
***Better Cotton Initiative,
Geneva***

*Financial Statements
for the year ended December 31, 2013
and Report of the auditor*

Report of the auditor

To the General assembly of Members of
Better Cotton Initiative, Geneva

As statutory auditor, we have audited the accompanying financial statements of Better Cotton Initiative which comprise the statement of financial position as at December 31, 2013, statement of income and expenditure, notes and annex for the year then ended. The financial statements of the company for the year ended December 31, 2012 were audited by another auditor whose report, dated March 7, 2013, expressed an unqualified opinion on those financial statements.

Board of the Association's responsibility

The Board of the Association is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the Association'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 Board of the Association 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.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the Association's articles of incorporation.

Deloitte SA



Jean-Marc Jenny
Licensed Audit Expert
Auditor in Charge



Michèle Cottet-Gaydon
Licensed Audit Expert

Geneva, April 4, 2014
JMJ/MCG/ahe

Enclosure : Financial statements (statement of financial position, statement of income and expenditure, notes and annex)

STATEMENT OF FINANCIAL POSITION
as of 31 December 2013
(in Euros)

	Notes	2013	2012
ASSETS			
Cash	5.1	1,241,892	1,499,233
Receivables	5.2	357,889	67,693
Current accounts	5.3	6,010	6,164
Accrued income	5.4	88,140	13,374
Deferred expenses		28,148	39,684
Total current assets		1,722,079	1,626,148
Financial assets	5.5	54,586	53,034
Intangible assets	5.6	209,042	0
Total non-current assets		263,628	53,034
Total Assets		1,985,707	1,679,182
LIABILITIES & FUNDS			
Payables	5.7	158,721	199,267
Exceptional provision for VAT	5.8	456,461	0
Deferred income	5.9	908,064	323,225
Accrued expenses		56,319	35,264
Total current liabilities		1,579,565	557,756
Retained surplus from previous years		1,121,426	402,509
Net result of the year	5.10	-715,284	718,917
Total funds (accumulated result)		406,142	1,121,426
Total Liabilities & Funds		1,985,707	1,679,182

STATEMENT OF INCOME & EXPENDITURE

(in Euros)

	Notes	2013	2012
OPERATING INCOME			
Membership fees	6.1	965,579	930,727
Event & Training income		10,964	25,198
Grants from institutional donors	6.2	1,835,462	1,864,695
Traceability system income		0	0
Project credibility income	6.3	592,138	749,237
Partnership income		4,784	0
Other operating income	6.4	38,078	11,862
Total Operating Income / BCI operations		3,447,005	3,581,719
Farmer Support / Field Investment	6.5	86,706	47,536
Support to partner in Turkey	6.6	28,000	0
Total OPERATING INCOME		3,561,711	3,629,255
OPERATING EXPENSES			
BCI staff in Geneva headquarters	6.7	-969,176	-606,310
BCI agents based outside Switzerland	6.7	-717,121	-606,182
Other third-party consultants & service providers		-1,174,231	-1,071,319
Office running		-210,093	-140,842
Travel & meetings		-476,529	-377,944
Other operating expenses	6.8	-119,390	-8,889
Total Operating Expenses / BCI operations before exceptional expense		-3,666,540	-2,811,486
Exceptional provision for VAT	5.8	-456,461	0
Total Operating Expenses / BCI operations including exceptional expense		-4,123,001	-2,811,486
Farmer Support / Field Investment	6.5	-86,619	-75,914
Support to partner in Turkey	6.6	-27,964	0
Total OPERATING EXPENSES		-4,237,584	-2,887,400
OPERATING RESULT		-675,873	741,855
Miscellaneous financial income		2,981	3,742
Miscellaneous financial expenses		-8,974	-6,134
Foreign exchange gains & losses (realized)		-32,200	-17,689
Foreign exchange gains & losses (unrealized)		-1,218	-2,857
NET RESULT		-715,284	718,917

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. ACTIVITY

The Better Cotton Initiative (hereinafter BCI) is a global private and not-for-profit initiative founded in July 2009 and established as an association under Article 60 et seq. of the Swiss Civil Code. The BCI secretariat is located in Geneva, Switzerland.

The Better Cotton Initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

To achieve this mission, BCI works with a diverse range of stakeholders across the cotton supply chain to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas.

Our four specific aims:

- Reduce the environmental impact of cotton production
- Improve livelihoods and economic development in cotton producing areas
- Improve commitment to and flow of Better Cotton throughout supply chain
- Ensure the credibility and sustainability of the Better Cotton Initiative

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by BCI in the preparation of the financial statements are set out below.

