International Agency for Research on Cancer

World Health Organization

Governing Council
Fifty-sixth Session

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Auditorium

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

For the year ended 31 December 2013

2014

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DIRECTOR'S FINANCIAL REPORT

INTRODUCTION

1. The annual financial statements of the Agency for the year ended 31 December 2013 are submitted in accordance with Article VI, Paragraph 6.1 of the IARC Financial Regulations. This is the second 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 2012-2013 Regular Budget.

4. This financial report highlights the financial health of the Agency and the impact of the prior period adjustments due to accounting policy changes during the reporting period.

PRIOR PERIOD ADJUSTMENTS

5. Two accounting policies were revised in 2013 to align with those of the World Health Organization (WHO) i.e. accounting policy on establishment of allowance for doubtful account receivables for assessed contribution and recognition of inventories. The necessary adjustments were made and resulted in an increase in net assets/equity by €1 040 928. Details of these adjustments are described in Note 4 of the financial statements.

FINANCIAL HIGHLIGHTS

a) Regular Budget

6. The collection of 2013 assessed contributions is at 95.81% as per the details shown in Schedule 3.

7. For the year ended 31 December 2013, total expenses and capital expenditure charged against the regular budget amounted to €21.811 million. The budget utilization rate including encumbrances for the biennium is 99.8%. The breakdown of annual expenditure and encumbrances by appropriation section in comparison with the approved 2012-2013 biennial budget is presented in Statement V.

8. The unspent balance of €0.093 million has been credited to the GCSF in accordance with Article V, Paragraph 5.5 of the IARC Financial Regulations. This unspent balance represents the balance from post savings that was realized from the salary freeze in 2012 and 2013 for staff in General Service category recruited prior to 1 September 2013.

9. The exchange rate applied by the Governing Council when approving the 2012-2013 budget was 0.675 Euro to the US dollar. The average United Nations/WHO rate of exchange for the year 2012 and 2013 were 0.778 and 0.756 Euro to a US dollar, respectively. 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 depreciation of Euros value resulted to budget costs of €0.077 million in 2012 and €0.060 million in 2013. The Agency covered the unforeseen budget cost due to currency realignments in 2012 from the provision authorized in GC Resolution GC/53/R7 and the 2013 budget cost was absorbed within the approved Regular Budget, thanks to the realized post savings. In summary, only €0.077 million from the €1 million currency realignment provision was used during 2012-2013.

10. A total budget of €0.377 million was allocated under the Director's Development Provision during 2012-2013 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:

		2013	2012
IARC Monographs	(Area 2)		34 000
Cancer Etiology	(Area 3)	133 700	42 000
Mechanisms of Carcinogenesis	(Area 4)	40 000	65 000
Cancer Prevention	(Area 5)	15 000	
Methodology and Research Tools	(Area 7)		15 000
Scientific Support	(Area 8)		15 200
Research Leadership and Management	(Area 9)		17 500
		€188 700	€188 700

b) Working Capital Fund (WCF)

11. The authorised level of the Working Capital Fund as of 1 January 2013 was €3.218 million. This was inclusive of the €0.846 million, balance of the €1.6 million fund transfer at the end of 2011 from the Governing Council Special Fund to temporarily increase its fund level as per Resolution GC/53/R15 and was reimbursed to Governing Council Special Fund upon receipt of payment from Spain in March 2013.

12. This authorised level was restated due to the change in accounting policy on establishing allowance for doubtful account receivables on assessed contributions. €0.748 million

previously used for establishing the allowance due to delay in the receipt of budgeted assessed contributions due in 2012 were reversed.

13. During 2013 €0.069 million were appropriated from the first unbudgeted assessed contribution received from two new participating states i.e. Brazil and Qatar in accordance with the Article IV, Paragraph 4.3 of the IARC Financial Regulations and the Resolution GC/5/R14, €0.850 million were received from prior year's arrear, and €0.846 million were reimbursed to Governing Council Special Fund. As a result, the balance of the WCF at 31 December 2013 was €3.292 million.

c) Governing Council Special Fund (GCSF)

14. The fund balance as at 31 December 2013 was €9.187 million. This included the fund balance of unbudgeted assessment account of €2.581 million and over €3 million of fund reservations i.e. expenses authorised by the Governing Council but not yet incurred such as follows:
    - €0.500 million - financing to 2014-2015 programme budget (GC/55/R10)
    - €0.500 million - exchange rate fluctuations provision during 2014-2015 (GC/55/R10)
    - €0.346 million - Hiatus Funding Facility for 2014 (GC/47/R7)
    - €0.903 million - balance of reserve for publication programme (GC/55/R15)
    - €0.394 million - balance of reserve for scientific equipment (GC/55/R16)
    - €0.400 million - support to IPSAS implementation (GC/55/R17)

15. During the year 2013, the notable fund inflows to the GCSF were as follows:
    - €0.846 million - reimbursement from the WCF as per GC/53/R15
    - €0.677 million - the 7th instalment from Russian Federation as per GC/48/R3
    - €0.764 million - income from the sales of publications
    - €0.849 million - 2013 unbudgeted assessed contribution from new Participating States i.e. Turkey, Brazil, and Qatar

16. 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 2014 showing the detailed uncommitted balance of the fund and projection until the end of the next biennium budget.

d) Voluntary Contributions Account

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

18. During the year 2013, total income of the Voluntary Contributions Account amounted to €9.311 million, of which €9.296 million were designated.

19. In accordance with the standing authorization provided in Resolution No. GC/55/R23 and the conditions set forth in the signed agreements, interest income totalling €0.038 million was apportioned to the designated voluntary contributions account in 2013, comprising of €0.021 million for 2013 and €0.017 million for 2012 (retroactive interest apportionment).

20. Total operational expenses in the Voluntary Contributions Account amounted to €9.956 million, of which €9.774 million were against designated contributions.

21. The fund balance as at 31 December 2013 was €11.032 million, of which €10.656 million was from designated contributions. This fund balance included receivables (i.e. income that has been recognized and pending receipt of cash) of €4.874 million.

22. In addition, income expected to be received in the future years are shown as deferred revenue amounting to €8.066 million and all are related to designated voluntary contributions.

e) Special Account for Programme Support Costs

23. As at 31 December 2013, this account had fund balance of €3.158 million, which was €1.482 million increased from the prior period.

24. The increase was partly a result of Agency's efforts in collecting and clearing overdue account receivables, leading to the recovery of €0.643 million of allowance for doubtful account receivables. In addition, income earned during 2013 under this account was €1.030 million while expenditure of €0.190 million was incurred.

f) Participating States - Others

25. 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 IPSAS 25 implementation.

26. In the prior year, this account represented only the unfunded liabilities related to employee benefits while net carrying value of PP&E was shown separately as equity in capital assets to segregate the equity available for utilisation from the equity already used but not yet fully expensed. In 2013, the presentation of this account was revised to align with WHO.

27. As at 31 December 2012, the net unfunded balance under this account was restated to €20.438 million from €20.731 million. The decreased unfunded balance was attributed to the recognition of publication inventories totalling €0.293 million.

28. Inventories were recognized in the IARC financial statements for the first time in 2013. The total of €0.115 million of new publications was capitalized. Publications valued at €0.082 million were distributed, and €0.018 million value of publications was disposed or adjusted, bringing the balance at the end of year to €0.308 million.

