

# THE CONSUMER GOODS FORUM

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## ANNUAL ACCOUNTS DECEMBER 31<sup>st</sup>, 2018



## FINANCIAL STATEMENTS

### STATEMENT of INCOME & EXPENDITURE

<i>(in euros)</i>	Note	12/31/2018	12/31/2017
Operating Income	8	14 628 473	14 349 581
Other income		4 916	13 680
Purchases and other external expenses		-8 096 009	-8 277 014
Taxes		-240 210	-232 913
Payroll expenses		-6 036 719	-5 248 654
Depreciation and amortization		-113 094	-108 631
Other operating expenses		-213	-3 174
<b>Operating Surplus</b>		<b>147 144</b>	<b>492 875</b>
Financial income (loss)	9	63 316	-215 333
<b>Income from ordinary activities before taxes</b>		<b>210 460</b>	<b>277 542</b>
Other non-operating income and expenses	10	-2 649	-8 203
Income taxes		-28 561	-72 113
<b>Net Surplus</b>		<b>179 250</b>	<b>197 226</b>

## BALANCE SHEET : ASSETS

<i>(in euros)</i>	Note	12/31/2018	12/31/2017
Intangible assets	4	3 081	6 778
Tangible assets	4	158 619	233 974
Financial assets	4	86 085	84 726
<b>Fixed assets</b>		<b>247 785</b>	<b>325 478</b>
Accounts receivable	5	2 464 635	2 389 595
Other receivables	5	1 730 734	3 320 219
Cash & Cash equivalents		8 164 167	6 170 643
<b>Current assets</b>		<b>12 359 536</b>	<b>11 880 457</b>
<b>TOTAL ASSETS</b>		<b>12 607 321</b>	<b>12 205 935</b>

## BALANCE SHEET: LIABILITIES AND RESERVES

<i>(in euros)</i>	Note	12/31/2018	12/31/2017
Retail college reserves		500 000	3 146 132
Other reserves		8 166 013	5 322 654
Translation adjustment		-487 247	-534 095
Surplus of the year		179 250	197 226
Statutory provisions		3 475	7 172
<b>Shareholders' equity</b>		<b>8 361 491</b>	<b>8 139 089</b>
<b>Provisions</b>	<b>6</b>	<b>3 632</b>	<b>121 437</b>
Financial liabilities		1 771	2 203
Accounts payables	7	832 837	1 038 842
Other payables	7	3 407 590	2 904 364
<b>Liabilities</b>		<b>4 242 198</b>	<b>3 945 409</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>12 607 321</b>	<b>12 205 935</b>

## CHANGE IN RESERVES

<i>(in euros)</i>	Retail college reserves	Other reserves	Translation adjustment	Surplus of the year	Statutory reserves	<b>TOTAL RESERVES</b>
<b>Reserves 12/31/2017</b>	<b>3 146 132</b>	<b>5 322 654</b>	<b>-534 095</b>	<b>197 226</b>	<b>7 172</b>	<b>8 139 089</b>
Allocation of 12/31/2017 surplus		197 226		-197 226		<b>0</b>
Reassignment of retailer college reserve to other reserve	- 2 646	2 646				<b>0</b>
CTA			46 848			<b>46 848</b>
Variation of statutory reserves					-3 697	<b>-3 697</b>
Net surplus at 12/30/2018				179 250		<b>179 250</b>
<b>Shareholders' equity at 12/31/2018</b>	<b>500 000</b>	<b>8 166 013</b>	<b>-487 247</b>	<b>179 250</b>	<b>3 475</b>	<b>8 361 491</b>

The foreign currency translation difference relates to the conversion of the Washington branch accounts into Euros for the purpose of preparing the annual accounts of the CGF.

On June 15th the General Assembly voted to transfer 2,6 Mio € from the retailer college reserve to the general reserve leaving 0,5 Mio € for retailer college projects.

## NOTE TO THE ANNUAL FINANCIAL STATEMENTS

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The annual financial statements of THE CONSUMER GOODS FORUM, for the year ending December 31, 2018 are established in accordance to French accounting principles and include : a balance sheet, statement of income & expenditure with accompanying notes.

The main accounting methods applied for the preparation of the annual financial statements are listed below. These methods are applied on a permanent basis both in 2017 and 2018 in compliance with the going concern principle. The financial statements have been prepared using the historical cost method.

### NOTE 1 - HISTORY OF THE CONSUMER GOODS FORUM AND SIGNIFICANT EVENTS OF THE YEAR

#### 1 a. History

The administration of the association is managed jointly by the Retailers College and Manufacturers College, who have equal representation on the Board of Directors. In addition, since June 2009, the association members vote at the annual members general meetings within their respective college, each member being entitled to one vote within their respective college.

