International Agency for Research on Cancer

World Health Organization

Governing Council
Fifty-eighth Session

Lyon, 19–20 May 2016
Auditorium

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FINANCIAL REPORT,
REPORT OF THE EXTERNAL AUDITOR,
AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

2016

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DIRECTOR'S FINANCIAL REPORT

INTRODUCTION

1. The annual financial statements of the Agency for the year ended 31 December 2015 are submitted in accordance with Article VI, Paragraph 6.1 of the IARC Financial Regulations. This is the fourth year that the financial statements and notes to the financial statements of the Agency have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS) which continues to bring greater transparency, consistency, comparability and reliability of financial information, and higher standards of financial reporting.

2. The statutory components of this report have been audited by the External Auditor, the Republic of the Philippines Commission on Audit. The Report of the External Auditor, together with his unqualified (clean) opinion on the financial statements, is included in this report in accordance with Article VI, Paragraph 6.2 of the IARC Financial Regulations.

3. While IPSAS requires reporting on an annual basis, IARC continues to have a biennial budget approved by the Governing Council. Hence in addition to the annual result, this report also includes the biennial result for the approved 2014–2015 Regular Budget.

4. This financial report highlights the financial health of the Agency.

FINANCIAL HIGHLIGHTS

a) Regular Budget

5. The collection of 2015 assessed contributions is at 89.67% as per the details shown in Schedule 3.

6. For the year ended 31 December 2015, total expenses and capital expenditure charged against the regular budget amounted to €22.539 million. The budget utilization rate including encumbrances for the biennium is 100%. The breakdown of annual expenditure and encumbrances by appropriation section in comparison with the approved 2014–2015 biennial budget is presented in Statement V.

7. As the Agency's programme budget is prepared in Euros, the exchange rate risk exposure of the Agency is limited to approximately 10% of its anticipated expenditure that were made in US dollars. The exchange rate applied by the Governing Council when approving the 2014–2015 budget was 0.758 Euro to a US dollar and the average United Nations operational rates of exchange for the year 2014 and 2015 were 0.751 and 0.901 Euro to a US dollar, respectively. There was no budgetary cost due to currency realignment incurred in 2014 while the depreciation of Euros value in 2015 resulted in budget costs of €0.092 million. The Agency covered this unforeseen budget cost due to currency realignments from the provision authorized in GC Resolution GC/55/R10.

8. A total budget of €0.420 million was allocated under the Director's Development Provision during 2014–2015 to finance new initiatives and existing studies which required additional resources to ensure their successful implementation. The fund was allocated to the following scientific programme areas:

		2014	2015
Cancer Etiology	(Area 3)	125 000	113 000
Mechanisms of Carcinogenesis	(Area 4)	47 000	45 000
Cancer Prevention	(Area 5)	20 000	25 000
Methodology and Research Tools	(Area 7)	18 000	27 000
		€210 000	€210 000

b) Working Capital Fund (WCF)

9. The authorized level of the Working Capital Fund as of 1 January 2015 was €3.292 million.

10. €1.617 Million from this account were used for establishing the allowances for assessed contribution in arrears and €0.035 million appropriated from the first unbudgeted assessed contribution received from a new Participating State, i.e. Morocco, were credited to this account in accordance with Article IV, Paragraph 4.3 of the IARC Financial Regulations and Resolution GC/5/R14. These brought down the balance of the WCF to €1.709 million at the end of 2015.

c) Governing Council Special Fund (GCSF)

11. The fund balance as at 31 December 2015 was €11.981 million. This included the fund balance on unbudgeted assessment account of €3.770 million and over €2.039 million of fund reservations.

12. Fund balance on unbudgeted assessment account includes €2.081 million of approved allocations that have not been spent. The remaining fund has not been allocated largely due to the high arrears of €1.493 million or 39.60% of the total unbudgeted assessment account fund balance.

13. Fund reservations refer to expenses authorized by the Governing Council but not yet incurred such as follows:
    - €0.500 million - financing to 2016–2017 programme budget (GC/57/R9)
    - €0.500 million - exchange rate fluctuations provision during 2016–2017 (GC/57/R9)
    - €0.692 million - Hiatus Funding Facility for 2016–2017 (GC/47/R7)
    - €0.128 million - balance of reserve for scientific equipment (GC/57/R12)
    - €0.265 million - support to IPSAS implementation (GC/55/R17, GC/56/R14)
    - €0.144 million - support to 50th Anniversary of IARC (GC/56/R11)

14. During the year 2015, the notable fund inflows to the GCSF were as follows:
    - €0.677 million - the 9th instalment from Russian Federation as per GC/48/R3
    - €0.704 million - income from the sales of publications
    - €1.321 million - unbudgeted assessed contributions from Brazil, Qatar, and Morocco

15. Further details on the status of the Fund are included in the Notes to the financial statements and an information document provided for the Governing Council meeting in May 2016 showing the detailed uncommitted fund balance and projection.

d) Voluntary Contributions Account

16. The Voluntary Contributions Account includes designated and undesignated contributions. Designated contributions are specifically earmarked by the donor to finance special projects while undesignated contributions do not have these conditions attached.

17. During the year 2015, total revenue of the Voluntary Contributions Account amounted to €12.534 million, inclusive of the net decrease in the allowance for doubtful account receivable on designated voluntary contributions. This increase by 15.26% from the previous year partly came from the high value of designated voluntary contributions and one-off legacy received in 2015.

18. In accordance with the standing authorization provided in Resolutions GC/23/R6 and GC/55/R23 and the conditions set forth in the signed agreements, interest income totalling €0.013 million was apportioned to the voluntary contributions account.

19. Total expenses and capital expenditure charged against the Voluntary Contributions amounted to €10.548 million, of which €10.491 million were against designated contributions.

20. The fund balance as at 31 December 2015 was €11.334 million, of which €10.685 million was from designated contributions. This fund balance included receivables (i.e. income that has been recognized and pending receipt of cash) of €6.353 million.

21. In addition, income expected to be received in the future years are shown as deferred revenue amounting to €12.011 million and all are related to designated voluntary contributions. This 84.99% increase from the previous year was a result of successful resource mobilization efforts of the Agency, particularly the high-value multi-year donor agreements signed in 2015.

e) Special Account for Programme Support Costs

22. As at 31 December 2015, this account had a fund balance of €4.094 million, reflecting an increase of €0.707 million from the prior period.

f) Participating States - Others

23. This account presents the net value in Common Fund and Special Purpose Fund accounts. The Common Fund account includes inventories and net carrying value of Property, Plant, and Equipment (PP&E). The Special Purpose Fund account includes unfunded liabilities related to employee benefits as a result of implementing IPSAS 25.

24. During 2015, the total of €0.145 million of new publications was capitalized. Publications valued at €0.165 million were distributed, and €0.133 million value of publications was disposed or adjusted, bringing the balance at the end of year to €0.200 million.

25. Since 1 January 2010, as part of the implementation of IPSAS, IARC has capitalized and depreciated all PP&E with a purchase value equal to or more than €3000. In 2015, the total capitalization of new PP&E purchased amounted to €0.799 million and the total depreciation expenses were €0.764 million. The depreciated value of the PP&E had the net book value as at 31 December 2015 of €3.260 million.

26. As described under Note 5.3 of the financial statements, accrued staff benefits liabilities as at 31 December 2015 total €37.045 million, of which €32.619 million are unfunded. The increase in the liabilities is caused by the devaluation of the Euro against the US dollar which resulted in the unrealized foreign exchange loss of €3.202 million. In line with the plan set by the WHO, a progressive approach through increased contributions on SHI fund has been implemented to close the gap and fully fund the staff benefit liabilities.

27. As at 31 December 2015, this account had a negative balance of €29.159 million.

REPORT OF THE EXTERNAL AUDITOR

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

LETTER OF TRANSMITTAL

4 April 2016

Dear Sir/Madam,

I have the honour to present to the Governing Council, the External Auditor's report and opinion on the financial statements of International Agency for Research on Cancer (IARC) for the financial year ended 31 December 2015.

Yours sincerely,

Michael G. Aguinaldo
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

The Chairperson
Governing Council
International Agency for Research on Cancer
150 Cours Albert Thomas
69372 Lyon
France

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

4 April 2016

Dear Dr. Wild,

**REPORT OF THE EXTERNAL AUDITOR
TO THE GOVERNING COUNCIL ON THE FINANCIAL OPERATIONS
OF THE INTERNATIONAL AGENCY FOR RESEARCH ON CANCER (IARC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

I have the honour to present to you the above report which may kindly be transmitted to the Governing Council, IARC. All matters contained in the report have been communicated to the appropriate staff and management of the IARC.

I express my appreciation for the cooperation and assistance that I have received in the performance of my audit mandate.

Yours sincerely,

Michael G. Aguinaldo
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

To The Governing Council
International Agency for Research on Cancer (IARC)

Report on the financial statements

We have audited the accompanying financial statements of the IARC, which comprise the Statement of Financial Position as at 31 December 2015, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flow, Comparison of Budget and Actual Amounts for the year then ended and the Notes to the Financial Statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the IARC as at 31 December 2015, and its financial performance, changes in net assets/equity, cash flow, and the comparison of budget and actual amounts, in accordance with IPSAS.

Report on other legal and regulatory requirements

Further, in our opinion, the transactions of the IARC that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the Financial Regulations, we have also issued a Long-form Report on our audit of the IARC.

Michael G. Aguinaldo
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Quezon City, Philippines
4 April 2016

International Agency for Research on Cancer

World Health Organization

CERTIFICATION OF ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

The appended financial statements, numbered I to V, relevant notes to the statements and schedules 1 to 3 are approved.

