



**INTERNATIONAL AGENCY FOR RESEARCH ON CANCER  
CENTRE INTERNATIONAL DE RECHERCHE SUR LE CANCER**

**Governing Council  
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Auditorium*

**UNAUDITED INTERIM FINANCIAL REPORT**

**For the year 2008**

**Financial period 2008–2009**

**Unaudited Interim Financial Report for the year 2008**  
**Financial period 2008–2009**

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## **Interim Financial Report For the year ended 31 December 2008**

### **Introduction**

1. The 2008 Interim Financial Report represents IARC's activities for the first year of the biennium 2008–2009. The Report provides information to Participating States and other partners about the sources, allocation and uses of financial resources and helps to measure the financial implementation of the approved programme budget.
2. The Interim Financial Report of the Agency for 2008 is submitted in accordance with Article VI, Paragraph 6.1 of the IARC Financial Regulations. This regulation provides for an unaudited interim financial report to be prepared at the end of the first year of the two-year financial period, and for an audited financial report covering the full biennium to be prepared at the end of the second year of the financial period.

### **International Public Sector Accounting Standards (IPSAS) and Presentation of the Financial Report**

3. In 2008, IARC began to implement the International Public Sector Accounting Standards (IPSAS) as part of a United Nations system-wide effort to implement the Standards fully by 2010. The move to IPSAS will serve to provide better quality financial reports that will improve accountability, transparency and governance.
4. IARC has begun to recognize expenses when goods and services are actually delivered in accordance with IPSAS. Unlike in prior biennia, budget commitments are no longer shown as expenses when goods or services have not yet been delivered. Income is still recognized partially on a cash basis as in the past; but it is planned to move to a full accrual recognition of income during 2009. Also, a disclosure of all liabilities as required by IPSAS still needs to be implemented during 2009.
5. WHO headquarters informed IARC in February 2009 that due to problems with its new management information system, no information could be made available to IARC on interest earned on investments held by WHO headquarters on behalf of the Agency in a time frame that would have allowed their inclusion in the 2008 accounts. The interest will therefore have to be credited to the IARC accounts when the cash is received in 2009.
6. The format of the financial report also needs to be revised based on IPSAS requirements. However, the details of the new report format were still being discussed by WHO headquarters at the end of 2008. IARC took the decision to maintain, to the extent possible, its current financial report format first introduced in the Biennial Financial Report for 2004–2005, and to implement changes in the report format required by IPSAS only for the Biennial Financial Report 2008–2009.

7. The status of the Voluntary Contributions Account is shown in Statement I. The detailed list of contributions has not been included in the Interim Financial Report because of difficulties to generate this report from our new SAP system. However, it is planned to distribute this schedule as an information document during the Governing Council meeting in May 2009 (document GC/51/Inf. Doc. No. 4 "Voluntary Contributions Account"). The detailed list will be included again in the Biennial Financial Report 2008–2009.

### **Collection of assessed contributions**

8. The Status of Collection of Contributions (Schedule 1) shows the status of collection of 2008 assessments, followed by the status of assessments of prior financial periods and ends with the outstanding amount as at 31 December 2008 for each Participating State.

9. The annual contributions payable by Participating States are determined by the Governing Council under Articles VIII.3 and VIII.4 of the Statute of the Agency. As per Article VIII.2 of the Statute, these annual contributions are due on 1 January of each year and must be paid no later than 31 December of that year. The rate of collection as at 31 December 2008 is 87.84% of the 2008 assessed contributions.

10. The budgeted contribution from Italy and part of the contribution from the USA were only received in 2009, which was too late to allow their inclusion in the 2008 accounts.

### **Regular Budget – expenditure**

11. During 2008, expenditure charged against the regular budget amounted to US\$ 20.85 million, and the breakdown of this expenditure by appropriation section may be seen in Statement IV. This amount represents 93% of the regular budget funds available for use in 2008.

