

International Labour Organization

Financial report
and audited consolidated financial statements
for the year ended 31 December 2011

and Report of the External Auditor

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1. Financial report on the 2011 accounts

Introduction

1. The consolidated financial statements are prepared and submitted to the Governing Body in accordance with articles 23 and 28 respectively of the ILO Financial Regulations. The Report of the External Auditor on the audit of the statements, together with his opinion thereon, is also submitted to the Governing Body in accordance with article 28 of the Financial Regulations.
2. The 2011 consolidated financial statements have been prepared based upon the United Nations System Accounting Standards (UNSAS) and presented utilizing the format prescribed by the International Public Sector Accounting Standards (IPSAS). The financial statements consolidate all of the operations under the direct authority of the Governing Body, including the International Training Centre of the ILO (ITC).
3. As part of the phased adoption of IPSAS, the statements include the adoption of 23 IPSAS standards addressing:
 - ❑ cash flow statements;
 - ❑ accounting policies, changes in accounting estimates and errors;
 - ❑ effects of changes in foreign exchange rates;
 - ❑ borrowing costs;
 - ❑ consolidation;
 - ❑ investments in associates;
 - ❑ interests in joint ventures;
 - ❑ revenue from exchange transactions;
 - ❑ financial reporting in hyperinflationary economies;
 - ❑ construction contracts;
 - ❑ inventories;
 - ❑ leases;
 - ❑ events after the reporting date;
 - ❑ financial instruments;
 - ❑ investment property;
 - ❑ provisions, contingent liabilities and contingent assets;
 - ❑ impairment of cash-generating assets;
 - ❑ related party disclosures;

- ❑ disclosure of information about the general government sector;
 - ❑ revenue from non-exchange transactions;
 - ❑ presentation of budgetary information in financial statements;
 - ❑ employee benefits; and
 - ❑ agriculture.
4. For comparison purposes the 2010 financial statements have been restated to reflect the adoption of additional IPSAS, in particular the recognition of inventories and a reclassification of ITC training service revenue to improve the information presented in the statements. These restatements are summarized in note 3.
5. The 2011 consolidated financial statements include most of the financial adjustments required by IPSAS. Additional adjustments will be implemented in 2012 including segment reporting and balance sheet accounting for furniture, equipment and intangible assets. Full implementation of IPSAS is planned for 2012.
6. In accordance with the amendments to the Financial Regulations approved by the International Labour Conference in 2009, the 2011 consolidated financial statements are presented on an annual basis with the budgetary performance contained in Statement V also including biennial results.

Financial results for 2011

7. The **Consolidated Statement of Financial Position, Statement I**, shows the consolidated assets, liabilities and reserves, plus accumulated fund balances of the Organization as at 31 December 2011 along with comparative information as at 31 December 2010. The Organization's consolidated assets include the value of its land and buildings reflected at their fair value of US\$418.5 million as determined by an independent valuation. Revenue from voluntary contributions has been recognized on an accrual basis with voluntary contributions receivable of US\$336.1 million. A corresponding amount has been recognized as a liability in respect of services yet to be provided by the ILO. Employee benefit liabilities of US\$830 million include the full actuarially determined liabilities for after-service medical care. A provision for delays in the collection of assessed contributions receivable of US\$14 million has been made in respect of member States whose arrears have resulted in a loss of voting rights.
8. The Organization's consolidated net assets decreased by US\$195.9 million as compared to 2010. This is the result of adjustments required by IPSAS including a decrease of US\$70.7 million in the fair value of the ILO land and buildings (incorporating a temporary adjustment of US\$62.2 million for the headquarters building pending completion of the essential renovations now in progress) as explained in Note 11, an increase of US\$174.5 million in the liability for after service health insurance of which US\$158.8 million is due to changes in actuarial assumptions (explained in Note 14), offset by an increase of US\$45.9 million in the net market value of the forward purchase agreement and several other minor increases in asset value. Details of net assets by fund are presented in the appendix.
9. The **Consolidated Statement of Financial Performance, Statement II**, shows the results of all the Organization's operations for 2011 with a total net deficit of US\$2.2 million. This includes the results for the Regular Budget and all other funds and entities controlled by the ILO. These financial statements are prepared on an annual basis along with comparative information for the 2010 financial statements. The change from a surplus of US\$52.4 million in 2010 to a deficit of US\$2.2 million in 2011 is

primarily the result of the traditionally higher level of regular budget expenditure in the second year of the biennium and the increase in employee benefit liabilities recognized as current expense in accordance with IPSAS. Detailed information on the results and information on revenue, expense and changes in net assets is presented by fund in the appendix.

10. The **Consolidated Statement of Changes in Net Assets, Statement III**, presents in summary, the net accumulated fund balances and reserves at the beginning of 2010, the net results for 2010 and 2011, together with the IPSAS adjustments implemented to date, which have been accounted for directly to net assets.

11. The **Consolidated Statement of Cash Flow, Statement IV**, presents the total cash and cash equivalents held by the Organization, including the ITC, at the end of 2011 and 2010.

Regular budget

12. The International Labour Conference, at its 98th Session (June 2009), approved an expenditure budget for the 2010–11 financial period amounting to US\$726,720,000 and an income budget for the period for the same amount, which at the budget rate of exchange for the period of 1.07 Swiss francs (CHF) to the US dollar, resulted in an income budget of CHF777,590,400. Actual assessed contributions for the biennium reflect the admission of the Republic of Maldives on 15 May 2009 and, therefore, CHF777,592,898 has been recognized as revenue. No change was made to the approved expenditure budget.

13. The overall budgetary results for the 2011 financial period and the 2010–11 biennium are summarized in Statement V-A with the details of contributions paid by member States shown in note 28. Valued in US dollars at the budget rate of exchange and using the accrual method of accounting, total budgetary income for the 2010–11 biennium amounted to US\$726,722,334. Expenditure under the regular budget during the 2010–11 biennium amounted to US\$716,686,419.

14. Since the ILO does not prepare annual budgets, Statement V-A provides as a budget comparison one half of the approved biennial original budget to which has been added the unexpended balances at the end of the first year of the biennium to create the final 2011 budget for the purpose of meeting the requirements of IPSAS. In addition, a comparison of the results for the full biennium is included.

15. The excess of income over expenditure (surplus) for the 2010–11 biennium at the budget rate of exchange amounted to US\$10,035,915. When revalued at the rate of exchange in effect at the close of the financial period (CHF0.945 to the US dollar), the excess of income over expenditure amounts to US\$11,363,417. In accordance with article 18, paragraph 1 of the Financial Regulations, the calculation of the regular budget surplus includes a provision for delays in the payment of contributions in the amount of 100 per cent of the contributions outstanding at 31 December 2011. Since the total contributions outstanding at 31 December 2011 amounted to CHF132,434,904 as compared with the total contributions outstanding at 31 December 2009 of CHF71,933,033, the provision required at 31 December 2011 was CHF60,501,871 more than that which was required at 31 December 2009. The net adjustment to income and expenditure was therefore a charge of US\$64,023,144 (CHF60,501,871 at the 31 December 2011 rate of exchange). Consequently, the 2010–11 biennium final result is a shortfall of income compared to expenditure (deficit) of US\$52,659,726 (CHF49,763,441 at 31 December 2010 rate of exchange).

16. In accordance with article 21.1(a) of the Financial Regulations, the Working Capital Fund was drawn upon to finance budgetary expenditure pending receipt of contributions. The balance of this Fund standing at CHF35,000,000, was, as a consequence, fully exhausted. The Director-General accordingly had recourse to internal borrowing for the balance of the shortfall (CHF14,763,441). In accordance with article 21.2(a) of the Financial Regulations, arrears of contributions received in 2012 have been used to reimburse the Working Capital Fund and internal borrowings which were fully reimbursed by the end of February 2012.

Non-General Funds managed by the ILO

17. Non-General Funds managed by the ILO had net assets of US\$30.1 million at 31 December 2011. They comprise funds belonging to units forming an integral part of the ILO including the International Institute of Labour Studies (IILS), the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR), the International Occupational Safety and Health Information Centre (CIS), the ITC and the Administrative Tribunal of the ILO. The overall budgetary results of the funds with budgets approved by the Governing Body for 2010–11 are summarized in Statements V-B to V-D on both an annual and biennial basis. Information on the overall budgetary results of the ITC, which has an annual budget approved by the ITC Board of Directors, are summarized in Statement V-E in Euros (the functional currency of the ITC) and in US dollars. Information on the net assets of each fund is shown in the appendix. Significant variances between adopted budgets and actual expenditure for each of the units for which a separate budget was adopted by the Governing Body or ITC Board of Directors are outlined below:

- IILS – Revenue amounted to US\$5,810,000 and expenses totalled US\$6,741,000 for 2010–11. The net deficit was US\$931,000 for 2010–11 lower than the deficit of US\$1,224,000 anticipated in the adopted budget due primarily to lower than anticipated staff costs. The deficit was financed from the accumulated fund balances as had been foreseen when approving the biennial budget.
- CINTERFOR – Revenue for the 2010–11 biennium of US\$2,590,000 was US\$30,000 higher than anticipated due to the receipt of contributions from new member organizations offset by decreases in revenue from publications and miscellaneous income. Expenses totalled US\$2,458,000 or US\$302,000 lower than anticipated, resulting in a net surplus for the biennium of US\$132,000 which forms part of the Centre’s accumulated fund balance.
- CIS – Revenue of US\$3,074,000 and expense of US\$3,449,000 for the 2010–11 biennium resulted in a net deficit of US\$375,000 which was financed from accumulated fund balances. The in-kind contributions from the regular budget were US\$431,000 below budget due to savings on costs of regular budget staff assigned to support of the Centre. Extra-budgetary expenditures were US\$98,000 lower than budgeted.
- ITC – Revenue for 2011 was €39.9 million (US\$55.4 million) as anticipated in the budget. Expenses totalled €38.9 million (US\$54.1 million), some €1 million (US\$1.3 million) lower than anticipated resulting in a surplus of €0.8 million (US\$1.1 million) after adjustments to budgetary surplus for changes in provisions for doubtful debts and exchange gains and losses of €0.2 million (US\$0.3 million). The resulting surplus compares to a projected budget surplus of €30,000 (US\$42,000).

