

Registered Company No. 08204716  
Registered Charity No. 1149889

**CARIBBEAN BIODIVERSITY FUND**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2014**

## CARIBBEAN BIODIVERSITY FUND

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## **CARIBBEAN BIODIVERSITY FUND**

### **Legal and administrative information**

**Company Number:** 08204716

**Charity Number:** 1149889

#### **Trustees**

Dr Jens Mackensen – appointed 28 October 2013

Mr Robert Weary – resigned 1 June 2014

Mr Peter Hilliges – resigned 28 October 2013

Mr Sheldon Cohen - appointed 1 June 2014

#### **Company Secretary**

Oakwood Corporate Secretary Limited

#### **Registered Office**

3<sup>rd</sup> Floor

1 Ashley Road

Altrincham

Cheshire

WA14 2DT

#### **Auditor**

Moore Stephens LLP

Chartered Accountants & Statutory Auditor

Cheviot House

53 Sheep Street

Northampton

NN1 2NE

#### **Solicitors**

Ropes & Gray LLP

5 New Street Square

London

EC4A 3BF

#### **Bankers**

UBS Financial Services Inc.

925 4<sup>th</sup> Avenue

20<sup>th</sup> Floor

Seattle WA

98104-1157

#### **Accountants**

Baker Tilly Gomez

The Deanery

28 Cumberland Street

P.O. Box N-1991

Nassau, The Bahamas

# CARIBBEAN BIODIVERSITY FUND

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Trustees have pleasure in presenting their report of the charitable company for the period ended 30 September 2014.

### Structure, Governance and Management

The Caribbean Biodiversity Fund (CBF) is an endowment fund created on September 6<sup>th</sup>, 2012 with support from the German Government through the German Development Bank (KfW), The Nature Conservancy (TNC), and the Global Environment Facility (GEF) – through The World Bank and the United Nations Development Program (UNDP).

The CBF was incorporated as a UK Registered Company (No. 08204716) on 6<sup>th</sup> September 2012 and registered as a UK Registered Charity (No. 1149889) on 23<sup>rd</sup> November 2012. Its governing documents are its Memorandum and Articles of Association.

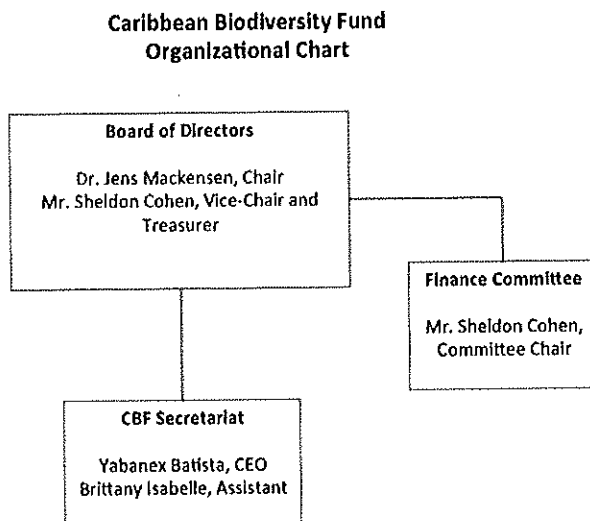
#### Governance Structure:

The CBF is governed by the CBF Board of Directors, which is currently composed of two permanent members: KfW (German Development Bank), currently represented by Dr. Jens Mackensen; and The Nature Conservancy (TNC), currently represented by Mr. Sheldon Cohen.

The current 8 CBF Participating Countries (Antigua and Barbuda, The Bahamas, Dominican Republic, Grenada, Jamaica, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines) have designated CBF Country Observers to attend the Board Meetings and serve as national focal points on CBF matters. In addition, the British Virgin Islands (BVIS) and Puerto Rico also have Observer status with the CBF. Once the National Protected Area Trust Funds (NPATFs) are established and sign the Vertical Agreement with the CBF each one of them will appoint a Director to the CBF Board. As per the Articles of Association and Operations Manual, once a NPATF signs the Vertical Agreement with the CBF, the NPATF will be able to make a payment request. The NPATFs in turn make grants to governmental and non-governmental institutions to advance the objects of the CBF. In addition, to the Country Observers, a number of partners also have Observer status including: the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and The World Bank (WB).