12. The exchange rate applied by the Governing Council when approving the 2008–2009 budget was 0.815 Euro to the dollar. The average United Nations/WHO rate of exchange for 2008 was 0.683 Euro to a dollar, which meant the Agency experienced a significant exchange loss during 2008. Consequently, US\$ 2.25 million were utilized from the Governing Council Special Fund to cover part of the unforeseen budget costs due to currency realignments in accordance with Resolution GC/49/R9.

13. A total of US\$ 187 000 was allocated under the Director's Development Provision during 2008 to finance new initiatives which merited immediate implementation, and existing studies which required additional resources to ensure their successful implementation. The Provision was used in the following areas:

Primary Prevention and Screening (Area 1)	US\$ 32 000
Molecular Carcinogenesis (Area 6)	US\$ 48 000
Scientific Support Activities (Area 8)	US\$ 56 000
Research management and coordination and cross-area activities (Area 9)	<u>US\$ 51 000</u>
<b>Total</b>	<b><u>US\$ 187 000</u></b>

### **Working Capital Fund**

14. When Austria joined the Agency in 2008, an amount of US\$ 50 000 from its first assessed contribution was credited to this Fund in accordance with IARC's Financial Regulation V, 5.2 and Governing Council Resolution GC/5/R14, bringing the authorized Fund balance to US\$ 4 600 000.

15. However, an amount of US\$ 1 218 000 was withdrawn from the Fund at the end of 2008 to finance a shortfall in the receipt of assessed contributions. This amount will be reimbursed to the Fund as soon as income is received in 2009 for this purpose.

16. The fund balance as at 31 December 2008 was US\$ 3 382 000 (please refer to Statement I).

### **Governing Council Special Fund**

17. Details of the movements in this Fund in 2008 may be seen in Schedule 2. In summary, income amounted to US\$ 2 453 000 compared to US\$ 2 073 000 in 2006 and to US\$ 4 609 000 in 2007.

18. A net amount of US\$ 226 000 was advanced from the loan facility in the Governing Council Special Fund as per Governing Council Resolution GC/44/R12 pending the receipt of funds from donors. The advances are expected to be recovered when IARC commences to recognize income for designated contributions on an accrual basis.

19. The uncommitted balance of the Fund as at 31 December 2008 was US\$ 658 000. However, it should be noted that the Governing Council authorized the Director (Resolution GC/47/R7) to establish a hiatus funding facility to fund temporarily IARC projects financed by external grants when there was a gap in funding between contracts; this reserve is not to exceed US\$ 500 000 for an annual expenditure and is subject to availability of cash balances in the Fund.

### **Special Account for Programme Support Costs**

20. Details of movements in this account may be seen in Statement I.1. In summary, income amounted to US\$ 1 021 000 compared to US\$ 840 000 in 2006 and to US\$ 924 000 in 2007. Total expenditure of US\$ 1 554 000 was incurred in 2008 compared to US\$ 1 266 000 in 2006 and to US\$ 48 000 in 2007.

21. The Fund balance as at 31 December 2008 was US\$ 2 216 000.

### **Voluntary Contributions Account**

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

23. As can be seen in Statement I, total income of the Voluntary Contributions Account amounted to US\$ 7 673 000 in 2008, as compared to US\$ 9 588 000 in 2006 and to US\$ 13 688 000 in 2007. Total expenditure in the Voluntary Contributions Account amounted to US\$ 11 605 000. This includes expenditure of US\$ 897 000 which was incurred in the Special Account for Undesignated Contributions.

24. A net amount of US\$ 934 000 was advanced from the loan facility in the account for undesignated contributions as per Governing Council Resolution GC/42/R8 pending the receipt of funds from donors. The advances are expected to be recovered when IARC commences to recognize income for designated contributions on an accrual basis.

25. The Voluntary Contributions Account balance as at 31 December 2008 was US\$ 8 893 000, of which US\$ 8 104 000 was from designated contributions and US\$ 789 000 from undesignated contributions. Assuming that the above mentioned advances are recovered from the undesignated contributions in 2009, the balance of the undesignated contributions will increase to US\$ 1 723 000.

