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IPCC TRUST FUND PROGRAMME AND BUDGET

**Audit of 2017 financial statements of the Intergovernmental Panel
on Climate Change**

(Submitted by the Secretary of the IPCC)

IPCC TRUST FUND PROGRAMME AND BUDGET

Audit of 2017 Financial Statements of the Intergovernmental Panel on Climate Change

The audited 2017 IPCC financial statements are being presented to the 49th Session of the IPCC as they were finalized, in June 2017, after the 47th Session of the IPCC held in Paris, France and there was no Agenda Item on Programme and Budget at the 48th Session of the IPCC held in Incheon, Republic of Korea.

The 2018 IPCC financial statements are currently being audited by the External Auditors and will be shared once the exercise has been completed.



Reg. No. 1.18070.952.00428.006

EXTERNAL AUDITOR'S REPORT

To the Panel of 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 2017, 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 2017, 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

SFAO 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". SFAO 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 these 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 with regard to the audit of 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:

- SFAO 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;
- SFAO 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;
- SFAO 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;
- SFAO 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, future events or situations could cause IPCC to cease operation;
- SFAO 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.

SFAO 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, 4 June 2018

SWISS FEDERAL AUDIT OFFICE¹
(External Auditor)

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No enreg. 1.18070.952.00428.006

RAPPORT DU VERIFICATEUR EXTERIEUR

Au Comité Exécutif du Groupe d'experts intergouvernemental sur l'évolution du climat (GIEC)

Opinion

Le CDF a effectué l'audit des états financiers du GIEC, qui comprennent l'état de la situation financière (état financier I) au 31 décembre 2017, l'état de la performance financière (état financier II), l'état des variations des capitaux propres (état financier III), le tableau des flux de trésorerie (état financier IV) et l'état de la comparaison des montants budgétaires et réels (état financier V) pour l'exercice clos à cette date, ainsi que les notes annexes, y compris le résumé des principales méthodes comptables.

A son avis, les états financiers ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du GIEC au 31 décembre 2017, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes comptables internationales pour le secteur public (normes IPSAS) et au Règlement financier de l'OMM.

Fondement de l'opinion

Le CDF a effectué son audit selon les Normes internationales d'audit (ISA). Les responsabilités qui lui incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur pour l'audit des états financiers » du présent rapport. Le CDF est indépendant du GIEC conformément aux règles de déontologie qui s'appliquent aux états financiers en Suisse, et il s'est acquitté des autres responsabilités déontologiques qui lui incombent selon ces règles. Il estime que les éléments probants qu'il a obtenus sont suffisants et appropriés pour fonder son opinion.

Responsabilités du Secrétariat du GIEC pour les états financiers

Le Secrétariat est responsable de la préparation et de la présentation fidèle des états financiers conformément aux IPSAS et au Règlement financier de l'OMM, ainsi que du contrôle interne que le Secrétariat considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de la préparation des états financiers, c'est au Secrétariat qu'il incombe d'évaluer la capacité du GIEC à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'en appliquer le principe comptable, sauf si le Secrétariat a l'intention de liquider le GIEC ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à lui.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière du GIEC.

Responsabilités de l'auditeur pour l'audit des états financiers

Ses objectifs sont d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et de délivrer un rapport de l'auditeur contenant son opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permette toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

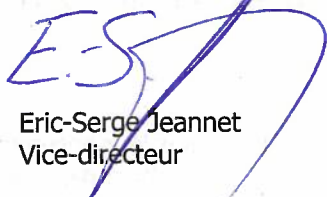
Dans le cadre d'un audit réalisé conformément aux normes ISA, le CDF exerce son jugement professionnel et fait preuve d'esprit critique tout au long de cet audit. En outre:

- Le CDF identifie et évalue les risques que les états financiers comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, conçoit et met en œuvre des procédures d'audit en réponse à ces risques, et réunit des éléments probants suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;
- Le CDF acquiert une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir les procédures d'audit appropriées dans les circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du GIEC;
- Le CDF apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par le Secrétariat, de même que des informations y afférentes fournies par ce dernier;
- Le CDF tire une conclusion quant au caractère approprié de l'utilisation par le Secrétariat du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du GIEC à poursuivre son exploitation. Si le CDF conclut à l'existence d'une incertitude significative, le CDF est tenu d'attirer l'attention des lecteurs de son rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Ses conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de son rapport. Des événements ou situations futurs pourraient par ailleurs amener le GIEC à cesser son exploitation;
- Le CDF évalue la présentation d'ensemble, la forme et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécie si les états financiers représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Le CDF communique au Secrétariat notamment l'étendue et le calendrier prévus des travaux d'audit et ses constatations importantes, y compris toute déficience importante du contrôle interne qu'il aurait relevée au cours de son audit.