2.1. Accounting conventions

BCI financial statements have been prepared in accordance with the articles of association of BCI, and the applicable provisions of Swiss law.

The financial statements have been prepared using historical cost principles. The accrual method of accounting has been used for all revenue and expenses incurred.

The accounting periods are determined by the transaction date principle, expenses as well as revenues are booked to the period they relate to.

All amounts are expressed in Euros. The financial statements are presented exclusively in Euros, as authorized by the Swiss Federal Tax Authorities (AFC) in a letter dated 14 February 2013 (until tax year 2019).

2.2. Valuation principles

Monetary assets and liabilities are stated at their nominal value and any foreign (non-Euro) balances are converted at the year-end exchange rates. Any non-monetary assets and liabilities are stated at their nominal value less amortisation.

2.3. Scope of the financial statements

These financial statements present the consolidated activities of BCI worldwide. They include the accounts of:

- BCI secretariat, Geneva, an Association governed by Swiss law - this incorporates income and expenses for program activities at field locations in production countries, for which operational control is maintained through the secretariat.
- The affiliate local entity in Shanghai, China, which is legally registered as "Resident Representative Office of a Foreign Enterprise" since October 2012.

2.4. Foreign currency conversion

The functional currency of BCI is the Euro (EUR). Operations in currencies other than Euro are converted at the official average exchange rate of the accounting month, as per the Swiss Federal Department of Finance.

At year end, the monetary assets and liabilities of the balance sheet are converted into Euros at the year-end rate.

Any loss or gain on revaluation is accounted for as an unrealised loss or gain. Any unrealised losses are treated as an expense through the Statement of Income and Expenditure, and any unrealised gains are accounted for as a liability on the Statement of Financial Position.

2.5. Cash

Cash includes cash holdings (kept in petty cash boxes and safes) and bank account holdings, both at the secretariat and abroad.

2.6. Assets

BCI owns few tangible assets beyond office furniture, copiers, computers and printers. As a consequence, BCI has elected not to treat acquisition costs for such items as capital expenditure and accordingly does not present them in the balance sheet. Instead, BCI follows an expense asset method, i.e. tangible assets purchased during the year are shown at full acquisition cost on the Statement of Income & Expenditure, under the relevant charge heading.

However when an asset value reaches at least 10'000 EUR, BCI shall capitalise the cost, and depreciate it over its estimated useful economic life.

In 2013 BCI capitalised as an intangible asset the IT development costs for the new traceability system ("Cotton Tracer"), which was partially released in July 2013. It will be amortised over 3 years (refer to section 5.6)

2.7. Provisions

A provision is recognised in the balance sheet when BCI has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions may be booked against arrears of some members related to outstanding membership fees. These are calculated on an individual basis, after review of their specific situation. That specific provision is updated at every year-end and deducted from the receivables.

2.8. Restricted vs unrestricted funds

Restricted funds represent contributions received from donors along with restricted conditions on their use, in particular in terms of eligibility dates and specific purpose. They are dispersed in compliance with the requirements of the donors, and are the subject of specific final reporting to the donors to this effect.

Restricted funds at BCI include all grants received from institutional donors (excluding unconditional funding grants, where no reporting is required), as well as a funds received for delivery of Project Credibility Services channelled via the BCFTP (refer to section 6.2. for details about the BCFTP). Restricted funds further include donations received from Retailer & Brand members for farmer support as their compulsory field investment. Income and allocated expenses on restricted funds are traceable and monitored via specific analytic coding in the accounting system.

All other sources of funding, including membership fees, event & training fees, credibility service fees paid to BCI from parties other than the BCFTP, partnership income & other income, are considered as unrestricted funds. BCI has discretionary control over the use of those funds, which can be for investment or program development, to bridge the gap for any under-funded program activity, or to fund core costs of BCI headquarters.

2.9. Revenue recognition

Membership fees are recognised on an accrual basis.

Donor grants (financing contracts) – Donor grants are recorded as revenue at time of invoicing. However only the restricted income which is actually spent (i.e. expenses allocated as per donor requirements) during the current year is recognised as current year revenue: at year-end, the difference between income recognised and the cumulative expenses allocated is accounted for as income deferred to the following year, with approval of the donor. In cases where approval is not granted for a deferral, funds are returned to the donor.

2.10. Presentation and comparative figures

To better reflect the expansion phase 2013-2015 and the new business model, the analytic structure as well as the chart of accounts were adjusted in 2013. BCI also wanted to provide its partners with more detailed information on its financial accounts, and therefore enhanced the presentation of these financial statements.

