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ENGLISH ONLY

IPCC TRUST FUND PROGRAMME AND BUDGET

**Audit of 2018 financial statements of the Intergovernmental Panel
on Climate Change**

(Submitted by the Secretary of the IPCC)

Audit of 2018 Financial Statements of the Intergovernmental Panel on Climate Change

The audited 2018 IPCC financial statements are being presented to the 52nd Session of the IPCC as they were finalized, in June 2019, after the 49th Session of the IPCC held in Kyoto, Japan and as there was no Agenda Item on the IPCC Trust Fund Programme and Budget at the 50th and 51st Sessions of the IPCC held in Geneva and Monaco, respectively.

SWISS FEDERAL AUDIT OFFICE

Reg. No. 1.19039.952.00428.03

EXTERNAL AUDITOR'S REPORT

To the Intergovernmental Panel on Climate Change (IPCC)

Opinion

The Swiss Federal Audit Office (SFAO) has audited the financial statements of IPCC, which comprise the Statement of Financial Position (financial statement I) as at 31 December 2018, the Statement of Financial Performance (financial statement II), the Statement of Changes in Net Assets/Equity (financial statement III), the Statement of Cash Flow (financial statement IV), and the Statement of Comparison of Budget and Actual Amounts (financial statement V), for the financial year ended on that date, as well as the annexed notes, including a summary of the main accounting methods.

In its opinion, the attached financial statements present fairly, in all material aspects, the financial position of IPCC as at 31 December 2018, as well as its financial performance and cash flow for the year ended on that date, in accordance with the International Public Sector Accounting Standards (IPSAS) and the Financial Regulations of the World Meteorological Organization.

Basis for the opinion

The Swiss Federal Audit Office conducted its audit in accordance with the International Standards on Auditing (ISAs). Its responsibilities by virtue of these standards are described more fully in the section of this report headed "Auditor's responsibilities concerning the audit of the financial statements". The Federal Audit Office is independent of IPCC, in accordance with the rules of professional conduct applying to financial statements in Switzerland, and has fulfilled its other ethical responsibilities according to those rules. It deems that the evidence it has obtained is sufficient and appropriate to form a basis for its opinion.

IPCC Secretariat's responsibilities for the financial statements

The Secretariat is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and the WMO Financial Regulations. It is also responsible for any internal control it deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

During the preparation of the financial statements, the Secretariat is responsible for evaluating the capacity of IPCC to continue as a going concern, communicating any issues that may arise regarding its continued operation and applying the relevant accounting principle, unless the Secretariat intends to liquidate IPCC or to cease its activities, or if it can find no other realistic solution.

It is the responsibility of the governance officers to oversee the IPCC financial information process.

Auditor's responsibilities concerning the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report with his/her opinion. Reasonable assurance means a high level of assurance, but this does not guarantee that an audit performed in accordance with ISAs always enables every material misstatement to be detected. Misstatements may arise from fraud or error, and are regarded as material when it is reasonable to expect that they might, individually or collectively, influence the financial decisions taken by the users of the financial statements on the basis of those statements.

Within the framework of an audit conducted in accordance with ISAs, SFAO exercises professional judgement and adopts a critical approach throughout the audit. Furthermore:

- The Swiss Federal Audit Office identifies and evaluates the risk of the financial statements containing material misstatements, whether due to fraud or error; develops and implements audit procedures in response to these risks; and gathers sufficient and appropriate evidence for its opinion. The risk of failing to detect a material misstatement resulting from fraud is higher than in the case of a material misstatement due to error, since fraud can involve collusion, falsification, deliberate omissions, false declarations or the bypassing of the system of internal control;
- The Swiss Federal Audit Office obtains an understanding of the aspects of internal control that are relevant to the audit in order to develop appropriate audit procedures, and not to express an opinion as to the effectiveness of the IPCC system of internal control;
- The Swiss Federal Audit Office assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by the Secretariat, as well as of the related information provided by the latter;
- The Swiss Federal Audit Office draws a conclusion as to the appropriateness of the Secretariat's use of the going concern principle in accounting and, according to the evidence obtained, as to the existence or otherwise of material uncertainty connected with events or situations likely to cast significant doubt on the capacity of IPCC to continue its operations. If SFAO concludes that there is material uncertainty, it is obliged to draw the attention of readers of its report to the information concerning this uncertainty contained in the financial statements or, if the information is insufficient, to express a modified opinion. Its conclusions are based on the evidence obtained up to the date of its report. However, subsequent events or situations could cause IPCC to cease operation;
- The Swiss Federal Audit Office evaluates the overall presentation, form and content of the financial statements, including the information given in the notes, and assesses whether the way in which the financial statements represent underlying events and operations gives a true and fair view.