**Audit**

26. An audit certificate does not accompany the Interim Financial Report. However, the accounts are subject to continuous review by both internal and external auditors pursuant to WHO' and IARC's Financial Regulations.



~~Christopher P. Wild, PhD  
Director~~



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**CONSOLIDATED STATEMENT OF PERFORMANCE BY MAJOR FUND  
ALL SOURCES OF FUNDS  
Unaudited Interim Financial Report for the year 2008  
(expressed in US dollars)**

	Regular Budget	Working Capital Fund	Other IARC funds	Voluntary Contributions Account	Trust funds	Equity in Capital Assets	Sub-totals	Eliminations	Totals 2008	2006-2007
<b>INCOME</b>										
Assessed contributions	22 351 000						22 351 000		22 351 000	39 270 000
For the effective working budget (2008)		50 000	617 480				667 480		667 480	2 573 635
New and formerly inactive Members		50 000	617 480				23 018 480		23 018 480	41 843 635
Total assessed contributions										
Voluntary contributions				7 673 287			7 673 287		7 673 287	23 000 910
IARC research activities										
Non IARC research activities										
Other Income										
Revenue-producing activities			673 849				673 849		673 849	1 026 512
Income from services rendered			1 021 328				1 021 328	(1 021 328)		
Interest income			373 443				373 443		373 443	2 216 670
Other			100 272		7 502		107 774		107 774	243 769
Total income	22 351 000	50 000	2 786 372	7 673 287	7 502		32 868 161	(1 021 328)	31 846 833	68 331 496
<b>EXPENSES</b>										
IARC Programme	20 849 926		2 904 743	11 605 109			35 359 778	(1 021 328)	34 338 450	61 537 764
Budgetary exchange loss			2 245 000				2 245 000		2 245 000	1 614 400
Other					5 535		5 535		5 535	29 425
Total expenses	20 849 926		5 149 743	11 605 109	5 535		37 610 313	(1 021 328)	36 588 985	63 181 589
<b>EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	1 501 074	50 000	(2 363 371)	(3 931 822)	1 967		(4 742 152)		4 742 152	5 149 907
<b>Provisions, transfers and others</b>										
Provision for delays in the collection of assessed contributions	(2 718 627)						(2 718 627)		2 718 627	(6 243)
Payment for assessed contributions of prior periods		6 243	976 787				983 030		983 030	983 030
Exchange differential			(381 231)				(381 231)		(381 231)	(169 623)
Savings on prior periods' unliquidated obligations			103 385				103 385		103 385	239 391
Transfers between funds	1 217 553	(1 217 553)	(226 036)	226 036						
<b>TOTAL CHANGES IN UNCOMMITTED FUND BALANCES</b>		(1 161 310)	(1 890 466)	(3 705 786)	1 967		(6 755 595)		(6 755 595)	6 196 462
<b>FUND BALANCES - 1 JANUARY 2008</b>		4 543 757	8 806 473	12 598 306		4 193 504	30 142 040		30 142 040	23 945 578
<b>FUND BALANCES - 31 DECEMBER 2008</b>	0	3 382 447	6 916 007	8 892 520	1 967	4 193 504	23 386 445		23 386 445	30 142 040

**CONSOLIDATED STATEMENT OF PERFORMANCE BY  
OTHER IARC FUNDS**  
Unaudited Interim Financial Report for the year 2008  
(expressed in US dollars)