Prior year accounts have been reclassified to conform to the current year presentation. This affects in particular the 2012 accounts on the Statement of Income & Expenditure.

3. TAX STATUS

3.1. Exemption of direct taxes

BCI is exempt from Swiss cantonal income tax and capital tax as well as Swiss direct federal tax, according to a decision from the Department of Finance, Canton of Geneva, dated 2 September 2011 (and valid up to tax year 2019).

The exemption of federal tax is an official recognition by the Swiss federal authorities that BCI is an 'Association of public interest'.

3.2. VAT & acquisition tax

BCI revenues are not subject to the Swiss Value Added Tax (VAT).

However, BCI is required to pay Swiss VAT on expenses. Swiss law stipulates that an 8% tax-rate should be added to services acquired from consultants and service providers based outside Switzerland. This tax is called Acquisition Tax.

4. MANAGEMENT OF FINANCIAL RISKS

In January 2014, the Council made a review of the risks assessment done by the executive team and approved the creation of an Audit & Risk committee to challenge management on the robustness of BCI process controls and systems.

Financial risks identified by management include:

4.1. Foreign exchange risk

BCI is exposed to exchange rate fluctuations as 88% of its income and 49% of its expenses are in Euros.

BCI currently has no active foreign exchange risk hedging policy and converts currencies as and when it is necessary. Also, payments in currencies other than EUR or CHF are usually performed via a global currency trader providing quotes and invoicing BCI exclusively in EUR.

4.2. Banking risk

During the year, BCI changed its bank of record in Switzerland from COOP to UBS, a major international bank, with experience in global operations and offering more adapted services. BCI also reduced the number of accounts held in different currencies.

In the field, the BCI representative office in China holds an account at Bank of Shanghai, a large Chinese bank offering e-banking services, which is also the only bank in Shanghai with which UBS has agreements and corresponding accounts in hard currency.

In Pakistan and China, BCI's fund management service providers have opened accounts on behalf of BCI, exclusively for BCI operations. BCI will open bank accounts in those countries when local BCI entities are registered (planned for 2014).

For field countries, the policy is to limit the volume of bank deposits to a maximum of 3 months of local operational costs.

BCI has not contracted any loans.

4.3. Reserve policy

BCI policy is to ensure a sufficient level of liquidity for its commitments and operations at all times. Consequently, funds are held in liquid form.

In 2013, there was a policy to maintain at all times a minimum of 500'000 EUR cash reserve available, which represent about 3 months of operating costs. For 2014, this level will be raised to 550'000 EUR.

5. DETAILS ON 2013 BALANCE SHEET ACCOUNTS

5.1. Cash & cash equivalent

Small amounts of petty cash are kept at the Geneva & Shanghai offices. Almost all of BCI's money is held in EUR, on Bank accounts in Geneva, Switzerland.

Amount value in EUR

	Total	EUR	CHF	CNY
Petty Cash	1,420	98	902	420
Bank in Geneva	1,145,979	1,055,529	90,450	0
Bank in China	974	0	0	974
Cash in transit	93,519	93,519	0	0
Total	1,241,892	1,149,145	91,352	1,394

Quarterly operational treasury advances are transferred towards the bank account of BCI representative Office in China. The amount appearing in "Cash in transit" is the advance for 1st quarter 2014 that was transferred in December 2013 and was credited on their account in CNY in January 2014.

5.2. Receivables

Receivables are presented at invoiced value, less a provision for bad debts. The provision is established based on management analysis that BCI is unlikely to recover the full invoiced amount.

Receivables	2013
Membership fees	237,827
Provision on bad debts/membership fees	-51,300
Donor grants	108,983
Credibility fees	19,127
Operational advances to country offices	27,206
Operational advances to suppliers	14,045
Pension Fund (for Geneva staff)	2,655
Withholding tax (on bank income)	972
Year-end FOREX revaluation	-1,626
Total	357,889

5.3. Current accounts

This amount represents one advance of 5'000 GBP which was extended to BCI UK in 2012 as operating expense reserve.

5.4. Accrued income

Accrued income consists of three grants where final payment becomes due upon submission of the final financial report: two which ended in 2013 (SECO and DEG), and one which is still eligible until 2014 (GIZ).