The Swiss Federal Audit Office notifies the Secretariat of the planned scope and timetable for the audit and of its key findings, including any significant internal control shortcomings it has noted in the course of its audit.

Berne, 7 June 2019

SWISS FEDERAL AUDIT OFFICE
(External Auditor)

Eric-Serge Jeannet, Deputy Director

Andreas Baumann, Head of the Competence
Centre

Intergovernmental Panel on Climate Change

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6 May 2019

STATEMENT I

**INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018
(in thousands of Swiss Francs)

	Note	2018	2017
ASSETS			
Current assets			
Contributions receivable	3.1	3,031	865
Inventory	3.2	1	123
Advances for meetings	3.3	137	-
Other receivables	3.4	586	55
Funds held by WMO	3.5	7,051	5,310
		<u>10,806</u>	<u>6,353</u>
Non-current assets			
Contributions receivable	3.1	6,126	1,142
Total Assets		16,932	7,495
LIABILITIES			
Current liabilities			
Deferred Revenue	3.6	1,846	832
Payables and accruals	3.7	269	84
Employee benefits	3.8	70	52
Other liabilities	3.9	-	1
		<u>2,185</u>	<u>969</u>
Non-current liabilities			
Deferred Revenue	3.6	1,621	1,223
Long-term employee benefits	3.8	1,190	1,200
		<u>2,811</u>	<u>2,423</u>
Total liabilities		4,996	3,392
Net assets		11,936	4,103
NET ASSETS/EQUITY			
Fund balances	Sttmt III	11,919	4,224
Employee benefits reserves	3.10	17	(121)
Total net assets/equity		11,936	4,103

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

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2018
(in thousands of Swiss Francs)

	Note	<u>2018</u>	<u>2017</u>
Revenue			
Voluntary contributions	5.1	13,767	4,622
In-kind contributions	5.2	724	741
Other revenue	5.3	50	37
Total Revenue		<u>14,541</u>	<u>5,400</u>
 Expenses			
Travel	6.1	2,953	2,771
Salaries and employee benefits	6.2	2,350	2,226
In-kind expenditures	6.3	724	741
Other expenditures	6.4	450	278
Grants and contributions for organization of meetings	6.5	215	402
Supplies, consumables and other running costs	6.6	154	136
Total Expenses		<u>6,846</u>	<u>6,554</u>
Surplus / (Deficit) for the year		<u>7,695</u>	<u>(1,154)</u>

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

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(in thousands of Swiss Francs)

	<u>Fund Balances</u>	<u>Employee Benefits Reserves</u>	<u>Total Net Assets</u>
Net assets at 31 December 2017	4,224	(121)	4,103
Movements in fund balances and reserves			
Surplus for the year (Statement II)	7,695	-	7,695
Surplus arising on actuarial valuation of employee benefits	-	138	138
Total movements during the year	7,695	138	7,833
Total net assets at 31 December 2018	11,919	17	11,936

	<u>Fund Balances</u>	<u>Employee Benefits Reserves</u>	<u>Total Net Assets</u>
Net assets at 31 December 2016	5,378	(279)	5,099
Movements in fund balances and reserves			
Deficit for the year (Statement II)	(1,154)	-	(1,154)
Surplus arising on actuarial valuation of employee benefits	-	158	158
Total movements during the year	(1,154)	158	(996)
Total net assets at 31 December 2017	4,224	(121)	4,103

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

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018
(in thousands of Swiss Francs)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	7,695	(1,154)
(Increase) decrease in contributions receivables	(2,166)	(344)
(Increase) decrease in inventory	122	120
(Increase) decrease in advances to meetings	(137)	17
(Increase) decrease in other receivables	(531)	(41)
(Increase) decrease in funds held by WMO	(1,741)	557
(Increase) decrease in long-term contributions receivables	(4,984)	(692)
Increase (decrease) in Deferred Income	1,412	1,455
Increase (decrease) in payables and accruals	185	(8)
Increase (decrease) in other liabilities	(1)	-
Increase (decrease) in liabilities for employee benefits including service charge and interest cost	8	(68)
Increase (decrease) in employee benefits reserves	138	158
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 end of year	-	-

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
as at 31 December 2018
(in thousands of Swiss Francs)

