

The Eden and Razzett Foundation

Report and financial statements

31 December 2022

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The Eden and Razzett Foundation

Board of Administrators' report

Year ended 31 December 2022

The Board of Administrators present their annual report and the audited financial statements of The Eden and Razzett Foundation (the "Foundation") for the year ended 31 December 2022.

Objects and mission statement

The Foundation believes that everyone has a right to equality and inclusion. The Foundation's mission is to try to help everyone with a disability achieve this. This is done by providing individuals and their families with educational, therapeutic and other services. The Foundation also advocates for inclusion, educating the general public and raising awareness among peers.

Composition of the Board of Administrators

The Board of Administrators is composed of five members at the end of the year under review. During the year under review, the following persons sat on the Board:

Janatha Stubbs

Nathan Farrugia

Denis Zammit Cutajar – *appointed as Chairman on 15 June 2022*

Joseph Grioli – *resigned on 1 July 2022*

Paul Stoner – *resigned on 16 May 2022*

Dr. Rita Micallef

Aldo Abela

During 2023, the following persons were appointed to the Board of Administrators:

Alan Arrigo – *appointed on 6 April 2023*

Kevin Valenzia – *appointed on 6 April 2023*

Performance review

On 1 January 2009, the Foundation was registered as a voluntary organisation in terms of article 3 of the Voluntary Organisations Act 2007 (Cap. 492) under the identification number VO/0199.

During the year under review, the Foundation registered a surplus of income over expenditure for the year of €241,732 (2021 - €195,114). Net assets at year-end amounted to €4,314,647 (2021 - €4,072,915).

Auditors

A resolution to reappoint Deloitte Audit Limited as auditor of the Foundation will be proposed at the forthcoming general meeting.

Approved by the Board of Administrators and signed on its behalf on 25 October 2023 by:



Aldo Abela
Administrator



Denis Zammit Cutajar
Chairman

The Eden and Razzett Foundation

Statement of Board of Administrators' responsibilities

The Administrators are required to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Foundation at the end of each financial year and of the surplus or deficit of the Foundation for the year then ended. In preparing these financial statements, the Administrators should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in its activity as a going concern.

The Administrators are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Foundation. This responsibility includes designing, implementing and maintaining such internal control as the Administrators determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Administrators are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Eden and Razzett Foundation

Income and expenditure account

Year ended 31 December 2022

	Note	2022 EUR	2021 EUR
Income			
Disability service agreements		3,740,814	2,570,058
Donations and grants	11	369,751	373,270
Social enterprise income		424,107	337,636
Disability pay per use income		6,983	4,945
Other operating income		136,059	260,906
Total income		4,677,714	3,546,815
Expenditure			
Provision of service agreements		(2,773,752)	(2,049,891)
Social enterprise operations		(662,993)	(452,979)
Disability pay per use		(15,291)	(21,047)
Overheads		(983,946)	(827,784)
		(4,435,982)	(3,351,701)
Surplus of income over expenditure		241,732	195,114

The Eden and Razzett Foundation

Statement of affairs

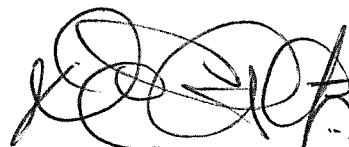
31 December 2022

	Notes	2022 EUR	2021 EUR
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	3,207,182	3,225,175
Current assets			
Trade and other receivables	8	471,667	290,265
Cash and cash equivalents	12	1,147,528	968,247
		1,619,195	1,258,512
Total assets		4,826,377	4,483,687
Current liabilities			
Trade and other payables	9	511,730	410,772
Net assets		4,314,647	4,072,915
Represented by:			
Contribution	10	4,314,982	4,314,982
Accumulated deficit		(335)	(242,067)
		4,314,647	4,072,915

These financial statements were approved by the Board of Administrators, authorised for issue on 25 October 2023 and signed on its behalf by:



Aldo Abela
Administrator



Denis Zammit Cutajar
Chairman

The Eden and Razzett Foundation

Statement of changes in funds

31 December 2022

	<i>Note</i>	Contribution EUR	Accumulated deficit EUR	Total fund EUR
At 1 January 2021		4,314,982	(437,181)	3,877,801
Surplus of income over expenditure		-	195,114	195,114
At 1 January 2022		4,314,982	(242,067)	4,072,915
Surplus of income over expenditure		-	241,732	241,732
At 31 December 2022	<i>10</i>	4,314,982	(335)	4,314,647

