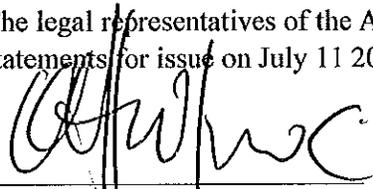


ASSOCIATION OF CARIBBEAN STATES
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31 2011
Expressed in United States Dollars

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash	3	698,421	547,122
Contributions Due	4	1,152,916	1,124,839
Other Receivables and Prepayments	5	71,693	46,096
		<u>1,923,030</u>	<u>1,718,057</u>
Non-Current Assets			
Plant & Equipment	6	22,520	30,267
Intangible Assets	7	-	280
		<u>22,520</u>	<u>30,547</u>
Total Assets		<u><u>1,945,550</u></u>	<u><u>1,748,604</u></u>
LIABILITIES AND EQUITY			
Current Liabilities			
Contributions in Advance	8	2,527	12,722
Creditors and Accruals		27,118	18,575
Termination Benefits - Current Portion	9	54,835	70,903
		<u>84,480</u>	<u>102,200</u>
Non-current Liabilities			
Termination Benefits - Non-Current Portion	9	<u>106,579</u>	<u>92,375</u>
Funds			
Accumulated Fund		1,439,355	1,272,769
Special Funds	10	315,136	281,260
		<u>1,754,491</u>	<u>1,554,029</u>
Total Liabilities and Shareholders' Equity		<u><u>1,945,550</u></u>	<u><u>1,748,604</u></u>

The accompanying notes on pages 7 to 17 form an integral part of these financial statements

The legal representatives of the Association of Caribbean States authorized these financial statements for issue on July 11 2013.


Secretary General


Financial Manager



**ASSOCIATION OF CARIBBEAN STATES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	Notes	2011 \$	2010 \$
Income			
Contributions			
Received		997,951	924,807
Outstanding		<u>472,320</u>	<u>545,464</u>
		1,470,271	1,470,271
Other Income	11	<u>1,832</u>	<u>5,878</u>
		1,472,103	1,476,149
Expenditure			
Ministerial Council	12	(64,107)	(46,875)
Association			
Office of the Secretary General	13	(330,749)	(322,040)
Intra ACS Co-operation	14	(590,963)	(489,186)
Support Program	15	<u>(319,698)</u>	<u>(371,381)</u>
		(1,305,517)	(1,229,482)
Net Surplus for the Year		<u><u>166,586</u></u>	<u><u>246,667</u></u>

The accompanying notes on pages 7 to 17 form an integral part of these financial statements

**ASSOCIATION OF CARIBBEAN STATES
STATEMENT OF CHANGES IN FUNDS
FOR YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	Notes	Accumulated Fund \$	Special Fund \$	Total \$
Year ended December 31 2011				
Balance as at January 1 2011		1,272,769	281,260	1,554,029
Net Surplus for 2011		166,586	-	166,586
New Funds Received	10	-	93,629	93,629
Interest Received	10	-	14	14
Funds Used	10	-	(59,767)	(59,767)
Balance as at December 31 2011		<u>1,439,355</u>	<u>315,136</u>	<u>1,754,491</u>
Year ended December 31 2010				
Balance as at January 1 2010		1,026,102	320,288	1,346,390
Net Surplus for 2010		246,667	-	246,667
New Funds Received		-	60,000	60,000
Interest Received		-	376	376
Funds Used		-	(99,404)	(99,404)
Balance as at December 31 2010		<u>1,272,769</u>	<u>281,260</u>	<u>1,554,029</u>

The accompanying notes on pages 7 to 17 form an integral part of these financial statements

ASSOCIATION OF CARIBBEAN STATES
STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED DECEMBER 31 2011
Expressed in United States Dollars

	Notes	2011 \$	2010 \$
Cash Flows from Operating Activities			
Net Surplus for the Year		166,586	246,667
Adjustments for Items not requiring an outlay of Funds:			
Depreciation		<u>8,240</u>	<u>10,337</u>
Operating Surplus before changes in Working Capital		<u>174,826</u>	<u>257,004</u>
(Increase) in Contributions Due		(28,077)	(394,915)
(Increase) in Other Receivables and Prepayments		(25,597)	(2,850)
(Decrease)/Increase in Contributions in Advance		(10,195)	2,180
Increase/(Decrease) in Creditors and Accruals		8,543	(3,299)
(Decrease) in Termination Benefits		(1,864)	(34,670)
Increase/(Decrease) in Special Funds		<u>33,876</u>	<u>(39,028)</u>
Net Cash absorbed by Operating Activities		<u>151,512</u>	<u>(215,578)</u>
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		<u>(213)</u>	<u>(1,772)</u>
Net Cash used in Investing Activities		<u>(213)</u>	<u>(1,772)</u>
Increase in Cash and Cash Equivalents		151,299	(217,350)
Cash and Cash Equivalents at December 31 2010		<u>547,122</u>	<u>764,472</u>
Cash and Cash Equivalents at December 31 2011	3	<u><u>698,421</u></u>	<u><u>547,122</u></u>

