

Report of the statutory auditor
to the Governing Board of
International Centre for Trade and
Sustainable Development
Geneva

Report of the statutory auditor on the financial statements

As auditor, we have audited the accompanying financial statements of International Centre for Trade and Sustainable Development, which comprise the balance sheet, statement of revenue and expenses, statement of cash flows and notes, for the year ended 31 December 2010.

Management's Responsibility

The management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**International Centre for Trade and
Sustainable Development
Geneva**

**Report of the statutory auditor
to the Governing Board
on the financial statements 2010**

18 March 2011/55018396/40/svy

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law, the accounting policies disclosed in Note 2 and the association's articles of association.

In addition, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the association's Governing Board.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Philippe Tzaud
Audit expert
Auditor in charge



Marc Secretan
Audit expert

Genève, 18 March 2011

Enclosures:

- Financial statements (balance sheet, statement of revenue and expenses, statement of cash flows and notes)

International Centre for Trade and Sustainable Development

BALANCE SHEET

31 December 2010 and 2009

<u>ASSETS</u>	<u>Notes</u>	<u>2010</u> CHF	<u>2009</u> CHF
Current assets			
Cash and current accounts		1'443'228	45'346
Accounts receivable and prepayments	3	53'383	143'212
Accrued core and thematic contribution revenues	7	632'723	824'880
Accrued project and programme contribution revenues	9		975'096
Total current assets		2'129'334	1'988'534
Fixed assets			
Office furniture	4	24'594	55'147
IT equipment	4	5'547	17'997
IT software	4		6'568
Web site and library	4		859
Total fixed assets		30'141	80'571
TOTAL ASSETS		2'159'475	2'069'105
<u>LIABILITIES</u>			
Current liabilities			
Payables and accrued expenses		1'761'982	2'513'525
Deferred project and programme contribution revenues	5	371'511	86'170
Deferred core and thematic contributions	5	200'000	
Total current liabilities		2'333'493	2'599'695
Reserve funds			
Fund balance		(174'018)	(530'590)
TOTAL LIABILITIES AND FUNDS		2'159'475	2'069'105

(see notes to the financial statements)

International Centre for Trade and Sustainable Development
STATEMENT OF REVENUE AND EXPENSES AND FUND BALANCES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

<u>REVENUE</u>	<u>Notes</u>	2010 CHF	2009 CHF
Core and Thematic Contributions	6	7'649'010	7'731'592
Project and Programme Contributions	8	989'729	2'638'201
Other income	8	51'985	62'708
Total revenue for the period		8'690'724	10'432'501
<u>EXPENSES</u>			
Personnel related costs		5'738'184	5'966'079
Dialogues		601'085	1'219'041
Publications and communication expenses		210'861	748'954
Research and technical services		881'751	1'676'349
Office rent and utilities		256'072	253'406
Professional fees		185'481	261'698
IT support		78'333	110'033
Currency exchange gains/losses		98'450	6'902
Other general and administrative expenses		233'504	232'536
Depreciation and amortization expense	4	50'431	137'601
Total expenses for the period		8'334'152	10'612'599
Funding variation for the period		356'572	(180'098)
Fund balance at beginning of period		(530'590)	(350'492)
Fund balance at end of period		(174'018)	(530'590)

(see notes to the financial statements)