A CBF Secretariat, tasked with carrying out all day-to-day operations of the CBF and headed by a Chief Executive Officer (CEO), is located in Nassau, The Bahamas. The organizational charts below show the structure of the CBF as well as how the CBF interacts with its major stakeholders.

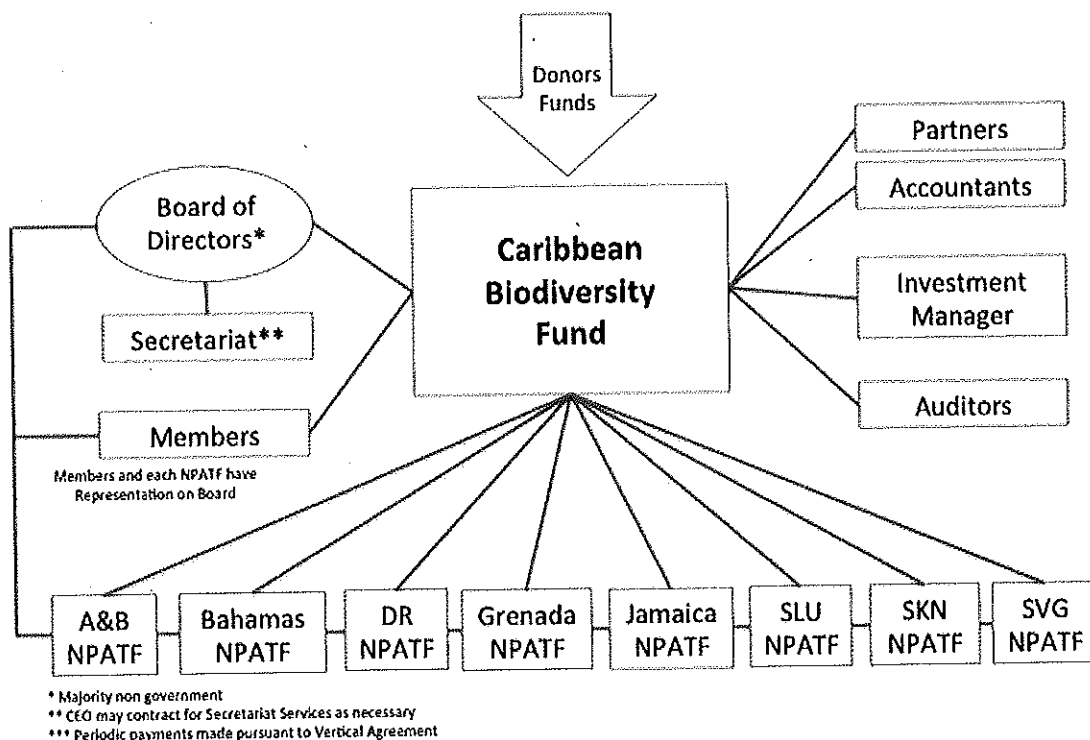
**Graph I: CBF Organizational Chart**



# CARIBBEAN BIODIVERSITY FUND

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014

Graph II: CBF Organization and Flow of Funds



### Objectives and activities

The objectives of the CBF are to promote for the benefit of the public the conservation, protection, management and expansion of the National Protected Areas Systems of the Participating Countries by providing a sustainable flow of funds to support, without limitation, enforcement, infrastructure, monitoring needs and other activities that contribute substantially to the conservation, protection and maintenance of biodiversity within the National Protected Areas Systems or any other area of environmental significance of the Participating Countries.

### Public benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. As indicated in the CBF Articles of Association, the CBF was established for the benefit of the public as it promotes the conservation, protection, management and expansion of the National Protected Areas Systems of the Participating Countries.

## CARIBBEAN BIODIVERSITY FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014

#### Strategic Report

##### Achievements and Performance

During Fiscal Year 2014 the CBF activities and achievements included the following:

##### 1. Operations and Secretariat

The CBF Secretariat became fully functional during fiscal year 2014. A new CBF CEO was hired in January 2014 (Mr. Yabanex Batista). With the new CEO on board the CBF was able to advance the following Operations Priorities:

- **Annual Work Plan FY14** – Establish an Annual Work Plan for the remaining FY14.
- **CBF Eligibility Policy and Procedures** – The Eligibility Policy and Procedures was approved by the CBF Board during the CBF 2<sup>nd</sup> Annual Meeting (also CBF 10<sup>th</sup> Board Meeting).
- **CBF Registration** – Continue the finalization of the CBF registration process in The Bahamas, with support from The Nature Conservancy. The CBF was registered as a Foreign Company under The Bahamas Companies Act in March 2014. Additional steps to allow for full operations in The Bahamas still need to be completed (full registration expected in FY15).
- **Annual Meeting** – Conduct its first in person CBF Annual Meeting with all CBF stakeholders (see details below).
- **CBF Marketing and Communications** – An initial CBF Fact Sheet was created.

