

ACP-EU COTONOU AGREEMENT

**AFRICAN, CARIBBEAN AND
PACIFIC GROUP OF STATES**

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 21 November 2018

ACP-UE 2121/18

COVER NOTE

from: Chairman of the Executive Board of the Centre for the Development of Enterprise
date of receipt: 19 November 2018
to: Co-President of the ACP-EU Committee of Ambassadors
Subject: Centre for the Development of Enterprise (CDE)
- Financial Statements and Audit Reports on the accounts for financial years 2013 to 2016

In accordance with Article 27 of the Financial Regulation applicable to the Centre for the Development of Enterprise of 17 December 2004, delegations will find attached the financial statements and audit reports on the accounts of the Centre for financial years 2013 to 2016.



Committee of Ambassadors EU-ACP
Dr. Nikolaus Marschik- Ambassador,
Permanent Representative
European Union Council
Rue de la Loi, 175
1048 Bruxelles

HE Mrs Ammo Aziza BAROUD
President
Member of the Bureau of the ACP Committee of
Ambassadors
ACP
Avenue Georges Henri 451
1200 Brussels

13 November 2018

Dear Madam,
Dear Sir,
Your excellence,

**Object: Decision on the Discharge as per Art. 3.3 of the Decision n° 3/2016 of the ACP
Committee of Ambassadors**

I am addressing this letter to you in my capacity of President of the Executive Board of the CDE.

By letter of 14 December 2017 from HE the President of the ACP-EU Committee of Ambassadors, the Director-Curator has been informed about the fact that the sub-committee "investment and private sector" had decided to recommend to the ACP-EU Committee of Ambassadors the approval of the postponement of the decision on the discharge to be granted to the Board of Directors of the CDE for the closure phase, to 30 June 2018 at the latest.

As you may know, Art. 3.3 of the Decision n° 3/2016 of the ACP-EU Committee of Ambassadors provides the following :

“During the passive phase, the CDE Executive Board, as established in Articles 9 and 10 of the CDE Statutes, will continue to exist until the date of the ACP-EU Committee of Ambassadors decision on the discharge proposal pursuant to Article 4 of Decision No 4/2014.

As from the passive phase, the tasks of the CDE Executive Board shall be limited to the approval of the closure report, adoption of the accounts related to the closure phase and the transmission of a discharge proposal to the ACP-EU Committee of Ambassadors for decision. From 1 January 2017, it shall hold no more than one meeting per year. This does not exclude the possibility for the CDE Executive Board to decide by written procedure.

Unless decided otherwise by the ACP-EU Committee of Ambassadors, the discharge is deemed to be approved three months following the date of the transmission of the discharge proposal, or by 31 December 2017, whichever is the earlier”.

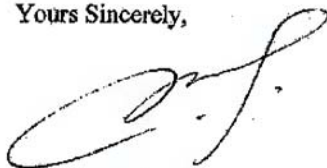
The discharge of the CDE Executive Board as per this Decision concerns the closure phase of the CDE that ended on 31/12/2016. The discharge could not be subject of a proposal given that several audits were still ongoing (which should have, so as to allow a decision on the discharge in October 2017 or on 31 December 2017 at the latest, be finalised on 30 June 2017). These audits were subjected to comments of the European Commission and submitted to the Board on 13 November 2018.

Further to the last Financial statements and the related unqualified audit opinion from auditors Mazars, the Executive Board is now in position to submit a discharge proposal to the ACP-EU Committee of Ambassadors

I therefore am honoured to propose to the ACP-EU Committee of Ambassadors to give discharge to all members of the Executive Board of the CDE and hence, to approve the discharge of the Executive Board and to decide on its dissolution.

We remain at your disposal for any further information that may be deemed necessary.

Yours Sincerely,



CDE Executive Board
Represented by Sir Félix Mouko
Chairman of the CDE Executive Board

Attached: Financial Statements for the period 1 January 2013 until 31 December 2016 + Auditors report



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B-1050 Bruxelles/Brussels
Belgique/Belgium
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FINANCIAL STATEMENTS 31 December 2016



CENTRE POUR LE DEVELOPPEMENT DE L'ENTREPRISE
CENTRE FOR THE DEVELOPMENT OF ENTERPRISE

Ilse Van De Mierop
Director

Une institution du Groupe des États ACP (Afrique, Caraïbes et Pacifique) et de l'Union Européenne dans le cadre de l'accord de Cotonou.
An institution of the ACP Group of States (Africa, Caribbean and Pacific) and the European Union in the framework of the Cotonou Agreement.





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B- 1050 Bruxelles/Brussels
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Declaration Letter — Financial Statements 2016

I, the undersigned, Ilse Van De Mierop, Director of the Centre for the Development of Enterprise (CDE since 6 September 2010), certify that the Financial Statements of the CDE for the years 2013-2016 represent a complete, true and fair view in accordance with Decision no. 5/2004 of the ACP-EC Committee of Ambassadors concerning the Financial Regulation of the CDE referring to International Public Sector Accounting Standards (“IPSAS”).