Mr David Allen
Director of Administration and Finance

Dr Christopher P. Wild, Ph.D.
Director, IARC

FINANCIAL STATEMENTS

STATEMENT I - Statement of Financial Position

International Agency for Research on Cancer
Statement of Financial Position
As at 31 December 2015
(amount in Euros)

	Notes	As at **31 December 2015**	As at **31 December 2014**
ASSETS	Note 4		
Current assets			
Cash and cash equivalents	4.1	25 227 253	24 048 418
Account receivables, net	4.2	13 686 681	12 718 542
Staff receivables	4.3	124 912	116 175
Prepayments	4.4	381 083	388 678
Interest receivables	4.5	86 221	1 720
Inventories	4.6	200 162	352 260
Total current assets		39 706 312	37 625 793
Non-current assets			
Account receivables, net	4.2	8 249 922	3 448 951
Investment properties	4.7	302 400	
Property, plant and equipment - net	4.8	3 259 731	3 224 914
Other non-financial assets	4.9	4 400	
Total non-current assets		11 816 453	6 673 865
TOTAL ASSETS		**51 522 765**	**44 299 658**
LIABILITIES	Note 5		
Current liabilities			
Contributions received in advance	5.1	854 561	523 486
Account payable	5.2	1 350 971	979 675
Accrued staff benefits	5.3	1 099 250	1 224 898
Deferred revenue	5.4	3 760 788	3 043 676
Total current liabilities		7 065 570	5 771 735
Non-current liabilities			
Accrued staff benefits	5.3	35 945 659	30 255 932
Deferred revenue	5.4	8 249 922	3 448 951
Total non-current liabilities		44 195 581	33 704 883
TOTAL LIABILITIES		**51 261 151**	**39 476 618**
NET ASSETS / EQUITY	Note 6		
Fund			
Regular Budget	6.1	278 154	2 382 186
Voluntary Contributions	6.2	11 333 605	9 406 955
Working Capital Fund	6.3	1 709 032	3 291 750
Other IARC funds			
Governing Council Special Funds	6.4	11 980 519	10 694 950
Special Account for Programme Support Costs	6.5	4 094 336	3 386 868
Participating States - Others	6.6	(29 159 107)	(24 354 540)
Trust Fund	6.7	25 075	14 871
TOTAL NET ASSETS / EQUITY BALANCES		261 614	4 823 040
TOTAL LIABILITIES AND NET ASSETS / EQUITY BALANCES		**51 522 765**	**44 299 658**

STATEMENT II - Statement of Financial Performance

International Agency for Research on Cancer
Statement of Financial Performance
For the year ended 31 December 2015
(amount in Euros)

	Notes	for the year ended **31 December 2015**	for the year ended **31 December 2014**
REVENUE	Note 7		
Assessed contributions	7.1	20 600 541	21 160 171
Voluntary contributions	7.2	12 534 098	10 874 356
Revenue-producing activities	7.3	704 251	795 227
Other operating revenue	7.4	10 884	78 621
Trust Funds	7.5	11 300	12 650
Financial revenue	7.6	167 814	272 795
Total revenue		**34 028 888**	**33 193 820**
EXPENSES	Note 8		
Staff cost	8.1	22 135 663	20 015 492
Temporary assistants, advisors and participants	8.2	1 549 907	1 454 940
Fellows	8.3	2 352 962	2 333 899
Duty travel (staff, fellows)	8.4	844 011	750 006
Research and other agreements	8.5	3 121 767	4 308 371
Procurement and various operating expenses	8.6	4 919 904	3 812 600
Cost of distribution and disposal of inventories	8.7	297 520	96 089
Depreciation	8.8	763 781	767 504
Net foreign exchange loss (gain)	8.9	2 582 645	2 068 072
Financial cost	8.10	22 154	22 055
Total expenses		**38 590 314**	**35 629 028**
TOTAL SURPLUS (DEFICIT) FOR THE YEAR		**(4 561 426)**	**(2 435 208)**

STATEMENT III - Statement of Changes in Net Assets/Equity

International Agency for Research on Cancer
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2015
(amount in Euros)

	Notes	Balance as at 31 December 2014	Changes in 2015	Balance as at 31 December 2015
Fund				
Non-restricted (Participating States)				
Regular Budget	6.1	2 382 186	(2 104 032)	278 154
Working Capital Fund	6.3	3 291 750	(1 582 718)	1 709 032
Other IARC Funds	6.4-6.6	(10 272 722)	(2 811 530)	(13 084 252)
Total non-restricted		(4 598 786)	(6 498 280)	(11 097 066)
Restricted				
Voluntary Contributions	6.2	9 406 955	1 926 650	11 333 605
Trust Fund	6.7	14 871	10 204	25 075
Total restricted		9 421 826	1 936 854	11 358 680
Total net assets/equity balance		**4 823 040**	**(4 561 426)**	**261 614**

STATEMENT IV - Statement of Cash Flow

International Agency for Research on Cancer
Statement of Cash Flows
For the year ended 31 December 2015
(amount in Euros)

	Notes	As at 31 December 2015	As at 31 December 2014
Cash flow from operating activities			
Net surplus (deficit) for the year		(4 561 426)	(2 435 208)
Depreciation	8.8	763 781	767 504
Increase in investment property from non-exchange transaction		(302 400)	
Increase in other non-financial asset from non-exchange transaction		(4 400)	
(Increase) decrease in accounts receivables		(968 139)	(1 723 135)
(Increase) decrease in staff receivables		(8 737)	4 265
(Increase) decrease in prepayments		7 595	84 802
(Increase) decrease in interest receivables		(84 501)	124 982
(Increase) decrease in inventories		152 098	(44 764)
(Increase) decrease in non-current receivables		(4 800 971)	701 224
Increase (decrease) in assessed contributions received in advance		331 075	498 226
Increase (decrease) in accounts payable		371 296	(1 004 761)
Increase (decrease) in accured staff benefit, current liabilities		(125 648)	134 604
Increase (decrease) in deferred revenue, current liabilities		717 112	(872 628)
Increase (decrease) in non-current liabilities		10 490 698	3 967 920
Net increase (decrease) in cash flows from operating activities		**1 977 433**	**203 031**
Cash flows from investing activities			
(Increase) decrease in property, plant and equipment		**(798 598)**	**(509 185)**
Net increase (decrease) in cash and cash equivalents		**1 178 835**	**(306 154)**
Cash and cash equivalents at the beginning of the year		**24 048 418**	**24 354 572**
Cash and cash equivalents at the end of the year	4.1	**25 227 253**	**24 048 418**

STATEMENT V - Statement of Comparison of Budget and Actual Amounts

International Agency for Research on Cancer
Statement of Comparison of Budget and Actual Amounts (Regular Budget Appropriation for 2014 - 2015)
For the year ended 31 December 2015
(amount in Euros)

Purpose of appropriation	2014 Programme Budget Appropriations				Budget Utilization				% utilization
	Approved Appropriations by Governing Council		Transfers (IARC Financial Regulations 3.3)	Effective appropriations	Expenses		Encumbrance	Total Utilization	
	2014	2015			2014	2015	2015		
1. Policy organs	90 000	90 000	-	180 000	81 368	98 632	-	180 000	*0.45%*
2. Scientific programme	15 622 140	15 884 925	(202,516)	31 304 549	13 363 527	17 677 935	263 087	31 304 549	*77.44%*
3. General services and support	4 276 944	4 460 482	202,516	8 939 942	4 162 003	4 762 872	15 067	8 939 942	*22.12%*
TOTAL	**19 989 084**	**20 435 407**		**40 424 491**	**17 606 898**	**22 539 439**	**278 154**	**40 424 491**	*100.00%*

RECONCILIATION (see Note 9)

	2014	2015
TOTAL EXPENSES AS PER STATEMENT V	**17 606 898**	**22 539 439**
a) Time differences:		
Regular Budget expenditure in other periods	**372 416**	
b) Basis differences:		
Common fund activities	213 555	117 281
Other non-Regular Budget utilisation	17 436 159	15 933 594
Sub-total	**17 649 714**	**16 050 875**
TOTAL EXPENSES AS PER STATEMENT II	**€ 35 629 028**	**€ 38 590 314**

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Reporting entity

The International Agency for Research on Cancer (IARC) is the specialized cancer agency of the World Health Organization (WHO) established by the World Health Assembly in 1965 through its Resolution WHA18.44. IARC has its headquarters in Lyon, France.

The objective of the IARC is to promote international collaboration in cancer research. The Agency is inter-disciplinary, bringing together skills in epidemiology, laboratory sciences and biostatistics to identify the causes of cancer so that preventive measures may be adopted and the burden of disease and associated suffering reduced. A significant feature of the IARC is its expertise in coordinating research across countries and organizations; its independent role as an international organization facilitates this activity.

The financial records of IARC are not consolidated in the financial report of the WHO. According to the guidance for determining which entities should be consolidated within an economic entity provided by IPSAS 6, "Consolidated Financial Statements and Accounting for Controlled Entities", IARC does not meet the requirements to be consolidated under the WHO as IARC has its own governing bodies and is not controlled by the World Health Assembly.

The financial statements only include the operations of IARC, which has no subsidiaries or interest in associates or jointly controlled entities.

Note 2: Basis for preparation and presentation

2.1 Accounting standards

The financial statements of IARC for the period ended 31 December 2015 have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS).

The financial statements have been prepared using the historical cost convention and under the assumption that IARC is a going concern and will meet its mandate for the foreseeable future.

2.2 Financial regulations

These financial statements have also been prepared according to the IARC Financial Regulations, and WHO Financial Regulations and Rules, with the annual accounting period of 1 January through 31 December.

2.3 Functional currency and conversion of foreign currencies

The functional and reporting currency of IARC is the Euro. Transactions in currencies other than Euro are translated into Euro at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than Euro are translated into Euro at the prevailing UNORE year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

2.4 Financial statements

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- Statement of Financial Position (Statement I)
- Statement of Financial Performance (Statement II)
- Statement of Changes in Net Assets/Equity (Statement III)
- Statement of Cash Flow (Statement IV)
- Statement of Comparison of Budget and Actual Amounts (Statement V)
- Notes, comprising of a summary of significant accounting policies, explanation of the financial statements, and other relevant information.

