

**THE GAIA FOUNDATION
REPORT BY THE MEMBERS
OF THE BOARD OF THE FOUNDATION**

The members present their report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The Gaia Foundation is an organisation set up to protect Malta's environment and promote sustainable living.

RESULTS

The surplus for the year amounted to Lm3,981.

MEMBERS OF THE FOUNDATION

Dr.Rudolph Ragonesi, David Marinelli & Adrian Mamo have served as the members of the Foundation during the year under review. In accordance with the Statute of the Foundation, the present members are to remain in office.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation as at the end of the financial year and of the surplus or deficit of the Foundation for that year. In preparing these financial statements, the members are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in function.

**THE GAIA FOUNDATION
REPORT BY THE MEMBERS
OF THE BOARD OF THE FOUNDATION (continued)**

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation. They are also responsible for safeguarding the assets of the Foundation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Busuttil & Micallef, have intimated their willingness to continue in office.

**Dr. Rudolph Ragonesi LL.D
Executive Director**

**David Marinelli
Board Member**

Registered address:

**The Gaia Foundation
Ghajj Tuffieha Road
Ghajj Tuffieha**

18 March 2005

**AUDITORS' REPORT
TO THE MEMBERS OF THE BOARD
OF THE GAIA FOUNDATION**

We have audited the accounts on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE MEMBERS AND AUDITORS

The Foundation's board members are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you. We are also requested to report:

Whether the member's report is consistent with the accounts.

Whether proper accounting records have been kept.

Whether in our opinion the accounts are in agreement therewith.

Whether we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

BASIS OF OPINION

We have conducted our audit in accordance with International Standards on Auditing issued by the Council of the International Federation of Accountants.

These standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material mis-statements, whether caused by fraud or other irregularities or error. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the accounts and of whether the accounting policies are appropriate and adequately disclosed. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion, the accounts give a true and fair view of the financial position of the company as at 31 December 2004 and of the results of its operations for the year then ended. The accounts have been properly prepared in accordance with International Financial Reporting Standards.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. Proper books of account have been kept and the accounts are in agreement therewith.

David Busuttil
Busuttil & Micallef
Certified Public Accountants and Auditors

'L-Ufficcji'
Misrah 28 ta' Frar 1883
B'Kara BKR 12
Malta

18 March 2005

THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2004

	2004 Lm	2003 Lm
INCOME		
Government Contribution	15,000	-
LIFE Contributions	-	13,428
Other Contributions	10,127	4,833
Donations Received and Sponsors	11,456	765
Difference on Exchange Gains	143	-
Interest Received	-	61
Other Income	6,609	11,606
Sale of organic products from Persephone Field	3,555	1,469
Over provision of accruals in previous year	188	800
	<hr/>	<hr/>
	47,078	32,962
Expenditure – from page 6	43,097	52,671
	<hr/>	<hr/>
SURPLUS / (DEFICIT) FOR THE YEAR	Lm 3,981	Lm(19,709)
	<hr/>	<hr/>

**THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2004**

	2004 Lm	2003 Lm
EXPENDITURE		
Accountancy fees	517	86
Advertising and billboards	398	2,558
Apollo project expenses	1,323	951
Audit fees	212	207
Bank charges	100	53
Consultancy fees	71	886
Depreciation	5,463	5,146
Entertainment	49	498
Festival expenses	643	-
Fines and penalties	30	40
Fuel and repairs	438	479
Garage lease	-	300
ICoD – Project management	-	3,162
Insurance, licences and fees	586	723
Irrigation, nursery & site consumables	2,465	2,261
Licences and permits	128	-
Miscellaneous expenses	-	40
Nursery and afforestation	534	293
Office expenditure	426	1,086
Organic project expenses	187	317
Overseas travelling and accommodation	191	304
Photos, stationery and publications	258	4,508
Professional fees	250	51
Project manager's salary	6,262	6,300
Rent	2,595	-
Repairs and maintenance	1,459	1,324
Security and police attendance	333	-
Social security contributions	1,679	2,231
Subscriptions	20	65
Telecommunications	1,593	848
Transport expenses	221	215
Vehicle repairs	103	-
Wages and salaries	11,858	17,470
Waste handling	55	30
Water & electricity	2072	239
Workshop expenses	578	-
	_____	_____
- to page 4	Lm 43,097	Lm 52,671
	_____	_____

