

**THIRTY-FIFTH SESSION OF THE IPCC
Geneva, 6-9 June 2012**

IPCC-XXXV/Doc. 2, Add.1
(30.IV.2012)
Agenda Item: 3
ENGLISH ONLY

IPCC TRUST FUND PROGRAMME AND BUDGET

**Audit of the 2010 and 2011 Accounts of the Intergovernmental Panel
on Climate Change**

(Submitted by the IPCC Secretariat)

IPCC TRUST FUND PROGRAMME AND BUDGET

Audit of the 2010 and 2011 Accounts of the Intergovernmental Panel on Climate Change

INTRODUCTION

As a follow up to the provision for external audit noted by the Panel at its 32nd Session (Busan, 11-14 October 2010) and in accordance with the International Public Sector Accounting Standards (IPSAS) implemented by the World Meteorological Organization (WMO) as of 1 January 2010 and further to the adoption of the revised Appendix B by the Panel at its 34th Session (Kampala, 18-19 November 2012), IPCC underwent two audits back-to-back. The audits were conducted by the WMO External Auditors, the United Kingdom National Audit Office (NAO).

The audited annual financial statements and the independent auditor's reports to the Panel for 2010 and 2011 (**Annex 1 and 2**) are being presented to the Panel for information.



INTERGOVERNMENTAL PANEL ON climate change

Intergovernmental Panel on Climate Change

Natural Forests

ANNUAL FINANCIAL STATEMENTS

2010

IPCC Secretariat

c/o WMO 7 bis, Avenue de la Paix · C.P. 2300 CH-1211 Geneva 2 · Switzerland
telephone +41 22 730 8208 / 54 / 84 fax +41 22 730 8025 / 13 · email IPCC-Sec@wmo.int www.ipcc.ch



PRESENTATION OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Financial arrangements for the administration of the Intergovernmental Panel on Climate Change (IPCC) are specified in: (1) the Memorandum of Understanding between the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) on the Intergovernmental Panel on Climate Change (IPCC); and (2) the Financial Regulations, Financial Rules and other authorized Procedures of WMO.

Under the standing arrangement, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The financial statements of IPCC are maintained in accordance with these requirements, are consistent with generally accepted accounting principles and comply with the International Public Sector Accounting Standards adopted by the IPCC Panel.

The following appended financial statements, comprising Statements I, II, III, IV and V, and Notes to the Financial Statements were properly prepared in accordance with the requirements stated above.



(R. Christ)
Secretary of the IPCC

Date: 7 March 2012

INDEPENDENT AUDITOR'S REPORT TO THE PANEL

I have audited the financial statements of the Intergovernmental Panel on Climate Change (IPCC) for the year ended 31 December 2010. These comprise the Statement of Financial Position; Statement of Financial Performance; Statement of Changes in Net Assets/Equity; Statement of Cash Flow; Statement of Comparison of Budget and Actual Amounts and related notes. These financial statements have been prepared under the accounting policies set out within them.

Secretary of IPCC's Responsibility for the Financial Statements

The Secretary of IPCC is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and the requirements of the Financial Procedures as authorised by the Plenary. The Secretary is also responsible for designing, implementing and monitoring internal controls that she determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require me and my staff to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the Intergovernmental Panel on Climate Change'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 the accounting policies used and the reasonableness of accounting estimates made by the Secretary of IPCC, as well as the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the revenue and expenditure reported in the financial statements have been applied to the purposes intended by the Plenary and the financial transactions are in accordance with the Financial Procedures.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion on Regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Plenary and the financial transactions conform to the Financial Procedures.

Opinion on financial statements

In my opinion:

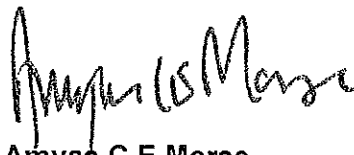
- the financial statements present fairly, in all material respects, the financial position of the Intergovernmental Panel on Climate Change as at 31 December 2010 and the results for the year then ended; and
- the financial statements have been properly prepared in accordance with International Public Sector Accounting Standards.

Matters on which I report by exception

I have nothing to report in respect of the following matters which, under the letter of engagement, I report to you if, in my opinion:

- proper accounting records have not been maintained; or
- I have not received all of the information and explanations I require for my audit.

I have no observations to make on these financial statements.



Amyas C E Morse

Comptroller and Auditor General

United Kingdom

**National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP**

 **20th March 2012**

STATEMENT I

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010
(in thousands of Swiss Francs)

	Note	2010	Opening Balances 1 January 2010 (Restated) Note 12
ASSETS			
Current assets			
Accounts receivable		-	1
Contributions receivable	3.1	417	263
Inventories	3.2	130	165
Other assets	3.3	295	55
Funds held by WMO	3.4	13,403	11,960
		14,245	12,444
Non-current assets			
Contributions receivable	3.1	545	-
Total assets		14,790	12,444
LIABILITIES			
Current liabilities			
Payables and accruals	3.5	2,210	595
Employee benefits	3.6	27	30
		2,237	625
Non-current liabilities			
Employee benefits	3.6	605	655
Total liabilities		2,842	1,280
Net assets		11,948	11,164
NET ASSETS/EQUITY			
Fund balances	Stat.III	11,948	11,164
Total net assets/equity		11,948	11,164

The accompanying notes form an integral part of these financial statements.

STATEMENT II

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2010 (in thousands of Swiss Francs)

	Note	2010
Revenue		
Voluntary contributions	5.1	7,859
In-kind contributions	5.2	394
Other revenue	5.3	33
Total revenue		8,286
Expenses		
Travel	6.1	2,461
Other expenditures	6.2	2,356
Salaries and employee benefits	6.3	1,846
Supplies, consumables and other running costs	6.4	258
In-kind expenditures	6.5	394
Grants and contributions for organization of meetings		187
Total expenses		7,502
Surplus for the period		784

The accompanying notes form an integral part of these financial statements.

STATEMENT III

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (in thousands of Swiss Francs)

	2010
Net assets at 31 December 2009 as per audited Financial Statements(Note 12)	11,407
Exclusion of Trust Fund 430202(Note 12)	(162)
	<u>11,245</u>
Changes in accounting policy and other adjustments to net assets	
Recognition of contributions receivable	263
Recognition of inventories	165
Derecognition of other assets	(242)
Derecognition of unliquidated obligations	418
Recognition of liabilities for employee benefits	(685)
Total recognized changes in net assets since last published Financial Statements	<u>(81)</u>
Adjusted opening balance at 1 January 2010	11,164
Movement in fund balance in 2010	
Surplus for 2010	784
Total net assets at 31 December 2010	<u><u>11,948</u></u>

The accompanying notes form an integral part of these financial statements.

