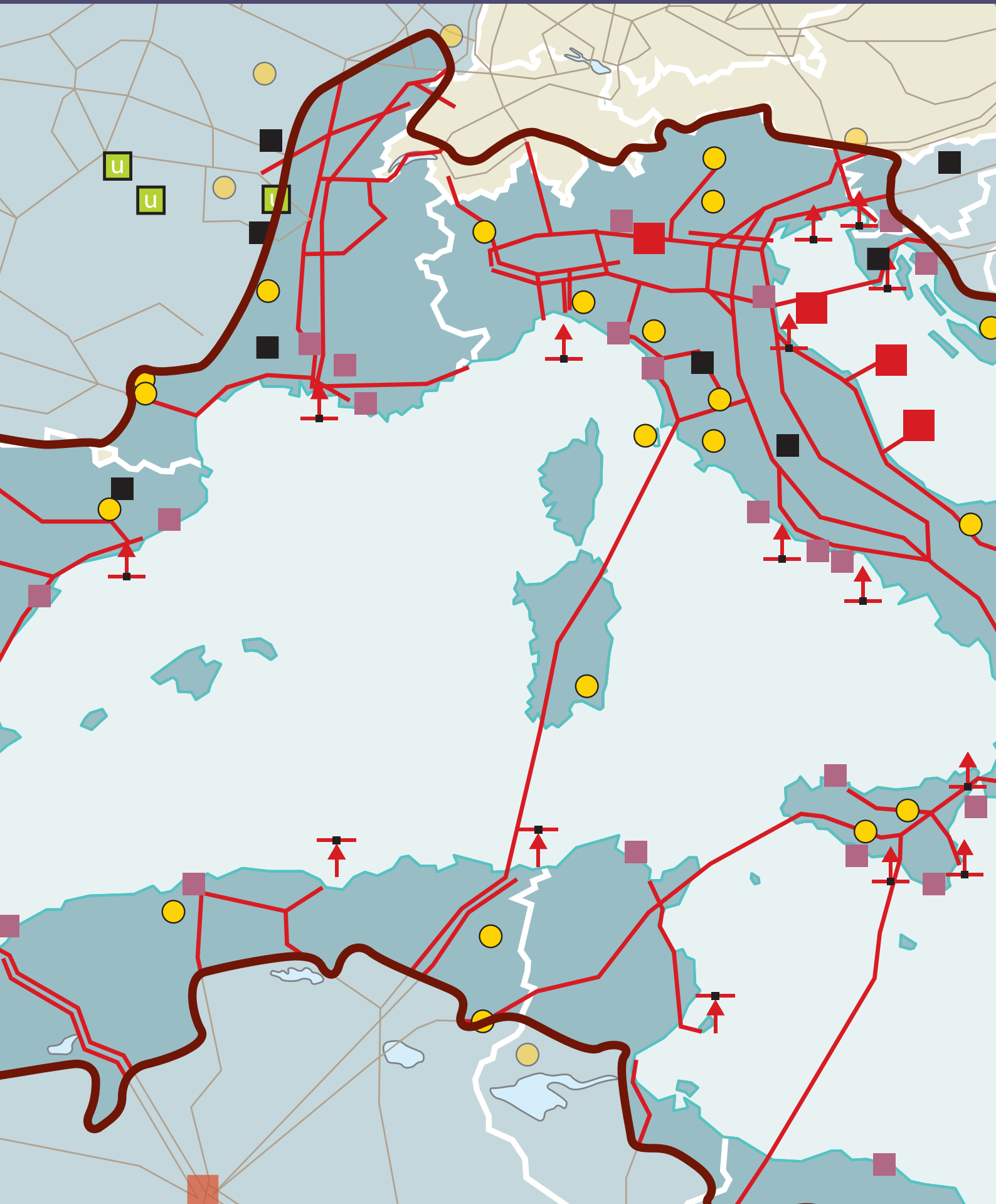


Grid-Arendal Board Report 2013



Board of Directors Annual Report 2013

GRID-Arendal is a centre collaborating with the United Nations Environment Programme (UNEP), supporting informed decision making and awareness raising through environmental information management, assessments, capacity building services, and outreach and communication tools, methodologies, and products.

The Board looks back to a year of major achievements and important decisions for the future of GRID-Arendal. The Board, in collaboration with GRID-Arendal's staff, was involved in developing the foundation's "Strategic Directions for 2014-2017". The new strategy aims to provide focus on the work of the foundation in addressing such global environmental challenges as climate change, environmental crime, transboundary water, marine and coastal issues. Both UNEP and the Norwegian Government appreciated the high quality of GRID-Arendal's work and regard the use of its services and expertise as an effective and efficient way of support to a UN organisation by Norway

The focus on bigger but fewer projects has not yet led to the expected financial results. The Board regrets to report a negative financial result of NOK 1.579.773 in 2013, which is covered by other equity. The equity situation of GRID-Arendal is still satisfactory with a balance of NOK 6.915.921.

To improve the financial position and to achieve the long-term goal of an equity share of NOK 10.000.000, a number of measures to improve programme funding, reduce administrative costs and improve project management skills will be implemented during 2014.

In 2013, the foundations project managers have completed a course in project management offered by the Norwegian University of Science and Technology in Trondheim. Measures have been taken to improve risk management and project evaluation. Other organizational measurements have been implemented as a follow up from the staff satisfaction survey for 2013.

The Managing Director's second four-year term expires at the end of 2014, and the Board is in the process of hiring a new Managing Director.

The Board is optimistic about the outlook for 2014. A new 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 such as emitting climate gases through extensive travel.

The foundation is a certified Miljøfyrtårn (environmental organization). Through targeted measures, internal health, safety and environmental 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.