Category	2018 Budget	Expenditure	Budget Under/(Over) Spent
A. Governing Bodies:			
1 IPCC - 47	480,000	405,000	75,000
2 IPCC - 48	580,000	534,000	46,000
3 Bureau - 55	438,000	84,000	354,000
4 TFB	6,120	-	6,120
5 SBSTA/COP/JWG	80,000	103,000	(23,000)
6 Prior year meetings	-	(4,000)	4,000
7 Total Governing Bodies	1,584,120	1,122,000	462,120
B. Scoping Meetings, Expert Meetings and Workshops			
1 WG I - AR6 LAM1	468,000	240,000	228,000
2 SR 1 (1.5 C) - LAM4	234,000	195,000	39,000
3 SR 1 (1.5 C) 1st SPM Drafting Meeting	60,000	18,000	42,000
4 SR 1 (1.5 C) 2nd SPM Drafting Meeting	60,000	37,000	23,000
5 SR 2 (Land) - LAM2 & LAM3	555,520	440,000	115,520
6 SR 3 (Oceans) - LAM2 & LAM3	421,200	264,000	157,200
7 WG I - Expert Meeting - Assess Climate Info for Regions	240,000	118,000	122,000
8 Conference on Climate Change and Cities	234,000	158,000	76,000
9 TFI - Methodology Devt - Science Meeting	70,200	-	70,200
10 TFI - Methodology Devt - LAM3 & LAM4	729,120	449,000	280,120
11 TFI/WG I - Expert Meeting on Short-live Climate Forcers	187,200	116,000	71,200
12 TGICA	56,160	-	56,160
13 EFDB Editorial Board	112,320	51,000	61,320
14 EFDB Data Meeting	46,800	23,000	23,800
15 EFDB and Software Users' Feedback	44,000	25,000	19,000
16 Prior year meetings	-	(32,000)	32,000
17 Scoping Meetings, Expert Meetings and Workshops	3,518,520	2,102,000	1,416,520
C. Other Expenditures			
1 2006 GL software	6,000	3,000	3,000
2 EFDB maintenance	7,000	7,000	-
3 Translation/Publication	150,000	38,000	112,000
4 Communication	320,000	158,000	162,000
5 Distribution IPCC publications	100,000	1,000	99,000
6 IT Infrastructure	13,128	-	13,128
7 External Audit fee	20,000	5,000	15,000
8 Advisory Services (Conflict of Interest)	15,000	-	15,000
9 Co-chairs	200,000	120,000	80,000
10 Prior year activities	-	(38,000)	38,000
11 Total Other Expenditure	831,128	294,000	537,128
D. Secretariat			
1 Secretariat	1,912,500	2,086,000	(173,500)
2 Resource Mobilization	15,600	-	15,600
3 Prior year activities	-	-	-
4 Total Secretariat	1,928,100	2,086,000	(157,900)
E. Total all expenditure	7,861,868	5,604,000	2,257,868

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

Notes to the Financial Statements as at 31 December 2018

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 2018 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. The financial statements of the Intergovernmental Panel on Climate Change (IPCC) have been prepared on the accrual basis of accounting in accordance with the

International Public Sector Accounting Standards (IPSAS) using the historic cost convention.

4. During 2018, IPCC adopted International Public Sector Accounting Standard, IPSAS 39 – Employee Benefits, which replaces IPSAS 25. This has been applied in the financial statements for 2018.
5. As of 31 December 2018, the date of the financial position, the following IPSASes had been issued, but had not taken effect:
 - IPSAS 40 – Public Sector Combinations;
 - IPSAS 41 – Financial instruments; and
 - IPSAS 42 – Social benefits.
 - IPSAS 40 will come into force on 1 January 2019 but will have no effect on WMO. IPSAS 41 and IPSAS 42 will come into force in periods beginning on or after 1 January 2022. The potential effects of these standards are being evaluated.
6. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from assessed contributions, voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions. IPCC considers that there are restrictions on the use of all contributions, and that some of these restrictions do meet the definition of a condition as described under IPSAS 23.
7. The Cash Flow Statement is prepared using the indirect method.
8. The functional and reporting currency of IPCC is the Swiss Franc (CHF). Transactions in currencies other than CHF are converted into CHF at 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.

Revenue

9. 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.
10. IPCC receives contributions with restrictions and with condition treated under IPSAS 23.
11. Interest revenue is recognized as it accrues.

Expenditure

12. 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 recognized in the financial statements of the periods to which they relate.

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 and other receivables. Receivables are stated at amortized cost.

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. Revenue from non-exchange transactions such as voluntary contributions is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance of services to third parties and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.
17. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and discounted if cash flows are not expected within 12 months from the reporting date.
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 in the Financial Statements.

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. From the financial year 2016, inventories which relate to the seven year Fifth Assessment Period were valued at one hundred per cent cost less any specific write-offs. Inventories in stock prior to the Fifth Assessment Period are fully provided for. From the financial year 2018, inventories which relate to the current seven year Sixth Assessment Period are valued at one hundred per cent cost less any specific write-offs. Inventories in stock which relate to the seven year Fifth Assessment are fully provided for.

Property, Plant and Equipment

21. 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 2018.

Intangible Assets

22. Intangible assets are stated at historical cost less accumulated amortization and any impaired losses. IPCC does not have Intangible Assets at 31 December 2018.

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;
 - c) other long-term employee benefits; and
 - d) termination benefits.