Berne, le 4 juin 2018

CONTROLE FEDERAL DES FINANCES
DE LA CONFEDERATION SUISSE¹
(Vérificateur extérieur)



Eric-Serge Jeannet
Vice-directeur



Didier Monnot
Responsable de mandats

Annexe:
Etats financiers au 31.12.2017

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Intergovernmental Panel on Climate Change

**FINANCIAL STATEMENTS FOR YEAR
ENDED 31 DECEMBER 2017**

8 May 2018

STATEMENT I

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
amounts in thousands of Swiss Francs

	Note	2017	2016
		<u> </u>	<u> </u>
ASSETS			
Current assets			
Contributions receivable	3.1	865	521
Inventory	3.2	123	243
Advances for meetings	3.3	-	17
Other receivables	3.4	55	14
Funds held by WMO	3.5	<u>5,310</u>	<u>5,867</u>
		<u>6,353</u>	<u>6,662</u>
Non-current assets			
Contributions receivable	3.1	<u>1,142</u>	<u>450</u>
Total Assets		<u>7,495</u>	<u>7,112</u>
LIABILITIES			
Current liabilities			
Deferred Income	3.6	832	150
Payables and accruals	3.7	84	92
Employee benefits	3.8	52	162
Other liabilities	3.9	<u>1</u>	<u>1</u>
		<u>969</u>	<u>405</u>
Non-current liabilities			
Deferred Income	3.6	1,223	450
Long-term employee benefits	3.8	<u>1,200</u>	<u>1,158</u>
		<u>2,423</u>	<u>1,608</u>
Total liabilities		<u>3,392</u>	<u>2,013</u>
Net assets		<u>4,103</u>	<u>5,099</u>
NET ASSETS/EQUITY			
Fund balances	Sttmt III	4,224	5,378
Employee benefits reserves	3.10	<u>(121)</u>	<u>(279)</u>
Total net assets/equity		<u>4,103</u>	<u>5,099</u>

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 2017 *amounts in thousands of Swiss Francs*

	Note	<u>2017</u>	<u>2016</u>
Revenue			
Voluntary contributions	5.1	4,622	4,359
In-kind contributions	5.2	741	645
Other revenue	5.3	37	35
Total Revenue		<u>5,400</u>	<u>5,039</u>
Expenses			
Travel	6.1	2,771	2,257
Salaries and employee benefits	6.2	2,226	2,163
In-kind expenditures	6.3	741	645
Grants and contributions for organization of meetings	6.4	402	380
Other expenditures	6.5	301	501
Supplies, consumables and other running costs	6.6	113	284
Total Expenses		<u>6,554</u>	<u>6,230</u>
Deficit for the year		<u>(1,154)</u>	<u>(1,191)</u>

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 2017
(in thousands of Swiss Francs)

	<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)
Gain/(Loss) 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

	<u>Fund Balances</u>	<u>Employee Benefits Reserves</u>	<u>Total Net Assets</u>
Net assets at 31 December 2015	6,569	21	6,590
Movements in fund balances and reserves			
(Deficit) for the year (Statement II)	(1,191)	-	(1,191)
Gain/(Loss) arising on actuarial valuation of employee benefits	-	(300)	(300)
Total movements during the year	(1,191)	(300)	(1,491)
Total net assets at 31 December 2016	5,378	(279)	5,099

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 2017
(in thousands of Swiss Francs)