The working conditions within GRID-Arendal are found to be good. Long-term sick leave in 2013 amounted to 5.1% of the total working days, while short-term sick leave constituted 1.5%. There were no injuries to staff in 2013, 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.

By the end of 2013 the Board was comprised of 4 women and 5 men. The staff consisted of 12 women and 23 men. GRID-Arendal aims to be a workplace that provides full gender equality.

GRID-Arendal has incorporated provisions that 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. The annual staff satisfaction survey addresses 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.

Arendal, 08.04.2014



Olav Orheim
Chairman of the board



Peter Prokosch
Managing Director



Randi Eidsmo Reinertsen
Vice Chairman



Berit Lein



Peter Gilruth



Klaus Liedtke



Yngvild Lorentzen



Nils Audun Karbø



Jacqueline Myriam Mcglade



Morten Sørensen
Staff representative

Income statement

Stiftelsen GRID-Arendal

Operating income and operating expenses	Note	2013	2012
Operating income		54 330 671	50 390 547
Operating Income		<u>54 330 671</u>	<u>50 390 547</u>
Project costs		14 247 975	6 867 993
Personnel costs	3	26 597 318	26 594 871
Depreciation	2	33 507	26 772
Other operating expenses	7	15 392 172	15 375 237
Operating expenses		<u>56 270 972</u>	<u>48 864 874</u>
Operating result		<u>-1 940 301</u>	<u>1 525 674</u>
Financial income and expenses			
Other financial income		901 342	576 902
Other financial expenses		540 814	866 605
Net financial income and expenses		<u>360 528</u>	<u>-289 703</u>
Annual net profit		<u>-1 579 773</u>	<u>1 235 971</u>
Brought forward			
		-1 579 773	1 235 971
Net brought forward		<u>-1 579 773</u>	<u>1 235 971</u>

Balance sheet

Stiftelsen GRID-Arendal

Assets	Note	2013	2012
Fixed assets			
Tangible fixed assets			
Machinery and equipment	2	100 868	53 553
Total tangible fixed assets		<u>100 868</u>	<u>53 553</u>
Financial fixed assets			
Investments in subsidiaries	5	5 012 000	3 012 000
Total financial fixed assets		<u>5 012 000</u>	<u>3 012 000</u>
Total fixed assets		<u>5 112 868</u>	<u>3 065 553</u>
Current assets			
Debtors			
Accounts receivables		6 791 841	5 763 371
Other receivables		999 877	1 350 350
Total debtors		<u>7 791 718</u>	<u>7 113 721</u>
Cash and bank deposits	6	8 217 465	5 606 050
Total current assets		<u>16 009 183</u>	<u>12 719 770</u>
Total assets		<u>21 122 051</u>	<u>15 785 324</u>

Balance sheet

Stiftelsen GRID-Arendal

Equity and liabilities	Note	2013	2012
Restricted equity			
		500 000	500 000
Total restricted equity		<u>500 000</u>	<u>500 000</u>
Retained earnings			
Other equity		6 415 921	7 995 696
Total retained earnings		<u>6 415 921</u>	<u>7 995 696</u>
Total equity		<u>6 915 921</u>	<u>8 495 696</u>
Liabilities			
Provisions			
Current liabilities			
Trade creditors		2 939 962	3 571 787
Public duties payable		1 319 019	1 279 914
Other short term liabilities		9 947 149	2 437 927
Total short term liabilities		<u>14 206 131</u>	<u>7 289 628</u>
Total liabilities		<u>14 206 131</u>	<u>7 289 628</u>
Total equity and liabilities		<u>21 122 051</u>	<u>15 785 324</u>

Balance sheet

Stiftelsen GRID-Arendal

Arendal, 08.04.2014

The board of Stiftelsen GRID-Arendal



Olav Orheim
Chairman of the board



Peter Prokosch
Managing Director



Randi Eidsmo Reinertsen
Vice Chairman



Berit Lein



Peter Gilruth



Klaus Liedtke



Yngvild Lorentzen



Nils Audun Karbø



Jacqueline Myriam Mcglade



Morten Sørensen
Staff representative

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 2013 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.

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.

Stiftelsen GRID-Arendal

Note 2

Machinery and equipment (NoK)

Book value 01.01.13	53 553
Addition 2013	80 822
Depreciation 2013	- 33 507
Book value 31.12.13	100 868

Note 3

Salary (NoK)

	2013	2012
Salary and holiday pay	19 113 011	17 403 162
Employers contribution	2 715 306	2 994 741
Pension costs	1 219 238	1 153 027
Other personnel costs	3 549 762	5 053 941
Total	26 597 318	26 594 871
Average number of employees	31	31
Salary of Managing Director	823 214	
Fee to Chairman of the Board	40 500	
Fee to other Board members	98 500	

Stiftelsen GRID-Arendal has entered into a pension agreement with the CEO that can lead to future payments. There are accruals set aside for the most likely outcome of this obligation.

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 1 219 238,- 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.

Stiftelsen GRID-Arendal

This is applicable to one staff member in 2013.

Note 5

Long term investmenst (NoK)

Shares subsidiaries:	Owners share:	Purchase cost:	Share of equity 31.12.2013:
Teaterklassen AS	66%	5 012 000,-	10 423 747,-

Note 6

Petty cash and bank accounts

NoK 764 430,- of the total cash is restricted to meet the liability arising from the payroll taxes withheld.

Note 7

Auditors fees

The audit fee for 2013 is split into two parts:

The audit as required by law Nok 59 300,-.

Other services provided by the auditor Nok 43 418,-.

Note 8

Balances with subsidiaries

As of 31.12.2013 Grid Arendal has a debt of NOK 2.000.000 to Teaterklassen AS.