STATEMENT IV

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2010 *(in thousands of Swiss Francs)*

	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Surplus for the period	784
(Increase) decrease in accounts receivable	1
(Increase) decrease in inventory	35
(Increase) decrease in short-term contributions receivable	(154)
(Increase) decrease in other assets	(240)
(Increase) decrease in funds held by WMO	(1,443)
(Increase) decrease in long-term contributions receivable	(545)
Increase (decrease) in payables and accruals	1,615
Increase (decrease) in liabilities for short-term employee benefits	(3)
Increase (decrease) in liabilities for long-term employee benefits	(50)
Net cash flows from operating activities	<u>-</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT V

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010
(in thousands of Swiss Francs)

Category		Budget	Expenditure*	Budget Under/(Over) Spent
A. Governing Bodies:				
1	IPCC – 32 Plenary Session	750	582	168
2	IPCC – 33 Plenary Session	-	10	(10)
3	Bureau	476	228	248
4	TFB	47	10	37
5	SBSTA/COP/JWG	67	86	(19)
6	IPCC- prior sessions	-	(7)	7
7	Total Governing Bodies	1,340	909	431
B. Lead Authors, scoping and expert meetings for reports				
1	AR5 WGI LA 1	295	154	141
2	AR5 WGII LA 1	-	31	(31)
3	AR5 Scoping meeting for SYR	207	160	47
4	AR5 Sea Level Rise/Ice Sheet Workshop	207	96	111
5	AR5 Multi-model Climate Projections	83	12	71
6	AR5 Expert Meeting on Ocean Acidification	-	5	(5)
7	AR5 Expert Meeting on Human Settlements	-	97	(97)
8	AR5 Cross-WG Meeting on Art. 2	52	-	52
9	AR5 Cross-WG Meeting on Uncertainties	52	3	49
10	SR REN Expert Meetings and LA 3 and 4	812	418	394
11	SR on Extreme Events Expert Meeting and LA 2 and 3	528	350	178
12	Prior year meetings	-	(9)	9
13	Total Lead Authors, scoping and expert meetings for reports	2,236	1,317	919
C. Scoping Meetings, Expert Meetings and Workshops				
1	New Scenarios	207	64	143
2	TGICA	72	19	53
3	EFDB Board	109	62	47
4	EFDB Expert Meetings	103	19	84
5	TFI Software review	103	72	31
6	UNFCC-TFI contingency	104	83	21
7	TFI Expert meetings	207	137	70
8	2006 GL Technical issues	52	26	26
9	Prior year meetings	-	(4)	4
10	Total Scoping Meetings, Expert Meetings and Workshops	957	478	479
D. Other Expenditures				
1	EFDB maintenance	7	7	-
2	2006 GL software	60	62	(2)
3	Outreach	400	520	(120)
4	Webconferences	12	-	12
5	Secretariat	1,300	1,524	(224)
6	External Audit	20	20	-
7	Co-chairs	250	96	154
8	AR4 electronic publication	-	52	(52)
9	Publication and translation	-	35	(35)
10	Total Other Expenditure	2,049	2,316	(267)
E. Total expenditure		6,582	5,020	1,562

* Excluding obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 301,000

Notes to the Financial Statements as at 31 December 2010

NOTE 1: PURPOSES OF THE ORGANIZATION

a) The IPCC is an intergovernmental body open to all member countries of the UN and WMO. Its main purpose is to :

- (i) make assessments of available scientific information on climate change,
- (ii) make assessments of environmental and socio-economic impacts of climate change,
- (iii) formulate response strategies to meet the challenge of climate change.

b) The IPCC works through three Working Groups (WG) and a Task Force (TFI). WG I deals with "The Physical Science Basis of Climate Change", WG II with "Climate Change Impacts, Adaptation and Vulnerability" and WG III with "Mitigation of Climate Change". The main objective of the Task Force on National Greenhouse Gas (GHG) Inventories (TFI) is to develop and refine a methodology for the calculation and reporting of national GHG emissions and removals.

c) Technical Support Units (TSUs) provide scientific, technical and organizational support to their respective IPCC WGs or TFI. The Technical Support Units are funded directly by the governments of countries in which they are located. In the case of the TFI TSU, the Government of Japan channels its funding through the IPCC Trust Fund.

d) The role of the IPCC Secretariat is to provide strategic, functional and administrative support to the implementation of the work programme of the IPCC; to provide cohesion and continuity to the organization; to ensure that the IPCC work programme is implemented consistently with the Principles Governing IPCC Work, the Decisions of the Panel and relevant UN regulations; and to liaise with Governments. The costs of the TSU's are not included in these Financial Statements as they are not under the direct control of the Secretariat.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. Financial arrangements for the administration of IPCC are specified in the following:

- a) Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) ;
- b) WMO Staff and Financial Rules and Regulations ; and
- c) delegation of responsibility from the Secretary-General of the WMO to the Secretary of the IPCC.

Under the Memorandum of Understanding, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The accounting records of IPCC are maintained in accordance with these requirements. Management have considered that it is appropriate to prepare these Financial Statements on a going concern basis as there is no reason to believe that the commitments of panel members will not be sustained. In addition the budget for 2011 has been approved by the Panel.

2. The IPCC works through the following two separate Trust Funds: (i) the IPCC Trust Fund, which receives contributions from Governments and International Organizations to support the activities of the Panel; and (ii) the Scholarship Programme Trust Fund, which contains the seed money of the Nobel Peace Prize awarded to IPCC in 2007 and contributions by private entities to support the activities of the IPCC Scholarship Programme. The financial statements in this document refer to both Trust Funds.

3. These are the first set of financial statements to be prepared in accordance with International Public Sector Accounting Standards (IPSAS). Accordingly, the financial statements have been prepared on the accrual basis of accounting, using the historic cost convention. In addition, the adoption of IPSAS has required changes to be made to the accounting policies previously followed by IPCC. This includes the adoption of the new accounting policies which has resulted in changes to the assets and liabilities recognized in the Statement of Financial Position. Accordingly, the last audited Statement of Financial Position, dated 31 December 2009, has been restated and the resulting changes are reported in the Statement of Changes in Net Assets and Note 12. The revised 31 December 2009 Statement of Financial Position is described in these financial statements as the Opening Balance (Restated). The net effect of the changes brought about by the adoption of IPSAS in the Statement of Financial Position amounted to a decrease in total net assets of CHF 81,000 at 1 January 2010.

Revenue

4. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from contributions as well as pledges of contributions confirmed in writing are recognized at their estimated realizable value as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions.

5. IPCC considers that while there are restrictions on the use of all contributions, these restrictions do not meet the definition of a condition as described under IPSAS 23. When projects are coming to an end and in the event that some contributions will not be fully expended on the project for which they were given, then at that point in time, and in accordance with the donor agreement, the amount which will not be expended is recognized as amounts to be refunded to donors and included in the Statement of Financial Position as Contributions refundable to donors.

6. Interest revenue is recognized as it accrues.

Expenditure

7. In accordance with the accrual basis of accounting expenditure recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

8. Accrual accounting under IPSAS does not require the matching of revenue to related expenses. The cash-flows arising from contributions and the related expenses take place in current and future accounting periods.

9. As permitted on the initial adoption of IPSAS, transitional provisions (IPSAS 1) have been applied in the Presentation of Financial Statements in the following areas: Comparative information has not been provided in the Statements of Financial Performance (Statement II) and Cash Flow (Statement IV).

10. The Cash Flow Statement is prepared using the indirect method.

11. The following standards have been adopted prior to the required implementation dates: IPSAS 25: Employee Benefits; IPSAS 28: Financial Instruments – Presentation; IPSAS 29: Financial Instruments – Recognition and Measurement; IPSAS 30 Financial Instruments – Disclosures and IPSAS 31 Intangible Assets.

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

Financial Instruments

13. Financial instruments are recognized when IPCC becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and IPCC has transferred substantially all the risks and rewards of ownership.

14. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash, other receivables and cash and cash equivalents.

15. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and receivables

16. Voluntary contributions are recognized when confirmed in writing by donors at their estimated realizable value or when the cash is received whichever is the earlier.

17. Receivables are stated at nominal value less allowances for estimated irrecoverable amounts.

18. In-kind contributions of services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises and salary costs. They are treated as both revenue and expense.

Funds held by WMO

19. IPCC does not maintain its own bank accounts. Its funds are administered by WMO.

Inventories

20. IPCC's publications are for free distribution. Publications in stock at the end of a financial period are recorded as inventories and are valued at the lower of cost or net replacement cost. Inventories which are procured externally are valued at 100% of cost, regardless of the date of the procurement. Inventories which relate to the current 7 year Assessment Period starting in 2007 are valued at 100% of cost after writing off quantities which are considered in excess of requirements. Inventories in stock for up to 2 years prior to the current Assessment Period are valued at 50% of cost after writing off quantities which are considered in excess of requirements. Inventories in stock over 2 years prior to the current Assessment Period are fully provided for.

