

The Arnaud Guesry Foundation

**Annual Report for the year ending
31st December 2018**

The Arnaud Guesry Foundation
Annual Report and Financial Statements
for the year ending 31st December 2018

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**The Arnaud Guesry Foundation
Annual Report and Financial Statements
for the year ending 31st December 2018**

General Information

Registration

The Arnaud Guesry Foundation is registered in Malta as a voluntary organisation under the Voluntary Organisation Act, 2007 (The Civil Code, Second Schedule, Chapter 16 of the Laws of Malta) (the "Act") with registration number VO/0727.

Board of Administrators

President: Ms. Laura Lejman
Secretary: Ms. Christina Lejman
Treasurer: Mr. Antoine Arnaud Jean Guesry
Member: Ms. Cherish Chirume

Registered office

Fairoaks Buildings, Apt. 35,
Uqija Street,
Ibragg, SWQ 2333.

Bankers

Bank of Valletta p.l.c.
BNI Madagascar

Auditor

Mr. Christopher Spiteri B.A. (Hons) Accty, F.I.A., C.P.A.
"Crossbow House", 78,
Cospicua Road,
Paola - PLA1902.

Independent Auditor's Report
To the board of Administrators of The Arnaud Guesry Foundation

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of The Arnaud Guesry Foundation (the Foundation), set out on pages 5 to 13 which comprise the statement of affairs as at 31st December 2018, the income and expenditure account, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the statement of affairs of the Foundation as at 31st December 2018, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME).

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The administrators are responsible for the other information. The other information comprises the General Information. My opinion on the financial statements does not cover this information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Administrators

The administrators are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the administrators determine 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 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 administrators either intend to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report
To the board of Administrators of The Arnaud Guesry Foundation

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 administrators.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with the 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Independent Auditor's Report
To the board of Administrators of The Arnaud Guesry Foundation

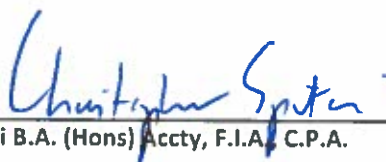
Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act 1995, (Cap. 386) I am required to report to you if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed
on behalf of the audit practice by



Mr. Christopher Spiteri B.A. (Hons) Accty, F.I.A., C.P.A.
Registered Auditor

24th January 2020

"Crossbow House", 78,
Cospicua Road,
Paola - PLA1902
Tel : 21488239/21493759
Fax : 21499573
E-mail : chris_spiteri@melita.com

The Arnaud Guesry Foundation
Income and Expenditure account
for the year ending 31st December 2018

	Note	2018 (€)	2017 (€)
Income		87,451	40,057
Expenditure - Madagascar operating costs		(82,975)	(77,303)
Administrative expenditure		(2,078)	1,831
Surplus/(Deficit) from operating activities		<u>2,398</u>	<u>(35,415)</u>
Finance income		1,116	3,804
Surplus/(Deficit) for the year	3	<u>3,514</u>	<u>(31,611)</u>
Accumulated fund brought forward		113,994	145,605
Accumulated fund carried forward		<u><u>117,508</u></u>	<u><u>113,994</u></u>

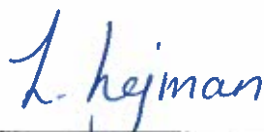
The Arnaud Guesry Foundation
Statement of affairs
as at 31st December 2018

	Note	2018 (€)	2017 (€)
Assets			
Non-current assets			
Property, plant and equipment	4	185,996	194,333
Financial assets		<u>46,340</u>	<u>56,161</u>
		<u>232,336</u>	<u>250,494</u>
Current Assets			
Cash and bank balances		<u>57,575</u>	<u>35,809</u>
		<u>57,575</u>	<u>35,809</u>
Total assets		<u><u>289,911</u></u>	<u><u>286,303</u></u>

The Arnaud Guesry Foundation
Statement of affairs
 as at **31st December 2018**

	Note	2018 (€)	2017 (€)
Equity and Liabilities			
Equity			
Accumulated fund		<u>117,508</u>	<u>113,994</u>
		<u>117,508</u>	<u>113,994</u>
Liabilities			
Current liabilities			
Borrowings	5	171,035	171,035
Trade and other payables	6	<u>1,368</u>	<u>1,274</u>
		<u>172,403</u>	<u>172,309</u>
Total equity and liabilities		<u><u>289,911</u></u>	<u><u>286,303</u></u>

The financial statements set out on pages 5 to 13 were approved and authorised for issue by the board of Administrators on 24th January 2020 and were signed on its behalf by:



Ms. Laura Lejman
 President and Co-Founder



Ms. Christina Lejman
 Secretary

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

Notes to the Financial Statements

1. Basis of preparation

1.1 Statement of compliance

The financial statements of The Arnaud Guesry Foundation ("the Foundation") have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). The financial statements have been prepared on the historical cost basis. These financial statements present information about the Foundation as an individual undertaking.