	Governing Council Special Fund	Special Account for Programme Support Costs	Totals 2008	2006-2007
<b>INCOME</b>				
New and formerly inactive Members	617 480		617 480	2 423 635
Total assessed contributions	617 480		617 480	2 423 635
Other Income				
Revenue-producing activities	673 849		673 849	1 026 512
Income from services rendered		1 021 328 b)	1 021 328	1 764 127
Interest income	373 443		373 443	1 941 351
Closure old projects	25 103		25 103	
Other	75 169		75 169	243 769
Total income	1 765 044	1 021 328	2 786 372	7 399 394
<b>EXPENSES</b>				
IARC Programme	1 350 396	1 554 347	2 904 743	2 386 547
Budgetary exchange loss	2 245 000		2 245 000	1 614 400
Other				
Total expenses	3 595 396	1 554 347	5 149 743	4 000 947
<b>EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	(1 830 352)	( 533 019)	(2 363 371)	3 398 447
<b>Provisions, Transfers and Others</b>				
Provision for delays in the collection of assessed contributions	976 787		976 787	976 787
Payment for assessed contributions of prior periods	( 381 231)		( 381 231)	( 169 623)
Exchange differential	92 030	11 355	103 385	239 391
Savings on prior periods' unliquidated obligations	( 226 036)		( 226 036)	( 3 605 073)
Transfers between funds				
<b>TOTAL CHANGES IN UNCOMMITTED FUND BALANCES</b>	(1 368 802)	( 521 664)	(1 890 466)	839 929
<b>FUND BALANCES - 1 JANUARY 2008</b>	6 068 942	2 737 531	8 806 473	7 966 544
<b>FUND BALANCES - 31 DECEMBER 2008</b>	4 700 140 a)	2 215 867	6 916 007	8 806 473

a) In addition, a net sum of US\$ 9 969 448 from new, former and previously suspended Participating States will be credited to the Governing Council Special Fund upon receipt (see Schedule 1 for details).

b) Programme Support Costs from designated voluntary contributions.

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**as at 31 December 2008**  
(expressed in 1 000 US dollars)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash, Deposits and Securities <sup>a)</sup>	20 321	27 266
Accounts receivable		
Assessed contributions receivable from Participating States <sup>b)</sup>	12 688	10 952
Less: Provision for delays in the collection of assessed contributions	( 12 688)	( 10 952)
Sundry debtors <sup>c)</sup>	2 162	655
Prepaid expenses <sup>d)</sup>	400	481
Accrued income	762	
Capital assets		
Real property <sup>e)</sup>	4 194	4 194
Others		
<b>TOTAL ASSETS</b>	<u><u>27 839</u></u>	<u><u>32 596</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable		
Regular Budget		797
Other IARC funds		443
Voluntary Contributions Account		766
Others		41
Staff payable	82	
Supplier payable	452	
Staff entitlement accrual	312	
Terminal Payments Accrual	1 605	
Accrued expenses	408	
Interregional payable	920	
Pre-paid income	106	
Participating State's contribution received in advance	568	407
<b>TOTAL LIABILITIES</b>	<u><u>4 453</u></u>	<u><u>2 454</u></u>
<b>FUND BALANCES</b>		
Regular budget		
Voluntary Contributions Account	8 892	12 598
Working Capital Fund	3 382	4 544
Other IARC funds		
Governing Council Special Fund <sup>f)</sup>	4 700	6 069
Special Account for Programme Support Costs	2 216	2 737
Trust Fund	2	
Equity in capital assets (Real property) <sup>e)</sup>	4 194	4 194
<b>TOTAL FUND BALANCES</b>	<u><u>23 386</u></u>	<u><u>30 142</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>27 839</u></u>	<u><u>32 596</u></u>

a) Funds were held in trust for the Agency by the World Health Organization, Geneva in the past. Following the implementation of SAP/GSM in 2008, funds were transferred to IARC.

b) Details are shown in Schedule 1 (collection of contributions).

c) Amounts refundable in respect of value added tax paid by the Agency, advances outstanding to staff members and other sundry debtors.

d) Disbursements made in 2008 relating to subsequent years.

e) Expenditure for the construction of the Sasakawa Memorial Hall capitalized at US\$ 1 159 807, the EPIC building US\$ 647 654 and the Latarjet building US\$ 2 386 043.

f) Represents actual cash balance, uncommitted balance as per Schedule 2.