29. Since 1 January 2010, as part of the implementation of IPSAS, IARC has capitalised and depreciated all PP&E with a purchase value equal to or more than €3000. The total capitalisation of new PP&E purchased in 2013 amounted to €0.761 million. Total depreciation expenses in 2013 were €0.613 million. The depreciated value of the PP&E had the net book value as at 31 December 2013 of €3.483 million.

30. As described under Note 6.3 of the financial statements, accrued staff benefits liabilities as at 31 December 2013 total €26.677 million, of which €23.665 million are unfunded. The plan has been implemented to close this gap, using a progressive approach through increased contributions to SHI fund, in line with the plan set by the WHO.

REPORT OF THE EXTERNAL AUDITOR

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

LETTER OF TRANSMITTAL

4 April 2014

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 2013.

I record my appreciation to the World Health Assembly for the honor and privilege to serve as external auditor of WHO and its non-consolidated entities.

Yours sincerely,

Maria Gracia M. Pulido Tan
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 2014

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 2013**

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,

Maria Gracia M. Pulido Tan
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Dr Christopher P. Wild
Director
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

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 2013, 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 2013, 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.

Maria Gracia M. Pulido Tan
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Quezon City, Philippines
4 April 2014

International Agency for Research on Cancer

World Health Organization

CERTIFICATION OF ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2013

The appended financial statements, numbered I to V, relevant notes to the statements and schedule 1 to 4 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 2013
(amount in Euros)

	Notes	As at **31 December 2013**	restated **31 December 2012**
ASSETS	Note 5		
Current assets			
Cash and cash equivalents	5.1	24 354 572	22 292 237
Account receivables, net	5.2	10 995 407	9 598 154
Staff receivables	5.3	120 440	127 068
Prepayments	5.4	473 480	339 262
Interest receivables	5.5	126 702	382 476
Inventories	5.6	307 496	293 059
Total current assets		36 378 097	33 032 256
Non-current assets			
Account receivables, net	5.2	4 150 175	4 799 437
Property, plant and equipment - net	5.7	3 483 233	3 334 350
Total non-current assets		7 633 408	8 133 787
TOTAL ASSETS		**44 011 505**	**41 166 043**
LIABILITIES	Note 6		
Current liabilities			
Contributions received in advance	6.1	25 260	
Account payable	6.2	1 984 436	1 474 521
Accrued staff benefits	6.3	1 090 294	1 109 771
Deferred revenue	6.4	3 916 304	2 841 048
Total current liabilities		7 016 294	5 425 340
Non-current liabilities			
Accrued staff benefits	6.3	25 586 788	25 061 349
Deferred revenue	6.4	4 150 175	4 799 437
Total non-current liabilities		29 736 963	29 860 786
TOTAL LIABILITIES		**36 753 257**	**35 286 126**
NET ASSETS / EQUITY	Note 7		
Fund			
Regular Budget	7.1	441 103	2 442 159
Voluntary Contributions	7.2	11 032 480	11 630 214
Working Capital Fund	7.3	3 291 750	3 217 540
Other IARC funds			
Governing Council Special Funds	7.4	9 187 411	7 343 040
Special Account for Programme Support Costs	7.5	3 157 694	1 675 255
Participating States - Others	7.6	(19 874 341)	(20 437 592)
Trust Fund	7.7	22 151	9 301
TOTAL NET ASSETS / EQUITY BALANCES		7 258 248	5 879 917
TOTAL LIABILITIES AND NET ASSETS / EQUITY BALANCES		**44 011 505**	**41 166 043**

STATEMENT II - Statement of Financial Performance

International Agency for Research on Cancer
Statement of Financial Performance
For the year ended 31 December 2013
(amount in Euros)

	Notes	for the year ended **31 December 2013**	restated **31 December 2012**
REVENUE	Note 8		
Assessed contributions from Participating States	8.1	19 402 355	19 016 960
Assessed contribution from new Participating State	8.2	918 257	370 772
Voluntary contributions	8.3	9 310 549	10 982 411
Revenue-producing activities	8.4	764 016	605 830
Other operating revenue	8.5	40 086	26 515
Trust Funds	8.6	12 850	14 400
Decrease in allowance for doubtful account receivables	8.7	2 170 463	1 238 416
Financial revenue	8.8	489 616	495 787
Total revenue		**33 108 192**	**32 751 091**
EXPENSES	Note 9		
Staff cost	9.1	17 364 468	16 524 928
Temporary assistants, advisors and participants	9.2	1 670 057	1 696 608
Fellows	9.3	2 201 328	2 016 355
Duty travel (staff, fellows)	9.4	752 522	603 151
Research and other agreements	9.5	4 109 638	5 685 118
Procurement and various operating expenses	9.6	4 479 137	4 112 968
Cost of distribution and disposal of inventories	9.7	100 344	106 952
Depreciation	9.8	612 553	525 085
Financial cost	9.9	439 814	325 432
Total expenses		**31 729 861**	**31 596 597**
TOTAL SURPLUS FOR THE YEAR		**1 378 331**	**1 154 494**

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 2013
(amount in Euros)

	Notes	balance as at 31 December 2012	Changes in accounting policies	restated 31 December 2012	Changes in 2013	balance as at 31 December 2013
Fund						
Non-restricted (Participating States)						
Regular Budget	7.1	2 442 159		2 442 159	(2 001 056)	441 103
Working Capital Fund	7.3	2 469 671	747 869	3 217 540	74 210	3 291 750
Other IARC Funds	7.4-7.6	(11 712 356)	293 059	(11 419 297)	3 890 061	(7 529 236)
Total non-restricted		(6 800 526)	1 040 928	(5 759 598)	1 963 215	(3 796 383)
Restricted						
Voluntary Contributions	7.2	11 630 214		11 630 214	(597 734)	11 032 480
Trust Fund	7.7	9 301		9 301	12 850	22 151
Total restricted		11 639 515		11 639 515	(584 884)	11 054 631
Total net assets/equity balance		**4 838 989**	**1 040 928**	**5 879 917**	**1 378 331**	**7 258 248**

STATEMENT IV - Statement of Cash Flow

International Agency for Research on Cancer
Statement of Cash Flows
For the year ended 31 December 2013
(amount in Euros)

	Notes	As at 31 December 2013	restated 31 December 2012
Cash flow from operating activities			
Net surplus for the year		**1 378 331**	1 154 494
Depreciation	9.8	**612 553**	525 085
(Increase) decrease in accounts receivables		**(1 397 253)**	2 433 229
Decrease in staff receivables		**6 628**	27 148
(Increase) decrease in prepayments		**(134 218)**	76 201
(Increase) decrease in interest receivables		**255 774**	(130 684)
Increase in inventories		**(14 437)**	(46 694)
(Increase) decrease in non-current receivables		**649 262**	(1 651 537)
Increase (decrease) in assessed contributions received in advance		**25 260**	(741 543)
Increase (decrease) in accounts payable		**509 915**	(86 177)
Increase (decrease) in accured staff benefit, current liabilities		**(19 477)**	65 173
Increase (decrease) in deferred revenue, current liabilities		**1 075 256**	(954 769)
Increase (decrease) in non-current liabilities		**(123 823)**	2 115 402
Net increase in cash flows from operating activities		**2 823 771**	2 785 328
Cash flows from investing activities			
Increase in property, plant and equipment		**(761 436)**	**(1 055 010)**
Net increase in cash and cash equivalents		**2 062 335**	1 730 318
Cash and cash equivalents at the beginning of the year		**22 292 237**	20 561 919
Cash and cash equivalents at the end of the year	5.1	**24 354 572**	22 292 237