The Cash Flow Statement is prepared using the indirect method.

In addition, the following Schedules have been prepared to provide supplementary information to the above financial statements:

- Statement of Financial Performance by major funds (Schedule 1)
- Statement of Financial Performance by other funds (Schedule 2)
- Status of Collection of Contributions from Participating States (Schedule 3)

Note 3: Significant accounting policies

3.1 Account receivables

Account receivables are recorded at their estimated net realized value. It includes the account receivables from assessed contributions, designated voluntary contributions, and other account receivables. Account receivables are classified as current when the receivables are due within one year from the reporting date and as non-current when the receivables are due after one year from the reporting date.

a) *Assessed contribution account receivables*. Assessed contribution from Participating States is due on 1 January each year. Assessed contribution account receivables are recognized annually, at the beginning of the year as per the assessments approved by the Governing Council. An allowance for doubtful receivables is established for the uncollected contributions that are outstanding for more than two years or any rescheduled amounts. The allowance is reversed when the source of such interim financing is reimbursed. In accordance with IARC Financial Regulations Article V, clause 5.3, pending receipt of statutory annual contributions to the budget, appropriations may be temporarily financed from the Working Capital Fund or if the cash balance of the Working Capital Fund is inadequate, by internal borrowing from other available cash resources of the Agency, excluding Trust Funds.

b) *Designated voluntary contribution account receivables*. Account receivables from designated voluntary contributions are recognized based on a binding agreement between IARC and the donors. Account receivables from designated voluntary contributions that are outstanding for more than 365 days after due date are reviewed once a year and an allowance for doubtful receivables is recognized when there is a risk that the receivables may be impaired.

c) *Other account receivables*. For other types of account receivable, the allowance for doubtful receivables is established upon having an evidence of its doubtfulness and passing due date for more than 365 days.

3.2 Inventories

IARC recognizes publications as part of its inventory. These publications are consigned to the WHO Press while the ownership remains with IARC.

IARC publication inventories are held for distribution at no charge or for a nominal charge and hence they are stated at the lower of cost and current replacement cost (IPSAS 12, paragraph 17). The cost of publications issued between 2010 and 2013 is valued based on the actual printing costs while the cost of publication issued prior to 2010 is valued based on the average printing cost per page of publications issued between 2010 and 2013. Where there is insufficient information to determine the cost, such as old publications issued in the 1900s and as at the end of reporting period have no stock, a nominal value of €1 is applied.

Inventory carrying value is determined using the weighted average cost method. When inventories are sold, exchanged or distributed, their carrying amount is recognized as an expense.

3.3 Property, plant and equipment

Property, plant, and equipment (PP&E) account consists of IARC owned buildings, furniture and fixtures, laboratory and office equipment, and motor vehicle.

IARC has recognized PP&E since 2010. In the initial recognition, assets, except buildings, acquired prior to 1 January 2010 were expensed at the date of purchase and have not been recognized as assets.

Buildings that were recognized in the beginning balance as at 1 January 2010 are the Sasakawa Memorial Hall (May 1988), the Biological Resources Centre (November 1995), and the Latarjet building (November 2000). The main building of IARC, the tower, as well as the land are owned by the Ville de Lyon and therefore are not included under the PP&E.

Since 1 January 2010, the PP&E with a value €3000 and above are recognized as non-current assets in the Statement of Financial Position. They are initially recognized at cost, unless acquired through a non-exchange transaction, in which case they are recognized at fair value as at the date of acquisition.

PP&E are stated at historical cost less accumulated depreciation and impairment. All PP&E of the Agency are non-cash generating assets.

Depreciation is charged on property, plant and equipment to write-down value or residual value over the useful life using the straight line method, except for Land (if any) which is not subject to depreciation.

The estimated useful lives for fixed assets classes are as follows:

Asset Class	Estimated useful life (years)
Buildings	40
Fixtures and fittings	8
Motor vehicles	5
Laboratory equipment	5
Office equipment	3

3.4 Intangible assets

Intangible assets are the non-physical items of value that IARC owns. Intangible assets, which are above the pre-established threshold of €75 000, are stated at historical cost less accumulated amortization and any impairment. Amortization is determined for intangible assets over their estimated useful lives using the straight line method. The estimated useful lives for intangible assets classes are as follows:

Intangible Asset Classes	Amortization Method	Estimated Useful Life (in Years)
Software acquired externally	Straight Line	3
Software internally developed	Straight Line	3
Licences and rights	Straight Line	3

IARC's intangible assets are assumed to have a residual value of zero as intangible assets are not sold or transferred at the end of their useful life.

3.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee for a payment or series of payments, the right to use an asset for an agreed period of time. In general, there are two main types of leases, i.e. finance leases and operating leases.

A finance lease is a lease that substantially transfers all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. If the lease agreement qualifies to be a finance lease, then IARC has to recognize an asset and a liability:

- The asset represents the right to use the asset during the lease term. This asset will be depreciated over its useful life.
- The liability represents the minimum lease payments IARC has to pay to the landlord/lessor.

An operating lease is a lease other than a finance lease. It is not considered as an asset and payments to the landlord/lessor are accounted for as a rent and are expensed.

3.6 Account payables and accrued liabilities

Accounts Payables are financial liabilities in respect of goods or services that have been received and invoiced but the payment not been made to the suppliers.

Accrued liabilities are financial liabilities in respect of goods or services that have been received by or provided to the Agency during the reporting period and which have not yet been invoiced.

3.7 Deferred revenue

Deferred revenue represents legally binding agreements between the Agency and its donors. Deferred revenue is recognized when (1) a contractual agreement is confirmed in writing by both parties, i.e. the Agency and the donors, and (2) the funds are earmarked and due in a future period. Deferred revenue is presented as non-current if revenue is due after one year from the reporting date.

3.8 Employee benefits

IARC employee benefits are composed of short-term benefits, post-employment benefits, other long-term benefits, and termination benefits.

a) Short-term employee benefits
Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. These comprise of first-time employment benefits (assignment grants), regular monthly benefits (salaries, allowances), compensated absences (annual leave, sick leave, maternity/paternity/adoption leave) and other short-term benefits (education grant, reimbursement of taxes). They are calculated on a walk-away basis as if all staff terminated on the last day of the calendar year, and therefore their values are not discounted. These are treated as current liabilities.

b) Post-employment benefits
Post-employment benefits include pension plans and After Staff Health Insurance (ASHI) which are payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans. For defined contribution post-employment plans, the obligation for each period is determined by the amounts to be contributed for that period and no actuarial assumptions are required to measure the obligation or the expense. Post-employment benefits under defined benefit plans are measured at the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

<u>UNJSPF</u>: IARC is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF) which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to staff. The Pension fund is a multi-employer funded, defined benefit plan. IARC as well as other participating organizations is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. Accordingly,

the Agency's accounts for this plan as if it were a defined contribution plan, in line with the provision of IPSAS 25.

The Agency's contribution to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report the United Nations General Assembly had not invoked this provision.

ASHI: After Staff Health Insurance (ASHI) – The Staff Health Insurance Fund covers current IARC staff members, retired staff members and their eligible dependants. The Fund is administered by WHO headquarters and financed from the contributions made by the participants (1/3) and the Organization (2/3). The value of the Agency's liability toward the employees on ASHI is provided by WHO at the end of the year based on the valuation carried out by independent actuaries.

c) Other long-term employee benefits
Other long-term employee benefits are benefits which are payable after the completion of employment and expected to be settled more than 12 months after the end of the reporting period such as repatriation grants and travel, and termination for reason of health. These are treated as non-current liabilities. The value of IARC's long term employee benefits is estimated by independent actuaries.

d) Termination benefits
Termination benefits generally include indemnities for voluntary redundancy (abolition of post, end-of-service grant, and separation by mutual agreement), and are expected to be settled within 12 months of the reporting date. They are accounted for as they are incurred.

3.9 Provisions and contingent liabilities

Provisions are made for future liabilities and charges where IARC has a present legal or constructive obligation as a result of past events and it is probable that IARC will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of IARC.

3.10 Revenue

The Agency receives revenue from various sources which can be classified into eight categories as follows.

a. *Assessed contributions from Participating States.* Revenue from contributions from Participating States for the programme budget is recorded annually on an accrual basis as per the assessments approved by the Governing Council.

b. *Assessed contribution from new Participating States.* Revenue derived from the unbudgeted assessed contributions from new Participating States following the method of assessments as described in Resolution GC/15/R9 and the gradual increase in contributions per IARC Financial Regulations Article IV.4.3 and Resolutions GC/37/R9 and GC/54/R18.

   In accordance with IARC Financial Regulation Article V.5.5, unbudgeted contributions of new Participating States are credited to the Governing Council Special Fund.

   €34 650 (or US$ 50 000 equivalent @0.693) from the first contribution of each new Participating State is transferred to the Working Capital Fund in accordance with Resolution GC/5/R14.

c. *Voluntary contributions.* Revenue under voluntary contributions can be designated or undesignated contribution. Designated voluntary contributions are specifically earmarked by the donor to finance special projects while undesignated voluntary contributions are donations not intended for a specific project and it is governed by Governing Council resolutions.

   IARC considers that while there are restrictions on the use of designated voluntary contributions, these restrictions do not meet the definition of a condition as described under IPSAS 23.

   Revenue under designated voluntary contributions is recognized when agreements are signed by IARC and the donors. For undesignated voluntary contributions, revenue is recognized upon receipt of donation.

d. *Revenue producing activities.* Revenue is earned from sale of IARC publications and is recorded at fair value of the consideration received. The revenue is credited to the Governing Council Special Fund.

