



**FINANCIAL STATEMENTS OF THE UNESCO INSTITUTE FOR STATISTICS (UIS) FOR THE YEAR ENDED 31 DECEMBER 2023**



**UNESCO INSTITUTE FOR STATISTICS (UIS)**  
**APPROVAL OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

In accordance with the article 8.1 of Financial Regulations of the Special Account for the UNESCO Institute for Statistics (UIS), attached are the UIS's financial statements and accompanying notes for the year ended 31 December 2023.

The financial statements are the responsibility of Management, and they have been prepared in accordance with the International Public Sector Accounting Standards and comply with the Financial Regulations of the Special Account for the UIS. They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management, provide reasonable assurance that assets are safeguarded, and that the books and records properly reflect all transactions.

The External Auditor, in line with Article 12 of the Financial Regulations, provides an opinion on the consolidated financial statements of UNESCO. UIS's financial statements are included within the scope of consolidation for the preparation of the UNESCO financial statements.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the UIS.

Ms Silvia Montoya

Director

UNESCO Institute for Statistics

SIGNED

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Mrs Magdolna Bona

Chief Financial Officer

UNESCO

SIGNED

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Date: 26/07/2024

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**UNESCO INSTITUTE FOR STATISTICS**  
**I. STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER**

Expressed in US dollars	Note	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	5	1,501,194	2,178,342
Accounts receivable from non-exchange transactions	6	-	163,602
Accounts receivable from exchange transactions	6	-	248,338
Advance payments	7	55,740	74,944
Receivable from UNESCO	8	1,422,387	7,220,663
Other receivables	9	216,181	145,698
<b>Total current assets</b>		<b>3,195,502</b>	<b>10,031,587</b>
<b>Non-current assets</b>			
Receivable from UNESCO	8	23,758,771	14,228,515
Property, plant and equipment	10	398,356	439,083
Intangible assets	11	533,309	-
<b>Total non-current assets</b>		<b>24,690,436</b>	<b>14,667,598</b>
<b>TOTAL ASSETS</b>		<b>27,885,938</b>	<b>24,699,185</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accruals	12	479,598	458,873
Employee benefits	13	644,339	819,790
Other liabilities	14	277,469	266,241
Voluntary contributions with conditions	15	2,678,075	2,678,075
<b>Total current liabilities</b>		<b>4,079,481</b>	<b>4,222,979</b>
<b>Non-current Liabilities</b>			
Employee benefits	13	453,167	527,042
<b>Total non-current liabilities</b>		<b>453,167</b>	<b>527,042</b>
<b>TOTAL LIABILITIES</b>		<b>4,532,648</b>	<b>4,750,021</b>
<b>NET ASSETS</b>	16	<b>23,353,290</b>	<b>19,949,164</b>

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

**UNESCO INSTITUTE FOR STATISTICS**  
**II. STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER**

<b>Expressed in US dollars</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b><u>REVENUES</u></b>			
UNESCO Financial Allocation		4,224,799	4,224,801
Voluntary contributions - Core Funding		5,777,457	4,142,371
Voluntary contributions - Extrabudgetary		153,821	176,674
In-Kind Voluntary Contributions		-	59,664
Foreign exchange gain		24,864	-
Other revenues		4,645	223,743
Finance revenue		1,283,276	270,550
<b><u>TOTAL REVENUES</u></b>	17	<b><u>11,468,862</u></b>	<b><u>9,097,803</u></b>
<b><u>EXPENSES</u></b>			
Personnel costs		4,617,274	5,104,297
Consultants, external experts and mission costs		777,837	634,019
External training, grants and other transfers		32,975	58,385
Supplies, consumables and other running costs		608,274	609,135
Contracted services		1,844,623	3,542,778
Depreciation		40,575	26,550
Foreign exchange losses		-	97,045
Other expenses		139,489	266,241
Finance costs		3,689	3,881
<b><u>TOTAL EXPENSES</u></b>	18	<b><u>8,064,736</u></b>	<b><u>10,342,331</u></b>
<b><u>SURPLUS/(DEFICIT) FOR THE YEAR</u></b>		<b><u>3,404,126</u></b>	<b><u>(1,244,528)</u></b>

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

**UNESCO INSTITUTE FOR STATISTICS**  
**III. STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 31 DECEMBER**

	Note	2023	2022
<b>Expressed in US dollars</b>			
<b>Net Assets at the beginning of the year</b>		<b>19,949,164</b>	<b>21,443,084</b>
<b>Movements to Net Assets</b>			
Return of funds to donors		-	(252,465)
Other adjustments to reserve		-	3,073
<b>Total of items recognized directly in Net Assets</b>		<b>-</b>	<b>(249 392)</b>
Surplus/(Deficit) for the year		3,404,126	(1,244,528)
<b>Total change in Net Assets</b>		<b>3,404,126</b>	<b>(1,493,920)</b>
<b>Net Assets at the end of the year</b>	16	<b>23,353,290</b>	<b>19,949,164</b>

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

**UNESCO INSTITUTE FOR STATISTICS**  
**IV. STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the year	16	3,404,126	(1,244,528)
Depreciation and amortization	10	40,575	26,550
Decrease/(Increase) in accounts receivable	6	411,940	(401,081)
(Increase)/Decrease in receivable from UNESCO	8	(3,731,980)	440,649
Decrease in advance payments	7	19,204	37,568
(Increase) in other receivables	9	(70,483)	(137,284)
Increase in accounts payable and accruals	12	20,725	89,848
(Decrease) in employee benefits	13	(249,326)	(305,976)
Increase in voluntary contributions with conditions	15	-	811,105
Increase in other liabilities	14	11,228	16,849
Effect of exchange rates on operating activities		(43,000)	(111,000)
<b>Net cash flows from operating activities</b>		<b>(186,991)</b>	<b>(777,300)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	-	(425,316)
Purchase of intangible assets	11	(533,309)	-
Proceeds of sale of property, plant and equipment	10	152	-
<b>Net cash flows from investing activities</b>		<b>(533,157)</b>	<b>(425,316)</b>
<b>Net (decrease) in cash for the year</b>		<b>(720,148)</b>	<b>(1,202,616)</b>
<b>Cash, beginning of the year</b>	5	<b>2,178,342</b>	<b>3,269,958</b>
Effect of foreign exchange gain/loss on foreign denominated cash		43,000	111,000
<b>Cash, end of the year</b>	5	<b>1,501,194</b>	<b>2,178,342</b>

