

**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 2003.

PRINCIPAL ACTIVITY

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

RESULTS

The deficit for the year amounted to Lm21,076.

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**

24 February 2004

**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 2003 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-Ufficcji'
Misrah 28 ta' Frar 1883
B'Kara BKR 12
Malta

24 February 2004

THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2003

	2003 Lm	2002 Lm
INCOME		
Government Contribution	2,000	29,150
LIFE Contributions	12,060	32,500
Other Contributions	2,833	7,989
Donations Received and Sponsors	765	190
Interest Received	61	-
Other Income	11,606	6,514
Sale of organic products from Persephone Field	1,469	730
Over provision of accruals in previous year	800	720
	<hr/>	<hr/>
	31,594	77,793
 Expenditure – from page 6	 52,670	 60,134
	<hr/>	<hr/>
(DEFICIT) / SURPLUS FOR THE YEAR	Lm (21,076)	Lm 17,659
	<hr/>	<hr/>

THE GAIA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2003

EXPENDITURE	2003 Lm	2002 Lm
Accountancy fees	86	1,145
Advertising & billboards	2,558	907
Apollo project expenses	951	524
Audit fees	207	353
Bank charges	53	53
Consultancy fees	886	4,051
Depreciation	5,146	3,887
Donations	-	100
Entertainment	498	742
Fines and penalties	40	348
Fuel and repairs	479	821
Garage lease	300	-
Gozo related expenses	-	209
Hire of equipment	-	477
ICoD – Project management	3,162	1,290
Insurance, licences and fees	723	268
Irrigation, nursery & site consumables	2,261	2,939
Miscellaneous expenses	39	536
Nursery and afforestation	293	1,117
Office expenditure	1,086	821
Organic project expenses	317	88
Overseas travelling and accommodation	304	1,570
Payroll costs	-	234
Photos, stationery and publications	4,508	1,104
Professional fees	51	-
Project manager's salary	6,300	6,332
Repairs and maintenance	1,324	1,783
Security and police attendance	-	1,737
Social security contributions	2,231	2,471
Subscriptions	65	335
Telecommunications	848	1,860
Training courses	-	335
Transport expenses	215	714
Uniforms	-	69
Wages and salaries	17,470	20,454
Waste handling	30	72
Waste management project	-	135
Water & electricity	239	138
Works on clay hills	-	115
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- to page 5	Lm 52,670	Lm 60,134
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**THE GAIA FOUNDATION
BALANCE SHEET
At 31 December 2003**

	Notes	2003 Lm	2002 Lm
FIXED ASSET			
Tangible assets	2	17,209	15,579
		_____	_____
CURRENT ASSETS			
Stocks	3	70	40
Debtors	4	12,060	24,460
Cash at bank and in hand		4,414	1,958
		_____	_____
		16,544	26,458
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	39,062	26,269
		_____	_____
NET CURRENT (LIABILITIES) / ASSETS		(22,518)	189
		_____	_____
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,309)	15,768
		_____	_____
NET ASSETS/(LIABILITIES)		Lm (5,309)	Lm 15,768
		_____	_____
ACCUMULATED FUND	6	Lm (5,309)	Lm 15,768
		_____	_____

The financial statements on page 5 to 11 have been approved by the management on 24 February 2004 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 2003**

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 & 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 2003	5,105	1,960	16,947	3,203	27,215
Additions	-	-	1,893	4,883	6,776
	_____	_____	_____	_____	_____
At 31 December 2003	5,105	1,960	18,840	8,086	33,991
	_____	_____	_____	_____	_____
<u>Depreciation</u>					
At 1 January 2003	51	835	8,827	1,923	11,636
Charge for the year	51	652	2,826	1,617	5,146
	_____	_____	_____	_____	_____
At 31 December 2003	102	1,487	11,653	3,540	16,782
	_____	_____	_____	_____	_____
<u>Net Book Value</u>					
At 31 December 2003	Lm 5,003	Lm 473	Lm 7,187	Lm 4,546	Lm17,209
	_____	_____	_____	_____	_____
At 31 December 2002	Lm 5,054	Lm 1,125	Lm 8,120	Lm 1,280	Lm15,579
	_____	_____	_____	_____	_____

3. STOCKS

	2003	2002
Stocks of caps and t-shirts	Lm 70	Lm 40
	_____	_____

THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. DEBTORS

	2003 Lm	2002 Lm
Trade debtors	-	310
Accrued income	12,060	24,150
	<u> </u>	<u> </u>
	Lm 12,060	Lm 24,460
	<u> </u>	<u> </u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 Lm	2002 Lm
Bank balance overdrawn	4,511	1,990
Trade creditors	12,380	9,033
Other creditors	19,780	14,951
Accruals	2,391	2,285
	<u> </u>	<u> </u>
	Lm 39,062	Lm 28,259
	<u> </u>	<u> </u>

THE GAIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. DEFICIT

	2003 Lm	2002 Lm
At 1 January	15,768	(1,891)
(Deficit) / surplus for the year	(21,076)	17,659
	_____	_____
At 31 December	Lm (5,308)	Lm 15,768
	_____	_____

**THE GAIA FOUNDATION
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2003**

CONTENTS	PAGE
Board Members' Report	1 - 2
Auditors' Report	3 - 4
Income and Expenditure Account	5 - 6
Balance Sheet	7
Notes to the Financial Statements	8 - 11