	2017	2016
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Loss) for the year	(1,154)	(1,191)
(Increase) decrease in short-term contributions receivables	(344)	14
(Increase) decrease in inventory	120	170
(Increase) decrease in advances to meetings	17	(5)
(Increase) decrease in other receivables	(41)	15
(Increase) decrease in funds held by WMO	557	730
(Increase) decrease in long-term contributions receivables	(692)	160
Increase (decrease) in Deferred Income	1,455	(7)
Increase (decrease) in payables and accruals	(8)	28
Increase (decrease) in liabilities for employee benefits including service charge and interest cost	(68)	386
Increase (decrease) in employee benefits reserves	158	(300)
Net cash flows from operating activities	<hr/> -	<hr/> -
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	<hr/> <hr/> -	<hr/> <hr/> -

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 2017
(in thousands of Swiss Francs)

Category	Budget for 2017	Expenditure*	Budget Under/(Over) Spent
A. Governing Bodies:			
1 IPCC - 45	830	587	243
2 IPCC - 46	1,070	508	562
3 Bureau	120	65	55
4 Executive Committee	11	-	11
5 TFB	42	29	13
6 SBSTA/COP/JWG	80	55	25
7 Total Governing Bodies	<u>2,153</u>	<u>1,244</u>	<u>909</u>
B. Scoping Meetings, Expert Meetings and Workshops			
1 Scoping Meeting - SR2 (Land)	234	128	106
2 Expert Meeting - Mitigation, Sustainability & Climate Scenarios	140	53	87
3 SR 1.5 C - LA 1, LA 2, LA 3	702	407	295
4 SR 2 (Land) - LA 1	276	194	82
5 SR 3 (Oceans) - LA 1	211	155	56
6 Scoping Meeting - AR6	562	282	280
7 TFI Methodology Development - LA Meetings	992	411	581
8 TGICA	56	11	45
9 EFDB Editorial Board	112	58	54
10 EFDB Data Meeting	47	17	30
11 EFDB and Software Users' Feedback	44	34	10
12 Prior year meetings	-	2	(2)
13 Scoping Meetings, Expert Meetings and Workshops	<u>3,376</u>	<u>1,752</u>	<u>1,624</u>
C. Other Expenditures			
1 2006 GL software	30	34	(4)
2 EFDB maintenance	7	8	(1)
3 Translation/Publication	100	-	100
4 Communication	261	208	53
5 Distribution (IPCC publications)	100	39	61
6 IT Infrastructure	13	-	13
7 Library Facility	103	73	30
8 Webconferences	30	-	30
9 External Audit fee	20	6	14
10 Advisory Services (Conflict of Interest)	15	4	11
11 Co-chairs	200	158	42
12 Total Other Expenditures	<u>879</u>	<u>530</u>	<u>349</u>
D. Secretariat			
1 Secretariat	1,912	2,001	(89)
2 Resource Mobilization	16	-	16
3 Total Secretariat	<u>1,928</u>	<u>2,001</u>	<u>(73)</u>
E. Total all expenditure	<u>8,336</u>	<u>5,527</u>	<u>2,809</u>

*excluding obligations

Notes to the Financial Statements as at 31 December 2017

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 2017 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 2017, new International Public Sector Accounting (IPSAS) Standards came into force as at 1 January 2017 however these are not applicable to IPCC in 2017:

IPSAS 35 – Consolidated Financial Statements, which replaced IPSAS 6 – Consolidated and Separate Financial Statements;
IPSAS 36 – Investments in Associates and Joint Ventures;
IPSAS 37 – Joint Arrangements; and
IPSAS 38 – Disclosure of Interests in Other Entities.

5. As of 31 December 2017, the date of the financial position, the following IPSASes had been issued, but had not taken effect:

IPSAS 39 – Employee Benefits, which replaces IPSAS 25; and
IPSAS 40 – Public Sector Combinations.

IPSAS 39 took effect on 1 January 2018; and is expected to apply to IPCC.

IPSAS 40 will take effect on 1 January 2019, but it is not expected to apply to IPCC.

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

7. 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

8. 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.

9. 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.

10. Interest revenue is recognized as it accrues.

Expenditure

11. 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

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 and other receivables. Receivables are stated at amortized cost.

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. 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.

16. 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.

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 in the Financial Statements.