**THE GAIA FOUNDATION
BALANCE SHEET
At 31 December 2004**

	Notes	2004 Lm	2003 Lm
FIXED ASSET			
Tangible assets	2	14,491	17,209
		_____	_____
CURRENT ASSETS			
Inventories	3	484	70
Debtors	4	1,638	13,428
Cash at bank and in hand		12,497	4,414
		_____	_____
		14,619	17,912
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	29,070	39,062
		_____	_____
NET CURRENT LIABILITIES		(14,451)	(21,150)
		_____	_____
TOTAL ASSETS LESS CURRENT LIABILITIES		40	(3,941)
		_____	_____
NET ASSETS / (LIABILITIES)		Lm 40	Lm (3,941)
		_____	_____
ACCUMULATED FUND	6	Lm 40	Lm (3,941)
		_____	_____

The financial statements on page 5 to 11 have been approved by the management on 18 March 2005 and have been signed on its behalf by:

Dr. Rudolph Ragonesi LL.D
Executive Director

David Marinelli
Board Member

THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004

1. ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards, adapted where necessary, as explained below to reflect the objectives and practices of the Foundation.

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight line method at rates intended to write off the cost of the assets over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are:

	%
Motor Vessel & Vehicle	20
Computer Equipment	33.3
Equipment & Fittings	15

c) Income

Income is accounted for as and when received.

d) Taxation

The GAIA Foundation has been exempted from the payment of Income Tax acceded by the Minister of Finance and Commerce on 16th April 1997.

THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TANGIBLE FIXED ASSETS

	Building	Computer Equipment	Equipment & Fittings	Motor Vessel & Vehicle	Total
	Lm	Lm	Lm	Lm	Lm
<u>Cost</u>					
At 1 January 2004	5,105	1,960	18,840	8,086	33,991
Additions	-	99	2,646	-	2,745
	-----	-----	-----	-----	-----
At 31 December 2004	5,105	2,059	21,486	8,086	36,736
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
At 1 January 2004	102	1,487	11,653	3,540	16,782
Charge for the year	51	572	3,223	1,617	5,463
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At 31 December 2004	153	2,059	14,876	5,157	22,245
	-----	-----	-----	-----	-----
<u>Net Book Value</u>					
At 31 December 2004	Lm 4,952	Lm -	Lm 6,610	Lm 2,929	Lm14,491
	-----	-----	-----	-----	-----
At 31 December 2003	Lm 5,003	Lm 473	Lm 7,187	Lm 4,546	Lm17,209
	-----	-----	-----	-----	-----

3. INVENTORIES

	2004 Lm	2003 Lm
Stock of caps and t-shirts	75	70
Stock of irrigation, nursery & site consumables	409	-
	-----	-----
	Lm 484	Lm 70
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THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. DEBTORS

	2004 Lm	2003 Lm
Accrued income	1,488	13,428
Other Debtor	150	-
	-----	-----
	Lm 1,638	Lm 13,428
	-----	-----

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 Lm	2003 Lm
Bank balance overdrawn	231	4,511
Trade creditors	4,433	12,380
Other creditors	23,983	19,780
Accruals	423	2,391
	-----	-----
	Lm 29,070	Lm 39,062
	-----	-----

**THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)**

6. ACCUMULATED FUND

	2004 Lm	2003 Lm
At 1 January	(3,941)	15,768
Surplus / (Deficit) for the year	3,981	(19,709)
	<u> </u>	<u> </u>
At 31 December	Lm 40	Lm (3,941)
	<u> </u>	<u> </u>

**THE GAIA FOUNDATION
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2004**

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