

International Agency for Research on Cancer



**World Health
Organization**

**Governing Council
Fifty-third Session**

GC/53/6
02/03/2011

Lyon, 12–13 May 2011
Auditorium

UNAUDITED INTERIM FINANCIAL REPORT

For the year 2010

For the financial period 2010–2011

Interim Financial Report
1 January 2010 – 31 December 2010

Contents	Page
Introduction and Financial Highlights	4
Financial Certification	7
Financial Statements	
Statement of Financial Performance (Statement I)	8
Statement of Financial Position (Statement II)	9
Statement of Changes in Net Assets/Equity (Statement III)	10
Statement of Cash Flows (Statement IV)	11
Statement of Accounting Policies (Statement V)	12–14
Notes to the Financial Statements	
Statement of Objectives	16
Supporting Information to the Statement of Financial Performance	16
Supporting Information to the Statement of Financial Position	18
Supporting Information to the Statement of Changes in Net Assets/Equity	20
Schedule 1 – Statement of Performance by Major Funds	21
Schedule 2 – Statement of Performance of Other IARC Funds	22
Schedule 3 – Implementation of Regular Budget by Appropriation Section	23
Schedule 4 – Status of Collection of Contributions	24

Page intentionally left blank

Interim Financial Report 1 January 2010 – 31 December 2010

Introduction and Financial Highlights

1. The Unaudited Interim Financial Report of the Agency for the year 2010 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.

I. International Public Sector Accounting Standards (IPSAS)

2. In 2008 WHO/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 during the biennium 2010/2011. The migration from the previously applied United Nations Systems Accounting Standards (UNSAS) to IPSAS will serve to provide better quality financial reports that will improve accountability, transparency and governance.

3. The overall presentation of the Statement of Financial Performance (revenue and expenses) and the Statement of Financial Position (balance sheet) was changed significantly for the biennium financial report 2008–2009. The Interim Financial Report for the year 2010 follows the same presentation format. Total revenue and expenses of the Agency are presented in one consolidated statement. Supplementary information is provided in the Notes to the Financial Statements and schedules as per IPSAS norms in order to enhance clarity and transparency of the statements and allow the reader to see the revenue and expenses by Fund.

4. Some components of the balance sheet are still not fully in accordance with IPSAS. For example, long-term accruals for staff entitlements do not reflect all future liabilities, as would be required if IPSAS were to be applied. These accounts are fully compliant with UNSAS.

5. IARC aims to implement all not yet implemented IPSAS norms during 2011 to ensure the consistency of WHO and IARC's financial statements. In accordance with IPSAS, annual audited financial statements will be published as of 2012 and the issuance of unaudited interim financial reports will be discontinued.

II. Financial highlights

Regular Budget

6. During 2010 total expenses, encumbrances and capital expenditure charged against the regular budget amounted to €16.52 million, and the breakdown of this expenditure by appropriation section may be seen in Schedule 3. The rate of collection of assessed 2010 contributions is shown in Schedule 4 and was, with 86.46% as at 31 December 2010, a source of concern.

7. The exchange rate applied by the Governing Council when approving the 2010–2011 budget was 0.660 euro to a dollar. The average United Nations/WHO rate of exchange for 2010 was 0.755 euro to a dollar, and the Agency therefore suffered an exchange loss during the year. However, as the Agency's programme budget is prepared in euro, the exchange rate risk exposure of the Agency is limited to about 10% of its anticipated expenditure, which are made in US dollars. To cover part of the unforeseen budget costs due to currency realignments, the Agency used €0.17 million in 2010, in accordance with Resolution GC/51/R6.
8. A total of €0.27 million was allocated under the Director's Development Provision during 2010 to finance new initiatives and existing studies which required additional resources to ensure their successful implementation.

Working Capital Fund

9. An amount of €0.94 million of the total of €1.70 million that was advanced at the end of 2009 to finance the short-fall in the receipt of 2008–2009 assessed contributions was received from Participating States in 2010 and credited back to the Working Capital Fund, as per IARC Financial Regulations.
10. However, an additional €2.54 million was needed at the end of 2010 to temporarily finance a delay in the receipt of assessed contributions from 2010. To finance this provision €2.43 million were taken from the Working Capital Fund and €0.11 million from the Governing Council Special Fund. The overall status of collection of assessed contributions as at 31 December 2010 is shown in Schedule 4 and the funding of the provision is disclosed in Schedule 1.
11. As a result, the Working Capital Fund was fully used as at 31 December 2010. The outstanding contributions from India and the USA were received only by January and February 2011 respectively after the 2010 accounts had been closed and therefore could not be reflected anymore in the interim financial report 2010. The two payments were credited back to the Working Capital Fund and the Governing Council Special Fund in 2011 as per Art 5.3 of the IARC Financial Regulations. They will be included in the Audited Biennial Financial Report 2010/2011.
12. As a precautionary measure, a special request will be prepared for the Governing Council in May 2011 to temporarily increase the Working Capital Fund until the outstanding contributions from Spain for 2009 and 2010 have been received.