   These publications are for non-profit dissemination and the sale of these publications is not part of the ordinary course of operations of IARC. The publication inventories are held for sale by WHO in accordance with the agreement dated 4 April 2014.

e. *Other operating revenue.* Other operating revenue is recorded when funds are earned. It includes sale of equipment and materials, and savings from prior period obligations.

f. *Trust fund.* Fees collected from personnel enrolled in language courses are recorded under trust fund account and used to partially finance teacher fees. Revenue is recorded at fair value of the consideration received.

g. *Income from services rendered.* This refers to the Agency programme support cost collected from designated voluntary contributions at the standard rate of 13%, in accordance with IARC/WHO Financial Regulations and Rules (World Health Assembly Resolution WHA34.17). These are recorded on a monthly basis on the actual expenses incurred. To avoid double counting, this income and the equivalent of expenses are eliminated as shown in Schedule 1.

h. *Contribution in kind.* Contribution in kind received by IARC, if any, is recorded as goods received. They are treated both as revenue and expense in the Voluntary Contribution. A valuation is done for each donation to ensure that goods are recorded at an amount equal to the fair market value. Donated Property, Plant and Equipment are valued at fair market value and recognized as fixed asset and revenue.

3.11 Expenses

Expenses are recognized based on the "delivery principle", i.e. when goods or services have been received or services have been rendered with IARC assuming title or satisfactory receipt over the goods or services.

An encumbrance represents a firm commitment or obligation for goods or services which have not been delivered. Encumbrances are not reported in the Statement of Financial Performance but are presented in Statement of comparison of budget and actual amounts for the financial period under Statement V.

3.12 Fund accounting reporting

Fund accounting is a method of segregating resources into categories (i.e. funds) to enable the identification of both sources and uses of funds. Establishment of such funds helps to ensure better reporting of revenue and expenses. The Regular Budget, the Working Capital Fund, the Governing Council Special Fund, Voluntary Contributions Account (designated and undesignated donations), Programme Support Cost account, and the Trust Fund serve to ensure the proper segregation of revenue and expenses.

Any transfers between funds that would result in duplication of revenue and/or expenses are eliminated during all funds consolidation. Intra-fund transfers such as Programme Support Costs within the Voluntary Contributions are also eliminated.

The types of funds are further explained below.

a. *Regular Budget (RB).* This refers to the General Fund for the administrative services and permanent activities of the Agency as defined by Article 5.1 of IARC's Financial Regulations. The fund is financed by the annual assessed contributions from Participating States and possible other funding sources as approved by the Governing Council. Pending the receipt of statutory annual contributions to the regular budget, appropriations may be temporarily financed from the Working Capital Fund.

b. *Working Capital Fund (WCF).* This refers to a fund as defined by Article 5.2 of IARC's Financial Regulations. Revenue of working capital fund came from assessed contributions from new Participating States as described under 3.10b or transfer from Governing Council Special Fund.

c. *Governing Council Special Fund (GCSF).* This refers to a fund as defined by Article 5.5 of IARC's Financial Regulations. The fund shall be used for purposes to be decided by the Governing Council from time to time by a minimum two-thirds of its members who are representatives of each Participating State.

d. *Voluntary Contributions (VC).* This fund refers to designated and undesignated contributions as described under 3.10c.

e. *Special Account for Programme Support Cost (PSC).* This account contains income from services rendered as described under 3.10g and expenditures financed by this fund.

f. *Trust fund (TF).* Trust funds were maintained by the Agency to finance language courses for the benefit of staff as described under 3.10f.

g. *Participating States – other*. The following accounts are grouped and presented in the financial statements as *Participating States – other*.

   - *Common Fund*. This fund reflects the movement in the asset and liability accounts of IARC resulting from changes in inventory and depreciation.

   - *Special Purpose Fund*. The accounts contained TQ & TP Fund and After-Service Health Insurance Fund accounts.

3.13 Budget comparison

The Agency's budget and accounting bases differ. Budgets within the Agency are approved on a modified cash basis, rather than the full accrual basis of IPSAS and are prepared on a biennial basis vis-a-vis an annual basis. While annual figures are available, the fund balance of the first year of the biennium can be carried over and spent in the second year.

The Agency's budget is an integrated budget endorsed by the Governing Council (GC) when they approve the itemized Regular Budget. There are no approved budgets for other funds.

Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final approved budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 9 provides reconciliation between the actual amounts presented in the Statement V to the actual amounts presented in the Statement of Financial Performance (Statement II).

Note 4: Assets

4.1 Cash and cash equivalents

These comprise of cash on hand, cash at UNDP, and bank deposit accounts which are highly liquid, i.e. can be withdrawn anytime, held by the Agency for all funds. Cash and cash equivalents are held for purposes of meeting short-term cash commitments, and not for investment or other purposes.

	31-Dec-15	31-Dec-14
Cash on hand	12 065	27 786
Cash at UNDP	290 495	111 154
Bank deposits	24 924 693	23 909 478
Total	€ 25 227 253	€ 24 048 418

4.2 Account receivables, net

The total account receivable net of allowances for doubtful account receivables amounted to €21 936 603 at the end of the reporting period. These include outstanding amounts for assessed contributions, designated voluntary contributions, and other account receivables. The details of current and non-current account receivables are provided below.

	Current	Non-Current	Total 31-Dec-15	31-Dec-14
Uncollected assessed contributions	4 593 446		4 593 446	4 326 070
Designated voluntary contributions	10 113 574	8 249 922	18 363 496	12 651 987
Other account receivables*	1 401 604		1 401 604	914 514
Total account receivables	16 108 624	8 249 922	24 358 546	17 892 571
Less: Accumulated allowances	(2 421 943)		(2 421 943)	(1 725 078)
Total account receivables, net	€13 686 681	€8 249 922	€21 936 603	€16 167 493

*Other account receivables comprise of royalties and sales of publication receivables (€703 574), VAT refund (€683 229), income tax refund (€11 019), and supplier's deposit (€3782).

Total accumulated allowances for doubtful account receivables:

	Current	Non-Current	Total 31-Dec-15	31-Dec-14
Opening balance of allowance for assessed contribution	676 913	676 911	1 353 824	2 030 737
Opening balance of allowance for designated VC	371 254		371 254	225 353
Opening balance of allowance for other receivables	0	0	0	0
Total opening balance at beginning of year	1 048 167	676 911	1 725 078	2 256 090
Add: Allowance for assessed contribution	1 617 368	0	1 617 368	0
Allowance for designated VC	0	0	0	208 623
Allowance for other receivables	0	0	0	0
Total allowances for doubtful receivables	2 665 535	676 911	3 342 446	2 464 713
Less: Reversal of allowance for assessed contribution	(676 913)	0	(676 913)	(676 913)
Reversal of allowance for designated VC	(243 590)	0	(243 590)	(62 722)
Reversal of allowance for other receivables	0	0	0	0
	1 745 032	676 911	2 421 943	1 725 078
Reclassification of allowances	676 911	(676 911)	0	0
Total accumulated allowances at end of year	€ 2 421 943	0	€ 2 421 943	€ 1 725 078

Allowances for doubtful account receivable expected to be realized within twelve months of the reporting date are shown under current assets. Non-current assets represent the portion of the allowances that will be realized after 12 months from the reporting date.

4.3 Staff receivables

The total balance of staff receivables amounted to €124 912, net increase by €8737 from the prior period. Breakdown by type of receivables are as follow.

	31-Dec-15	31-Dec-14
Education grant advance	94 206	79 312
Duty travel advance	29 299	27 300
Salary advance	1 307	0
Home leave	0	7 308
Miscellaneous advance	100	2 255
Total	€ 124 912	€ 116 175

4.4 Prepayments

The total value of prepayments is €381 083. This account includes payments to suppliers in advance of receipt of goods or services. When goods or services are delivered prepayments are applied to the appropriate expenditure account. In addition, Fellows of IARC are paid one month in advance and payment of January 2016 stipend is included in this account.

	31-Dec-15	31-Dec-14
Prepayment to suppliers	209 501	198 182
Stipend advance	171 582	190 496
Total	€ 381 083	€ 388 678

4.5 Interest receivables

The €86 221 represents amount due from bank deposits for interest earned for the period ending 31 December 2015 which has not been received.

4.6 Inventories

The €200 162 represents the value of publication inventories held at WHO Press for sales as at the end of the reporting period.

	31-Dec-15	31-Dec-14
Balance at beginning of year	352 260	307 496
Additions	145 422	140 853
Distributions	(164 703)	(75 189)
Disposals/adjustments	(132 817)	(20 900)
Balance at end of year	€ 200 162	€ 352 260

4.7 Investment properties

IARC acquired an apartment through a legacy with the ownership and control transferred to the Agency during 2015. The Agency did not intend to use or sell this property in the ordinary course of the Agency's operation.

The amount of €302 400 reported in Statement I represents the fair market value of this property which was based on the Agreement to Sell signed in December 2015 between IARC and the buyer.

The sale of this property was concluded in February 2016, before this financial report was issued, at the same price as reported.

4.8 Property, plant and equipment, net

The value of property, plant and equipment (PP&E) net of accumulated depreciation at the end of reporting period is €3 259 731. These include buildings owned by IARC, laboratory and office equipment, furniture and fixtures, and motor vehicle.

