

# **The Eden and Razzett Foundation**

## **Report and financial statements**

31 December 2020

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# The Eden and Razzett Foundation

## Board of Trustees' report

Year ended 31 December 2020

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The Board of Trustees present their annual report and the audited financial statements of The Eden and Razzett Foundation (the "Foundation") for the year ended 31 December 2020.

### 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 Trustees

The Board of Trustees is composed of seven members. In the year under review the following persons sat on the Board:

Paul Stoner (Chairman)  
Nathan Farrugia  
Janatha Stubbs  
Joseph Grioli  
Denis Zammit Cutajar  
Rita Micallef  
Aldo Abela

### Performance review

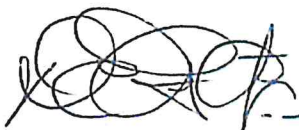
On 01 January 2009, the Foundation was registered as a voluntary organisation in terms of article 3 of the Voluntary Organisations Act 2007 (Cap. 492) under the identification number VO/0199.

During the year under review the Foundation registered a surplus of income over expenditure for the year of €196,171 (2019, €272,501). Net assets at year-end amounted to €3,877,801 (2019, €3,681,630).

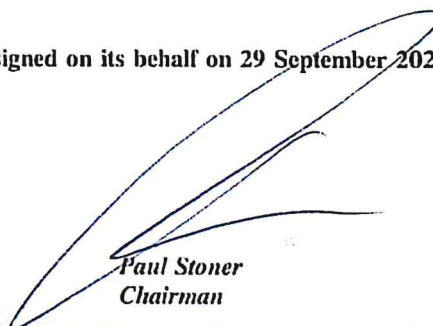
### Auditors

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 Trustees and signed on its behalf on 29 September 2021  
by:



Denis Zammit Cutajar  
Trustee



Paul Stoner  
Chairman

# **The Eden and Razzett Foundation**

## **Statement of Board of Trustees' responsibilities**

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The Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees 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 2020

|                                              | <i>Note</i> | <b>2020</b><br><b>EUR</b> | 2019<br>EUR |
|----------------------------------------------|-------------|---------------------------|-------------|
| <b>Income</b>                                |             |                           |             |
| Activities for generating funds              |             | <b>575,622</b>            | 850,779     |
| Income generated from service agreements     |             | <b>2,197,970</b>          | 2,600,829   |
| Donations and grants                         | 11          | <b>578,095</b>            | 366,711     |
| Contributions from clients' parents          |             | <b>14,020</b>             | -           |
| Other income                                 |             | <b>231,686</b>            | 240,327     |
| <b>Total income</b>                          |             | <b>3,597,393</b>          | 4,058,646   |
| <b>Expenditure</b>                           |             |                           |             |
| Costs of services to persons with disability |             | <b>(2,060,630)</b>        | (2,251,223) |
| Direct administration costs                  |             | <b>(476,251)</b>          | (674,784)   |
| Cost of generating funds                     |             | <b>(432,705)</b>          | (453,931)   |
| Overheads                                    |             | <b>(431,636)</b>          | (406,207)   |
|                                              |             | <b>(3,401,222)</b>        | (3,786,145) |
| <b>Surplus of income over expenditure</b>    |             | <b>196,171</b>            | 272,501     |

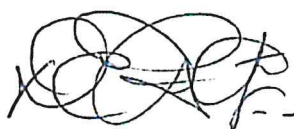
# The Eden and Razzett Foundation

## Statement of affairs

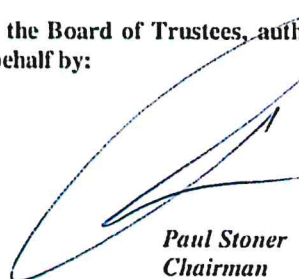
31 December 2020

|                               | Notes | 2020<br>EUR      | 2019<br>EUR      |
|-------------------------------|-------|------------------|------------------|
| <b>ASSETS AND LIABILITIES</b> |       |                  |                  |
| <b>Non-current assets</b>     |       |                  |                  |
| Property, plant and equipment | 7     | 3,060,692        | 2,932,703        |
| <b>Current assets</b>         |       |                  |                  |
| Trade and other receivables   | 8     | 332,306          | 409,947          |
| Cash and cash equivalents     | 12    | 801,054          | 779,638          |
|                               |       | <u>1,133,360</u> | <u>1,189,585</u> |
| <b>Total assets</b>           |       | <u>4,194,052</u> | <u>4,122,288</u> |
| <b>Current liabilities</b>    |       |                  |                  |
| Trade and other payables      | 9     | 316,251          | 440,658          |
| <b>Net assets</b>             |       | <u>3,877,801</u> | <u>3,681,630</u> |
| <b>Represented by:</b>        |       |                  |                  |
| Accumulated Deficit           |       | (437,181)        | (633,352)        |
| Contribution                  | 10    | 4,314,982        | 4,314,982        |
|                               |       | <u>3,877,801</u> | <u>3,681,630</u> |