Extra-budgetary funds

18. 2011 expenditure on extra-budgetary technical cooperation activities totalled US\$227.7 million in 2011, of which US\$1.6 million was financed by the United Nations Development Programme (UNDP) and US\$226.1 million by other donors. Revenue from the Regular Budget Supplementary Account totalled US\$30.6 million and expenditure US\$22.7 million in 2011.

Ex gratia payments

19. During 2011, ex gratia payments of US\$1,981 (US\$29,500 in 2010) were made.

2. Report of the External Auditor to the Governing Body

On the audit of the consolidated financial statements of the International Labour Organization and other matters

for the year ended 31 December 2011



Auditor General of Canada
Vérificateur général du Canada

To the Governing Body of the International Labour Office

On 26 March 2007, at its 298th Session, the Governing Body of the International Labour Office (ILO) appointed the Auditor General of Canada as the external auditor for a period of four years. On 25 March 2011, at its 310th Session, the Governing Body extended our mandate for the 73rd and 74th financial periods ending on 31 December 2015.

This is the third audit conducted by the Auditor General of Canada on the ILO's financial statements. The following report contains the results of the audit and includes observations arising from the audit of the 2011 consolidated financial statements. It also contains observations and recommendations in two areas identified for performance work in 2011: human resources—succession planning, and information technology—general controls and human resources application controls. We would be pleased to elaborate on any of these points during the Governing Body meeting in May 2012.

We wish to express our appreciation to the Director-General, the Executive Director, Management and Administration Sector, the Treasurer and Financial Comptroller, and their staff for the cooperation and assistance received during the audit. We also wish to express our appreciation to the Governing Body and the Conference of the ILO for the support and interest shown in the work of our Office.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ferguson'.

Michael Ferguson, FCA
Auditor General of Canada
External Auditor

Ottawa, Canada
30 April 2012

Executive summary

We have expressed an unqualified audit opinion on the International Labour Organization's consolidated financial statements. We concluded that they present fairly, in all material respects, the ILO's consolidated financial position as at 31 December 2011, its consolidated financial performance, consolidated cash flows, and the comparison of budget with actual amounts for the period then ended in accordance with the United Nations System Accounting Standards as set out in Note 2 to the financial statements. We concluded that these accounting policies were applied on a basis consistent with that of the preceding period, except for the changes as explained in Note 3. We also concluded that the transactions of the International Labour Organization (ILO) and its controlled entity, the International Training Centre (ITC), that have come to our notice have, in all significant respects, been in accordance with the Financial Regulations and their relevant legislative authority.

We examined the evaluations completed by the ILO of an additional four standards in its gradual adoption of the International Public Sector Accounting Standards (IPSAS). Of these, one had an impact on the consolidated financial statements. As permitted by transitional provisions, the ITC adopted IPSAS 23—Revenue from Non-Exchange Transactions for its training revenue and this resulted in a significant impact on the consolidated financial statements. In addition, we reviewed the progress made by the ILO on the adoption of IPSAS 17—Property, Plant and Equipment for its 2012 consolidated financial statements. To achieve a successful implementation of IPSAS, it is vital that all administrative divisions continue to be engaged in the redesign of the business processes and the accounting policies.

We carried out audit work on the IT general controls and human resources application controls of the ILO in order to adopt a controls-reliant audit approach in the future. We found control weaknesses in the segregation of duties for both IT general controls and human resources application controls. We also conducted a follow-up of prior year's recommendations in the area of IT controls and note that progress has been made in addressing the control weaknesses. We encourage management to continue their efforts in this area and we will continue to monitor their progress.

In addition to the financial audit work, we examined the area of human resources— succession planning. We examined whether the ILO had identified its current and future workforce needs, including key positions, and whether it has strategies and plans in place to address those needs. We also looked at whether the ILO has a human resources succession planning process in place so that the profiling of staff skills (matching those skills to the job profile) and the workforce composition (the right people in the right place at the right time) are appropriate for meeting anticipated future needs. We found that the ILO has still not identified the skills of its current workforce and those it needs in the future. We also found that the ILO does not have a succession planning process in place, nor has it identified its key positions or developed strategies to address departures from these positions.

We followed up on our 2010 recommendations in the areas of human resources—training and development, performance measurement and reporting practices, and Internal Audit. We note that

management has made some progress in addressing some of the recommendations and we encourage them to continue their efforts.

About the Office of the Auditor General of Canada

1. The Office of the Auditor General of Canada (OAG) is an independent audit office and a world leader in legislative and environmental auditing. We promote good financial and environmental management and sustainable development.
2. The OAG is widely involved in the activities of the Canadian as well as the international audit and accountancy profession. In Canada, the OAG is involved in many professional organizations, notably The Canadian Institute of Chartered Accountants, which sets accounting and assurance standards. Internationally, the OAG has more than 50 years of experience collaborating with international partners in developing professional standards, building capacity, sharing knowledge, and conducting audits of international institutions.

Our mandate

3. The Auditor General of Canada was appointed external auditor of the ILO for the financial period beginning on 1 January 2008. The ILO Financial Regulations, chapter IX and the appendix, elaborate on the terms of reference governing the external audit. The regulations require that the external auditor report to the Governing Body on the audit of the financial statements of the ILO and on other such matters that should be brought to its attention.

Scope and objectives of the audit

4. An audit is an independent examination of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the ILO's compliance with significant authority instruments and considers whether, during the course of our examination, we have become aware of any other matters that, in our opinion, should be brought to the attention of the Governing Body.

The objectives of the audit were to provide an independent opinion on whether

- the consolidated financial statements have been fairly presented, in all material respects, in accordance with the United Nations System Accounting Standards;
- the accounting policies set out in Note 2 to the consolidated financial statements have been applied on a basis consistent with that of the preceding period; and
- the transactions coming to our notice as part of the audit were, in all significant respects, in accordance with the Financial Regulations and legislative authority.

Audit approach and auditor's responsibilities

5. We conducted our audit in accordance with the International Standards on Auditing. These standards require that we plan and perform an audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.
6. When planning the audit, we acquired a sound understanding of the ILO and its controlled entity, the International Training Centre (ITC); their business environment; the risks they face; how the ILO and its controlled entity manage those risks; and their overall control environment. This understanding is based primarily on interviews with senior management and our audit knowledge of the ILO and the ITC and their environment, including their internal controls. We obtained such an understanding in order to plan our audit and also to determine the nature, timing, and extent of audit procedures to be performed.
7. The auditor's responsibility is to express an opinion on the consolidated financial statements based on an audit thereof. An audit is performed to obtain reasonable but not absolute assurance as to whether the consolidated financial statements are free of material misstatement, including those caused by fraud or error.
8. A detailed report summarizing the business risks identified and other audit risks and our planned procedures to address each of these risks was prepared and discussed with ILO management and the Independent Oversight Advisory Committee (IOAC). We identified the key risks that could have an impact on the achievement of the fair presentation of the results of the ILO's consolidated operations and obtained an understanding of those risks that had implications for the consolidated financial statements. In identifying our audit risk, we considered the ILO risk register as presented in the Programme and Budget proposals for 2012–13 as well as the internal auditor's risk register. We focused on areas with a higher risk of a material error or non-compliance with significant authority instruments, based on our understanding of the ILO and its controlled entity, the ITC, and their activities.
9. The audit plan was presented to ILO management and the IOAC at a meeting in September 2011 in order to ensure that we had identified those areas of significance and that our evaluation of the current consolidated operating environment of the ILO was complete. The audit plan also identified two areas where we would conduct performance audit work: human resources—succession planning and information technology—general controls and human resources application controls. In its March 2012 report to the Governing Body, the IOAC reported on the external auditor's 2011 audit plan that had been discussed with the committee and appended a copy of the plan to its report.

Audit results

10. We have issued an unqualified audit opinion on the ILO's 2011 consolidated financial statements. We concluded that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the ILO and its controlled entity, the ITC, as at 31 December 2011, and their consolidated financial performance, consolidated cash flows, and comparison of budget and actual amounts for the year then ended in accordance with the United Nations System Accounting Standards (UNSAS) as set out in Note 2 to the consolidated financial statements.
11. As required by the Financial Regulations of the ILO, we concluded that the accounting policies were applied on a basis consistent with that of the preceding period, except for the changes that are explained in Note 3 to the consolidated financial statements.
12. We also concluded that the transactions of the ILO and its controlled entity the ITC that have come to our notice during our audit of the consolidated financial statements have, in all significant respects, been in accordance with the Financial Regulations and legislative authority of the ILO and the ITC.
13. We are charged with reporting any disagreements with management over auditing, accounting, or disclosing matters that could, individually or in aggregate, significantly affect the consolidated financial statements or our independent auditor's report. We are also obliged to report whether we resolved any disagreements satisfactorily. We are pleased to report that there are no unresolved matters.
14. We are required to report on fraud and illegal acts involving senior management, as well as fraud and illegal acts (whether by senior management or other employees) that cause a more-than-trivial misstatement of the consolidated financial statements. We emphasize that it is management's responsibility to establish a control environment and maintain policies and procedures to help ensure the orderly and efficient conduct of the ILO's business. Our audit procedures did not identify any matters related to fraud and/or error that should be brought to the attention of management or the Governing Body.
15. Preparing the consolidated financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the consolidated financial statements and the possibility that future events may differ significantly from management's expectations. The most significant estimates include employee benefit liabilities, including the after-service health insurance, the proportion of the Staff Health Insurance Fund investments held on behalf of the International Telecommunications Union, the fair value of the land and buildings, the fair value of investments, and the provisions for doubtful accounts relating to receivables and the loan payable. When considering the reasonableness of these estimates, we reviewed the supporting working papers and documentation, performed recalculations, and other such tests and procedures as we considered necessary in the circumstances. We relied on work of management's valuation expert for the fair value of the land and buildings and the actuary for employee

benefits. We accept management's judgments and find them consistent with the corroborating evidence.