Governing Council Special Fund

13. Brazil withdrew its membership from the Agency in January 2001, as per Resolution GC/42/R4, leaving total unpaid assessments of €0.7 million (US\$ 1 million) in the Agency's accounts. Brazil paid its full dues in 2010, and the amount was credited to the Governing Council Special Fund, as per IARC Financial Regulations, Article 5.
14. Income from the sale of publications amounted to €0.64 million in 2010 as compared to €0.47 million in 2008, which is partially due to the improved conditions negotiated with WHO Headquarters on the sale of IARC publications.

15. The Fund balance as at 31 December 2010 is €7.7 million as disclosed in Schedule 2. However, considerable fund reservations (expenses authorized by the Governing Council but not yet incurred) exist already against the Fund, including a used reserve for protection against exchange rate fluctuations during 2010/2011 (Resolution GC/51/R6) of €0.83 million, reserves for purchases of scientific equipment and an air-conditioning system for a total of €2.23 million (Resolutions GC/52/R8 and GC/52/R11), a Hiatus Funding for 2011 of €0.35 million (Resolution GC/47/R7) and a reserve for publications for the biennium 2010–2011 of €0.68 million (Resolution GC/52/R10).

16. Further details on the status of the Fund are included in the Notes to the Statements and, as requested by the Governing Council in May 2010, an information document will be prepared for its meeting in May 2011, showing the detailed uncommitted balance of the Fund and prediction on the future fund balances until the end of the budget biennium.

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. As can be seen in Schedule 1, total income of the Voluntary Contributions Account amounted to €6.61 million in 2010. This includes €0.14 million from undesignated contributions and €4.76 million of designated contributions, which were recognized on an accrual basis in accordance with IPSAS.

19. Total operational expenses in the Voluntary Contributions Account amounted to €6.13 million, of which €45 000 were from the undesignated contributions accounts.

20. The Account balance at 31 December 2010 is €8.6 million, of which €1.1 million was from undesignated contributions.

Special Account for Programme Support Costs

21. Total income amount to €0.59 million in 2010 as compared to €0.71 million in 2008 (first year of the previous biennium) and expenditure of €0.82 million were incurred during 2010 as compared to €1.08 million in 2008.


22. The Fund balance at 31 December 2010 is €1.2 million.

Capitalized Assets

23. Since 1 January 2010, as part of the implementation of IPSAS, IARC has capitalized and depreciated all assets with a purchase value equal to or more than €3 000, which is consistent with WHO policies. Total depreciation expenses of €0.13 million are shown in Statement I and the depreciated value of the assets, including of the Agency's three buildings, are disclosed in Statement II. The total capitalization of new assets purchased in 2010 amount to €0.45 million, and the details of these assets by Fund can be seen in Schedules 1 and 2.

CERTIFICATION OF FINANCIAL STATEMENTS

The appended Statements, numbered I to V, and relevant notes to the Statements and Schedules 1-4 are approved.


2/3/2011

Dr Hichem Lafif
Director, Administration and Finance

 03/03/11

Christopher P. Wild, PhD
Director, IARC

STATEMENT OF FINANCIAL PERFORMANCE
Financial Period 2010
(in thousands of Euros)

	Notes	2010	2008-2009
	3.1		
Operating revenue	1.6		
Assessed contributions from Participating States	3.2	18 760	31 012
Arrears in Assessed Contributions	3.3	1 389	3 431
Voluntary contributions	3.4	6 605	15 357
Revenue-producing activities	3.5	638	1 181
Other operating revenue	3.6	258	183
Trust Funds	3.7	7	40
Total operating revenue		27 657	51 204
Operating expenses	1.8		
Staff costs	3.8	14 486	26 592
Temporary assistance, advisors, consultants	3.9	1 282	4 425
Fellows	3.10	1 655	3 796
Duty travel (staff and fellows)	3.11	495	1 317
Research and other agreements	3.12	2 241	6 281
Procurement and various operating expenses	3.13	3 886	9 392
Total operating expenses		24 045	51 803
Surplus/(deficit) from operations		3 612	(599)
Financial revenue and expense, net	3.15	708	32
Recovery of advances	3.16		1 824
Total surplus for the biennium		4 320	1 257
Provision for assessed contributions	3.18	(1 598)	(1 696)
Depreciation expenses	3.17	(133)	
Net surplus/ (deficit) for 2010		2 589	(439)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2010
(in thousands of Euros)