##### 2. CBF Governance

###### 2.1 CBF Board

- **KfW Director** - KfW (German Development Bank) Director Mr. Peter Hilliges resigned on 23 October, 2013. KfW appointed Mr. Jens Mackensen as the new KfW Director on 23 October, 2013. Mr. Mackensen is also the Chair of the CBF Board.
- **TNC Director** - The Nature Conservancy (TNC) Director Mr. Robert Weary resigned on 1 June 2014. TNC appointed Mr. Sheldon Cohen as the new TNC Director on 1 June 2014. Mr. Cohen is also the Vice-Chair and Treasurer of the CBF Board, as well as Chair of the CBF Finance Committee.
- **Board Meetings** - A total of four (4) CBF Board Meetings, including the CBF 2<sup>nd</sup> Annual Meeting, were held in 2014.

###### 2.2 Governing Documents

The CBF Articles of Association were amended during the CBF 8th Board Meeting. The amendments included:

- Correction on the definition of the CBF fiscal year
- Correction on the name of the German Development Bank (KfW)
- Correction on the CBF Donors contributions table
- Amendments to Article 20.2 (Finance Committee)

The amended Articles of Association were filed with the UK Companies House.

###### 2.3 CBF 2<sup>nd</sup> Annual Meeting

The 2<sup>nd</sup> CBF Annual Meeting took place in Freeport, The Bahamas on September 23<sup>rd</sup> – 26<sup>th</sup>, 2014. This meeting also served as the 10<sup>th</sup> Board Meeting of the CBF. This was the first time that CBF stakeholders met face-to-face. All CBF participating geographies attended the meeting as well as the British Virgin Islands as an Observer Country. All Partners and service providers also attended the meetings.

## CARIBBEAN BIODIVERSITY FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014

Key topics discussed included:

- CBF FY14 Status Report
- CBF Eligibility Approval Policy and Procedures
- CBF Finances and Investments
- Update on establishment of National Protected Areas Trust Funds (NPATFs)
- Operationalization of the NPATFs
- CBF FY15 Annual Work Plan
- CBF Secretariat FY15 Budget
- Terms of Reference for development of the CBF 2020 Strategic Plan

#### 2.4 CBF Finance Committee

The CBF Finance Committee met officially for the first time on 23 September 2014 as part of the meetings associated to the CBF 2<sup>nd</sup> Annual Meeting held in Freeport, The Bahamas. A total of 20 participants attended the meeting, including the committee members and observers. Key recommendations and decisions of the CBF Finance Committee were:

- **Finance Committee Charter** - Review the Finance Committee Charter and propose changes to the text to explicitly make reference to the Finance Committee role with regards to auditing and accounting procedures. The Committee would finalize this process during FY15.
- **Transaction Tracking System** - Recommend the creation of a CBF Transactions Tracking Policy and Procedures that would allow the CBF to clearly allocate how donor contributions are distributed among participating countries, payments that will be made to the national trust funds, and any other transactions and expenses that may affect the value of the CBF Endowment and the Participating Countries Sub-accounts.
- **Safeguards Policies** - Review of CBF Safeguards during FY15.

In addition to the CBF Finance Committee, the Committee Chair held, along with the CBF Secretariat, quarterly meetings with the CBF Investments Manager (UBS).

#### 3. CBF Engagement with Participating Countries

Fiscal Year 2014 was a critical year to begin establishing strong relationships with all CBF Participating Countries and updating all relevant stakeholders on CBF status and progress. The CBF CEO visited 7 of the 8 CBF Participating Countries during FY14. These visits focused on the following:

- Introduction of CBF to country stakeholders;
- Participation in national workshops and consultations on NPATFs establishment and sustainable finance mechanisms;
- Advice on NPATF Operationalization.

#### 4. Financial Review

##### 4.1. Financing Agreements and Deposits

As of 30 September 2014 four financing agreements to endow the CBF were signed.

Two deposits, described below, took place during the CBF FY14. Table I below details all information related to the deposits to date.