Statement III

**STATEMENT OF CASH FLOW**  
**Unaudited Interim Financial Report for the year 2008**  
(expressed in 1 000 US dollars)

	<u>2008</u>	<u>2006-2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total changes in fund balances	( 6 756)	6 197
Decrease/(increase) in accounts receivable - sundry debtors	( 1 507)	( 352)
Decrease/(increase) in prepaid expenses	81	( 413)
(Decrease)/increase in contributions received in advance	161	307
(Decrease)/increase in unliquidated obligations	( 2 047)	( 2 534)
(Decrease)/increase in accounts payable	3 885	( 644)
Decrease/(increase) in accrued income	( 762)	
Less: Interest income included in fund balances	( 373)	( 2 217)
Savings on prior periods' unliquidated obligations	<u>( 244)</u>	<u>( 239)</u>
<b>Net cash from operating activities</b>	<u>( 7 562)</u>	<u>105</u>
<b>CASH FLOWS FROM INVESTING AND FINANCIAL ACTIVITIES</b>		
Decrease/(increase) in current account with World Health Organization	22 441	19
Interest income included in fund balances	<u>373</u>	<u>2 217</u>
<b>Net cash from investing and financial activities</b>	<u>22 814</u>	<u>2 236</u>
<b>CASH FLOWS FROM OTHER SOURCES</b>		
Decrease/(increase) in land and buildings		
Savings on prior periods' unliquidated obligations	<u>244</u>	<u>239</u>
<b>Net cash from other sources</b>	<u>244</u>	<u>239</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<u>15 496</u>	<u>2 580</u>
CASH AS AT 1 JANUARY 2008	<u>4 825</u>	<u>2 245</u>
<b>CASH AS AT 31 DECEMBER 2008</b>	<u><u>20 321</u></u>	<u><u>4 825</u></u>

## Statement IV

**STATEMENT OF APPROPRIATIONS FOR THE FINANCIAL PERIOD 2008-2009 (Regular Budget)**  
**Unaudited Interim Financial Report for the year 2008**  
(expressed in US dollars)

Purpose of appropriation	Appropriations			Expenses	Uncommitted Balance available on 31.12.2008
	Amounts approved by Governing Council Resolution GC/49/R9	Transfers (IARC Financial Regulations Article III, para 3.3)	Effective appropriations		
1. Policy organs	200 000		200 000	100 202	99 798
2. Scientific programme	33 749 800		33 749 800	15 531 835	18 217 965
3. General services and support	10 801 200		10 801 200	5 217 889	5 583 311
<b>TOTAL</b>	<b>44 751 000</b>		<b>44 751 000</b>	<b>20 849 926</b>	<b>23 901 074</b>

Schedule 1

**STATUS OF COLLECTION OF CONTRIBUTIONS  
as at 31 December 2008  
(expressed in US dollars)**

Participating States	Assessments 2008		Assessments of prior financial periods				
	Assessments	Collected during 2008	Balance outstanding 31 December 2008	Balance outstanding 1 January 2008	Collected during 2008	Balance outstanding 31 December 2008	Total outstanding 31 December 2008
Australia	978 492	978 492					
Belgium	978 492	978 492 <sup>(4)</sup>					
Canada	1 111 270	1 111 270					
Denmark	978 492	978 492					
Finland	978 492	978 492					
France	1 376 827	1 376 827 <sup>(5)</sup>					
Germany	1 907 938	1 907 938					
India	634 285	634 285					
Italy	1 376 827		1 376 827				1 376 827
Japan	1 907 938	1 907 938					
Netherlands	978 492	978 492					
Norway	978 492	978 492					
Republic of Korea	833 452	833 452					
Russian Federation	978 492	978 492					
Spain	1 111 270	1 111 270					
Sweden	978 492	978 492					
Switzerland	978 492	978 492					
United Kingdom of Great Britain and Northern Ireland	1 376 827	1 376 827					
United States of America	1 907 938	566 138	1 341 800	6 243	6 243		1 341 800
<b>TOTAL - Assessed States</b>	<b>22 351 000</b>	<b>19 632 373</b>	<b>2 718 627</b>	<b>6 243</b>	<b>6 243</b>		<b>2 718 627</b>
<b>Unbudgeted assessments</b>							
Argentina <sup>(1)</sup>				469 441		469 441	469 441
Austria <sup>(6)</sup>	244 623	244 623					
Brazil <sup>(1)</sup>				369 441		369 441	369 441
Ireland <sup>(2)</sup>	422 857	422 857					
<b>Other outstanding contributions</b>							
Argentina <sup>(1)</sup>				658 137		658 137	658 137
Brazil <sup>(1)</sup>				658 137		658 137	658 137
Russian Federation <sup>(3)</sup>				8 791 079	976 787	7 814 292	7 814 292
<b>TOTAL</b>	<b>23 018 480</b>	<b>20 299 853</b>	<b>2 718 627</b>	<b>10 952 478</b>	<b>983 030</b>	<b>9 969 448</b>	<b>12 688 075</b>