Funds held by WMO

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

Inventory

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. From the financial year 2016, inventories which relate to the seven year Fifth Assessment Period are 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.

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 2017.

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 2017.

Employee Benefits

22. Employment contracts of staff members of IPCC are issued by WMO which means that WMO has the ultimate responsibility for the obligations related to the employment. The employee benefits are recognized within IPCC accounts since IPCC is primarily responsible for those employees. WMO recognizes in its accounts a contingent liability for those obligations.

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. 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.

26. 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 to employees. The Pension 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.

27. 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 WMO's and 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 WMO and IPCC have treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS

28. IPCC's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

29. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

Provisions and Contingent Liabilities

30. 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.

31. 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

32. 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

33. 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

34. 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.

35. 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.

NOTE 3 : ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

36. Contributions receivable are comprised of pledges:

	2017	2016
	<i>Swiss Francs</i>	
Current	865,000	521,000
Non-current	1,142,000	450,000
Total contributions receivable	2,007,000	971,000

37. There are Contingent Assets as at 31 December 2017 in the amount of CHF 6,997,000 (CHF 172,000 at 31 December 2016). This represents 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 3.2: Inventory

38. The following tables show the movements of the inventory 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.

	2017	2016
	<i>Swiss Francs</i>	
Publications	123,000	243,000

Inventory Reconciliation

	2017	2016
	<i>Swiss Francs</i>	
Opening Inventory	243,000	413,000
Increase (Purchases)	-	-
Total Inventory available for distribution	243,000	413,000
Less: Value of items distributed	23,000	86,000
Less: Decrease in value of publications (write-offs)	97,000	84,000
Total	123,000	243,000

39. At end of 2016, only AR5 publications remained valued at 100% of their initial cost. At end 2017, a review of the publications in stock was done. Publications with a low turnover rate were written off for a value of CHF 97,000.

40. 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: Advances for meetings

	2017	2016
	<i>Swiss Francs</i>	
Advances to institutions for the organization of meetings	-	17,000
Total advances for meetings	-	17,000

41. 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. All advances to institutions for organization of meetings made during 2017 were for meetings in 2017.

Note 3.4: Other receivables

	2017	2016
	<i>Swiss Francs</i>	
Travel refundable	35,000	-
Education grant advance	17,000	14,000
Prepaid expenses	3,000	-
Total other receivables	55,000	14,000

42. Travel refundable represent advances that were sent to travellers who were not able to attend meetings which should be reimbursed to IPCC.

43. 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 2017 is based on the number of months of attendance relative to the school year.

44. Prepaid expenses represent payment in advance for goods and services receivable in future years.

Note 3.5: Funds held by WMO

45. 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 Income

46. IPCC has open pledges and cash received of CHF 2,055,000 relating to agreements with conditions. Revenue will only be recognized when such conditions are met.

Note 3.7 Payables and Accruals

	2017	2016
	<i>Swiss Francs</i>	
Accruals	66,000	98,000
Payables	18,000	(6,000)
Total payables and accruals	84,000	92,000

47. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date.

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

Note 3.8: Employee Benefits Liabilities

	2017	2016
	<i>Swiss Francs</i>	
Short-term employee benefits	52,000	162,000
Long-term employee benefits	1,200,000	1,158,000
Total employee benefits	1,252,000	1,320,000

49. 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;
- c) Repatriation grant; and
- d) Termination benefits.

50. 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.

Valuation of Employee Benefits

51. 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. Full actuarial valuations are undertaken every two years, the most recent having been completed at 31 December 2017.

52. In the 2017 valuation of employee benefits liabilities, the actuaries have determined gross actuarial gains under post-employment benefits and other separation-related benefits of CHF 158,000. This amount was charged to the reserve for actuarial gains/losses increasing the balance of the reserve from (CHF 279,000) to (CHF 121,000).

53. At 31 December 2017 the total employee benefits liabilities amounted to CHF 1,252,000 after taking into account the actuarial gains of CHF 158,000 and CHF 90,000 for current service costs, interest cost and benefits paid.

54. 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 2017. 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)

55. 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.

56. 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, WMO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 - Employee Benefits. WMO's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

57. 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.

58. 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% 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.