Ilse Van De Mierop
Director

26 September 2017

Une institution du Groupe des États ACP (Afrique, Caraïbes et Pacifique) et de l'Union Européenne dans le cadre de l'accord de Cotonou.
An institution of the ACP Group of States (Africa, Caribbean and Pacific) and the European Union in the framework of the Cotonou Agreement.



CDE ANNUAL ACCOUNTS

2016 Financial year

Financial Statements

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ABALANCE SHEET

	(EUR)	CDE	
	Note Annex	31.12.2016	31.12.2012
I. NON-CURRENT ASSETS		53 756,72	3 001 712,56
Fixed assets	2.1	-	331 316,29
Non-current receivables	2.2	53 756,72	2 670 396,27
II. CURRENT ASSETS		11 584 371,86	12 854 714,75
Short term prefinancing	2.3	14 957,70	242 214,54
Current receivables	2.4	5 350 080,20	9 695 154,20
Other current assets			-
Cash and cash equivalents	2.5	6 219 333,96	2 917 346,01
Total assets		11 638 128,58	15 856 427,31
III. NON-CURRENT LIABILITIES		1 490 776,93	2 693 094,42
Provisions for risks and charges	2.6	1 490 776,93	2 693 094,42
IV. CURRENT LIABILITIES		10 147 351,65	13 163 332,89
Provisions for risks and charges	2.7		2 850 520,35
Current payables	2.8	4 894 962,98	5 150 896,21
Deferred Revenues	2.9	5 252 388,67	5 161 916,33
Total liabilities		11 638 128,58	15 856 427,31

Under the CDE's financial regulations and its funding the CDE does not have resources and neither deficit nor surplus is released from CDE's activity. This explains the absence of net assets.

B.ECONOMIC OUTTURN ACCOUNT

	(EUR)	CDE	
	Note Annex	01.01.2013 31.12.2016	2012
OPERATIONAL PRODUCTS		-31 938 501,02	-13 456 281,76
Revenues	3.1	-30 161 630,19	-13 294 712,40
Other revenues	3.1	-1 776 870,83	-161 569,36
OPERATING EXPENSES		32 638 306,42	13 290 097,90
Operational costs	3.2	6 464 197,92	6 069 372,74
Running costs and general expenses	3.2	8 604 991,37	2 475 231,41
Staff expenses and social security expenses	3.2	20 683 701,90	4 226 829,92
Other expenses	3.2	353 092,57	55 006,32
Allocation to provisions, amortisation and impairment	3.2	-3 467 677,34	463 657,51
(SURPLUS)/DEFICIT OF OPERATIONAL ACTIVITY		699 805,40	-166 183,86
Financial income	3.3	-6 862,55	-20 508,39
Financial charges	3.3	43 201,15	4 614,50
(SURPLUS)/DEFICIT OF NON OPERATIONAL ACTIVITY		36 338,60	-15 893,89
(SURPLUS)/DEFICIT OF ORDINARY ACTIVITY		736 144,00	-182 077,75
TRANSFER OF NET RESULT		-736 143,71	182 077,75
ECONOMIC SURPLUS OF THE YEAR			

(*) Under the CDE's Financial Regulations and its functioning, the CDE does not dispose of its own resources and neither deficit nor surplus is released from CDE's activity.

C. CASH FLOW TABLE

	(EUR)	Note Annex	31.12.2016
CASH FLOW FOR ORDINARY ACTIVITY		4	
(Increase)/decrease of non-current receivables			2 616 639,55
(Increase)/decrease of short term prefinancing			227 256,84
(Increase)/decrease of current receivables			4 345 074,00
(Increase)/decrease of other current assets			-
Increase/(decrease) of long term provisions			-1 202 317,49
Increase/(decrease) of short term provisions			-2 850 520,35
Increase/(decrease) of current payables			-255 933,23
Increase/(decrease) of deferred revenues			90 472,34
Cash flow related to investment activities			
(Increase)/decrease of tangible and intangible fixed assets			331 316,29
NET CASH FLOW FROM ORDINARY ACTIVITY			3 301 987,95
NET INCREASE/(DECREASE) OF CASH & CASH EQUIVALENTS			3 301 987,95
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			2 917 346,01
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			6 219 333,96

D. NOTES TO FINANCIAL STATEMENTS

1. Accounting policies
2. Notes to balance sheet
3. Notes to economic outturn account
4. Notes to cash flow table
5. Off-balance sheet items and notes
6. Financial risk management
7. Related parties disclosures
8. Events after the balance sheet date

1. ACCOUNTING POLICIES

1.1 FINANCIAL REGULATIONS

The Financial Regulation defines amongst others the budgetary and functioning rules of the CDE.