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

**UNESCO INSTITUTE FOR STATISTICS**  
**V. NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**NOTE 1: REPORTING ENTITY**

The UNESCO Institute of Statistics (UIS) is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO or “the Organization”). UNESCO is considered to be the controlling entity of UIS, which is included within the UNESCO consolidated Financial Statements.

The UIS was established within the framework of UNESCO with the mission of providing statistical information on education, science, culture and communication which helps decision-making in Member States and facilitates democratic debate in UNESCO’s areas of competence, employing to that end the highest professional standards and intellectual independence in data collection and analysis.

The Statutes of UIS were approved at the 30<sup>th</sup> session of the General Conference by resolution 44, which was adopted at the 24<sup>th</sup> plenary meeting on 16 November 1999. The Director General, in accordance with the terms of General Conference 29 C/Resolution 50, authorized UIS to operate under its Special Account, as of 1 July 1999.

As a Category 1 Institute, UIS enjoys functional autonomy in administrative and financial matters. The Governing Board of UIS is composed of 12 members chosen for a term of four years and sits in personal capacity. Six members are elected by the General Conference, one for each electoral group of UNESCO; and six members are designated by the Director-General, after consultation with partner agencies, organizations and institutions, which are co-sponsors of the programmes of UIS. The Board approves UIS’s biennial budget and determines the nature of its activities. It also approves the yearly report of activities presented to it by the Director. The Director of UIS is appointed by the Director-General of UNESCO and is responsible for day-to-day operations.

UIS has its Headquarters located in Montréal, Québec, Canada.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION AND PRESENTATION**

*Basis of preparation*

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the Financial Regulations of the Special Account for UIS.

The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

*Financial period/year*

In accordance with Article 4.1 of the Financial Regulations of UIS Special Account, the Director shall prepare, in a form to be determined by the Board, a biennial programme and budget and shall submit it to the Board for approval. The financial statements are prepared on an annual basis, beginning on the first day of January and ending on the thirty-first day of December each year.



### *Presentation and Functional Currency*

The presentation currency of the financial statements is the United States Dollar (USD), which is also the functional currency of UIS.

#### **2.2 FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximate market rates as they are set bi-monthly, and revised if there are significant exchange rate fluctuations relating to individual currencies.

Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the Statement of Financial Position.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

#### **2.3 Financial assets**

UIS's financial assets include cash, accounts receivables from exchange and non-exchange transactions, receivable from UNESCO and other receivables.

Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification. UIS classifies its financial assets as either measured at amortized cost or measured at fair value through surplus or deficit. The classification depends on UIS's management model for the financial assets and the contractual cash flow characteristics of the financial assets.

The following table presents the classification and subsequent measurement of UIS's financial assets:

<b>Financial assets</b>	<b>Classification</b>	<b>Subsequent Measurement</b>
Cash	AC	Amortized cost
Accounts receivables from non-exchange transactions	AC	Amortized cost
Accounts receivables from exchange transactions	AC	Amortized cost
Receivable from UNESCO	AC	Amortized cost
Other receivables	AC	Amortized cost

UIS assesses on a forward-looking basis the expected credit losses associated with its financial assets classified as measured at amortized cost. The adjustment to the loss allowance at each reporting date is recognized as an impairment gain or loss in surplus or deficit.

UIS derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or are waived, or when it transfers the financial asset and the transfer qualifies for derecognition.

#### **2.4 Financial liabilities**

UIS's financial liabilities include accounts payable and accruals and other liabilities. UIS initially recognizes its financial liabilities at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

#### **2.5 Cash**

Cash includes cash with banks.

#### **2.6 Accounts receivable from non-exchange transactions, accounts receivables from exchange transactions and other receivables**

Receivables are classified into current and non-current on the basis of the timing of the expected amounts to be received.

#### **2.7 Advance payments**

UIS advances payments under exchange contracts for the delivery of goods and services related to UIS's programs and activities. Such payments are treated as Advance Payments if the delivery of goods and services are not fulfilled at the reporting date. Advance payments are recognized as expenses as the goods and services are rendered.

#### **2.8 Property, Plant and Equipment**

Property, Plant and Equipment (PP&E) is measured at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the Financial Statements, but appropriate disclosure is made in the notes to the financial statements, as applicable.

##### *Additions*

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to UIS and the cost of the item can be measured reliably. When an asset is donated, its initial cost is measured as the fair value of the asset as at the date of acquisition.

##### *Disposals*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are recognized in the Statement of Financial Performance.

##### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to UIS and the cost of the item can be measured reliably.

### *Depreciation*

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets over their useful lives.

The useful lives of major classes of assets have been estimated as follows:

Class of property, Plant and Equipment	Depreciation period
Communications and IT equipment	4 years
Furniture and fixtures	5 years
Other equipment	5 years
Buildings	15-50 years

The residual values and useful lives of assets are reviewed and adjusted, if applicable, at each financial year-end.

### *Impairment*

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. For this purpose, all property, plant and equipment assets are considered as non-cash generating assets.