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 2012-2013)
For the year ended 31 December 2013
(amount in Euros)

Purpose of appropriation	2012-2013 Programme Budget Appropriations				Budget Utilization				Budget Balance Transferred to GCSF	% utilization
	Approved Appropriations by Governing Council 2012	2013	Transfers (IARC Financial Regulations 3.3)	Effective appropriations	Expenses 2012	2013	Encumbrance	Total Utilization		
1. Policy organs	79 192	79 186	(2,324)	156 054	72 900	83 154		156 054		*0.4%*
2. Scientific programme	14 101 595	14 383 283	333,620	28 818 498	12 002 614	16 429 264	365 242	28 797 120	21 378	*73.1%*
3. General services and support	5 336 173	5 439 886	(331,296)	10 444 763	4 999 287	5 298 415	75 861	10 373 563	71 200	*26.3%*
TOTAL	**19 516 960**	**19 902 355**		**39 419 315**	**17 074 801**	**21 810 833**	**441 103**	**39 326 737**	**92 578**	*99.8%*

RECONCILIATION (see Note 10)	*restated 2012*	*2013*	
TOTAL EXPENSES AS PER STATEMENT V	**17 074 801**	**21 810 833**	* inclusive of €2 442 159 expenses on 2012 budget
a) Time differences:			
Regular Budget expenditure in other periods	**1 035 810**		
b) Basis differences:			
Common fund activities	(576 619)	(163 320)	
Other non-Regular Budget utilisation	14 062 605	10 082 348	
	13 485 986	**9 919 028**	
TOTAL EXPENSES AS PER STATEMENT II	**€ 31 596 597**	**€ 31 729 861**	

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 Agency has a particular interest in conducting research in low and middle-income countries through partnerships and collaborations with researchers in these regions.

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 2013 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 yearend 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 (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, information on the prior period adjustment, and other relevant information.

The order of the financial statements has been revised in this reporting period for Statement I and II. Prior to 2013, the Statement of Financial Performance was the Statement I while the Statement of Financial Position was the Statement II.

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)
- Reconciliation of Opening Balance (Schedule 4)

2.5 Prior period adjustments

Starting from 1 January 2013 accounting policy on establishing an allowance for doubtful assessed contributions account receivables has been aligned with that of WHO. In addition, IARC publication inventories which were previously reported on the WHO's financial statements have been recognized in IARC's financial statements.

For comparison purpose, last year balances were re-stated. Accordingly, the last audited financial statements for the year ended 31 December 2012 have been restated and the resulting changes are reported under Schedule 4 and Note 4. The revised 31 December 2012 financial statements are described in these financial statements as the "restated 31 December 2012".

Those adjustments resulted in an increase in net assets/equity by €1 040 928.

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 types of 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. IARC publication inventories were previously reported in the WHO financial statements and have been excluded from the WHO's financial statements in 2013 following the recommendation made by the external audit team.

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 first-in, first-out inventory valuation 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 greater than the €3000 threshold 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 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, 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.

UNJSPF: 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 organization 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) 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 gradual increase in contributions per IARC Financial Regulations Article IV.4.3 and Resolution GC/37/R9 and method of assessments as described in Resolution GC/15/R9.

   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 to the 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 1 April 2011.

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 in accordance with the International Public Sector Accounting Standards 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 help 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 contribution 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 Articles 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 financing 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 versus 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 10 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: Prior period adjustments

The 2012 audited financial statements has been restated to incorporate adjustments made due to changes in accounting policies.

Two types of adjustment were processed related to change in the allowance for doubtful account receivables for assessed contribution and the recognition of inventories. These resulted in an increase in net assets/equity by €1 040 928.

Schedule 4 provides the reconciliation of the closing balance in the restated and the audited Statement of Financial Position as at 31 December 2012. The adjustments made leading to the change in net assets/equity are described below.

4.1 Change in net assets/equity

Net assets/equity as at 31 December 2012		4 838 989
Adjustments:		
Change in assessed contribution allowances	747 869	
Recognition of inventories	293 059	1 040 928
Net assets/equity as at 31 December 2012 (restated)		€5 879 917

4.2 Adjustments

a. **Adjustment in assessed contribution allowances**

Allowances for doubtful account receivables for assessed contributions were previously established for the uncollected assessed contributions that are outstanding for one year or more after due date. This policy has been changed to align with that of WHO whereby allowances are established for contributions that are outstanding for more than two years or any rescheduled amounts. The adjustments were made to decrease the prior year accumulated allowances by €747 869, previously established for the outstanding 2012 contributions from India (€741 543), Republic of Korea (€2 000), and USA (€4 326). These result to an increase in account receivables, net and an increase in the net assets/equity by the same value.

b. **Recognition of inventories**

This adjustment is related to the recognition of IARC publication inventories which were previously reported in WHO's financial statements. All inventories as at 31 December 2012 and their movements during 2012 were reviewed and adjustments were processed accordingly resulting to a net increase of €293 059 in net assets/equity of the Agency.

The movements of inventories during 2012 are related to the capitalization of printing cost into publication inventories (€153 678), cost of distributed inventories (€98 077) and cost of disposed inventories (€8,907). The restated expenses are reflected in the Statement of Financial Performance (Statement II).

NOTE 5: Assets

5.1 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-13	restated 31-Dec-12
Cash on hand	14 209	6 401
Cash at UNDP	163 032	214 867
Bank deposits	24 177 331	22 070 969
Total	€ 24 354 572	€ 22 292 237

5.2 Account receivables, net

The total account receivable net of allowances for doubtful account receivables amounted to €15 145 582 at the end of the reporting period. These include outstanding amounts for assessed contributions, designated voluntary contributions, and other receivables. The details of current and non-current account receivables are provided below.

	Current	Non-Current	Total 31-Dec-13	restated 31-Dec-12
Uncollected assessed contributions	1 679 023	1 353 823	3 032 846	4 305 896
Designated voluntary contributions	8 598 674	4 150 175	12 748 849	13 754 607
Other account receivables*	1 619 978		1 619 978	928 759
Total account receivables	11 897 675	5 503 998	17 401 673	18 989 262
Less: Accumulated allowances	(902 268)	(1 353 823)	(2 256 091)	(4 591 671)
Total account receivables, net	€10 995 407	€4 150 175	€15 145 582	€ 14 397 591

*Other account receivables comprise of income tax refund (€1 133 359), VAT refund (€484 190) and supplier deposits (€2 429).