These financial statements were approved by the Board of Trustees, authorised for issue on 29 September 2021 and signed on its behalf by:



Denis Zammit Cutajar  
Trustee



Paul Stoner  
Chairman

# The Eden and Razzett Foundation

## Statement of changes in funds

31 December 2020

|                                    | <i>Note</i> | <b>Contribution<br/>EUR</b> | <b>Accumulated<br/>deficit<br/>EUR</b> | <b>Total Fund<br/>EUR</b> |
|------------------------------------|-------------|-----------------------------|----------------------------------------|---------------------------|
| At 1 January 2019                  |             | 4,314,982                   | (905,853)                              | 3,409,129                 |
| Surplus of income over expenditure |             | -                           | 272,501                                | 272,501                   |
|                                    |             | <hr/>                       | <hr/>                                  | <hr/>                     |
| <b>At 1 January 2020</b>           |             | <b>4,314,982</b>            | <b>(633,352)</b>                       | <b>3,681,630</b>          |
| Surplus of income over expenditure |             | -                           | 196,171                                | 196,171                   |
|                                    |             | <hr/>                       | <hr/>                                  | <hr/>                     |
| <b>At 31 December 2020</b>         | <i>10</i>   | <b><u>4,314,982</u></b>     | <b><u>(437,181)</u></b>                | <b><u>3,877,801</u></b>   |

# The Eden and Razzett Foundation

## Statement of cash flows

Year ended 31 December 2020

|                                                                 | <i>Note</i> | <b>2020<br/>EUR</b> | <b>2019<br/>EUR</b> |
|-----------------------------------------------------------------|-------------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                     |             |                     |                     |
| Surpluss of expenditure over income                             |             | <b>196,171</b>      | 272,501             |
| <i>Adjustments for:</i>                                         |             |                     |                     |
| Depreciation                                                    |             | <b>112,922</b>      | 98,323              |
| Movement in allowance for doubtful debts                        |             | -                   | 31,065              |
| Income from donation of assets                                  |             | <b>(113,477)</b>    | -                   |
|                                                                 |             |                     |                     |
| Excess of expenditure over income before working fund movements |             | <b>195,616</b>      | 401,889             |
| Movement in trade and other receivables                         |             | <b>77,641</b>       | (127,336)           |
| Movement in trade and other payables                            |             | <b>(124,407)</b>    | 197,811             |
|                                                                 |             |                     |                     |
| Cash flows from operations                                      |             | <b>148,850</b>      | 472,364             |
|                                                                 |             |                     |                     |
| <b>Cash flows from investing activities</b>                     |             |                     |                     |
| Purchase of property, plant and equipment                       |             | <b>(127,434)</b>    | (120,304)           |
|                                                                 |             |                     |                     |
| <b>Net movement in cash and cash equivalents</b>                |             | <b>21,416</b>       | 352,060             |
|                                                                 |             |                     |                     |
| <b>Cash and cash equivalents at the beginning of the year</b>   |             | <b>779,638</b>      | 427,578             |
|                                                                 |             |                     |                     |
| <b>Cash and cash equivalents at the end of the year</b>         | <i>12</i>   | <b>801,054</b>      | 779,638             |

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 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 everyone with a disability need and provide 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.

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 2020

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### 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 and buildings                      | - 1% per annum       |
| Improvement to buildings                | - 6.7% per annum     |
| Plant and machinery                     | - 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 2020

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### 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

#### *Financial assets (continued)*

#### *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**

#### (ii) Trade and other payables

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

#### **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 Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### Expected credit losses (continued)

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 2020

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### 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 2020

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### 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.



# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### Collective basis (continued)

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.

#### 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### **Impairment of other assets (continued)**

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.

#### *Incoming resources*

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### *Resources expended (continued)*

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 charity are generally unrestricted funds. These are funds which can be used in accordance with the charitable objects of activity, at the discretion of the Trustees.

#### *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 company 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 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 Company as a lessee*

The Company 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 Company applies the recognition exemption. For these leases, the Company 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.



# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### *Leases (continued)*

##### *The Company as a lessee (continued)*

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 Company 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 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### *The Company as a lessee (continued)*

Whenever the Company 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 Company 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 Company applies the accounting policy entitled 'Impairment of [other] 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 Company 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 Company 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 2. Significant accounting policies (continued)

#### *Cash and cash equivalents*

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

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

In the process of applying the Foundation's accounting policies, the Trustees 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 an International Financial Reporting Standard and International Financial Reporting Standards in issue but not yet effective

In the current year, the company has applied the following:

#### *IAS 1 & IAS 8 Amendment*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The initial application of the above amendment did not have a significant impact on the company's financial statements.



# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 4. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in issue but not yet effective (continued)

#### *International Financial Reporting Standards in issue but not yet effective*

The company has not yet applied any new and revised IFRSs that have been issued but not yet effective. These have also not yet been endorsed by the EU.

#### *Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current*

The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

#### *Amendments to IAS 37 Onerous contracts – Cost of fulfilling a contract*

The amendments deal with costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

#### *Amendments to IAS 16 - Property, plant and equipment – proceeds before intended use*

The amendments address the proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 4. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in issue but not yet effective (continued)

*Amendments to IFRS 9 (as part of the 2018- 2020 Annual Improvements Cycle - Financial instruments)*

The amendments clarify which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognise a financial liability.

*Amendments to IFRS 16 (as part of the 2018 – 2020 Annual Improvements Cycle) - Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

*Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2*

Phase 2 of the project addresses issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

In respect of the modification of financial assets, financial liabilities and lease liabilities, the IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.



# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

### 5. Staff costs and employee information

|                       | 2020<br>EUR      | 2019<br>EUR      |
|-----------------------|------------------|------------------|
| <i>Staff costs:</i>   |                  |                  |
| Wages and salaries    | 2,011,721        | 2,304,054        |
| Social security costs | 381,213          | 190,121          |
|                       | <u>2,392,934</u> | <u>2,494,175</u> |

The average number of persons employed during the year, including executive members of the board of trustees if any, was made up as follows:

|                                     | 2020       | 2019       |
|-------------------------------------|------------|------------|
| Fundraising                         | 14         | 17         |
| Services to persons with disability | 102        | 107        |
| Management and administration       | 13         | 14         |
| Operations                          | 7          | 9          |
|                                     | <u>136</u> | <u>147</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 2020

### 7. Property, plant and equipment

|                                 | Land and<br>Buildings<br>EUR | Improvement<br>to buildings<br>EUR | Plant and<br>machinery<br>EUR | Motor<br>vehicles<br>EUR | Furniture,<br>fixtures and<br>other<br>equipment<br>EUR | Total<br>EUR       |
|---------------------------------|------------------------------|------------------------------------|-------------------------------|--------------------------|---------------------------------------------------------|--------------------|
| <b>Cost</b>                     |                              |                                    |                               |                          |                                                         |                    |
| At 01.01.2019                   | 3,930,285                    | 241,058                            | 178,487                       | 3,650                    | 153,559                                                 | 4,507,039          |
| Additions                       | -                            | 37,142                             | 40,207                        | -                        | 42,955                                                  | 120,304            |
| Disposals                       | -                            | -                                  | -                             | -                        | -                                                       | -                  |
| At 01.01.2020                   | 3,930,285                    | 278,200                            | 218,694                       | 3,650                    | 196,514                                                 | 4,627,343          |
| Additions                       | -                            | 27,121                             | 207,536                       | -                        | 7,714                                                   | 242,371            |
| Disposals                       | -                            | -                                  | -                             | (3,650)                  | -                                                       | (3,650)            |
| <b>At 31.12.2020</b>            | <b>3,930,285</b>             | <b>305,321</b>                     | <b>426,230</b>                | <b>-</b>                 | <b>204,228</b>                                          | <b>4,866,064</b>   |
| <b>Accumulated depreciation</b> |                              |                                    |                               |                          |                                                         |                    |
| At 01.01.2019                   | (1,340,762)                  | (64,183)                           | (107,541)                     | (1,460)                  | (82,371)                                                | (1,596,318)        |
| Provision for the year          | (39,303)                     | (17,014)                           | (22,698)                      | (730)                    | (18,578)                                                | (98,323)           |
| At 01.01.2020                   | (1,380,065)                  | (81,197)                           | (130,239)                     | (2,190)                  | (100,949)                                               | (1,694,641)        |
| Provision for the year          | (39,303)                     | (19,553)                           | (31,966)                      | -                        | (22,100)                                                | (112,922)          |
| Disposals                       | -                            | -                                  | -                             | 2,190                    | -                                                       | 2,190              |
| <b>At 31.12.2020</b>            | <b>(1,419,368)</b>           | <b>(100,750)</b>                   | <b>(162,205)</b>              | <b>-</b>                 | <b>(123,049)</b>                                        | <b>(1,805,373)</b> |
| <b>Carrying amount</b>          |                              |                                    |                               |                          |                                                         |                    |
| At 31.12.2019                   | 2,550,220                    | 197,003                            | 88,455                        | 1,460                    | 95,565                                                  | 2,932,703          |
| <b>At 31.12.2020</b>            | <b>2,510,917</b>             | <b>204,571</b>                     | <b>264,025</b>                | <b>-</b>                 | <b>81,179</b>                                           | <b>3,060,692</b>   |