Donor	2013
SECO Switzerland	50,000
GIZ Germany	19,934
B&M Gates Foundation (via DEG Germany)	18,206
Total	88,140

5.5. Financial assets

Security deposits have been paid in favour of third parties, in Geneva and field offices, to guarantee payments for office premise rents, rented office equipment, as well as for the secretariat corporate credit card:

Amount value in EUR

Guarantee deposits	2013
Credit card in EUR	19,999
Office rent Geneva in CHF	21,052
Office rent Lahore in PKR	600
Office rent London in GBP	1,786
Office rent Shanghai in CNY	10,789
Printer Shanghai in CNY	360
Total	54,586

5.6. Intangible assets

Intangible assets	2013
Cotton Tracer development costs	221,798
Cotton Tracer amortisation	-12,756
Total	209,042

IT development costs for the new traceability system ("Cotton Tracer") were capitalised in 2013. There was a first partial release of the new system in July 2013, and a second partial release in January 2014. These costs will be amortised over a 3 year period.

5.7. Payables

Payables	2013
Other suppliers	159,613
Social charges vs Swiss institutions	-892
Total	158,721

76'794 EUR of the above amount relate to two invoices for verification services performed in 2013 which were received and paid in January 2014.

5.8. Exceptional provision for VAT

In mid-January 2014 BCI management discovered that it is liable to self-declare and pay every year the Swiss VAT acquisition tax (refer to section 3.2.), a liability which had not been identified by either the external accountants or the former external auditor since registration of BCI in July 2009.

The detailed accounting extracts of BCI for the past 5 years have been analysed line-by-line to assess the taxable amounts due for 2013 and arrears for the period 2009-2012, as well as the interests due for late payment. A provision has been booked based on a conservative interpretation of the legal guidance received.

The impact on the result for 2013 is considered significant. A specific "exceptional" line has therefore been added on the Statement of Financial Position and the Statement of Income and Expenditure.

Provision for VAT	2013
2013 VAT acquisition tax	152,342
2009-2012 VAT acquisition tax arrears	279,658
2009-2012 late payment interests	24,461
Total provision	456,461

5.9. Deferred income

Income stream	2013	2012
Membership fees	769,357	7,708
Donor grants	99,484	238,588
Other	0	-208
Farmer support grants	39,223	77,137
Total deferred income	908,064	323,225

Deferred income consists mainly of Membership fees invoiced in 2013 where a portion of the benefit relates to 2014. Recognition of membership fees on an accrual basis was introduced late 2012, and it is estimated that an approximate amount of 253K EUR should have been deferred from 2012 to 2013, if the same policy had been applied in 2012: this explains part of the significant increase in deferred income from membership fees, from 2012 to 2013. Another reason is that the fee structure was reviewed in 2013 and fees were increased for some member categories.

Deferred income also includes portions of donor grants for which BCI has not yet met all donor requirements, and which are carried over to the next year. This may be because the grant is awarded on a multi-year basis, or because the activity budget was under-spent in the current year.

In relation to Farmer Support grants, the end-of-year balance has significantly decreased vs 2012, as BCI has invested in 2 major field projects in 2013 (in India and Senegal) – refer to Annex 6 for details related to Farmer Support.

5.10. Result

The 2012 presentation of the Result (balance sheet not shown) included an itemisation of restricted and unrestricted net surpluses (earnings). However, due to deferred income reporting changes in 2013, this differentiation is no longer relevant, and a single unrestricted result can be used to determine net accumulated funds.

6. DETAILS ON 2013 INCOME & EXPENDITURE ACCOUNTS

6.1. Membership fees

Over the course of 2013, membership increased from 241 members at end 2012 to 313, close to a 30% increase in number.

Number of members as of 31/12

Member category	2013	2012
Retailers & brands	29	24
Civil society	15	11
Producer organizations	14	11
Associate members	8	5
Suppliers & manufacturers	247	190
Total members	313	241

Due to the change in how membership fee revenue is recognised (from cash to accrual basis), the total fee income appears stable between 2012 and 2013.. However, if 2012 accounts had been reported on a like-for-like basis, an additional amount of approximately 253K EUR from that year would have been deferred to 2013, and income from membership fees would therefore show an increase from about 677K EUR to 1'218K EUR.

Income recognised

Member category	2013	2012
Retailers & brands	395,528	454,783
Civil society	18,125	25,030
Producer organizations	1,533	1,283
Associate members	18,350	11,700
Suppliers & manufacturers	532,043	437,931
Total income	965,579	930,727
<i>Estim. 2012 income for 2013</i>	<i>253,000</i>	<i>-253,000</i>
Estim. income adjusted	1,218,579	677,727

6.2. Grants from institutional donors

The total amount of grants from institutional donors remained stable between 2012 and 2013.