## **2.9 Employee benefits**

UIS recognizes the following categories of employee benefits:

- **Short-term employee benefits**

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, and allowances) and other benefits (education grant, home leave, etc.). An expense is recognized under personnel costs, when employees render service to UIS and a liability is recognized for an entitlement that has not been settled at the reporting date.

- **Post-employment benefits**

Post-employment benefits are employee benefits that are payable after the completion of employment.

UNESCO participates in the United Nations Joint Staff Pension Fund (UNJSPF or Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. UIS contributes to UNJSPF through UNESCO. The Fund is a funded, multi-employer defined benefit plan. As specified in 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.

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. UNESCO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNESCO's proportionate share, and thereby UIS'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, UNESCO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. UIS's contributions to the plan during the financial period are recognized as Personnel costs in the Statement of Financial Performance.

In addition, UIS participates in the UNESCO after service health insurance (ASHI) scheme. Under this scheme, staff retiring, who have reached their fifty-fifth birthday and who have completed at least ten years' of participation in the Medical Benefits Fund as at the date of their separation, may opt to remain (indefinitely) in that Fund as an associate participant with UNESCO continuing to participate in the funding of their contributions. The ASHI scheme at UNESCO is a defined benefit plan for entities under common control.

UNESCO performs annually both a long-term projection and an actuarial valuation of the ASHI scheme to measure its employee benefits obligation. The plan exposes participating Institutes to actuarial risks associated with the current and former employees of other group entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual entities participating in the plan. UIS as well as other participating group entities, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 39 basis with sufficient reliability for accounting purposes, and hence has recorded this plan as if it were a defined contribution plan.

The contributions of UIS to the UNESCO ASHI scheme consists of contributions to the UNESCO Special Account. They consist of 4% of salary of staff who participate to the UNESCO ASHI programme. UIS contributions to the Special Account for ASHI during the financial year are recognized as personnel cost expenses in the Statement of Financial Performance.

### ***Other long-term employee benefits***

Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting period and relate to repatriation grants and compensated absences (accumulated leave). The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. These liabilities are calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized on the Statement of Financial Performance.

### **2.10 Provisions and contingent liabilities**

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where UIS has a present obligation but cannot reliably measure the possible outflow of resources.

### **2.11 Revenue recognition**

#### ***Revenue from non-exchange transactions***

Revenue from non-exchange transactions is measured based on the increase in net assets recognized.

The revenues from non-exchange transactions are as follows:

- ***UNESCO Financial Allocation***

The financial contributions, made available from UNESCO's biennial budget approved by its General Conference, presented as UNESCO financial allocation in the Statement of Financial Performance are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to UIS.

- ***Voluntary contributions***

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability.

Conditions are imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As UIS satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are recognized as revenue when received.

- ***In-kind contributions***

In-kind contributions of goods that directly support approved operations and activities and can be reliably measured are recognized and valued at fair value. In-kind contributions of services, such as the services of volunteers, are not recognized.

#### *Revenue from exchange transactions*

Other sources of revenue from exchange transactions are measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

#### *Finance Revenue*

UIS participates in UNESCO's cash pooling mechanism whereby the funds from all participants are commingled and invested on a pool basis. Interest revenues are allocated to UIS in the proportion of its share held in the account.

### **2.12 Tax**

UIS enjoys privileged tax-exemption. As such, UIS's assets, income and other property are exempt from all direct taxation.

### **2.13 Expenses**

Expenses are defined as decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

Expenses from non-exchange funding agreements are recognized when the funding is legally in force, except where the agreement establishes a condition on transferred assets. In such cases, expenses are recognized as services are performed and the condition on transferred assets fulfilled consistent with the terms of the agreement.

Where revenue is recognized from in-kind contributions, a corresponding expense or asset is recognized in the financial statements.

#### **2.14 Accounts payable and accruals**

Accounts payable are financial liabilities for goods and services that have been received by UIS and invoiced but not yet paid by the reporting date.

Accruals are financial liabilities for goods and services that have been received by UIS and which have neither been paid for nor invoiced to UIS at the reporting date.

#### **2.15 Leases**

Lease agreements entered into for equipment or office premises are classified as operating leases as these arrangements do not transfer substantially all of the risk and reward of ownership. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

### **NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of financial statements in accordance with IPSAS requires UIS to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the next financial year.

The areas where estimates, assumptions or judgements are significant to UIS's financial statements include, but are not limited to: employee benefits. Changes in estimates are reflected in the year in which they become known.

#### *Estimates and assumptions*

UIS based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of UIS.

Employee benefits (RG and AAL) are determined using actuarial valuation, which involves making various assumptions on financial and non-financial elements that may differ from actual developments in the future such as determination of the discount rate, future salary increases, mortality rates and future cost increases. The employee benefit liability is highly sensitive to the variation of these assumptions and some of them are reviewed at each reporting date. Details about employee benefits are provided in Note 13.

### **NOTE 4: ACCOUNTING STANDARDS ISSUED**

#### **Accounting standards adopted in current year:**

- IPSAS 41 Financial Instruments has been applied retrospectively as per the required implementation date of January 1, 2023. IPSAS 41 Financial Instruments was published in August 2018 and replaces IPSAS 29 Financial Instruments: Recognition and Measurement. UNESCO has adopted IPSAS 41 and the related consequential amendments to other IPSASs in the financial reporting period commencing January 1, 2023. UIS's revised accounting policies in relation to financial instruments are provided above. The implementation has had no significant impact on UIS' financial statements.

IPSAS 41 provides a single classification and measurement approach for financial assets that reflects the management model for managing the assets and their contractual cash flow characteristics. For financial liabilities, the existing classification and

measurement requirements of IPSAS 29 are largely retained. The table below illustrates the classification of financial assets and financial liabilities under IPSAS 41 and IPSAS 29 at the date of initial application of 1 January 2023.