## CARIBBEAN BIODIVERSITY FUND

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014

- **TNC Deposit** - TNC made a US\$750,000 deposit on 17 December 2013. The deposit was earmarked to support, in equal amounts (US\$150,000 each), the capitalization of the sub-accounts of the following CBF Participating Countries: Antigua and Barbuda, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines.
- **World Bank Deposit** - The World Bank made a US\$7.2 million deposit on 5 June 2014. The deposit was earmarked to support, in equal amounts (US\$1.44 million each), the capitalization of the sub-accounts of the following CBF Participating Countries: Antigua and Barbuda, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines.

Table I: Summary of Deposits as of 30 September, 2014

Institution	Deposit Date	CBF FY	Amount (US\$)	CBF Sub-Account Beneficiaries
KfW	23 January 2013	2013	20,286,126.00	Antigua and Barbuda Dominican Republic Grenada Jamaica St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines
TNC	17 December 2013	2014	750,000.00	Antigua and Barbuda Grenada St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines
GEF/ World Bank	5 June 2014	2014	7,200,000.00	Antigua and Barbuda Grenada St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines
<b>Total</b>			<b>28,236,126.00</b>	

#### 4.2 Endowment Performance

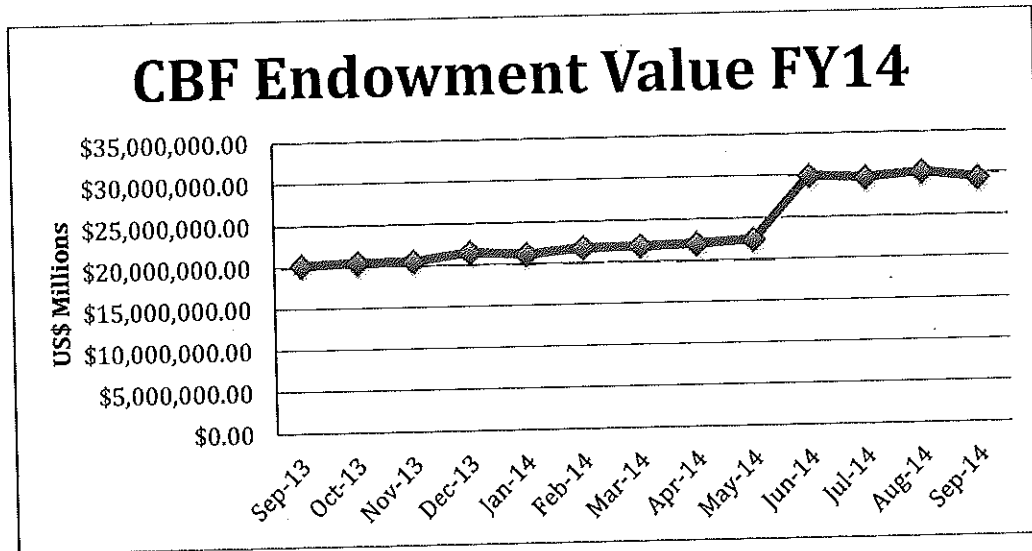
As of 30 September 2014 the total value of the CBF Endowment was US\$29,471,975.53. The CBF return on investments was 6.14% during the CBF FY14 Period (1 October 2013 – 30 September 2014) on the accounts advised by the Arbor Group at UBS. Investments were diversified between 11 asset management strategies employing 10 investment firms. The managed accounts produced a combined US\$586,175.89 of dividends and interest plus US\$760,276.37 of appreciation during the CBF FY14 period. The CBF made no withdrawals from the endowment during FY14.



**CARIBBEAN BIODIVERSITY FUND**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**Graph I: Historical CBF Endowment Value Performance for FY14**



**4.3 CBF Secretariat Budget and Expenses**

The CBF Secretariat had a FY14 Budget of US\$237,307.00, as approved by the CBF Board, and spent a total amount of US\$188,701.38.

**4.4 Accounting**

The CBF accountants, Baker Tilly Gomez, provided quarterly financial statements on the CBF Endowment and CBF Secretariat.