	Notes	2010	2008-2009
ASSETS			
Current assets			
Cash and Cash equivalents	4.1	16 674	14 289
Accounts receivable - current	1.7, 4.2	9 649	8 999
Staff receivables	4.3	160	139
Advance Payments	4.4	286	243
Interest receivables	4.5	87	54
Total current assets		<u>26 856</u>	<u>23 724</u>
Non-current assets			
Accounts receivables - non-current	1.7, 4.6	3 385	4 061
Property, Plant and Equipment	4.7	377	
Land and buildings	4.8	1 644	1 702
Total non-current assets		<u>5 406</u>	<u>5 763</u>
TOTAL ASSETS		<u>32 262</u>	<u>29 487</u>
LIABILITIES			
Current liabilities			
Member's contributions received in advance	4.9	260	554
Accounts payable	4.10	1 193	1 127
Provision for liabilities and charges	4.11	7 356	7 146
Total current liabilities		<u>8 809</u>	<u>8 827</u>
Non-current liabilities			
Accrued staff benefits	4.12	541	364
Accrued terminal payments	4.13	1 078	1 051
Total non-current liabilities		<u>1 619</u>	<u>1 415</u>
TOTAL LIABILITIES		<u>10 428</u>	<u>10 242</u>
NET ASSETS/EQUITY			
Funds			
Regular budget	4.14	2 240	465
Voluntary Contributions Account	3.4	8 633	8 174
Working Capital Fund	4.15		1 492
Other IARC funds			
Governing Council Special Fund	4.16	7 721	5 919
Special Account for Programme Support Costs	4.17	1 216	1 490
Trust fund	3.7	4	3
Net assets/Reserves		<u>19 814</u>	<u>17 543</u>
Capital assets	5.1	2 020	1 702
TOTAL FUND BALANCES		<u>21 834</u>	<u>19 245</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>32 262</u>	<u>29 487</u>

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
Financial Period 2010
(in thousands of Euros)

	Notes	1 January 2010	Movements in 2010	31 December 2010
Net assets/reserves				
Participating States' equity in capital assets	5.1	1 702	318	2 020
Total Net assets/reserves		1 702	318	2 020
Accumulated surpluses/(deficits)				
Non-restricted (Participating States)				
Regular Budget 2008/2009	4.14	465	(465)	
Regular Budget 2010/2011	4.14		2 240	2 240
Working Capital Fund	4.15	1 492	(1 492)	
Other IARC Funds	4.16, 4.17	7 409	1 528	8 937
Total non-restricted (Participating States)		9 366	1 811	11 177
Restricted				
Voluntary contributions Account	3.4	8 174	459	8 633
Trust Funds	3.7	3	1	4
Total restricted		8 177	460	8 637
Total accumulated surpluses		17 543	2 271	19 814
Net assets/equity at end of year		19 245	2 589	21 834

STATEMENT OF CASH FLOWS
Financial Period 2010
(in thousands of Euros)

	2010	2008-2009
Cash flow from operating activities		
Change in Fund Balances	2 589	(584)
Non-cash movements		
Decrease/(increase) in accounts receivable	(671)	(6 508)
Decrease/(increase) in prepaid expenses	(43)	90
(Decrease)/increase in contributions received in advance	(294)	272
(Decrease)/increase in accounts payable	66	1 123
Decrease/(Increase) in non-current receivables	676	1 354
(Decrease)/Increase in provision for delays in receipt of contributions	210	(444)
Less: Interest income included in fund balances	(149)	(484)
Net cash flows from operating activities	2 384	(5 182)
 Cash flows from investing and financing activities		
Purchase of property, plant and equipment	(319)	145
Plus: Interest income included in fund balances	149	484
Less: Decrease/(Increase) in interest receivable	(33)	(54)
(Decrease)/Increase in other liabilities (non-current)	204	
Net cash flow from investing and financial activities	1	575
 Net (decrease)/increase in cash and cash equivalents	2 385	(4 606)
Cash and cash equivalents at beginning of period	14 289	18 895
Cash and cash equivalents at end of period	16 674	14 289

Statement of Accounting Policies (Statement V)

1. Basis of Preparation and Presentation

1.1 The accounting policies and financial reporting practices applied are based on IARC Financial Regulations and WHO Financial Regulations and Rules. Where the Regulations and Rules do not provide explicit provisions, the requirements of the United Nations System Accounting Standards (UNSAS) apply. The financial statements, accompanying notes and schedules are in accordance with UNSAS.