International Centre for Trade and Sustainable Development

STATEMENT OF CASH FLOW

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

	<u>Notes</u>	<u>2010</u> CHF	<u>2009</u> CHF
Cash flow from operating activities			
Funding variation for the period		356'572	(180'098)
Adjustment for depreciation and amortization	4	<u>50'431</u>	<u>137'601</u>
Operating (Deficit)/Surplus before working capital changes		407'004	(42'497)
Working capital changes:			
(Increase)/Decrease in accounts receivable and prepayments	3	89'828	(38'618)
(Increase)/Decrease in accrued core/thematic contributions	7	192'157	(623'892)
(Increase)/Decrease in accrued project/programme contributions	9	975'096	(627'571)
(Increase)/Decrease in accrued project/programme contrb'ns c/f	9	0	0
Increase/(Decrease) in payables and accrued expenses		(751'543)	826'761
Increase/(Decrease) in deferred project/programme contrb'ns	5	285'341	(364'275)
Increase/(Decrease) in deferred core/thematic contributions	7	200'000	0
Total change in working capital		<u>990'878</u>	<u>(827'595)</u>
Net cash (Used) by operations		<u>1'397'882</u>	<u>(870'092)</u>
Cash flow from investing activities			
Acquisition of fixed assets	4	<u>0</u>	<u>(27'960)</u>
Net cash (Used) in investing activities		<u>0</u>	<u>(27'960)</u>
Net (decrease) increase in cash and cash equivalents		1'397'882	(898'052)
Cash at the beginning of the period		45'346	943'398
Cash at the end of the period		<u><u>1'443'228</u></u>	<u><u>45'346</u></u>

(see notes to the financial statements)

International Centre for Trade and Sustainable Development

NOTES TO FINANCIAL STATEMENTS

décembre 2010

Note 1 - Organization

The Founding Statutes of the International Centre for Trade and Sustainable Development (hereinafter called "Centre") were adopted on June 20, 1996. The Centre is constituted in Geneva as an Association under Article 60 of the Swiss Civil Code.

The goal of the Centre is to contribute to the achievement of sustainable development in its economic, environmental, social, and political dimensions. The Centre's objectives are to:

- a) Contribute to a better understanding of development and environment concerns in the trade policy process;
- b) Enable participation in trade policy making, with special attention to the needs of those who are formally excluded or excluded, de-facto, for reasons of funding, geography or political conditions, including NGOs, other civil society organizations, developing country participants, and other key actors;
- c) Stimulate the interest of NGOs and other key actors in trade and sustainable development;
- d) Bridge the gap in information and communication between the NGO and trade policy communities.

Note 2 - Basis of presentation and significant accounting policies

These financial statements have been prepared by applying the following significant accounting policies on a consistent basis:

a. Historical cost basis

These financial statements have been prepared under the historical cost convention.

b. Accruals basis

Expenses are accrued in the period when the associated benefits are received.

c. Revenue recognition - contributions

Core and thematic contributions refer to donations that have not been earmarked for a specific project or programme. Core and thematic contributions are recorded as revenue in the period to which they contractually relate, regardless of when received.

Project and programme contributions refer to donations that the donor stipulates should fund a particular project or programme of the Centre and are recognized as revenue over the period to which they contractually relate. Project and programme revenues are periodically recognized in relation to the estimated percentage of completion of the project or programme.

International Centre for Trade and Sustainable Development

NOTES TO FINANCIAL STATEMENTS

décembre 2010

Note 2 - Accounting policies (continued)

d. Revenue recognition - other

Revenue from the sale of publications is recorded when the publications are dispatched to the customer. Revenue from the sale of services is recorded in the period during which they are provided.

e. Fixed assets - tangible assets

Tangible assets are recorded at cost and are depreciated on a straight-line basis over the useful economic life of the asset.

f. Fixed assets - intangible assets

Costs incurred in creating the Centre's library, databases and Web-site are expensed in the year

g. Taxes

At the present time, no Swiss income or capital taxes are levied against the Centre and, accordingly, no provision for such taxes has been recorded. The Centre was exempt from Swiss income and capital taxes during the period ending 31 December 2010. The Centre is not a Value Added Tax ("VAT") registrant in Switzerland and is therefore not entitled to recover VAT on purchased goods and services.

h. Foreign exchange differences

Transactions denominated in currencies other than the Swiss Franc are translated into Swiss Francs at the rate of exchange at the date of the transaction. Any differences arising upon the settlement of transactions in foreign currencies are recorded as foreign exchange gains or losses in the Statement of Revenue and Expenses. Period end balances for assets and liabilities held in foreign currencies are converted to Swiss Francs at the market rate. Any differences are recorded in the financial statements as gains or losses in the Statement of Revenue and Expenses and Fund Balances.

