

### **III. Internal Audit**

Report and Opinion

# Report of the Accountancy Checking Commission

## 1. Introduction

**1.1.** In accordance with articles 25 and 26 of the Statutes of the Calouste Gulbenkian Foundation, the Accountancy Checking Commission presents its Report and Opinion on the Foundation's financial situation, based on the accounts for the year ended 2009.

**1.2.** Both the Foundation's Financial Statements and its Consolidated Financial Statements were submitted to the necessary legal checks and were approved without any reservations.

## 2. Accounting policies

**2.1.** The changes made to some of the accounting standards resulted from some alterations that were made to the way in which the financial statements and their respective appendices are presented, without any notable implications in the results published.

**2.2.** Furthermore, no materially relevant impacts are expected to arise from the changes that have already been announced in the International Financial and Reporting Standards and which are due to come into force in forthcoming years.

## 3. Analysis of the Consolidated Balance Sheet

**3.1.** The Foundation's net equity showed an increase of € 32.9 million, amounting to a value of € 2,429 million, which corresponds to an increase of 1.4% in comparison with 2008.

**3.2.** Contributing to this result was an increase in the fair value reserve of € 54.8 million, since the value transferred to the capital fund was negative (-€ 4.0 million) and there were exchange rate losses of € 18.6 million.

**3.3.** At the end of 2009, the Foundation's consolidated assets amounted to € 2,800 million, recording an increase of 2.3%. The most notable increase was in the Foundation's investment in intangible assets, which recorded a growth of € 48.8 million (56.8%)

**3.4.** Continuing the trend noted in previous years, current assets showed a decrease of € 88.6 million (-4.5% in comparison with 2008), while non-current assets rose to € 939.5 million, which corresponds to an increase of 19.3% in comparison with 2008. There was no significant change in the ratio of current assets to current liabilities.

## 4. Analysis of the Consolidated Financial Statements

**4.1.** In 2009, the Foundation's return on its oil and gas activities was less than € 39.9 million (-41.6%), while there was an increase of € 509.5 million in the net financial income in comparison with 2008.

**4.2.** The costs incurred with the direct activities envisaged in the Foundation's statutory aims fell by € 1.4 million (1.8%). This fall in costs was due to the decrease in the Foundation's activities in the areas of Art and Education, which were reduced by € 2.1 million (-6.6%) and € 1.2 million (-5.9%), respectively, while there were increases in the activities related with Charity and support to Science of € 1.8 million (+20.3%) and € 0.1 million (+1%), respectively.

**4.3.** Other administrative and operating costs amounted to € 83.7 million, corresponding to an increase of 63%. Contributing to this increase were the value of impairments (€ 17.2 million) and the value of employee benefits, mainly related with the responsibilities associated with pensions, which rose to € 20.2 million.

**4.4.** It should also be pointed out that the exchange rate losses resulting from consolidation meant that there was a fall of € 18.6 million in income for the year.

## 5. Conclusions

**5.1.** The members of the Accountancy Checking Commission were provided with all the information necessary to undertake their analysis.

**5.2.** On this basis, the Accountancy Checking Commission issues the following opinion under article 26 of the statutes:

## Opinion

- › Whereas the accounting policies and criteria adopted were suitable and were uniformly applied by the Foundation and the subsidiary companies included in the consolidated accounts;
- › Whereas the financial statements present truly and fairly all the relevant material aspects showing the Foundation's economic and financial evolution;
- › Whereas the activity of the Board of Trustees was in accordance with the provisions of the Foundation's statutes;
- › The members of the Accountancy Checking Commission unanimously resolved:

- a) to emphasise the successful performance of the Board of Trustees in the management of the Foundation during 2009;
- b) to express their appreciation to all Foundation staff for their commitment and competence in performing their duties;
- c) to ratify the accounts relating to the management of the Calouste Gulbenkian Foundation in 2009.