1.2 In 2008 WHO/IARC began to implement the International Public Sector Accounting Standards (IPSAS) as part of a United Nations System-wide effort to implement the Standards by 2011. IARC is expected to become IPSAS compliant during 2011. However, IPSAS compliant annual financial reports will be issued only as of 2012, which is consistent with decisions taken by WHO Headquarters in this regard. Income and expenses are already recognized on an accrual basis. Substantial changes have also been made to presentation and content of the 2008–2009 Financial Statements in line with IPSAS requirements.

1.3 These financial statements have been prepared on the going concern basis, conforming to the historical cost convention using the accrual method of accounting.

1.4 The financial statements, notes, schedules and accompanying tables are presented in euros. IARC changed its functional currency from US\$ to € effective 1 January 2010 in accordance with Resolution GC/48/R6. To reduce the risk exposure of the Agency relative to exchange rate fluctuations between the US\$ and the €, the IARC Governing Council decided in May 2006 to adopt the euro as the IARC's base currency for budget, assessment, accounting and financial reporting purposes, since an estimated 80% of the Agency's expenditure is made in euro.

1.5 The following specific accounting policies that materially affect the measurement of financial performance and the financial position applied are:

1.6 Revenue Recognition (Operating Revenue)

Assessed contributions – Income from contributions from Participating States for the programme budget 2010/2011 is recorded on an accrual basis as per the assessments for 2010 approved by the Governing Council. In accordance with IARC Financial Regulation V, 5.3, pending receipt of assessed contributions, implementation of the regular budget may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of the Organization, excluding Trust Funds. A provision is established for delays in collection of contributions amounting to 100% of the assessed contributions outstanding at 31 December 2010. The total amount of the provision is shown in Statement II.

Income from assessed contributions from **new and formerly inactive Members** is credited to the Governing Council Special Fund, in accordance with IARC Financial Regulation V.

Voluntary contributions are recorded on an accrual basis. Formal funding agreements by both parties are required in order to recognize an asset before the receipt of cash. When the entire funding is payable up front, revenue equal to the funding set out in the agreement is recognized when the agreement is signed.

Other operating revenue is recorded when funds are earned.

1.7 **Accounts Receivable**

Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts. Consistent with existing Financial Regulations and Rules, IARC created a provision for delays in Participating States assessments. No provisions were made for non collection of voluntary contributions or other receivables.

1.8 **Expense Recognition**

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

1.9 **Property and Equipment**

New property purchased since 1 January 2010 and the IARC owned buildings are capitalized and depreciated. Their values are shown in the balance sheet at depreciated value. An inventory of all sensitive equipment (whether capitalized or not) is maintained separately for internal control purposes.

1.10 **Employee Benefits**

Employee benefits are recognized as expenses on an accrual basis. Similarly terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel, removal on repatriation, and other separation payments are all expensed on an accrual basis. It should be noted that the current accruals for employee benefits are not sufficient to cover all future costs.

1.11 **Pension Fund**

IARC through WHO 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 funded defined benefit plan.

The financial obligation of WHO/IARC 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.

1.12 **Staff Health Insurance**

The Staff Health Insurance Fund covers WHO 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 financial obligation of IARC consists of transferring the monthly contributions to the Fund, which are deducted from the IARC payroll and are reflected as staff cost in the IARC financial statements.

1.13 **Financial Risks**

The Organization is exposed to certain financial risks including foreign currency exchange risk. Funds of the Agency are invested in short-term deposits, as agreed with WHO Headquarters. Foreign currency exchange risk – IARC receives voluntary contributions and makes payments in currencies other than euro. It is exposed to foreign exchange currency risk arising from fluctuations in the currency exchange rates. IARC uses an exchange gain/loss facility in the Governing Council Special Fund to protect against exchange rate fluctuations.

Realized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement I.

1.14 **Savings on Prior Periods' Encumbrances**

Encumbrances (budget reserves for commitments, not delivered during the financial period) relating to prior financial periods are settled during the current financial period in accordance with the Financial Regulations. Variances on settlement are debited/credited to the relevant account. The balance is shown under other operating revenue. See paragraph 3.6 of the Notes to the Financial Statements.

1.15 **Fund Accounting**

Fund Accounting is a method of segregating resources into categories (i.e. funds) to identify both the source and use of the funds. Establishment of such funds helps to ensure better reporting of revenue and expenses. The Agency operates five funds: 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 Funds. Additional information on the status of each Fund type is provided in Schedules 1 and 2.