1.2 ACCOUNTING PRINCIPLES

The objective of the financial statements is to provide information on the financial position, performance and the cash flow results of an entity useful for a wide range of users. For a public sector entity such as the CDE the main objectives are to provide information useful for decision making and to allow the CDE to be accountable for the use of resources placed under its responsibility. It is in this optic that the current document is established. The accounting principles (IPSAS) adopted by the CDE that are to be applied in order to establish the financial statements are:

- prudence;
- consistency of accounting methods;
- comparability of information;
- materiality;
- non-compensation;
- substance over form;
- the accrual based accounting.

In order to prepare the financial statements in conformity with the regulations and principles above mentioned, estimations must be formulated that will affect the amounts of various posts noted in the balance sheet and to the economic result account as well as the information related to assets and liabilities.

The ACP-EU Council of Ministers declared at the 39th meeting of 19-20 June 2014, to proceed with the orderly closure of the CDE.

By Decision No 2127/14 of 23rd October 2014, the ACP-EU Committee of Ambassadors decided to mandate the CDE Executive Board to appoint a "Curator/Director" and follow up on the closure process.

Because of this decision, the financial statements 2016 are set up under the liquidation/discontinuity principle and no longer on a going concern basis, as was the case in 2012.

1.3 CURRENCIES AND CONVERSION BASIS

Functional and reporting currency

The financial statements are presented in Euros, the Euro being the functional and reporting currency of CDE.

Balances and transactions

Transactions in foreign currencies are converted to Euros based on the exchange rates applicable at the dates of the transactions. Gains and loss resulting from the settlement of transactions made in foreign currencies and from to the conversion of year-end exchange rates related to financial assets and liabilities in foreign currencies are recognised in the economic outturn account.

Use of estimates

In accordance to IPSAS and accounting principles generally accepted, the financial statements necessarily include the amounts based on the estimates and the assumptions made by the CDE based on the most reliable information it has. The estimation principles pertain namely on the provisions, the financial risks linked to debtors, charges to pay and income to receive, possible assets and liabilities and the depreciation degree of tangible and intangible assets. The actual figures may vary in comparison to these estimations. The estimation changes are taken into account for the exercise on which they are recognised.

1.4 BALANCE SHEETS

1.4.1 Intangible fixed assets

Software licenses purchased by the CDE are capitalized on the asset balance sheet based on their historical cost less cumulated depreciation and impairment. These costs are amortized on a linear basis taking into account their estimated useful lifetime (4 years).

Due to the application of the discontinuity principle for 2016, all assets are valued at market value.

1.4.2 Tangible fixed assets

All the tangible fixed assets are stated at their historic cost less the depreciation and impairment. The historic cost includes all expenses directly linked to the acquisition or execution of an asset.

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 CDE and the cost of the item can be measured

reliably. All other repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

Land and assets under construction are not depreciated; these are currently not existing in the CDE's legacy. The depreciation of the assets is calculated using the straight-line method, in order to attribute their cost to the residual value over their estimated useful lives as follows:

Type of assets	Linear depreciation rate
Intangible assets	2.5%
Buildings	4%
Plant, machine and equipment/layout	10% á 25%
Furniture	10% á 25%
Equipment	10% á 33%
Vehicles	2.5%
Computer — hardware	2.5%
Other fixed assets	10% á 33%

Residual values of assets and their useful lives are reviewed (adjusted if needed) at each balance sheet date. If the recoverable value of an asset is below its carrying value, the asset's carrying value must be written down to its recoverable value.

The gains and losses on disposal are determined by comparing the disposal reduced by disposal fees to the carrying amount of the asset. They are included to the economic outturn account.

Due to the application of the discontinuity principle for 2016, all assets are valued at market value.

1.4.3 Prefinancings

The prefinancing corresponds to the payment of a cash advance to the beneficiary. Usually, it is only transferred at the beginning of the period as foreseen in the service contract. In some cases it may be fractioned into multiple transfers over a defined period of time when there is an agreement on specific prefinancings. The amount of the advance is corrected (totally or partially) by the justified amounts and/or sums reimbursed. If the beneficiary has not spent the initially calculated amounts, it is his obligation to reimburse the advances received.

At the year-end, the outstanding prefinancings are valued on the basis of the initial amounts paid, deductions made of the following items: reimbursed amounts, justified amounts and potential value reductions

1.4.4 Receivables

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the CDE will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount, being the present value of expected future cash flows, discounted at the market rate of interest for similar borrowers. The amount of the write-down is recognised in the economic outcome account statement.

This section also includes the CDE's receivable from the EDF (European Development Fund), main source of financing for CDE. This receivable corresponds to the amount of commitments approved after the deduction of own revenue and contributions received.

1.4.5 Cash and cash equivalents

Cash and cash equivalents are defined as short-term assets. They include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

The amounts labelled in foreign currencies are converted to the functional currency in CDE applying the exchange rate of the accounting date of the transaction. During the annual closure, the accounts labelled in foreign currencies are re-evaluated according to the closure date's applied exchange rate. The exchange rate difference (gain or loss) resulting from this re-evaluation is booked in the economic result account.