<b>Financial Assets</b>	<b>Category IPSAS 29</b>	<b>Category IPSAS 41</b>
Cash	<b>Loans &amp; Receivables</b>	<b>Amortized cost</b>
Accounts receivable from non-exchange transactions	Loans & Receivables	Amortized cost
Accounts receivable from exchange transactions	Loans & Receivables	Amortized cost
Receivable from UNESCO	Loans & Receivables	Amortized cost
Other Receivable	Loans & Receivables	Amortized cost
<b>Financial Liabilities</b>	<b>Category IPSAS 29</b>	<b>Category IPSAS 41</b>
Accounts payables and accruals	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

There were no changes made to the measurement of financial assets and financial liabilities as a result of adopting IPSAS 41. The standard also introduces a forward-looking assessment of expected credit losses on financial assets categorized at amortized cost which did not impact UIS’ financial statements.

**Accounting standards issued and to be adopted at a later date:**

- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025, with earlier application permitted. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. UIS has not yet assessed the impact of the adoption of the standard.
- IPSAS 44 – Non-current assets held for sale and discontinued operation: the standard is effective for annual reporting year beginning on or after 1 January 2025, with earlier application permitted. The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The adoption of the standard has no impact on UIS’s financial statements.
- IPSAS 45 – Property Plant and Equipment: The effective date of this standard is 1 January 2025. The Standard prescribes the accounting treatment for property, plant and equipment so that users of financial statements can discern information about the entity’s investment in its property, plant and equipment and the changes to such investments. UIS has not yet assessed the impact of the adoption of the standard.
- IPSAS 46—Measurement: The effective date of this standard is 1 January 2025, with earlier application permitted. The Standard defines the measurement bases that assist in reflecting fairly cost of services, operational capacity and financial capacity of assets and liabilities. UIS has not yet assessed the impact of the adoption of the standard.
- IPSAS 47 – Revenue: the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principal that an entity shall apply to report useful information to users of financial statement about the nature, amount, timing and uncertainty of revenue and cash flows from revenue transactions. UIS has not yet assessed the impact of the adoption of the standard.
- IPSAS 48—Transfer Expenses: the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principles that a transfer provider (an entity) shall apply to report useful information to users of

financial information about the nature, amount, timing and uncertainty of expenses and cash flows arising from transfer expense transactions. UIS has not yet assessed the impact of the adoption of the standard.

**NOTE 5: CASH**

Expressed in US dollars	2023	2022
Cash with banks	1,501,194	2,178,342
<b>Total cash</b>	<b>1,501,194</b>	<b>2,178,342</b>

Cash comprises cash with banks only.

**NOTE 6: ACCOUNTS RECEIVABLE**

Expressed in US dollars	2023	2022
Accounts receivable from non-exchange transactions	-	163,602
Accounts receivable from exchange transactions	-	248,338
<b>Total accounts receivable from non-exchange transactions</b>	<b>-</b>	<b>411,940</b>

The receivable balance related to exchange transactions is comprised of amounts to be received for services provided by UIS. The receivable balance for non-exchange transactions includes outstanding amounts for voluntary contributions.

**NOTE 7: ADVANCE PAYMENTS**

Expressed in US dollars	2023	2022
Other advance payments	55,740	74,944
<b>Total advance payments</b>	<b>55,740</b>	<b>74,944</b>

The advance payments balance corresponds to amounts paid in 2023 for goods and services to be delivered to UIS in the future.

**NOTE 8: RECEIVABLE FROM UNESCO**

Expressed in US dollars	2023	2022
Receivable from UNESCO (current)	1,422,387	7,220,663
Receivable from UNESCO (non-current)	23,758,771	14,228,515
<b>Total receivable from UNESCO balances</b>	<b>25,181,158</b>	<b>21,449,178</b>

The receivable from UNESCO represents amounts due by UNESCO relating to the UNESCO financial allocation, voluntary contributions received on behalf of UIS and decentralized funds from UNESCO projects used, inter alia, to cover payroll payments processed by UNESCO. The receivable balance is kept within the operating account of UNESCO's cash pool to maximize the return on deposited funds. Interest revenues are allocated to UIS in the proportion of its share held, in the operating account, of UNESCO's cash pool.



Receivable from UNESCO is classified as current based on UIS's projected cash flow requirement. However, UIS has the right to draw on additional funds from the non-current portion of the UNESCO receivable within the year, as and when needed. Balances are agreed upon by both parties.

**NOTE 9: OTHER RECEIVABLES**

	2023	2022
<b>Expressed in US dollars</b>		
Value-added tax receivables	216,181	145,698
<b>Total other receivables</b>	<b>216,181</b>	<b>145,698</b>

UIS enjoys the privilege of tax-exemption. However, it makes cash payment to its suppliers and contractors for federal and provincial sales tax, which is recoverable from the tax authorities.

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

	Buildings	Communications and IT Equipment	Other Equipment	Capital projects (work in Progress)	Total 2023
<b>Expressed in US dollars</b>					
<b>1 January 2023</b>					
Cost	347,601	300,357	28,293	39,722	715,973
Accumulated depreciation	(2,984)	(264,517)	(9,389)	-	(276,890)
<b>Carrying amount</b>	<b>344,617</b>	<b>35,840</b>	<b>18,904</b>	<b>39,722</b>	<b>439,083</b>
<b>Movements 12 months to 31 December 2023</b>					
Disposals	-	(36,190)	(1,871)	-	(34,319)
Disposals depreciation	-	36,038	1,871	-	34,167
Depreciation	(17,902)	(18,693)	(3,980)	-	(40,575)
<b>Total movements</b>	<b>(17,902)</b>	<b>(18,845)</b>	<b>(3,980)</b>	<b>-</b>	<b>(40,727)</b>
<b>31 December 2023</b>					
Cost	347,601	264,167	30,164	39,722	681,654
Accumulated depreciation	(20,886)	(247,172)	(15,240)	-	(283,298)
<b>Carrying amount</b>	<b>326,715</b>	<b>16,995</b>	<b>14,924</b>	<b>39,722</b>	<b>398,356</b>