Total accumulated allowances for doubtful account receivables:

	Current	Non-Current	Total 31-Dec-13	restated 31-Dec-12
Opening balance of allowance for assessed contribution	1 527 289	2 030 738	3 558 027	4 989 474
Opening balance of allowance for designated VC	1 033 237	0	1 033 237	960 587
Opening balance of allowance for other receivables	407	0	407	0
Total opening balance at beginning of year	2 560 933	2 030 738	4 591 671	5 950 061
Plus: Allowance for assessed contribution	0	0	0	0
Allowance for designated VC	0	0	0	192 624
Allowance for other receivables	0	0	0	407
Total allowances for doubtful receivables	2 560 933	2 030 738	4 591 671	6 143 092
Less: Reversal of allowance for assessed contribution	(1 527 289)	0	(1 527 289)	(1 431 447)
Reversal of allowance for designated VC	(807 884)	0	(807 884)	(119 974)
Reversal of allowance for other receivables	(407)	0	(407)	0
	225 353	2 030 738	2 256 091	4 591 671
Reclassification of allowances	676 915	(676 915)	0	0
Total accumulated allowances at end of year	€ 902 268	€ 1 353 823	€ 2 256 091	€ 4 591 671

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.

5.3 Staff receivables

The total balance of staff receivables amounted to €120 440, net decrease by €6 628 from the prior period. Breakdown by type of receivables are as follow.

	31-Dec-13	restated 31-Dec-12
Education grant advance	84 569	84 943
Duty travel advance	27 744	37 195
Salary Advance	7 856	
Home leave		4 880
Miscellaneous advance	271	50
Total	€ 120 440	€ 127 068

5.4 Prepayments

The total value of prepayments is €473 480. These represent 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 2014 stipend is included in this account.

	31-Dec-13	restated 31-Dec-12
Prepayment to suppliers	284 967	177 502
Stipend advance	188 513	161 760
Total	€ 473 480	€ 339 262

5.5 Interest receivables

The €126 702 represents amount due from bank deposits for interest earned for the period ending 31 December 2013 which has not been received.

5.6 Inventories

The €307 496 represents the value of publication inventories held at WHO Press for sales as at the end of the reporting period.

	31-Dec-13	restated 31-Dec-12
Balance at beginning of year	293 059	246 364
Additions	114 781	153 646
Distributions	(81 915)	(98 077)
Disposals/adjustments	(18 429)	(8 874)
Balance at end of year	€ 307 496	€ 293 059

5.7 Property, plant and equipment, net

The value of PP&E net of accumulated depreciation at the end of reporting period is €3 483 233. 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-13	restated 31-Dec-12
Cost or valuation:							
Balance at beginning of year	2 906 098	1 962 468	294 926	56 609	38 199	5 258 300	4 203 290
Additions		440 219	247 310		73 908	761 437	1 055 010
Balance at end of year	2 906 098	2 402 687	542 236	56 609	112 107	6 019 737	5 258 300
Accumulated depreciation:							
Balance at beginning of year	1 215 563	516 010	160 625	13 919	17 833	1 923 950	1 398 865
Charges for the year	72 654	431 554	91 109	7 078	10 159	612 554	525 085
Balance at end of year	1 288 217	947 564	251 734	20 997	27 992	2 536 504	1 923 950
Net book value:							
At beginning of year	1 690 535	1 446 458	134 301	42 690	20 366	3 334 350	2 804 425
At end of year	€1 617 881	1 455 123	290 502	35 612	84 115	3 483 233	3 334 350

NOTE 6: Liabilities

6.1 Contributions received in advance

The total amount of €25 260 represents the designated voluntary contribution received from the donor prior to receiving the signed agreement.

6.2 Accounts payable

The total outstanding as at the end of reporting period is €1 984 436 and all are current liabilities. Staff payable below include salary payable, staff association payable, and payment (such as travel/expense reimbursements and stipend) to staff/STA/ fellows.

	31-Dec-13	restated 31-Dec-12
Pending refund to donors	39,290	
Staff/STA/fellows	61 129	94 218
Suppliers	750 583	235 211
Accrued expenses	1 133 434	1 145 092
Total	€ 1 984 436	€ 1 474 521

6.3 Accrued staff benefits

Accrued staff benefits, total €26 677 082, 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 €23 665 070.

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-13	restated 31-Dec-12
Short-term employee benefits	990 294		990 294	966 471
Other long-term employee benefits		1 415 664	1 415 664	1 336 018
Post employee benefits (i.e. ASHI)		24 171 124	24 171 124	23 868 631
Terminal benefits	100 000		100 000	
Total	€1 090 294	€25 586 788	€26 677 082	€26 171 120

b) TQ and TP accounts:

These accounts were established to finance the short- and long-term benefits of staff members. They are collected through staff payroll. There is a total balance of €3 012 013 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-13	restated 31-Dec-12
Fund balance at beginning of year	809 514	1 293 271	2 102 785	1 758 317
Plus: Fund inflow during the year	765 765	556 405	1 322 170	1 103 211
Less: Fund outflow during the year	(316 826)	(96 117)	(412 943)	(758 743)
Fund balance at end of year	€ 1 258 453	€ 1 753 559	€ 3 012 012	€ 2 102 785

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-13	restated 31-Dec-12
Accrued annual leave	956 467	924 580
Educational grants	33 827	33 677
Home leaves		4 880
Accrued staff salaries		3 334
Total defined benefit obligation at end of year	€ 990 294	€ 966 471

Reconciliation:

	31-Dec-13	restated 31-Dec-12
Defined Benefit Obligation at beginning of year	966 471	914 978
Plus: Expense incurred during the year	420 335	678 980
Less: Actual payment	(396 512)	(627 487)
Defined Benefit Obligation at end of year	€ 990 294	€ 966 471

d) Valuation of accrued 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-13	restated 31-Dec-12
Grant in case of death	86 616	79 281
Repatriation grant	1 010 052	945 964
Repatriation removal	231 589	230 458
Repatriation travel	63 900	59 041
Termination for reasons of health	23 507	21 274
Total defined benefit obligation at end of year	€ 1 415 664	€ 1 336 018

Actuarial summary

	31/12/2013 Valuation	31/12/2012 Valuation
Reconciliation of Defined Benefit Obligation – 141 (c)		
Defined Benefit Obligation at beginning of year	1 336 018	1 093 977
Service cost	197 111	178 250
Interest cost	35 388	43 185
(Actual gross benefit payments)	(19 764)	(82 186)
Participant contributions	0	0
Changes in accounting methods	0	0
Plan amendments	0	0
Actuarial (gain)/loss	(133 089)	102 792
Defined Benefit Obligation at end of year	€ 1 415 664	1 336 018
Reconciliation of Assets – 141 (e)		
Assets at beginning of year	0	0
(Actual gross benefit payments)	(19 764)	(82 186)
Participant contributions during the year	19 764	82 186
Organization contributions	0	0
Expected return on assets	0	0
Asset gain/(loss)	0	0
Assets at end of year	0	0
Reconciliation of Funded Status – 141 (f)		
Defined Benefit Obligation	1 415 664	1 336 018
(Plan assets)	0	0
(Surplus)/deficit	1 415 664	1 336 018
Unrecognized gain/(loss)	0	0
Unrecognized prior service credit/(cost)	0	0
Net (asset)/liability in Statement of Financial Position	1 415 664	1 336 018
Current (asset)/liability	110 249	143 300
Noncurrent (asset)/liability	1 305 415	1 192 718
Annual Expense – 141 (g)		
Service Cost	197 111	178 250
Interest Cost	35 388	43 185
Expected Return on Assets	0	0
Recognition of (Gain)/Loss	(133 089)	102 792
Recognition of Prior Service Cost	0	0
Expense before One-Time Events	99 410	324 227
Curtailments	0	0
Settlements	0	0
Special Termination Benefits	0	0
Total Expense in Statement of Financial Performance	€ 99 410	324 227
Funded Status and Actuarial (Gain)/Loss – 141 (p)		
Defined Benefit Obligation	1 415 664	1 336 018
(Plan Assets)	0	0
(Surplus)/Deficit	1 415 664	1 336 018
Actuarial (Gain)/Loss on Defined Benefit Obligation	(133 089)	102 792
Actuarial (Gain)/Loss on Plan Assets	0	0