The accompanying notes on pages 7 to 17 form an integral part of these financial statements

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 2011**

1. Establishment and Principal Activity

The Association of Caribbean States is an inter-governmental organization of States, Countries and Territories of the wider Caribbean region, established for consultation, cooperation and concerted action in the focal areas of trade, transport, sustainable tourism and natural disasters. The convention establishing the Association was signed on July 24, 1994 in Cartagena de Indias, Colombia. The member states are Antigua & Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago and Venezuela. Associate members are Aruba, Curacao, St. Maarten, France (on behalf of French Guiana, Guadeloupe, Martinique, Saint Barthelemy and Saint Martin), and the Kingdom of the Netherlands (on behalf of Bonaire, St. Eustatius and Saba).

The main functions are to strengthen the regional co-operation and integration process, with a view to creating an enhanced economic space in the region, to preserve the environmental integrity of the Caribbean Sea and to promote the sustainable development of the greater Caribbean.

The seat of the Association is located in Trinidad & Tobago with the headquarters situated at #5-7, Sweet Briar Road, St. Clair, Port of Spain. The Headquarters agreement between the Association and the government of Trinidad & Tobago was signed on August 27, 1997 in Port of Spain, Trinidad & Tobago.

The main organs of the Association are the Ministerial Council and the Secretariat.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Basis of Preparation

These financial statements have been prepared under the Historical Cost Convention. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

No account has been taken for the effects of inflation.

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 2011**

b. Revenue Recognition

The Association recognises revenue on an accrual basis in the form of contributions from member and associate member states from the year they ratify the convention mandating their annual contribution. Contributions by each state are made in such proportions as determined by the Ministerial Council. Interest income is recognised on the accrual basis in the period to which it relates.

c. Tangible Non-Current Assets

Items of plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. Depreciation is on a reducing balance basis at rates estimated to write off the depreciable amounts of the assets over their estimated useful lives as follows:

Office & Computer Equipment	-	25 - 33%
Motor Vehicle	-	25%

d. Intangible Asset

Purchased computer software is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated useful life on the reducing balance basis at the rate of 25%.

e. Impairment of Assets

At each reporting date, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. The reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 2011

f. Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements of the association are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company - the functional currency. The financial statements are presented in United States Dollars, which is the Association's functional currency.

ii. Transactions and Balances

Foreign currency transactions are translated into the functional currency using an average rate that approximates very closely to the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary items denominated in foreign currencies are recognized in the statement of comprehensive income. Translation at year-end exchange rates approximated very closely to the average rate used.

g. Taxation

In accordance with Article 15 of the Headquarters Agreement between the Association and the Government of Trinidad and Tobago, the Association, its assets and property, its income, and its operations and transactions, authorized by the convention establishing the Association, are exempt from all direct taxation, and goods imported or exported for its official use are exempt from all customs duties.

h. Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases in the financial statements of the association. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 2011**

i. Staff Fund

The Association maintains a staff fund for its employees. An Executive Board established for each fund and elected by staff members themselves, in accordance with regulations provided, manages the fund. At the end of their term of employment, members receive a benefit, which is the aggregate of the employee's and Association's contributions, plus interest. The Association and its employees make contributions to the fund at the rate of 14% and 7% of base salaries, respectively, in accordance with the terms of the contracts of employment. The Association's contributions for the year are expensed in the statement of comprehensive income.

j. Provision for Termination Benefits

Upon completion or termination of their contracts staff members are entitled to a subsidy. Local staff is granted a subsidy based on the value of the basic monthly salary of each staff member. International staff is granted a subsidy based on the basic monthly salary of each staff member, return airfare for the staff member and up to four dependents and shipping of personal effects.

k. Special Funds

The Special Funds of the Association are established pursuant to Article XIII of the convention establishing the Association, and are constituted separately from, and independent of, the regular budget of the Association. The funds are established by the Ministerial Council for the purpose of financing programmes of technical cooperation and related research consistent with the purposes and functions of the association. The funds are made up of resources that on a voluntary basis can be contributed by member states, non – members or other entities.

l. Financial Instruments

Financial assets and financial liabilities are recognised on the Association's statement of financial position when the association becomes a party to the contractual provisions of the instruments. Financial assets comprise contributions due, other receivables and prepayments and cash and cash equivalents. Financial liabilities comprise contributions paid in advance, sundry creditors and accruals and termination benefits.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and highly liquid short term deposits.