	Buildings	Communications and IT Equipment	Other Equipment	Capital projects (work in Progress)	Total 2022
<b>Expressed in US dollars</b>					
<b>1 January 2022</b>					
Cost	-	282,263	8,394	-	290,657
Accumulated depreciation	-	(241,946)	(8,394)	-	(250,340)
<b>Carrying amount</b>		<b>40,317</b>	-	-	<b>40,317</b>
<b>Movements 12 months to 31 December 2022</b>					
Addition	347,601	18,094	19,899	39,722	425,316
Depreciation	(2,984)	(22,571)	(995)	-	(26,550)
<b>Total movements</b>	<b>344,617</b>	<b>(4,477)</b>	<b>18,904</b>	<b>39,722</b>	<b>398,766</b>
<b>31 December 2022</b>					
Cost	347,601	300,357	28,293	39,722	715,973
Accumulated depreciation	(2,984)	(264,517)	(9,389)	-	(276,890)
<b>Carrying amount</b>	<b>344,617</b>	<b>35,840</b>	<b>18,904</b>	<b>39,722</b>	<b>439,083</b>

*Heritage assets:* UIS has a few “Works of Art” mainly three paintings and one stained glass, which have been donated by artists and other partners and are not recognized in the Statement of Financial Position.

In 2023, cash payments of USD 40,418 were made in relation to fixed assets acquisition (2022: USD 329,031).

As at 31 December 2023, UIS holds fully depreciated property, plant and equipment which is still in use for a gross carrying amount of USD 223,859 (2022: USD 207,715). At 31 December 2023, UIS has no commitments related to purchases of property, plant and equipment (2022: USD 44,939).

#### NOTE 11: INTANGIBLE ASSETS

	Software Development in Progress	Total 2023
<b>Expressed in US dollars</b>		
<b>1 January 2023</b>		
Cost	-	-
Accumulated depreciation	-	-
<b>Carrying amount</b>	-	-
<b>Movements 12 months to 31 December 2023</b>		
Additions	533,309	533,309
<b>Total movements</b>	<b>533,309</b>	<b>533,309</b>
<b>31 December 2023</b>		
Cost	533,309	533,309
Accumulated depreciation	-	-
<b>Carrying amount</b>	<b>533,309</b>	<b>533,309</b>

**NOTE 12: ACCOUNTS PAYABLE AND ACCRUALS**

	2023	2022
<b>Expressed in US dollars</b>		
Suppliers payable	7,369	110,510
Accruals	472,229	348,363
<b>Total accounts payable and accruals</b>	<b>479,598</b>	<b>458,873</b>

Suppliers payable relates to amounts due for goods and services for which invoices have been received. Accruals are liabilities for goods and services that have been received or provided to UIS during the year and which have not been invoiced or formally agreed with the suppliers.

**NOTE 13: EMPLOYEE BENEFITS**

	2023			2022
	Actuarial valuation	UIS valuation	Total	
<b>Expressed in US dollars</b>				
Repatriation benefits	17,863	-	17,863	17,224
Accumulated annual leave	414,809	-	414,809	473,726
Payroll and reimbursements	-	99,970	99,970	61,325
Termination indemnity	-	111,697	111,697	267,515
<b>Employee benefits (current)</b>	<b>432,672</b>	<b>211,667</b>	<b>644,339</b>	<b>819,790</b>
Repatriation benefits	453,167	-	453,167	527,042
<b>Employee benefits (non-current)</b>	<b>453,167</b>	<b>-</b>	<b>453,167</b>	<b>527,042</b>
<b>Total employee benefits</b>	<b>885,839</b>	<b>211,667</b>	<b>1,097,506</b>	<b>1,346,832</b>

***Employee benefits – current***

Current employee benefits include payroll and allowances, education grant, home leave, accumulated annual leave (AAL), as well as well as the current portion of repatriation benefits.

Accumulated annual leave (AAL) – UIS staff can accumulate unused annual leave up to a maximum of 60 working days as per UNESCO Staff Rules and Regulations. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold at the date of separation. Notwithstanding that AAL is fully included as current as required by the standards since UIS does not have an unconditional right to defer settlement of the liability for at least 12 months, expected payments in the next year are anticipated to be USD 18,209.

***Employee benefits – non-current***

Non-current employee benefits relate to post-employment and other long-term employee benefits. These include the long-term portion of repatriation benefits.

Repatriation benefits - A staff member who has completed one year of continuous service outside the country of his/her recognized home is entitled upon separation from UIS to a repatriation grant payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. For eligible staff members hired after July 1st, 2016 the grant is payable starting on five years of expatriate service according to the current scale. Staff members are also entitled to travel and removal costs for repatriation on separation from UIS.