Property, Plant and Equipment

21. Property, Plant and Equipment (PPE) above CHF 5,000 are stated at historical costs less accumulated depreciation and any impairment losses. Depreciation is provided for PPE for over their estimated useful lives using the straight line method. IPCC does not have any Property, Plant and Equipment (PPE) recorded at 31 December 2010.

Intangible Assets

22. IPCC does not have Intangible Assets at 31 December 2010.

Employee Benefits

23. IPCC recognizes the following employee benefits:

- a) short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service
- b) post-employment benefits; and
- c) other long-term 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 and removal

on repatriation are expensed on an accrual basis. Unrealized actual gains/losses are to be taken directly to reserves.

24. Retirement, death, disability and related benefits of IPCC staff are covered under the United Nations Joint Staff Pension Fund (UNJSPF), by virtue of IPCC's affiliation with WMO and UNEP. The Pension Fund is a multi-employer funded, defined benefit plan. UNJSPF is not in a position to identify WMO's share, and therefore IPCC's share of the underlying financial position and performance of the plan on an IPSAS 25 basis with sufficient reliability for accounting purposes, and treats this plan as if it were a defined contribution plan. The financial obligation of the IPCC through WMO to the UNJSPF consists of its mandated contribution at the rate established by 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.

Provisions and Contingent Liabilities

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

26. 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 IPCC.

NOTE 3 : ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

27. The opening balance restatement of CHF 263,000 to contributions receivable at 1 January 2010 refers to contributions from Canada (CHF150,000) and United Nations Framework Convention on Climate Change (UNFCCC) (CHF 113,000) received in 2010 and pledged in 2009.

	Balance 31 December 2010	Opening balance 1 January 2010 (Restated)
	<i>Swiss Francs</i>	
Current	417,000	263,000
Non-current	545,000	-
Total contributions receivable	962,000	263,000

The contributions receivable at 31 December 2010 are pledges received from the following donors:

Donor	Amount
Belgium	74,000
Canada	143,000
European Commission	745,000
Total contributions receivable	962,000

Note 3.2: Inventories

28. The following tables show the movements of the inventory items during the period. The first table shows the total value of inventories as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the period reduced by the value of items distributed and write offs made during the period.

Inventories

	Balance 31 December 2010	Opening Balance 1 January 2010 (Restated)
	<i>Swiss Francs (thousands)</i>	
Publications	130	165

Inventory Reconciliation

	Balance 31 December 2010
Opening Inventory	165
Purchases	-
Total Inventory available for distribution	165
Less. Value of items distributed	35
Total	130

29. For publications the valuation includes costs incurred up to the point of distribution. They include paper, CDs, editing and outsourcing (in some cases)

Note 3.3: Other assets

	Balance 31 December 2010	Opening balance 1 January 2010 (Restated)
	<i>Swiss Francs</i>	
Advances to institutions for the organization of meetings	128,000	-
Sundry debtors	80,000	49,000
Travel advances	4,000	4,000
Prepaid expenses	83,000	2,000
Total other assets	295,000	55,000

30. Advances for the organization of IPCC meetings represent advances given to institutions for the organization of IPCC meetings held outside of Geneva, based on a Letter of Agreement in which the recipient organization commits, inter alia, to providing an expenditure report for the advance within three months of the conclusion of the meeting. The advances are recognized as expenditure at the point in time when the meeting is held.

31. Sundry debtors represent amount due from UNEP.

32. Prepaid expenses are payments made which relate to the next financial period.

Note 3.4: Funds held by WMO

33. This represents funds held by WMO on behalf of IPCC.

Note 3.5: Payables and Accruals

	Balance 31 December 2010	Opening balance 1 January 2010 (Restated)
	<i>Swiss Francs</i>	
Vendor payables	210,000	377,000
Accruals	2,000,000	218,000
Total payables and accruals	2,210,000	595,000

34. Payables to vendors relate to amounts due for goods and services for which invoices have been received.

35. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date. The total accrual of CHF 2,000,000 at 31 December 2010 includes the accrual of CHF 1,914,000 for financial support of the "IPCC Task Force on National Green House Gas Inventories" as described in Note 6.2.

Note 3.6: Employee Benefits Liabilities

	Balance 31 December 2010	Opening balance 1 January 2010 (Restated)
	<i>Swiss Francs</i>	
Short-term employee benefits	27,000	30,000
Long-term employee benefits	605,000	655,000
Total employee benefits	632,000	685,000

36. Employee benefits comprise:

- a. After-Service Health Insurance (ASHI);
The After-Service Medical Plan is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society.
- b. Annual leave accrued on retirement; and
- c. Repatriation grant. Other long-term employee benefits consist of home leave travel and other separation-related benefits which comprise accrued leave, death grants, repatriation grants and repatriation travel and removal expenses and are payable when staff are no longer in service. The liabilities include the service costs for 2010 less benefit payments made.

37. The decrease in the liability is due exclusively to an unrealized gain on currency exchange difference on the liabilities. The actuarial valuations of these liabilities were reported and recorded in US Dollars, and converted into Swiss Francs. During 2010 the Swiss Franc appreciated in value against the US Dollar.

38. The total liability of CHF 685,000, recognized for the first time in the Restated Opening Balance as at 1 January 2010 has been fully charged to Fund Balances at that date.

39. Liabilities arising for employee benefits including post-employment benefits and other separation-related benefits are determined by a professional independent actuary engaged to carry out an actuarial valuation as at 31 December 2009. These employee benefits are established for staff members who are in professional category and general service.

40. The accrued liability represents that portion of the present value of future benefits that had accrued from the staff members' dates of entry on duty until the valuation date, 31 December 2009. Active staff members' benefits are considered fully accrued when the staff reach their dates of full eligibility for benefits.

41. The actuarial valuation is carried out jointly for the WMO (including IPCC) with the majority of other United Nations System Organizations. The valuation is done every two years.

United Nations Joint Staff Pension Fund (UNJSPF)

42. WMO 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. IPCC staff participate in the UNJSPF through WMO. The pension fund is a funded multi-employer defined benefit plan. As specified by Article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

43. The actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The actuarial study is carried out at least once every three years; a review of the 2010 annual report of the UNJSPF reveals that an actuarial valuation has been carried out every two years from as early as 1997. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the United Nations General Assembly on the audit every two years. The most recent actuarial valuation carried out was at 31 December 2009.

44. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

45. WMO's financial obligation to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, currently at 7.9 percent for the participants and 15.8 percent for member organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund.

46. Such deficiency payments are payable only 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. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. At the time of this report, the United Nations General Assembly had not invoked this provision.

47. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and other participating organizations in the plan. IPCC, through WMO, as well as other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for

accounting purposes, and hence has accounted for this plan as if it were a defined contribution plan in line with IPSAS 25, Employee Benefits.

48. During 2010, contributions paid to UNJSPF amounted to CHF 158,000.

Note 4: Risk Analysis

Credit Risk

49. Credit risk and liquidity risk associated with cash and cash equivalents is minimized substantially by WMO ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency.

50. Contributions receivable comprise primarily amounts due from pledged voluntary contributions from sovereign nations.

Liquidity Risk

51. IPCC's funds held by WMO at 31 December 2010 of CHF 13,403,000 is sufficient to meet its current liabilities at that date of CHF 2,237,000. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.

52. Implementation of IPCC activities cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten percent is made to cover any fluctuations that may arise against legal obligations and commitments entered into. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

53. In 2010 interest earnings amounted to CHF 33,000 compared to revenue of CHF 7,892,000 (Total revenue less in-kind contributions). The implementation of IPCC's plan and budget is not dependent on or impacted by interest earnings.