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31 2011**

Financial Risk Management

i. Financial Risk Factors

The Association is exposed to the following financial risk factors arising from the financial instruments that it holds:

Credit Risk

This arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Management monitors exposures to credit risk on an on-going basis. The main exposure arises from contributions due from member states. Management considers these balances to be fully recoverable and no provisions are considered necessary in respect of such balances. Cash balances are held with high credit quality financial institutions and the company has policies in place to limit the amount of exposure to any financial institution.

Liquidity Risk

This is the risk that arises when the maturity of assets and liabilities does not match. The Association minimises this risk by maintaining sufficient cash and other liquid current assets to meet cash obligations as they fall due.

Currency Risk

This is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not in the company's measurement currency. Contributions due and the majority of cash balances are denominated in the functional currency. The risk due to expenditure denominated in other than the functional currency is limited and is monitored closely by the Association.

Interest rate risk

This is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Association's income and operating cash flows are substantially independent of changes in market interest rates as interest bearing assets are not material in terms of income generated and there is no interest payable on existing financial liabilities as at the reporting date.

ii. Fair Value Estimation

The fair value of the Association's financial assets and liabilities approximates to their carrying amounts at the Statement of Financial Position date.

m. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	2011	2010
	\$	\$
3 Cash and Cash Equivalents		
Short Term Deposits	131,111	178,911
Cash at Bank	258,156	92,933
Special Funds Bank Account	308,762	274,886
Cash in Hand	392	392
	<u>698,421</u>	<u>547,122</u>
Cash at bank receives interest at floating rates based on daily deposit rates. Short term deposits consist of a US Dollar Income Fund and are readily convertible into cash.		
Special Funds Account - see notes 2k and 10.		
4 Contributions Due by Members and Associate Members		
Antigua and Barbuda	103,089	93,615
Aruba	22,703	58
Barbados	-	36,066
Belize	-	28,064
Colombia	25	-
Cuba	1,265	47,705
Curacao	7,167	-
Dominica	66,019	56,545
Dominican Republic	132,598	131,805
El Salvador	107,967	107,736
France	1,934	967
Grenada	37,812	28,337
Guatemala	29	-
Guyana	828	-
Honduras	44,372	39,441
Jamaica	104,121	60,234
Kingdom of the Netherlands	21,501	
Netherland Antilles	72,096	71,864
St. Kitts and Nevis	122	18,799
St. Lucia	9,605	130
St. Maarten	7,167	-
St. Vincent and the Grenadines	9,535	61
Trinidad and Tobago	-	451
Venezuela	402,961	402,961
	<u>1,152,916</u>	<u>1,124,839</u>

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**ASSOCIATION OF CARIBBEAN STATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	2011	2010
	\$	\$
4 Contributions Due by Members and Associate Members (continued)		
<u>Contributions Due by Years Outstanding</u>		
One Year	38,103	545,464
Two Years	491,110	377,216
Three Years	212,088	107,864
Four Years and Over	411,615	94,295
	1,152,916	1,124,839

5 Other Receivables and Prepayments

VAT Refundable	59,973	31,967
Prepayments	10,127	14,129
Staff Loans	104	-
Other	1,489	-
	71,693	46,096

6 Plant And Equipment

	Computer Equipment \$	Office Equipment \$	Motor Vehicle \$	Total \$
Cost				
31 December 2010	109,874	22,918	45,115	177,907
Additions	-	213	-	213
31 December 2011	109,874	23,131	45,115	178,120
Accumulated Depreciation and Impairment				
31 December 2010	99,881	20,335	27,424	147,640
Annual Depreciation	2,867	670	4,423	7,960
31 December 2011	102,748	21,005	31,847	155,600
Carrying Amount				
31 December 2011	7,126	2,126	13,268	22,520
31 December 2010	9,993	2,583	17,691	30,267

ASSOCIATION OF CARIBBEAN STATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars

	2011	2010
	\$	\$
7 Intangible Assets		
<u>Software</u>		
Cost		
Opening Balance	2,859	2,859
Disposals	<u>(2,859)</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>2,859</u>
 Accumulated Depreciation and Impairment		
Opening Balance	2,579	2,485
Amortisation for the period	280	94
Disposals	<u>(2,859)</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>2,579</u>
 Carrying amount	<u>-</u>	<u>280</u>
8 Contributions in Advance		
Colombia	-	21
Costa Rica	1,039	799
Guatemala	-	639
Guyana	-	8,647
Panama	<u>1,488</u>	<u>2,616</u>
	<u>2,527</u>	<u>12,722</u>
9 Provision for Termination Benefits		
International Staff		
Payable within 1 year	54,835	70,903
Payable within 1 - 2 years	45,194	39,008
Payable after 2 years	<u>39,612</u>	<u>18,286</u>
	139,641	128,197
Local Staff	<u>21,773</u>	<u>35,081</u>
	<u>161,414</u>	<u>163,278</u>

Termination Benefits are restated on the Statement of Financial Position to reflect current and non-current portions.

(See note 2j)

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	2011	2010
	\$	\$
10 Special Funds by Donors		
British High Commission	530	530
Canada	9,534	9,534
Ford Foundation	5,994	5,994
France, Martinique, Guadeloupe	126,362	135,362
IADB	509	509
Republic of Korea	9,031	16,923
Stirana	77	77
Trinidad and Tobago	2,035	2,035
Turkey	122,295	71,541
Unrestricted (a)	38,769	38,755
	<u>315,136</u>	<u>281,260</u>
a Unrestricted Funds		
ACS Contributions	(99,947)	(99,947)
Aruba	12,500	12,500
Donor Unknown	2,000	2,000
Haiti	2,352	2,352
Netherland Antilles	16,338	16,338
Nicaragua	1,000	1,000
Republic of Turkey	32,952	32,952
Interest	71,574	71,560
	<u>38,769</u>	<u>38,755</u>

Use of Funds by Project for Year ending December 31 2011:

<u>Project</u>	<u>New Funds Received</u>	<u>Funds Used</u>
Interns Guadeloupe 2010	-	(8,883)
Webmaster	13,629	(13,746)
Map of Maritime Routes of the Greater Caribbean	20,000	-
Disaster Risk Reduction	10,000	
Caribbean Sea Commission	50,000	(7,892)
Association of Caribbean Cruiseship Destinations	-	(29,246)
Interest	14	-
	<u>93,643</u>	<u>(59,767)</u>

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ASSOCIATION OF CARIBBEAN STATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars

	2011	2010
	\$	\$
11 Other Income		
Interest earned from Bank Deposits	2,370	5,654
Foreign Exchange (Losses)/Gains	(279)	224
Other	(259)	-
	<u>1,832</u>	<u>5,878</u>
12 Ministerial Council		
Official Trips	39,682	15,441
Meetings	24,425	31,434
	<u>64,107</u>	<u>46,875</u>
13 Office of the Secretary General		
International Staff	252,660	239,003
Local Staff	19,523	20,509
Official Trips	17,554	14,684
Meetings	14,425	17,682
Project Counterpart Costs	5,104	10,658
Unit Assistants	20,132	19,504
Information & PR Activities	1,351	-
	<u>330,749</u>	<u>322,040</u>
14 Intra ACS Co-operation Expenditure		
International Staff	429,349	365,291
Local Staff	47,872	39,216
Official Trips	43,872	28,201
Meetings	38,960	33,625
Research Assistants	30,274	22,853
Interns	636	-
	<u>590,963</u>	<u>489,186</u>

**ASSOCIATION OF CARIBBEAN STATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2011
Expressed in United States Dollars**

	2011	2010
	\$	\$
15 Support Program Expenditure		
International Staff	20,934	62,252
Local Staff	91,085	98,583
Meeting	10,191	12,679
Human Resource Programme	15,581	22,868
Premises Expenses	17,053	18,536
Equipment Expenses	14,430	20,421
Material Supplies	15,913	14,488
Communications	42,556	44,228
Auditing and Accounting Fees	37,590	18,389
Consultants	15,195	20,294
Other	25,338	25,455
Information/ Public Relations Activities	-	3,158
Temporary Staff	-	1,292
Contingencies	13,832	8,738
	<u>319,698</u>	<u>371,381</u>

16 Staff Fund

The following contributions to Staff Funds were made during the year:

Association of Caribbean States	84,264	81,393
Employees' Contributions	41,778	40,693
	<u>126,042</u>	<u>122,086</u>

The Association's expense is included under staff expenses for Office of the Secretary General, Intra ACS Co-operation and Support Programme. See note 2i.

one