16. The ILO has reported in Statement V-A to the financial statements the comparison of the Regular Budget with the related actual revenues and expenditures for the 2010–11 biennium. We are satisfied with the amounts and disclosures made in this statement.

Audit completion

17. This was the OAG's third audit of ILO financial statements. Accordingly, we updated our description of the ILO financial reporting framework and its overall control environment. We acknowledge the investment of time afforded to us by the ILO and wish to express our appreciation to the Director-General, the Executive Director, Management and Administration Sector, the Treasurer and Financial Comptroller, and their staff for the excellent cooperation we received throughout the audit.

Detailed report on audit results

18. As required by International Standards on Auditing and the ILO Financial Regulations, we report to those charged with governance of the organization whose financial statements are being audited. In particular, we report on significant changes in accounting policies, accounting estimates and financial statement disclosures, and other matters that in the auditor's judgment are significant to the oversight of the financial reporting process. We have prepared a detailed report for the Director-General and we will discuss this report with the Independent Oversight Advisory Committee. Significant issues identified during our audit and their resolutions are presented below.
19. During the audit, we also identified opportunities to improve the ILO's financial and IT controls. These opportunities have been discussed with the Treasurer and Financial Comptroller as well as the IT department and their staff. Significant matters have been included in this report in the section entitled "IT control environment." A management letter that summarizes less significant observations will be sent to management in September.

International Public Sector Accounting Standards—changes made in 2011

20. In 2011, ILO management adopted four new International Public Sector Accounting Standards (IPSAS), one of which had a significant impact on the consolidated financial statements.

21. The recognition of inventory (IPSAS 12) was adopted. This means that the ILO inventories on hand at year end, including publications, now appear as an asset in the statement of financial position. Previously, ILO expensed all its inventory costs. The change was made retroactively to 31 December 2010, which means that the closing 2010 net assets were restated and have increased by US\$7.9 million. We are satisfied with the presentation adopted by ILO management and that the required disclosures under this IPSAS have been reflected in Note 8.
22. In 2010, the ILO adopted IPSAS 23 regarding voluntary contributions. This standard provides for a three-year transitional provision in which to fully adopt the standard. ITC had elected to apply this standard progressively. In 2011, ITC has applied this standard to its training services revenues. It now accounts for voluntary contributions for training activities upon signature of the agreement, as a receivable and a liability. Revenue is recognized when the conditions in the agreement have been met. In prior years, ITC recognized revenues when services were rendered. The change has been applied retrospectively and resulted in an increase of the 2010 accounts receivable and deferred revenues of US\$18.1 million. The adoption of IPSAS 23 for all ITC revenue is expected to be completed in 2012. We are fully satisfied with the progressive adoption of IPSAS 23 by the ITC.
23. These changes in accounting policies have been adequately explained in Note 3 of the ILO consolidated financial statements.
24. Again this year, the ILO management prepared pro forma consolidated financial statements before the end of the year, which permitted a timely review and feedback from the ILO and the external auditors. We encourage the ILO to continue with this practice.

IT control environment

25. This year we performed a review of IT application controls for human resources and IT general controls for the Oracle Enterprise Business Suite (known as IRIS), with the objective of considering these IT controls for reliance on controls in our financial audits.
26. During our review, we noted control weaknesses in segregation of duties related to access rights for both application controls and the accompanying IT general controls. We also noted control weaknesses in the approval process for personnel action requests. The observations and recommendations are communicated with the intention to improve internal controls and are areas of management processes that could affect the ILO's ability to ensure the integrity and availability of data.

Our review was to obtain an understanding of internal controls and assess them within the management processes and system configuration of IRIS for the purposes of the financial statement audit of the ILO. It should be noted that our review was not designed to, and likely would not, identify all of the weaknesses that might exist in these systems.

Application controls—human resources

27. We noted that the financial system to process human resources transactions is programmed to enforce only limited segregation of duties for controlling access to enter and approve personnel actions. Also, several users were found to have inappropriate access to modify important reference data, including salary scales, adjustments, and certain premiums. Without appropriate segregation of duties, human resource transactions and data are more susceptible to errors and unauthorized changes.
28. Furthermore, we noted that approvals of personnel actions are inconsistent and manual adjustments related to retroactive adjustments are not independently reviewed. Inconsistent approval practices increase the risk of improper changes to personnel data and errors in the employee pay.
29. **Recommendation.** We recommend that ILO:
- enforce greater segregation of duties in the system;
 - perform independent reviews of the data entry and manual adjustments; and
 - ensure that approval practices for all personnel actions follow the established workflow process.

ILO response. ILO agrees with the findings and proposed recommendation.

Access rights are being reviewed and more restrictive responsibilities are being implemented to enforce greater segregation of duties assigned to HR data administrators. A report is being developed to track changes to applicable reference data which will be subjected to management review prior to the monthly payroll processing. In the longer term, where technically possible, additional personnel action workflows will be implemented to automate the independent review and authorization procedure.

IT general controls—Oracle Enterprise Business Suite (IRIS)

30. We examined IT general controls, which address areas of access, change management, and completeness of operational data to the financial statements. We noted two cases where access to perform privileged functions in the system were not sufficiently restricted, creating segregation of duties risks. In one case, development responsibilities and access were inappropriately assigned to a user. In the second instance, a developer had been granted system administration access. Access to both the development responsibilities and the production environment may lead to unauthorized or inappropriate changes to the system. In addition, these changes may not comply with the ILO's change management process.
31. **Recommendation.** We recommend that no user be allocated application development responsibilities in the production environment and that no developer have system administration access rights.

ILO response. ILO agrees with the findings and proposed recommendations. This recommendation has been fully implemented.

Follow-up on 2010 recommendation for payroll controls

32. During the year, we followed up on our 2010 recommendation for the payroll controls. Management has informed us that they have put in place management and monitoring controls to address the issue. We will review the operating effectiveness of these new controls in our 2012 audit work.
33. Until the control weaknesses identified in our IT audit work have been addressed by management, we will not be able to rely on IT controls in our audit work.

International Public Sector Accounting Standards—implementation

34. We continue to support the United Nations System's move to adopt International Public Sector Accounting Standards (IPSAS). This change in accounting framework will improve the quality, comparability, and credibility of the United Nations System financial reporting, resulting in improvements in accountability, transparency, and governance.
35. In order to ensure a consistent implementation of IPSAS across the UN, the various organizations affected formed a task force. This task force provides interpretation of various IPSAS in relation to the unique UN environment. In our view, there are outstanding issues that the various UN organizations (including the ILO and its controlled entity, the ITC) must evaluate. One of these issues relates to donated rights to use premises. This is a significant issue for the ITC since the land and buildings of the ITC are provided by the City of Turin at nominal rent. Another issue is that in our view, UN organizations and their specialized agencies should be considered related parties. The underlying principles should be that UN organizations and their specialized agencies are related parties and the extent of transactions between them would be appropriate disclosure in each organization's financial statements. It is important for the ILO to monitor the developments made by the UN task force in order to ensure comparability of application with other UN organizations.
36. **Recommendation.** As mentioned in our 2010 report, the ILO should identify issues to be addressed by the UN task force and continue to monitor the developments of the task force in order to ensure comparability as well as consistent and appropriate application of the IPSAS across UN organizations.

ILO response. The ILO agrees with this recommendation and continues its active involvement in all Task Force activities. With respect to the specific observations raised by the External Auditor, the Task Force has considered these and has in the case of the donated right to use premises been unable to agree on a common position. Ultimately, each organization must ensure compliance with IPSAS through the application of

accounting policies appropriate to its situation and justify those to its External Auditor and Governing Body. The ILO considers it would be misleading to account for land or premises belonging to a host government that has been made available to the ILO to conduct its operations from, as an asset of the Organization. This position is not shared by all organizations.

The relationship between UN entities does not fall within the criteria for related party transactions as currently defined in IPSAS. The Task Force has reviewed this matter and has decided that the priority must be to ensure compliance with IPSAS prior to developing interpretations that go beyond the existing standards.

International Public Sector Accounting Standards—next steps

37. The ILO has been successful in gradually adopting the IPSAS to date. With the experience gained in the last three years of phased implementation, it remains important for the ILO and its Centre to prepare early for the remaining standards to be applied. It has now completed the evaluation of 23 out of the 27 IPSAS required to achieve financial statements that will be fully compliant with IPSAS by 2012. Of these, 15 have an impact and have been applied to ILO's consolidated financial statements.
38. Certain standards require a significant level of effort and advance planning to implement. For example, in 2011, the ILO carried out the required analysis and preparation of the financial information relating to IPSAS 17—Property, Plant and Equipment. The ILO analyzed all the requirements of the standard, completed a position paper that included its proposed accounting policies, and submitted this for our review. We held several discussions during the year in order to address the various issues encountered in the interpretation of the standard and its future application. We are satisfied that these issues have been resolved and that the proposed accounting policies will meet the requirements of IPSAS 17.
39. Progress still continues in identifying the required process changes as a result of the changes in accounting policies. The most significant ongoing challenge for the ILO is to ensure that financial data from different enterprise resource planning systems and non-financial data is identified and captured in a manner that meets IPSAS reporting requirements. Only with the required and complete data can the ILO succeed in its adoption of IPSAS as its accounting framework. A continued coordinated approach with the human resources and information technology departments and all its field offices is still required to ensure the project's continued success.
40. Work is already underway on evaluating the remaining four standards for their implementation in 2012. Three are anticipated to have an impact on the consolidated financial statements and relate to impairment of non-cash-generating assets, the recognition of intangible assets, and segment reporting. The other standard relates to the presentation of the financial statements, a format that was adopted in 2008–09. However, some elements still remain to be analyzed.