Currency Risk

54. The IPCC budget is prepared in Swiss Francs and is funded through voluntary contributions which are pledged in various currencies. IPCC's funds are entrusted to WMO and managed through WMO's bank accounts. Currency fluctuations between the Swiss Franc and currencies such as the US dollar and the EURO are managed by WMO and gains/losses arising on fluctuations are allocated across all funds on a proportionate basis.

NOTE 5: REVENUE

5.1 Monetary contributions

55. IPCC recognized revenue of CHF 7,859,000 from voluntary contributions:

Donor	Amount 2010
Aster Finance	20,000
Australia	114,000
Belgium	77,000
Canada	146,000
China	10,000
Denmark	178,000
European Commission	777,000
Finland	21,000
France	273,000
Germany	684,000
Hungary	6,000
Japan	2,182,000
Korea, Rep. Of	114,000
Mauritius	3,000
Netherlands	26,000
New Zealand	20,000
Norway	446,000
Pakistan	6,000
Rwanda	5,000
Spain	159,000
Sweden	60,000
Switzerland	100,000
Trinidad & Tobago	10,000
United Kingdom	190,000
United States of America	2,064,000
World Meteorological Organization	129,000
Other Contributions	39,000
Total contributions	7,859,000

5.2 In-kind contributions

56. a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary (CHF 256,000 paid by the WMO) and the consultant's costs to replace the Deputy-Secretary (CHF 81,000 for the period January to May 2010 charged to UNEP).

b. Office space: Office space is provided by WMO (CHF57,000)

c. Administrative support: In accordance with the Memorandum of Understanding between WMO and UNEP establishing the IPCC, WMO also provides various administrative support facilities free of charge to IPCC.

d. IPCC meetings: IPCC also receives services in-kind, from Members, which are not recognized in these accounts as IPCC did not have control over the services in-kind and could not measure their fair value. The services in-kind which are provided by Members, relate to the support provided for IPCC meetings held in their countries. The costs for these meetings were included in the IPCC budget for 2010 as shown in Statement V and in total amount to approximately CHF 168,000.

e. IPCC work: The work of the IPCC is delivered by thousands of scientists from all over the world who contribute on a voluntary basis as authors, contributors and reviewers. None of these authors are paid by the IPCC. The number of authors involved in preparing IPCC reports is increasing from year to year. From the Fourth Assessment Report to the Fifth Assessment Report, Lead Authors have increased from 450 to over 830.

f. In-kind contributions are expenses at the same time as they are recognized as revenue.

5.3 Other revenue

57. Other revenue of CHF 33,000 relates to interest income.

NOTE 6: EXPENSES

58. Expenses represent the following:

6.1 Travel

	<i>Swiss Francs</i>
Governing bodies	682,000
Lead Authors, scoping and expert meetings for reports	1,227,000
Scoping meetings, expert meetings and workshops	473,000
Other – outreach, secretariat	79,000
	2,461,000

6.2 Other expenditures

	<i>Swiss Francs</i>
Currency exchange differences:	
Realized	212,000
Unrealized	(63,000)
	149,000
Financial support towards Housing, Staffing and Administrative Costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories"	1,914,000
Specialised services	138,000
Studies, reports, brochures, reprints	72,000
Discounting of long-term contributions receivable	25,000
Audit fee	20,000
Miscellaneous services	10,000
Bank charges	10,000
Hospitality	9,000
Other	5,000
Freight	4,000
	2,356,000

6.3 Salaries and employee benefits

	<i>Swiss Francs</i>
Staff costs	798,000
Consultancy costs	710,000
Employee benefits	338,000
	1,846,000

6.4 Supplies, consumables and other running costs

	<i>Swiss Francs</i>
Postage and storage of IPCC publications	99,000
Data processing services	69,000
Communication costs	65,000
Supplies and other running costs	18,000
Building maintenance and security	7,000
	258,000

6.5 In-kind expenditures

	<i>Swiss Francs</i>
Seconded staff	337,000
Rental of office space	57,000
	394,000

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

59. IPCC's original budget for 2010 was reduced from CHF 7,458,000 to CHF 6,582,000 as a result of three meetings being postponed from 2010 to 2011, namely: AR5 WG II First Lead Authors meeting, AR5 Expert Meeting on Ocean Acidification and AR5 Expert Meeting on Human Settlements. IPCC's budget is presented by activity. The revised budget for 2010 was approved by the Panel at its 32nd Session (Busan, Republic of Korea, 10 -14 October 2010).

60. IPCC's financial statements are prepared on full IPSAS accrual basis using classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared using classification by activity.

61. As required under IPSAS-24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amounts presented in the financial statements.

62. The 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 for the year ended 31 December 2010 is presented below:

	Note	Swiss Francs
Amount of expenditure, Statement V		5,020,000
Plus:		
Currency exchange differences	6.2	149,000
Financial support towards Housing, Staffing, Administrative Costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories"	6.2	1,914,000
Discounting of long-term contributions receivable	6.2	25,000
In-kind expenditures	6.5	394,000
Amount of expenditure, Statement II		7,502,000

63. Among the reconciling items is the amount of CHF 1,914,000 representing financial support towards the housing, staffing and administrative costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories" at the Institute for Global Environmental Strategies (IGES) in Japan. It is funded by a contribution of the Government of Japan specifically earmarked for this purpose.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

64. The principal variances between budget and actual amounts by category are:

Category A: with regard to Plenary Sessions, savings were made due to the in-kind support by the host country.

Category B: Savings can be attributed to a lower number of participants and under-utilisation of the funds set aside for "other expenditure" to cover meeting costs. The over-expenditures shown are as a result of the cancellation of the budget for three meetings (which were postponed to 2011) against which some expenditure had been incurred in 2010.

Category C: Savings in this category arose from lower air fares obtained due to advanced planning and under-utilisation of the funds set aside for "other expenditure" to cover meeting costs.

Category D: The over-expenditure under "Secretariat" is due to expenses incurred for the acting Deputy Secretary pending the completion of the recruitment process. Over-expenditure under "Outreach" is mainly due to expenses for sick leave replacement for staff.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

65. At 31 December 2010, there were no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IPCC. No write-offs occurred during the year and no cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

66. At 31 December 2010, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 301,000.

67. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 11: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE

NOTE 11.1: Key Management Personnel

		Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration	Outstanding advances against entitlements at 31.12.2010	Outstanding loans
	Number of posts	Swiss Francs					
Key management personnel	1	208,000		48,000	256,000	-	-

68. The Secretary and Deputy Secretary of the IPCC are the only members of key management who have the authority and responsibility for planning, directing and controlling the activities of IPCC. In 2010 however, the post of the Deputy Secretary was vacant.

69. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions. These costs are paid by WMO and are considered as in-kind income and in-kind expenditure for IPCC.

70. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

71. Key management personnel are ordinary members of UNJSPF.

NOTE 12: ADJUSTMENTS TO OPENING BALANCES

72. Opening balances represent the 2009 audited Statement of Assets, Liabilities, Reserves and Fund balances which have been restated as at 1 January 2010 to incorporate adjustments made due to changes in accounting policies and other adjustments made at 1 January 2010 as a result of the introduction of IPSAS.

73. These adjustments pertain to the recognition of revenue from all confirmed voluntary contributions; recognition of contributions receivable and inventory, derecognition of other assets (advance for financial support), derecognition of liabilities for unliquidated obligations, and adjustments relating to recognition of employee benefit liabilities.