Actuarial assumptions:

Measurement Date	31 December 2013
Discount Rate	Discount rate used for 31 December 2013 valuation is 3.1% (compared to 2.8% in 2012). Based on the Aon Hewitt iBoxx Euro zone yield curve (using the Cairns model) and the expected cash flows for the benefits accrued to date.
Expected Return on Assets	Not applicable, as the plan does not have assets held in a separate legal trust.
Annual General Inflation	1.8%. Based on Aon Hewitt's capital market assumptions of inflation forecast over the next 10 years for the Euro zone.
Annual Salary Scale	1.8% 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 2011 valuation of the United Nations Joint Staff Pension Fund (UNJSPF).
Future Exchange Rates	Equal to official United Nations spot rates at the valuation dates.
Value of Assets Under IPSAS 25	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.
Repatriation Grant	All service earned from the entry on duty date is performed outside the country of residence.
Repatriation Travel	The average cost per ticket is $3,366 per staff member in 2013, including the staff member for all contingencies (including death). The cost is converted to euros using the exchange rate as of the valuation date. The average cost per ticket will grow with general inflation. Based on a study of experience from 1 January 2010 to 30 September 2011.
Removal on Repatriation	In 2010, $15,000 for staff with one or more dependents and $10,000 for staff with no dependents. The cost is converted to euros using the exchange rate as of the valuation date. No separations from service before the completion of one year of service result in forfeiture of benefits.
Participation in Repatriation Grant, Repatriation Travel, and Removal on Repatriation	All participants meeting the eligibility criteria are assumed to elect benefits.
Termination for Reasons of Health and Grant in Case of Death	All disablements and deaths from service are assumed to result in an indemnity. 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 2013 determined by professional actuaries within the overall report to the World Health Organization (WHO) is US$33 339 481, equivalent to €24 171 124 at UN Exchange rate of €0.725/US$.

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

Actuarial summary

	31/12/2013 Valuation (US$)	31/12/2012 Valuation (US$)
Reconciliation of Defined Benefit Obligation – 141 (c)		
Defined Benefit Obligation at beginning of year	55 041 012	49 262 113
Service cost	2 315 802	1 751 945
Interest cost	1 419 546	1 514 121
(Actual after service gross benefit payments)	(1 162 238)	(1 457 119)
(Actual after service administrative expenses)	(98 447)	(124 109)
Actual contributions by after service participants	194 798	165 724
Plan changes	0	0
Changes in accounting methods	0	0
Actuarial (gain)/loss	(2 578 374)	3 928 337
Defined Benefit Obligation at end of year	US$ 55 132 099	US$ 55 041 012
Reconciliation of Assets – 141 (e)		
Assets at beginning of year	19 971 717	18 791 753
(Actual total SHI gross benefit payments)	(1 916 541)	(2 076 471)
(Actual total SHI administrative expenses)	(144 082)	(159 557)
Actual total SHI participant contributions	742 031	649 843
Actual total SHI organization contributions	1 475 169	1 283 492
(Increase)/decrease in 470.1 reserve	(77 380)	1 283
Net transfer to/from AMRO/PAHO	0	0
Expected return on assets	906 793	966 322
Asset gain/(loss)	24 983	515 052
Assets at end of year, net of 470.1 reserve	US$ 20 982 690	US$ 19 971 717
Reconciliation of Funded Status – 141 (f)		
Defined Benefit Obligation		
Inactive	25 418 987	25 127 194
Active	29 713 112	29 913 818
Total Defined Benefit Obligation	55 132 099	55 041 012
Plan assets		
(Gross Plan Assets)	(21 880 169)	(20 791 816)
Offset for WHO 470.1 reserve	897 479	820 099
(Net Plan Assets)	(20 982 690)	(19 971 717)

	31/12/2013 Valuation (US$)	31/12/2012 Valuation (US$)
(Surplus)/deficit	34 149 409	35 069 295
(Reimbursement right)	0	0
Unrecognized gain/(loss)	(809 928)	(3 413 285)
Unrecognized prior service credit/(cost)	0	0
Net (asset)/liability in Statement of Financial Position	US$ 33 339 481	US$ 31 656 010
Current (asset)/liability	0	0
Noncurrent (asset)/liability	US$ 33 339 481	US$ 31 656 010
Annual Expense – 141(g)		
Service cost	2 315 802	1 751 945
Interest cost	1 419 546	1 514 121
(Expected return on assets)	(906 793)	(966 322)
(Expected return on reimbursement right)	0	0
Amortization of (gain)/loss	0	0
Amortization of prior service cost	0	0
Total expense recognized in Statement of Financial Performance	US$ 2 828 555	US$ 2 299 744
Medical Sensitivity Analysis – 141 (o)		
2013 Service cost plus interest cost		
Current medical inflation assumption minus 1%	2 807 000	2 323 000
Current medical inflation assumption	3 735 348	3 266 066
Current medical inflation assumption plus 1%	5 010 000	4 564 000
31-Dec-13 Defined Benefit Obligation		
Current medical inflation assumption minus 1%	44 971 625	42 294 000
Current medical inflation assumption	55 132 099	55 041 012
Current medical inflation assumption plus 1%	68 569 097	71 801 000
Funded Status and Actuarial (Gain)/Loss – 141 (p)		
Defined Benefit Obligation	55 132 099	55 041 012
(Net plan assets)	(20 982 690)	(19 971 717)
(Surplus)/deficit	US$ 34 149 409	US$ 35 069 295
(Reimbursement right for PAHO 470.1 reserve)	0	0
Actuarial (gain)/loss on Defined Benefit Obligation	(2 578 374)	3 928 337
Actuarial (gain)/loss on plan assets	(24 983)	(515 052)
Expected Accounting Contributions – 141 (q)		
Expected contributions		
Contribution by organization	1 067 625	967 170
Transfer of contributions by WHO from HQ to AMRO	0	0
Contribution by participants	307 413	287 181
Total expected contributions	US$ 1 375 038	US$ 1 254 351

Actuarial assumptions and method:

Measurement date	31 December 2013
Discount Rate	Europe—2.9% (increase from 2.6% in prior valuation); the Americas—4.9% (increase from 4.1% in prior valuation); other countries—5.3% (increase from 4.5% 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 2.49% rate from the SIX Swiss Exchange curve and the 3.87% 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%. For the Americas and Other Countries, the rates use the same methodology as for PAHO's valuation of the ASHI. Beginning with the 31 December 2012 valuation, PAHO adopted a yield curve approach using the Aon Hewitt AA Bond Universe Curve. The resulting rates for The Americas and Other Countries can differ due to different patterns of expected cash flows from those regions.
Annual General Inflation	Europe—1.6%. The Americas and Other Countries—2.5%. Based on Aon Hewitt's Q4 2013 10-year forecast of global capital market assumptions. Rate for Europe is the average of rates for Switzerland (1.3%) and the rest of Europe (1.8%), rounded to the nearest 0.1%. Rate for The Americas and Other Countries is based on the 31 December 2011 valuation of the United Nations Joint Staff Pension Fund (UNJSPF).
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 2011 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 latest actuarial valuation was performed as at 31 December 2011. The valuation revealed an actuarial deficit of 1.87% (0.38% in the 2009 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2011 was 25.57% of pensionable remuneration, compared with the actual contribution rate of 23.7%. The actuarial deficit was primarily attributable to the lower-than-expected investment experience in recent years. The next actuarial valuation will be conducted as of 31 December 2013.