1.4.6 Provisions for risks and charges

Provisions for risks and charges are recognised when CDE has a present obligation (legal or constructive) towards third parties resulting from past events that is more likely than not that an outflow of resources will be required to settle this obligation and the related amount may be estimated in a reliable way. No provision is booked for the future operational losses. The amount booked as provision corresponds to the best estimation expenditures expected to be required to settle the present obligation at the reporting date.

1.4.7 Payables

The short-term Debts are mainly linked to operational activities financed by the EDF funds.

This caption includes all debts related to suppliers and service providers as well as the social and EDF debts. These debts resulting from the purchase of goods or services are booked at the reception of the invoice for its initial amount and the corresponding expenses are booked when the goods or services are delivered or provided and approved by the CDE.

1.4.8 Accrued charges and income and deferred charges and income

Under accrual accounting, it is important to make sure all transactions made during the year are recorded in the correct accounting year. It is the cut-off principle or separation of exercises where the transactions must be recognised in the year they refer to.

At year-end, the charges to pay are recognised based on the estimated amount of services provided (or delivered) that are not yet invoiced to CDE. The assessment of charges to pay is done following methods defined by CDE based on available information and operational specificities so that the financial statements provide a true and fair view. To the opposite, some charges are booked during the year even though they are related to future periods (charges to be deferred). They must be identified and deferred to the year they relate to. The estimation of charges to pay is booked as a provision for invoices to be received and presented under the current payables caption.

Incomes are also booked to the year they are related to. At the end of the year, when an invoice has not been received though the service was provided or the goods delivered, the corresponding amount is booked in the financial statements as a accrued income.

Moreover, when at the end of the year an invoice has been sent though the service has not yet been provided or the goods not yet delivered, the corresponding income is deferred and will be recognised during the next accounting year.

The deferred revenues also pertain to EDF contributions received but for which the expenses are linked to service to be provided or delivery of goods have not yet been carried out at the end of the year.

1.4.9 Net assets

In the framework of the CDE's financial regulations and its related financing mode, no surplus or deficit results from CDE activities. All costs taken into account by CDE are financed by contributions received or to be received by the EDF. All excess of EDF contributions are reimbursed. Meaning that by its modes of financing and functioning, the CDE does not dispose of any net assets

1.5 ECONOMIC OUTTURN ACCOUNT

1.5.1 Revenue

Income linked to selling or service providing is booked when it is likely that the CDE may have future economical benefits and that these may be measured in a reliable way. This income is booked in the economic outturn account when significant risk and rewards of ownership of the goods are transferred to the purchaser. Income issued from service provision is recognised depending on the degree of completion and the date of closure. The degree of completion is preferably assessed based on work executed. It is to be noted that income linked to selling of goods or service providing is not part of recurrent CDE activities.

Income

EDF Contributions:

This is all contributions received or to be received by the EDF corresponding to the total of approved commitments. The contributions received or to be received by the EDF that are not allocated to approved commitments (contracts signed with a supplier) are not considered as revenue for the accounting year.

Third party Contributions

These are contributions received by third parties for specific projects managed by the CDE for third parties.

Adjustments of contributions

The adjustment of contributions is booked for the following cases:

- Budgetary surplus linked to previous year commitments for which the services have not been provided and that must be reimbursed to the EDF at the end of the accounting year;
- Budgetary surplus corresponding to the part of the budget not allocated to approved commitments;
- Deferred revenue resulting from commitments on the accounting year that have not yet been used and so are deferred to the next year;
- Credit notes to receive for receivables to be recovered on closed commitments.

Other income

This relates mainly to taxes on salaries that constitute CDE's own resources.

Interest expense and income

Interest income and expense are recognised in the economic outturn account using the effective interest method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

1.5.2 Charges

Expenses are taken in the framework of the CDE's ordinary activities and namely including operational costs, salaries, depreciation costs and renting fees.

A "loss" represents a reduction of the economic advantage linked to an asset (i.e.: the booking of a provision for a debtor). Losses may also be linked to a liability element (i.e.: the booking of a provision for litigation).

CDE's main costs result of operational, running and general costs. The charges linked to operations with a direct counterparty such as purchase of goods or services are recognised when the goods are delivered/the services are provided and approved by the CDE. They are evaluated to the initial invoicing cost.

1.6 CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the CDE. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the CDE; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the extremely rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of resources embodying economic benefits or service potential will be required for an item dealt with as contingent liability, a provision is recognised in the financial statements of the period in which the change of probability occurs.

1.7 USE OF ESTIMATES

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to, amounts for pensions, provisions for future charges, financial risk accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

1.8 OTHER

The financial statements at December 31st 2016 comprise expenses for an amount of 5.781 KEUR (5.275 KEUR indemnity expenses personnel + 506 KEUR provision closure expenses) that relate to liquidation/closure costs that should normally have been accounted for in the financial statements at December 31st 2012 but where not accounted for then due to confidentiality reasons.

2.NOTE S TO THE BALANCE SHEET

NON CURRENT ASSETS

2.1.TANGIBLE FIXED ASSETS

The net total amount of tangible fixed assets is 0,00 Euros at 31 December 2016.