**4.5. Investment Policy**

The CBF adopted an Investment Policy in September 2012 that defines the guidelines and objectives of the CBF Investment Strategy. The Policy includes the guidelines for an investment strategy that aims at achieving a 7% return on investments on the CBF endowment funds. Investment management of the assets of the Caribbean Biodiversity Fund shall be in accordance with the following asset allocation guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	10%	40%	25%
Fixed Income	40%	80%	60%
Alternative Investments	0%	10%	5%
Cash and Equivalents	.5 of 1%	20%	10%

Investments results and compliance with the CBF Investment Policy is be monitored by the CBF Board and its Finance Committee and periodically discussed with the investment managers in order to evaluate results and decide upon any necessary changes to the investment strategy.

## **CARIBBEAN BIODIVERSITY FUND**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2014**

#### **4.6. Reserves Policy**

The CBF is an endowment fund, which is currently being funded by KfW, TNC, and the GEF. To date, a total of approximately US\$42.0 million have been pledged to endow the CBF. As part of its management strategy, the CBF has established an investment strategy aimed at achieving a total of 7% returns on investments. The CBF will pay to the NPATFs a total of up to 4.5% return on investments based on a 36 month average value of each Participating Country Sub-Account.

While subject to market behaviour, the CBF investment strategy is designed to keep in place the CBF capital and allow for payments to the NPATFs. In addition, a fundraising strategy for the CBF will be designed and implemented in the following fiscal years in order to generate a larger volume of returns and thus continue to secure the financial sustainability of the institution and fulfil its objectives. In addition, during the CBF 2<sup>nd</sup> Annual Meeting the CBF Board agreed to analyse and eventually establish a CBF Secretariat Reserve to ensure the Secretariat's operations regardless of market behaviours.

#### **Principal Risks and Uncertainties**

The CBF Board has recognized the importance of having a Risk Register and strategies to manage all risks associated to the CBF including financial, reputational, and others. A full Risk Registry is currently under development, but completion was delayed. However, together with Baker Tilly Gomez an initial set of Financial Risks were identified and are described in all CBF Financial Statements. Once established, the Risk Register will serve as a key management tool for the CBF Board and its Director.

#### **CBF FY 2015 Annual Work Plan**

As approved by the CBF Board during the CBF 2<sup>nd</sup> Annual Meeting, the CBF's FY2015 Annual Work Plan (1 October 2014 – 30 September 2015) will focus on the following main areas:

1. Finalizing establishment of CBF Secretariat Operations
2. Engagement with participating geographies and partners
3. CBF 2020 Strategic Plan
4. Fundraising
5. Marketing and Communications

## CARIBBEAN BIODIVERSITY FUND

### REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 30 SEPTEMBER 2014

#### Statement of Trustees' Responsibilities

The law applicable to Charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements the trustees should follow best practice and;

- Select suitable accountancy policies and then apply them consistently.
- Make judgements and estimates that are both prudent and responsible.
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Charity and ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Constitution of the Charity.

The trustees are also responsible for safeguarding the assets of the Charity and hence take all reasonable steps for the prevention and detection of fraud and any other irregularities.

The maintenance and integrity of the charity's website is the responsibility of the trustees. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

In so far as the trustees are aware;

- There is no relevant audit information of which the Charity's Auditors are unaware.
- The trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the Auditors are aware of such information.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

#### Auditor

Chantrey Vellacott DFK LLP has merged its practice with Moore Stephens LLP and now practices under the name of Moore Stephens LLP. A resolution to re-appoint Moore Stephens LLP as auditors for the ensuing year will be proposed at a meeting of the trustees.

Signed on behalf of the Trustees

  
.....  
Dr. Jens Mackensen  
Chair, CBF Board

Dated: 26 June 2015

## **CARIBBEAN BIODIVERSITY FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARIBBEAN BIODIVERSITY FUND**

We have audited the financial statements of the Caribbean Biodiversity Fund for the period ended 30 September 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2014, and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CARIBBEAN BIODIVERSITY FUND**

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARIBBEAN BIODIVERSITY FUND  
(continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Moore Stephens LLP*

Elliot Harris (Senior Statutory Auditor)  
for and on behalf of MOORE STEPHENS LLP  
Chartered Accountants and Statutory Auditor  
Northampton

Date: 29 June 2015

MOORE STEPHENS LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## CARIBBEAN BIODIVERSITY FUND

### Statement of financial activities for the year ended 30 September 2014 (incorporating an income and expenditure account)

