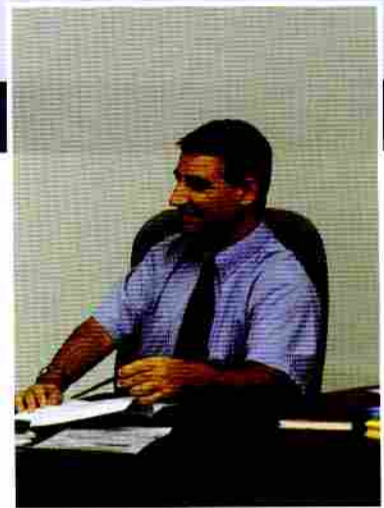


Euromet QS Forum, formally inviting the Head of MSA-NMS to participate in the work that QS Forum accomplishes in the assessment of the quality systems of all European NMI's. The presentation clearly demonstrated the structured and logical manner in which the foundation blocks for our National Measurement System have been evolving and that substantial assistance has been gained by Malta's association to EUROMET.

In anticipation of the official launching of operations, MSA-NMS is embarking on a full programme of intercomparisons and bilateral exercises in all the fields of work, to ensure that the initial technical competencies gained during the earlier part of 2003 are substantiated by experimental evidence, a necessary and invaluable cornerstone in the acquisition of technical competencies. These are to be carried out in anticipation of pre-peer assessment exercises scheduled with all our NMI partner mentors in the first quarter of 2004.

Official inauguration of the laboratory site is scheduled for the same timeframe.

Standardization Directorate



Ing. Francis Farrugia
Head, Standardization Directorate
MSA

In executing its role as required by Legal Notice 213 of 2001, the Standardization Directorate was engaged in the following activities during the last financial year.

- Development of Maltese standards
- Adoption of European and international standards
- Participation in European technical committee work
- Dissemination of information

Development of Maltese Standards

During 2003, the second Maltese standards MSA 200:2003 "Maltese Data and Information Requirements on Information and Communication Technology" was published. This standard specifies Maltese data and information requirements on Information and Communication Technology and includes, amongst others, the Maltese alphabet, sorting rules and the input and output format of numbers, dates and time. The technical committee that developed this standard included l-Akademja tal-Malti, CIMU of the OPM, Malta Communications Authority and Malta Linux Users Group.

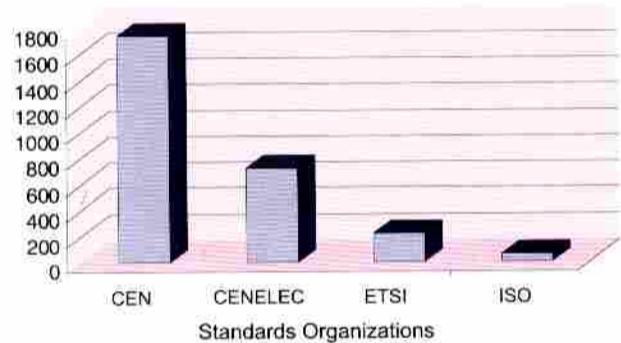
The Directorate continued to draft Maltese standards on Food Safety Management System, Maltese Lace and Maltese Filigree. It is expected that these drafts will be finalized by the end 2003, following a public consultation period.

Adoption of European and international standards

During this financial year, the Directorate adopted a total of 2768 European and international standards (developed by CEN, CENELEC, ETSI and ISO) as shown the graph below.

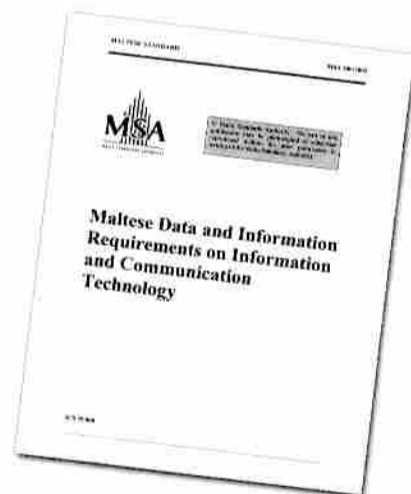
This means that the MSA catalogue of voluntary standards contains some 15,000 standards. This is available electronically from the MSA website.