	Buildings	Lab equipment	Office equipment and other equipment	Furniture and fixtures	Motor vehicles	Total 31-Dec-15	31-Dec-14
Cost or valuation:							
Balance at beginning of year	2 906 098	2 544 404	560 956	56 609	113 689	6 181 756	6 019 737
Additions		798 598				798 598	509 185
Disposals		(56 291)	(1 060)			(57 351)	(347 166)
Adjustment		636 097	190 796			826 893	
Balance at end of year	2 906 098	3 922 808	750 692	56 609	113 689	7 749 896	6 181 756
Accumulated depreciation:							
Balance at beginning of year	1 360 871	1 127 864	386 183	28 075	53 849	2 956 842	2 536 504
Charges for the year	72 654	558 112	102 600	7 078	23 337	763 781	767 504
Disposals		(56 291)	(1 060)			(57 351)	(347 166)
Adjustment		636 097	190 796			826 893	
Balance at end of year	1 433 525	2 265 782	678 519	35 153	77 186	4 490 165	2 956 842
Net book value:							
At beginning of year	1 545 227	1 416 540	174 773	28 534	59 840	3 224 914	3 483 233
At end of year	€1 472 573	1 657 026	72 173	21 456	36 503	3 259 731	3 224 914

In addition, IARC has 46 items of PP&E with the total gross carrying value of €1 431 892 that are fully depreciated and still in use as at the end of reporting period.

4.9 Other non-financial assets

IARC received a car through a legacy with the ownership and control transferred to the Agency during 2015. The Agency did not intend to use or sell this car in the ordinary course of the Agency’s operation.

The reported value of €4400 denotes the selling price of this car from the auction that was carried out in 2015. The transfer formalities of this car were completed in January 2016, before this financial report was issued.

Note 5: Liabilities

5.1 Contributions received in advance

The total amount of €854 561 represents the 2016 assessed contribution received in advance from Australia.

5.2 Accounts payable

The total outstanding as at the end of reporting period is €1 350 971 and all are current liabilities. Staff/STA/Fellows payable below include salary payable, staff association payable, and payment (such as travel/expense reimbursements and stipend) to staff/STA/Fellows.

	31-Dec-15	31-Dec-14
Pending refund to donors	0	21 147
Staff/STA/fellows	15 924	39 135
Suppliers	43 308	45 490
Accrued expenses	1 291 739	873 903
Total	€ 1 350 971	€ 979 675

5.3 Accrued staff benefits

Accrued staff benefits, total €37 044 909, include accrued staff salaries, short-term benefits, post employee benefits (staff health insurance - ASHI), and other long-term benefits. This amount includes unfunded liabilities total €32 619 000 (see also Note 6.6 b).

The valuation of short-term benefits was done by the Agency while the valuation of staff health insurance and other long-term benefits were determined by independent consulting actuaries.

a) Summary of accrued staff benefits:

	Current	Non-Current	Total 31-Dec-15	31-Dec-14
Short-term employee benefits	872 868	0	872 868	932 805
Other long-term employee benefits	151 043	1 522 004	1 673 047	1 935 332
Post employee benefits (i.e. ASHI)	0	34 423 655	34 423 655	28 612 693
Terminal benefits	75 339	0	75 339	0
Total	€1 099 250	€35 945 659	€37 044 909	€31 480 830

b) TQ and TP accounts:

These accounts were established to finance statutory benefits of staff members. They are collected through staff payroll. There is a total balance of €4 404 809 at the end of the reporting period.

TQ Account: This account was established for financing short-term employee benefits. It is funded by a budgetary provision set at the rate of 10% of professional staff salary and post adjustment.

TP Account: This account was established for financing long-term employee benefits, post employee benefits, and termination benefits. It is funded by a budgetary provision set in 2010 at the rate of 3.5% of salary and post adjustments for fixed-term staff members and 5.5% for temporary appointment staff members as per WHO memorandum dated 17 December 2010.

	Current	Non-Current	Total 31-Dec-15	31-Dec-14
Fund balance at beginning of year	1 442 965	2 106 151	3 549 116	3 012 012
Plus: Fund inflow during the year	891 474	515 303	1 406 777	1 292 949
Less: Fund outflow during the year	(481 164)	(69 920)	(551 084)	(755 845)
Fund balance at end of year	€ 1 853 275	€ 2 551 534	€ 4 404 809	€ 3 549 116

The outflow fund in 2015 includes the following payments on employee benefits.

	Current	Non-Current	Total 31-Dec-15
Recruitment entitlements	166 134		166 134
Separation entitlements	56 139	69 920	126 059
Education grants	170 097		170 097
Home leave travels	69 690		69 690
Periodic medical and insurance	19 104		19 104
Total fund outflow	€ 481 164	€ 69 920	€ 551 084

c) Valuation of accrued short-term staff benefits:

These include the accrued annual leave balance, educational grants, and home leaves. All are current liabilities. They are on a walk-away basis as if all staff terminated on the last day of the calendar year, and therefore their values are not discounted. The value of annual leave balance is calculated according to the Staff Rules, Section 3, paragraph 380.2.2.

	31-Dec-15	31-Dec-14
Accrued annual leave	814 086	893 772
Educational grants	37 682	31 725
Accrued staff salaries	21 100	0
Home leaves	0	7 308
Total defined benefit obligation at end of year	€ 872 868	€ 932 805

Reconciliation:

	31-Dec-15	31-Dec-14
Defined Benefit Obligation at beginning of year	932 805	990 294
Plus: Expense incurred during the year	421 227	423 749
Less: Actual payment	(481 164)	(481 238)
Defined Benefit Obligation at end of year	€ 872 868	€ 932 805

d) Valuation of accrued other long-term staff benefits:

This includes grant in case of death, repatriation grant, repatriation removal, repatriation travel, and termination for reasons of health. Each year at year end, the actuaries determine this value based on agreed assumptions and methods.

	31-Dec-15	31-Dec-14
Grant in case of death	112 935	118 411
Repatriation grant	1 191 881	1 366 014
Repatriation removal	243 882	317 856
Repatriation travel	72 151	90 787
Termination for reasons of health	52 198	42 264
Total defined benefit obligation at end of year	€ 1 673 047	€ 1 935 332

Actuarial summary

	31/12/2015 Valuation	31/12/2014 Valuation
Reconciliation of Defined Benefit Obligation – 141 (c)		
Defined Benefit Obligation at Beginning of Year	1 935 332	1 415 664
Service Cost	320 151	181 367
Interest Cost	30 407	42 164
(Actual Gross Benefit Payments)	(64 380)	(24 228)
Participant Contributions	0	0
Changes in Accounting Methods	0	0
Plan Amendments	0	0
Actuarial (Gain)/Loss on Defined Benefit Obligation	(548 463)	(320 365)
Defined Benefit Obligation at End of Year	€ 1 673 047	€ 1 935 332
Reconciliation of Assets – 141 (e)		
Assets at Beginning of Year	0	0
(Actual Gross Benefit Payments)	(64 380)	(24 228)
Participant Contributions	64 380	24 228
Organization Contributions	0	0
Expected Return on Assets	0	0
Asset Gain/(Loss) on Plan Assets	0	0
Assets at End of Year	0	0
Reconciliation of Funded Status – 141 (f)		
Defined Benefit Obligation	1 673 047	1 935 332
(Plan Assets)	0	0
(Surplus)/Deficit	1 673 047	1 935 332
Unrecognized Gain/(Loss)	0	0
Unrecognized Prior Service Credit/(Cost)	0	0
Net (Asset)/Liability in Statement of Financial Position	1 673 047	1 935 332
Current (Asset)/Liability	151 043	292 093
Noncurrent (Asset)/Liability	1 522 004	1 643 239

	31/12/2015 Valuation	31/12/2014 Valuation
Annual Expense – 141 (g)		
Service Cost	320 151	181 367
Interest Cost	30 407	42 164
(Expected Return on Assets)	0	0
Recognition of (Gain)/Loss	(548 463)	(320 365)
Recognition of Prior Service Cost	0	0
Expense before One-Time Events	(197 905)	543 896
(Income)/Expense for One-Time Events	0	0
Total (Income)/Expense	€ (197 905)	€ 543 896
Funded Status and Actuarial (Gain)/Loss – 141 (p)		
Defined Benefit Obligation	1 673 047	1 935 332
(Plan Assets)	0	0
(Surplus)/Deficit	1 673 047	1 935 332
Actuarial (Gain)/Loss on Defined Benefit Obligation	(548 463)	(320 365)
Actuarial (Gain)/Loss on Plan Assets	0	0

Actuarial assumptions:

Measurement Date	31 December 2015
Discount Rate	2.1% (increase from 1.7% in the prior valuation). Based on the Aon Hewitt iBoxx Euro zone yield curve and the expected cash flows for the benefits as of the valuation date. The resulting discount rate is rounded to the nearest 0.1%
Expected Return on Assets	Not applicable.
Annual General Inflation	1.6% (decreased from 1.7% in the prior valuation). Based on Aon Hewitt's capital market assumptions of inflation forecast over the next 10 years for the Euro zone.
Annual Salary Scale	General inflation, plus 0.5% per year productivity growth, plus merit component. Merit and productivity increases are set equal to those from the 31 December 2013 valuation of the United Nations Joint Staff Pension Fund (UNJSPF).
Future Exchange Rates	Equal to official United Nations spot rates at 31 December 2015.
Value of Assets	None; as the plan does not have assets held in a separate legal trust.
Recognition of Actuarial Gains and Losses	Gains and losses are recognized immediately in the expense for the year in which they arise.
Participation in Repatriation Grant, Repatriation Travel, and Removal on Repatriation	70% of participants meeting the eligibility criteria are assumed to elect benefits. (This is a decreased from the prior valuation's assumption that 100% of participants meeting the eligibility criteria are assumed to elect benefits, reflecting a study of recent benefit payments experience for the Pan American Health Organization and the World Health Organization).
Repatriation Grant	All service earned from the entry on duty date is conservatively assumed to be performed outside the country of residence.