(1) Withdrew membership in 2001 in accordance with Resolutions GC/42/R3 and R4

(2) Joined IARC in May 2007 in accordance with Resolution GC/49/R2

(3) Membership was temporarily suspended but membership has resumed as from 1 January 2007 in accordance with Resolution GC/48/R3

(4) 2008 contributions received in advance in October 2007 (US\$ 80 859) and in December 2007 (US\$ 310 103)

(5) 2008 contribution received in advance in May 2007 (US\$ 16 067)

(6) Joined IARC in May 2008 in accordance with Resolution GC/50/R18

**GOVERNING COUNCIL SPECIAL FUND**  
**as at 31 December 2008**  
**(expressed in US dollars)**

<b>Balance as at 1 January 2008</b>			<b>6 068 942</b> <sup>(b)</sup>
<b>Income</b>			
Arrears of contributions		976 787	
Assessments on new States		617 480	
Interest		373 443	
Revenue producing activities			
Sale of publications	673 849	673 849	
Exchange differential		( 381 231)	
Savings on prior periods' unliquidated obligations		92 030	
Others			
Closure of old projects	25 103		
Sale of equipment and material	3 278		
Other income	71 891	100 272	<b>2 452 630</b>
Sub-total			<b>8 521 572</b>
<b>Expenditure</b>			
Activities approved by GC Resolutions		1 350 396	
Budgetary exchange loss (Resolution GC/49/R9) <sup>(c)</sup>		2 245 000	<b>3 595 396</b>
Loan facility, funds advanced during 2008 <sup>(a)</sup>			<b>226 036</b>
<b>Balance as at 31 December 2008</b>			<b>4 700 140</b> <sup>(b)</sup>
<b>Authorized but not yet obligated</b>			
Unspent balance of amount authorized		2 645 422	
Budgetary exchange loss (Resolution GC/49/R9) <sup>(c)</sup>		1 255 000	
Loan facility <sup>(a)</sup>		142 196	<b>4 042 618</b>
<b>Uncommitted balance as at 31 December 2008</b>			<b>657 522</b> <sup>(d)</sup>

**(a) Loan facility**

Funds advances as at 1 January 2008	2 631 768
Net funds advanced during 2008	<u>226 036</u>
Total funds advanced as at 31 December 2008	2 857 804
Available but not yet advanced	<u>142 196</u>
Total authorized level (Resolution GC/44/R12)	<u><u>3 000 000</u></u>

(b) In addition, a total amount of US\$ 9 969 448 from new, former and previously suspended Participating States will be credited to the Governing Council Special Fund upon receipt (see Schedule 1 for details).

(c) Resolution GC/49/R9 granted authority to the Director to use a maximum of US\$ 3 500 000 in the biennium 2008/2009 to cover unforeseen budgetary costs due to currency realignments.

(d) Resolution GC/47/R7 established a reserve for an annual expenditure not to exceed US\$ 500 000 as a hiatus funding facility, subject to availability of cash balances in the Fund.