

CUTS-CITEE

CENTER FOR INTERNATIONAL TRADE, ECONOMICS AND ENVIRONMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



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COMPANY INFORMATION

DIRECTORS : Professor Jasper A. Okelo
: Pradeep S. Mehta

CHIEF OFFICER : Clement Victor Onyango

REGISTERED OFFICE : CUTS-CITEE
: YAYA COURT, 2ND FLOOR, APARTMENT NO.5
: P.O. Box 8188-00200
: NAIROBI

PRINCIPAL PLACE OF BUSINESS : CUTS-CITEE
: YAYA COURT, 2ND FLOOR, APARTMENT NO.5
: P.O. Box 8188-00200
: NAIROBI

AUDITORS : CLYDE AND ASSOCIATES
: CERTIFIED PUBLIC ACCOUNTANTS
: P.O. Box 210, 00200
: NAIROBI

PRINCIPAL BANKERS : CFC Stanbic Bank Kenya Ltd
: Kenyatta Avenue Branch
: P.O. Box 30550-00100
: NAIROBI

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Constitution of CUTS-CITEE requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the organization as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the organization maintains proper accounting records which disclose with reasonable accuracy the financial position of the organization. The directors are also responsible for safeguarding the assets of the organization.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates consistent with previous years, and in conformity with the International Financial Reporting Standards and the requirements of the constitution of CUTS-CITEE. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organization as at 31st December 2011 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the organization which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 12/03/ 2012 and signed on its behalf by:



BOARD SECRETARY



DIRECTOR

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 2011 which disclose the state of affairs of the organization.

PRINCIPAL ACTIVITIES

CUTS-CITEE principal activities are consultancy and research in international trade, economic and environmental issues.

RESULTS FOR THE YEAR

The results for the year ended 31st December 2011 are set out on page 6 and the appropriations therefrom in the statement of changes in equity on page 8.

DIRECTORS

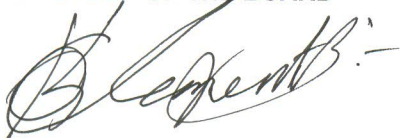
The names of directors who held office at the date of this report are shown on page 1.

In accordance with the organization's constitution, no directors are due for retirement by rotation.

AUDITORS

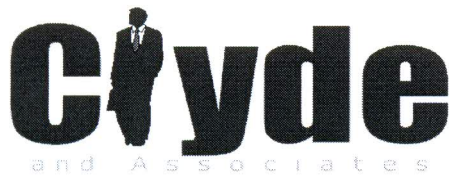
CLYDE & ASSOCIATES continue in office in accordance with the organization's constitution.

BY ORDER OF THE BOARD



DIRECTOR

12 / March / 2012



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUTS-CITEE

We have audited the accompanying financial statements set out on pages 5 to 13 of CUTS-CITEE which comprise the balance sheet as at 31st December 2011 and the Income and Expenditure statement, statement of changes in equity and cashflow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 judgement, 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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the organization and of its Income and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the constitution of CUTS-CITEE

Report on other legal requirements

As required by the constitution of CUTS-CITEE, we report to you, based on our audit, that;

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion proper books of account have been kept by the organization, so far as appears from our examination of those books; and
- iii) the organization's balance sheet and Income and Expenditure statement are in agreement with the books of account.

Emphasis of matter

We draw attention to note 1 in the financial statements which indicates that financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence in the foreseeable future. Our opinion in this respect is not qualified.

Clyde & Associates
Certified Public Accountants
Pin No. A002876920D
Nairobi

13/03

2012




INCOME AND EXPENDITURE STATEMENT

	Notes	2011 Kshs	2010 Kshs
Income			
External source			
Commonwealth Secretariat		-	1,269,350
CUTS-Head Office		5,477,446	1,054,705
CUTS-London Resource Centre		-	-
CUTS-Geneva Resource Centre		1,879,360	11,979,997
TrustAfrica		-	753,741
Institute of Economic Affairs		-	85,500
Oversees Development Institute		-	231,500
Ford Foundation EA		-	917,515
Trade Mark EA		1,908,000	1,817,500
Trade Swift		35,509	56,649
Trust Africa		694,206	
Other sources-Income		3,620	1,899
Forex Gain		40,989	1,244,137
Gain on disposal of Assets		68,823	
		<u>10,107,953</u>	<u>19,412,493</u>
Overheads			
Administration	B-1	888,285	1,164,875
Direct Costs	B-2	2,730,321	13,639,724
Establishment	B-3	1,161,117	1,092,527
Personnel	B-4	4,916,323	3,760,093
		<u>9,696,046</u>	<u>19,657,220</u>
Total Overheads		<u>9,696,046</u>	<u>19,657,220</u>
Surplus/(Deficit) for the period		<u><u>411,907</u></u>	<u><u>(244,727)</u></u>

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BALANCE SHEET

	Note	2011	2010
Non Current Assets			
Property, Plant & Equipment	2	<u>304,356</u>	<u>339,275</u>
		<u>304,356</u>	<u>339,275</u>
Current Assets			
Cash at Bank		107,445	65,324
Cash in Hand		525,575	83,201
Accounts Receivable		-	23,500
		<u>633,020</u>	<u>172,025</u>
Current Liabilities			
Payables		100,050	87,780
		<u>100,050</u>	<u>87,780</u>
Net Current Assets			
Total Assets		<u>532,970</u>	<u>84,245</u>
		<u>837,325</u>	<u>423,519</u>
Financed by:			
Capital fund	4	296,140	296,140
General fund	4	<u>541,185</u>	<u>127,379</u>
		<u>837,325</u>	<u>423,519</u>

 12/3/2012
 DIRECTOR

The accounting policies and the notes on pages 10 to 13 form an integral part of the financial statements.