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 2020

### 8. Trade and other receivables

|                                | 2020<br>EUR    | 2019<br>EUR    |
|--------------------------------|----------------|----------------|
| Trade receivables              | 182,505        | 302,003        |
| Other receivables              | 12,693         | 12,693         |
| Prepayments and accrued income | 137,108        | 95,251         |
|                                | <u>332,306</u> | <u>409,947</u> |

Trade receivables is shown net of an allowance for doubtful debts of *EUR*2,824 (2019 – *EUR*2,824). Movements in the allowance for doubtful debts are disclosed within costs of services.

The amounts owed by other related parties are interest free, unsecured and have no fixed terms of repayment.

### 9. Trade and other payables

|                              | 2020<br>EUR    | 2019<br>EUR    |
|------------------------------|----------------|----------------|
| Trade payables               | 134,322        | 276,972        |
| Accruals and deferred income | 181,929        | 163,686        |
|                              | <u>316,251</u> | <u>440,658</u> |

### 10. Contribution

This contribution of *EUR*4,314,982 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, *EUR*14,501 of the original contribution was reversed.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

### 11. Donation and Grant income

|                    | <b>2020</b>    | 2019    |
|--------------------|----------------|---------|
|                    | <b>EUR</b>     | EUR     |
| Cash donations     | <b>324,156</b> | 254,919 |
| Restricted funding | <b>140,462</b> | 111,792 |
| Donations in kind  | <b>113,477</b> | -       |
|                    | <b>578,095</b> | 366,711 |

### 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:

|                          | <b>2020</b>    | 2019    |
|--------------------------|----------------|---------|
|                          | <b>EUR</b>     | EUR     |
| Cash at bank and on hand | <b>801,054</b> | 779,638 |

### 13. Fair values of financial assets and financial liabilities

At 31 December 2020 and 2019, 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.

# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 14. Financial risk management (continued)

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 Company 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.

Receivables are presented net of an allowance for doubtful debts. The Company 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 company's maximum exposure to credit risk.

#### **Impairment loss on trade receivables:**

|                                      | <b>2020</b>  | 2019  |
|--------------------------------------|--------------|-------|
|                                      | <b>EUR</b>   | EUR   |
| Impairment loss on trade receivables | <b>2,824</b> | 2,824 |

#### *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.



# The Eden and Razzett Foundation

## Notes to the financial statements

31 December 2020

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### 15. Impact of COVID-19

The outbreak of COVID-19 across the world in early 2020 has caused disruption to businesses and economic activity. Though this may ultimately impact the foundation's activities and asset values, the board of trustees believe that the results for the year ended 2020 demonstrate that the foundation has continued to perform strongly through the uncertain times.

## 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 27, which comprise the statement of affairs as at 31 December 2020, 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 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 2020, 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 2020 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 trustees is responsible for the other information. The other information comprises the Foundation's Board of Trustees' report on page 1 and the Statement of board of trustees' responsibilities on page 2, but does not include the financial statements and our auditor's report thereon.

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.

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## Independent auditor's report (continued)

to the members of  
The Eden and Razzett Foundation

### **Responsibilities of the Board of Trustees' for the Financial Statements**

As explained more fully in the statement of Board of Trustees' responsibilities on page 2, the Board of Trustees' 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 the requirements, and for such internal control as the Board of Trustees' 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 Trustees' 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 Trustees' either intends to liquidate the Foundation or to cease operations, or has 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.

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.
- 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 Trustees.
- Conclude on the appropriateness of the Board of Trustees 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.



## 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)

- 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.

We communicate with Board of Trustees 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.

A handwritten signature in blue ink, appearing to read 'D. Delicata', is positioned above the printed name and title of the auditor.

David Delicata as Director  
in the name and on behalf of  
**Deloitte Audit Limited**  
Registered auditor  
Central Business District, Birkirkara, Malta

29 September 2021