The Eden and Razzett Foundation

Statement of cash flows

Year ended 31 December 2022

	<i>Note</i>	2022 EUR	2021 EUR
Cash flows from operating activities			
Surplus of income over expenditure		241,732	195,114
<i>Adjustments for:</i>			
Depreciation		167,687	140,885
Movement in allowance for doubtful debts		(3,129)	(1,887)
Income from donation of assets		-	(90,066)
Profit on sale of property, plant and equipment		(984)	-
Excess of expenditure over income before working fund movements		405,306	244,046
Movement in trade and other receivables		(178,273)	43,928
Movement in trade and other payables		100,958	94,521
Cash flows from operations		327,991	382,495
Cash flows from investing activities			
Purchase of property, plant and equipment		(150,482)	(215,302)
Proceeds from sale of property, plant and equipment		1,772	-
		(148,710)	(215,302)
Net movement in cash and cash equivalents		179,281	167,193
Cash and cash equivalents at the beginning of the year		968,247	801,054
Cash and cash equivalents at the end of the year	12	1,147,528	968,247

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

1. Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

The principal activity of the foundation is to try to help individuals with a disability need and provide them and their families with educational, therapeutic and other services. The Foundation also advocates for inclusion, educating the general public and raising awareness among peers.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Foundation determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

2. Significant accounting policies

Property, plant and equipment

The Foundation's property, plant and equipment are classified into the following classes - land and buildings, improvement to buildings, plant and machinery, motor vehicles and furniture, fixtures and other equipment.

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to income and expenditure account so as to write off the cost/revalued amount, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Land	- not depreciated
Buildings	- 1% per annum
Improvement to buildings	- 6.7% per annum
Plant and machinery	- 6.7 - 16.7% per annum
Motor vehicles	- 20% per annum
Furniture, fixtures and other equipment	- 10 – 25% per annum

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Financial instruments

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of affairs when the Foundation has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

The significant accounting policies for financial assets are as follows:

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

The business model

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Foundation determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Debt instruments measured at amortised cost

The following financial assets are classified within this category – trade receivables and cash at bank.

Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Foundation's accounting policy on ECLs.

Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for ECLs.

Financial liabilities and equity

Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Expected credit losses

The Foundation recognises a loss allowance for ECLs on the following – debt instruments measured at amortised cost

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

The Foundation uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Foundation recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying value.

Significant increase in credit risk

In assessing whether the credit risk on a debt instrument has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the debt instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort and, where applicable, the financial position of the counterparties.

The Foundation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Forward-looking information considered includes the future prospects of the industries in which the foundation's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Foundation's core operations.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Significant increase in credit risk (continued)

The Foundation assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Accordingly, for these financial assets, the loss allowance is measured at an amount equal to 12m ECL. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Foundation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Foundation, in full (without taking into account any collateral held by the Foundation).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Write-off policy

The Foundation writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets written off may still be subject to enforcement activities under the Foundation's recovery procedures, taking into account legal advice where appropriate. Recoveries made are recognised in profit or loss as impairment gains.

Measurement and recognition of expected credit losses

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the Foundation in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information, where applicable.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Foundation performs the assessment of significant increases in credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

Where the Foundation does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on an individual instrument basis, lifetime ECL is measured on a collective basis.

In such instances, the financial instruments are grouped on the basis of shared credit risk characteristics, as follows:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables;
- External credit ratings where available;
- Date of initial recognition;
- Remaining term to maturity; and
- Geographical location of the borrower.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Impairment of other assets

All other assets are tested for impairment in terms of this accounting policy.

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

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.

Impairment reversals are recognised immediately in profit or loss.

Revenue recognition

In the current year, the significant accounting policies for the recognition of revenue are as follows:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Foundation recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Incoming resources

Incoming resources are recognised in the period in which the Foundation is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Foundation has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Government grants

Government grants are recognised when there is reasonable assurance that all the conditions attaching to them are complied with and the grants will be received.

Government grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Such grants are presented in the income and expenditure accounts.

Resources expended

Expenditure is recognised when incurred.

Expenditure is recognised on an accrual basis. Where applicable, expenditure including grants is charged against the fund to which it relates.

Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The majority of costs are directly attributable to specific activities.

Funds accounting

Funds held by the Foundation are generally unrestricted funds. These are funds which can be used in accordance with the charitable objects of activity, at the discretion of the Administrators.

Taxation

The Foundation is exempt from income tax for the purposes of article 12(1)(e) of the Income Tax Act as it is considered an approved institution in terms of article 2 of Subsidiary Legislation 123.24 – *Exemption on Philanthropic Work Notice*.