Page intentionally left blank

Notes to the Financial Statements

2. Statement of Objective

- 2.1 According to Article I of the Statute of the International Agency for Research on Cancer (IARC), the objective of IARC shall be to promote international collaboration in cancer research. The Agency shall serve as a means through which Participating States and WHO, in liaison with the Union for International Cancer Control (UICC) and other interested international organizations, may cooperate in the stimulation and support of all phases of research related to the problem of cancer.

3. Supporting Information to the Statement of Financial Performance

- 3.1 **Statement Overview** – The Statement of financial performance consolidates revenue and expenses for all activities through the Agency. The statement segregates operating activities from those arising from financial operations. Further details by fund are presented in Schedules 1 and 2.
- 3.2 **Participating States Assessed Contributions** – 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. Under 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 is fair with 86.46% of the 2010 assessed contributions received at the end of 2010 (refer to Schedule 4).
- 3.3 **New and Former Participating States Assessed Contributions** – With the exception of the first US\$ 50 000 (€34 650) of each first assessed contribution from a new Participating State, which is credited to the Working Capital Fund, unbudgeted contributions from new Participating States and contributions from former Participating States are credited to the Governing Council Special Fund, as per IARC Financial Regulations, V, 5.5. Outstanding contributions are shown in the Balance Sheet as receivable and as a corresponding provision, in accordance with WHO Financial Regulations (Note 4.11 refers).
- 3.4 **Voluntary Contributions** – These designated and undesignated contributions are received from governments, intergovernmental organizations, institutions, foundations, as well as the private sector and individuals. Voluntary contributions are accepted provided they are consistent with the policies and objectives of the Agency. An amount of €170 103 has been committed in 2010 for expenditure in 2011.
- 3.5 **Revenue-producing Activities** – Income from sale of IARC publications through WHO Headquarters and other royalties. This income is credited to the Governing Council Special Fund as per IARC Financial Regulation V, 5.5.

- 3.6 **Other Operating Revenue** – This revenue is credited to the Governing Council Special Fund as per IARC Financial Regulation V, 5.5. It consists of revenue from sale of equipment and material, savings from reserves, income from old projects, purchase order variances and other income.
- 3.7 **Trust Funds** – Trust funds were maintained by the Agency in 2010 to finance language courses for the benefit of staff. Fees were collected from language students and used to pay language teachers.
- 3.8 **Staff Cost** – Cost of professional and general service staff, including staff entitlements and terminal allowances.
- 3.9 **Temporary assistance, advisors, consultants** – Cost of temporary staff including their entitlements as well as cost of temporary advisors and meeting participants.
- 3.10 **Fellows** – Cost of fellows, including their entitlement.
- 3.11 **Duty travel** – Cost for travel of staff and fellows, including their fare, per diem and incidentals.
- 3.12 **Research and other agreements** – Cost for collaborative research agreements, consortium and partnership agreements, and other contracts, including contracts for external printing and binding and agreements for the performance of work (APWs).
- 3.13 **Procurement and various operating expenses** – Cost for procurement of equipment, building and office services, and various other expenses. It is planned to subdivide this cost category further into more detailed cost categories in future financial reports.
- 3.14 **Income from services rendered** – Programme Support Cost charged levied on voluntary contributions to cover overhead cost. To avoid double counting, income and the equivalent of expenses is eliminated.
- 3.15 **Financial revenue and expenses, net** – Income net of expenses from bank interest, exchange gain, losses and rounding differences. This includes interest income of €149 200 earned during 2010.
- 3.16 **Recovery of advances** – In previous biennia, advances were made from the Governing Council Special Fund to commence extra-budgetary funded projects pending the receipt of cash from the donor. As income is now recognized on an accrual basis when agreements are signed, advances through fund transfers are no longer required.
- 3.17 **Depreciation expense** – Straight line depreciation of property, plant and equipment over their respective useful lives.
- 3.18 **Provision for assessed contributions** – Provisions for delay in the receipt of assessed contributions for 2010. See also Note 4.11.