	Note	Unrestricted Funds £	Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming Resources</b>					
Incoming resources from					
Generated funds:					
Voluntary income	2	-	-	-	-
Investment income		-	417,725	417,725	3,665
Charitable funds:					
Charitable activities		-	4,894,815	4,894,815	12,865,843
<b>Total Incoming Resources</b>		-	5,312,540	5,312,540	12,869,508
<b>Resources Expended</b>					
Charitable Activities	4	94,577	264,563	359,140	276,882
Governance Costs	6	23,267	-	23,267	16,908
<b>Total Resources Expended</b>		117,844	264,563	382,407	293,790
<b>Net Incoming Resources before transfers</b>	7	(117,844)	5,047,977	4,930,133	12,575,718
<b>Transfers</b>					
Gross Transfers between funds		56,096	(56,096)	-	-
Net incoming resources before Other gains and losses		(61,748)	4,991,881	4,930,133	12,575,718
Realised gains and losses	9	-	155,189	155,189	-
Unrealised gains and losses		-	274,623	274,623	-
<b>Net movement in funds in the year</b>		(61,748)	5,421,693	5,359,945	12,575,718
Total funds brought forward		61,748	12,513,970	12,575,718	-
Total funds carried forward	12	(-)	17,935,663	17,935,663	12,575,718
		=====	=====	=====	=====

All of the above results are derived from continuing activities.  
There are no other recognised gains and losses other than those stated above.

The notes on pages 15 – 20 form part of these financial statements

**CARIBBEAN BIODIVERSITY FUND**

**Balance sheet at 30 September 2014**

	Note	2014		2013	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	8		1,296		-
Investments	9		17,231,169		-
<b>Current Assets</b>					
Debtors		49,021		-	
Cash at bank and in hand	9	865,275		12,640,121	
		<u>914,296</u>		<u>12,640,121</u>	
<b>Creditors: Amounts falling due within one year</b>	10	(211,098)		(64,403)	
<b>Net Current Assets</b>			<u>703,198</u>		<u>12,575,718</u>
<b>Total assets less current liabilities</b>			<u>17,935,663</u>		<u>12,575,718</u>
<b>Creditors: Amounts falling due after one year</b>			(-)		(-)
<b>Net Assets</b>			<u>17,935,663</u>		<u>12,575,718</u>
<b>Funds</b>					
Endowment Funds	11		17,935,663		12,513,970
Unrestricted Funds	12		(-)		61,748
<b>TOTAL FUNDS</b>			<u>17,935,663</u>		<u>12,575,718</u>

The financial statements were approved by the Trustees, and authorised for issue on 26 June 2015 and signed on their behalf by:

  
**Dr Jens Mackensen**  
 Chair, CBF Board

**Company Number: 08204716**

The notes on pages 15 – 20 form part of these financial statements

## CARIBBEAN BIODIVERSITY FUND

### Cash flow statement as at 30 September 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	14	4,608,786	12,636,456
Returns on investment	15	417,725	3,665
Net cash outflow from investing activities	16	(16,801,357)	-
		<hr/>	<hr/>
Increase in cash in the period		(11,774,846)	12,640,121
Opening net funds		12,640,121	-
		<hr/>	<hr/>
Closing net funds at 30 September 2014		865,275	12,640,121
		<hr/>	<hr/>

The notes on pages 15 – 20 form part of these financial statements



## CARIBBEAN BIODIVERSITY FUND

### Financial statements for the year ended 30 September 2014

#### Notes forming part of the financial statements

##### 1. Principal accounting policies

###### a) Basis of accounting

The accounts have been prepared under the historical cost convention and are in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005 and updated in 2008) applicable accounting standards and the Companies Act 2006.

###### b) Incoming resources

All income is accounted for on a receivable basis.

###### c) Resources expended

Expenditure is included when incurred and is matched with the relevant income stream.

Costs are allocated between charitable and other expenditure according to the nature of the cost.

Governance costs include those costs incurred in the governance of the charity. These costs include costs related to statutory audit together with legal and professional fees and the costs of trustee meetings.

###### d) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £100 are capitalised and included at cost of acquisition.

Depreciation is provided at the following annual rates in order to write off the cost or valuation of each asset over its estimated useful life:

Fixtures and fittings	33% on cost
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###### e) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net incoming resources.

###### f) Funds

The charity maintains the following funds:

Endowment funds – these are funds subject to specific restrictions imposed by donors. The purpose and use of the funds are set out in note 9 to the financial statements

Unrestricted funds – these are funds which the trustees are free to use in accordance with the charitable objects.