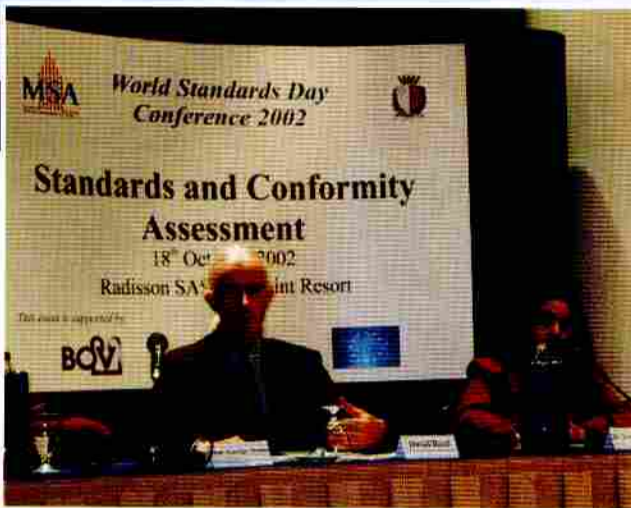
Adopted European and International Standards during 2003



Participation in European technical committee work

Besides having obligations towards its full membership in CEN, CENELEC, ETSI and ISO, MSA has also the opportunity to influence the development of standards in





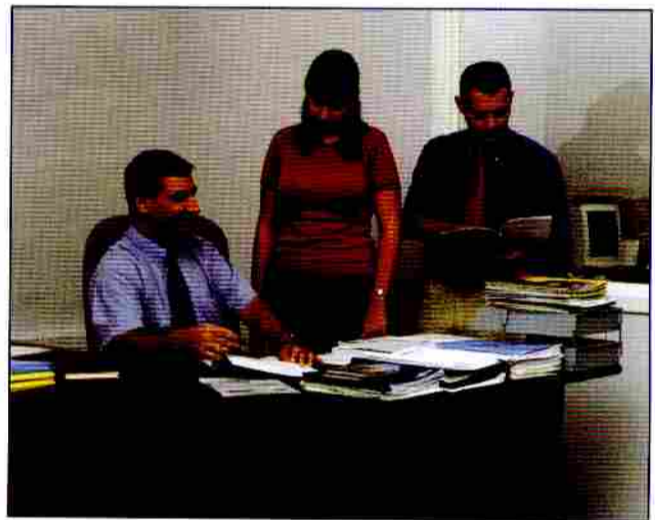
the interest of Malta. For this aim, the Standardization Directorate has set up a number of mirror technical committees that follow closely the development of standards at European and international levels. The Directorate takes an active role in these committees. The following is a list of these committees which work on a voluntary basis and are made up of interested parties from the various Maltese sectors.

List of mirror Technical Committees
MSA/TC329 WG4- Language Study Providers
MSA/TC 250- Eurocodes
MSA/TC 19- Petroleum Products
MSA/ISO TC 37 - Language Resources
MSA/TC 1000 - Food Hygiene
MSA/TC 138 - Translation Services
MSA/TC 156 - Occupational Health & Safety

Dissemination of information

The Directorate provided a number of services and informational activities so as to increase the importance of standards in the Maltese community. These included:

- Training courses on Quality Management Systems (ISO 9000) and Environmental Management Systems (ISO 14000);
- World standards day conference on Standards and Conformity Assessment;
- Meetings with corporate bodies so as to explain the role and benefits of standards



Malta Standards Authority

Report and financial statements

For the year ended 30 September 2003

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Report of the Council Members

Principal Activities

The Malta Standards Authority (MSA) is an autonomous institution established by virtue of the Malta Standards Authority Act (Cap. 419 of the laws of Malta).

The Authority is governed by a Council consisting of a Chairman and fourteen members. The Authority is entrusted with the coordination of standardisation and related activities in Malta. It also promotes the adoption and application of metrology and accreditation and offers technological advice and consultancy services to Government agencies as well as private sector organisations.