Repatriation Travel	The average cost per ticket is US$3471 per staff member in 2015, including the cost covering dependents. Based on a study of experience from 1 January 2010 to 30 September 2011. The costs are converted to euros using the exchange rate as of the valuation date.
Removal on Repatriation	US$14 550 for staff with one or more dependents and US$9700 for staff with no dependents. Figures are a weighted average of those for temporary staff and those for fixed term and continuing staff, based on the World Health Organization's demographics at 30 September 2014. (Changed from prior valuation's lump sum amounts of US$15 000 and US$10 000, respectively, to reflect a reduction in lump sums for temporary staff.) The costs are converted to euros using the exchange rate as of the valuation date. Any separations from service before the completion of one year of service that result in forfeiture of benefits are reflected implicitly in the participation assumption.
Termination for Reasons of Health and Grant in Case of Death	96% of disablements and 90% deaths from service are assumed to result in an indemnity. (Change from 100% and 100% in the prior valuation, to reflect that some staff are instead assumed to receive Special Fund for Compensation Benefits.) No indemnities are assumed to be increased by the Director-General.
Coverage of Dependents for Repatriation Benefits	For the Repatriation Grant, married staff members who die in service have at least one child covered. 85% of male staff members and 55% of female staff have a dependent.

Actuarial methods:

Repatriation Travel and Removal on Repatriation	Projected unit credit with service prorate, with an attribution period from the entry on duty date to separation.
Repatriation Grant, Termination Indemnity, and Grant in Case of Death	Projected unit credit with accrual rate proration.
Abolition of Post, End-of-Service Grant, and Separation by Mutual Agreement	These benefits are considered termination benefits under IPSAS 25. Therefore, these benefits are excluded from the valuation and accounted for by IARC as they are incurred.

e) Valuation of staff health insurance:

The Agency accounts for the After Service Health Insurance (ASHI) as a Post-Employment Benefit. The defined benefit obligation as of 31 December 2015 determined by professional actuaries within the overall report to WHO is US$ 37 662 642, equivalent to €34 423 655 at UN Exchange rate of €0.914/US$.

The following tables were taken from the actuaries' report to WHO and all figures are in US dollars.

Actuarial summary

	31/12/2015 Valuation (US$)	31/12/2014 Valuation (US$)
Reconciliation of Defined Benefit Obligation – 141 (c)		
Defined Benefit Obligation at beginning of year	74 303 956	55 132 099
Service cost	4 156 349	2 775 558
Interest cost	1 181 776	1 586 076
(Actual after service gross benefit payments)	(358 838)	(843 501)
(Actual total SHI non-Aetna administrative expenses)	(22 321)	(64 925)
(Actual total SHI Aetna administrative expenses)	(624)	0
Actual contributions by after service participants	222 290	211 637
Plan amendments	0	0
Changes in accounting methods	0	0
(Gain)/Loss on Defined Benefit Obligation	(10 318 089)	(15 507 012)
Defined Benefit Obligation at end of year	US$ 69 164 499	US$ 74 303 956
Reconciliation of Assets – 141 (e)		
Assets at beginning of year	22 206 060	20 982 690
(Actual total SHI gross benefit payments)	(960 952)	(1 436 574)
(Actual total SHI non-Aetna administrative expenses)	(59 776)	(114 129)
(Actual total SHI Aetna administrative expenses)	(4 992)	0
Actual total SHI participant contributions	790 451	816 415
Actual total SHI organization contributions	1 668 589	1 621 279
Actual Aetna expenses (Directly Paid by PAHO)	4 992	0
Net HQ transfer to/from AMRO/PAHO	0	0
(Increase)/decrease in 470.1 reserve	564 652	(7 173)
Expected return on WHO-administered SHI assets	1 131 089	1 230 980
Gain/(loss) on Plan Assets	(1 773 154)	(887 428)
ASHI assets at end of year, net of 470.1 reserve	US$ 23 566 959	US$ 22 206 060

	31/12/2015 Valuation (US$)	31/12/2014 Valuation (US$)
Reconciliation of Funded Status – 141 (f)		
Defined Benefit Obligation		
Active	39 086 770	29 503 403
Inactive	30 077 729	44 800 553
Total Defined Benefit Obligation	69 164 499	74 303 956
ASHI Plan Assets		
(Gross SHI Plan Assets administered by WHO)	(23 906 959)	(23 110 712)
Offset for WHO 470.1 reserve	340 000	904 652
(Net ASHI Plan Assets administered by WHO)	(23 566 959)	(22 206 060)
(Surplus)/deficit	45 597 540	52 097 896
(Reimbursement right)	0	0
Unrecognized gain/(loss)	(7 934 898)	(17 204 368)
Unrecognized prior service credit/(cost)	0	0
Net (asset)/liability in Statement of Financial Position	US$ 37 662 642	US$ 34 893 528
Current (asset)/liability	0	0
Noncurrent (asset)/liability	US$ 37 662 642	US$ 34 893 528
Annual Expense – 141(g)		
Service cost	4 156 349	2 775 558
Interest cost	1 181 776	1 586 076
(Expected return on assets)	(1 131 089)	(1 230 980)
(Expected return on reimbursement right)	0	0
Amortization of (gain)/loss	724 535	0
Amortization of prior service cost	0	0
Total expense recognized in Statement of Financial Performance	US$ 4 931 571	US$ 3 130 654
Medical Sensitivity Analysis – 141 (o)		
2015 Service cost plus interest cost		
Current medical inflation assumption minus 1%	3 939 969	3 351 506
Current medical inflation assumption	5 338 125	4 361 634
Current medical inflation assumption plus 1%	7 332 815	5 756 972
31-Dec-15 Defined Benefit Obligation		
Current medical inflation assumption minus 1%	55 706 027	59 201 514
Current medical inflation assumption	69 164 499	74 303 956
Current medical inflation assumption plus 1%	87 183 790	94 732 726

	31/12/2015 Valuation (US$)	31/12/2014 Valuation (US$)
Funded Status and Actuarial (Gain)/Loss – 141 (p)		
Defined Benefit Obligation	69 164 499	74 303 956
(Net plan assets)	(23 566 959)	(22 206 060)
(Surplus)/deficit	US$ 45 597 540	US$ 52 097 896
(Reimbursement right for PAHO 470.1 reserve)	0	0
(Gain)/loss on Defined Benefit Obligation	(10 318 089)	15 507 012
(Gain)/loss on WHO- and PAHO-administered ASHI assets	1 773 154	887 428
Expected Accounting Contributions – 141 (q)		
Expected contributions		
Contribution by/for active staff, net of claims/admin costs	1 143 000	1 305 542
Contribution by WHO/PAHO for Inactives	558 000	425 607
Net HQ transfer to/from AMRO/PAHO	0	0
Total expected contributions	US$ 1 701 000	US$ 1 731 149

Actuarial assumptions and method:

Measurement date	31 December 2015
Discount Rate	1.5% (decrease from 1.6% in prior valuation) For Europe, beginning with the 31 December 2010 valuation, WHO adopted a yield curve approach to reflect the pattern of expected cash flows from the European major office. The rate is a weighted average of the 1.31% rate from the SIX Swiss Exchange curve and the 2.21% rate from the iBoxx Euro Zone curve, with a two-thirds weight on the former. The resulting rate is rounded to the nearest 0.1%.
Annual General Inflation	1.4% (same as the prior valuation). Based on Aon Hewitt's Q3 2015 10-year forecast of global capital market assumptions. Rate for Europe is the average of rates for Switzerland (1.1%) and the rest of Europe (1.6%), rounded to the nearest 0.1%.
Annual Pension Indexation	Set equal to general inflation. Although pensions are only increased when inflation is 2.0% or more, pension increases historically have accounted for cumulative inflation since the last increase.
Annual Salary Scale	General inflation, plus 0.5% per year productivity increases, plus merit increases. Productivity and merit increases are set equal to those from the 31 December 2013 valuation of the UNJSPF.
Actuarial method	Liabilities are attributed using the projected unit credit method linearly from the entry on duty date to the earlier of the full eligibility date (the latest of age 55, 10 years of service, and five years of continuous service) and retirement date.

f) United Nations Joint Staff Pension Fund:

The Pension Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

IARC's financial obligation to the United Nations Joint Staff Pension Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared with the actual contribution rate of 23.7%.

At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130.0% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

In December 2012 and April 2013 the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 1 January 2014. The related change to the Pension Fund's Regulation was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013.

During 2015, IARC's contributions paid to the United Nations Joint Staff Pension Fund amounted to US$ 5 169 888 (US$ 5 223 220 in 2014).

The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

5.4 Deferred revenue

Deferred revenue represents multi-year agreements signed in and prior to 2015 for which the revenue recognition has been deferred to future financial periods. Deferred revenue is split into current and non-current depending upon when the revenue is available to the Agency to spend.

	31-Dec-15	31-Dec-14
Current liabilities	3 760 788	3 043 676
Non-current liabilities	8 249 922	3 448 951
Total deferred revenue	€ 12 010 710	€ 6 492 627

Note 6: Net assets/equity

The net assets/equity of the Agency decreases from €4 823 040 as at 31 December 2014 to €261 614 at the end of reporting period. Statement III provides the summary of changes in net assets/equity by fund.

The presentation of net assets/equity in Statement I is segregating the equity by fund as follows:

6.1 Regular Budget

Total available fund comprises of €20 435 407 budget approved for 2015 and €2 382 186 fund balance from 2014 approved regular budget which was committed in 2014 for delivery in subsequent calendar year. At the end of reporting period, there is a net fund balance of €278 154. Details of this fund are provided in Schedule 1.

6.2 Voluntary Contributions

The fund balance of €11 333 605 includes designated and undesignated voluntary contributions. Details of this fund are provided in Schedule 1.

6.3 Working Capital Fund

Fund balance decreased by €1 582 718, as a net result of contribution from new Participating States (see also Note 3.10b) and fund used for the establishment of allowances for assessed contribution in arrears.