24. 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.
25. By virtue of IPCC's affiliation with WMO and UNEP, IPCC staff are covered under 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 employees. The Fund is a 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.
26. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. IPCC and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify IPCC's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, IPCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. IPCC's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.
27. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

Provisions and Contingent Liabilities

28. 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.
29. 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.

Budget Comparison

30. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts by activity, while the Statement of Financial Performance (Statement II) presents expenditures classified based on the nature of the expense. As the bases used to prepare the budget and financial statements differ, Note 7 provides a reconciliation between the actual amounts presented in Statement V to the actual amounts presented in the Statement of Financial Performance, Statement II.

Critical Accounting Estimates

31. Preparing financial statements in accordance with IPSAS requires IPCC to make estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; impairment on assets; classification of financial instruments; and contingent assets and liabilities. Changes in estimates are reflected in the year in which they become known.

Segment Reporting

32. The financial statements are based on a fund accounting basis, showing at the end of the period the consolidated position of all IPCC funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives. Fund balances represent the accumulated residual of revenue and expenses.
33. A segment is a distinguishable activity or group of activities for which financial information is reported separately. IPCC classifies all projects, operations and fund activities into one segment. Therefore, no additional information per segment is given in the financial statements.

Comparative figures

34. In the preparation of the 2018 financial statements, some reclassifications have been made in the statement of financial performance without restatement of the prior year comparative figures. In order to keep comparability, information is given in the notes. In 2017 CHF 23,000 were showing under other expenditure instead of supplies. In 2018, the same expense was reported under supplies. To have comparative figures, we have reclassified 2017 from other expenditure to supplied in the Statement of Financial Performance.

NOTE 3 : ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

35. Contributions receivable are comprised of pledges. In 2018, there is a significant increase in current and non-current contribution receivable mainly due to multi-year pledges received in 2018. IPCC's contribution receivable has been growing and more donors are pledging additional contributions.

	2018	2017
	<i>Swiss Francs</i>	
Current	3,031,000	865,000
Non-current	6,126,000	1,142,000
Total contributions receivable	9,157,000	2,007,000

Note 3.2: Inventory

	2018	2017
	<i>Swiss Francs</i>	
Opening Inventory	123,000	243,000
Increase (Purchases)	2,000	-
Total Inventory available for distribution	125,000	243,000
Less: Value of items distributed	3,000	23,000
Less: Decrease in value of publications	121,000	97,000
Total	1,000	123,000

36. The cost of inventory on-hand is CHF 1,000 as at 31 December 2018.
37. For publications the valuation includes costs incurred up to the point of distribution. They include paper, CDs, editing and, where applicable, outsourcing.

Note 3.3: Advances for meetings

38. 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.
39. The current balance of CHF 137,000 (CHF nil at 31 December 2017) relates to advances for activities that are expected to take place in 2019.

Note 3.4 Other receivables

	2018	2017
	<i>Swiss Francs</i>	
Prepaid expenses	528,000	3,000
Refunds receivable	34,000	-
Education grant advance	24,000	17,000
Travel refundable	-	35,000
Total other receivables	586,000	55,000

40. Prepaid expenses represent payment in advance for goods and services receivable in future years. In 2018, CHF 523,000 represent travel expenditure for 2019 meetings paid in 2018.
41. Refunds receivable relate to unspent balances on advances for meetings, due from recipient organizations.
42. Employees entitled to grants for the education of their eligible dependents may request an advance at the beginning of the school year. The amount of the advance which is accrued at the 31 December 2018 is based on the number of months of attendance relative to the school year.
43. Travel refundable represent advances that were sent to travelers who were not able to attend meetings which should be reimbursed to IPCC.

Note 3.5: Funds held by WMO

44. IPCC does not maintain its own bank accounts. Its funds are administered by WMO. Funds held by WMO represents the amount of IPCC funds in WMO bank accounts.

Note 3.6: Deferred Revenue

	2018	2017
	<i>Swiss Francs</i>	
Current	1,846,000	832,000
Non-current	1,621,000	1,223,000
Total contributions receivable	3,467,000	2,055,000

45. Deferred income relates to voluntary contributions covered by agreements with conditions. Revenue will only be recognized when such conditions are met.
46. 44. There are **Contingent Assets** as at 31 December 2018 in the amount of CHF 434,000 relating to revenue from agreements which have been entered into with

donors for contributions for future years but where that future year funding is still subject to some parliamentary budget approval.

Note 3.7 Payables and Accruals

	2018	2017
	<i>Swiss Francs</i>	
Vendor payables	242,000	18,000
Accruals	27,000	66,000
Total payables and accruals	269,000	84,000

47. Payables to vendors relate to amounts due for goods and services for which invoices have been received less amounts due from participants who were paid but did not attend meetings.
48. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date.