59. 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. An actuarial valuation as of 31 December 2017 is currently being performed.

60. The roll forward of the participation data as of 31 December 2013 to 31 December 2016 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 150.1% (127.5% in the 2013 valuation). The funded ratio was 101.4% (91.2% in the 2013 valuation) when the current system of pension adjustments was taken into account.

61. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2016, 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.

62. 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.

63. 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.

64. 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

65. In 2017, contributions paid by IPCC to UNJSPF amounted to CHF 268,000 (CHF 252,000 in 2016).

Note 3.9: Other liabilities

66. Other liabilities represents a provision set up for amounts due to a former travel service provider.

Note 3.10 Employee Benefits Reserves

67. The Reserve for Employee Benefits represents the actuarial gains and losses arising from the actuarial valuation of the employee benefits liabilities which were determined by a professional actuary at the end of each financial period. The balance of this Reserve increased from (CHF 279,000) at 31 December 2016 to (CHF 121,000) at 31 December 2017 due to the actuarial gain of CHF 158,000 (shown in Statement III).

Note 4: RISK ANALYSIS

Credit Risk

68. 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.

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

Liquidity Risk

70. IPCC's funds held by WMO at 31 December 2017 amounting to CHF 5,310,000 are sufficient to meet its current liabilities of CHF 969,000 at that date. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.

71. 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

Interest Risk

72. There was no exposure to interest rate risk during 2017, except normal exposure to bank interest.

Currency Risk

73. 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 Voluntary contributions**

	2017	2016
	<i>Swiss Francs</i>	
Voluntary contributions	3,665,000	4,050,000
Voluntary contributions-pledged	807,000	225,000
Contribution from General Fund	150,000	84,000
	4,622,000	4,359,000

5.2 In-kind contributions

74. a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary paid by WMO (CHF 283,000 for year 2017; CHF 240,000 for year 2016) and the Deputy Secretary paid by UNEP (CHF 312,000 for year 2017; CHF 268,000 for year 2016).

b. Office space and Storage space: Office space and storage space for IPCC publications is provided by WMO (CHF 137,000 for office space and CHF 9,000 for storage space in 2017; CHF 137,000 for office space in 2016)

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 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 2017 as shown in Statement V and in total amount to approximately CHF 1,683,000 for the period 1 January to 31 December 2017 (approximately CHF 222,000 for the period 1 January to 31 December 2016).

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 three Working Groups' contributions to the Sixth Assessment report will be finalized in 2021. The Sixth Assessment Report has a total 773 Lead Authors as compared to 857 in the Fifth Assessment Report.

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

5.3 Other revenue

	2017	2016
	<i>Swiss Francs</i>	
Unrealized gain from currency exchange	34,000	29,000
Other income	1,000	3,000
Interest income	2,000	3,000
	37,000	35,000

NOTE 6: EXPENSES

	<u>2017</u>	<u>2016</u>
	<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)	990,000	1,130,000
Scoping meetings, expert meetings and workshops (more meetings in 2017 compared to 2016)	1,619,000	882,000
Other - outreach, secretariat	103,000	169,000
AR 5 Outreach Action Plan (less participants in 2017)	59,000	76,000
	<u>2,771,000</u>	<u>2,257,000</u>
6.2 Salaries and employee benefits		
Staff costs (costs for staff at professional level increased in 2017)	1,416,000	1,383,000
Consultancy cost (short-term staff costs decreased in 2017)	264,000	319,000
Employee benefits (includes actuarial interest of CHF 90,000 for 2017 and CHF 86,000 for 2016; variance due to increased allowances)	546,000	461,000
	<u>2,226,000</u>	<u>2,163,000</u>
6.3 In-kind expenditure		
Seconded staff (Note 11: increased costs in entitlements, pension and health plans in 2017)	595,000	508,000
Rental of office space (2017 includes storage space for IPCC publications)	146,000	137,000
	<u>741,000</u>	<u>645,000</u>
6.4 Grants and contributions for organization of meetings		
Grants (2016 related to support to Co-chairs, while 2017 included other grants such as the contribution to the Centralized Library Facility for AR6 Cycle and support to IGES for the maintenance and development of the IPCC Inventory Software by TFI-TSU)	319,000	200,000
Contributions for organization of meetings (there were less meetings sponsored in 2017)	83,000	180,000
	<u>402,000</u>	<u>380,000</u>
6.5 Other expenditures		
Loss currency exchange differences:		
Realized	27,000	49,000
Unrealized	-	2,000
	27,000	51,000
Specialised services (2017 expense relates to film and video production costs; variance is mainly due to costs rental of conference premises in 2016)	98,000	213,000
Studies, reports, brochures, reprints (less publications distributed in 2017)	23,000	94,000
Write-offs (relates to IPCC publications)	97,000	84,000
Audit fee (variance is due to 2016 fees related to an audit of a grant requested by donor)	5,000	23,000
Bank charges	13,000	9,000
Staff training	3,000	9,000
Hospitality	-	8,000
Miscellaneous services	4,000	5,000
Public information (2017 expense relates to general information materials)	10,000	3,000
Fellowships	-	2,000
Freight (cost of transporting IPCC publications from Storage service provider in UK to WMO Geneva)	21,000	-
	<u>301,000</u>	<u>501,000</u>