Responsibilities of the Council Members

The Council is responsible amongst others to prepare an annual report on the work of the Authority during the preceding year. This entails responsibility to ensure 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 Council:

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

Negative Result due to Underfunding

The results for the year under review show a deficit of Lm 103,988. This arises mainly from a Lm 179,120 reduction in Government contribution. This deficit was covered by the Authority's bank reserves which have now been reduced to Lm 70,590.

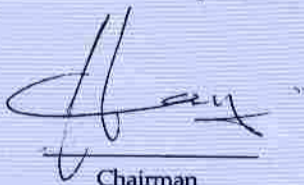
It is envisaged that the current expenditure for the coming year will have to be covered by an increase in the Government contribution.

Pre-Accession Funds

In 2001 the Government signed a financing agreement with the EU Commission for a project entitled "Capacity Building at the Malta Standards Authority". Under this agreement the Authority stands to benefit from grants totaling Euro 1,250,000 including equipment grants amounting to Euro 500,000 over a period of twenty-four months.

The income and expenditure account includes income received under this agreement amounting to Lm 320,644 for the current year (2002 - Lm 43,391). Next year grants receivable are expected to be approximately Lm 147,000.

The administrative expenses for the current year include Lm 286,929 (2002 - Lm 47,934) from the above-mentioned funds.



Chairman



Council Member

Report of the auditors to the council members

We have audited the accompanying financial statements on pages 27 to 36. 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 Council, 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 2003 and of its deficit, changes in net assets/equity and cash flows for the year then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Malta Standards Authority Act, 2000.



Mark A. Bugeja
f/Grant Thornton

Certified Public Accountants and Auditors

Ta' Xbiex
Malta

17 October 2003

Income and Expenditure Account

For the year ended 30th September 2003

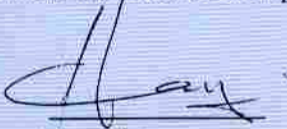
	Note	2003 Lm	2002 Lm
Income			
Government contribution		123,500	302,620
Government grant		89,916	84,139
Pre-accession funds	3	320,644	43,391
Other	4	28,087	19,978
		<hr/>	<hr/>
		562,147	450,128
Expenditure			
Administrative and other expenses		(666,135)	(377,660)
		<hr/>	<hr/>
(Deficit)/surplus for the year	5	(103,988)	72,468
		<hr/>	<hr/>

Balance Sheet

At 30th September 2003

	Note	2003 Lm	2002 Lm
Non-current assets			
Tangible fixed assets	6	642,670	520,321
Intangible asset	7	27,750	32,375
		<hr/>	<hr/>
		670,420	552,696
Current assets			
Debtors	9	45,911	35,612
Cash at bank and in hand		75,418	172,671
		<hr/>	<hr/>
		121,329	208,283
Creditors: amounts falling due within one year	10	170,339	125,919
		<hr/>	<hr/>
Net current (liabilities)/assets		(49,010)	82,364
		<hr/>	<hr/>
Total assets less current liabilities		621,410	635,060
Creditors: amounts falling due after more than one year	11	519,002	428,664
		<hr/>	<hr/>
Net assets		102,408	206,396
		<hr/>	<hr/>
Reserves			
Retained funds		102,408	206,396
		<hr/>	<hr/>

The financial statements on pages 27 to 36 were approved on 17 October 2003 and were signed by:


Chairman


Council Member

Statement of changes in net assets/equity

For the year ended 30th September 2003

	Retained funds Lm
At 30 September 2001	133,928
Surplus for the year	72,468
	<hr/>
At 30 September 2002	206,396
Deficit for the year	(103,988)
	<hr/>
At 30 September 2003	102,408
	<hr/>

Cash Flow Statement

For the year ended 30th September 2003

	Note	2003 Lm	2002 Lm
Operating activities			
Cash (absorbed by)/generated from operations	12(a)	(105,695)	77,077
		<hr/>	<hr/>
Investing activities			
Payments to acquire tangible fixed assets	12(b)	(2,986)	(34,546)
Interest received		7,484	2,886
		<hr/>	<hr/>
Net cash from/(used in) investing activities		4,498	(31,660)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(101,197)	45,417
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year	12(c)	171,787	126,370
		<hr/>	<hr/>
Cash and cash equivalents at end of year	12(c)	70,590	171,787
		<hr/>	<hr/>

Notes to the financial statements

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Accounting Standards (IAS). These financial statements are presented in Maltese Liri (Lm).

2. Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

Revenue recognition

Government contributions are recognised as income when received.

Government grants represent amounts received in terms of capital votes. Government grants received in respect of expenditure charged to the income and expenditure account during the year have been included in the income and expenditure account. The remainder are deferred and are included in the income and expenditure account by instalments over the expected useful lives of the related assets.

Pre-accession funds represent income received in accordance with the 'project fiche' agreement signed between the Government of Malta and the European Union. Funds received or paid on behalf of the Authority in respect of expenditure charged to the income and expenditure account during the year have been included in the income and expenditure account. Funds paid on behalf of the Authority in respect of capital expenditure are deferred and included in the income and expenditure account by instalments over the expected useful lives of the related assets.

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

Tangible fixed assets

Tangible fixed assets 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
Equipment, furniture and fittings	15
Metrology equipment	15
Motor vehicles	20

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

Intangible assets

Intangible assets are measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives which is on average 8 years.

Impairment

At each balance sheet date the Authority reviews the carrying amounts of its tangible 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).

2. Summary of significant accounting policies (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.

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 period 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.

3. Pre-accession funds

	2003 EU funding Lm	2003 Malta funding Lm	2003 Total Lm	2002 Total Lm
Technical assistance and training	228,554	44,221	272,775	43,391
Equipment	118,179	29,545	147,724	-
Other	-	47,869	47,869	-
	<u>346,733</u>	<u>121,635</u>	<u>468,368</u>	<u>43,391</u>
Less: accounted for under deferred income (note 11)	(118,179)	(29,545)	(147,724)	-
	<u>228,554</u>	<u>92,090</u>	<u>320,644</u>	<u>43,391</u>

4. Other Income

	2003 Lm	2002 Lm
Gross profit from sale of standards	7,586	7,070
Bank interest	7,484	2,886
Income from seminars	3,143	7,236
Realised gain on exchange	-	333
Miscellaneous	9,874	2,453
	<u>28,087</u>	<u>19,978</u>

5. Deficit/Surplus for the year

	2003 Lm	2002 Lm
(Deficit)/surplus for the year is stated after charging:		
Council members' remuneration	12,505	7,560
Staff costs	167,341	136,894
Auditors' remuneration	300	300
Depreciation of tangible fixed assets	85,107	85,590
Amortisation of intangible fixed asset	4,625	4,625
Expenses incurred in respect of prior periods - rent	-	7,808
- penalties	-	1,432
	<u></u>	<u></u>

6. Tangible fixed assets

	Improvements to premises Lm	Computer equipment Lm	Equip. furni- ture & fittings Lm	Metrology equipment Lm	Motor vehicles Lm	Total Lm
Cost						
At 1 October 2002	233,655	48,540	424,393	-	36,513	743,101
Additions	16,200	4,468	32,064	147,724	7,000	207,456
	<u>249,855</u>	<u>53,008</u>	<u>456,457</u>	<u>147,724</u>	<u>43,513</u>	<u>950,557</u>
Depreciation						
At 1 October 2002	14,480	34,690	169,238	-	4,372	222,780
Charge for the year	5,721	9,824	63,790	-	5,772	85,107
	<u>20,201</u>	<u>44,514</u>	<u>233,028</u>	<u>-</u>	<u>10,144</u>	<u>307,887</u>
Net book value						
At 30 September 2003	229,654	8,494	223,429	147,724	33,369	642,670
	<u>219,175</u>	<u>13,850</u>	<u>255,155</u>	<u>-</u>	<u>32,141</u>	<u>520,321</u>

Equipment, furniture and fittings include laboratory furniture and equipment with a net book value of Lm 162,974 currently being used by the Malta National Laboratory. These tangible fixed assets shall be transferred to this separate entity in due course.