Tangible fixed assets				
(EUR)	Supplies & Equipment	Vehicles	IT equipment	TOTAL
Gross accounting value at 31 December 2012	906 519,35	285 552,32	817 795,74	2 009 867,41
Additions				
Disposals	-906 519,35	-285 552,32	-813 682,54	-2 009 867,41
Transfers between asset categories				
Other changes				
Gross carrying amount at 31 December 2016	-	-	4 113,20	-
Accumulated depreciations at 31 December 2012	674 451,74	273 941,69	730 157,69	1 678 551,12
Depreciation charge for the years 2013-2016	111 826,55	11 610,63	97 656,87	221 094,05
Reversal of depreciation				
Disposals	-786 278,29	-285 552,32	-823 701,36	-1 895 531,97
Transfers between asset categories				
Other changes				
Accumulated depreciation at 31 December 2016	-	-	4 113,20	-
NET CARRYING AMOUNT AT 31 DECEMBER 2016	-	-	-	-

Most of the remaining assets were transferred to 'Troostwijk' auction company to be sold or sold to CDE employees by the 31st of December 2016, except some small IT equipment in order to manage the CDE accounting during the closure phase.

2.2 NON CURRENT RECEIVABLES

This heading mainly includes

- A balance of 0,022 million Euros is linked to a litigation with an ex-agent. The CDE has been required to pay this agent an indemnity that was partially used to pay debts due by the agent. The balance of 0,022 million Euros is challenged by the ex-agent who refuses the payment. Consequently this sum is blocked at the Funds Deposit. The litigation amounted to 0,044 million Euros in 2010, of which 0,022 million Euros was refunded to the CDE in 2011. The litigation is still ongoing (also see the section regarding provisions for risks and charges to the liabilities of the balance sheet);
- An amount of 0,020 million Euros for the rental agreement deposit for the headquarter offices in Brussels.

CURRENT ASSETS

2.3 SHORT TERM PREFINANCING

This heading includes the advances made to support projects or missions. All advances are conducted by contracts that clearly stipulate in each case the time frame for submission of justification documents related to the actual expenses. These expenses are either totally or partially justified or have not yet been justified because they are pending reception of justification documents. These correspond to the balance of the short term prefinancing for a total amount of 0,015 million Euros.

2.4 CURRENT RECEIVABLES

	At 31.12.2012			At 31.12.2016			
	(EUR)	Gross amount	Written down	Net value	Gross amount	Written down	Net value
Contributions to receive	9 515 773,99			9 515 773,99	3 569 377,00		3 569 377,00
Advances to recover	867 884,08	-714 076,07		153 808,01	725 228,68	-699 416,08	25 812,60
Prainvest receivables	19 480,63			19 480,63	2 771,33		2 771,33
Credit notes received	312,69			312,69	1 200,00		1 200,00
Other receivables	5 778,88			5 778,88	1 750 919,00		1 750 919,00
TOTAL	10 409 230,27	-714 076,07		9 695 154,20	6 049 496,01	-699 416,08	5 350 079,93

Contributions to receive

This heading includes:

- A provision of 3,569 million Euros (5,699 million Euros at 31 December 2012) for an amount to be received by the EDF corresponds to contributions to receive by the EDF with regard to the grant contract 2016 for which a budget of 17.846 KEUR was approved, of which 14.277 KEUR was paid on the 22nd of December 2015 as an initial instalment.

In 2012 this heading also included:

- The part of the 2012 annual budget that was linked to commitments and remaining to be received by the EDF for a total amount of 2,109 million Euros;
- An amount of 1,707 million Euros funds to receive relating to the 2011 budget.

Advances to recover

This heading is related to amounts due by the consultants or organisations following the disrespect of contractual conditions on advances transferred to support missions or specific projects. As the CDE works with small and medium sized enterprises in ACP countries, the payment conditions had to be adapted to the local conditions. In the past, the first payments were made on the basis of a statement confirming start of work and advances were also granted to some companies for the organisation of meetings (to cover logistics and participation fees). The contracts foresee that all expenses must be justified or that the advance or that part of the advance not justified must be reimbursed within a given time frame. However, a certain number of advances have not yet been recovered and amount to 0,725 million Euros.

In accordance with the principle of prudence, the CDE must estimate and record the part of the receivables that is unlikely to be recovered. In this way the written down of 0,699 million Euros is recognised at 31 December 2016 (0,714 million Euros at 31 December 2012). The accounting of this impairment does not imply CDE's waiver to future recovering of impaired receivables. However, it should be noted that taking into account the age of most of these receivables, the percentage of these refunds might be minimal.