These are the Foundation's first financial statements prepared under GAPSME. The Foundation's previous financial statements, for the year ended 31st December 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP). The date of transition to GAPSME is the beginning of the earliest period for which the Foundation presents full comparative information in accordance with GAPSME in these financial statements, hence 1st January 2017.

An explanation of how the transition to GAPSME has affected the Foundation's reported financial position and financial performance is provided in note 7.

1.2 Functional and presentation of currency

The financial statements are presented in Euro, which is the Foundation's functional currency.

2. Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, land and buildings are carried under the revaluation model while other items of property, plant and equipment are carried under the cost model. Revaluations are made for the entire class of land and buildings at least every five years or with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

The rates of depreciation used for items of property, plant and equipment are the following:

- Freehold buildings 2% per annum straight line
- Plant and machinery 10% per annum straight line
- Fixtures and fittings 10% per annum straight line
- Motor van 20% per annum straight line

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

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

2.2 Investment property

Investment property is property (land and buildings) held to earn rentals or for capital appreciation or both, but not for sale in the ordinary course of business, or for use in the production or supply of goods or services or for administrative purposes. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the Foundation and the cost can be measured reliably. Investment property is initially measured at cost, comprising its purchase price and any directly attributable costs. After initial recognition, investment property held by the Foundation is carried under the fair value model, that is at fair value at the revaluation date less any accumulated depreciation, with changes in fair value above the historical cost of the investment property being recognised in a separate component of equity under the heading of fair value reserve.

Depreciation is calculated to write down the carrying amount of the freehold buildings using the straight-line method over its expected useful life of 50 years, and is charged to income and expenditure account.

2.3 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Foundation's statement of affairs 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 in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity. An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

i. Investments

Available for sale (the 'AFSS') financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans & receivables, held to maturity or held for trading investments. After initial recognition, the Foundation carries its AFS investments under the cost model. Impairment losses (where applicable) and foreign exchange gains and losses on available for sale investments are recognised in profit or loss. Interest, if any, on AFS financial assets, calculated using the effective interest method is recognised in profit or loss and included within the line item investment income. Dividends on available for sale equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

ii. Trade and other payables (excluding non-financial liabilities included in this line item)

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

2.4 Impairment

The Foundation's property, plant and equipment, investment property and financial assets except for financial assets classified as held for trading are tested for impairment.

i. Property, plant and equipment and investment property

The carrying amounts of the Foundation's property, plant and equipment, and investment property are reviewed at each statement of affairs date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of Foundation's assets are also reviewed at each statement of affairs date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it 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, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

ii. Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.5 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Foundation's cash management, are a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities in the statement of affairs.

2.6 Income

Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Interest income is recognised on an accrual or time proportion basis.

2.7 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.

2.8 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at statement of affairs date are translated at [year] end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the statement of affairs date at rates different from those at which they were previously translated, are recognised in income and expenditure account.

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

3. Surplus/(Deficit) for the year

The auditor's remuneration for the current and previous years have been waived and donated to the Foundation.

The Board of Administrators did not receive any remuneration from the Foundation for services rendered during the current and previous years.

