

GRID-Arendal Board Report 2010



UNEP



Environmental Knowledge for Change

Report of GRID-Arendal's Board of Directors

GRID-Arendal, an official collaborating centre of the United Nations Environment Programme (UNEP), has provided high-quality information products and services to its partners.

Limited external financing in 2010 has reduced the activity level at GRID-Arendal by 20% when compared to 2009. Nevertheless, the Board is very pleased to report a positive financial result of NoK 1,212,044 in 2010. This amount will be added to the prior year's equity, thereby creating a new balance of NoK 10,467,691. Due to three consecutive years with positive results the overall target of NoK 10,000,000 equity is achieved.

The equity to capital ratio has increased from 44% in 2009 to 52% in 2010. It should be kept in mind that the Board follows the general principles that earnings will be used solely to support the mission statement and the long term goals of the foundation.

There has been a recent increase in the fundraising goals and activities within GRID-Arendal, with a significant focus on external sources. The Board is therefore optimistic about the outlook for 2011 with expected increase in activity. The framework agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs will continue to provide GRID-Arendal with a financial basis for focused work in key areas to support UNEP.

GRID-Arendal's environmental policy is based on the foundation's "green" values and commitment to

operate in an environmentally responsible and resource-efficient manner. The Board believes that the foundation's positive impact on the environment is significantly larger than the negative influences caused by any activities provided.

GRID-Arendal is certified as an Eco-Lighthouse (Miljøfyrtårn). Through targeted measures, internal HSE work and the awareness of both employees and our partners, the Board believes that the foundation's ecological footprint is minimized. Employee travel poses the greatest environmental impact. The foundation minimizes this by purchasing carbon offsets to finance concrete environmental projects in other countries. Improved use of video conferencing and modern telecommunications also reduces the need for travel.

The working conditions within GRID-Arendal are found to be good. The sick leave in 2010 amounted to 4.3% of the total working days, while short term sick leave constituted 0.8%. There were no injuries to staff in 2010, and there were no significant damages to the equipment of the organization. Regular meetings were held between staff and management where issues concerning work conditions were discussed. Continuing efforts are being made to reduce stress, improve teamwork and provide more effective feedback to staff.



Orheim



Dahle



Eckerberg



Gilruth



Beaudoin



Lein



Liedtke



Nygaard



Reinertsen

By the end of 2010 the Board was comprised of 4 women and 5 men. The staff consisted of 14 women and 19 men. GRID-Arendal aims to be a workplace, that provides full gender equality.

GRID-Arendal has incorporated provisions, which are designed to prevent discrimination with matters such as pay, promotion and recruitment. The nature of the foundation's work provides opportunities to recruit equally. Annual staff satisfaction surveys address gender related issues.

The Board concludes that GRID-Arendal's activities are consistent with its charter purposes and that it has a

competent staff for continuing operations and for planning further strategy-relevant operational activities in the future. The financial statements are based on the assumptions of continued operations as the Board considers no factors that indicate otherwise. The Board considers the financial statements to give a true and fair view of assets and liabilities, financial position and results.

The Board would like to congratulate the staff and the management for their outstanding performance in 2010. The positive financial results contribute to ensuring the foundation is increasingly better equipped for the future.

Arendal, 28 March 2011

Olav Orheim
Chairman of the Board

Peter Prokosch
Managing Director

Dystein Dahle

Katarina Eckerberg

Peter Gilruth

Yannick Beaudoin
(staff representative)

Berit Lein

Klaus Liedtke

Kari Nygaard

Randi Eidsmo Reinertsen

Balance sheet (NoK) 31.12	NOTE	31.12.10	31.12.09
	1		
Fixed Assets			
Machine and equipment	2	217,752	190,240
Investment in subsidiaries	6	3,012,000	3,012,000
Total fixed assets		3,229,752	3,202,240
Current assets			
Accounts receivable		2,177,076	896,461
Other receivables		1,182,876	561,273
Work in progress	5	3,700,293	4,183,144
Petty cash and bank accounts	7	9,701,528	12,287,048
Total current assets		16,761,772	17,927,926
Total assets		19,991,524	21,130,166
Equity			
Foundation capital		500,000	500,000
Total paid in capital		500,000	500,000
Retained earnings		9,967,691	8,755,647
Total equity		10,467,691	9,255,647
Long term liabilities			
Pension liabilities	4	250,000	550,000
Loan		0	0
Total long term liabilities		250,000	550,000
Short term liabilities			
Accounts payable trade		1,914,104	2,667,246
Employee taxes withheld, payable social security etc.		1,532,066	1,575,277
Accrued salaries and vacation fees		1,673,157	1,728,472
Other current liabilities		4,154,506	5,353,524
Total short term liabilities		9,273,833	11,324,519
Total equity and liabilities		19,991,524	21,130,166

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Financial Statement

NOTE 1

Accounting principles

Basic principles – assessment and classification – other issues

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2010 for small companies, consist of the profit and loss account, balance sheet and notes to the accounts. The financial statements give a true and fair view of assets, debt, financial status and result. In order to simplify the understanding of the balance sheet and the profit & loss account, they have been compressed. The necessary specification has been provided in notes to the accounts, thus making the notes an integrated part of the financial statements.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and caution. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

When applying the basic accounting principles and presentation of transactions and other issues, a “substance over form” view is taken. Contingent losses which are probable and quantifiable are taken to cost.