Note 3.8: Employee Benefits Liabilities

	2018	2017
	<i>Swiss Francs</i>	
Short-term employee benefits	70,000	52,000
Long-term employee benefits	1,190,000	1,200,000
Total employee benefits	1,260,000	1,252,000

Employee benefits comprise:

- Post-Employment Benefits

49. Post-employment benefits are defined benefit plans consisting of United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and Repatriation Grant and related benefits including accrued annual leave.
50. Arrangements relating to the UNJSPF are set out in paragraphs 97 to 107.
51. ASHI is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society (UNSMIS).
52. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependents and shipment of their personal effects. The Organization pays the amounts due for repatriation grant, travel and relocation expenses for the entitled staff members.

- Other Long-Term Employee Benefits

53. Other long-term employee benefits include accrued unused annual leave and where applicable compensation payments in the case of death, injury or illness attributable to performance of duties.
54. Although annual leave is a short-term employee benefit, the right to receive payment for unused annual leave, and consequently the Organization's liability for this balance, is shown as a long-term employee benefit as that right only crystallizes on separation, typically more than twelve months from the reporting date.

	2018	2017
	<i>Swiss Francs (thousands)</i>	
After-service health insurance	838	918
Annual leave accrued on retirement	140	124
Repatriation grant	282	210
Total benefits	1,260	1,252
Current liabilities - Short-term benefits	70	52
Non-current liabilities - Long-term benefits	1,190	1,200
Total benefits	1,260	1,252

Actuarial Valuations of Post – Employment and Other Separation – Related Benefits

55. Liabilities arising from post-employment benefits and other separation-related benefits are determined by a professional independent actuary. These employee benefits are established for staff members who are entitled to such benefits under WMO Staff Regulations and Staff Rules. A full actuarial valuation was carried out as at 31 December 2018. The prior valuation performed on 31 December 2017 was also a full actuarial valuation.
56. The CHF 8,000 (0.64 %) increase in the liabilities is mainly due to the following:
- a) An increase of 5.0% arising from one additional year of service and interest on liabilities amounting to CHF 147,000;
 - b) A decrease of 2.8% following payment of benefits amounting to nil;
 - c) A decrease of 12.9% due to a net actuarial gain on the benefits of CHF 138,000, primarily composed of a decrease of the estimated healthcare cost increase rate and an increase of the discount rate.
57. The accrued benefit obligation represents that portion of the present value of future benefits that had been accrued from the staff members' date of entry on duty until 31 December 2018, the date of valuation. Active staff members' benefits are considered fully accrued when they reach their dates of full eligibility for benefits.

Actuarial Assumptions and Methods

58. During each actuarial study, WMO in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WMO's after-service benefit plans (post-employment benefits and other separation-related benefits and unused annual leave).
59. The following assumptions have been used to determine the value of post-employment and other separation-related employee liabilities for WMO at 31 December 2018:

- *Economics assumptions*

ASHI

Discount rate: 0.80 % (2017: 0.60%)

The discount rate is estimated to approximate the single equivalent rate such that the present value of the plan's cash flows (i.e. expected as from 31 December 2018; for 2017 as from 31 December 2017) using the single rate equals the present value of those cash flows using the spot rate at each maturity of the AAA and AA in CHF denominated Corporate Bonds yield as at 31 December 2018 (2017: 31 December 2017). The spot rates were provided by the UN Headquarters.

Salary increase rate:

The salary increase rate as per UNJSPF salary scale has been applied, as per following sample rates (same in 2017):

Age	General service staff	Professional staff
20	6.83%	9.07%
30	6.47%	7.07%
40	5.27%	5.27%
50	4.87%	4.27%
60	4.47%	3.97%
70	3.47%	3.97%

Healthcare cost increase rate:

As at 31 December 2018, the health care cost increase rate has been set to a constant rate for the future of 2.95% which is line with the long term nominal medical trend rates as per the UN guidelines. As at 31 December 2017, it was set to 3.50%.

Claim cost/ contribution rate:

The contributions rates applied as at 31 December 2018, which are unchanged compared to 31 December 2017, are the following:

	Payable by insured person	Payable by WMO
Retired member only	3.4%	6.8%
Retired member with one dependent	4.4%	8.8%
Retired member with more than one dependent	4.8%	9.6%

Repatriation

Discount rate (using US dollar yield curve*): 4.00% (2017: 3.20%)

Travel and shipping cost increase rate: 2.00% (2017: 2:00%)

**the spot rates have been provided by UN Headquarters*

Annual leave

Discount rate (using dollars yield curve*): 3.90% (2017: 3.10%)

**the spot rates have been provided by UN Headquarters*

Annual leave balance increase rate (same as at 31 December 2018 and 31 December 2017):