Other receivables

The amount of other receivables includes receivables for provisions for risks and charges that needed to be accounted for according to IPSAS with respect to the following:

- Invoices to receive (282 KEUR)
- Provision Adade paid in 2017 (45 KEUR)
- Provision closure costs (306 KEUR)
- Provision indemnity Chantal Kis paid in 2017 (32 KEUR)
- Provision claimed indemnity 3 ex-agents (385 KEUR)

2.5 CASH AND CASH EQUIVALENTS

The balance of current cash accounts is up to 4,717 million Euros at 31 December 2016. The balance of the deposit account is of 1,502 million Euros at 31 December 2016. All interests collected over that period have been recognised and taken into account on the economic outcome account at 31 December 2016.

NON CURRENT LIABILITIES

2.6 PROVISIONS FOR RISKS AND CHARGES — LONG TERM

(in EUR)	31.12.2012	Additional provisions	Unused returned amounts	Used amounts	Transfer to the/coming from the short term	Present value discounting	31.12.2016
Legal cases Mbayi	22 363,93						22 363,93
ProInvest	364 066,45			364 066,45			-
Provision ex-agents	2 306 664,04			888 251,04			1 468 413,00
TOTAL	2 693 094,42	-	-	1 202 317,49	-	-	1 460 776,93

Legal Cases

This is related to litigation with an ex-agent. The CDE was requested to pay this agent an indemnity that was used to partially pay the debts this agent had. CDE never managed to transfer this amount to the agent (the latter refusing the transfer) this amount was transferred to the Funds Deposit (also see section regarding non-current receivables).

ProInvest

The ProInvest balances were paid in 2016 to the European Commission via a debit note that was received.

Provision ex-agents

The provision of 2012 concerned the legal case of the ex-agents for which indemnities were paid in 2013 and 2016 which finally settled all disputes.

A new provision was accounted for which relates to new claims of 3 agents of the CDE (Mr Kong Kam Wa, Mrs Capeta and Mr Mathey), which arose in 2016.

CURRENT LIABILITIES

2.7 PROVISIONS FOR RISKS AND CHARGES – SHORT TERM

(in EUR)	31.12.2012	Additional provisions	Unused returned amounts	Used amounts	Transfer to the/coming from the long term	Present value discounting	31.12.2016
Provision ex-agents	2 850 520,35			2 850 520,35			-
TOTAL	2 850 520,35	-	-	2 850 520,35	-	-	-

The provision that was accounted for in 2012 concerned the legal case of the ex-agents which was already accounted for in 2011, but for which the amount to be paid in less than one year, was reclassified to the current liabilities. These amounts were all paid in 2013.

2.8 CURRENT CREDITORS

Current creditors

(in EUR)	31.12.2012	31.12.2016
Debts - EDF and other funds	3 995 671,17	3 275 865,88
Debts - Suppliers	1 050 955,81	1 599 245,94
Debts - Proinvest	-	-
Debts - Social	88 400,00	-
Debts - Others	15 869,23	19 851,16
TOTAL	5 150 896,21	4 894 962,98

EDF and other funds' Debts

The amount to refund to EDF by CDE is 3,276 million Eur at 31 December 2016 and mainly corresponds to the amount of 1.301 KEUR relating to budget 2013, 965 KEUR relating to budget 2014 and 927 KEUR relating to budget 2015.

Debts with suppliers

This heading mainly includes the balance of invoices received and not yet paid to suppliers at 31 December 2016 (282 KEUR) as well as amounts repayable to the EDF because the related expenses were found ineligible under EU rules (1.233 KEUR). The CDE claims that ineligible expenses are to be funded by the EDF and accordingly reports them as receivable from the EDF; However, past ineligible expenses and some estimated future ineligible expenses (such as debtors that are definitely lost) were already refunded by the EDF (specific budget to cover cash deficit for ineligible expenses was approved in the grant contract 2016-2017). These amounts were used to balance the receivable towards the EDF and the part of the funding that was for estimated future ineligible expenses that were not yet expensed in the financial report of 2016 and therefore classified as a debt towards the EDF.

Debts — Others

Funds to reimburse following the participation of a third party for various programmes that were already closed. However, no claim has yet come to reimburse those amounts.

2.9 DEFERRED REVENUES

This heading is related to EDF contributions deferred to the next accounting year and corresponding to commitment amounts for which the expenses have not yet been disbursed at 31.12.2016 (5,252 million Euros). Indeed, according to the CDE financial rules, the commitments for the year not yet disbursed by 31 December of the ongoing year may be carried over and disbursed up to 31 December of the following year. The commitments not disbursed by 31 December of the following year are lost.

3. NOTES TO THE ECONOMIC OUTTURN ACCOUNT

3.1 OPERATIONAL PRODUCTS

CDE's operational products are distributed in two main categories: contributions received and the other own income that represents only a small part of the global financing. This own income is also taken into account in the funds to be received or reimbursed to the EDF.