	31-Dec-15	31-Dec-14
Beginning balance at beginning of year	3 291 750	3 291 750
Add: New Participating States contribution to WCF	34 650	0
Less: Allowances for assessed contribution in arrears	(1 617 368)	0
Ending balance as at end of year	€ 1 709 032	€ 3 291 750

6.4 Governing Council Special Fund

Details of the fund are disclosed in Schedule 2. The fund balance of €11 980 519 include reserves, i.e. expenses authorized by the Governing Council which have not yet incurred.

6.5 Special Account for Programme Support Cost

Fund balance increased to €4 094 336 during the reporting period. Schedule 2 provides further details of revenue and expenses incurred.

6.6 Participating State - Others

The amount of €(29 159 107) represents the net value in Common Fund and Special Purpose Fund accounts.

a) Common Fund includes the inventories and net carrying value of PP&E as follows:

	31-Dec-15	31-Dec-14
Inventories	200 162	352 260
Property, plant and equipment, net	3 259 731	3 224 914
Total common fund	€ 3 459 893	€ 3 577 174

b) Special Purpose Fund represents the unfunded portion of employee benefits liabilities as described under note 5.3.

	31-Dec-15	31-Dec-14
Fund balance in TQ and TP accounts (Note 5.3b)	4 404 809	3 549 116
Accrued staff salaries funded from other source	21 100	0
Less: Total accrued staff benefits (Note 5.3a)	(37 044 909)	(31 480 830)
Total special purpose fund	€(32 619 000)	€(27 931 714)

6.7 Trust Fund

This account has a balance of €25 075, which will be used for financing language courses in the following years. Schedule 1 provides further details of revenue and expenses incurred.

Note 7: Revenue

7.1 Assessed contributions

This account includes budgeted and unbudgeted assessed contributions from Participating States, and receipt from arrears in assessed contributions.

	31-Dec-15	31-Dec-14
Budgeted assessed contribution	20 185 407	19 739 084
Unbudgeted assessed contribution	1 355 589	744 174
Receipt from arrears in assessed contribution	676 913	676 913
Decrease (increased) in allowance for doubtful account receivables	(1 617 368)	0
Total	€ 20 600 541	€ 21 160 171

Budgeted assessed contribution

This refers to contribution from Participating States for the biennial programme budget 2014/2015 as per assessments approved by the Governing Council Resolution GC/55/R10, which is recorded on an accrual basis at the beginning of each year against account receivable. The amount of €20 185 407 shown on these Financial Statements represents the contribution from Participating States for 2015 approved programme budget. The status of the collection is shown in Schedule 3.

Unbudgeted assessed contribution

The unbudgeted assessed contribution includes contributions from Brazil and Qatar, whose memberships were accepted in 2013, and contribution from Morocco, whose membership was accepted in 2015. The 2015 contribution is in accordance to the percentage set forth in IARC Financial Regulations Article IV.4.3, and Resolutions GC/37/R9 and GC/54/R18. This revenue was credited to the Governing Council Special Fund and Working Capital Fund as explained in Note 3.10b.

	31-Dec-15	31-Dec-14
Contribution from Brazil (2015-75% of Group 3)	659 804	430 143
Contribution from Qatar (2015-75% of Group 5)	481 697	314 031
Contribution from Morocco (2015-1/3 of Group 5)	214 088	0
Total	€ 1 355 589	€ 744 174

Receipt from arrears in assessed contribution

The amount of €676 913 represents the receipt from arrears in assessed contributions from the Russian Federation as per Resolution GC/48/R3.

Decrease (increase) in allowance for doubtful account receivables

The amount of €1 617 368 represents the allowance established for assessed contributions pending from two Participating States.

7.2 Voluntary contributions

The reported revenue of €12 534 098 is reached after netting off voluntary contributions recognized during the year with the net decrease in the allowance for doubtful account receivables.

	31-Dec-15	31-Dec-14
Designated voluntary contributions	12 003 555	11 062 056
Undesignated voluntary contributions	458 490	30
Total voluntary contributions	12 462 045	11 062 086
Decrease (increase) in allowance for doubtful account receivables	72 053	(145 901)
Approved write off without prior year allowance	0	(41 829)
Total	€ 12 534 098	€ 10 874 356

Decrease (increase) in allowance for doubtful account receivables

	31-Dec-15	31-Dec-14
Reversal of allowance upon receipt of payments	72 053	62 722
Less: Additional allowance for designated VC	0	(208 623)
Total	€ 72 053	€ (145 901)

7.3 Revenue producing activities

The revenue earned from sale of IARC publications in 2015 is €704 251, which is decreased by 11% from the prior year.

7.4 Other operating revenue

	31-Dec-15	31-Dec-14
Sale of equipment and materials	0	11 485
Savings from prior period obligations	10 405	66 251
Other income	479	885
Total	€ 10 884	€ 78 621

7.5 Trust fund

The total of €11 300 was received from personnel enrolled in the language courses and recorded under the Trust Fund.

7.6 Financial revenue

This account represents interest income on bank deposits. Interest income amounting to €13 034 are apportioned to the designated voluntary contribution account in accordance to the agreement condition and approval by the Governing Council under Resolution GC/55/R23 (€9986) and to the undesignated voluntary contribution as approved by the Governing Council under its Resolution GC/23/R6 (€3048). The remaining interest income amounting to €154 780 are credited to the Governing Council Special Fund.

	31-Dec-15	31-Dec-14
Interest income apportioned to VC account	13 034	11 255
Interest income credited to GCSF account	154 780	261 540
Total	€ 167 814	€ 272 795

7.7 Income from services rendered

The total programme support cost of €1 415 914 collected from the designated voluntary contribution during the reporting period are eliminated in the Statement II (see Note 3.10g). It can be found in Schedules 1 & 2.

Note 8: Expenses

8.1 Staff cost

This amount represents the total cost of employing staff at all levels, professional and general service staff. It includes base salary, post adjustment, and other types of entitlements paid by the Agency.

8.2 Temporary assistants, advisors and participants

For temporary assistance, the costs include the payroll cost of temporary staff, non-payroll staff entitlements and terminal payments, the Agency share on the staff pension fund and staff health insurance. For temporary advisors and participants, the costs are related to those meetings.

8.3 Fellows

Costs include the Stipend cost and other entitlements of visiting scientists under the collaboration programmes and students (masters, doctorate and post-doctorate) on the trainee programmes.

8.4 Duty travel

The travel cost of staff and Fellows paid by the Agency is included in the total duty travel costs. This includes airfare, per diem and incidentals. This does not include statutory travel which is accounted for within staff costs.

8.5 Research and other agreements

These include cost for collaborative research agreements (CRA), consortium and partnership agreements, and other contracts, including contracts for external printing and agreements for the performance of work (APWs).

8.6 Procurement and various operating expenses

These include cost of procurement of expendable equipment, office services and various other operating expenses, net of the approved write off.

8.7 Cost of distribution and disposal of inventories

It includes the cost of inventories that were distributed and disposed during the reporting period using weighted average cost method.

8.8 Depreciation expense

It includes the depreciation of property, plant and equipment during the reporting period using straight line method.

8.9 Net foreign exchange loss

This includes net realized and unrealized foreign exchange gain or losses.

	31-Dec-15	31-Dec-14
Net realized foreign exchange loss (gain)	(571 076)	(207 998)
Net unrealized foreign exchange loss (gain)	3 153 721	2 276 070
Total	€ 2 582 645	€ 2 068 072

8.10 Financial cost

This includes bank charges and rounding differences.

8.11 Programme support cost

This is the support cost charged to the designated voluntary contribution during the reporting period and is eliminated in the Statement II. It can be found in Schedules 1 & 2 (see also Note 7.7).

8.12 Transfer between Funds

The below table provides details of fund transfers between Regular Budget (RB) and GCSF during the reporting period.

	RB	GCSF
Financing 2015 Regular Budget from GCSF (GC/55/R10)	250 000	(250 000)
Financing 2015 budgetary exchange rate loss from GCSF (GC/55/R10)	92 100	(92 100)
Net transfer between funds	€ 342 100	€ (342 100)

Note 9: Comparison of budget and actual amounts

Through the 55th Governing Council meeting, Resolution GC/55/R10, the total effective regular budget was approved for 2014–2015 for €40 424 491, of which €19 989 084 and €20 435 407 is allocated for 2014 and 2015 work plans, respectively. There have been no revisions made to the programme and approved budget to-date.

As stated in Note 3.13, the Agency's budget and financial statements are prepared using different basis. The Statement of Financial Position (Statement I), Statement of Financial Performance (Statement II), Statement of Changes in Net Assets /Equity (Statement III), and Statement of Cash Flow (Statement IV) are prepared on full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is established on a modified cash basis.

Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final approved budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. This means that in addition to the actual expenditure, encumbrances are also included to the actual amounts to measure the budget utilization.

As per the requirements of IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

Timing differences consist of regular budget expenses incurred in the current financial period which are not part of the current approved biennium budget.

Basis differences occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include Common Fund activities (i.e. the new capital assets purchased, depreciation of assets, and cost of distribution and disposals of inventories) and other non-regular budget utilization.

Reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance (Statement II) for the period ended 31 December 2015 is presented below:

	31-Dec-15	31-Dec-14
Actual amount on comparison - Statement V	22 539 439	17 606 898
Time difference	0	372 416
Basis differences	16 050 875	17 649 714
Actual expenses – Statement II	€ 38 590 314	€ 35 629 028

Note 10: Related party and other key management personnel disclosure

IPSAS 20 requires the Agency to disclose information concerning the remuneration and benefits of 'Key Management Personnel' (KMP), and details of transactions between such individuals and entities that are "significantly influenced" by IARC/WHO (referred to as "related party transactions"). KMP of the Agency include staff at director level and above.

The table below details the number of KMP of IARC and the aggregate remuneration and benefits paid for 2015.

