

# ANNUAL FINANCIAL REPORT 2011

(Public version)



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*The following financial statements have been audited by our auditor AUDIT ALLIANCE, certified public accountants. All figures are in USD.*

## **Main highlights**

Nexus activities during its first year as a standalone entity relied mainly on private and institutional grants which amounted to \$761k. Nexus objective is to be financially sustainable by end of 2013 with the development of Nexus fund and Nexus-beyond offsetting activities. Financial sustainability is defined as being able to provide over the long term high quality services to members at competitive prices while covering costs associated with overhead activities.

The sustainability will be reached when overhead costs will be covered by revenues from services and activities (management fees for fund raising, carbon asset management, technical assistance services etc). Meanwhile the grant from French Global Environment Facility (FGEF) over the period 2011-2014 as well as additional grants from other donors such as blue moon fund (BMF) will support Nexus activities.

### **On the revenues side**

83% (\$564k) of total activities were funded by private and public grants. Nexus is accountable to its members to ensure that its activities have the biggest impact for the funds received. The remaining 17% (\$116k) were generated through core activities mainly technical assistance.

### **On the costs side**

For each \$100 of expenditure, \$58 were spent to facilitate member's access to carbon finance and \$42 were spent on administration and finance, fund raising, communication and public relations. Human resources and expertise expenses represent 52% of the total expenditures in 2011. Nexus as a peer-to-peer service platform aims at providing high quality and competitive services to its members.

## BALANCE SHEET AS AT 31/12/2011 (in USD)

Assets		Liabilities	
<b>Fixed Assets</b>		<b>Equity</b>	
Furniture, Computer Equipment	12,210	Prior Year's Surplus/Deficit	(7,448)
Inventory VERs	30,582	Current Year Surplus/Deficit	(6,369)
<b>Total Property &amp; Equipment</b>	<b>42,792</b>	<b>Total Equity</b>	<b>(13,817)</b>
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash On Hand	211,561	Trade Creditors	5,026
Donors Receivables	76,151 <sup>(1)</sup>	Advances From Donors	272,814 <sup>(3)</sup>
Trade Receivables	85,206 <sup>(2)</sup>	Amount Due To Members	111,544
<b>Total Current Assets</b>	<b>372,918</b>	<b>Total Current Liabilities</b>	<b>389,384</b>
<b>Other Assets</b>		<b>Other liabilities</b>	
Deposits	5,820	Accruals	53,461
Prepayments	7,498		
<b>Total Other Assets</b>	<b>13,318</b>	<b>Total Other Liabilities</b>	<b>53,461</b>
<b>Total Assets</b>	<b>429,028</b>	<b>Total Liabilities</b>	<b>429,028</b>

<sup>(1)</sup> 100% of donors receivables will be recovered in the first 6 months of 2012 as activities have been finalized in 2011. No uncertainties have been identified on these sources of revenues.

<sup>(2)</sup> Revenues for services provided to Nexus members in 2011 will be paid after the first issuances.

<sup>(3)</sup> Advances from donors are the grants received in 2011 for activities not realized in 2011. These amounts will be spent in 2012.