	2017	2016
	<i>Swiss Francs</i>	
6.6 Supplies, consumables and other running costs		
Information/Telecommunication (ICT charges)	37,000	60,000
Common services/Utilities (COS charges)	37,000	15,000
(ICT and COS charges variances between 2016 and 2017 charges are due to a change in the method used for the calculation of users' share in the costs)		
Postage and storage of IPCC publications (IPCC publications are now stored in WMO, since April 2017 thus reducing 2017 costs)	16,000	183,000
Data processing services	6,000	17,000
Building maintenance and security	3,000	4,000
Communications (variance is due to a change in the method used for the calculation of ICT charges)	5,000	-
Supplies and other running costs	4,000	5,000
Information Technology (relates to software subscriptions and laptops not capitalized)	5,000	-
	113,000	284,000

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

75. The IPCC budget for 2017 is CHF 8,336,000 (2016 budget was CHF 7,090,000). This increase may be attributed to an increase in the amount allotted for Lead Author Meetings, Scoping Meetings, Expert Meetings and Workshops.

76. 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.

77. 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.

78. 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 2017 is presented below:

	Note	Swiss Francs
Amount of expenditure, Statement V		5,527,000
Plus:		
In-kind expenditure	6.3	741,000
Write-off inventory	6.5	97,000
Actuarial interest (under Employee benefits)	6.2	90,000
Currency exchange differences	6.5	27,000
Bank Charges	6.5	13,000
AR5 Outreach Action Plan:		
- Travel	6.1	59,000
Amount of expenditure, Statement II		6,554,000

79. The AR5 Outreach Action Plan was established in 2015 to disseminate the findings of the AR5 report during the course of 2015, 2016 and 2017 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 budget and thus it appears as a reconciling item.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

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

Category A: Savings were obtained as a result of two Executive Committee meetings being held back-to-back with Plenary Sessions; Executive Committee meetings are held regularly throughout the year by WebEx. In addition, two Bureau Session were held back-to-back with IPCC Plenary Sessions. Further, the amount of resources needed to support participation in some meetings was lower than originally planned due to reduced travel costs and non-participation of invited experts. In addition, host countries covered the costs of two Plenary Sessions and the meeting of the Task Force Bureau.

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 from the non-utilization of funds set aside for some activities; these activities did not take place as planned.

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

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

81. At 31 December 2017, there were no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IPCC. No cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

82. At 31 December 2017, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 114,000 (CHF 673,000 on 31 December 2016).

83. 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
2017	2	392,000	104,000	99,000	595,000	16,000	-
2016	2	408,000	39,000	61,000	508,000	-	-

84. 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. The post of the Secretary of IPCC has been vacant from 1 June 2015 to 30 June 2016. Consultants were hired as Acting Secretary of IPCC on short-term contracts till the appointment of the Secretary of IPCC on 1 July 2016.

85. 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.

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

87. Key management personnel are ordinary members of UNJSPF.

NOTE 12: EVENTS AFTER REPORTING DATE

88. IPCC's reporting date is 31 December 2017. 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.