ADJUSTMENTS TO OPENING BALANCES ON IMPLEMENTATION OF IPSAS

(in thousands of Swiss Francs)

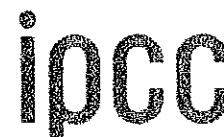
	Balance at 31 December 2009 (audited)*	Exclusion of Fund No. 430202/ EC-WMO Understanding Findings of IPCC 4th Assessment Report**	Adjustments	Opening Balance 1 January 2010 (Restated)
ASSETS				
Current assets				
Accounts receivable	1	-	-	1
Contributions receivable	-	-	263	263
Inventory	-	-	165	165
Other assets	625	(328)	(242)	55
Funds held by WMO	12,122	(162)	-	11,960
Total assets	12,748	(490)	186	12,444
LIABILITIES				
Current liabilities				
Accounts Payable	377	-	-	377
Unliquidated obligations/ Accruals	964	(328)	(418)	218
Payables and accruals	1,341	(328)	(418)	595
Employee benefits	-	-	30	30
	1,341	(328)	(388)	625
Non-current liabilities				
Employee benefits	-	-	655	655
	-	-	655	655
Total liabilities	1,341	(328)	267	1,280
Net assets	11,407	(162)	(81)	11,164
NET ASSETS/EQUITY				
Fund balances	11,407	(162)	(81)	11,164
Total net assets/equity	11,407	(162)	(81)	11,164

* The balances at 31 December 2009 are included in WMO audited Financial Statements for 2009, Schedule 2.2

**The operations of the project "Understanding Findings of the Fourth Assessment Report of the IPCC" for the year ended 31 December 2009, as well as the financial position of the project as of that date were reported as part of the "WMO/UNEP/IPCC Fund" in schedules 2.1 and 2.2 of the financial statements of WMO for the year 2009. They should have been included in "Voluntary Activities and Other Trust Funds" in schedules 1.1 and 1.2 of the same statements, as responsibility for the formulation and implementation of the operational and financial strategy of the project "Understanding Findings of the Fourth Assessment Report of the IPCC" does not reside in the IPCC Secretariat but in World Climate Research Programme. Accordingly, the assets and liabilities of this project have been excluded from the opening balances of the IPCC as of 1 January 2010.


NOTE 13: EVENTS AFTER REPORTING DATE

74. IPCC's reporting date is 31 December 2010. On the date of signing of these accounts, there have been no material events, favourable or unfavourable, incurred between the financial statements' date and the date when the financial statements have been authorized for issue that would have impacted these statements.



INTERGOVERNMENTAL PANEL ON climate change

Intergovernmental Panel on Climate Change

(NAO) 
National Audit Office

ANNUAL FINANCIAL STATEMENTS

2011



PRESENTATION OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Financial arrangements for the administration of the Intergovernmental Panel on Climate Change (IPCC) are specified in: (1) the Memorandum of Understanding between the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) on the Intergovernmental Panel on Climate Change (IPCC); and (2) the Financial Regulations, Financial Rules and other authorized Procedures of WMO.

Under the standing arrangement, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The financial statements of IPCC are maintained in accordance with these requirements, are consistent with generally accepted accounting principles and comply with the International Public Sector Accounting Standards adopted by the IPCC Panel.

The following appended financial statements, comprising Statements I, II, III, IV and V, and Notes to the Financial Statements were properly prepared in accordance with the requirements stated above.



(R. Christ)
Secretary of the IPCC

Date: 5 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE PANEL

I have audited the financial statements of the Intergovernmental Panel on Climate Change (IPCC) for the year ended 31 December 2011. These comprise the Statement of Financial Position; Statement of Financial Performance; Statement of Changes in Net Assets/Equity; Statement of Cash Flow; Statement of Comparison of Budget and Actual Amounts and related notes. These financial statements have been prepared under the accounting policies set out within them.

Secretary of IPCC's Responsibility for the Financial Statements

The Secretary of IPCC is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and the requirements of the Financial Procedures as authorised by the Plenary. The Secretary is also responsible for designing, implementing and monitoring internal controls that she determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require me and my staff to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the Intergovernmental Panel on Climate Change'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 the accounting policies used and the reasonableness of accounting estimates made by the Secretary of IPCC, as well as the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the revenue and expenses reported in the financial statements have been applied to the purposes intended by the Plenary and the financial transactions are in accordance with the Financial Procedures.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion on Regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Plenary and the financial transactions conform to the Financial Procedures.

Opinion on financial statements

In my opinion:

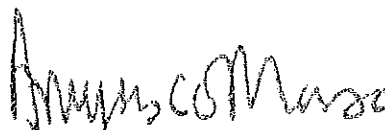
- the financial statements present fairly, in all material respects, the financial position of the Intergovernmental Panel on Climate Change as at 31 December 2011 and the results for the year then ended; and
- the financial statements have been properly prepared in accordance with International Public Sector Accounting Standards.

Matters on which I report by exception

I have nothing to report in respect of the following matters which, under the letter of engagement, I report to you if, in my opinion:

- proper accounting records have not been maintained; or
- I have not received all of the information and explanations I require for my audit.

I have no observations to make on these financial statements.



Amyas C E Morse

Comptroller and Auditor General

United Kingdom

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

^W
12 April 2012

STATEMENT I

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (in thousands of Swiss Francs)

	Note.	2011	2010
ASSETS			
Current assets			
Contributions receivable	3.1	596	417
Inventory	3.2	292	130
Other assets	3.3	8	295
Funds held by WMO	3.4	10,433	13,403
		11,329	14,245
Non-current assets			
Contributions receivable	3.1	1,661	545
Total Assets		12,990	14,790
LIABILITIES			
Current liabilities			
Payables and accruals	3.5	476	2,210
Employee benefits	3.6	38	27
		514	2,237
Non-current liabilities			
Employee benefits	3.6	670	605
Total liabilities		1,184	2,842
Net assets		11,806	11,948
Fund balances and reserves			
Fund balances		11,827	11,948
Employee benefits reserves	3.6	(21)	-
Total net assets/equity		11,806	11,948

The accompanying notes form an integral part of these financial statements.

STATEMENT II

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2011 (in thousands of Swiss Francs)

	Note	2011	2010
Revenue			
Voluntary contributions	5.1	8,632	7,859
In-kind contributions	5.2	643	394
Other revenue	5.3	48	33
Total Revenue		9,323	8,286
Expenses			
Travel	6.1	3,559	2,461
Other expenditures	6.2	1,979	2,356
Salaries and employee benefits	6.3	1,964	1,846
Grants and contributions for organization of meetings	6.4	1,016	187
In-kind expenditures	6.5	643	394
Supplies, consumables and other running costs	6.6	283	258
Total Expenses		9,444	7,502
(Deficit)/Surplus for the period		(121)	784

The accompanying notes form an integral part of these financial statements.

STATEMENT III

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011 (in thousands of Swiss Francs)

	Fund Balances	Employee Benefits Reserves	Total Net Assets
Net assets at 31 December 2010	11,948	-	11,948
Movements in fund balances and reserves in 2011			
(Deficit) for the period (Statement II)	(121)	-	(121)
Loss arising on actuarial valuation of employee benefits	-	(21)	(21)
Total movements during the year	(121)	(21)	(142)
Total net assets at 31 December 2011	11,827	(21)	11,806

The accompanying notes form an integral part of these financial statements.