OPERATIONAL PRODUCTS

	01.01.2013
(in EUR)	31.12.2016
INCOME	30 161 630,19
EDF contributions	34 827 324,77
Adjustment of EDF contributions	-4 665 694,58
Adjustments on closed commitments	
OTHER INCOME	1 776 870,83
Own taxes on salaries	610 595,89
Income	-
Products linked to fixed assets	-
Other various income	1 166 274,94
Total	31 938 501,02

EDF Contributions

Contributions received or to be received by the EDF corresponding to the total of approved commitments. The part of the annual budget not allocated to approved commitments (contracts signed with suppliers) is recognised in the accounting year's revenue. The amount of approved commitments for year 2013 is 10.186 KEUR and 5.054 KEUR from 2012 commitments carried over at 31 December 2012. The contributions also include 6.823 KEUR related to the year 2014, 5.069 KEUR related to 2015 and 8.424 KEUR related to 2016.

Adjustment of contributions

An adjustment of contributions is recorded in consideration of:

- Change in provision invoices to be received (-698 KEUR)
- Change in provision closure costs (506 KEUR)
- Change in provision restructuring (-4.195 KEUR)
- Correction own revenue with financial reports (-278 KEUR)

Other income

This heading is mainly about taxes on salaries that constitutes the own CDE income.

Other various income

This heading is mainly the reversal of the provision invoices to be received (981 KEUR) that has a credit sign and therefore is reclassified to the income, as well as the exceptional income related to several sales of assets which took place in 2015 and 2016 due to the closure of the CDE.

3.2 OPERATING EXPENSES

OPERATING EXPENSES

	01.01.2013
(in EUR)	31.12.2016
OPERATING EXPENSES	
Operational costs	6 464 197,92
Running costs and general expenses	8 604 991,37
Staff charges and social contributions	20 683 701,90
Other charges	353 092,57
Allocation to provisions, absorption and impairment	-3 467 677,34
Total	32 638 306,42

Operational costs

CDE operational costs cover expenses made during the accounting year related to the ongoing budgetary exercise as well as commitments carried over for the previous budgetary exercise. These costs mainly concern mission expenses for the creation and development of enterprises in the private sector in ACP countries (technical assistance and operations management).

Running costs and general expenses

The running costs and general expenses mainly are linked to administrative expenses such as rent and fees linked to operational lease contracts, publishing fees and supplies, etc.

Staff charges and social contributions

This heading is related to CDE's own staff charges and social contributions.

Other charges

The other charges are mainly related to building taxes (226 KEUR) and realised losses on the disposal of fixed assets due to the closure of the CDE.

Allocation to provisions, absorption and impairment

The transactions linked to provisions for risks and charges are included in this header. In accordance to the CDE's accounting regulations, the provisions booked on the balance sheet must be re-examined at least at the end of each accounting year and possibly readjusted in order to take into account the actual situation. Written down on the receivables also is included in this header.

3.3 FINANCIAL PRODUCTS

The financial product is mainly interest received on the amounts deposited on the bank accounts and short term bank deposits.

3.4 FINANCIAL CHARGES

The financial charges are essentially linked to bank accounts and their transactions.

4. NOTES TO CASH FLOW TABLE

4.1 OBJECTIVE AND ESTABLISHMENT OF THE CASH FLOW TABLE

The information relative to the cash flow constitutes a base for the evaluation of CDE's ability to generate cash and cash equivalents as well as use these flows of cash.

The cash flow table is prepared using the indirect method. This means that the net surplus or deficit for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

Cash flows arising from transactions in a foreign currency are recorded in the CDE's reporting currency (euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow.

The cash flow tables represent the cashflow of the exercise categorised in operational and investment activities.

4.2 OPERATIONAL ACTIVITIES

The operational activities correspond to CDE activities other than investment. . These are the majority of the activities performed.

4.3 INVESTMENT ACTIVITIES

The investment activities cover the acquisition and disposal of tangible and non-tangible fixed assets as well as other investments that are not included in the cash equivalents.

5. OFF-BALANCE SHEET ITEMS & NOTES

5.1 POTENTIAL LIABILITIES

(Guarantees given on loans, litigations for which the probability is less than 50%)

Operating lease commitments

This heading includes the buildings and other equipment rented under operating lease contracts and hence not meeting the conditions to be included in the balance sheet. Due to the ending of the lease agreement for the building, no amounts need to be disclosed.

6. FINANCIAL RISK MANAGEMENT

Financial risk management's goal is to ensure the budget implementation in order to allow CDE to reach its objectives and priorities as set in the financial rules.

6.1 RISK MANAGEMENT POLICIES

The rules and principles governing the cash operations made by CDE are set in the financial rules.

The cash operations and payments are generally automated using the modern information systems. However, the cash operations in the regional offices remain manual. Specific procedures are applied in order to ensure the safety of the systems and to guarantee the segregation of tasks in accordance with the financial rules, the CDE's internal control standards and the audit principles.

A whole line of directives and written formalised procedures governs the operations management of cash and payment in order to limit the operational and financial risk and ensure an adequate level of control. These guidelines and procedures cover various operation fields (i.e.: execution of payments and cash management, cash provisions, continuity of activity, etc.). The conformity to these guidelines and procedures is regularly verified.