Years of service	Annual rate [%]
1	15.0
2 – 6	6.5
7 +	0.1
Max	60 days

- *Demographic assumptions*

The tables of the "UNJSPF" 2018 same as 2017 have been applied with respect to mortality, turnover and early retirement ages, as these are based on the demographic experience of the UN Joint Staff Pension Fund. The following provides the details relating to the demographic assumptions:

Disability: none
Mortality: UNJSPF tables

The post retirement mortality (i.e. generational) includes the following scale of forecast decrease:

	Male	Female
60 and younger	1.00%	2.00%
65	1.50%	2.00%
70	1.70%	2.00%
75	1.68%	1.68%

Percentage married: 60% of future retirees are assumed married at retirement and elect coverage for their spouse

Age differences of spouses: Males are assumed to be 3 years older than females

Turnover : UNJSPF tables

Retirement : UNJSPF tables

60. Reconciliation of Defined Benefit Obligation for 2018

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Benefit obligation at 31 December 2017	918	210	123	1,251
Service cost for 2018	65	32	32	129
Interest cost for 2018	6	7	5	18
Benefits paid in 2018	-	-	-	-
Actuarial (gain)/loss	(151)	33	(20)	(138)
Benefit obligation at 31 December 2018	838	282	140	1,260

61. Reconciliation of Defined Benefit Obligation for 2017

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Benefit obligation at 31 December 2016	989	201	129	1,319
Service cost for 2017	56	12	7	75
Interest cost for 2017	6	6	3	15
Benefits paid in 2017	-	-	-	-
Actuarial (gain)/loss	(133)	(9)	(16)	(158)
Benefit obligation at 31 December 2017	918	210	123	1,251

62. Reconciliation of recognized actuarial gains / losses

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Actuarial gains (losses) at 31 December 2017	(25)	117	47	139
Movement in reporting period (WMO)	(151)	33	(20)	(138)
Actuarial gains/(losses) at 31 December 2018	(176)	150	27	1

63. In the 2018 valuation of employee benefits liabilities, the actuaries have determined gross actuarial gains under post-employment benefits and other separation-related benefits of CHF 138,000 (2017: gross actuarial gains of CHF 158,000).
64. The total actuarial gain of CHF 1,000 represents a loss of CHF176,000 relating to After Service Health Insurance, a gain of CHF 150,000 relating to Repatriation and a gain of CHF 27,000 relating to accrued annual leave. After taking into account service costs, interest costs, and benefits paid, the net movement in the employee benefits liability was a decrease of CHF 138,000 during 2018 (decrease of CHF158,000 in 2017).
65. Annual Expense

	2018	2017
	<i>(Swiss Francs thousands)</i>	
Service cost	129	75
Interest cost	18	15
Total	147	90

After-Service Health Insurance – Sensitivity Analysis

66. Two of the principal assumptions in the valuation of the After-Service Health Insurance are: (i) the rate at which medical costs are expected to increase in the future; and (ii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.
67. A sensitivity analysis was undertaken to determine the impact of the above assumptions on the liability and service cost under IPSAS 39.
68. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates are shown below:

Benefit Obligation at 31 December 2018	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Active staff	837.1	1,007.8	702.1
Pensioners	-	-	-
Total	837.1	1,007.8	702.1
Effect	-	170.7	(135.0)

Benefit Obligation at 31 December 2017	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Active staff	918.1	1,116.2	762.7
Pensioners	-	-	-
Total	918.1	1,116.2	762.7
Effect	-	333.1	(155.4)

Service cost and interest cost 2018	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase - 1%
Amount	70	85	59
Effect	-	15	-11

Service cost and interest cost 2017	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase - 1%
Amount	62	76	51
Effect	-	14	-11

Expected Costs during 2019

69. The expected contribution of IPCC in 2019 to the employee benefit plan is CHF 70,000.

Valuation of Employee Benefits

70. Liabilities arising for employee benefits including post-employment benefits and other separation-related benefits are determined by a consulting independent professional actuary. These employee benefits are established for staff members who are in professional category and general service. WMO is a member organization participating in the United Nations Staff Mutual Insurance Society (UNSMIS) and the United Nations Joint Staff Pension Fund (UNJSPF). IPCC staff members participate in the UNSMIS and UNJSPF through WMO. The actuarial valuation is undertaken for all eligible WMO staff and this includes eligible IPCC staff members. A full actuarial valuation was carried out as at 31 December 2018. The prior valuation performed on 31 December 2017 was also a full actuarial valuation.
71. In the 2018 valuation of employee benefits liabilities, the actuaries have determined gross actuarial gain under post-employment benefits and other separation-related benefits of CHF 138,000. This amount was charged to the reserve for actuarial gains/losses decreasing the balance of the reserve from (CHF 121,000) to CHF 17,000.
72. At 31 December 2018 the total employee benefits liabilities amounted to CHF 1,260,000 after taking into account the actuarial gain of CHF 138,000.
73. 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 2018. Active staff members' benefits are considered fully accrued when the staff members reach their dates of full eligibility for benefits.