4. Supporting Information to the Statement of Financial Position

- 4.1 Cash at banks, investment accounts and on hand** – Cash at hand, banks and investment accounts held by the Agency for all funds.
- 4.2 Accounts Receivables (current)** – At 31 December 2010, total accounts receivables amounted to €9.6 million. The receivable balance includes outstanding amounts for both assessed (€4 million) and voluntary contributions (€4.8 million). Other receivables include various dues from WHO Headquarters including for sale of publications on behalf of the Agency (€0.6 million), dues from the French government to recover sale taxes (€0.2 million) and various other dues from other debtors.
- 4.3 Staff Receivables** – Advances are paid to staff in accordance with WHO staff rules. Salary advances are recovered through the payroll. Advances for education grant are settled at the end of the scholastic year upon presentation of claims, invoices and proof of payments. Travel advances are cleared upon presentation and settlement of travel claims. Standing travel advances are made to staff with fixed-term and continuous appointment that are expected to travel six or more times a year. The advance is recovered once they leave the Agency or when they are not required to travel frequently anymore.
- 4.4 Advance payments** – These represent payments to suppliers in advance of receipt of goods, services or invoices. When goods or services are delivered prepayments are applied to settlement and the appropriate expenditure account is charged. In addition, fellows of IARC are paid one month in advance. As a consequence, payments of the stipends, paid in December 2010 for January 2011, are recorded under prepaid expenses. They will be applied to the relevant expenditure account in January 2011.
- 4.5 Interest Receivable** – This represents amounts due from banks for interest earned during the period.
- 4.6 Non-Current Receivables** – This represents amounts due from the Russian Federation, which have been rescheduled under Resolution GC/48/R3. A total of € 4 061 478 was outstanding at the end of 2010. Of this amount, €3 384 565 is not due within the next 12 months, and has therefore been classified as non-current.
- 4.7 Land and buildings** – These assets represent IARC three buildings: the Sasakawa, the Biological Resources Centre and the Latarjet building. The main building of IARC, the tower, is owned by the City of Lyon, and therefore is not shown as property. The values of the buildings have been adjusted to show the depreciated value of the asset. Depreciation is shown as expenses in Statement I. See paragraph 1.9 of the Statement V.
- 4.8 Property, Plant and Equipment** – Assets acquired since 1 January 2010 were capitalized at a total value of €452 000. Their depreciated value as at 31 December 2010 was €377 000.
- 4.9 Participating States Contributions Received in Advance** – At 31 December 2010, €260 000 was received from two Participating States against their regular budget assessments for 2011.

- 4.10 **Accounts Payable** – This represents the total amount outstanding to third parties for goods and services at the end of 2010.
- 4.11 **Provision for Delays in Receipt of Assessed Contributions** – This represents the uncollected assessments from Participating States. Provision of 100% of the non collected assessments is consistent with the existing WHO financial policies for accounts receivable provisions.
- 4.12 **Accrued Staff Benefits** – The non payroll staff entitlement account provides for non payroll staff entitlements. These consist of education grant, education grant travel, home leave, recruitment and assignment travel, assignment grant, and transportation of personal effects. Professional staff salaries are charged at a rate of 10% to fund these entitlements.
- 4.13 **Accrued Terminal Payments** – The terminal payments account was established to provide for financing the terminal emoluments of staff members, including repatriation grant, accrued annual leave, repatriation travel, removal on repatriation and other separation payments. It is funded by a budgetary provision set for the biennium 2010–2011 at 2.5% of all staff.
- 4.14 **Regular Budget** – This refers to the General Fund for the administrative services and permanent activities of the Agency, as defined by Article 5.1 of IARC Financial Regulations. The Fund is financed by the annual contributions of each Participating State. An amount of €74 641 has been committed in 2010 for expenditure in 2011.
- 4.15 **Working Capital Fund** – This refers to a Fund as defined by Article 5.2 of IARC Financial Regulations. Pending the receipt of statutory annual contributions to the regular budget, appropriations may be temporarily financed from the Working Capital Fund. €941 485 advanced in 2009 was recovered in 2010. At the end of 2010, €2 433 267 was used to finance the shortfall in the receipt of assessed contributions. See Schedules 1 and 4 for details.
- 4.16 **Governing Council Special Fund** – This refers to a Fund as defined by Articles 5.5 of IARC Financial Regulations. The fund shall be used for purposes to be decided by the Governing Council from time to time by a two-thirds majority of its members. €74 848 has been committed in 2010 for expenditure in 2011. Considerable fund reserves (Expenses authorized by the Governing Council but not yet incurred exist already against the fund, including a used reserve for protection against exchange rate fluctuations during 2010/2011 (Resolution GC/51/R6) of €0.83 million, reserves for purchases of scientific equipment and an air-conditioning system for a total of €2.2 million (Resolutions GC/52/R8 and GC/52/R11), a Hiatus Funding for 2011 of €0.346 million (Resolution GC/47/R7) and a reserve for publications for the biennium 2010–2011 of €0.68 million (Resolution GC/52/R10). Further details on the status of the Fund will be provided in an information document for the Governing Council meeting in May 2011, as requested by the Governing Council in May 2010.