###### g) Taxation

The Caribbean Biodiversity Fund, as a registered charity, is exempt from taxation of its income and gains falling within sections 466-493 of the Corporation Tax Act 2010 to the extent that they are applied to its charitable objectives. No tax charge has arisen this period.

**CARIBBEAN BIODIVERSITY FUND**

**Financial statements for the year ended 30 September 2014**

**Notes forming part of the financial statements**

**2. Investment income**

	Unrestricted £	Endowment £	2014 £	2013 £
Interest on cash deposits	-	-	-	3,665
Interest on investments	-	417,725	417,725	-
	<u>-</u>	<u>417,725</u>	<u>417,725</u>	<u>3,665</u>
	=====	=====	=====	=====

**3. Funding for charitable activities**

	Unrestricted £	Endowment £	2014 £	2013 £
Grant income – KfW	-	-	-	12,865,843
Grant income – TNC	-	461,775	461,775	-
Grant income - GEF	-	4,433,040	4,433,040	-
	<u>-</u>	<u>4,894,815</u>	<u>4,894,815</u>	<u>12,865,843</u>
	=====	=====	=====	=====

**4. Charitable activities**

	Unrestricted £	Endowment £	2014 £	2013 £
Support costs (note 5)	94,577	264,563	359,140	276,882
	<u>94,577</u>	<u>264,563</u>	<u>359,140</u>	<u>276,882</u>
	=====	=====	=====	=====

**5. Support costs**

	Unrestricted £	Endowment £	2014 £	2013 £
Chief Executive Office costs	49,379	-	49,379	23,961
Relocation expenses	-	-	-	3,190
Travel costs	39,010	-	39,010	17,029
Office costs	2,654	-	2,654	942
Insurance	2,818	-	2,818	4,490
Management fees	-	119,175	119,175	-
Foreign exchange loss	717	145,388	146,105	227,270
	<u>94,577</u>	<u>264,563</u>	<u>359,140</u>	<u>276,882</u>
	=====	=====	=====	=====

No trustees received any remuneration during the current or previous period  
No expenses were reimbursed to trustees during the current or previous period.

**CARIBBEAN BIODIVERSITY FUND**

**Financial statements for the year ended 30 September 2014**

**Notes forming part of the financial statements**

**6. Governance costs**

	2014 £	2013 £
Audit fee	8,620	8,500
Accountancy fees	11,364	3,460
Legal fees	3,143	4,948
Depreciation	140	-
	<u>23,267</u>	<u>16,908</u>

**7. Net incoming resources for the year**

	2014 £	2013 £
This is stated after charging:		
Audit fee	8,620	8,500

**8. Tangible fixed assets**

	Fixtures, Fittings and Improvements £	Total £
<b>Cost</b>		
At 1 October 2013		
Additions	1,436	1,436
Disposals	-	-
	<u>1,436</u>	<u>1,436</u>
At 30 September 2014	<u>1,436</u>	<u>1,436</u>
<b>Depreciation</b>		
At 1 October 2013	-	-
Charge for the year	140	140
	<u>140</u>	<u>140</u>
At 30 September 2014	<u>140</u>	<u>140</u>
<b>Net Book Value</b>		
At 30 September 2014	<u>1,296</u>	<u>1,296</u>
At 30 September 2013	<u>-</u>	<u>-</u>

## CARIBBEAN BIODIVERSITY FUND

Financial statements for the year ended 30 September 2014

Notes forming part of the financial statements

### 9. Investments

	2014 £	2013 £
Listed Investments	17,231,169	-
Cash deposits	865,275	-
Accrued interest	49,021	-
	<u>18,145,465</u>	<u>-</u>
<b>Listed Investments</b>		
Value at 1 October 2014	-	-
Additions	21,221,075	-
Disposals	(4,419,718)	-
Realised and unrealised investment gains	429,812	-
At 30 September 2014	<u>17,231,169</u>	<u>-</u>

### 10. Creditors due within one year

	2014 £	2013 £
Trade creditors	195,900	53,403
Accruals	15,198	11,000
	<u>211,098</u>	<u>64,403</u>

### 11. Endowment funds

Brought forward £	Income £	Expenditure £	Gross transfer £	Balance 30 Sept 2014 £
<u>12,513,970</u>	<u>5,742,352</u>	<u>(264,563)</u>	<u>(56,096)</u>	<u>17,935,663</u>