Following this change in the administration of the association, a decision was proposed by the Board of directors on 16 June 2009 and subsequently approved by the members at the annual member's general assembly held on 18 June 2009, to allocate the accumulated reserves of the CIES as at 30 June 2009, amounting to 3 146K€, to a separate reserve to be used solely for the implementation of the projects of the retail college. The articles of association were modified to reflect this decision. In 2018, the General Assembly voted to transfer 2 646K€ from the retailer reserve to the other reserves, decreasing the retailer reserves to 500K€.

This retail college reserve is accounted for and presented separately in the annual accounts with all movements on this account being recorded separately from the general reserves. The surplus generated by the association from 30 June 2009 onwards is allocated to the general reserves, which are resources available to each college in equal proportion.

#### 1 b. Significant events of the year

The Consumer Goods Forum opened a representative office in Bogotá on September 6, 2017.

The Consumer Goods Forum opened a representative office in Shanghai on January 2<sup>nd</sup>, 2018.

The Consumer Goods Forum has obtained a grant of 93 660 Singapore dollars or 61 785,55 € from Singapore Tourism Board Subsidy for the organization of the Global Summit 2018. As an operating subsidy, it has been recorded as operating income in 2018. The payment of the grant will take place in 2019.

## NOTE 2 - SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the annual financial statements were approved by the Executive Board of the Consumer Goods Forum.

## NOTE 3 - ACCOUNTING PRINCIPLES

The annual accounts have been established in accordance with French Generally accepted accounting principles and presented in accordance with French legal requirements:

- Rule 99-01 relating to the guidelines for preparing annual accounts for associations and foundations in France
- Rule ANC 2015-06 relating to the establishment of the French chart of accounts.

The accounting policies have been applied in accordance with the principle of prudence, in accordance with the basic assumptions:

- Continuity of operation
- Permanence of accounting methods from one year to the next
- Independence of exercises

The recommendations of the French professional accounting bodies (CNC, OEC and the CNCC) have also been applied in the preparation of the annual accounts.

The annual accounts cover the 12-month period from 1 January 2018 to 31 December 2018 for the legal entity, The Consumer Goods Forum, which comprises of the activities of the association in France and its branch in Washington, USA, Bogota in Colombia and Shanghai in China.

### 3.1 Washington Branch

The operations of the Washington branch are recorded in separate books and records maintained in the USA in local currency (US Dollar). These accounts are combined with the accounts of the activities maintained in France in order to produce the annual accounts of the legal entity.

The Washington branch accounts are converted using the closing rate method:

- The Statement of Income & expenditure account is converted using the average exchange rate for 2018: 1€ = 1,1809545098\$.
- The Balance sheet, with the exception of the current account existing between Paris & Washington is converted using the closing exchange rate 1€ = 1,145\$.
- The current account between Paris & Washington is considered to be part of CGF's net investment in the USA and is therefore converted using closing rate.

The exchange rate differences resulting from this conversion process are booked to reserves as translation differences.

### 3.2 Bogota Representative office

The operations of the Bogotá office are recorded in Colombia in local currency. The accounts are integrated into the accounts held in France.

The Bogota office accounts are converted using the closing rate method.

- The statement of Income & expenditure account is converted using the average exchange rate for the year, ie for 2018 1 € = 3 504,485 COP.
- The balance sheet, with the exception of the current account existing between Paris & Bogota is converted at the closing rate of the year, ie for 1 € = 3 726,27 COP.

### 3.3 Shanghai Branch

The operations of the Shanghai branch are recorded in separate books and records maintained in China in local currency (CNY Yuan). These accounts are combined with the accounts of the activities maintained in France in order to produce the annual accounts of the legal entity.

The Shanghai branch accounts are converted using the closing rate method:

- The Statement of Income & expenditure account is converted at the average exchange rate for the year, ie for 2018 1 € = 7,808 CNY.
- The balance sheet, with the exception of the current account between Paris and Shanghai is converted using the closing exchange rate of the year, i.e.: 1 € = 7,8751 CNY
- the current account between Paris and Shanghai is considered to be part of the CGF's investment in China and is therefore converted to the historic rate.

The exchange rate differences resulting from this conversion process are booked to reserves as translation differences.

### 3.4 Taxation

The Washington branch is recognised as a separate standalone entity for tax purposes, with its operations falling within the tax jurisdiction of the state of Maryland, USA.

The Bogota Office is a representative office which is subject to the French taxation.

The Shanghai branch is recognised as a separate standalone entity for tax purposes, with its operations falling within the tax jurisdiction of China.

