

Note 1 - Status and objectives

The International Co-operative Alliance ("the Alliance") is an independent, non-profit association, which unites, represents and serves co-operatives worldwide.

By decision of the general assembly that was held in Quebec during October 2012, the Alliance was incorporated under Belgian law on 23 May 2013.

The previous Swiss entity was liquidated and the net assets were transferred to the Belgian entity with effect from 01 January 2014, as well as net assets from regional offices. Since 01 September 2013 the main personnel and operational expenses have been transferred from Alliance Switzerland to Alliance Belgium.

At the end of 2014 the Alliance was made up of one Central Office and three Regional Offices ("branches"). This is still valid today.

Central Office : Avenue Milcamps 105
1030 Brussels

Regional Offices:

Asia and the Pacific	New Delhi, India
Africa	Nairobi, Kenya
The Americas	San Jose, Costa Rica

As from 01 January 2007 a signed memorandum of understanding is in place to formalize the relationship between the Alliance and Cooperatives Europe ASBL which became the European arm of the Alliance. In accordance with the memorandum, 75% of the Alliance reserves attributable to Europe were transferred to Cooperatives Europe ASBL for a total sum of CHF 183'847. However these transferred reserves can only be used with the Alliance board's consent. With regards to 2007 an amount of € 17,116 has been used. Due to Cooperatives Europe ASBL being a separate legal entity its accounts are not consolidated into the Alliance financial statements.

The Alliance is organised as an international non-profit association regulated by Title III of the Belgian Law of 27 June 1921 on non-profit associations, international non –profit associations and foundations .

The association is a global networking organisation, organised at global, regional, sectoral and thematic levels. It is a worldwide representative of co-operative organisations of all kinds and with the following objects:

- Serving as a forum for exchange of experience and as a source of information on co-operative development, research and statistics;
- Co-ordinating actions for the promotion of co-operative development;
- Collaborating with global and regional institutions including the United Nations organisations and with any other government and non-governmental international and national organisations which pursue aims of importance to co-operatives.

Note 2 - Summary of significant accounting policies

The accounting policies that have been consistently applied by the Alliance are in accordance with Belgian law.

a. Foreign currency translation

The accounting records of the Alliance are maintained in Euros. All transactions in foreign currencies are translated into Euro at the rate prevailing at the date of the transaction. Monetary assets and liabilities in other currencies remaining at the balance sheet date are translated at the appropriate year end rate. Any differences arising on the year-end translation are recognised in the income statement.

The monetary assets and liabilities of Regional Offices are translated at the rate of exchange ruling at the balance sheet date. The non-monetary assets and liabilities are converted at the date of their incorporation into the accounts and will not be reevaluated. The income statement of Regional Offices is translated at weighted average exchange rates for the year. The exchange differences arising on the year-end translation are taken directly in the statement of revenues and expenses.

b. Revenue recognition

Financial incomes are recorded on an accrual basis according to membership subscriptions revenues planned for the Year. A write-off of 100% was included with regards to previous year membership debtors greater than one Year and a provision of 50% was included for current year membership debtors.

Other income including revenues from publications and services are recorded as publications are delivered and when services are provided. All expenses are accounted for on an accrual basis.

c. Property, plant and equipment

Property, plant and equipment acquired by the Alliance are capitalised at cost and depreciated according to the straight-line method over the estimated useful life of the asset as follows:

<i>Office equipment and furniture</i>	3 to 4 years
<i>Motor vehicles</i>	4 years

d. Intangible assets

Intangible assets are stated at cost and amortized using the straight-line method over the estimated period during which benefits are expected to be received as follows:

<i>Software</i>	3 years
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e. Pension plans

Certain officers and employees of the Alliance are covered by several separate contributory pension plans or their equivalent in the Regional Offices. The contributions are calculated according to the respective pension plan regulations and local laws. The Alliance pension contributions in the year ended December 31, 2014 amounted to 286.107,85 EUR and are expensed as such contributions become due.

Due to Belgian law, no new contributions are entitled on the Belgian head office accounts.

f. Income tax

The Alliance as such is not subject to Belgian corporate income tax. However, an annual contribution is due and, to explain shortly, is calculated on the assets of the organisation which are not used for its direct activities. This tax amounted to 2.252,94 EUR for 2014.

Under the terms of an agreement between the Alliance and the Governments of Kenya, the African regional office is exempt from tax. Due to its non-profit making activities in India and Costa Rica, the Alliance is not subject to local taxation in those countries.

Note 3 - Financial assets

Participations

On 1 August 2012, the Alliance acquired all outstanding shares of The Midcounties Co-Operative Domains Limited, a company incorporated and registered in England and Wales, which provides the technical infrastructure and ownership database for the top level internet domain .coop. Upon acquisition, the name of the company was changed to ICA Support Services. The financial activity of this company is not consolidated into the Alliance financial statements. The acquisition cost of the shares is shown as EUR 1,22 on the Alliance Balance Sheet.

Furthermore, on 1 August 2012, the Alliance established a new limited company incorporated and registered in England and Wales, Domains.coop, for which the Alliance is the sole shareholder. On 1 August 2012, Domains.coop acquired as a going concern from The Midcounties Co-operative Limited its registrar business relating to the .coop domain. The financial activity of this company is not consolidated into the Alliance financial statements. The acquisition cost of the business is shown as EUR 1,22 on the Alliance Balance Sheet.