41. As the ILO's external auditor, we will continue to monitor the transition process and proactively advise management and the Governing Body of our observations or concerns throughout the process.

Recommendation. The ILO should continue to plan and prepare for the IPSAS standards that will be applied in 2012 including the preparation of pro forma consolidated financial statements.

ILO response. The ILO agrees with the recommendation and appreciates the active engagement of the External Auditor in the transition process towards full compliance with IPSAS. The Office will continue its preparatory activities in order to achieve full IPSAS compliance with its accounts for the year ended 31 December 2012.

Other matters

Human resources—succession planning

42. Because of the nature of its activities, the International Labour Office's (ILO's) greatest asset is its people. It needs well-qualified people, with the appropriate skills, to achieve its strategic objectives effectively and efficiently and to provide quality services to its constituents and donors. The ILO is responsible for, among other things, drawing up, promoting, and overseeing international labour standards. This means it is important that the ILO employ qualified staff who reflect its own standards and principles, and that it maintains its leadership role in the world of work. This underlying principle is reflected in the ILO's Staff Regulations.

The ILO has challenges in identifying its current and future workforce needs

43. Succession planning includes an integrated, systematic approach to identifying, developing, and retaining talent for key positions and for areas that are in line with current and projected business objectives. The focus is on developing employees so that the ILO has a pool of qualified candidates who are ready to compete for key positions and in key areas when they become vacant.

44. In order to undertake succession planning, it is important for an organization to understand the skills of its current workforce and those it needs for the future.

45. We examined whether the ILO has identified its current and future workforce needs, including key positions, and whether it has strategies and plans in place to address those needs.

46. We found that the ILO has still not identified the skills of its current workforce and those it needs for the future.

47. The main skills required to do the job, and developmental objectives, are established through the performance management framework. Achievements, including skills acquired and the results obtained, are assessed at the end of the biannual cycle. The Human Resources Development Department (HRD) encourages managers to use this process to identify opportunities for staff development, which will provide staff with greater chances to win competitions for future vacancies.
48. The annual human resources (HR) review, a well-established process, identifies the best use of the positions that will become available (for example, recruitment for the same profile or recruitment against substantially changed terms of reference). Annual HR reviews are done by department; the results are presented to managers, who identify a course of action.
49. However, our audit did not find any compilation of the current skills at the organization level or any analysis of the current gaps. Combining the information gathered through the performance management exercise and through the HR reviews, identifying potential retirements beyond one year, and analyzing this information at the organization level would be a start toward having a comprehensive picture. This would lead to a succession planning process that would, in turn, facilitate career mobility.
50. The ILO's skills-mapping exercise, launched in 2009, was designed as a tool to help managers assess skill gaps and plan human resource development needs. This exercise was implemented under ILO's HR strategy, to obtain a clearer picture of its current capabilities and the skill gaps by identifying the skills that are currently in place and those that will be needed during the planning period (two years). However, since the ILO has been facing challenges in getting buy-in from staff, the tool is not used much, if at all. As a result, it does not provide a useful picture of the composition and profile of the workforce.
51. In our 2010 audit of training and development, we noted that the information collected through the skills-mapping exercise does not give a complete picture of the gaps and the skills needed. As completing the exercise remains voluntary, the ILO's capacity to increase participation and ensure that the data is representative of the whole organization is limited. In its response to our recommendation, the ILO indicated that the tool was being redesigned, with an expected release date set for November 2011. At the time of this audit, the Office was still redesigning the tool.
52. HRD also told us that it does not have the capacity for workforce analysis and that this capacity has to be developed.
53. Without an understanding of its current staff's skills and of those needed for the future, it is difficult for the ILO to ensure that it has the staff it requires to support its current and future objectives.
54. **Recommendation.** The ILO should develop the capacity to conduct workforce analyses, and pursue its efforts to increase the response rate to the skills-mapping exercise so it

can identify the skills of its workforce and determine its current and future workforce needs.

ILO response. Agreed. A newly defined position entitled “Work Force Planning and Job Classification Specialist” has been established in HRD and announced in RAPS1/2012. One of the key elements of this position is to “develop, operationalize and sustain workforce planning tools and processes; support managers in the planning of their workforce requirements to support the recruitment, retention and development of competent and motivated staff.”

In addition, annual HR reviews should continue to provide an opportunity for HRD and Directors to strategically discuss future needs and direction in relation to the workforce.

During 2012–13, HRD will continue the review and re-design of the skills-mapping tool by taking into account its integration with other HR tools.

The ILO does not have a succession planning process in place

55. To ensure that an organization has the staff required to sustain its operations and meet its objectives, it is important that it have a process in place to prepare for departures from key positions. While the type and extent of planning may differ, both large and small organizations need to have a succession plan.
56. We examined whether the ILO has an HR succession planning process in place, so the profiling of staff skills (matching those skills to the job profile) and the workforce composition (the right people in the right place at the right time) are appropriate for meeting anticipated future needs.
57. We found that the ILO does not have a succession planning process in place, nor has it identified its key positions or developed strategies to address departures from these positions.
58. The ILO is trying to move away from a system where positions are filled long after the incumbents have departed. The Recruitment, Assignment and Placement System (RAPS) was introduced in 2008 to fill positions in the Professional group. There is a separate system in place for General Service positions. The RAPS does not apply to senior management positions (level D1 and up), which the Director-General fills through direct selection.
59. The RAPS was developed to use existing procedures to coordinate better recruitment, assignment, and placement activities, by proactively managing all vacancies. It aims to improve the mobility of staff by helping them to more easily move to where they are most needed. It also aims to improve succession planning by anticipating staff requirements ahead of time, which allows the ILO to recruit for the future.

60. The RAPS allows the ILO to advertise positions that are still occupied and, as much as possible, decrease the amount of time that positions are vacant. However, it is based partly on the information about upcoming retirements and resulting vacant positions collected through HR reviews. While managers play a key role in identifying future needs, their priority is very often to meet their immediate or short-term needs. In addition, we found no analysis of the skills of current employees or of skill gaps, nor did we find any indication of the skills and experience of departing employees.
61. The ILO does not have a systematic method for identifying key positions, and there are no official designations of these positions or any plans to establish what they are. The ILO also confirmed that no mechanism exists to give staff information about key positions and areas or about the skills needed for these positions and areas.
62. In a March 2011 report, the ILO Independent Oversight Advisory Committee identified the risks associated with the unavailability of key staff (defined as “those essential to the implementation of strategic projects and specialized staff performing essential functions”). In its response to this report, HRD indicated that it currently reviews the upcoming retirements of key staff with Cabinet at least six months in advance, in order to allow sufficient time for identifying suitable candidates. It also reported that it has mitigation measures in place to staff vacant positions, on an interim basis, and that it was in the process of analyzing and documenting the major risks associated with key positions being vacant.
63. However, these mitigation measures address situations on a short-term, case-by-case basis and do not constitute succession plans. There is no system in place to prepare people for higher-level or management positions. Preparing people for these positions is also problematic, as there are not many people in mid-level positions who could easily acquire the necessary management skills.
64. We also found a lack of mobility across the ILO, as geographical transfers or transfers across departments are not common. Opportunities to work in different areas would allow staff to gain experience they need to take on successive positions. The ILO recognizes this lack of mobility. While some work has been done on an ILO mobility policy, the ILO has not yet implemented the policy.
65. Given that its workforce is aging (the average age is 47.6 for Professional staff), it is critical that the ILO understand its key positions and have strategies in place to address succession planning in order to sustain its operations and continue to meet its objectives.
66. **Recommendation.** The ILO should develop a succession planning process that
- identifies what its key positions are;
 - includes a mechanism for informing employees what the key positions are and what skills are needed for those positions; and
 - includes a system for preparing employees for higher-level or management positions.

ILO response. Agreed. Although many steps have been taken to address these issues, there is a need to develop a workforce planning process, which will (1) identify key positions, (2) conduct an analysis of the skills set required to successfully conduct the functions of the key positions, and (3) communicate to staff which skills sets are required for functions key to the ILO's ability to deliver on its mandate. As a part of this process, HRD will provide development opportunities preparing staff to progress in their career. The position referred to in paragraph 54 above will directly contribute to addressing this issue.

67. **Recommendation.** The ILO should consider increasing mobility, to allow staff to gain the necessary experience to take on higher-level positions.

ILO response. Agreed. Mobility of staff is being monitored during each RAPS round; staff who have remained for too long in the same position receive a letter from HRD encouraging them to apply to subsequent RAPS rounds. It is, however, recognized that the ILO lacks a well-structured and comprehensive mobility system. Revised procedures to improve geographic mobility will be subject to dialogue between the Administration and the Staff Union over the next few months.

Conclusion




68. The ILO does not have a succession planning process in place to determine whether current staff skills and the workforce composition (the right people in the right place at the right time) are appropriate in meeting anticipated future needs. Moreover, it does not identify its key positions; ad hoc workforce planning has a limited strategic approach and is only a short- to medium-term solution.









Progress made on prior year's recommendations




69. In 2011, we conducted a follow-up of recommendations included in our 2010 report to the Governing Body. The recommendations covered three key areas: performance measurement and reporting, human resources—training and development, and internal audit.
70. In performance measurement and reporting practices, we note that the ILO had addressed most of the recommendations. It has included in its redesigned 2010–11 Programme Implementation Report more analytical and factual information on performance at the outcome level for each of the Programme and Budget outcomes. The ILO has made available on its website detailed reports on results (by outcome, indicator, and country). The Programme Implementation Report now covers in greater detail expenditure by outcome from all sources of funds. It has also included evaluation findings and other lessons learned during the biennium. We will follow up on how the lessons drawn from the 2010–11 Programme Implementation Report will be considered in the 2014–15 Programme and Budget.