Report of the accountants-Page 4-5

STATEMENT OF CHANGES IN EQUITY

	GENERAL FUND KSH	RETAINED EARNINGS KSH	TOTAL KSH
As at Jan 1st 2011	129,278	-	129,278
Surplus/Deficit for the year	411,907	-	411,907
Foreign Exchange Loss	-	-	-
As at Dec 31st 2011	541,185	-	541,185

The accounting policies and the notes on pages 10 to 13 form an integral part of the financial statements.

Report of the independent auditors - page 4 to 5.

CASH FLOW STATEMENT

	Notes	2011 Kshs	2010 Kshs
OPERATING ACTIVITIES		391,848.83	391,848.83
Profit for the Year		411,907	(242,828)
Adjustments to reconcile Net Income to net cash provided by operations:			
Michael Wauda		23,500	(23,500)
Accounts Payable		12,270	4,180
Net cash provided by Operating Activities		447,677	(262,148)
INVESTING ACTIVITIES			
Property, Plant & Equip-Compute:Depreciation		(16,454)	56,182
Property, Plant & Equip-Compute:Original Cost		25,350	(62,000)
Property,Plant & Equip-Furnitur:Depreciation		15,375	17,572
Property,Plant & Equip-Ofc Equi:Depreciation		10,648	12,169
Property,Plant & Equip-Ofc Equi:Original Cost			(3,199)
Net cash provided by Investing Activities		34,919	20,723
Net cash increase for period		482,596	(241,425)
Cash at beginning of period		150,424	391,848
Cash at end of period		633,020	150,424

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Report of the independent auditors - page 4 to 5.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a) **Basis of preparation**

The financial statements are prepared under the historical cost convention.

b) **Property and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Computers	30
Motorvehicle	25
Furnitures & Fittings	12.5
Office Equipment	12.5

c) **Trade receivables**

Trade receivables are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Bad debts are written off in the year in which they are identified.

d) **Grant recognition**

Grants are recognised upon the receipt of the money in the organization's bank account.

e) **Foreign Exchange**

Foreign currency monetary items are translated using the closing rate. Grants are translated using the spot rate. The foreign exchange loss has been charged to the General Fund.

EXPLANATORY NOTES

	2011	2010
1. Adminstration		
Audit	100,050	87,780
Communication	60,525	172,697
Internet	278,400	278,525
Local Conveyors	55,320	60,080
Miscellenous Expenses	-	135,197
Newspaper	46,180	38,572
Office Expenses	130,219	122,174
Postage and Delivery	4,820	17,113
Professional Fees	-	20,480
Repairs		
-Building Repairs	-	700
-Computer Repairs	126,250	158,600
-Equipment Repairs	-	3,700
-Repairs - Other	30,000	-
Stationary Supply	36,994	41,244
Water	2,680	6,760
Bank Service Charges	16,847	21,253
Total Adminstration	888,285	1,164,875
2 Direct Costs		
7 up4 Project	-	733,255
BIEAC	-	8,310,680
Ford Foundation	-	565,345
FEATS Project	163,580	276,778
ICBE Project	-	150,000
Institute of Economic Affairs	-	1,300
Oversees Development Institute	-	183,623
Pre LDC IV Event	-	2,753,053
TMEA	1,815,322	150,946
Project Travels	118,000	514,744
TrustAfrica Project	633,419	-
Total Direct Costs	2,730,321	13,639,724

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	2011	2010
3 Establishment		
Electricity	43,240	37,388
Insurance	60,985	52,217
Licenses and Permits	6,500	5,000
NSSF	12,000	12,000
Rent	960,000	900,000
Depreciation Expense	78,392	85,922
Total Establishment	<u>1,161,117</u>	<u>1,092,527</u>

4. Personnel (Salary)

Personnel (Salary) - Other	4,916,323	3,760,093
Total Personnel (Salary)	<u>4,916,323</u>	<u>3,760,093</u>

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5. **Property, Plant and Equipment**

	COMPUTER KSH	FURNITURE & FITTINGS KSH	OFFICE EQUIPMENT, KSH	TOTALS KSH
<u>COST VALUATION</u>				
As at 1st Jan 2011	593,529	242,750	204,544	1,040,823
Additions	49,650	-	-	49,650
Disposal	(75,000)			
As at 31st Dec 2010	568,179	242,750	204,544	1,090,473
<u>DEPRECIATION</u>				
As at 1st Jan 2010	462,438	119,748	119,363	701,548
Accumulated Depreciation on Disposed Assets	(68,823)	-	-	-
Charge for the year	52,369	15,375	10,648	78,392
	445,984	135,123	130,010	701,548
<u>NET BOOK VALUE</u>				
As at 31st Dec 2011	122,195	107,627	74,534	388,925
As at 31st Dec 2010	131,091	123,002	85,181	339,275

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