United Nations Joint Staff Pension Fund (UNJSPF)

74. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (the UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The 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.

75. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. WMO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify the Agency's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, IPCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 - Employee Benefits. IPCC's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.
76. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.
77. IPCC'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% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.
78. During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biennial cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for their 2016 financial statements.
79. The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The funded ratio was 102.7% (101.4% in the 2016 roll forward) when the current system of pension adjustments was taken into account.
80. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.
81. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2015, 2016 and 2017) amounted to USD 6,931.39 million, of which less than 0.1 % was contributed by IPCC.
82. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the

organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

83. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.
84. In 2018, contributions paid by IPCC to UNJSPF amounted to CHF 272,000 (CHF 268,000 in 2017).

Note 3.9: Other liabilities

85. The balance of other liabilities as at 31 December 2017 (a provision set up for amounts due to a former travel service provider) was cleared during the reporting period and moved to Other income.

Note 3.10: Employee benefits reserves

86. The Reserve for Employee Benefits represents the actuarial gains and losses arising from the actuarial valuation of the employee benefits liabilities which are determined by a professional actuary at the end of each financial period. The balance of this Reserve as at 31 December 2018 amounts to a net actuarial gain of CHF 17,000.

Note 4: Risk Analysis

Credit Risk

87. 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.
88. Contributions receivable comprise primarily amounts due from pledged voluntary contributions from sovereign nations.

Liquidity Risk

89. IPCC's funds held by WMO at 31 December 2018 amounting to CHF 7,051,000 are sufficient to meet its current liabilities of CHF 2,185,000 at that date. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.
90. 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

91. Interest earnings for the period in 2018 is CHF 4,000 (nil in 2017).
92. The implementation of IPCC's plan and budget is not dependent on or impacted by interest earnings.

Currency Risk

93. 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.

NOTE 5: REVENUE**5.1 Monetary contributions**

	2018	2017
	<i>Swiss Francs</i>	
Voluntary contributions	6,819,000	3,665,000
Voluntary contributions-pledged	6,751,000	807,000
Contribution from General Fund	197,000	150,000
	13,767,000	4,622,000

94. IPCC's Monetary contributions have significantly increased from 2017 to 2018. This is mainly due to the increase in multi-year contributions pledged received in 2018 but also due to additional contributions from certain donors.

5.2 In-kind contributions

95. IPCC receive a number of in-kind contributions, which are described in the paragraphs below. In-kind contributions are expensed in the same period as they are recognized as revenue.

- a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary paid by WMO (CHF 272,000 for year 2018; CHF 283,000 for year 2017) and the Deputy Secretary paid by UNEP (CHF 306,000 for year 2018; CHF 312,000 for year 2017).
- b. Office space: Office space is provided by WMO (CHF 137,000 for year 2018; CHF 103,000 for year 2017). In 2018, in-kind revenue was also recorded towards the IPCC Storage rental amounting to CHF 9,000.
- 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. As the costs are not quantifiable, these cannot be recorded as in-kind revenue and expense.
- d. IPCC meetings: IPCC also receives contributions in-kind from members, which are not recognized in the IPCC financial statement as IPCC did not have control over those 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 2018 as shown in Statement V and in total amount to approximately CHF 416,000 for the period 1 January to 31 December 2018 (CHF 1,683,000 for the period 1 January to 31 December 2017).
- 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 about 857 Lead Authors. The value of these in-kind contributions are not recognized in the IPCC financial statement as IPCC did not have control over those contributions in-kind and could not measure their fair value reliably.

5.3 Other revenue

96. Other revenue relates to the impact of non-CHF currency exchange rates, interest income and other income.

	2018	2017
	<i>Swiss Francs</i>	
Unrealized gain from currency exchange	36,000	34,000
Realized gain from currency exchange	9,000	-
Interest income	4,000	2,000
Other income	1,000	1,000
	50,000	37,000