STATEMENT IV

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Swiss Francs)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/Surplus for the period	(121)	784
(Increase) decrease in accounts receivable	-	1
(Increase) decrease in inventory	(162)	35
(Increase) decrease in contributions receivable	(179)	(154)
(Increase) decrease in other current assets	287	(240)
(Increase) decrease in funds held by WMO	2,970	(1,443)
(Increase) decrease in long-term contributions receivable	(1,116)	(545)
Increase (decrease) in payables and accruals	(1,734)	1,615
Increase (decrease) in liabilities for employee benefits including service charge and interest cost	76	(53)
Increase (decrease) in employment benefits reserves	(21)	-
Net cash flows from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at 31 December 2011	-	-
Cash and cash equivalents at 31 December 2011, as per Statement I	-	-

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011
(in thousands of Swiss Francs)

Category		Budget	Expenditure*	Budget Under/(Over) Spent
A.	Governing Bodies:			
1	IPCC – 33	550	403	147
2	IPCC – 34	410	379	31
3	WGIII - 11 (SRREN)	820	610	210
4	WGI/II - (SREX)	820	548	272
5	Bureau	476	169	307
6	Executive Committee	197	28	169
7	TFB	47	3	44
8	Task Groups (4)	129	96	33
9	SBSTA/COP/JWG	68	81	(13)
10	Prior year meetings	-	(19)	19
11	Total Governing Bodies	3,517	2,298	1,219
B.	Lead Authors, scoping and expert meetings for reports			
1	AR5 Working Group I LA 2	300	201	99
2	AR5 Working Group II LA 1 and 2	1,076	815	261
3	AR5 Working Group II - Regional Experts	518	228	290
4	AR5 Working Group III LA 1	559	249	310
5	Expert Meeting on Economic Analysis	156	85	71
6	AR5 Cross-cutting Issues & SYR	207	56	151
7	SREX LA 4	233	173	60
8	SREX Approval (preparatory)	52	12	40
9	SRREN Approval (consistency)	67	40	27
10	SRREN Approval (preparatory)	114	64	50
11	Expert Meeting on Ocean Acidification	155	68	87
12	Expert Meeting on Human Settlements	155	83	72
13	Expert Meeting on Geo-engineering	129	43	86
14	Wetlands Guidance LA 1	124	44	80
15	Prior year meetings	-	1	(1)
16	Total Lead Authors, scoping and expert meetings for reports	3,845	2,162	1,683
C.	Scoping Meetings, Expert Meetings and Workshops			
1	New Scenarios	207	14	193
2	TGICA	72	6	66
3	EFDB Board	109	39	70
4	EFDB Expert Meetings	104	18	86
5	TFI Expert meeting (Wetlands)	124	58	66
6	TFI Expert meeting (Bottom-up Inventory Compilation)	124	72	52
7	TFI Software review	124	53	71
8	2006 GL Technical issues	45	24	21
9	Prior year meetings	-	4	(4)
10	Total Scoping Meetings, Expert Meetings and Workshops	909	288	621
D.	Other Expenditures			
1	EFDB maintenance	7	9	(2)
2	2006 GL software	30	60	(30)
3	AR4 electronic publication	-	46	(46)
4	Publication and translation	350	292	58
5	Outreach	140	14	126
6	Distribution	220	122	98
7	Webconferences	50	-	50
8	Secretariat	1,660	1,553	107
9	External Audit	20	20	-
10	Co-chairs	250	360	(110)
11	Total Other Expenditure	2,727	2,476	251
E.	Total all expenditure	10,998	7,224	3,774

*Excluding obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 186,000

Notes to the Financial Statements as at 31 December 2011

NOTE 1: PURPOSES OF THE ORGANIZATION

a) The IPCC is an intergovernmental body open to all member countries of the UN and WMO. Its main purpose is to :

- (i) make assessments of available scientific information on climate change,
- (ii) make assessments of environmental and socio-economic impacts of climate change, and
- (iii) formulate response strategies to meet the challenge of climate change.

b) The IPCC works through three Working Groups (WG) and a Task Force (TFI). WG I deals with "The Physical Science Basis of Climate Change", WG II with "Climate Change Impacts, Adaptation and Vulnerability" and WG III with "Mitigation of Climate Change". The main objective of the Task Force on National Greenhouse Gas (GHG) Inventories (TFI) is to develop and refine a methodology for the calculation and reporting of national GHG emissions and removals.

c) Technical Support Units (TSUs) provide scientific, technical and organizational support to their respective IPCC WGs or TFI. The Technical Support Units are funded directly by the governments of countries in which they are located. In the case of the TFI TSU, the Government of Japan channels its funding through the IPCC Trust Fund.

d) The role of the IPCC Secretariat is to provide strategic, functional and administrative support to the implementation of the work programme of the IPCC; to provide cohesion and continuity to the organization; to ensure that the IPCC work programme is implemented consistently with the Principles Governing IPCC Work, the Decisions of the Panel and relevant UN regulations; and to liaise with Governments. The costs of the TSUs are not included in these Financial Statements as they are not under the direct control of the Secretariat.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. Financial arrangements for the administration of IPCC are specified in the following:

- a) Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) ;
- b) WMO Staff and Financial Rules and Regulations ; and
- c) delegation of responsibility from the Secretary-General of the WMO to the Secretary of the IPCC.

Under the Memorandum of Understanding, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The accounting records of IPCC are maintained in accordance with these requirements. Management have considered that it is appropriate to prepare these Financial Statements on a going concern basis as there is no reason to believe that the commitments of panel members will not be sustained. In addition the budget for 2012 has been approved by the Panel.

2. The IPCC works through the following two separate Trust Funds: (i) the IPCC Trust Fund, which receives contributions from Governments and International Organizations to support the activities of the Panel; and (ii) the Scholarship Programme Trust Fund, which contains the seed money of the Nobel Peace Prize awarded to IPCC in 2007 and contributions by private entities to support the activities of the IPCC Scholarship Programme. The financial statements in this document refer to both Trust Funds.

3. IPCC adopted IPSAS on 1 January 2010. These are the second set of financial statements to be prepared in accordance with IPSAS.

Revenue

4. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from contributions as well as pledges of contributions confirmed in writing are recognized at their estimated realizable value as non-exchange transactions according to IPSAS 23 - Revenue from Non-Exchange Transactions.

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

6. Interest revenue is recognized as it accrues.

Expenditure

7. In accordance with the accrual basis of accounting expenditure recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

8. Accrual accounting under IPSAS does not require the matching of revenue to related expenses. The cash-flows arising from contributions and the related expenses take place in current and future accounting periods.

9. The Cash Flow Statement is prepared using the indirect method.

10. The following standards have been adopted prior to the required implementation dates: IPSAS 28: Financial Instruments – Presentation; IPSAS 29: Financial Instruments – Recognition and Measurement; IPSAS 30 Financial Instruments – Disclosures and IPSAS 31 Intangible Assets.

11. The functional and reporting currency of IPCC is the Swiss Franc (CHF). Transactions in currencies other than CHF are converted into CHF at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the UNORE in force at the end of the year. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Financial Instruments

12. Financial instruments are recognized when IPCC becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and IPCC has transferred substantially all the risks and rewards of ownership.

13. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash, other receivables and cash and cash equivalents.

14. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and receivables

15. Voluntary contributions are recognized when confirmed in writing by donors at their estimated realizable value or when the cash is received whichever is the earlier. When projects are coming to an end and in the event that some contributions will not be fully expended on the project for which they were given, and in accordance with the donor agreement, the amount which will not be expended is recognized as amounts to be refunded to donors and included in the Statement of Financial Position as contributions refundable to donors.

16. Receivables are stated at nominal value less allowances for estimated irrecoverable amounts.

17. In-kind contributions of services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises and salary costs. They are treated as both revenue and expense.

Funds held by WMO

18. IPCC does not maintain its own bank accounts. Its funds are administered by WMO.

Inventories

19. IPCC's publications are for free distribution. Publications in stock at the end of a financial period are recorded as inventories and are valued at the lower of cost or net replacement cost. Inventories which are procured externally are valued at one hundred per cent of cost, regardless of the date of the procurement. Inventories which relate to the current seven year Assessment Period starting in 2007 are valued at one hundred per cent cost after writing off quantities which are considered in excess of requirements. Inventories in stock for up to two years prior to the current Assessment Period are valued at fifty per cent of cost after writing off quantities which are considered in excess of requirements. Inventories in stock over two years prior to the current Assessment Period are fully provided for.