The following principles are also in application:

- The bank accounts opened under CDE's name cannot be overdrawn;
- The balance of the accounts labelled in other currencies than Euros are used for payments in those currencies only or periodically converted into Euros.

6.2 CURRENCY RISK

Currency risk corresponds to CDE operations or the value of its investments is affected by exchange rates. This risk arises from the price variation from one currency to another. Given the major part of assets and liabilities are labelled in Euros, the CDE does not cover itself up with the exposure of exchange rates fluctuation effects.

6.3 CREDIT RISK

The CDE takes on exposure to credit risk, which is the risk that a counterparty may not pay the total amounts on due dates. Exposure to credit risk is managed firstly by obtaining during market consultations, following a certain threshold of materiality, a solvability confirmation or a bank guarantee.

6.4 INTEREST RATES RISK

Taking into account the nature of its financing, the CDE does not have any asset or liability bringing interest except for the cash equivalents.

6.5 LIQUIDITY RISK

The budget principles of CDE aim at ensuring sufficient cash resources to execute all payments of the year. Regular cash flow forecasting procedures have been put in place to ensure that treasury resources can cover payments during a given month. Resources can be requested in advance from EDF.

6.6 FAIR VALUE

Receivables and payables

The outstanding nominal amount minus any provision for impairment of trade receivables and the nominal value of trade receivables are considered to approximate fair values.

Cash and cash equivalents

The fair value of cash and cash equivalents, including current accounts and short-term deposits (less than three months) corresponds to the book value.

7. RELATED PARTIES DISCLOSURES

The legal framework applicable to the Director, Deputy Director and staff of the Center consists of the Cotonou Agreement signed on the 23rd of June 2000 between the members of the African, Caribbean and Pacific States and the European Community and its Member States, amended for the second time in 2010, the Headquarters Agreement between Belgium and the Center, the Statutes and internal rules, the regime applicable to the Center (CAP), the Financial Regulation of 17 December 2004, Decision nr. 5/2004 of the ACP-CE Committee of Ambassadors are applicable to the CDE.

The supreme body is the Committee of Ambassadors ACP-EU who appoints the Board of Directors of the CDE.

The members of the Board of Directors are not paid for their duties. Only travel costs and costs of stay incurred by members of the Board as part of their duties are reimbursed, as well as the per diems.

8. EVENTS AFTER THE BALANCE SHEET DATE

The ACP-EU Council of Ministers declared at the 39th meeting of 19-20 June 2014, to proceed with the orderly closure of the CDE.

By Decision No 2127/14 of 23rd October 2014, the ACP-EU Committee of Ambassadors decided to mandate the CDE Executive Board to appoint a "Curator" and follow up the closure process.

The CDE will continue to exist during a 'passive phase' as of 2017 to the end of 2020 after which the CDE will no longer exist. The 'passive phase' will exist solely in order to close all running litigations and claims. There will no longer be programs managed by the CDE, nor activities.

Independent Auditor's Report

To the Director of the CDE

In accordance with the terms of Contract no. EXA/2014/R03-Audit, we have audited the accompanying financial statements of the Center for the Development of the Enterprise ("CDE"), which comprise the balance sheet as at 31 December 2013 to 31 December 2016, and the economic outturn account and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements were adopted by the Director on September, 26th 2017 with a total balance sheet of KEUR 11.638.

Director's Responsibility for the Financial Statements

The Director is responsible for the preparation and fair presentation of these financial statements in accordance with Decision no. 5/2004 of the ACP-EC Committee of Ambassadors concerning the Financial Regulation of the CDE (referring to International Public Accounting Standards ("IPSAS")), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing (ISA's). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly the entity's equity and financial position as at 31 December 2016, and its financial performance and cash flows for the period then ended in accordance with Decision no. 5/2004 of the ACP-EC Committee of Ambassadors concerning the Financial Regulation of the CDE (referring to IPSAS).

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Emphasis of Matter

We draw attention on the information provided under the point 1.8 of the accounting policies that are in appendix to the financial statements. This information describes the impact on the profit and loss accounts for the period 2013 to 2016 of the correction of an error that relates to the preceding accounting period.

We also draw the attention on the Note 2.4 to the financial statements discussing amounts totaling KEUR 1.751 and presented in the caption other receivables from the European Commission. This amount represent assets of the CDE only to the extent that the European Commission will ultimately accept to fund them because no other available financing sources are available to the CDE. This matter does not call into question the opinion expressed here above.

Restriction of Use

The financial statements were prepared to satisfy the reporting requirements set in Decision no. 5/2004 of the ACP-EC Committee of Ambassadors concerning the Financial Regulation of the CDE and not to serve as general purpose financial statements. This report is intended solely for the use of the Director, the Executive Board and the ACP-EC Committee of Ambassadors and should not be used for any other purpose.

Brussels, November 24th, 2017

Mazars Réviseurs d'Entreprises / Bedrijfsrevisoren

Auditor

Represented by:



Philippe de Haele de Deulin

Réviseur d'Entreprises