As a result, only the activities based in France are subject to French income tax at the applicable tax rate, the CGF falling within the scope of the tax regulations applicable to certain associations in France which have commercial interests (French tax directive of 15 September 1998).

In any event, given the nature of its operations, the CGF has previously elected to submit its activities to French taxation, (Income tax, VAT & Business Tax).



### 3.5 Amortisation of Fixed Assets

The amortisation of tangible and intangible fixed assets is calculated on a straight line (SL) basis based upon the estimated useful lives indicated below:

- Software	SL 3 - 5 years
- Leasehold Improvements	SL 6 years
- Office Equipment	SL 5 & 10 years
- Computers	SL 3 years

### 3.6 Accounts receivable and other debtors

The accounts receivable are valued at their nominal value. A provision for depreciation is booked when the recoverable amount is less than its carrying book value in the accounts.

Provisions for doubtful debts are calculated on a case-by-case basis according to nature of customer, history of business relations and age of receivables.

### 3.7 Provisions

Provisions are recognized when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and the advice of experts (lawyers, advisors) if necessary.

### 3.7 CICE

The tax credit for competitiveness and employment (CICE) stemming from the revised 2012 finance act effective from January 1st, 2013, is a tax credit equal to 6 % of employees gross salaries (within the limit of 2,5 x the French Minimum Wage). This credit has been accounted for as a reduction of personnel expenses and amounts to 28 563 € for the year. This tax credit was used for financing the development efforts of the association.

## NOTE 4 - TANGIBLE & INTANGIBLE ASSETS

<i>(in euros)</i>	12/31/2017	Acq.	Disposal	Amort.	Other variations	12/31/2018
Intangible assets	22 539	0	0	0	0	22 539
Amortisation of intangible assets	-15 761	0	0	-3 697	0	-19 458
Tangible assets	565 491	34 072	-20 298	0	1 221	580 485
Amortisation of tangible assets	-331 517	0	20 298	-109 534	-1 112	-421 866
Investments on subsidiaries	12 561	0	0	0	0	12 561
Other financial assets	72 165	1 216	0	0	143	73 524
<b>Tangible &amp; Intangible assets</b>	<b>325 478</b>	<b>35 288</b>	<b>0</b>	<b>-113 231</b>	<b>252</b>	<b>247 785</b>

Commentary:

The intangible fixed asset additions made during the year consist of software for 23K€.

The tangible fixed asset additions are comprised mainly of fixtures & fittings of 30 K€ in the French head office.

The financial assets are essentially comprised of the following:

- Deposits for the leasehold premises of 72K€;
- Shareholding in the Japanese subsidiary for 13K€

## NOTE 5 – RECEIVABLES AND DUE DATE

In €	Net Amounts	Maturities of less than one year.	Maturities of more than one year
Trade debtors and related accounts	2 464 635	2 464 635	
Tax receivables	246 467	246 467	
Prepayments and deposits	410 863	410 863	
VAT	690 179	690 179	
Current account dbts	66 895	66 895	
Other receivables	7 819	7 819	
Exchange rate difference : assets	3 632	3 632	
Prepaid expenses	294 862	294 862	
Others	10 017	10 017	
Other receivables and accruals	1 730 734	1 730 734	

The prepayments of 295 K€ consist principally of amounts which have been paid in advance for conferences scheduled in 2019 (76K€), for GFSI, E2EVC initiatives (52K€) and for running costs of the Head Office in Paris paid in advance (160K€).

## NOTE 6 - PROVISIONS

<i>(in euros)</i>	12/31/2017	Increase	Decrease	Reclass.	Other movements	12/31/2018
Provisions for risk	121 437	3 632	-121 437	0	0	3 632
<b>Provisions</b>	<b>121 437</b>	<b>3 632</b>	<b>-121 437</b>	<b>0</b>	<b>0</b>	<b>3 632</b>

In 2018 the provisions correspond to the translation differences on assets.

## NOTE 7 - OTHER PAYABLES

In €	Nets amounts	Maturities of less than one year.	Maturities from 1 to 5 years	Maturities of more than 5 years
Trade creditors and related accounts	832 837	832 837		
Deposits and advances received	104 300	104 300		
Employees payables	621 737	621 737		
Social security liabilities	648 025	648 025		
VAT	62 516	62 516		
Tax liabilities	69 364	69 364		
Deferred Income	1 873 762	1 873 762		
Other liabilities	27 886	27 886		
Other debts and accruals	3 407 590	3 407 590		

The deferred income is comprised of subscription fees for conferences scheduled to take place in 2019 (95%), membership fees for 2019 (5%);

## NOTE 8 - REVENUES

### 8.1 Operating income

The operating income of CGF is composed of the following revenues:

- Annual membership fees: invoiced for each calendar year, they are recognised as income in the year to which they relate.
- Subscriptions: These consist of subscriptions paid by the members to participate at specific events organised by the CGF. The subscription income is recognised in the year in which the related event occurs. Any subscription fees invoiced in advance for events scheduled to take place in the following year is recorded as deferred income (see note 10).