Income recognised, by grant type

Grant type	2013	2012
BCFTP Core line	300,000	383,645
BCFTP Restricted lines	486,957	429,495
Donor grants /partnerships	311,034	77,149
Donor grants /other	737,471	974,406
Total income	1,835,462	1,864,695

The Better Cotton fast Track Program (BCFTP) is a coalition of public (ICCO, IDH, FSP & RABOBANK) and private organisations (BCI Retailer & brands members and supply chain actors) which provides funding directly to farmer capacity building programs designed to enable production of Better Cotton. The BCFTP is a major funding partner for BCI.

Donor grants to fund BCI support for partnership countries include Bill & Melinda Gates/DEG grant for work with ATBF/CMIA, IDH grant for the set-up of operations in Turkey, and GIZ grant for Tajikistan. Other institutional donor grants that do not come from BCTP are classified as “Donor grants / other”.

Income recognised, by donor

Donor	2013	2012
BCFTP (via IDH Netherland)	786,957	813,140
IDH Netherland	101,270	37,310
SECO Switzerland	350,000	450,000
SIDA (via WWF Sweden)	243,181	227,317
SIDA (Swedish embassy MZ)	2,101	0
B&M Gates F.(DEG Germany)	181,830	39,839
FSP (Solidaridad LatinAm.)	85,000	0
FSP/JFS (Solidaridad S.Africa)	4,740	0
GIZ Germany	42,934	0
OLAM Mozambique	17,000	0
EU (via WWF Pakistan)	12,656	12,140
Levi Strauss Foundation	7,793	0
Swedish Postcode Foundation	0	264,949
Solidaridad Netherland	0	20,000
Total income	1,835,462	1,864,695

A number of major three-year grants came to an end in 2013 (SECO, SIDA, BCFTP). SECO have agreed to renew their funding for 2014-2017 channelled via IDH. The BCFTP have also agreed to renew their funding for 2014-2015, and discussions are ongoing with SIDA via WWF-SE for a further long-term grant.

Overall, the BCFTP and IDH jointly represent close to 50% of total donor grants.

6.3. Project credibility service income

All farm-level projects (farmer capacity building programs) are supported by the BCI secretariat, which provides second-party monitoring, carries out field visits, develops Corrective Action Plans for non-compliances and organises and pays for small-holder third-party verification. BCI also collects data from all projects, and consolidates them into global results. In 2013, each project was charged 10% of the overall project budget for the provision of these services.

Project credibility service income also includes third-party verification fees charged to participating large farm owners and collected to contribute to the cost of third-party verification.

Credibility service	2013	2012
Credibility fees - via BCFTP	421,066	627,236
Credibility fees - direct to BCI	134,220	85,044
Third party verification fees	36,852	36,957
Total income	592,138	749,237

The Credibility fees granted from BCFTP decreased in 2013 vs 2012, in particular due to the change in policy (10% of project costs retained instead of 12% previously)

6.4. Other income

Other income	2013
Product of sub-rent	2,264
Refunds from Swiss social allowances	32,959
Other refunds	2,855
Total income	38,078

“Refunds from Swiss social allowances” are mostly refunds for staff in Geneva, covering their salaries while on maternity leave.

6.5. Farmer Support

Farmer Support contributions include field investment donations from Retailers & Brands, which are not channelled via the BCFTP but paid directly to BCI. Those are restricted funds, which are deferred when not entirely spent within the year. Please refer to annex 6 for details of income and expenses related to Farmer Support.

6.6. Support to partner in Turkey

Those are funds which were donated to BCI, as support to IPUD, BCI’s new strategic partner for Turkey, which was not registered yet and therefore could not yet receive funds or pay for supplier invoices. Those funds were entirely spent in 2013. Please refer to annex 7 for details of income and expenses related to IPUD.

6.7. BCI staff in Geneva & BCI agents outside Switzerland

Over the course of 2013, the headcount working for BCI global headquarters increased from the equivalent of 13.4 persons full-time in January to 19.6 in December (refer to Annex 5). Most of those people are employed in Geneva, but a few agents are based in London.

BCI indeed works with a number of “agents” working full-time for BCI but based outside Switzerland, either under consultancy contract or employed by a subcontracted payroll service provider (in China and Pakistan in particular). Those people based outside Switzerland are independent, but contracted by BCI (refer to Annex 5)

BCI cost and FTE per contract type

Contract type	cost EUR	avg FTE
BCI employees in Geneva	945,695	12.1
BCI interns in Geneva	23,481	1.5
Total staff in Geneva	969,176	13.6
BCI subcontracted staff	200,265	6.9
BCI consultants	516,856	11.4
Total agents abroad	717,121	18.3
Total	1,686,297	31.9

6.8. Other operating expenses

Other Operating expenses	2013
Donations for farmer support	86,619
Other donations	16,617
Amortisation on assets	12,756
Debtor Loss (write offs)	15,171
Debtor Loss (provision)	50,024
Taxes	41,439
Total	222,626

To use funds received as farmer support, BCI has invested this year in 2 field projects, in Senegal and in India (refer to Annex 7).