Leases

The Foundation assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Leases (continued)

The lease term is determined as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Foundation as a lessee

The Foundation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, unless otherwise stated below.

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Foundation applies the recognition exemption. For these leases, the Foundation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the lessee's benefit.

Lease payments included in the measurement of the lease liability comprise (a) fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date; (c) the amount expected to be payable by the lessee under residual value guarantees; (d) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and (e) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Foundation remeasures the lease liability to reflect revised in-substance fixed lease payments or whenever: (a) there is a change in the lease term or a change in the assessment of a purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or (b) there is a change in future lease payments resulting from a change in an index or a rate or a change in the amounts expected to be payable under a residual value guarantee, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). For such remeasurements, the amount is recognised as an adjustment to the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to zero, in which case the amount is recognised in profit or loss.

The carrying amount of the lease liability is also remeasured when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

2. Significant accounting policies (continued)

Leases (continued)

The Foundation as a lessee (continued)

The right-of-use assets are initially measured at the commencement date at cost, being the amount of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

Whenever the Foundation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Foundation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Foundation applies the accounting policy entitled 'Impairment of assets' to determine and to measure the extent of any impairment losses on the right-of-use assets.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Foundation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Foundation has not applied this practical expedient.

Employee benefits

The Foundation contributes towards the state pension in accordance with local legislation. The only obligation of the Foundation is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Foundation's accounting policies, the Administrators have made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

Initial application of International Financial Reporting Standards

There were no International Financial Reporting Standards that were initially effective during the period beginning on 1 January 2022 that had a material effect on the financial statements of the Foundation.

International Financial Reporting Standards in issue but not yet effective

The Administrators anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorization of these financial assets but not yet effective, will have no material impact on the financial statements of the Foundation in the period of initial application.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

5. Staff costs and employee information

	2022 EUR	2021 EUR
<i>Staff costs:</i>		
Wages and salaries	2,489,978	2,088,719
Social security costs	214,114	178,578
	<u>2,704,092</u>	<u>2,267,297</u>

The average number of persons employed during the year was made up as follows:

	2022 Number	2021 Number
Fundraising	5	5
Services to persons with disability	83	73
Management and administration	17	14
Operations	2	2
Rehab & Wellness Centre	6	-
	<u>113</u>	<u>94</u>

6. Taxation

The Eden and Razzett Foundation is exempt from tax in accordance with Article 12(1)(e) of the Income Tax Act (Cap. 123) and has been approved by virtue of legal notice 338 of 2009.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

7. Property, plant and equipment

	Land and buildings EUR	Improvement to buildings EUR	Plant and machinery EUR	Motor vehicles EUR	Furniture, fixtures and other equipment EUR	Total EUR
Cost						
At 01.01.2021	3,930,285	305,321	426,230	-	204,228	4,866,064
Additions	-	124,227	126,291	-	54,850	305,368
At 01.01.2022	3,930,285	429,548	552,521	-	259,078	5,171,432
Additions	-	51,324	71,295	15,500	12,363	150,482
Disposals	-	-	-	-	(1,575)	(1,575)
At 31.12.2022	3,930,285	480,872	623,816	15,500	269,866	5,320,339
Accumulated depreciation						
At 01.01.2021	1,419,368	100,750	162,205	-	123,049	1,805,372
Provision for the year	39,303	21,030	57,753	-	22,799	140,885
At 01.01.2022	1,458,671	121,780	219,958	-	145,848	1,946,257
Provision for the year	39,303	30,467	66,714	517	30,686	167,687
Released on disposal	-	-	-	-	(787)	(787)
At 31.12.2022	1,497,974	152,247	286,672	517	175,747	2,113,157
Carrying amount						
At 31.12.2021	2,471,614	307,768	332,563	-	113,230	3,225,175
At 31.12.2022	2,432,311	328,625	337,144	14,983	94,119	3,207,182

In 2011, the Foundation took over various property, plant and equipment from the founding organisations for no consideration. The title of one of the properties being situated in Marsascala, is subject to it being used solely and exclusively for charitable purposes. Should the said property cease to be used for the aforesaid reasons, the ownership of the said property shall immediately revert to the donor.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

8. Trade and other receivables

	2022 EUR	2021 EUR
Trade receivables	315,300	223,808
Other receivables	32,693	12,693
Prepayments and accrued income	123,674	53,764
	<u>471,667</u>	<u>290,265</u>

There was no allowance for doubtful debts against trade receivables at the end of the year under review and at the end of the prior year.