At 31 December 2011, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 130% (140% in the 2009 valuation). The funded ratio was 86% (91% in the 2009 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 2011, 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 July 2012, the Pension Board noted in its report of the fifty-ninth session to the General Assembly that an increase in the normal age of retirement for new participants of the Fund to 65 is expected to significantly reduce the deficit and would potentially cover half of the current deficit of 1.87%. 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 will be reflected in the actuarial valuation of the Fund as of 31 December 2013.

During 2013, contributions paid to the United Nations Joint Staff Pension Fund amounted to US$ 205 million (US$ 206 million in 2012). Expected contributions due in 2014 are US$ 205 million.

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.

6.4 Deferred revenue

Deferred revenue represents multi-year agreements signed in and prior to 2013 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-13	restated 31-Dec-12
Current liabilities	3 916 304	2 841 048
Non-current liabilities	4 150 175	4 799 437
Total deferred revenue	€ 8 066 479	€ 7 640 485

NOTE 7: Net assets/equity

The net assets/equity of the Agency increases from €5 879 917 (restated 31 December 2012) to €7 258 248 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.

7.1 Regular Budget

Total available fund comprises of €19 902 355 budget approved for 2013 and €2 442 159 fund balance from 2012 approved regular budget which was committed in 2012 for delivery in subsequent calendar year. At the end of reporting period, there is a net fund balance of €441 103. Schedule 1 provides breakdown details of 2012 carried over and 2013 budget.

7.2 Voluntary Contributions

The fund balance of €11 032 480 includes designated and undesignated voluntary contributions. Details of this fund are provided in Schedule 1.

7.3 Working Capital Fund

It has the balance of €3 291 750, increased by €74 210 as a net result of fund returned to GCSF, contribution from new Participating States (Brazil and Qatar) and payment received from Spain.

	31-Dec-13	restated 31-Dec-12
Beginning balance at beginning of year	3 217 540	2 565 006
Plus: New Participating States contribution to WCF	69 300	0
Payment from prior year's arrears	850 376	1 407 068
Less: Fund returned to GCSF (GC/53/R15)	(845 466)	(754 534)
Ending balance as at end of year	€ 3 291 750	€ 3 217 540

7.4 Governing Council Special Fund

Details of the fund are disclosed in Schedule 2. The fund balance of €9 187 411 include reserves i.e. expenses authorized by the Governing Council which have not yet incurred.

7.5 Special Account for Programme Support Cost

Fund balance increased by €1 482 439 to €3 157 694 during the reporting period. Schedule 2 provides further details of revenue and expenses incurred.

7.6 Participating State - Others

The amount of €(19 874 341) 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-13	restated 31-Dec-12
Inventories	307 496	293 059
Property, plant and equipment, net	3 483 233	3 334 350
Total common fund	€ 3 790 729	€ 3 627 409

b) Special Purpose Fund represents the unfunded portion of employee benefits liabilities as described under note 6.3.

	31-Dec-13	restated 31-Dec-12
Fund balance in TQ and TP accounts (Note 6.3b)	3 012 012	2 102 785
Accrued staff salaries funded from other source		3 334
Less: Total accrued staff benefits (Note 6.3a)	(26 677 082)	(26 171 120)
Total special purpose fund	€(23 665 070)	€(24 065 001)

7.7 Trust Fund

This account has a net increase of €12 850 in the reporting period, bringing the balance up to €22 151, which will be used for financing language courses in the following years.

NOTE 8: Revenue

8.1 Assessed contributions from Participating States

Revenue from contributions from Participating States for the biennial programme budget 2012/2013 as per assessments approved by the Governing Council Resolution No. GC/53/R7 is recorded on an accrual basis at the beginning of each year against account receivable. The amount of €19 402 355 shown on these Financial Statements represents the contribution from Participating States for 2013 approved programme budget. The status of the collection is shown in Schedule 3.

8.2 Assessed contributions from new Participating States

This includes revenue derived from the unbudgeted assessed contributions received from Turkey which membership was accepted in 2011, and Brazil and Qatar, which memberships were accepted in 2013. The 2013 contribution is in accordance to the percentage set forth in IARC Financial Regulations Article IV.4.3 and Resolution GC/37/R9. This revenue was credited to the Governing Council Special Fund and Working Capital Fund as per the accounting policy described in Note 3.10b. The status of the collection is shown in Schedule 3.

	31-Dec-13	restated 31-Dec-12
Contribution from Brazil (2013-25% of group 4)	189 143	
Contribution from Qatar (2013-25% of group 5)	161 686	
Contribution from Turkey (2013-75%, 2012-50% of group 4)	567 428	370 772
Total	€ 918 257	€ 370 772

8.3 Voluntary contributions

The reporting value, €9 310 549, represents the total contributions received in 2013 with the following breakdown of designated and undesignated voluntary contributions.

	31-Dec-13	restated 31-Dec-12
Designated voluntary contributions	9 296 199	10 954 876
Undesignated voluntary contributions	14 350	27 535
Total	€ 9 310 549	€ 10 982 411

8.4 Revenue producing activities

Revenue earned from sale of IARC publications is recognized and credited to the Governing Council Special Fund account at yearend upon receipt of a report from WHO. For 2013, the total of €764 016 was received, increased by 26% from the prior year.

8.5 Other operating revenue

	31-Dec-13	restated 31-Dec-12
Sale of equipment and materials	4 000	1 337
Savings from prior period obligations	36 086	24 463
Credit received from Lufthansa mileage programme		715
Total	€ 40 086	€ 26 515

8.6 Trust fund

The total of €12 850 had been received from personnel enrolled in the language courses and recorded under the Trust Fund.

8.7 Decrease in allowance for doubtful account receivables

This includes the receipt from arrears in assessed contributions from Russia (€676 914) and Spain (€850 376) and the reversal of allowances and write off for doubtful account receivables upon subsequent receipt of payments from designated voluntary contributions and approved write off.

	31-Dec-13	restated 31-Dec-12
Receipts from arrears in assessed contributions	1 527 290	1 431 447
Reversal of allowances and write off for designated VC and other receivables	643 173	
	2 170 463	1 431 447
Less: Additional allowance for designated VC		(192 624)
Additional allowance for other account receivables		(407)
Net decrease in allowances during the year	€ 2 170 463	€ 1 238 416

8.8 Financial revenue

This is the revenue from exchange rate gain and interest income. Interest income amounting to €47 304 are apportioned and returned to the designated voluntary contribution account in accordance to the agreement condition and approval by the Governing Council under its resolution GC/55/R23. The remaining interest income amounting to €442 312 are credited to the Governing Council Special Fund.