During the year 2009, the Alliance took participation and invested the equivalent of USD 10,000, through its regional office for the Americas, in the University Fundepros Alma Mater in Costa Rica owned by the Consorcio Grupo Empresarial Cooperativo de Servicios Educativos R.L. (GECSE R.L.) The Alliance has one seat in the Board of GECSE R.L. (7.251, 11 EUR).

Deposit and guarantees

Deposits and guarantees represent rental deposits made in relation to premises lease engagements and courier services.

Note 4 - Others amounts receivable

Other amounts receivable mainly consist of advances made by Asia Pacific for MAFF project to IDACA and Coop leagues of Thailand (235.577,64 EUR) and by Head office for sectoral organisations (14.465,11 EUR).

Note 5 - Cash

Cash consists of cash in hand, bank current accounts and short-term deposits.

Cash in hand and current accounts	2.025.425,16 EUR
Cash manage for other (MAFF - COPAC - JCCU)	239.555,22 EUR
Short-term deposits	253.274,43 EUR

Note 6 – deferred charges and accrued income

These accounts are mainly related to General Assembly 2015 deferred charges (51.229, 43 EUR) and accrued income related to an inheritance donation of 75.000,00 USD (61.079 EUR).

Deferred income of 2.389.741, 77 EUR relates to subscriptions invoiced in 2014 but which relates to 2015.

Note 7 – associative funds and accumulated profits

The share capital of the new Belgian entity is composed by the share capital of Switzerland and regions but also by all the former retained earnings / deferred losses. This represents the net assets transferred to Belgium by 1 January 2014.

The accumulated loss of 322.968,44 EUR is the first year loss of the new entity. From this amount, - 306.578,01 EUR represent the 2014 loss of the Belgian head office only, and - 16.390,43 EUR is the 2014 consolidated loss.

Note 8 – various debts

The total amount of various debts is 1.324.368, 60 EUR.

Solidarity funds	136.513,59 EUR
Project (MAFF - JCCU - COPAC)	800.258,99 EUR
Sectoral organisations and the thematic committees	321.900,70 EUR
Other debt	57.035,87 EUR

Solidarity funds represent donation made by members for specific solidarity project :

Japan - Disaster Fund	10.914,23 EUR
Haïti Reconstruction - Disaster Fund	47.346,16 EUR
ICA Africa Endowment Fund	8.659,45 EUR
Disaster fund	72.144,70 EUR
Other provisions	6.108,50 EUR

Project funds debts need to be seen together with other amounts receivable (note 4) and specific bank accounts (note 5). These are amounts received on specific bank accounts hold by head office and used for specific project on behalf of Asia-pacific (MAFF – JCCU).

COPAC is money managed by head office on their behalf as well as amounts due to sectoral organisations and the thematic committees.

Note 9 – Income

2014 subscription fees asked to members amounts to 2.331.385,69 EUR, on which 227.299,14 are not paid.

Voluntary contributions made by members above their subscription fees represent 587.110,02 EUR.

Note 10 – Extraordinary charges and incomes

This relates to old debt or receivable taken in result when the Swiss figures were transferred into the Belgian accounting system.

Note 11 – Risks analysis and internal control system

The size and low complexity of the entity, International Cooperative Association (Alliance), by definition makes it inefficient and uneconomical to put in place a high degree of internal control processes.

However from the work undertaken during the annual statutory audit and the evidence gathered it is reasonable to report that the controls currently in place do safeguard the assets and resources of the Alliance. Enough emphasis is put on proper authorisation, segregation of duties as well as access levels within the accounting system to deter and detect errors, possible fraud and theft.

Accuracy and completeness of accounting data is ensured by way of a robust system that can produce reliable and timely financial and management information.



Note 12 – Post closing events

The group's financial statements have been prepared on a going concern basis. This assumes that management believe that the Alliance group will continue to meet its liabilities as they fall due during the next 12 months.

The board meeting held on the 31st of March 2015 in Singapore highlights the risk associated with the EURO and the foreign exchange (forex) fluctuations. According to the Director-General, Charles Gould, the Alliance is exposed to significant forex fluctuations due to the head office being located in the Eurozone. However the budget does suggest that the regions of America, Asian-Pacific and Europe will be sustainable with only Africa performing at a loss. This loss will be offset by the former regions as well as the receipts received at the head office in Europe.

A second issue that needs to be highlighted is the early retirement of the Alliance's President, Dame Pauline Green. The Alliance announced her early retirement on the 26th of June at the UK's Co-operative Congress in Birmingham. Dame Pauline, who has been actively engaged with UK co-operatives for 35 years, was elected President of the Alliance, the global representative body, in 2009 and re-elected in 2013 for a further four years. The Co-operative Group could no longer support their commitment for the funding of the role for the global President beyond the end of 2015. The Alliance intends to issue a call for nominations to fill the vacancy in November 2015.

No other post-closing events would suggest that the Alliance will not continue as a going concern. Therefore we conclude that liquidity and receipts is sufficient for the Alliance to continue operations for the foreseeable 12 months.

Zaventem, 8 July 2015

STATUTORY AUDITOR,

A handwritten signature in blue ink, appearing to read 'J. Nobels', written over a diagonal line.

RSM INTERAUDIT CVBA-SCRL
REGISTERED AUDITORS
REPRESENTED BY
JEAN-FRANÇOIS NOBELS