## 2011 INCOME AND EXPENDITURE STATEMENT (in USD)

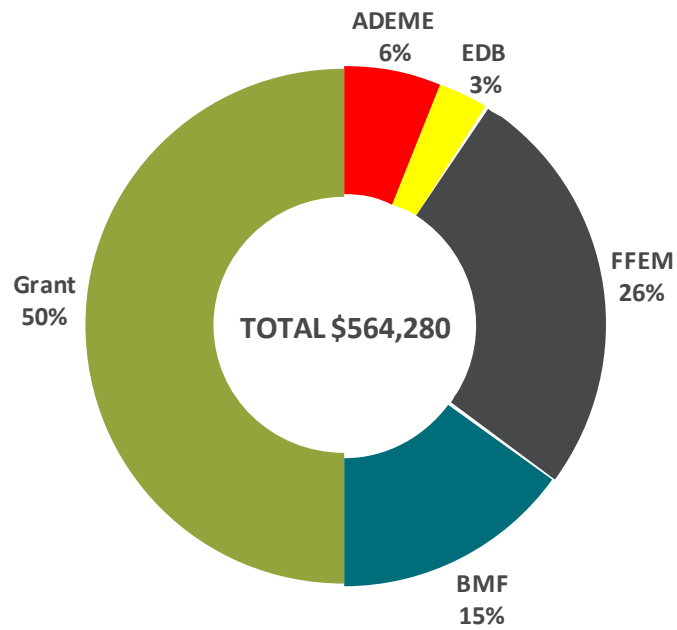
<b>PROFIT &amp; LOSS</b>	
<b>Income</b>	
Grants	564,280
Activities Generating Revenues	107,999
Other	7,964
<b>TOTAL INCOME</b>	<b>680,243</b>
<b>Cost of sales</b>	
VER's Purchase	5,418 <sup>(1)</sup>
<b>TOTAL COST of SALES</b>	<b>5,418</b>
<b>Expenses</b>	
HR Nexus	249,751
HR Expert	103,272 <sup>(2)</sup>
Travels	125,376 <sup>(3)</sup>
Offices, Equipment, IT	63,105
Events, Communication & Marketing	56,571 <sup>(4)</sup>
Professional Services	70,587
Financial Charges	12,532
<b>TOTAL EXPENSES</b>	<b>681,194</b>
<b>NET PROFIT/LOSS</b>	<b>(6,369)</b>

<sup>(1)</sup> Costs of VER sold during the year.

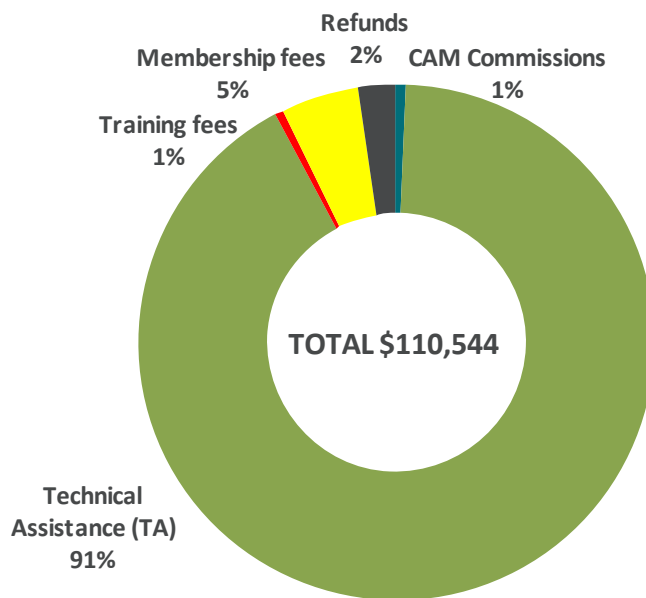
<sup>(2)</sup> HR Expert costs represent external human resources costs from members as well as external experts.

<sup>(3)</sup> <sup>(4)</sup> 40% of total travel costs and 58% of total events, communication and marketing costs incurred in 2011 were related to the rural climate energy initiative.

## 2011 Grants by sources



## 2011 Revenues by activities



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXUS CARBON FOR DEVELOPMENT LIMITED

### Report on the the Financial Statements

We have audited the accompanying financial statements of **Nexus Carbon Development Limited** (the "Organization") set out on pages **6 to 22**, which comprise the balance sheet of the Organization as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Organization for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *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 Singapore 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 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 of financial statements that give a true and fair view 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NEXUS CARBON FOR DEVELOPMENT LIMITED**

*Opinion*

In our opinion, the financial statements of the Organization are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Organization as at 31 December 2011, and the results, changes in funds and cash flows of the Organization for the financial year ended on that date.

*Report on other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Act to be kept by the Organization have been properly kept in accordance with the provisions of the Act.



**Audit Alliance**

Public Accountants and Certified Public Accountants

Singapore,

03 MAY 2012

**Nexus-Carbon for Development** is an alliance of pro-poor project developers whose shared vision is that the carbon market should tackle both climate change and poverty in a fair and transparent way. As a global alliance of social ventures, Nexus acts as a peer-to-peer services platform, creating synergies between its members and providing awareness raising, capacity building, carbon project documentation, and carbon asset management.

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