4. Property, plant and equipment

	Total (€)	Freehold Buildings (€)	Plant and Machinery (€)	Fixtures and Fittings (€)	Motor van (€)
As at 1st January 2018					
Revalued/cost amount	218,054	184,082	14,267	7,135	12,570
Accumulated dep'n and impairment	<u>(23,721)</u>	<u>(10,942)</u>	<u>(5,637)</u>	<u>(2,114)</u>	<u>(5,028)</u>
Net book amount	<u>194,333</u>	<u>173,140</u>	<u>8,630</u>	<u>5,021</u>	<u>7,542</u>
Year ended 31st December 2018					
Opening Net book amount	194,333	173,140	8,630	5,021	7,542
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation charge	(8,337)	(3,682)	(1,427)	(714)	(2,514)
Depreciation released on disposals	-	-	-	-	-
Closing net book amount	<u>185,996</u>	<u>169,458</u>	<u>7,203</u>	<u>4,307</u>	<u>5,028</u>
As at 31st December 2018					
Revalued/cost amount	218,054	184,082	14,267	7,135	12,570
Accumulated dep'n and impairment	<u>(32,058)</u>	<u>(14,624)</u>	<u>(7,064)</u>	<u>(2,828)</u>	<u>(7,542)</u>
Net book amount	<u>185,996</u>	<u>169,458</u>	<u>7,203</u>	<u>4,307</u>	<u>5,028</u>

The Arnaud Guesry Foundation
Notes to the Financial Statements
for the year ending 31st December 2018

5.	Borrowings	2018	2017
		(€)	(€)
	Current liabilities		
	Founder Member's Account	<u>171,035</u>	<u>171,035</u>
		<u>171,035</u>	<u>171,035</u>
	Total borrowings	<u>171,035</u>	<u>171,035</u>

The balance of € 171,035 showing on the Founder Member's Account represents advances made by the late Dr. Pierre Rene Edouard Guesry. In previous financial statements this balance was shown as a loan due to the Founder Member. This balance is currently subject to a dispute on whether it is actually a loan or whether it represents non-refundable advances made by the Founder Member towards the Foundation to achieve objectives of the Foundation.

Pending agreement between the Board of Administrators and the heirs of the late Dr. Guesry, the balance of € 171,035, is being left showing as a loan payable in these financial statements.

6.	Trade and other payables	2018	2017
		(€)	(€)
	Accrued expenses	<u>1,368</u>	<u>1,274</u>
		<u>1,368</u>	<u>1,274</u>

7. First time adoption of GAPSME

As explained in note 1.1, the Foundation adopted GAPSME for the first time in these financial statements. The date of transition to GAPSME is 1st January 2017.

The accounting policies applied by the Foundation upon transition to GAPSME were consistent with those applied under the Generally Accepted Accounting Principles(GAAP). As a result, the transition to GAPSME had no effect on the Foundation's reported position and financial performance.

The Arnaud Guesry Foundation
Detailed Schedules
for the year ending 31st December 2018

Detailed Schedules

Schedule 1 - Income

Schedule 2 - Expenditure - Madagascar operating costs

Schedule 3 - Administrative expenditure

The Detailed Schedules of the pages that follow do not form part of the financial statements

The Arnaud Guesry Foundation
Detailed Schedules
for the year ending 31st December 2018

Schedule

No.

1.	Income	2018 (€)	2017 (€)
	Donations	42,545	34,162
	Malta Government Grant	31,926	-
	Net income from Fund-Raising Activities	5,445	1,602
	Sponsorships	7,250	4,080
	Other Income	285	213
		<u>87,451</u>	<u>40,057</u>
2.	Expenditure - Madagascar Operating Costs:	2018 (€)	2017 (€)
	Cleaning and Consumables	2,119	1,908
	Clothing	1,248	627
	Chicken Farm Project	5,158	1,492
	Depreciation	8,337	8,335
	Festivities	661	791
	Food Expenses	12,829	13,150
	Insurance	152	133
	Medical Expenses	1,404	2,985
	Prison Program	485	751
	Printing and Stationery	561	314
	Professional Fees	889	72
	Repairs and Maintenance	2,353	1,514
	Salaries and Social Costs	27,287	30,083
	Schooling and Education	3,649	2,254
	Telecommunication Expenses	1,440	1,162
	Travelling Expenses	8,530	9,194
	Water and Electricity	3,881	2,538
	Other Expenses	1,992	-
		<u>82,975</u>	<u>77,303</u>

The Arnaud Guesry Foundation
Detailed Schedules
for the year ending 31st December 2018

Schedule
No.

3.	Administrative expenditure	2018 (€)	2017 (€)
	Audit fee	1,000	1,500
	Bank charges	2,718	2,616
	Registration fees	250	250
	Profit on disposal of investments	(1,617)	(4,084)
	Movement in fair value reserve	(273)	(2,113)
		<u>2,078</u>	<u>(1,831)</u>