71. In the area of human resources—training and development, the ILO has made some progress in addressing our recommendations by developing a new assessment tool for its training programmes, and designing and developing an Internal Governance and Accountability Training Programme for managers and staff at different levels. It is also redesigning its skills-mapping tool to make it easier to use and to obtain more complete information on professional staff competencies. However, this revised tool will only be implemented in future years. The ILO has also clarified the roles and responsibilities of learning coordinators. In 2012, we will monitor ILO’s progress in improving its training programmes, the increase in employee skills and knowledge in governance and accountability, as well as the response rate to the skills-mapping exercise of its staff competencies.

72. In the area of Internal Audit, the ILO has completed its risk assessment and biennium work plan and it was submitted to the Director-General for endorsement on a timely basis. In 2012, we will follow up as to whether Internal Audit had sufficient resources to carry out its 2012–13 audit plan as well as whether it has reported to the Director-General on the progress of its planned audit coverage and on changes to the original audit plan.

Recommendations Included in the Report to the Governing Body on the 2010 audit	Progress
<p>Human resources—training and development</p> <ul style="list-style-type: none"> • The ILO should formalize its learning evaluation and measurement mechanisms to assess effectiveness at the organizational level and improve training programmes. • The ILO should develop training for managers and support staff with responsibilities related to the Organization’s internal governance and accountability. It should make the training mandatory and formally integrate it into the staff development programme. • The ILO should try to increase the response rate to the skills mapping exercise so that it can obtain a more representative picture of the current competencies of professionals, and can identify and fill gaps to meet its requirements. 	<div style="text-align: center;">    </div>

<ul style="list-style-type: none"> • The ILO should clarify the roles and responsibilities of learning coordinators to promote common understanding across the Organization. 	
<p>Performance measurement and reporting practices</p> <ul style="list-style-type: none"> • The ILO should include information on its achievement against immediate and intermediate outcomes in its performance reports to the Governing Body in order to better enable the Governing Body to fulfill its oversight role. • The ILO should review the immediate and intermediate outcomes to ensure that they capture key programme results. Results frameworks should be developed as needed to support this review. • The ILO should include information on the relative size and importance of the programmes covered in its performance reports so that readers have reasonable expectations for programme results and can fairly judge their adequacy. • The ILO should incorporate evaluation findings into its performance reports to enhance both their analytic content and their objectivity. • The ILO should make performance information available to the Governing Body when this information can best be used to consider future budget allocations. 	    
<p>Internal Audit</p> <ul style="list-style-type: none"> • The IAO should complete its comprehensive risk assessment and biennium work plan and submit the plan to the Director-General for endorsement prior to the beginning of the biennium to which it relates. If the work plan is to be submitted to the IOAC or other parties for its review or advice prior to finalization, this should be completed prior to its submission to the Director-General for endorsement. • The IAO should carry out a detailed review of its resources when finalizing its biennium work plan and when completing any 	 

<p>subsequent revisions to assess whether the resources are sufficient to carry out the planned activities.</p> <ul style="list-style-type: none"> The IAO should monitor and report on the progress of its planned audit coverage strategy throughout the audit period. This report should formally document and report any change in its resources that would have a significant impact on the work plan and that could result in the IAO not being able to complete its planned audits. This should be done on a timely basis to allow the work plan or resource availability to be revised, as necessary. 	
<p>Number of recommendations made</p> <p>12</p>	<p>Number of recommendations fully implemented</p> <p>5</p>
<p>Legend of progress:</p> <ul style="list-style-type: none">  Full implementation: Fully addressed with implementation plan or a new process and expected results achieved.  Ongoing implementation: Formal plans created for organization changes with appropriate resources and a reasonable timetable. Implementation has partially achieved the expected results. 	

3. Approval of the consolidated financial statements for the year ended 31 December 2011

The consolidated financial statements numbered I to V and the accompanying notes are approved.

Approved by:



Greg Johnson
Treasurer and Financial Comptroller

30 April 2012

Approved by:



Juan Somavia
Director-General

30 April 2012

4. Audit opinion of the External Auditor to the Governing Body of the International Labour Office



Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Governing Body of the International Labour Organization

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the International Labour Organization and its controlled entity, the International Training Centre, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of financial performance, consolidated statement of changes in net assets, consolidated statement of cash flow and statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with United Nations System Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the International Labour Organization and its controlled entity, the International Training Centre, as at 31 December 2011, and their financial performance, cash flows and comparisons of budget and actual amounts for the year then ended in accordance with United Nations System Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Regulations* of the International Labour Organization, I report that, in my opinion, the accounting policies in United Nations System Accounting Standards have been applied, after giving retrospective effect to the changes as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the International Labour Organization and its controlled entity, the International Training Centre, that have come to my notice as part of my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Regulations* and legislative authority of the International Labour Organization and of the International Training Centre.

In accordance with Paragraph 6 of the Appendix to the *Financial Regulations* of the International Labour Organization, I have also issued a detailed report on my audit of the International Labour Organization's consolidated financial statements to the Governing Body.



Michael Ferguson, FCA
Auditor General of Canada

30 April 2012
Ottawa, Canada

5. Consolidated financial statements for the year ended 31 December 2011

International Labour Organization

Statement I

Consolidated statement of financial position as at 31 December 2011 (US\$ millions)

	Note	2011	2010 restated
Assets			
Current assets			
Cash and cash equivalents	4, 19	548.4	584.3
Assessed contributions receivable	5	104.7	50.2
Voluntary contributions receivable	6	215.5	280.2
Derivative assets	19	15.4	2.9
Other receivables	7	12.7	13.0
Inventories	8	8.9	7.9
Other current assets	9	13.0	12.2
		<u>918.6</u>	<u>950.7</u>
Non-current assets			
Assessed contributions receivable	5	17.0	16.7
Voluntary contributions receivable	6	120.6	96.7
Investments	10, 19	83.6	84.2
Investments held for ITU	10, 19	11.4	10.6
Property	11	418.5	487.3
Derivative assets	19	15.7	–
Other non-current assets		–	0.9
		<u>666.8</u>	<u>696.4</u>
Total assets		<u>1 585.4</u>	<u>1 647.1</u>
Liabilities			
Current liabilities			
Payables and accruals		50.7	34.0
Deferred revenue	12	231.8	291.0
Due to donors	13	210.4	212.8
Employee benefits	14	31.0	26.5
Current portion of long-term borrowings	15, 19	3.9	3.9
Due to member States	16	0.4	16.7
Derivative liabilities	19	0.9	16.7
Other current liabilities	18	1.1	1.0
		<u>530.2</u>	<u>602.6</u>
Non-current liabilities			
Deferred revenue	12	120.6	96.7
Employee benefits	14	799.0	626.0
Long-term borrowings	15, 19	42.6	42.5
Due to member States	16	10.4	0.9
Funds held on behalf of ITU	17	6.9	6.8
		<u>979.5</u>	<u>772.9</u>
Total liabilities		<u>1 509.7</u>	<u>1 375.5</u>
Net assets			
Total reserves		185.3	174.2
Total accumulated fund balances		(109.6)	97.4
Total net assets		<u>75.7</u>	<u>271.6</u>

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

International Labour Organization

Statement II

Consolidated statement of financial performance for the year ended 31 December 2011 (US\$ millions)

	Note	2011	2010
Revenue			
Assessed contributions from member States	27	408.8	377.5
Change in provision for assessed contributions receivable	27	(0.3)	(1.0)
Voluntary contributions	27	271.9	285.0
ITC training services	27	24.0	18.6
Staff/retiree employee benefit contributions	27	21.4	19.2
Sales and royalties	27	7.0	7.7
Investment income	27	4.0	4.0
Exchange gain (loss) and revaluation, net	27	12.8	7.2
Other income	27	3.9	4.8
Total revenue		753.5	723.0
Expenses			
Staff costs	27	428.6	389.8
Travel	27	34.0	31.3
Subcontracts	27	107.0	91.1
General operating expenses	27	50.3	46.6
Consumable supplies	27	4.1	3.6
Equipment	27	18.8	11.7
Seminars, workshops and other training	27	48.6	44.0
Staff development	27	5.0	3.9
Health benefits	27	42.4	38.8
Contributions and grants in aid	27	8.6	6.8
Finance costs	27	3.8	2.8
Other expenses	27	4.5	0.2
Total expenses		755.7	670.6
Net surplus (deficit)		(2.2)	52.4

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

International Labour Organization

Statement III

Consolidated statement of changes in net assets for the period ended 31 December 2011 (US\$ millions)

	Reserves	Accumulated funds				Subtotal accumulated fund balances	Total net assets
		Employee liabilities	Revaluation surplus	Reserve for derivatives	Other balances		
Balance as at 31 December 2009	158.5	(557.7)	373.5	(6.3)	265.8	75.3	233.8
Surplus of period 2010	15.7	–	–	–	36.7	36.7	52.4
Change of reserve for derivatives of period 2010	–	–	–	(8.0)	–	(8.0)	(8.0)
Change of revaluation surplus of property	–	–	42.9	–	–	42.9	42.9
Actuarial loss of ASHI liability incurred in period 2010	–	(67.3)	–	–	–	(67.3)	(67.3)
Transfer to liabilities of the due to member States for period 2010	–	–	–	–	11.6	11.6	11.6
Translation difference from the consolidation of ITC of period 2010	–	–	–	–	(1.7)	(1.7)	(1.7)
Balance as at 31 December 2010	174.2	(625.0)	416.4	(14.3)	312.4	89.5	263.7
Recognition of inventory (note 3)	–	–	–	–	7.9	7.9	7.9
Restated balance as at 31 December 2010	174.2	(625.0)	416.4	(14.3)	320.3	97.4	271.6
Surplus (deficit) of period 2011	11.1	–	–	–	(13.3)	(13.3)	(2.2)
Change of reserve for derivatives of period 2011	–	–	–	44.5	–	44.5	44.5
Change of revaluation surplus of property (note 11)	–	–	(68.9)	–	–	(68.9)	(68.9)
Actuarial loss of ASHI liability incurred in period 2011 (note 14)	–	(158.8)	–	–	–	(158.8)	(158.8)
Transfer to liabilities of the due to member States for period 2011 (note 16)	–	–	–	–	(9.9)	(9.9)	(9.9)
Translation difference from the consolidation of ITC of period 2011	–	–	–	–	(0.6)	(0.6)	(0.6)
Balance as at 31 December 2011	185.3	(783.8)	347.5	30.2	296.5	(109.6)	75.7