Property, Plant and Equipment

20. Property, Plant and Equipment (PPE) costing at least CHF 5,000 are stated at historical costs less accumulated depreciation and any impairment losses. Depreciation is provided for PPE for over their estimated useful lives using the straight line method. IPCC does not have any Property, Plant and Equipment (PPE) recorded at 31 December 2011.

Intangible Assets

21. Intangible assets are stated at historical cost less accumulated amortization and any impaired losses. IPCC does not have Intangible Assets at 31 December 2011.

Employee Benefits

22. IPCC recognizes the following employee benefits:

- a) short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service
- b) post-employment benefits; and
- c) other long-term 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 and removal on repatriation are expensed on an accrual basis. Unrealized actuarial gains/losses are taken directly to reserves.

23. Retirement, death, disability and related benefits of IPCC staff are covered under the United Nations Joint Staff Pension Fund (UNJSPF), by virtue of IPCC's affiliation with WMO and UNEP.

Provisions and Contingent Liabilities

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

25. 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 IPCC.

NOTE 3 : ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

26. Contributions receivable are comprised of pledges:

	2011	2010
	<i>Swiss Francs</i>	
Current	596,000	417,000
Non Current	1,661,000	545,000
Total contributions receivable	2,257,000	962,000

Donor	2011	2010
	<i>Swiss Francs</i>	
Belgium	-	74,000
Canada	-	143,000
European Commission	899,000	745,000
France	290,000	-
Germany	1,064,000	-
Kenya	4,000	-
	2,257,000	962,000

Note 3.2: Inventories

27. The following tables show the movements of the inventory items during the period. The first table shows the total value of inventories as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the period reduced by the value of items distributed and write offs made during the period.

Inventories

	2011	2010
	<i>Swiss Francs (thousands)</i>	
Publications	292	130

Inventory Reconciliation

	2011	2010
	<i>Swiss Francs (thousands)</i>	
Opening Inventory	130	165
Purchases	296	-
Total Inventory available for distribution	426	165
Less: Value of items distributed	134	35
Total	292	130

28. For publications the valuation includes costs incurred up to the point of distribution. They include paper, CDs, editing and outsourcing (in some cases).

Note 3.3: Other assets

29. Advances for the organization of IPCC meetings represent advances given to institutions for the organization of IPCC meetings held outside of Geneva, based on a Letter of Agreement in which the recipient organization commits, inter alia, to providing an expenditure report for the advance within three months of the conclusion of the meeting. The advances are recognized as expenditure when the meeting is held. Compared to the previous year, there were no outstanding advances to institutions for the organization of meetings at 31 December 2011.

30. Prepaid expenses are payments made which relate to the next financial period.

	2011	2010
	<i>Swiss Francs</i>	
Advances to institutions for the organization of meetings	-	128,000
Sundry debtors	2,000	80,000
Travel advances	4,000	4,000
Prepaid expenses	2,000	83,000
Total other assets	8,000	295,000

Note 3.4: Funds held by WMO

31. This represents funds held by WMO on behalf of IPCC.

Note 3.5: Payables and Accruals

	2011	2010
	<i>Swiss Francs</i>	
Vendor payables	222,000	210,000
Accruals	254,000	2,000,000
Total payables and accruals	476,000	2,210,000

32. Payables to vendors relate to amounts due for goods and services for which invoices have been received.

33. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date. In 2010, the accruals included an amount of CHF1,914,000 for the financial support towards Housing, Staffing and Administrative Costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories".

Note 3.6: Employee Benefits Liabilities

	2011	2010
	<i>Swiss Francs</i>	
Short-term employee benefits	38,000	27,000
Long-term employee benefits	670,000	605,000
Total employee benefits	708,000	632,000

34. Employee benefits comprise:

a) After-Service Health Insurance (ASHI);

The After-Service Medical Plan is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society.

b) Annual leave accrued on retirement; and

c) Repatriation grant.

Other long-term employee benefits consist of home leave travel and other separation-related benefits which comprise accrued leave, death grants, repatriation grants and repatriation travel and removal expenses and are payable when staff are no longer in service. The liabilities include the service costs for 2011 less benefit payments made.

35. Liabilities for employee benefits were determined by a professional actuary engaged to carry out an actuarial valuation as at 31 December 2011. At 31 December 2011 the total employee benefits liabilities amounted to CHF 708,000, net of actuarial gains and losses, and this has been fully charged to Fund Balances and Employment Benefits Reserves at that date. The balance of CHF 708,000 at 31 December 2011 has increased by CHF 76,000 up from CHF 632,000 at 31 December 2010. After taking into account service costs and interest costs of CHF 59,000, and a revaluation loss of CHF 4,000 the net actuarial loss arising at 31 December 2011 is CHF 21,000. Under IPSAS 25, IPCC has decided to recognize, in reserves, actuarial gains and losses for post-employment benefits as and when determined by the actuarial valuation.

36. Liabilities arising for employee benefits including post-employment benefits and other separation-related benefits are determined by a professional independent actuary engaged to carry out an actuarial valuation as at 31 December 2011. These employee benefits are established for staff members who are in professional category and general service. WMO is a member organization participating in the UNSMIS. IPCC staff participate in the UNSMIS through WMO. The actuarial valuation is undertaken for all eligible WMO staff and this includes eligible IPCC staff.

37. The accrued liability represents that portion of the present value of future benefits that had accrued from the staff members' dates of entry on duty until the valuation date, 31 December 2011. Active staff members' benefits are considered fully accrued when the staff reach their dates of full eligibility for benefits.

United Nations Joint Staff Pension Fund (UNJSPF)

38. WMO 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. IPCC staff participate in the UNJSPF through WMO. The pension fund is a funded multi-employer defined benefit plan. As specified by Article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

39. The actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The actuarial study is carried out at least once every three years; a review of the 2010 annual report of the UNJSPF reveals that an actuarial valuation has been carried out every two years from as early as 1997. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the United Nations General Assembly on the audit every two years. The most recent actuarial valuation carried out was at 31 December 2009.

40. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

41. WMO's financial obligation to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, currently at 7.9 percent for the participants and 15.8 percent for member organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund.

42. Such deficiency payments are payable only 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. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. At the time of this report, the United Nations General Assembly had not invoked this provision.

43. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and other participating organizations in the plan. IPCC, through WMO, as well as other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has accounted for this plan as if it were a defined contribution plan in line with IPSAS 25, Employee Benefits.

44. During 2011, contributions paid to UNJSPF amounted to CHF 149,000.

Employment Benefits Reserves

45. The Reserve for Employee Benefits represents the actuarial loss arising from the actuarial valuation of the employee benefits which were determined by a professional actuary at 31 December 2011.

Note 4: Risk Analysis

Credit Risk

46. Credit risk and liquidity risk associated with cash and cash equivalents is minimized substantially by WMO ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency. Financial arrangements for the administration of IPCC are specified in the Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) and WMO Staff and Financial Rules and Regulations.

47. Contributions receivable comprise primarily amounts due from pledged voluntary contributions from sovereign nations.

Liquidity Risk

48. IPCC's funds held by WMO at 31 December 2011 amounting to CHF 10,433,000 are sufficient to meet its current liabilities of CHF 514,000 at that date. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.

49. Implementation of IPCC activities cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten percent is made to cover any fluctuations that may arise against legal obligations and commitments entered into. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

50. In 2011 interest earnings amounted to CHF48,000 compared to revenue of CHF 8,680,000 (total revenue less in-kind contributions). The implementation of IPCC's plan and budget is not dependent on or impacted by interest earnings.

Currency Risk

51. The IPCC budget is prepared in Swiss Francs and is funded through voluntary contributions which are pledged in various currencies. IPCC's funds are entrusted to WMO and managed through WMO's bank accounts. Currency fluctuations are managed by WMO and gains/losses arising on fluctuations are absorbed by WMO.