“Other donations” corresponds to the balance of un-used restricted funds from donations received on behalf of IPUD -the partner in Turkey- pending their registration- and donated back to IPUD, after BCI paid a few invoices on their behalf.

“Amortisation on assets” covers 6 months amortisation of the IT development costs of the first version of the “Cotton Tracer” system, released in July 2013 (refer to section 5.6)

“Taxes” covers the quarterly local taxes paid to the Chinese tax authorities.

7. OTHER COMPULSORY INFORMATION

7.1. Rental commitments

In 2013, BCI rented an office in Lahore, Pakistan. The representative office in China also moved to a larger office in Shanghai.

Office location	end	2013	2012
Geneva, Switzerland	31/03/16	101,346	148,658
London, UK	31/03/17	69,649	93,310
Shanghai, China	31/08/14	28,770	13,148
Lahore, Pakistan	15/05/14	900	0
Total commitment		200,665	255,116

7.2. Debts to pension institutions

There are no debts of BCI to pension institutions as of 31 December 2013. Balance is in favour of BCI for 3'786 EUR in 2013 (527 EUR in 2012).

7.3. Fire insurance value

As of 31 December 2013, the fire insurance value of tangible assets at Geneva office amounts to 58'017 EUR (58'750 EUR in 2012).



Female gin workers, India

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Annex 1 – Income analysis

1a – Restricted vs Un-restricted income

Income stream	FY 2013	Unrestricted	Restricted
Membership fees	965,579	965,579	0
Event & training fees	10,964	10,964	0
Donor grants	1,835,462	300,000	1,535,462
Credibility	592,138	171,072	421,066
Partnership	4,784	4,784	0
Other income	38,078	38,078	0
Total Operating Income	3,447,005	1,490,477	1,956,528
	100%	43%	57%

1b – Private sector vs Public sector income

Private income: Industry, Business, retailers & brands, producer organizations, suppliers & manufacturers, corporations with a financial interest in Cotton

Public income: Bi-lateral (states/ ministries/ governmental & public bodies), multi-lateral (consortiums etc), Civil Society (NGOs etc), Trusts/ Charities/ Foundations, Private Individuals

Income stream	FY 2013	Private	Public	Misc.
Membership fees	965,579	934,954	30,625	0
Event & training fees	10,964	0	0	10,964
Donor grants	1,835,462	327,510	1,507,952	0
Credibility	592,138	116,995	475,142	0
Partnership	4,784	0	4,784	0
Other income	38,078	2,855	0	35,224
Total Operating Income	3,447,005	1,382,314	2,018,503	46,188
	100%	40%	59%	1%

Annex 2 – Overview of restricted donors grants

Restricted donor grants	Grant 2013 (to spend)	Spent 2013 (allocated)	Income 2013 (recognised)	Unspent 31/12 (deferred 2014)
BCFTP Supply Chain	50,000	-53,395	50,000	0
BCFTP China institutional	400,732	-395,510	395,510	5,222
BCFTP China office	3,858	-4,027	3,858	0
BCFTP Mozambique 2012	3,589	-3,589	3,589	0
BCFTP Mozambique 2013	34,000	-34,395	34,000	0
BCFTP Credibility	488,913	-421,066	421,066	67,847
Sub-total BCFTP restricted grants (excl. core)	981,092	-911,982	908,024	73,069
IDH Netherland (Turkey private sector)	35,336	-36,597	35,336	0
IDH Netherland (Turkey IDH match)	50,934	-51,717	50,934	0
B&M Gates Foundation (via DEG Germany/ABTF) 2012	43,624	-45,385	43,624	0
B&M Gates Foundation (via DEG Germany/ABTF) 2013	138,206	-139,979	138,206	0
GLZ Germany (for Tajikistan)	57,630	-42,934	42,934	0
Sub-total donor grants /partnership	325,729	-316,613	311,034	0
IDH Netherland (business model)	15,000	-10,620	15,000	0
OLAM Mozambique	17,000	-17,035	17,000	0
SECO Switzerland	350,000	-350,738	350,000	0
SIDA Sweden 2st semester	122,194	-125,035	122,194	0
SIDA Sweden 2nd semester	120,987	-121,748	120,987	0
SIDA Swedish Embassy Mozambique	2,101	-2,118	2,101	0
Levi Strauss Foundation (staff development)	7,793	-7,843	7,793	0
FSP/JFS Mozambique (via Solidaridad Southern Africa)	10,000	-4,740	4,740	5,260
FSP innovation (via Solidaridad LatinAmerica)	85,000	-85,613	85,000	0
EU EC-switch (via WWF Pakistan)	41,001	-19,846	12,656	21,155
Sub-total donor grants /other	771,076	-745,335	737,471	26,415
Total	2,077,898	-1,973,930	1,956,528	99,484