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

International Labour Organization

Statement IV

**Consolidated statement of cash flow for the period ended
31 December 2011 (US\$ millions)**

	2011	2010 restated
Cash flows from operating activities		
Surplus (deficit) for the period	(2.2)	52.4
Non-cash movements:		
Increase in assessed contributions receivable	(55.2)	(18.2)
Increase in provision for assessed contributions receivable	0.3	1.0
(Increase) decrease in voluntary contribution receivables	40.5	(354.6)
(Increase) decrease in other receivables	0.5	(1.6)
Increase in inventories	(1.0)	–
(Increase) decrease in other assets	0.1	(2.9)
Increase (decrease) in payables and accruals	16.9	(0.9)
Increase (decrease) in deferred revenue	(35.2)	339.5
Decrease in due to donors	(2.4)	(7.6)
Increase in employee benefits	18.7	18.9
Decrease in due to member States	(6.8)	(12.8)
Increase (decrease) in other liabilities	0.2	(0.8)
Interest income on investment portfolios	(1.6)	(1.6)
Net recognized gains on investment portfolios	(2.3)	(3.2)
Increase in investment due to revaluation	(0.8)	(0.7)
Increase in borrowings due to revaluation	0.5	4.6
Increase in borrowings due to discount	3.6	2.7
Transfer to liabilities of the due to member States	(9.9)	11.6
Effect of exchange rates on cash and cash equivalents	19.5	7.7
Net cash flows from operating activities	(16.6)	33.5
Cash flows from investing activities		
Purchase of investments	–	(4.6)
Sale of investments	4.9	–
Additions of property	(0.3)	(4.1)
Net cash flows from investing activities	4.6	(8.7)
Cash flows from financing activities		
Repayment of borrowings	(4.0)	(3.8)
Net cash flows from financing activities	(4.0)	(3.8)
Effect of exchange rates on cash and cash equivalents	(19.9)	(9.8)
Net increase (decrease) in cash and cash equivalents	(35.9)	11.2
Cash and cash equivalents, beginning of period	584.3	573.1
Cash and cash equivalents, end of period	548.4	584.3

US\$2.2 million of interest received is included in the net cash flows from operating activities (2010 = US\$1.5 million).

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

International Labour Organization

Statement V-A

Statement of comparison of budget and actual amounts ⁽¹⁾

Regular budget for the year and the biennium ended 31 December 2011 (US\$ thousands)

	2011 Original budget ⁽²⁾	2011 Final budget ⁽³⁾	2011 Actual	2011 Difference ⁽⁴⁾	2010–11 Original and final budget	2010–11 Actual	2010–11 Difference ⁽⁴⁾
Revenue							
Assessed contributions	363 360	363 360	363 360	–	726 720	726 722	2
Expense							
Part I – Ordinary budget							
A. Policy-making organs	39 652	40 616	40 565	(51)	79 305	79 254	(51)
B. Strategic objectives	271 167	300 102	288 559	(11 543)	542 334	530 791	(11 543)
C. Management services	31 622	34 886	33 331	(1 555)	63 244	61 689	(1 555)
D. Other budgetary provisions	20 060	21 920	20 075	(1 845)	40 120	38 275	(1 845)
Adjustment for staff turnover ⁽⁵⁾	(3 052)	(6 105)	–	6 105	(6 105)	–	6 105
Total Part I	359 449	391 419	382 530	(8 889)	718 898	710 009	(8 889)
Part II – Unforeseen expenditure	438	875	–	(875)	875	–	(875)
Part IV – Institutional investments and extraordinary items	3 473	2 794	2 524	(270)	6 947	6 677	(270)
Total Parts I, II and IV	363 360	395 088	385 054	(10 034)	726 720	716 686	(10 034)
Surplus at budgetary rate of exchange						10 036	
Revaluation of the budgetary surplus						1 328	
Surplus at UN operational rate of exchange ⁽⁶⁾ note 21						11 364	
Surplus (deficit) resulting from the receipt of contributions in an amount higher (lower) than approved regular budget ⁽⁶⁾						(64 023)	
Net deficit ⁽⁶⁾						(52 659)	

⁽¹⁾ Budget and actual information calculated at budgetary rate of exchange of US\$1 = CHF1.07.

⁽²⁾ Original budget represents one half of the biennial budget adopted by the International Labour Conference.

⁽³⁾ Final budget represents one half of the approved budget adopted by the International Labour Conference plus the balance remaining unspent at the end of the first year of the biennium.

⁽⁴⁾ Significant differences between budget and actual are explained in the accompanying financial report on the 2011 accounts.

⁽⁵⁾ Staff turnover is an undistributed adjustment to reduce the overall level of the budget in recognition of inevitable delays in recruitment. Managed under spending against appropriation lines offsets this undistributed adjustment.

⁽⁶⁾ In accordance with article 21.1(a) of the Financial Regulations, the Working Capital Fund was drawn upon to finance budgetary expenditure pending receipt of contributions. The nominal balance of this Fund standing at CHF35.0 million (US\$37.037 million) was, as a consequence, fully exhausted. The Director-General had recourse to internal borrowing for the balance of the shortfall amounting to US\$15.622 million (CHF14.763 million). In accordance with article 21.2(a) of the Financial Regulations, arrears of contributions received in 2012 will be used to reimburse the Working Capital Fund and internal borrowings.

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

International Labour Organization

Statement V-B

**Statement of comparison of budget and actual amounts
International Institute for Labour Studies (IILS) for the year
and the biennium ended 31 December 2011 (US\$ thousands)**

	2011 Original budget ⁽¹⁾	2011 Final budget	2011 Actual	2011 Difference ⁽³⁾	2010–11 Original and final budget	2010–11 Actual	2010–11 Difference ⁽³⁾
Accumulated fund balance, beginning	1 177	2 823	2 823	–	1 789	3 348	1 559
Revenue							
Contribution from ILO regular budget ⁽²⁾	2 895	2 966	2 935	(31)	5 790	5 759	(31)
Interest	16	16	12	(4)	32	22	(10)
Sales of publications and miscellaneous receipts	2	2	7	5	4	24	20
Other income	–	–	–	–	–	5	5
Total revenue	2 913	2 984	2 954	(30)	5 826	5 810	(16)
Expenditure ⁽²⁾	3 525	3 669	3 360	(309)	7 050	6 741	(309)
Total expenses	3 525	3 669	3 360	(309)	7 050	6 741	(309)
Net surplus (deficit)	(612)	(685)	(406)	279	(1 224)	(931)	293
Accumulated fund balance, ending	565	2 138	2 417	279	565	2 417	1 852

⁽¹⁾ The original budget represents one half of the biennial budget adopted by the ILO Governing Body.

⁽²⁾ Final budget represents one half of the approved budget adopted by the ILO Governing Body plus the balance remaining unspent at the end of the first year of the biennium for the contribution from the ILO and expenditure.

⁽³⁾ Differences between budget and actual are explained in the accompanying financial report on the 2011 accounts.

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

International Labour Organization

Statement V-C

Statement of comparison of budget and actual amounts
Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR)
for the year and the biennium ended 31 December 2011 (US\$ thousands)

	2011 Original budget ⁽¹⁾	2011 Final budget ⁽²⁾	2011 Actual	2011 Difference ⁽³⁾	2010–11 Original and final budget	2010–11 Actual	2010–11 Difference ⁽³⁾
Accumulated fund balance, beginning	102	437	437	–	202	452	250
Revenue							
Contribution from ILO regular budget	950	950	950	–	1 900	1 900	–
Contribution from host country and other countries in the region	300	253	334	81	600	681	81
Sales of publications and services	25	45	2	(43)	50	7	(43)
Miscellaneous income	5	15	7	(8)	10	2	(8)
Total revenue	1 280	1 263	1 293	30	2 560	2 590	30
Expenditure	1 380	1 448	1 146	(302)	2 760	2 458	(302)
Total expenses	1 380	1 448	1 146	(302)	2 760	2 458	(302)
Net surplus (deficit)	(100)	(185)	147	332	(200)	132	332
Accumulated fund balance, ending	2	252	584	332	2	584	582

⁽¹⁾ The original budget represents one half of the biennial budget adopted by the ILO Governing Body.

⁽²⁾ Final budget represents one half of the approved budget adopted by the ILO Governing Body plus the balance remaining unspent at the end of the first year of the biennium.

⁽³⁾ Differences between budget and actual are explained in the accompanying financial report on the 2011 accounts.

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

International Labour Organization

Statement V-D

Statement of comparison of budget and actual amounts
International Occupational Safety and Health Information Centre (CIS)
for the year and the biennium ended 31 December 2011 (US\$ thousands)

	2011 Original budget ⁽¹⁾	2011 Final budget ⁽²⁾	2011 Actual	2011 Difference ⁽³⁾	2010–11 Original and final budget	2010–11 Actual	2010–11 Difference ⁽³⁾
Accumulated fund balance, beginning	503	873	873	–	688	922	234
Revenue							
Contribution from ILO regular budget	1 614	2 082	1 651	(431)	3 228	2 797	(431)
Extra-budgetary income:							
Contributions and copyright payments	85	103	70	(33)	170	137	(33)
Sales of information services	95	147	96	(51)	190	139	(51)
Interest and net gains from exchange rate fluctuations	10	20	1	(19)	20	1	(19)
Total revenue	1 804	2 352	1 818	(534)	3 608	3 074	(534)
Expenses							
Expenditure related to the ILO contribution	1 614	2 082	1 651	(431)	3 228	2 797	(431)
Expenditure related to the extra- budgetary account	375	591	493	(98)	750	652	(98)
Total expenses	1 989	2 673	2 144	(529)	3 978	3 449	(529)
Net surplus (deficit)	(185)	(321)	(326)	(5)	(370)	(375)	(5)
Accumulated fund balance, ending	318	552	547	(5)	318	547	229

⁽¹⁾ The original budget represents one half of the biennial budget adopted by the ILO Governing Body.