	31-Dec-13	restated 31-Dec-12
Net realized foreign exchange rate gain		45 095
Interest income	489 616	450 692
Total	€ 489 616	€ 495 787

8.9 Income from services rendered

The total programme support costs of € 1 029 562 collected from the designated voluntary contribution during the reporting period are eliminated in the Statement I (see Note 3.10g). They can be found in Schedule 1 & 2.

NOTE 9: Expenses

9.1 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.

9.2 Temporary assistants, advisors and participants

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

9.3 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.

9.4 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.

9.5 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).

9.6 Procurement and various operating expenses

These include cost of procurement of expendable equipment, office services and various other operating expenses.

9.7 Cost of distribution and disposal of inventories

It includes the cost of inventories that were distributed and disposed during the reporting period using first-in, first-out method.

9.8 Depreciation expense

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

9.9 Financial cost

This is the expenses from exchange rate losses, bank charges, revaluation and rounding differences.

	31-Dec-13	restated 31-Dec-12
Net realized foreign exchange rate loss	237 933	
Bank charges and others	28 307	23 594
Revaluation of assets and liabilities	173 574	301 838
Total	€ 439 814	€ 325 432

9.10 Programme support cost

This is the support cost charged to the designated voluntary contribution during the reporting period and is eliminated in the consolidated Statement II. They can be found in Schedule 1 & 2 (see also Note 8.7).

9.11 Transfer between Funds

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

	RB	WCF	GCSF	VC
Financing 2013 RB from GCSF (GC/53/R7)	500 000		(500 000)	
Transfer unspent balance from RB to GCSF	(92 578)		92 578	
Fund returned to GCSF (GC/53/R23)		(845 466)	845 466	
Fund balance of closed projects to GCSF			8 968	(8 968)
Net transfer between funds	€407 422	€(845 466)	€447 012	€(8 968)

NOTE 10: Comparison of budget and actual amounts

Through the 53rd GC meeting, resolution number GC/53/R7, the total effective regular budget was approved for 2012-13 for €39 419 315, of which €19 516 960 and €19 902 355 is allocated for 2012 and 2013 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 2013 is presented below:

	31-Dec-13	restated 31-Dec-12
Actual amount on comparison - Statement V*	21 810 833	17 074 801
Time difference	0	1 035 810
Basis differences	9 919 028	13 485 986
Actual expenses – Statement II	€ 31 729 861	€ 31 596 597

*Total expenses in Statement V for 2013 include €2 442 159 of expenses incurred in 2013 charging to 2012 approved budget.

NOTE 11: 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 2013.

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 2013	Outstanding advances against entitlements	Outstanding loans (in addition to normal entitlement)
4	562 121	28 725	174 249	765 095	18 135	-

NOTE 12: Administrative waivers, amounts written-off and ex-gratia payments

During 2013, a total of €165 117 was approved for write-off related to uncollected designated voluntary contributions (€164 710) and bankruptcy of a supplier (€407). There were no administrative waivers approved and no ex-gratia payments made in 2013.

NOTE 13: Events after the reporting date

The reporting date for these financial statements is 31 December 2013. 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 14: Contingent liabilities, commitments and contingent assets

14.1 Contingent assets and liabilities

In accordance with IPSAS 19, contingent assets will be disclosed for cases where an event will be give rise to a probable inflow of economic benefits. As at 31 December 2013, there are no material contingent assets to disclose. IARC also has no pending legal cases.

14.2 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 2013
(amount in Euros)

	Notes	Regular Budget 2012-13	Working Capital Fund	Other funds	Voluntary Contributions Account	Trust funds	Sub-totals	Eliminations	for the year ended **31 December 2013**	restated **31 December 2012**
REVENUE	Note 8									
Assessed contributions from Participating States	8.1	19 402 355					19 402 355		**19 402 355**	19 016 960
Assessed contribution from new Participating State	8.2		69 300	848 957			918 257		**918 257**	370 772
Total contributions from Participating States		19 402 355	69 300	848 957			20 320 612		**20 320 612**	19 387 732
Voluntary contributions	8.3				9 310 549		9 310 549		**9 310 549**	10 982 411
Revenue-producing activities	8.4			764 016			764 016		**764 016**	605 830
Other operating revenue	8.5			40 086			40 086		**40 086**	26 515
Trust Fund	8.6					12 850	12 850		**12 850**	14 400
Income from services rendered	8.9			1 029 562			1 029 562	(1 029 562)		
Decrease in allowance for doubtful account receivables	8.7		850 376	1 320 087			2 170 463		**2 170 463**	1 238 416
Financial revenue	8.8			442 312	47 304		489 616		**489 616**	495 787
Total Revenue		19 402 355	919 676	4 445 020	9 357 853	12 850	34 137 754	(1 029 562)	**33 108 192**	32 751 091
EXPENSES	Note 9									
Staff cost	9.1	15 063 351		(316 883)	2 618 000		17 364 468		**17 364 468**	16 524 928
Temporary assistants, advisors and participants	9.2	932 426		170 790	566 841		1 670 057		**1 670 057**	1 696 608
Fellows	9.3	1 091 353		64 633	1 045 342		2 201 328		**2 201 328**	2 016 355
Duty travel (staff, fellows)	9.4	489 826		18 782	243 914		752 522		**752 522**	603 151
Research and other agreements	9.5	951 252		(149 999)	3 308 385		4 109 638		**4 109 638**	5 685 118
Procurement and various operating expenses	9.6	3 216 784		137 722	1 124 631		4 479 137		**4 479 137**	4 112 968
Cost of distribution & disposal of inventory	9.7			100 344			100 344		**100 344**	106 952
Depreciation	9.8			612 553			612 553		**612 553**	525 085
Financial cost	9.9	25 743		413 984	87		439 814		**439 814**	325 432
Programme support cost	9.10				1 029 562		1 029 562	(1 029 562)		
Total expenses		21 770 735		1 051 926	9 936 762		32 759 423	(1 029 562)	**31 729 861**	31 596 597
TOTAL SURPLUS (DEFICIT) FOR THE YEAR		(2 368 380)	919 676	3 393 094	(578 909)	12 850	1 378 331		**1 378 331**	1 154 494
Capital expenditures										
Inventories		(8 123)		8 123						
Property plant & equipment		(31 975)		41 832	(9 857)					
Transfer between funds	9.11	407 422	(845 466)	447 012	(8 968)					
TOTAL CHANGES IN FUND BALANCES		(2 001 056)	74 210	3 890 061	(597 734)	12 850	1 378 331		**1 378 331**	1 154 494
FUND BALANCES BEGINNING (restated)		2 442 159	3 217 540	(11 419 297)	11 630 214	9 301	5 879 917		**5 879 917**	4 725 423
FUND BALANCES END		441 103	3 291 750	(7 529 236)	11 032 480	22 151	7 258 248		**7 258 248**	**5 879 917**

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 2013
(amount in Euros)