NOTE 5: REVENUE**5.1 Monetary contributions**

52. IPCC recognized revenue of CHF 8,632,000 from voluntary contributions:

Donor	2011	2010
	Swiss Francs	
Aster Finance	-	20,000
Australia	111,000	114,000
Belgium	81,000	77,000
Canada	95,000	146,000
China	9,000	10,000
Denmark	161,000	178,000
European Commission	650,000	777,000
Finland	81,000	21,000
France	463,000	273,000
Germany	1,417,000	684,000
Hungary	-	6,000
Japan	1,886,000	2,182,000
Kenya	4,000	-
Korea, Rep. Of	111,000	114,000
Mauritius	2,000	3,000
Netherlands	-	26,000
New Zealand	17,000	20,000
Norway	461,000	446,000
Pakistan	-	6,000
Rwanda	-	5,000
Spain	-	159,000
Sweden	70,000	60,000
Switzerland	100,000	100,000
Trinidad & Tobago	9,000	10,000
UNFCC	617,000	-
United Kingdom	250,000	190,000
United States of America	1,904,000	2,064,000
World Meteorological Organization	129,000	129,000
Other contributions	5,000	39,000
Total contributions	8,632,000	7,859,000

5.2 In-kind contributions

53. a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary (CHF 249,000 paid by the WMO) and the IPCC Deputy- Secretary (CHF 337,000 paid by UNEP).

b. Office space: Office space is provided by WMO (CHF57,000)

c. Administrative support: In accordance with the Memorandum of Understanding between WMO and UNEP establishing the IPCC, WMO also provides various administrative support facilities free of charge to IPCC.

d. IPCC meetings: IPCC also receives contributions in-kind from members, which are not recognized in these accounts as IPCC did not have control over the contributions in-kind and could not measure their fair value reliably. The services in-kind which are provided by members, relate to the support provided for IPCC meetings held in their countries. The costs for these meetings were included in the IPCC budget for 2011 as shown in Statement V and in total amount to approximately CHF 178,000.

e. IPCC work: The work of the IPCC is delivered by thousands of scientists from all over the world who contribute on a voluntary basis as authors, contributors and reviewers. None of these authors are paid by the IPCC. The number of authors involved in preparing IPCC reports has increased steadily year after year. The number of Lead Authors has increased from 450 to about 830 from the Fourth Assessment Report to the Fifth Assessment Report.

f. In-kind contributions are expensed at the same time as they are recognized as revenue.

5.3 Other revenue

54. Other revenue relates to interest income.

	2011	2010
	<i>Swiss Francs</i>	
Interest Income	<u>48,000</u>	<u>33,000</u>

NOTE 6: EXPENSES

55. Expenses represent the following:

	2011	2010
	<i>Swiss Francs</i>	
6.1 Travel		
Lead Authors, scoping and expert meeting for reports	1,823,000	1,227,000
Governing bodies	1,435,000	682,000
Scoping meetings, expert meetings and workshops	270,000	473,000
Other - outreach, secretariat	31,000	79,000
	<u>3,559,000</u>	<u>2,461,000</u>

	2011	2010
	<i>Swiss Francs</i>	
6.2 Other expenditures		
(Loss)/Gain currency exchange differences:		
Realized	(72,000)	212,000
Unrealized	(106,000)	(63,000)
	<u>(178,000)</u>	<u>149,000</u>
Financial support towards Housing, Staffing and Administrative Costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories"	1,849,000	1,914,000
Studies, reports, brochures, reprints	135,000	72,000
Specialised services	92,000	138,000
Audit fee	20,000	20,000
Miscellaneous services	18,000	10,000
Bank charges	16,000	10,000
Hospitality	10,000	9,000
Discounting of long-term contributions receivables	9,000	25,000
Freight	8,000	4,000
Other	-	5,000
	<u>1,979,000</u>	<u>2,356,000</u>
6.3 Salaries and employee benefits		
Staff costs	845,000	798,000
Consultancy cost	713,000	710,000
Employee benefits	406,000	338,000
	<u>1,964,000</u>	<u>1,846,000</u>
6.4 Grants and contributions for organizations of meetings		
Contributions for organization of meetings	661,000	105,000
Grants	355,000	82,000
	<u>1,016,000</u>	<u>187,000</u>
6.5 In-kind expenditure		
Seconded staff	586,000	337,000
Rental of office space	57,000	57,000
	<u>643,000</u>	<u>394,000</u>
6.6 Supplies, consumables and other running costs		
Postage and storage of IPCC publications	138,000	99,000
Data processing services	119,000	69,000
Communication costs	16,000	65,000
Supplies and other running costs	9,000	18,000
Building maintenance and security	1,000	7,000
	<u>283,000</u>	<u>258,000</u>


NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

56. IPCC's original budget for 2011 was increased by CHF 150,000 from CHF 10,848,000 to CHF 10,998,000 as a result of an increase in the budget line for the publication and translation of the Special Report on Renewable Energy Sources and Climate Change Mitigation (SRREN). The revised budget for 2011 was approved by the Panel at its 34th Session (Kampala, Uganda, 18 to 19 November 2011).

57. IPCC's financial statements are prepared on full IPSAS accrual basis using classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared using classification by activity.

58. As required under IPSAS-24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amounts presented in the financial statements.

59. The 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 for the year ended 31 December 2011 is presented below:

		Note	Swiss Francs
 National Audit Office	Amount of expenditure, Statement V		7,224,000
	Less:		
	Inventory	3.1	(162,000)
	Currency exchange differences	6.2	(178,000)
	Plus:		
	Financial support towards Housing, Staffing and Administrative cost of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories	6.2	1,849,000
	Discounting of long-term contributions receivables	6.2	9,000
	Employee benefits service cost and interest cost		59,000
	In-kind expenditure	6.6	643,000
	Amount of expenditure, Statement II		9,444,000

60. Among the reconciling items is the amount of CHF 1,849,000 representing financial support towards the housing, staffing and administrative costs of the Technical Support Unit of the "IPCC Task Force on National Green House Gas Inventories" at the Institute for Global Environmental Strategies (IGES) in Japan. It is funded by a contribution of the Government of Japan specifically earmarked for this purpose.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

61. The principal variances between budget and actual amounts by category are:

Category A: with regard to Plenary Sessions, savings were made due to the unforeseen in-kind support by the host country.

Category B: Savings can be attributed to a lower number of participants and under-utilisation of the funds set aside for "other expenditure" to cover meeting costs.

Category C: Savings in this category arose from lower air fares obtained due to advanced planning and under-utilisation of the funds set aside for "other expenditure" to cover meeting costs.

Category D: The over-expenditure under "EFDB maintenance, "2006 GL software" and "Co-Chairs" is due to expenses budgeted in 2010 but recognized in 2011.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

62. At 31 December 2011, there were no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IPCC. No write-offs occurred during the year and no cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

63. At 31 December 2011, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 186,000 (CHF 301,000 on 31 December 2010).

64. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 11: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE

(NAO)	National Audit Office	Key Management Personnel	Number of posts	Compensation and post adjustment	Entitlements	Pensions and health plans	Total remuneration	Outstanding advances against entitlements	Outstanding loans
		2011	2	410,000	102,000	74,000	586,000	-	-
		2010	1	208,000	-	48,000	256,000	-	-

65. The Secretary and Deputy Secretary of the IPCC are the only members of key management who have the authority and responsibility for planning, directing and controlling the activities of IPCC.

66. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions. These costs are paid by WMO and UNEP and are considered as in-kind income and in-kind expenditure for IPCC.

67. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

68. Key management personnel are ordinary members of UNJSPF.

NOTE 12: EVENTS AFTER REPORTING DATE

69. IPCC's reporting date is 31 December 2011. On the date of signing of these financial statements, there have been no material events, favourable or unfavourable, incurred between the financial statements' date and the date when the financial statements have been authorized for issue that would have impacted these statements.