4.17 **Special Account for Programme Support Cost** – The Agency levies an overhead charge on its designated contributions, which is credited to this account. The Fund is used to finance various administrative activities of the Agency. An amount of €40 600 has been committed in 2010 for expenditure in 2011.

5. Supporting Information to the Statement of Changes in Net Assets/Equity

5.1 **Participating States Equity in Capital Assets** – At the end of 2010, the Participating States equity in capital assets were IARC's three buildings and other "property, plants and equipment" purchased during 2010 with a total net value of €2 million.

**Statement of Performance by Major Funds
For the Financial Period 2010
(expressed in euros)**

Notes	Regular Budget 2010/11	Regular Budget 2008/09 Carry-forward	Working Capital Fund	Other IARC funds	Voluntary Contributions Account	Trust funds	Sub-totals	Eliminations	Totals 2010	2008-2009 Re-stated
OPERATING REVENUE										
1.6										
Assessed contributions										
For the effective working budget (2010)	18 760 000			1 389 025			18 760 000		18 760 000	31 012 443
New and formerly inactive Members				1 389 025			1 389 025		1 389 025	3 431 154
Total contributions from Participating States	18 760 000			1 389 025			20 149 025		20 149 025	34 443 597
Voluntary contributions					6 605 237		6 605 237		6 605 237	15 356 687
Other Income										
Revenue-producing activities				637 685			637 685		637 685	1 181 310
Income from services rendered				590 719			590 719	(590,719)		
Trust Funds and Other operating revenue				257 766		7 000	264 766		264 766	223 011
Total income	18 760 000			2 875 195	6 605 237	7 000	28 247 432	(590,719)	27 656 713	51 204 604
Operating Expenses										
1.8										
Staff cost	12 106 697			658 917	1 720 239		14 485 853		14 485 853	26 592 620
Temp assistants, consultants, advisors	460 336			287 489	533 845		1 281 670		1 281 670	8 220 659
Fellows	731 478	34 621		42 728	845 647		1 654 474		1 654 474	
Duty travel	365 237			9 620	120 601		495 458		495 458	1 317 794
Research and other agreements	416 579	134 722		151 546	1 538 164		2 241 011		2 241 011	6 280 902
Procurement and operating expenses	2 337 241	99 857		660 583	1 372 463	6 430	4 476 574	(590,719)	3 885 855	9 391 388
Total expenditure	16 417 568	269 200		1 810 883	6 130 959	6 430	24 635 040	(590,719)	24 044 321	51 803 363
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	2 342 432	(269 200)		1 064 312	474 278	570	3 612 392		3 612 392	(598 759)
Capital expenditure										
Provision for delays in the collection of assessed contributions	(81 213)	(195 362)		(137 292)	(38 200)		(452 067)		(452 067)	
Financial Revenue and Expenses, Net										
Payment of delayed assessed contributions from prior years	(21 612)		(2 433 267)	(106 332)	22 256 b)		(2 539 599)		(2 539 599)	(1 696 018)
Recovery of advances			941 485				941 485		941 485	32 238
TOTAL CHANGES IN FUND BALANCES	2 239 607	(464 562)	(1 491 782)	1 527 847	458 334	570	2 270 014 a)		2 270 014	(438 724)
FUND BALANCES - 1 JANUARY 2010		464 562	1 491 782	7 409 552	8 174 390	3 327	17 543 612		17 543 612	17 979 755
FUND BALANCES - 31 DECEMBER 2010	2 239 607			8 937 399	8 632 724	3 897	19 813 626		19 813 626	17 543 612

a) Encumbrances of a total of 360 192 have been made and will be carried forward into 2011.

b) Interest for undesignated and designated contributions as per Governing Council Resolutions 23/R6 and 49/R16

STATEMENT OF PERFORMANCE OF OTHER IARC FUNDS
Financial Report for the period 2010
(expressed in euros)