NOTE 6: EXPENSES

		2018	2017
		<i>Swiss Francs</i>	
6.1 Travel			
Governing bodies (decreased costs due to meetings covered by host countries or held by WebEx or held back-to-back; non-participation of invited experts)		955,000	990,000
Scoping meetings, expert meetings and workshops (more meetings in 2018 compared to 2017)		1,947,000	1,619,000
Other - outreach, secretariat		51,000	103,000
AR 5 Outreach Action Plan		-	59,000
		2,953,000	2,771,000
6.2 Salaries and employee benefits			
Staff costs (costs for staff at professional level increased in 2018)		1,413,000	1,416,000
Consultancy cost		263,000	264,000
Employee benefits (includes actuarial service and interest of CHF 90,000 for 2017 and CHF 146,000 in 2018)		674,000	546,000
		2,350,000	2,226,000
6.3 In-kind expenditure			
Seconded staff		578,000	595,000
Rental of office space (includes storage space for IPCC publications)		146,000	146,000
		724,000	741,000
6.4 Other expenditures			
Loss currency exchange differences:			
Realized		14,000	27,000
Unrealized		190,000	-
		204,000	27,000
Write-offs (write off of the Inventory and due to WMO)		127,000	97,000
Specialized services (2017 expense relates to film and video production costs)		78,000	98,000
Bank charges		17,000	13,000
Miscellaneous services		12,000	4,000
Audit fee		5,000	5,000
Studies, reports, brochures, reprints		3,000	-
Public information (2017 expense relates to general information materials)		2,000	10,000
Loss on discounting present value		1,000	-
Freight		1,000	21,000
Staff training		-	3,000
		450,000	278,000
6.5 Grants and contributions for organization of meetings			
Grants (credits relates to unused funds returned by recipients' organizations for their activities in previous years)		125,000	319,000
Contributions for organization of meetings (there were less meetings sponsored in 2017 than in 2018)		90,000	83,000
		215,000	402,000
6.6 Supplies, consumables and other running costs			
Information/Telecommunications (ICT charges)		70,000	37,000
Common services/Utilities (COS charges) (ICT and COS charges variances between 2017 and 2018 charges are due to a change in the method used for the calculation of users' share in the costs)		70,000	37,000
Postage and storage of IPCC publications (IPCC publications are now stored in WMO, since April 2017 thus reducing costs)		1,000	16,000
Data processing services (in 2018 cancellation of accrual in respect to Transfer of funds to IGES - IPCC inventory software)		(4,000)	6,000
Building maintenance and security		-	3,000
Communications (variance is due to a change in the method used for the calculation of ICT charges)		2,000	5,000
Supplies and other running costs		14,000	27,000
Information Technology (relates to software subscriptions and laptops not capitalized)		1,000	5,000
		154,000	136,000

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

97. The IPCC budget for 2018 is CHF 7,861,868. The decrease of CHF 474,402 compared to the 2017 IPCC budget of CHF 8,336,088 is mainly on the budget Governing Bodies where the 2017 budget was reduced according to the work plan.
98. 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.
99. 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.
100. 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 2018 is presented below:

	Note	Swiss Francs
Amount of expenditure, Statement V		5,604,000
Plus:		
In-kind expenditure	6.3	724,000
Currency exchange differences	6.4	204,000
Bank Charges	6.4	17,000
Write-Offs	6.4	127,000
Actuarial interest and service costs	6.2	146,000
AR 5 Outreach Action Plan - Travel	6.1	24,000
Amount of expenditure, Statement II		6,846,000

101. The AR5 Outreach Action Plan was established in 2015 to disseminate the findings of the AR5 report during the course of 2015 and 2016 through a series of regional outreach events. Contributions were received from Members specifically earmarked for this activity. It was not planned for in the 2017 and 2018 budget and thus it appears as a reconciling item. The amount of CHF 24,000 represents travel expenses.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

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

Category A: Savings were obtained as a result of Executive Committee meetings being held regularly throughout the year by WebEx. In addition, only one Bureau Session took place instead of the two that were planned. Further, the amount of resources needed to support participation in some meetings was lower than originally planned due to advanced purchases and reduced ticket costs and changes in the number of expected participants.

Category B: Savings were derived from non-utilization of funds set aside for meeting costs; these costs were absorbed by the host countries. In some cases, the number of participants attending meetings was lower than originally planned.

Category C: Savings were obtained due to non-utilization of funds set aside for some activities.

Category D: Over expenditure incurred as a result of participation of Bureau members and Secretariat staff, as guest speakers or participants, in non-IPCC/UN meetings, due to increased interest in the work of the IPCC.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

103. As at 31 December 2018, there were claims against IPCC in which it been determined that it is possible, but not probable, that the claims may ultimately be decided in favour of the claimants. If the claimants for these unresolved cases are ultimately successful, it is estimated that the cost to IPCC could be approximately CHF 35,000. No cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

104. At 31 December 2018, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 53,000 (CHF 114,000 on 31 December 2017).
105. 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

Key Management Personnel	Number of posts	Compensation and post adjustment	Entitlements	Pensions and health plans	Total remuneration	Outstanding advances against entitlements	Outstanding loans
2018	2	438,000	42,000	98,000	578,000	-	-
2017	2	392,000	104,000	99,000	595,000	16,000	-

106. 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.
107. 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.
108. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.
109. Key management personnel are ordinary members of UNJSPF.

NOTE 12: EVENTS AFTER REPORTING DATE

110. IPCC's reporting date is 31 December 2018. 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.