9. Trade and other payables

	2022 EUR	2021 EUR
Trade payables	289,411	201,807
Other payables	182,739	49,589
Accruals and deferred income	39,580	159,376
	<u>511,730</u>	<u>410,772</u>

10. Contribution

This contribution of *EUR4,314,982* represents the assets taken over by the Foundation for no consideration from The Eden Foundation and The Razzett tal-Hbiberija Foundation in 2011. During 2012, *EUR14,501* of the original contribution was reversed.

11. Donations and grant income

	2022 EUR	2021 EUR
Cash donations	240,373	224,990
Restricted funding	129,378	107,574
Donations in kind	-	40,706
	<u>369,751</u>	<u>373,270</u>

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

12. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of affairs:

	2022 EUR	2021 EUR
Cash at bank and on hand	<u>1,147,528</u>	<u>968,247</u>

13. Fair values of financial assets and financial liabilities

At 31 December 2022 and 2021, the carrying amounts of financial assets and financial liabilities classified within current assets and current liabilities respectively approximated their fair values due to the short term maturities of those assets and liabilities.

14. Financial risk management

Due to the nature of the Foundation's operations, the Foundation is exposed to credit and liquidity risks.

The exposures to these risks and the way they arise, together with the Foundation's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Foundation's exposure to financial risks or the manner in which the Foundation manages and measures these risks are disclosed below.

Where possible, the Foundation aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Foundation by failing to discharge an obligation.

Financial assets which potentially subject the Foundation to concentrations of credit risk consist principally of receivables and cash at bank.

The Eden and Razzett Foundation

Notes to the financial statements

31 December 2022

14. Financial risk management (continued)

Credit risk (continued)

Receivables are presented net of an allowance for doubtful debts. The Foundation applies an ECL model. Credit risk with respect to receivables is limited due to credit control procedures and the large number of customers comprising the Foundation's debtor base.

Cash at bank is placed with reliable financial institutions.

The carrying amount of cash at bank and trade and other receivables recorded in the financial statements, which is net of impairment losses, represents the Foundation's maximum exposure to credit risk.

There was no impairment loss on trade receivables in 2022 and 2021.

Liquidity risk

The Foundation monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows and by matching the maturity of both its financial assets and financial liabilities.

14. Comparative figures

Reclassifications in the comparative figures within staff costs and employee information (note 5) have been made to better reflect the conditions as at 31 December 2021.

Independent auditor's report

to the members of
The Eden and Razzett Foundation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of The Eden and Razzett Foundation (the Foundation), set out on pages 3 to 22, which comprise the statement of affairs as at 31 December 2022, the income and expenditure account, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Basis for Qualified Opinion

As described in note 7 to the financial statements, the Foundation took over various property, plant and equipment in 2011 from its founding organisations for no consideration. This was recorded at the total transfer cost of EUR3,018,190. We have requested but have been unable to obtain sufficient appropriate audit evidence as to the recorded transfer cost of the property, plant and equipment taken over, including the amounts relevant to the separable components of land and buildings. Consequently, we have also been unable to verify the depreciation expense recorded for the year in respect of these assets and whether the carrying amount of property, plant and equipment and contribution as at 31 December 2022 have been appropriately stated.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information other than the Financial Statements and the Auditor's Report thereon

The board of administrators is responsible for the other information. The other information comprises the Board of Administrators' report on page 1 and the Statement of Board of Administrators' responsibilities on page 2, but does not include the financial statements and our auditor's report thereon.

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Independent auditor's report (continued)

to the members of

The Eden and Razzett Foundation

Information other than the Financial Statements and the Auditor's Report thereon (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Administrators for the Financial Statements

As explained more fully in the Statement of Board of Administrators' responsibilities on page 2, the Board of Administrators are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU, and for such internal control as the Board of Administrators determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Administrators are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Administrators either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The scope of our audit does not include assurance on the future viability of the Foundation or on the efficiency or effectiveness with which the Board of Administrators have conducted or will conduct the affairs of the Foundation. The financial position of the Foundation may improve, deteriorate or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Foundation's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Foundation, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Foundation. Any decision – making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Foundation and to identify any facts or circumstances that may be materially relevant there to.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report (continued)

to the members of

The Eden and Razzett Foundation

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Administrators.
- Conclude on the appropriateness of the Board of Administrators use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Foundation, including the formulation of a view as to the manner in which financial risk is distributed between creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

We communicate with Board of Administrators regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

The audit report was drawn up on 25 October 2023 and signed by:



Annabelle Zammit Pace as Director
in the name and on behalf of

Deloitte Audit Limited

Registered auditor

Central Business District, Birkirkara, Malta