	Notes	Governing Council Special Fund	Special Account for Programme Support Costs	Participating States - Others	for the year ended **31 December 2013**
REVENUE	Note 8				
Assessed contribution from new Participating State	8.2	848 957			**848 957**
Total assessed contributions		848 957			**848 957**
Revenue-producing activities	8.4	764 016			**764 016**
Other operating revenue	8.5	40 086			**40 086**
Income from service rendered	8.9		1 029 562 [a]		**1 029 562**
Decrease in allowance for doubtful account receivables	8.7	676 913	643 174		**1 320 087**
Financial revenue	8.8	442 312			**442 312**
Total income		2 772 284	1 672 736		**4 445 020**
EXPENSES	Note 9				
Staff cost	9.1	80 316	2 732	(399 931)	**(316 883)**
Temporary assistants, advisors and participants	9.2	172 406	(1 616)		**170 790**
Fellows	9.3	62 600	2 033		**64 633**
Duty travel (staff, fellows)	9.4	18 782			**18 782**
Research and other agreements	9.5	(148 330)	(1 669)		**(149 999)**
Procurement and various operating expenses	9.6	113 002	24 720		**137 722**
Cost of distribution & disposal of inventory	9.7			100 344	**100 344**
Depreciation	9.8			612 553	**612 553**
Financial cost	9.9	411 562	2 422		**413 984**
Total expenditure		710 338	28 622	312 966	**1 051 926**
TOTAL SURPLUS (DEFICIT) FOR THE YEAR		2 061 946	1 644 114	(312 966)	**3 393 094**
Capital expenditures					
Inventories		(106 658)		114 781	**8 123**
Property, plant & equipment		(557 929)	(161 675)	761 436	**41 832**
Transfer between funds	9.11	447 012			**447 012**
TOTAL CHANGES IN FUND BALANCES		1 844 371	1 482 439	563 251	**3 890 061**
FUND BALANCES - 31 DECEMBER 2012 (restated)		7 343 040	1 675 255	(20 437 592)	**(11 419 297)**
FUND BALANCES - 31 DECEMBER 2013		9 187 411	3 157 694	(19 874 341)	**(7 529 236)**

(a) Programme Support Cost from designated voluntary contributions.

SCHEDULE 3 – Status of Collection of Assessed Contributions

International Agency for Research on Cancer
Status of Collection of Contributions
As at 31 December 2013
(amount in Euros)

Participating States	2013 Assessments			Assessments of prior financial years			Total balance
	Assessments	Collected	Balance as of 31-Dec-13	Balance as of 01-Jan-13	Collected during 2013	Balance as of 31-Dec-13	as of 31-Dec-13
Australia	756 570	756 570	-				-
Austria	756 570	756 570	-				-
Belgium	756 570	704 500	52 070				52 070
Canada	866 393	866 393	-				-
Denmark	756 570	756 570	-				-
Finland	756 570	756 570	-				-
France	1 086 044	1 086 044	-				-
Germany	1 525 343	1 525 343	-				-
India	756 570	-	756 570	741 543	741 543	-	756 570
Ireland	646 745	646 745	-				-
Italy	1 086 044	1 086 044	-				-
Japan	1 525 343	1 525 343	-				-
Netherlands	756 570	756 570	-				-
Norway	756 570	756 570	-				-
Republic of Korea	866 393	866 393	-	2 000	2 000	-	-
Russian Federation	756 570	756 570	-				-
Spain (2)	866 393	866 393	-	850 376	850 376	-	-
Sweden	756 570	756 570	-				-
Switzerland	756 570	756 570	-				-
United Kingdom	1 086 044	1 086 044	-				-
United States of America	1 525 343	1 521 017	4 326	4 326	4 326	-	4 326
TOTAL	**19 402 355**	**18 589 389**	**812 966**	**1 598 245**	**1 598 245**	**-**	**812 966**
% of collection		*95.81%*					
Other outstanding contributions:							
Brazil (3)	189 143		189 143				189 143
Qatar (4)	161 686	161 686	-				-
Turkey (5)	567 428	567 428	-				-
Russian Federation(1)				2 707 651	676 914	2 030 737	2 030 737
GRAND TOTAL	**20 320 612**	**19 318 503**	**1 002 109**	**4 305 896**	**2 275 159**	**2 030 737**	**3 032 846**

(1) Russian Federation: Membership was temporarily suspended and resumed on 1 January 2007 in accordance with GC/48/R3. As from 1 January 2013, the outstanding balance in arrears is US$3 907 144 @ €0.693 = €2 707 651 (rounded).

(2) Spain: Document number GC/53/20 and GC/53/R15 refer. 2010 assessed contribution total €850 376 was received on 20 March 2013.

(3) Brazil: Membership was accepted in 2013. The 2013 contribution equals to 25% of assessment contribution of group 4 participating states and to be accounted under the unbudgeted assessment.

(4) Qatar: Membership was accepted in 2013. The 2013 contribution equals to 25% of assessment contribution of group 5 participating states and to be accounted under the unbudgeted assessment.

(5) Turkey: Membership was accepted in 2011. The 2013 contribution equals to 75% of assessment contribution of group 4 participating states and to be accounted under the unbudgeted assessment.

SCHEDULE 4 – Reconciliation of Restated Closing Balance as at 31 December 2012

International Agency for Research on Cancer
Statement of Financial Position
As at 31 December 2012
(amount in Euros)

	Notes	restated **31 December 2012**	**Adjustment**	**31 December 2012**
ASSETS				
Current assets				
Cash and cash equivalents		22 292 237		22 292 237
Account receivables, net	4.1a	9 598 154	747 869	8 850 285
Staff receivables		127 068		127 068
Prepayments		339 262		339 262
Interest receivables		382 476		382 476
Inventories	4.1b	293 059	293 059	
Total current assets		33 032 256	1 040 928	31 991 328
Non-current assets				
Account receivables, net		4 799 437		4 799 437
Property, plant and equipment - net		3 334 350		3 334 350
Total non-current assets		8 133 787		8 133 787
TOTAL ASSETS		**41 166 043**	**1 040 928**	**40 125 115**
LIABILITIES				
Current liabilities				
Assessed contributions received in advance				
Account payable		1 474 521		1 474 521
Accrued staff benefits		1 109 771		1 109 771
Deferred revenue		2 841 048		2 841 048
Total current liabilities		5 425 340		5 425 340
Non-current liabilities				
Accrued staff benefits		25 061 349		25 061 349
Deferred revenue		4 799 437		4 799 437
Total non-current liabilities		29 860 786		29 860 786
TOTAL LIABILITIES		**35 286 126**		**35 286 126**
NET ASSETS / EQUITY				
Fund				
Regular Budget		2 442 159		2 442 159
Voluntary Contributions		11 630 214		11 630 214
Working Capital Fund	4.1a	3 217 540	747 869	2 469 671
Other IARC funds				
Governing Council Special Funds		7 343 040		7 343 040
Special Account for Programme Support Costs		1 675 255		1 675 255
Participating States - Others		(20 437 592)	293 059	(20 730 651)
Trust Fund		9 301		9 301
TOTAL NET ASSETS / EQUITY BALANCES		5 879 917	1 040 928	4 838 989
TOTAL LIABILITIES AND NET ASSETS / EQUITY BALANCES		**41 166 043**	**1 040 928**	**40 125 115**