Accounting principles for material items

Revenue recognition

Revenue is normally recognised at the time of delivery of goods or services sold.

Cost recognition/matching

Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

Profit loss and account (NoK)		2010	2009
Operating revenues			
	NOTE		
Operating revenues		46,269,018	56,675,434
Total operating revenues		46,269,018	56,675,434
Operating expenses			
Project costs		9,429,116	8,895,696
Personnel costs	3	22,338,053	25,505,014
Depreciation	2	190,980	211,669
Other operating expenses	8	13,195,920	16,978,599
Total operating expenses		45,154,069	51,590,978
Operating result		1,114,950	5,084,456
Financial income and expenses			
Financial income		474,937	227,253
Financial expenses		377,842	528,979
Net financial items		97,095	301,726
Result for the year		1,212,044	4,752,730
Profit allocation			
Transfer to retained earnings		1,212,044	4,752,730

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. Assets are capitalised when the economic useful life is more than 3 years, and the cost is greater than 15 000 NoK. Operating lease costs are expensed as a regular leasing cost, and are classified as an operating cost.

Depreciation

Based on the acquisition cost, straight line depreciation is applied over the economic lifespan of the fixed assets, 3 years.

Accounts receivables

Trade receivables are accounted for at face value with deductions for expected loss.

NOTE 2

Machinery and equipment (NoK)

Book value 01.01.10	190 240,-
Added this year	218 492,-
Depreciation 2010	190 980,-
Book value 31.12.10	217 752,-

NOTE 3

Salary (NoK)

	2010	2009
Salary and holiday pay	15 626 524,-	14 599 588,-
Employers contribution	2 203 820,-	2 158 590,-
Pension costs	856 757,-	1 101 401,-
Other personnel costs	3 650 953,-	7 635 435,-
Total	22 338 053,-	25 505 014,-

Average no of employees	33	33
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Salary of Managing Director	785 343,-
Fee to Chairman of the Board	30 000,-
Fee to other Board members	86 000,-

The company has subscribed to a pension scheme which meets the requirements of the obligatory pension scheme.

NOTE 4

Pension obligations

The pension premium to the contribution plan for the employees is NoK 856 757,- and the premium is charged to the personnel costs.

When changing the pension scheme, GRID-Arendal had an obligation to pay a pension payment equal to what was previously owed under the old pension scheme from the age of 62 to 67. This is applicable to one staff member in 2010.

NOTE 5

Work in progress

Work in progress carried out and project costs not invoiced at the yearend amounted to NoK 3 700 293,-.

NOTE 6

Long term investments (NoK)

Shares	Owners	Purchase	Share of equity
subsidaries	share	cost	31.12.10
Teaterplassen AS	60%	3 012 000,-	9 999 054,-

NOTE 7

Petty cash and bank accounts

NoK 698 408,- of the total cash is restricted to meet the liability arising from the payroll taxes withheld.

NOTE 8

Auditor fees

The audit fee for 2010 is split into two parts: The audit as required by law NoK 52 000,- and other services provided by the auditor NoK 29 000,-.



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To the Foundation's Board of Directors for GRID-Arendal

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the annual financial statements of the GRID-Arendal Foundation, which comprise the balance sheet as at 31 December, 2010, and the income statement showing a profit of NOK 1 212 044 for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 internal control relevant to the Foundation'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 Foundation'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 financial statements give a true and fair view of the financial position of GRID-Arendal as at 31 December, 2010, and of its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Offices in:

Düsseldorf	Hannover	Saarbrücken
Frankfurt	Köln	Sankt Gallen
Geneva	London	St. Gallen
Madrid	Los Angeles	St. Gallen
Munich	Manila	Stockholm
Nairobi	Osaka	Taipei
Riga	Paris	Warsaw
Singapore	Prague	Zürich
Toronto	Stockholm	
Washington	Osaka	
Zürich	Osaka	

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Independent auditor's report
GRID-Arendal

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Foundation's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Foundation's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Opinion on distribution and management

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the process of managing the Foundation and its distribution are in accordance with the law, the purpose of the Foundation and its bylaws

Arendal, 28. mars 2011
KPMG AS

Terje H. Holst
State Authorized Public Accountant

Translation has been made for information purposes only



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