Annex 3 – Analytic allocations for selected restricted donor grants 2013

3a - BCFTP restricted budget lines

Allocations on selected BCFTP grants

Activity	BCFTP Supply Chain	BCFTP China institutional	BCFTP Mozambique 2013	BCFTP Credibility
Business mgt & office admin.	0	119,426	1,829	0
HR staff development/training	0	7,926	0	0
Sub-total BUSINESS	0	127,352	1,829	0
Membership services	0	21,430	0	0
Member training /S&M	0	4,512	0	0
Sub-total MEMBERSHIP	0	25,942	0	0
2nd party checks	0	12,584	5	13,360
3rd party verifications	0	36,622	0	149,822
IP Training delivery	0	5,115	14,221	34,995
Monitoring & Evaluation	0	27,538	0	60,245
Sub-total CREDIBILITY	0	81,859	14,226	258,422
Partnership management	0	0	15,014	115,208
Communication	0	4,285	0	15,445
Policy & advocacy	0	2,583	0	5,094
Sub-total PARTNERSHIP	0	6,868	15,014	135,747
Program management	0	129,351	0	26,898
Supply Chain coordination	53,395	24,131	3,325	0
ICT - Traceability systems	0	8	0	0
Sub-total PROGRAM	53,395	153,489	3,325	26,898
Total expenses allocated	53,395	395,510	34,395	421,066

3b - Other restricted donor grants

Activity	SECO	SIDA 1+2 (WWFSE)	OLAM Moz	FSP Inno (Sol LA)	IDH Turkey	B&MGF 2013 (DEG)	GIZ Tajik.
Core management	16,892	0	0	0	10,684	12,101	0
Core governance	5,115	0	0	0	0	0	0
Sub-total CORE management	22,007	0	0	0	10,684	12,101	0
Business mgt & office admin.	23,653	50,321	0	17,519	0	12,984	0
Financial management	124,305	48,469	0	0	0	0	0
Business Development	12,850	21,956	0	0	0	0	0
HR staff development/training	14,656	0	0	0	1,448	0	0
Sub-total BUSINESS	175,465	120,746	0	17,519	1,448	12,984	0
Membership services	44,741	11,589	0	11,483	0	10,000	6,272
Member training /S&M	0	0	0	0	0	0	0
Sub-total MEMBERSHIP	44,741	11,589	0	11,483	0	10,000	6,272
Credibility management	24,330	56,770	0	0	0	0	0
2nd party checks	0	0	0	0	1,304	0	0
3rd party verifications	0	0	0	0	592	0	10,890
IP Training delivery	0	0	17,023	0	0	0	0
Monitoring & Evaluation	11,476	0	0	13,523	0	0	0
Research & development	4,986	0	0	0	0	0	0
ICT - project & results database	0	0	0	33,340	0	0	0
Sub-total CREDIBILITY	40,791	56,770	17,023	46,863	1,896	0	10,890
Partnership management	0	0	12	0	72,023	66,944	25,773
Communication	67,409	19,614	0	0	0	7,327	0
Policy & advocacy	324	0	0	0	0	0	0
Sub-total PARTNERSHIP	67,733	19,614	12	0	72,023	74,271	25,773
Program management	0	15,312	0	0	0	30,624	0
Supply Chain coordination	0	0	0	0	2,263	0	0
ICT - Traceability systems	0	22,752	0	9,748	0	0	0
Sub-total PROGRAM	0	38,064	0	9,748	2,263	30,624	0
Total expenses allocated	350,738	246,783	17,035	85,613	88,314	139,979	42,934