## CARIBBEAN BIODIVERSITY FUND

Financial statements for the year ended 30 September 2014

Notes forming part of the financial statements

### Endowment funds:

The purpose of these endowment funds are to provide a sustainable flow of funds to contribute to the conservation, protection and maintenance of biodiversity within the National Protected Areas Systems and other areas of environment significance of the 8 participating countries being Antigua & Barbuda, The Bahamas, Dominican Republic, Grenada, Jamaica, Saint Kitts & Nevis, Saint Lucia and Saint Vincent & the Grenadines. Endowment funds allocations to each country respond or are informed by a number of factors including the size of the country, financial gaps assessments for the protected area systems, and donor's policies and priorities. The funds are currently invested en-bloc to obtain the best possible return and once distribution to the individual participating countries sub-accounts takes place, this information will be disclosed on a participating country basis.

### 12. Unrestricted funds

Balance	Brought forward £	Income £	Expenditure £	Gross transfer £	Balance 30 Sept 2014 £
Unrestricted funds	61,748	-	(117,844)	56,090	(-)
	<u>61,748</u>	<u>-</u>	<u>(117,844)</u>	<u>56,090</u>	<u>(-)</u>

### 13. Net assets by fund

Balance	Unrestricted £	Endowment £	2014 £
Tangible assets	-	1,296	1,296
Investments	-	17,231,169	17,231,169
Debtors	-	49,021	49,021
Cash at bank	-	865,275	865,275
Creditors	(211,098)	-	(211,098)
	<u>(211,098)</u>	<u>18,146,761</u>	<u>17,935,663</u>

### 14. Net cash inflow from operating activities

	2014 £
Net incoming resources	4,930,133
Net incoming resources	(49,021)
Increase in debtors	146,695
Increase in creditors	(417,725)
Deposit interest	140
Depreciation	(1,436)
Fixed asset addition	
	<u>4,608,786</u>

## CARIBBEAN BIODIVERSITY FUND

Financial statements for the year ended 30 September 2014

Notes forming part of the financial statements

### 15. Returns on investment

	2014 £
Deposit interest	417,725
	<u>417,725</u>

### 16. Net cash flow from investing activities

	2014 £
Purchase of investments	(21,221,075)
Proceeds from sale of investments	4,419,718
	<u>(16,801,357)</u>

### 17. Related party transactions

The directors of the company are appointed representatives from the organisations providing the endowment funds. Mr Jens Mackensen and Mr Peter Hilliges were the appointed representatives from the German Development Bank (KfW) during the period. Mr Robert Weary was the appointed representative from The Nature Conservancy (TNC) during the period until his resignation in June 2014. Mr Sheldon Cohen was appointed the TNC representative from June 2014.

No further transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

### 18. Company limited by guarantee

The company is limited by guarantee and, as such, does not have a share capital. In the event of winding up, each member has guaranteed to contribute to a maximum of £10 to meet the liabilities of the company.

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**CARIBBEAN BIODIVERSITY FUND**

Detailed profit and loss account for year ending 30 September 2014

	2014		2013	
	\$	\$	\$	\$
<b>Income</b>				
Endowment Fund income		7,950,000		20,286,126
Investment income				
Interest on deposits	678,455		6,249	
		<u>678,455</u>	<u>6,249</u>	
				6,249
<b>Total income</b>		<u>8,628,455</u>		<u>20,292,375</u>
<b>Expenditure</b>				
<b>Support costs</b>				
Chief Executive Office costs	80,200		37,000	
Relocation costs	-		4,926	
Travel costs	63,359		26,296	
Office costs	4,311		1,455	
Insurance	4,577		6,933	
Management fees	193,560		-	
Foreign exchange gain/loss	237,299		-	
		<u>583,305</u>	<u>76,610</u>	
				76,610
<b>Governance costs</b>				
Audit fees	14,000		13,646	
Accountancy fees	18,457		5,496	
Legal fees	5,105		7,639	
Depreciation	226		-	
		<u>37,788</u>	<u>26,781</u>	
				26,781
<b>Total expenditure</b>		<u>621,093</u>		<u>103,391</u>
<b>Realised gain/(loss)</b>		252,054		-
<b>Unrealised gain/(loss)</b>		446,033		
		<u>8,705,449</u>		<u>20,188,984</u>
<b>Net incoming resources for the period</b>		=====		=====