7. Intangible Fixed Assets

	Library publications Lm
Cost	
At 1 October 2002/30 September 2003	37,000
Amortisation	
At 1 October 2002	4,625
Charge for the year	4,625
At 30 September 2003	9,250
Net book value	
At 30 September 2003	27,750
At 30 September 2002	32,375

8. Capital Commitment

	2003 Lm	2002 Lm
Capital expenditure that has been authorised but has not yet been contracted for	66,093	557,679

The above commitment will be financed out of funds receivable (in Euros) from the Government of Malta and the European Commission.

9. Debtors

	2003 Lm	2002 Lm
Amounts falling due within one year:		
Trade debtors	1,090	1,022
Other debtors	20,787	22,939
Prepayments and accrued income	24,034	11,651
	45,911	35,612

10. Creditors: amounts falling due within one year

	2003 Lm	2002 Lm
Bank balance overdrawn	4,828	884
Trade creditors	30,691	1,021
Capital creditor	5,085	3,320
Deferred Government grants (refer to note 11)	111,075	88,624
Accruals	18,660	32,070
	<u>170,339</u>	<u>125,919</u>

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

	2003 Lm	2002 Lm
Deferred Government grants (note)	630,077	517,288
Less: amounts to be transferred to income and expenditure within one year	<u>(111,075)</u>	<u>(88,624)</u>
	<u>519,002</u>	<u>428,664</u>

Note - Government Grants

	European Union Grant Lm	National Laboratory Vote Lm	Equipment Vote Lm	Metrology Laboratory Grants Lm	Total Lm
Cost					
At 1 October 2002	349,997	360,565	98,655	-	809,217
Amounts granted during the year	<u>-</u>	<u>-</u>	<u>54,981</u>	<u>147,724</u>	<u>202,705</u>
At 30 September 2003	<u>349,997</u>	<u>360,565</u>	<u>153,636</u>	<u>147,724</u>	<u>1,011,922</u>
Amortisation					
At 1 October 2002	157,166	72,002	62,761	-	291,929
Amounts transferred to income and expenditure during the year	<u>41,864</u>	<u>24,614</u>	<u>23,438</u>	<u>-</u>	<u>89,916</u>
At 30 September 2003	<u>199,030</u>	<u>96,616</u>	<u>86,199</u>	<u>-</u>	<u>381,845</u>
Balance					
At 30 September 2003	<u>150,967</u>	<u>263,949</u>	<u>67,437</u>	<u>147,724</u>	<u>630,077</u>
At 30 September 2002	<u>192,831</u>	<u>288,563</u>	<u>35,894</u>	<u>-</u>	<u>517,288</u>

12. Notes to Cash Flow Statement

(a) Cash (absorbed by)/generated from operations	2003 Lm	2002 Lm
(Deficit)/surplus for the year	(103,988)	72,468
Adjustments for:		
Depreciation	85,107	85,590
Amortisation	4,625	4,625
Government grant transferred to income and expenditure account	(89,916)	(84,139)
Interest receivable	(7,484)	(2,886)
	<hr/>	<hr/>
(Deficit)/surplus before working capital changes	(111,656)	75,658
Increase in debtors	(10,299)	(11,901)
Increase in creditors	16,260	13,320
	<hr/>	<hr/>
	(105,695)	77,077

(b) Tangible fixed assets

During the year, the Authority acquired fixed assets with an aggregate cost of Lm 207,456. Lm 54,981 were financed by government grant and Lm 147,724 were financed by pre-accession funds. Cash payments of Lm 2,986 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:

	2003 Lm	2002 Lm
Cash in hand	78	45
Cash at bank	75,340	172,626
Bank overdraft	(4,828)	(884)
	<hr/>	<hr/>
	70,590	171,787

13. Contingent Liabilities

	2003 Lm	2002 Lm
Invoices in dispute	<u>3,516</u>	<u>2,423</u>

14. Contingent assets

The Malta Standards Authority used to share premises with the Malta National Laboratory Company Limited and all water and electricity bills used to be addressed to the Authority. Accruals for water and electricity bills receivable include an amount of Lm 7,700 which the Authority expects to recover from Malta National Laboratory Company Limited.

15. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.



