

**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 2002.

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 Lm17,659.

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 Accounting 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
Ghajn Tuffieha Road
Ghajn Tuffieha**

3 July 2003

**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 2002 and of the results of its operations for the year then ended. The accounts have been properly prepared in accordance with International Accounting 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-Ufficji'
Misrah 28 ta' Frar 1883
B'Kara BKR 12
Malta

4 July 2003

THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2002

	2002	2001
	Lm	Lm
INCOME		
Government Contribution	29,150	11,000
LIFE Contributions	32,500	5,637
Other Contributions	7,989	5,000
Donations Received	190	1,421
Interest Received	-	201
Other Income	6,514	911
Sale of organic products from Persephone Field	730	402
Over provision of accruals in previous year	720	-
	<hr/>	<hr/>
	77,793	24,572
Expenditure – from page 6	60,134	53,158
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SURPLUS/(DEFICIT) FOR THE YEAR	Lm 17,659	Lm(28,586)
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THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2002

EXPENDITURE	2002 Lm	2001 Lm
Accountancy fees	1,145	601
Advertising & billboards	907	368
Apollo project expenses	524	-
Audit fees	353	279
Bank charges	53	29
Consultancy fees	4,051	-
Depreciation	3,887	2,835
Donations	100	-
Entertainment	742	46
Fines and penalties	348	30
Fuel and repairs	821	1,090
Garage lease	-	100
Gozo related expenses	209	637
Hire of equipment	477	140
ICoD – Project management	1,290	1,928
Insurance, licences and fees	268	718
Irrigation, nursery & site consumables	2,939	5,211
Miscellaneous expenses	536	365
Nursery and afforestation	1,117	1,032
Office expenditure	821	235
Organic project expenses	88	533
Overseas travelling and accommodation	1,570	-
Payroll costs	234	180
Photos, stationery, subscriptions and publications	1,104	1,038
Professional fees	-	1,278
Project manager's salary	6,332	6,332
Repairs and maintenance	1,783	1,084
Security and police attendance	1,737	1,135
Social security contributions	2,471	2,221
Subscriptions	335	-
Telecommunications	1,860	1,462
Training courses	335	31
Transport expenses	714	572
Uniforms	69	284
Wages and salaries	20,454	16,719
Waste handling	72	1,090
Waste management project	135	2,308
Water & electricity	138	210
Works on clay hills	115	1,037
	<hr/>	<hr/>
- to page 5	Lm 60,134	Lm 53,158
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**THE GAIA FOUNDATION
BALANCE SHEET
At 31 December 2002**

	Notes	2002 Lm	2001 Lm
FIXED ASSET			
Tangible assets	2	15,579	9,420
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	3	40	100
Debtors	4	24,460	149
Cash at bank and in hand		1,958	2,883
		<hr/>	<hr/>
		26,458	3,132
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	26,269	14,443
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		189	(11,311)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,768	(1,891)
		<hr/>	<hr/>
NET ASSETS/(LIABILITIES)		Lm 15,768	Lm (1,891)
		<hr/>	<hr/>
ACCUMULATED FUND	6	Lm 15,768	Lm (1,891)
		<hr/>	<hr/>

The financial statements on page 5 to 11 have been approved by the management on 4 July 2003 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 2002

1. ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared in accordance with International Accounting 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	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 accorded 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	Total
	Lm	Lm	Lm	Lm	Lm
<u>Cost</u>					
At 1 January 2002	-	550	13,417	3,203	17,170
Additions	5,105	1,410	3,530	-	10,045
	_____	_____	_____	_____	_____
At 31 December 2002	5,105	1,960	16,947	3,203	27,215
	_____	_____	_____	_____	_____
<u>Depreciation</u>					
At 1 January 2002	-	182	6,285	1,282	7,749
Charge for the year	51	653	2,542	641	3,887
	_____	_____	_____	_____	_____
At 31 December 2002	51	835	8,827	1,923	11,636
	_____	_____	_____	_____	_____
<u>Net Book Value</u>					
At 31 December 2002	Lm 5,054	Lm 1,125	Lm 8,120	Lm 1,280	Lm15,579
	_____	_____	_____	_____	_____
At 31 December 2001	Lm -	Lm 368	Lm 7,131	Lm 1,921	Lm 9,420
	_____	_____	_____	_____	_____

3. STOCKS

	2002	2001
Stocks of caps and t-shirts	Lm 40	Lm 100
	_____	_____

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

4. DEBTORS

	2002 Lm	2001 Lm
Trade debtors	310	-
Other debtors	-	149
Prepayments and accrued incom	24,150	-
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	Lm24,460	Lm 149
	<hr/>	<hr/>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 Lm	2001 Lm
Trade creditors	9,033	3,609
Other creditors	14,951	7,832
Founder member's current account	-	550
Accruals	2,285	2,452
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	Lm 26,269	Lm 14,443
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THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. ACCUMULATED FUND

	2002 Lm	2001 Lm
At 1 January	(1,891)	26,695
Surplus/(deficit) for the year	17,659	(28,586)
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At 31 December	Lm 15,768	Lm (1,891)
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7. GENERAL

The comparative figures have been adjusted to conform with the current year's presentation.

**THE GAIA FOUNDATION
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2002**

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