⁽²⁾ Final budget represents one half of the approved budget adopted by the ILO Governing Body plus the balance remaining unspent at the end of the first year of the biennium.

⁽³⁾ Differences between budget and actual are explained in the accompanying financial report on the 2011 accounts.

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

International Labour Organization

Statement V-E

Statement of comparison of budget and actual amounts

International Training Centre of the ILO (ITC) for the year ended 31 December 2011

	Original and final budget	Actual	Difference	Original and final budget	Actual ⁽¹⁾	Difference ⁽²⁾
	(in € thousands)			(in US\$ thousands)		
REVENUE						
Voluntary contributions						
International Labour Organization	3 116	2 895	(221)	4 328	4 021	(307)
Government of Italy	7 850	7 850	–	10 903	10 903	–
Government of France	100	105	5	139	146	7
Piedmont Region	400	220	(180)	555	305	(250)
Government of Portugal	–	250	250	–	347	347
Total voluntary contributions	11 466	11 320	(146)	15 925	15 722	(203)
Earned revenue						
Revenue from training activities	26 600	26 884	284	36 945	37 339	394
Other revenue	1 400	1 291	(109)	1 944	1 793	(151)
Total earned revenue	28 000	28 175	175	38 889	39 132	243
Use of surplus	500	416	(84)	694	578	(116)
TOTAL BUDGET REVENUE	39 966	39 911	(55)	55 508	55 432	(76)
EXPENDITURE						
Fixed expenses						
Staff	14 944	14 720	(224)	20 756	20 444	(312)
External collaborators	453	381	(72)	629	529	(100)
Buildings	1 815	1 740	(75)	2 521	2 417	(104)
Transport and communications	443	388	(55)	615	539	(76)
Specialized services	540	490	(50)	750	681	(69)
Services provided by ILO offices	220	–	(220)	306	–	(306)
Official meetings	120	97	(23)	167	135	(32)
Missions and representation	350	255	(95)	486	354	(132)
Library and training resources	34	19	(15)	47	26	(21)
Depreciation	590	449	(141)	819	624	(195)
Other fixed costs	2 227	2 392	165	3 093	3 322	229
Total fixed expenses	21 736	20 931	(805)	30 189	29 071	(1 118)
Variable expenses						
Temporary assistance	8 900	9 049	149	12 361	12 568	207
Missions	830	853	23	1 153	1 185	32
Participants' subsistence	2 800	2 834	34	3 889	3 936	47
Participants' travel	2 100	1 694	(406)	2 916	2 352	(564)
External tuition fees	10	–	(10)	14	–	(14)
Books, training aids, supplies	160	126	(34)	222	175	(47)
Other variable costs	3 100	3 252	152	4 306	4 517	211
Other costs related to other income	300	225	(75)	417	313	(104)
Total variable expenses	18 200	18 033	(167)	25 278	25 046	(232)
TOTAL OPERATING EXPENSES	39 936	38 964	(972)	55 467	54 117	(1 350)
BUDGET SURPLUS	30	947	917	41	1 315	1 274
Other items						
Provision for doubtful accounts	–	(48)	(48)	–	(67)	(67)
Exchange gain (loss) and revaluation, net	–	(134)	(134)	–	(186)	(186)
TOTAL OTHER ITEMS	–	(182)	(182)	–	(253)	(253)
NET BUDGET SURPLUS	30	765	735	41	1 062	1 021

⁽¹⁾ The budget and actual expenses in US dollars calculated using average monthly rate of €1 = US\$1.389 for 2011.

⁽²⁾ Differences between budget and actual are explained in the financial report on the 2011 accounts.

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

Note 1 – Objectives and activities

1. The International Labour Organization (ILO) was founded in 1919 to promote social justice and internationally recognized human and labour rights. The 1944 Declaration of Philadelphia affirms that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”. The ILO’s strategic objectives cover principles and rights at work, employment, social protection and social dialogue. Taken together, these constitute decent work.

2. The ILO formulates international labour standards in the form of Conventions and Recommendations. These include fundamental standards on freedom of association and collective bargaining, abolition of forced labour, equality of opportunity and treatment, and the elimination of child labour. Other standards regulate conditions across the entire spectrum of work-related issues. The ILO provides advisory services and technical assistance, primarily in the fields of child labour; employment policy; training and skills development and vocational rehabilitation; enterprise development; social security; industrial relations; and labour statistics. It promotes the development of independent employers’ and workers’ organizations and provides training and advisory services to those organizations. It serves as a centre of information on the world of work, and to this end conducts research, gathers and analyses statistics, organizes meetings, and publishes a range of information and training materials. Within the United Nations (UN) system, the ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.

3. The ILO is an international organization established pursuant to its Constitution originally adopted in 1919 and subsequently modified by amendments adopted in 1922, 1945, 1946, 1953, 1962 and 1972. In 1947, the ILO became the first specialized agency of the UN system based upon an agreement between the Organization and the United Nations adopted in accordance with Article 57 of the United Nations Charter.

4. *Governance:* The ILO is governed by the International Labour Conference (ILC) which consists of representatives of all the member States, and by the Governing Body elected by the ILC. The ILC of representatives of the Members is convened annually. Neither the delegates to the ILC nor the Governing Body members receive any remuneration from the Organization for their services; however, the representatives of worker and employer organizations are entitled to reimbursement for travel expenses incurred in the execution of their duties. At its meeting in each odd numbered year, the Conference adopts the ILO’s biennial budget in accordance with the ILO Financial Regulations on the recommendation of the Governing Body. Under the ILO Financial Regulations article 29, the ILC adopts the financial statements.

5. The ILO’s headquarters is in Geneva, Switzerland, and it maintains external offices in over 50 countries. In accordance with its headquarters agreement with the Government of Switzerland and the United Nations Convention on Privileges and Immunities for Specialized Agencies (1947 Convention) the Organization is exempt from most taxes and customs duties imposed by its member States.

6. The ILO consolidated financial statements include the following funds created by the ILO Governing Body decisions:

7. *General Fund* comprises the regular budget, regular budget for technical cooperation and all other funds belonging directly to the ILO including Land and Buildings, Compensation (established to finance accident insurance premiums), Programme Support Income (created to finance support services to technical cooperation

projects from funds provided from donor voluntary contributions), Publications (created per article 11 of ILO Financial Regulations to account for revenue from the sale of publications), Building and Accommodation Fund (created per article 11 of the ILO Financial Regulations to provide resources for the maintenance, renovation and construction of ILO buildings), Nobel Prize, Information Technology Systems and Regular Budget Supplementary Account (RBSA).

8. Also included are the following reserves – Terminal Benefits (established by the Governing Body in 1964), Fidelity Guarantee (established in 1986), Working Capital (set at CHF35 million per the ILO Financial Regulations, article 19), Income Adjustment Account (established by ILO Financial Regulations, article 11) and the extra-budgetary reserve.

9. In addition, the General Fund includes the ILO's share of the ILO/ITU Staff Health Insurance Fund (SHIF), a multi-employer defined benefit plan.

10. Funds included in the General Fund are at the disposal of the member States of the Organization except for the SHIF.

11. *Funds not part of the General Fund* – comprises funds belonging to units forming an integral part of the ILO including the International Institute of Labour Studies (IILS) established in 1960 as an autonomous unit to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents including labour, business and government; the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) established in 1963 as a technical unit of the ILO with its headquarters in Montevideo, Uruguay, to act as the coordinating body for a network of vocational training institutions of the ILO member States from the Americas and Spain, the International Occupational Safety and Health Information Centre (CIS) established in 1959 to collect and disseminate all relevant information concerning occupational safety and health published globally; the Administrative Tribunal of the ILO established in 1927 as part of the League of Nations and transferred to the ILO in 1946 to hear complaints from serving and former officials of the International Labour Office and of the other international organizations that have recognized its jurisdiction.

12. *Controlled entity* – The International Training Centre of the ILO (ITC) was established by the Governing Body of the ILO and the Government of Italy in 1964. The Centre is headquartered in Turin, Italy. The Centre provides training and related services to UN agencies, governments and non-governmental organizations designed to develop human resources and improve institutional capabilities. The Centre has a Board of Directors chaired by the Director-General of the ILO. The Board has 33 members, 24 of whom are appointed by the Governing Body of the ILO. The Centre is principally financed from contributions from the ILO regular budget and technical cooperation projects, from the Government of Italy and from charges for training services provided.

13. Under the terms of the Statute of the Centre adopted by the ILO Governing Body, the funds and assets of the Centre are accounted for separately from the assets of the ILO (article VI, paragraph 6). The accounts of the Centre, which are produced on an annual basis, are audited by the External Auditor of the ILO. Should the Centre be dissolved, the Governing Body of the ILO has the authority under the Statute (article XI) to dispose of the Centre's assets and remaining funds.

14. *Extra-budgetary* – comprising funds administered by the ILO on behalf of external donors including United Nations Development Programme (UNDP) and Technical Cooperation Trust Funds.

15. The inter-segment column on the Statement of Income, Expenditure and Changes in Fund Balances and Reserves in accordance with the United Nations System

Accounting Standards (UNSAS) included in note 27 shows adjustments for inter-fund transactions.

16. The consolidated financial statements were authorized for issuance by the ILO Director-General and subsequently presented to the Governing Body and the ILC.

