

ARTHUR  
ANDERSEN

## The International Tobacco Documentation Centre

Accounts 31 December 1998  
together with auditors' report

Registered number: FC16520

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## Auditors' report

St Albans

### To the members of The International Tobacco Documentation Centre:

We have audited the accompanying balance sheet of The International Tobacco Documentation Centre at 31 December 1998 and the related statements of revenues and expenses and cash flows for the year then ended.

### Respective responsibilities of directors and auditors

As described in the notes to the accounts, the directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion, the accounts referred to above present a true and fair view of the financial position of The International Tobacco Documentation Centre at 31 December 1998 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis.

*Arthur Andersen*

Arthur Andersen  
Chartered Accountants and Registered Auditors

3 Victoria Square  
Victoria Street  
St Albans  
Herts AL1 3TF

*16 September 1999*

## Balance sheet

31 December 1998

	Notes	1999 £	1998 £
<b>Tangible fixed assets</b>	4	68,248	16,379
<b>Current assets</b>			
Cash at bank		362,423	21,466
Debtors		46,205	93,912
		<u>408,628</u>	<u>115,378</u>
<b>Current liabilities</b>		<u>(277,012)</u>	<u>(115,241)</u>
<b>Net current assets</b>		<u>131,616</u>	<u>137</u>
<b>Provisions for liabilities and charges</b>		<u>(56,765)</u>	<u>(56,765)</u>
<b>Net assets/(liabilities)</b>		<u>143,099</u>	<u>(40,249)</u>

The accounts on pages 2 to 7 were approved by the Board on 16/9/1999 and signed on its behalf by:

  
Chairman

  
Director

The accompanying notes are an integral part of this balance sheet.

# Statement of revenues and expenses

for the year ended 31 December 1998

	Notes	1998 £	1997 £
<b>Revenues</b>			
Contributions from members	6	1,369,222	1,312,445
Interest and miscellaneous income		16,813	10,719
Profit on sale of fixed assets		4,600	7,411
		<u>1,390,635</u>	<u>1,330,575</u>
<b>Expenses</b>			
Salaries and allowances		489,894	517,661
Other administrative expenses		714,993	892,311
Tax on income earned in the year	7	2,400	600
		<u>1,207,287</u>	<u>1,410,572</u>
<b>Surplus/(deficit) of revenues over expenses</b>			
Surplus/(Deficit) of revenues over expenses, for the year		183,348	(79,997)
(Deficit)/Surplus of revenues over expenses, at beginning of year		(40,249)	39,748
Surplus/(Deficit)of revenues over expenses, at end of year		<u>143,099</u>	<u>(40,249)</u>

The accompanying notes are an integral part of this statement.

## Cash flow statement

For the year ended 31 December 1998

	1998 £	1997 £
<b>Operating activities</b>		
Surplus/(Deficit) of revenues over expenses before taxation	185,748	(79,397)
Depreciation	43,300	51,803
Profit on disposal of fixed assets	(4,600)	(7,411)
	224,448	(35,005)
Decrease/(increase) in debtors:	47,707	(39,659)
Increase/(decrease) in creditors:	159,971	17,071
Cash inflow/(outflow) from operating activities	432,126	(57,593)
<b>Taxation</b>		
UK tax paid	(600)	(1,205)
<b>Investing activities</b>		
Purchase of tangible fixed assets	(95,169)	(15,850)
Sale of tangible fixed assets	4,600	7,411
	(90,569)	(8,439)
<b>Net increase/(decrease) in cash</b>	340,957	(67,237)
<b>Cash and cash equivalents at end of year</b>	362,423	21,466

# Notes to the financial statements

31 December 1998

## 1 Organisation

The International Tobacco Documentation Centre (the "Centre") is a non-profit making association constituted and having its head office in the Canton of Geneva, Switzerland, established within the terms of Articles 70 to 79 of the Swiss Civil Code. The Centre's secretariat is located in London, United Kingdom, where it has the status of a non profit making organisation. It commenced operations on 1 January 1992.

## 2 Directors' responsibilities

The directors are responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs of the centre and of the surplus or deficit of the centre for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The directors are responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 3 Accounting policies

### a) *Tangible fixed assets*

Tangible fixed assets are shown at original historical cost. Depreciation is provided on a straight-line basis. A full year's depreciation is provided in the year of acquisition. The annual depreciation rates have been determined on the basis of the expected useful economic lives of these assets and are as follows:

Furniture and equipment	- 25%
Motor vehicles	- 33%
Computers	- 25%

### b) *Foreign currency*

Transactions denominated in foreign currencies (currencies other than pounds sterling) are recorded in pounds sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gains or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of revenues and expenses.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### c) Pension costs

It is the general policy of the Centre to provide for pension benefits on the advice of external actuaries. Pension contributions are based on a percentage of employees' salaries and are paid to an insurance company which administers individual money purchase schemes for employees.

#### d) Taxation

Corporation tax payable is provided on taxable profits at the current rate. The company has trade protection association status for tax purposes with the UK Inland Revenue, and as such is liable to UK corporation tax on profits from non mutual activities, principally interest income on deposits and rental income from letting.

### 4 Tangible fixed assets

Tangible fixed assets comprise:

	Motor vehicles £	Office equipment £	Computer systems £	Total £
<b>Cost</b>				
At beginning of year	12,854	54,994	165,354	233,202
Additions	37,560	5,720	51,889	95,169
Disposals	(12,854)	-	-	(12,854)
<b>At end of year</b>	<b>37,560</b>	<b>60,714</b>	<b>217,243</b>	<b>315,517</b>
<b>Depreciation</b>				
At beginning of year	10,355	49,999	156,469	216,823
Charge for year	15,019	6,425	21,856	43,300
Disposals	(12,854)	-	-	(12,854)
<b>At end of year</b>	<b>12,520</b>	<b>56,424</b>	<b>178,325</b>	<b>247,269</b>
<b>Net book value</b>				
At end of year	25,040	4,290	38,918	68,248
At beginning of year	2,499	4,995	8,885	16,379

### 5 Bad debt provision

Included within the amount for other receivables is a provision for bad debts of £1,400 (1997: £10,200).

### 6 Contributions from members

Contributions from members of £1,369,222 in 1998 relate exclusively to that year (1997: £1,312,445).

## Notes to the financial statements (continued)

### 7 Tax on income earned in the year

The tax charge is based on interest income earned during the year and comprises:	1998	1997
	£	£
Current year tax at 21% (1997: 23.25%)	<u>2,400</u>	<u>600</u>

### 8 Pension arrangements

The Centre has established individual money purchase schemes available for its UK employees with Scottish Widows covering pension and life insurance benefits. Contributions are determined each year based upon board approved pay awards.

Total pension contributions paid during the year were £29,419 (1997: £35,764).