The aggregate remuneration of KPM includes net salaries, post adjustment, entitlements such as representation allowance and educational grants, employee pension and current health insurance contributions.

Number of Individuals	Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration 2015	Outstanding advances against entitlements	Outstanding loans (in addition to normal entitlement)
4	587 361	25 763	203 271	816 395	12 926	-

Note 11: Administrative waivers, amounts written-off and ex-gratia payments

During 2015, a total of €171 537 was approved for write-off related to uncollected designated voluntary contributions. There were no administrative waivers approved and no ex-gratia payments made in 2015.

Note 12: Events after the reporting date

The reporting date for these financial statements is 31 December 2015. There have been no events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Note 13: Contingent liabilities, commitments and contingent assets

13.1 Contingent assets and liabilities

In accordance with IPSAS 19, contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2015, there are no material contingent assets to disclose. IARC also has no pending legal cases.

13.2 Operating lease commitments

IARC enters into an operating lease arrangement for printers for the period 1 November 2012 to 31 October 2017.

IARC has no finance lease as at the end of reporting date.

SCHEDULE 1 – Statement of Financial Performance by Major Funds

International Agency for Research on Cancer
Statement of Financial Performance by Major Funds and Capital Assets
For the year ended 31 December 2015
(amount in Euros)

	Notes	Regular Budget	Working Capital Fund	Other funds	Voluntary Contributions Account	Trust funds	Sub-totals	Eliminations	Total for the year ended 31 December 2015
REVENUE	Note 7								
Assessed contributions	7.1	20 185 407	(1 582 718)	1 997 852			20 600 541		**20 600 541**
Voluntary contributions	7.2			72 052	12 462 046		12 534 098		**12 534 098**
Revenue-producing activities	7.3			704 251			704 251		**704 251**
Other operating revenue	7.4			10 884			10 884		**10 884**
Trust Fund	7.5					11 300	11 300		**11 300**
Income from services rendered	7.7			1 415 914			1 415 914	(1 415 914)	
Financial revenue	7.6			154 781	13 033		167 814		**167 814**
Total revenue		20 185 407	(1 582 718)	4 355 734	12 475 079	11 300	35 444 802	(1 415 914)	34 028 888
EXPENSES	Note 8								
Staff cost	8.1	15 740 160		2 503 637	3 891 866		22 135 663		**22 135 663**
Temporary assistants, advisors and participants	8.2	729 270		160 487	660 150		1 549 907		**1 549 907**
Fellows	8.3	1 171 063		78 797	1 103 102		2 352 962		**2 352 962**
Duty travel (staff, fellows)	8.4	597 505		39 645	206 861		844 011		**844 011**
Research and other agreements	8.5	823 843		264 355	2 033 569		3 121 767		**3 121 767**
Procurement and various operating expenses	8.6	3 418 662		519 643	980 503	1 096	4 919 904		**4 919 904**
Cost of distribution & disposal of inventory	8.7			297 520			297 520		**297 520**
Depreciation	8.8			763 781			763 781		**763 781**
Net foreign exchange loss	8.9			2 582 645			2 582 645		**2 582 645**
Financial cost	8.10	55		21 762	337		22 154		**22 154**
Programme support cost	8.11				1 415 914		1 415 914	(1 415 914)	
Total expenses		22 480 558		7 232 272	10 292 302	1 096	40 006 228	(1 415 914)	**38 590 314**
TOTAL SURPLUS (DEFICIT) FOR THE YEAR		(2 295 151)	(1 582 718)	(2 876 538)	2 182 777	10 204	(4 561 426)		**(4 561 426)**
Capital expenditures									
Inventories		(36 638)		36 638					
Property plant & equipment		(114 343)		370 470	(256 127)				
Transfer between funds	8.12	342 100		(342 100)					
TOTAL CHANGES IN FUND BALANCES		(2 104 032)	(1 582 718)	(2 811 530)	1 926 650	10 204	(4 561 426)		**(4 561 426)**
FUND BALANCES - 31 DECEMBER 2014		2 382 186	3 291 750	(10 272 722)	9 406 955	14 871	4 823 040		**4 823 040**
FUND BALANCES - 31 DECEMBER 2015	Note 6	278 154	1 709 032	(13 084 252)	11 333 605	25 075	261 614		**261 614**

SCHEDULE 2 – Statement of Financial Performance by Other Funds

International Agency for Research on Cancer
Statement of Financial Performance by Other Funds
For the year ended 31 December 2015
(amount in Euros)

	Notes	Governing Council Special Fund	Special Account for Programme Support Costs	Participating States Others	Total for the year ended **31 December 2015**
REVENUE	Note 7				
Assessed contributions	7.1	1 997 852			**1 997 852**
Voluntary Contribution	7.2		72 052		**72 052**
Revenue-producing activities	7.3	704 251			**704 251**
Other operating revenue	7.4	10 884			**10 884**
Income from service rendered	7.7		1 415 914		**1 415 914**
Financial revenue	7.6	154 781			**154 781**
Total revenue		2 867 768	1 487 966		4 355 734
EXPENSES	Note 8				
Staff cost	8.1	797 557	220 722	1 485 358	**2 503 637**
Temporary assistants, advisors and participants	8.2	120 327	40 160		**160 487**
Fellows	8.3	68 546	10 251		**78 797**
Duty travel (staff, fellows)	8.4	28 361	11 284		**39 645**
Research and other agreements	8.5	266 880	(2 525)		**264 355**
Procurement and various operating expenses	8.6	93 441	426 202		**519 643**
Cost of distribution & disposal of inventory	8.7			297 520	**297 520**
Depreciation	8.8			763 781	**763 781**
Net foreign exchange loss	8.9	(619 283)		3 201 928	**2 582 645**
Financial cost	8.10		21 762		**21 762**
Total expenses		755 829	727 856	5 748 587	**7 232 272**
TOTAL SURPLUS (DEFICIT) FOR THE YEAR		2 111 939	760 110	(5 748 587)	**(2 876 538)**
Capital expenditures					
Inventories		(108 784)		145 422	**36 638**
Property, plant & equipment		(375 486)	(52 642)	798 598	**370 470**
Transfer between funds	8.12	(342 100)			**(342 100)**
TOTAL CHANGES IN FUND BALANCES		1 285 569	707 468	(4 804 567)	**(2 811 530)**
FUND BALANCES - 31 DECEMBER 2014		10 694 950	3 386 868	(24 354 540)	**(10 272 722)**
FUND BALANCES - 31 DECEMBER 2015	Note 6	11 980 519	4 094 336	(29 159 107)	**(13 084 252)**

SCHEDULE 3 – Status of Collection of Assessed Contributions

International Agency for Research on Cancer
Status of Collection of Contributions
As at 31 December 2015
(amount in Euros)

Participating States	2015 Assessments: Assessments	2015 Assessments: Collected	2015 Assessments: Balance as of 31-Dec-15	Assessments of prior financial years: Balance as of 01-Jan-15	Assessments of prior financial years: Collected during 2015	Assessments of prior financial years: Balance as of 31-Dec-15	Total balance as of 31-Dec-15
Australia	879 739	879 739	-	-	-	-	-
Austria	761 000	761 000	-	-	-	-	-
Belgium	761 000	704 500	56 500	-	-	-	56 500
Canada	879 739	879 739	-	-	-	-	-
Denmark	761 000	761 000	-	744 174	744 174	-	-
Finland	761 000	761 000	-	-	-	-	-
France	1 117 215	1 117 215	-	-	-	-	-
Germany	1 117 215	1 117 215	-	-	-	-	-
India	761 000	761 000	-	744 174	744 174	-	-
Ireland	642 263	642 263	-	-	-	-	-
Italy	1 117 215	1 117 215	-	-	-	-	-
Japan	1 592 164	1 592 164	-	-	-	-	-
Netherlands	761 000	761 000	-	-	-	-	-
Norway	761 000	761 000	-	-	-	-	-
Republic of Korea	761 000	761 000	-	-	-	-	-
Russian Federation	879 739	879 739	-	-	-	-	-
Spain	879 739	-	879 739	860 286	522 008	338 278	1 218 017
Sweden	761 000	761 000	-	-	-	-	-
Switzerland	761 000	761 000	-	-	-	-	-
Turkey	761 000	761 000	-	-	-	-	-
United Kingdom	1 117 215	1 117 215	-	-	-	-	-
United States of America	1 592 164	443 324	1 148 840	4 326	4 326	-	1 148 840
TOTAL	**20 185 407**	**18 100 328**	**2 085 079**	**2 352 960**	**2 014 682**	**338 278**	**2 423 357**
% of collection		89.67%					
Other outstanding contributions:							
Brazil (1)	659 804	-	659 804	619 286	-	619 286	1 279 090
Morocco (2)	214 088	-	214 088	-	-	-	214 088
Qatar (3)	481 697	481 697	-	-	-	-	-
Russian Federation(4)	-	-	-	1 353 824	676 913	676 911	676 911
GRAND TOTAL	**21 540 996**	**18 582 025**	**2 958 971**	**4 326 070**	**2 691 595**	**1 634 475**	**4 593 446**

(1) Brazil: Membership was accepted in 2013. The 2015 contribution equals to 75% of assessment contribution of Group 3 Participating States and to be accounted under the unbudgeted assessment.

(2) Morocco: Membership was accepted in 2015. The 2015 contribution equals to 1/3 of assessment contribution of Group 5 Participating States and to be accounted under the unbudgeted assessment.

(3) Qatar: Membership was accepted in 2013. The 2015 contribution equals to 75% of assessment contribution of Group 5 Participating States and to be accounted under the unbudgeted assessment.

(4) Russian Federation: Membership was temporarily suspended and resumed on 1 January 2007 in accordance with Resolution GC/48/R3. As from 1 January 2015, the outstanding balance in arrears is US$ 1 953 570 @ €0.693 = €1 353 824 (rounded).