## 8.2 Revenue breakdown

Revenues for the year ended 31 December 2018 are disclosed by their nature and geographic segment in the table below:

<i>(en euros)</i>	France	Other	Total
Membership fees	329 343	4 318 476	4 647 819
Subscriptions	236 395	4 174 568	4 410 963
Others	373 868	5 134 037	5 569 691
Subvention		61 786	61 786
<b>Revenue</b>	<b>939 606</b>	<b>13 688 867</b>	<b>14 628 473</b>

For the year ended 31 December 2018 the surplus generated by the Washington branch amounted to 127 KUSD (107K€) for a turnover of 100K€ excluding intragroup invoicing.

For the year ended 31 December 2018 the surplus generated by the Shanghai branch amounted to 365 KCNY (47K€) for a turnover of 43K€ excluding intragroup invoicing.

## NOTE 9 – FINANCIAL RESULT

<i>(in euros)</i>	12/31/2018	12/31/2017
Other Interest Income	24 672	88 091
Reversal of provisions on Foreign Exchange Assets	121 437	133 094
Foreign exchange gains realized	121 717	49 030
<b>Total Interest Income</b>	<b>267 826</b>	<b>270 215</b>
Provision on Foreign Exchange Asset	3 632	121 437
Foreign exchange losses realized	200 878	364 111
<b>Total Financial Income</b>	<b>204 510</b>	<b>485 548</b>
<b>Financial Result</b>	<b>63 316</b>	<b>-</b>

The Financial result increase of 278 k€ is mainly due to the losses and foreign exchange gain realized following the evolution of the dollars US against the Euros.

## NOTE 10 - EXTRAORDINARY INCOME & EXPENSE

<i>(in euros)</i>	<b>12/31/2018</b>	<b>12/31/2017</b>
Reversal of provision	3 697	187 780
<b>Non-operating income</b>	<b>3 697</b>	<b>187 780</b>
Other non operating expenses	6 210	188 424
Increase of non-operating provisions	136	5 546
<b>Non-operating expenses</b>	<b>6 346</b>	<b>195 983</b>
<b>Other non-operating income (loss)</b>	<b>-2 649</b>	<b>-8 203</b>

## NOTE 11 - AVERAGE NUMBER OF EMPLOYEES

Catégories	<b>12/31/2018</b>	<b>12/31/2017</b>
Executives	40	40
Employees	11	7
<b>Effectif</b>	<b>51</b>	<b>47</b>

## NOTE 12 - REMUNERATION OF MANAGEMENT

Only one member of the association's management receives remuneration. Disclosure of management's remuneration would therefore lead to the determination of this individual's remuneration. As permitted by French law, this information is therefore not disclosed for the reasons of confidentiality.

## NOTE 13 - LIST OF SHAREHOLDINGS

<i>(in euros)</i>	Gross Book value of shares	Provision	% held	Revenues	Net Result	Net equity
Subsidiaries (> 50%)						
The Consumer Goods Forum, Japan K.K. Aios Nagatacho 507, 2-17-17 Nagatacho Chiyoda-ku Tokyo 102-0014 Japan	12 561	0	100 %	399 566	26 656	257 834
Participations (< 10%)						

For the subsidiary in Japan, there are no dividends and no loans/advances outstanding as at December 31<sup>TH</sup>, 2018.

## NOTE 14 - COMMITMENTS & CONTINGENCIES

### Retirement Indemnities:

The association grants to its French employees an indemnity at retirement. This indemnity is a lump sum based on final salary, the seniority at retirement and the social/professional category of employees. This indemnity is only paid should the employee be employed by the association at the date of retirement.

A provision for this commitment has not been included in the annual accounts. The liability associated with this post-employment commitment has been valued at 203 K€ as at 31 December 2018, using certain assumptions:

Projected annual salary at retirement based on current salary

Retirement age is considered to be 62

Discount rate 1,5%

### Other commitments:

- Bills or letters of credit: None

- Guarantees given: None

The lease agreement for the associations head office located on rue du Gouverneur Général Eboué in Issy-les-Moulineaux was entered into in 2010 for a period of nine years ending in November 2019.