### Actuarial valuations

An actuarial valuation was carried out to calculate UIS's estimated liability related to AAL and repatriation grant. The following assumptions and methods have been used to determine the value of these benefits as at 31 December:

Assumptions used for annual leave and repatriation benefits		2023	2022
<b>Discount rate</b>	The rate used is based on the Mercer Yield Curve	3.50% (maturity around 10 years)	4.15% (maturity around 11.5 years)
<b>Inflation rate</b>	For all benefits	2.25%	2.00%
<b>Pre-retirement Mortality Tables before the retirement age assumption</b>	2019 United Nations in-service mortality table for annual leave and repatriation grant.		
<b>Salary increase rate - Annual leave Repatriation grant</b>		2.50%	2.25%
<b>Repatriation Travel and Removal trend</b>	For staff members without dependent For staff members with at least one dependent	\$6,683 \$8,109	\$5,916 \$7,178
<b>Retirement Age</b>		65	65
<b>Withdrawal tables</b>	Based on a study of UNESCO's turnover rates from 2019 and 2023		
<b>Take up rate – Repatriation benefits</b>	Staff eligible for repatriation benefits on leaving to actually claim their entitlement	75%	75%
<b>Take up rate – Accumulated leave</b>	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

The following tables and text provide additional information and analysis on employee benefit liabilities calculated by actuaries:

	Accumulated Annual Leave	Repatriation benefits	2023
<b>Expressed in US dollars</b>			
<b>Defined benefit obligation beginning of the year</b>	<b>473,726</b>	<b>544,266</b>	<b>1,017,992</b>
<b>Movement for year ended 31 December 2023</b>			
Service cost	30,860	31,295	62,155
Interest cost	19,306	22,230	41,536
Benefits payments	(49,022)	(45,427)	(94,449)
Actuarial losses/(gains)	(63,240)	(81,334)	(144,574)
Foreign exchange difference	3,179	-	3,179
<b>Defined benefit obligation end of year</b>	<b>414,809</b>	<b>471,030</b>	<b>885,839</b>

Expressed in US dollars	Accumulated Annual Leave	Repatriation benefits	2022
<b>Defined benefit obligation beginning of the year</b>	<b>655,130</b>	<b>763,948</b>	<b>1,419,078</b>
<b>Movement for year ended 31 December 2022</b>			
Service cost	32,089	29,040	61,129
Interest cost	7,426	8,685	16,111
Benefits payments	(71,458)	(97,828)	(169,286)
Actuarial losses/(gains)	(143,583)	(159,579)	(303,162)
Foreign exchange difference	(5,878)	-	(5,878)
<b>Defined benefit obligation end of year</b>	<b>473,726</b>	<b>544,266</b>	<b>1,017,992</b>

Actuarial gain for accumulated annual leave and repatriation benefits obligations recognized through the Statement of Financial Performance amount to USD 144,574 for the year ended 31 December 2023 (2022: USD 303,162).

The annual expenses recognized in the Statement of Financial Performance are as follows:

Expressed in US dollars	Accumulated Annual Leave	Repatriation Benefits	2023	2022
Service cost	30,860	31,295	62,155	61,129
Interest cost	19,306	22,230	41,536	16,111
<b>Total expenses</b>	<b>50,166</b>	<b>53,525</b>	<b>103,691</b>	<b>77,240</b>

Service cost is the increase in the present value of the defined obligation resulting from employee service in the current year. Interest cost is the increase during the year in the present value of the defined benefit obligation which arises because the benefits are one year closer to settlement.

Contributions to UNESCO ASHI scheme made during the year amount to USD 124,357 (2022: USD 131,096).

#### **United Nations Joint Staff Pension Fund (UNJSPF)**

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. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

UIS participates in UNESCO's financial obligation to the Fund consisting 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 Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. 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.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and the valuation as of 31 December 2023 is currently being performed. A roll forward of the participation data as of 31 December 2021 to 31 December 2022 was used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0%. The funded ratio was 158.2% when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, 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 plan. 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.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, 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 Fund during the preceding three years (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which 2.16% was contributed by UNESCO.

UIS's contribution made during the year 2023 amounted to USD 702,147, compared to USD 746,148 in 2022.

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.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund's website.

**NOTE 14: OTHER LIABILITIES**

	<b>2023</b>	<b>2022</b>
<b>Expressed in US dollars</b>		
Provision for litigation	277,469	266,241
<b>Total other liabilities</b>	<b>277,469</b>	<b>266,241</b>

**NOTE 15: VOLUNTARY CONTRIBUTIONS WITH CONDITIONS**

	<b>2023</b>	<b>2022</b>
<b>Expressed in US dollars</b>		
Voluntary contributions with conditions	2,678,075	2,678,075
<b>Total voluntary contributions with conditions</b>	<b>2,678,075</b>	<b>2,678,075</b>

Voluntary contributions with conditions arise when funds are received from a donor and UIS is yet to meet the condition stipulated in the agreement.

**NOTE 16: NET ASSETS**

	2022	Surplus for the year	Other Adjustments to reserves	2023
<b>Expressed in US dollars</b>				
Operating reserve	17,204,752	3,404,126	113,847	20,722,725
Staff reserve	2,744,412	-	(113,847)	2,630,565
<b>Total Net Assets</b>	<b>19,949,164</b>	<b>3,404,126</b>	<b>-</b>	<b>23,353,290</b>

Operating reserves consist of surpluses from operations accumulated from previous years. These surpluses can be carried forward from one financial period to the next.

Staff reserves have been created within the legislative authority of UIS as is deemed to be required for the purpose of sound administration or legal obligation. In accordance with UIS Basic Texts (156 EX/24 and 156 EX/55- June 1999), the Director of UIS has established a Stabilization Reserve (Staff Reserve) to cover end-of-service indemnities and other related liabilities. The Staff reserve is calculated at 5% of total payroll (fixed term and project appointments) costs for the year and shall be reported annually to the Board at the time of the yearly budget approval. At 31 December 2023, USD 219,098 was transferred from the operating reserve to the Staff Reserve. This amount was offset by USD 332,945 in payments of end-of-service indemnities for the year.