	Notes	Governing Council Special Fund	Special Account for Programme Support Costs	Totals 2010	Totals 2008-2009
OPERATING REVENUE					
New and formerly inactive Members	1.6	1 389 025		1 389 025	3 392 177
Total assessed contributions	3.3	1 389 025		1 389 025	3 392 177
Other Income					
Revenue-producing activities	3.5	637 685		637 685	1 181 310
Income from services rendered	3.14		590 719 a)	590 719	1 344 188
Others	3.6	257 766		257 766	182 985
Total income		2 284 476	590 719	2 875 195	6 100 660
Operating expenses					
Staff cost	1.8	575 599	83 318	658 917	2 706 721
Temp assistance, consultants, fellows, advisors	3.8	220 476	67 013	287 489	662 376
Fellows	3.9	42 728		42 728	
Duty travel	3.10	5 737	3 883	9 620	97 981
Research and other agreements	3.11	131 546	20 000	151 546	1 054 467
Procurement and other operating expenses	3.12	13 888	646 695	660 583	2 082 416
Total expenditure	3.13	989 974	820 909	1 810 883	6 603 962
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE					
		1 294 502	(230 190)	1 064 312	(503 302)
Capital expenditure	4.8	(93 361)	(43 931)	(137 292)	
Provision for delays in the collection of assessed contributions	3.18	(106 332)		(106 332)	(212 664)
Financial Revenue and Expenses, Net	3.15	707 159		707 159	(13 847)
Recovery of advances and fund transfers	3.16				1 823 815
TOTAL CHANGES IN FUND BALANCES					
		1 801 968	(274 121)	1 527 847	1 306 666
FUND BALANCES - 1 JANUARY 2010					
		5 919 295	1 490 257	7 409 552	6 102 886
FUND BALANCES - 31 DECEMBER 2010					
		7 721 263	1 216 136	8 937 399	7 409 552

a) Programme Support Cost from designated voluntary contributions.

APPROPRIATIONS FOR THE FINANCIAL PERIOD 2010-2011 (Regular Budget)
Budget Consumption
Report for the financial period 2010
(expressed in Euros)

Purpose of appropriation	Appropriations			Budget Consumption *	Balance available on 31.12.2010
	Amounts approved by Governing Council	Transfers (IARC Financial Regulations para 3.3)	Effective appropriations		
1. Policy organs	165 000		165 000	81 051	83 949
2. Scientific programme	28 622 300		28 622 300	12 065 430	16 556 870
3. General services and support	9 123 700		9 123 700	4 373 912	4 749 788
TOTAL	37 911 000	0	37 911 000	16 520 393	21 390 607

* Expenses and encumbrances (undelivered commitments)

STATUS OF COLLECTION OF CONTRIBUTIONS - 2010
as at 31 December 2010
(expressed in euros)

Participating States	Assessments 2010			Assessments of prior financial periods			Total outstanding 31 December 2010
	Assessments	Collected during 2010	Balance outstanding 31 December 2010	Balance outstanding 1 January 2010	Collected during 2010	Balance outstanding 31 December 2010	
Australia	741 620	741 620					
Austria	556 215	556 215					
Belgium	741 620	741 620 (3)					
Canada	850 376	850 376					
Denmark	741 620	741 620					
Finland	741 620	741 620					
France	1 067 883	1 067 883 (4)					
Germany	1 502 898	1 502 898					
India	632 867		632 867				632 867
Ireland	632 867	632 867					
Italy	1 067 883	1 067 883		937 158 (5)	937 158		
Japan	1 502 898	1 502 898					
Netherlands	741 620	741 620					
Norway	741 620	741 620					
Republic of Korea	850 376	850 376					
Russian Federation	741 620	741 620					
Spain	850 376		850 376	754 534 (5)		754 534	1 604 910
Sweden	741 620	741 620					
Switzerland	741 620	741 620					
United Kingdom of Great Britain and Northern Ireland	1 067 883	1 067 883					
United States of America	1 502 898	446 543	1 056 355	4 326 (5)	4 326		1 056 355
TOTAL - Assessed States	18 760 000	16 220 402	2 539 598	1 696 018	941 484	754 534	3 294 132
Unbudgeted assessments							
Brazil (1)				256 023 (5)	256 023		
Other outstanding contributions							
Brazil (1)				456 089 (5)	456 089		
Russian Federation (2)				4 738 391 (5)	676 913	4 061 478	4 061 478
TOTAL	18 760 000	16 220 402	2 539 598	7 146 521	2 330 509	4 816 012	7 355 610

(1) Withdrew membership in accordance with Resolution GC/42/R4

(2) Membership was temporarily suspended but resumed on 1 January 2007 in accordance with Resolution GC/48/R3

(3) 2010 contribution received in advance in June 2009 (US\$ 186 315), in Oct 2009 (US\$ 307 807) & in Dec 2009 (US\$ 303 278) = €552 598; 2011 contribution received in advance in Aug. 2010 (€34 800), in Sept. 2010 (€111 911), in Dec. 2010 (€111 911) = €258 622

(4) 2010 contribution received in advance in June 2009 US\$ 1575 (€1091); 2011 contribution received in advance in March 2010 (€1091)

(5) Assessed/other contributions and payments in US\$ converted at January 2010 exchange rate of €0.693 to US\$ 1.