Note 3 - Accounts Receivable and Prepayments

	<u>2010</u>	<u>2009</u>
	CHF	CHF
Staff loans receivables	30'583	55'142
Staff travel advances	24'990	21'824
Other receivables and prepayments	<u>(2'189)</u>	<u>66'246</u>
	<u><u>53'383</u></u>	<u><u>143'212</u></u>

International Centre for Trade and Sustainable Development

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Note 4 - Fixed assets

	<u>IT equipment</u>	<u>IT software</u>	<u>Web-site & library</u>	<u>Office furniture</u>	<u>Total</u>
	CHF	CHF	CHF	CHF	CHF
Cost					
At beginning of the period	388'666	191'537	223'120	210'028	1'013'351
Acquisitions during the period					
Cost at end of period	<u>388'666</u>	<u>191'537</u>	<u>223'120</u>	<u>210'028</u>	<u>1'013'351</u>
Depreciation					
At beginning of the period	370'669	184'969	222'261	154'881	932'779
Charge for the period	<u>12'450</u>	<u>6'568</u>	<u>859</u>	<u>30'553</u>	<u>50'431</u>
Accumulated depreciation	<u>383'119</u>	<u>191'537</u>	<u>223'120</u>	<u>185'434</u>	<u>983'210</u>
Net Book Value	<u><u>5'547</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>24'594</u></u>	<u><u>30'141</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 5 - Deferred Revenues

	<u>2010</u>	<u>2009</u>
	CHF	CHF
<u>Core and Thematic Contributions (Income statement)</u>		
Government of Sweden (SIDA)	<u>200'000</u>	
Programme and Project Contributions		
Government of Norway (Ministry of Foreign Affairs)	167'250	
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	90'736	86'170
InterAmerican Development Bank Bank (IADB)	81'240	
Other sundry income	32'285	
	<u>371'511</u>	<u>86'170</u>
	<u>571'511</u>	<u>86'170</u>

Note 6 - Core and thematic contributions (Income statement)

Core and thematic contributions recognised during the period include the following :

	<u>2010</u>	<u>2009</u>
	CHF	CHF
U.K. Government (DFID)	1'920'729	2'599'621
Government of Sweden (SIDA)	1'799'802	2'380'160
Government of the Netherlands (DGIS)	1'417'323	1'417'323
Government of Denmark (Ministry of Foreign Affairs)	818'973	509'608
Government of Finland (Ministry of Foreign Affairs)	286'880	
Government of Norway (Ministry of Foreign Affairs)	413'020	
Australia - AusAid	359'560	
Accrued contributions (see note 7 below)	632'723	824'880
	<u>7'649'010</u>	<u>7'731'592</u>

Note 7 - Core and thematic contributions (Balance Sheet)

Core and thematic contributions not received but accrued:

U.K. Government (DFID)	632'723	646'356
Government of Finland (Ministry of Foreign Affairs)		178'524
	<u>632'723</u>	<u>824'880</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 8 - Project and programme contribution revenues (Income statement)

Project and programme contributions recognized during the period include the following:

	<u>2010</u>	<u>2009</u>
	CHF	CHF
Government of Norway (Ministry of Foreign Affairs)		536'796
International Institute for Sustainable Development (IISD)		240'000
U.K. Government (DFID)	243'561	203'059
Government of Denmark (Ministry of Foreign Affairs)		167'184
OXFAM/NOVIB	171'325	150'670
Asociación Latinoamericana de Industrias Farmacéuticas (ALIFAR)		99'668
l'Agence Intergouvernementale de la Francophonie (AIF)		70'210
Geneva International Academic Network (GIAN)		60'000
World Health Organization (WHO)	313'940	55'539
United Nations Environment Programme		21'779
Brandeis		21'204
Commonwealth Secretariat		18'845
Royal Institute of International Affairs		18'151
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	159'985	
InterAmerican Development Bank Bank (IADB)	42'012	
Food and Agriculture Organization of the United Nations (FAO)	21'478	
World Trade Organization (WTO)	37'427	
	<u>989'729</u>	<u>1'663'104</u>
Other sundry income	51'985	
Accrued contributions (see note below)		975'096
	<u>1'041'714</u>	<u>2'638'201</u>

Note 9 - Project and programme contribution revenues (Balance sheet)

Accrued project and programme contributions recognized during the period include the following:

Government of Switzerland (SECO)		325'000
Government of Finland (Ministry of Foreign Affairs)		267'786
U.K. Government (DFID)		240'000
World Health Organization (WHO)		55'539
International Food and Agricultural Trade Policy Council (IPC)		47'011
United Nations Environment Programme (UNEP)		20'760
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)		19'000
		<u>975'096</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 10 - Sources and Uses of Global-Platform-Related Project Grants

	<u>2010</u>	<u>2009</u>
	CHF	CHF
Sources		
Government of Norway		461'519
U.K. Government (DfID)	243'561	443'059
Government of Finland (Ministry of Foreign Affairs)	182'000	267'786
Government of the Netherlands (DGIS)		
Government of Sweden (SIDA)	309'950	
Government of Australia	169'892	
International Institute for Sustainable Development (IISD)		240'000
Government of Denmark (Ministry of Foreign Affairs)	363'988	167'184
OXFAM/NOVIB	171'325	150'670
International Food & Agricultural Trade Policy Council (IPC)		47'011
United Nations Environment Programme		42'539
Commonwealth Secretariat		18'844
Royal Institute of International Affairs		18'152
	<u>1'440'716</u>	<u>1'856'764</u>
Funds Allocated from Thematic Funding Sources	<u>689'617</u>	<u>834'715</u>
	<u>2'130'334</u>	<u>2'691'479</u>
Uses		
Personnel and overhead related costs	1'855'593	1'784'632
Dialogues	149'764	511'706
Publications and communication expenses	40'539	141'669
Research and technical services	84'438	253'472
	<u>2'130'334</u>	<u>2'691'479</u>

Note 11 - Recoupment of the fund balance deficit

The Governing Board believes it will be able to recoup the fund balance deficit over the next few years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Note 12- Core and Thematic Funding by Outcome

CHF

	<u>2010 TOTAL</u>	Outcome 1: EMPOWERING STAKEHOLDERS	Outcome 2: STRENGTHENING THE MULTILATERAL TRADING SYSTEM	Outcome 3: DOHA & MULTILATERAL NEGOTIATIONS	Outcome 4: TRADE, CLIMATE CHANGE & SUSTAINABLE DEVELOPMENT	Outcome 5: REGIONAL TRADE ARRANGEMENTS
<u>Thematic</u>						
U.K. Government (DFID)	2'553'452	737'452	314'294	656'954	521'315	323'437
Government of Sweden (SIDA)	1'799'802	369'944	209'979	449'955	309'950	459'974
Government of the Netherlands (DGIS)	1'417'323	978'182	49'934	143'180	246'027	
Government of Finland (Ministry of Foreign Affairs)	286'880	52'440	52'440		182'000	
Government of Denmark (Ministry of Foreign Affairs)	818'973			454'985	363'988	
Government of Australia	359'560	189'668			169'892	
Government of Norway	413'020	387'053	25'967			
Total Core and Thematic contributions by Outcome	<u>7'649'010</u>	2'714'739	652'614	1'705'074	1'793'172	783'411
 Project & Programme Contributions	 1'041'714					
 Total Contributions	 <u>8'690'724</u>					