Annex 4 – Actual expenses

4a – Actuals by activity

Activity	2013
Core management	202,210
Core governance	31,793
Sub-total CORE management	234,002
Business management & office administration	426,906
<i>Exceptional provision for VAT</i>	<i>456,461</i>
Financial management	219,570
Business Development	180,396
HR staff development/training	59,689
ICT - Finance/ERP systems	5,569
Sub-total BUSINESS	1,348,592
Membership services	224,660
GA meeting/annual conference	49,107
Member prospection	10,827
Member training /S&M	25,961
ICT - membership application	13,688
Sub-total MEMBERSHIP	324,242
Credibility management	113,042
2nd party checks	29,674
3rd party verifications	244,906
IP Training development	64,681
IP Training delivery	77,153
Monitoring & Evaluation	182,330
Research & development	43,994
ICT - project & results database	37,248
Sub-total CREDIBILITY	793,028
Partnership management	504,058
Communication	190,709
Policy & advocacy	56,098
Sub-total PARTNERSHIP	750,864
Program management	315,617
Supply Chain coordination	144,737
ICT - Traceability systems (direct costs)	199,162
ICT - Traceability systems (amortisation)	12,756
Sub-total PROGRAM	672,272
Total Operating expenses	4,123,001

4b – Actuals by Country

Country	2013	2012
Global headquarters	2,433,965	1,776,480
<i>Exceptional provision for VAT</i>	<i>456,461</i>	<i>0</i>
Sub-total Headquarters	2,890,426	1,776,480
China	419,340	307,366
India	262,719	259,718
Pakistan	153,906	166,900
Sub-total Direct/Program countries	835,965	733,984
Brazil	96,276	145,166
Mozambique	103,709	48,505
West & Central Africa	70,467	134,718
Turkey	87,154	22,565
USA	9,229	337
Australia	6,450	0
Tajikistan	23,325	0
Sub-total Partnership countries	396,610	351,291
Total Operating expenses	4,123,001	2,861,755

Annex 5 – Full-Time Equivalent (FTE) statistics for BCI staff 2013

BCI staff worldwide, including both BCI employees in Geneva and contracted / independent BCI agents based outside Switzerland

FTE average per Activity

Activity	2013	2012
Core Management	1.1	1.0
Business, admin & HR management	3.3	2.5
Finance management	1.2	0.2
Fundraising & business development	0.8	0.3
Membership services	4.3	2.1
Standards & Assurance management	1.4	1.0
Monitoring & Evaluation	4.5	2.3
Training development	0.3	0.0
Communications	2.6	2.0
Partnership management	5.1	2.0
Program management	5.1	5.7
Supply chain management	2.2	2.0
Total	31.9	21.2

FTE average per Country

Country	2013	2012	Jan-13	Dec-13
Global headquarters	17.0	12.2	13.4	19.6
China	4.2	1.2	3.0	5.0
India	4.4	3.9	4.0	4.0
Pakistan	3.2	2.0	2.0	3.3
Mali	0.5	1.0	1.0	
Mozambique	1.0	0.3	1.0	1.0
Brazil	1.5	0.6	1.0	1.0
Total	31.9	21.2	25.4	33.9

Annex 6 – Farmer Support / Field investment contributions

Income by grant

Member contribution	Balance 01/01 (to spend)	Spent 2013 (allocated)	Income 2013 (recognised)	Balance 31/12 (deferred 2014)
H&M 2009	67	-74	67	0
Sainsbury 2010	10,000	-10,000	10,000	0
Sainsbury 2011	11,450	-11,450	11,450	0
BestSellers 2011	17,000	-17,000	17,000	0
Migros 2011	6,500	-6,500	6,500	0
Tesco 2011	16,060	-16,060	16,060	0
Tesco 2012	16,060	-16,060	16,060	0
Tchibo 2012	12,154	-9,549	9,549	2,605
Tchibo 2013	14,138	0	0	14,138
Stadium 2013	7,000	0	0	7,000
John Lewis 2013	8,500	0	0	8,500
DNM Eroglu 2013	7,000	-20	20	6,980
<i>(Unallocated financial costs)</i>	0	-349	0	0
Total	125,929	-87,062	86,706	39,223

Expenses by country

Country	Operating expenses	Financial expenses	Total expenses
Global headquarters	0	443	443
India	11,619	0	11,619
Senegal	75,000	0	75,000
Total expenses	86,619	443	87,062

Annex 7 – Support to partner in Turkey

Donor	Income
Ikea	20,000
Adidas	5,000
H&M	3,000
Total income	28,000

Expense type	Operating expenses	Financial expenses	Total expenses
Expenses paid by BCI on behalf of IPUD	11,347	36	11,383
Donation from BCI to IPUD	16,617	0	16,617
Total expenses	27,964	36	28,000