**NOTE 17: REVENUE**

<b>Expressed in US dollars</b>	2023	2022
<b>UNESCO Financial Allocation</b>	<b>4,224,799</b>	<b>4,224,801</b>
<b>Voluntary contributions</b>		
<i>Voluntary contributions - Core Funding</i>	5,777,457	4,142,371
<i>Voluntary contributions - Governments and other donors</i>	74,997	176,674
<i>Voluntary contributions - Inter- organizations</i>	78,824	-
<i>In-Kind Voluntary Contribution</i>	-	59,664
<b>Total voluntary contributions</b>	<b>5,931,278</b>	<b>4,378,709</b>
<b>Other revenues</b>		
<i>Other operating gains</i>	2,586	223,743
<i>Income from revenue producing activities</i>	2,059	-
<b>Total other revenues</b>	<b>4,645</b>	<b>223,743</b>
<b>Foreign exchange gains</b>	<b>24,864</b>	<b>-</b>
<b>Finance revenue</b>	<b>1,283,276</b>	<b>270,550</b>
<b>Total revenue</b>	<b>11,468,862</b>	<b>9,097,803</b>

UIS recently moved in a new premises. As part of the installation cost, the landlord paid directly on behalf of UIS a portion of the renovation works which was recognized as an in-kind contribution in 2022.

**NOTE 18: EXPENSES**

<b>Expressed in US dollars</b>	<b>2023</b>	<b>2022</b>
<b>Personnel costs</b>		
<i>International &amp; National staff</i>	4,178,196	4,746,902
<i>Temporary staff</i>	270,763	194,504
<i>Other personnel costs</i>	168,315	162,891
<b>Total personnel costs</b>	<b>4,617,274</b>	<b>5,104,297</b>
<b>Consultants, external experts and mission costs</b>		
<i>Consultants</i>	555,202	500,785
<i>Staff mission costs</i>	120,395	94,493
<i>Delegates &amp; external individuals missions</i>	68,866	30,394
<i>Other contracts</i>	33,374	8,347
<b>Total consultants, external experts and mission costs</b>	<b>777,837</b>	<b>634,019</b>
<b>External training, grants and other transfers</b>		
<i>Financial contributions</i>	12,500	6,500
<i>External training and seminars</i>	20,475	51,885
<b>Total external training, grants and other transfers</b>	<b>32,975</b>	<b>58,385</b>
<b>Supplies, consumables and other running costs</b>		
<i>Communications</i>	52,522	38,406
<i>Equipment</i>	165,463	271,069
<i>Leases</i>	242,705	198,680
<i>Utilities</i>	31,378	28,547
<i>Maintenance and repairs</i>	86,553	60,569
<i>Other supplies</i>	29,653	11,864
<b>Total supplies, consumables and other running costs</b>	<b>608,274</b>	<b>609,135</b>
<b>Contracted services</b>		
<i>Other contracted services</i>	1,844,623	3,542,778
<b>Total contracted services</b>	<b>1,844,623</b>	<b>3,542,778</b>
<b>Other expenses</b>	<b>139,489</b>	<b>266,241</b>
<b>Depreciation</b>	<b>40,575</b>	<b>26,550</b>
<b>Foreign exchange losses</b>	<b>-</b>	<b>97,045</b>
<b>Finance costs</b>	<b>3,689</b>	<b>3,881</b>
<b>Total expenses</b>	<b>8,064,736</b>	<b>10,342,331</b>



### 18.1 PERSONNEL COSTS

International & National staff expenses include salaries, post adjustments, entitlements and pensions and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for Accumulated Annual Leave and Repatriation Benefits. Temporary staff expenses include all costs relating to the employment of temporaries and service contracts' holders. Other personnel costs include payroll charge for ASHI as well as staff travel expenses, which are not related to mission costs (home leave, family visit, education grant, interview, separation).

### 18.2 CONSULTANTS, EXTERNAL EXPERTS AND MISSION COSTS

Consultants expenses represent the cost of contracting consultants, including insurance and travel expenses. Staff mission costs are the mission and training costs for UIS staff, temporaries and service contracts. These concern principally travel and per diem expenses. Delegates & external individuals missions are expenses for travel and per diem of representatives, delegates, individuals and others (i.e. non-staff). Other contracts concern principally interpreter fees.

### 18.3 EXTERNAL TRAINING, GRANTS AND OTHER TRANSFERS

Expenses for external training and seminars are mainly travel and per diem costs for participants. Financial contributions include contributions made to United Nations joint activities.

### 18.4 SUPPLIES, CONSUMABLES AND OTHER RUNNING COSTS

Communications expenses concern mainly telephone and postal/freight costs. Equipment expenses represent equipment purchases and costs during the year, which do not meet the criteria for capitalization as PP&E or Intangible Assets. Leases represents primarily premises rental cost. Maintenance and repairs expenses are mainly those incurred in relation to UIS premises and IT. Other supplies include office supplies.

### 18.5 CONTRACTED SERVICES

Contracted services represent expenses where UIS has engaged a third party to perform work on behalf of UIS and relate exclusively to the category other contracted services. It should be noted that under certain arrangements, especially non-exchange contracts with not-for-profit organizations and government ministries for the implementation of activities under UIS's mission and mandate, contracts are established which cover several types of services and work which cannot be easily allocated to a single category of contracted services.

	2023	2022
<b>Expressed in US dollars</b>		
Implementation partners agreement	1,627,514	2,422,115
Contract for services	199,570	1,119,526
Other contracted services	17,539	1,137
<b>Total other contracted services</b>	<b>1,844,623</b>	<b>3,542,778</b>

### 18.6 DEPRECIATION

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives (see Note 10).

## NOTE 19: CONTINGENT LIABILITIES, COMMITMENTS AND CONTINGENT ASSETS

### 19.1 Legal or Contingent Liabilities

There are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to UIS.

### 19.2 Commitments

UIS has an operating lease commitment for office premises. Future minimum lease rental payments for the following years are:

Expressed in US dollars	2023	2022
Within one year	332,345	319,345
One to five years	1,403,757	1,323,878
Later than five years	5,593,929	5,744,503
<b>Total operating lease commitments</b>	<b>7,330,031</b>	<b>7,387,826</b>

UIS signed a new premises rental lease in 2022 which ends on 31 March 2042. UIS paid an advance of the first and last months' rent in 2022 and has an option to terminate the lease at 31 March 2032 with a penalty.

UIS's contractual commitments which have not yet given rise to the delivery of a service amounted to USD 1.3 million at 31 December 2023.

### 19.3 Contingent assets

As at 31 December 2023, there are no contingent assets.

## NOTE 20: FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, currency, interest rate and concentration risk arises in the normal course of UIS's operations. UNESCO has an Investment Committee comprising senior management representatives and external member(s) that advise the Chief Financial Officer on investment and cash management policy of UNESCO, on overall investment strategy and on related risk management.

The following presents information about UIS's exposure to each of the above risks, policies and processes for measuring and managing risk, and UIS's management of capital. UIS's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the Financial Regulations of the Special Account of UIS, aim to minimize potential adverse effects on the resources available to UIS to fund its activities.

The primary objective of UNESCO's Investment Policy is the preservation of the value of resources of the Organization. Within this general objective the principal considerations for investment management are, in order of priority, security of principal, liquidity, and rate of return.

### 20.1 Fair value of financial assets and liabilities

#### *Fair values and fair value hierarchy*

The fair value of cash, receivables from non-exchange and exchange transactions, receivable from UNESCO and other receivables approximate their recorded carrying amount due to their short-term nature.

The fair value of accounts payables and accruals, other current liabilities as well as voluntary contributions with conditions approximate their recorded carrying amount due to their short-term nature.

## **20.2 Credit risk**

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from UIS's cash, and receivables. The maximum exposure to credit risk is the carrying amount of those financial assets.

UIS participates in UNESCO's cash pooling mechanism. Participation in UNESCO's cash pool implies sharing the risk and returns with all participants. Given that the funds from all participants are commingled and invested on a pool basis, each participant is exposed to the overall risk of the cash pool to the extent of the amount of cash participated.

### **Cash**

UIS held cash at 31 December 2023 but did not hold any cash equivalents nor direct investments at year-end. To mitigate the credit risk, cash is held with major international banks of high credit standing selected in accordance with UNESCO's policies. As such, the credit risk exposure related to cash is not significant.

### **Receivables**

Receivables from exchange and non-exchange transactions are mainly from sovereign Member States or other Agencies. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date that a State will not comply with the original terms of the receivables.

Receivable from UNESCO relates to funds held in UNESCO's cash pool. The credit risk exposure to that receivable is limited to its carrying amount. This risk is not significant due to the restrictions on the credit ratings (minimum A-) of banking institutions that UNESCO can transact with, and UNESCO's strong short-term liquidity position.

## **20.3 Liquidity risk**

Liquidity risk is the risk that UIS might not have adequate funds to meet its obligations as they fall due. UIS ensures on the basis of cash flow forecasts and approved budgets that it has sufficient cash on demand to meet expected operating expenses.

As at the year-end, UIS's cash and receivable from UNESCO equaled USD 26.7 million (current and non-current) with current liabilities equaling USD 4.1 million. Therefore, UIS is not exposed to significant liquidity risk.

## **20.4 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in foreign exchange rates. UIS is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies. A 1% increase or decrease in the exchange rate would not have a material impact on the financial statements.

Foreign currency risk related to voluntary contribution is managed through individual project budget planning for foreign currency expenditure. Therefore, UIS is not exposed to significant currency risk.

## **20.5 Interest rate risk**

Interest rate risk arises from the effects of market interest rates fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. UIS is mainly exposed to interest rate risk on its financial interest-bearing assets. UIS did not hold any investments as at December 31, 2023 and is not exposed to interest rate risk.

## **20.6 Concentration risk**

UIS has a significant concentration of risk with UNESCO, who are the counterparty for 90% of UIS's total assets at 31 December 2023 (2022: 87%). UIS considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

### **NOTE 21: CAPITAL MANAGEMENT**

UIS defines the capital that it manages as the aggregate of its net assets which is comprised of accumulated balances. UIS's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. UIS's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.

UIS's capital structure is managed in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. UIS manages its capital by reviewing on a regular basis the actual results against the budgets approved by the Governing Board.

### **NOTE 22: RELATED PARTY DISCLOSURE**

#### **22.1 *Governing Bodies***

UIS is administered by its Governing Board (The Board) which is composed of twelve members chosen for a term of four years. The Chairperson and the members of the Board are chosen for their competence and sit in a personal capacity and receive no compensation for their services. UIS covers the costs of their travel and daily subsistence allowance when they are on official travel for UIS's business. During their terms of office, the Chairperson and the members of the Board are not entitled to any fee or honorarium for any work carried out on UIS's behalf.

#### **22.2 *Services provided by UNESCO to UIS***

Transactions between UIS and UNESCO, the controlling entity, are recorded on a gross basis. The services received without charge are not recorded. The main services received without charge are the following:

- Payroll management services
- Information Technology services
- Internal audit services
- Legal services
- Employees paid by UNESCO are occasionally assigned to UIS at no charge to the Institute.

#### **22.3 *Key management personnel***

Key management personnel are the Senior Management Team, which has the authority and responsibility for planning, directing and controlling the activities of UIS. The Senior Management Team consists of UIS Director, Director of Operations and Heads of Sections.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Key management personnel are also qualified for post-employment benefits (Note 13) at the same level as other employees. Key management personnel are ordinary members of UNJSPF.

	<b>Number of Individuals</b>	<b>Compensation and Post Adjustment</b>	<b>Entitlements (Allowances, Grants and Subsidies)</b>	<b>Pension and Health Plans</b>	<b>Total Remuneration</b>
	<b>Expressed in US dollars</b>				
2023	5	538,135	55,943	160,858	<b>754,936</b>
2022	4	627,345	45,932	182,339	<b>855,616</b>