Note 2 – Accounting policies

17. The consolidated financial statements of the ILO have been prepared in accordance with the UNSAS and the Organization's Financial Regulations. Pursuant to UNSAS Revision IX, the ILO has evaluated and applied to the consolidated financial statements the following International Public Sector Accounting Standards (IPSAS):

IPSAS-2	Cash flow statements
IPSAS-3	Accounting policies, changes in accounting estimates and errors
IPSAS-4	Effects of changes in foreign exchange rates
IPSAS-5	Borrowing costs
IPSAS-6	Consolidated and separate financial statements
IPSAS-7	Investments in associates
IPSAS-8	Interests in joint ventures
IPSAS-9	Revenue from exchange transactions
IPSAS-10	Financial reporting in hyperinflationary economies
IPSAS-11	Construction contracts
IPSAS-12	Inventories
IPSAS-13	Leases
IPSAS-14	Events after the reporting date
IPSAS-15	Financial instruments: Disclosure and presentation
IPSAS-16	Investment property
IPSAS-19	Provisions, contingent liabilities and contingent assets
IPSAS-20	Related party disclosures
IPSAS-22	Disclosure of information about the general government sector
IPSAS-23	Revenue from non-exchange transactions (taxes and transfers)
IPSAS-24	Presentation of budgetary information in financial statements
IPSAS-25	Employee benefits
IPSAS-26	Impairment of cash-generating assets
IPSAS-27	Agriculture

18. IPSAS adopted in 2011 that resulted in changes in accounting policies are discussed in note 3. The ILO has not adopted the following new IPSAS that have been issued but are not yet effective:

IPSAS	Title	Effective date
IPSAS-28	Financial instruments: Presentation	1 January 2013
IPSAS-29	Financial instruments: Recognition and measurement	1 January 2013
IPSAS-30	Financial instruments: Disclosures	1 January 2013
IPSAS-31	Intangible assets	1 January 2012
IPSAS-32	Service concession arrangements: Grantor	1 January 2014

19. The ILO intends to implement these standards on the effective date of each standard. The impact of each standard on the ILO's consolidated financial statements is not known and cannot be reliably estimated at the date of these statements.

20. The phased adoption of IPSAS is in accordance with a decision of the ILO's Governing Body to align the ILO's accounting with best accounting practices, improve control and transparency of assets and liabilities, to provide more comprehensive information and to improve the consistency and comparability of the ILO's consolidated financial statements. The adoption of specific IPSAS standards is part of the transition towards full adoption of IPSAS scheduled for 2012. As a transitional measure these consolidated financial statements are presented in the format provided for in IPSAS-1, although the ILO has not fully adopted IPSAS-1 in 2011.

21. *Financial period:* The Organization's financial period for budgetary purposes is a biennium consisting of two consecutive calendar years. The consolidated financial statements are prepared annually.

22. *Consolidated financial statement presentation:* The consolidated financial statements are expressed in millions of United States (US) dollars unless otherwise indicated. The accounts of the ITC have been consolidated into the consolidated financial statements of the ILO.

23. *Borrowing costs:* Interest and other expenses incurred in connection with the borrowing of funds to directly finance the acquisition or construction of assets are capitalized as part of the cost of the asset.

24. *Cash and cash equivalents:* Cash comprises cash on hand and demand deposits; cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

25. *Contingent asset:* At the end of the first year of each biennium, the amount receivable from assessed contributions related to the second year of the biennium is disclosed as a contingent asset; at the end of the second year of each biennium, the amount receivable from assessed contributions related to the following biennium is disclosed as a contingent asset. In addition, revenue from voluntary ITC training services and contributions to the RBSA covering future periods is disclosed as a contingent asset if the inflow of contribution to the ILO is probable at the reporting date.

26. *Contingent liability:* Provisions are recognized for contingent liabilities when the ILO has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle that obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where the ILO has a present obligation but cannot reliably measure the possible outflow of resources. A provision is established to cover the estimated present value of the liability to settle claims before the Administrative Tribunal resulting in a probable outflow of resources.

27. *Depreciation:* No depreciation is recorded on property and equipment.

28. *Derivatives:* Derivative financial instruments in the form of forward purchase agreements have been acquired for the purpose of acquiring the ILO's US dollar requirements for its regular budget and to hedge the exposure of SHIF's investment portfolio to investments in currencies other than Swiss francs. Both on recognition and subsequently, each forward purchase agreement is recognized at fair value as either an asset or liability. Forward purchase agreements with unrealized gains are reported as a derivative asset and forward purchase agreements with an unrealized loss are reported as a derivative liability. The estimate of the unrealized gain or loss on the forward purchase

agreements is calculated using the current market spot and the forward exchange rates at the end of the period, taking into consideration the closing date of the foreign currency contracts. All changes in the unrealized gain or loss on forward purchase agreements are recorded in a separate component of reserves in the period in which they occur and are recognized to realized exchange gain or loss in the financial period in which the foreign currency contract is sold, terminated or exercised.

29. *Due to member States:* A liability is established to reflect the amounts payable to member States for undistributed net surpluses, undistributed net premia at the end of each biennium, and the incentive fund at the end of each reporting period. At the end of the first year of each biennium a calculation is made of the amount that would have been due to member States, and this amount is reflected as a component of accumulated fund balance. At the end of the second year of each biennium the amount is distributed to member States in accordance with the provisions of the Financial Regulations.

30. *Employee benefits:* Provisions have been established for the actuarially determined liability for After Service Health Insurance (ASHI) and the estimated liabilities for separation benefits payable (repatriation grants and travel) and for the estimated value of accumulated leave and home leave earned but not taken at the reporting date. In addition, a provision has been established to cover the estimated liability in respect of education grants payable for differences between initial advances and final claims at the reporting date. Interest cost and current service cost related to the defined benefit obligation for ASHI liability as well as all other employee benefit expenses are recognized on the consolidated statement of financial performance as a component of staff costs. Any actuarial gains or losses for the defined benefits plan that result from changes in actuarial assumptions or experience adjustments including experience adjustments related to other long-term benefits are directly recognized in the consolidated statement of changes in net assets. The balance of each provision is reviewed annually and adjusted to reflect actual experience.

- Short-term employee benefit liabilities are recognized at an undiscounted amount. Short-term compensated absences are recognized, as employees earn their entitlement to future compensated absences through rendering a service to the ILO. For non-accumulating compensating absences an expense is recognized when the absence occurs.

31. *Equipment:* The cost of equipment including vehicles, furniture, furnishings, etc. is fully expensed in the year of purchase.

32. *Expenses:* Expenses are recorded on an accrual basis. The costs of goods received or services delivered as of the end of the year, for which no invoice has been received, are recognized as expense accruals. Expenses are reported in Statement II based on the nature of the expense. The following definitions provide a general description of each expense category.

- Staff costs: cover all entitlements for active officials of all grades as authorized by the Staff Regulations. Also included the current period interest cost and current service cost related to the ASHI liability.
- Travel: includes expenses related to official travel for staff and delegates to meetings.
- Subcontracts: expenses related to externally provided services for the delivery of outputs.
- General operating expenses: includes all charges for the operation, maintenance and security of ILO premises (owned, leased and donated); communication costs including postage, telephone and internet services; freight expense and insurance.

- ❑ Consumable supplies: covers the costs of consumables used in ILO day-to-day operations including office supplies, paper, books and other publications, computer and printer supplies and vehicle fuel.
- ❑ Equipment: covers the costs of acquisition of furniture and fixtures, equipment and motor vehicles.
- ❑ Seminars, workshops and other training: covers the costs of delivery of training, including the costs of facilities, consultants, materials, subsistence payments and travel of officials and attendees to training-related events.
- ❑ Staff development: expenses related to staff training and development including rental of space, participant travel, and lecturer fees and travel costs.
- ❑ Health benefits: all payments made by the Staff Health Insurance Fund on behalf of active or former ILO officials or dependants.
- ❑ Contributions and grants in aid: covers expenses under regular budget technical cooperation activities and contributions made to jointly funded bodies.
- ❑ Finance costs: includes bank charges and custody fees paid in connection with the management of ILO bank accounts, disbursements and investments together with adjustments relating to discounting of non-current receivables and borrowings.
- ❑ Other expenses: expenses that cannot be reported under the classifications above.

33. *Functional currency and foreign exchange:* The functional and presentation currency of the Organization is the US dollar. Balances of monetary assets and liabilities maintained in currencies other than the US dollar are converted to US dollars at the UN operational rate of exchange applicable at the reporting date, which approximates the market rate. Unrealized gains or losses from revaluation of monetary assets and liabilities held in currencies other than US dollars are recognized on the consolidated statement of financial performance at the exchange rate on the reporting date. Balances carried at historical cost are converted using the UN operational rate of exchange at the date of the transaction. Gains or losses arising from the conversion are recorded as revenues or expenses in the consolidated statement of financial performance in the period in which they arise except for gains/losses on exchange arising on derivatives at the reporting date (reserve for derivatives) and from the revaluation of land and buildings which are recorded to net assets.

34. Transactions carried out during the financial period in currencies other than the US dollar are converted to US dollars using the UN operational rate of exchange in effect on the date of each transaction. These rates approximate market rates. However, on the statement of comparison of budget and actual amounts for the regular budget (Statement V-A) revenue and expense incurred in Swiss francs is reflected at a budgetary rate of exchange fixed by the ILC of US\$1 = CHF1.07 for the 2010–11 biennium.

35. The functional currency of the ITC is the Euro. For the purposes of consolidation, the balances of the ITC assets, liabilities and net assets have been converted from the Euro (€) to the US dollar (US\$) at the UN operational rate of exchange as at 31 December 2011 of US\$1 = €0.774 (US\$1 = €0.761 as at 31 December 2010). The revenue and expense of the ITC has been consolidated using an average rate for the period 1 January to 31 December 2011 of US\$1 = €0.72 (US\$1 = €0.755 for 2010). Gains and losses on exchange resulting from the consolidation of ITC Euro-based accounts into the ILO's US dollar-based consolidated financial statements are recognized in net assets.

36. *Impairment:* Cash-generating assets are those held for the purpose of generating a commercial return. Provisions are established to recognize impairment, if necessary.

Non-cash-generating assets including land, buildings and leasehold improvements are not held for future sale. No impairment is recognized in connection with non-cash-generating assets.

37. *Inventory*: Publications held for free distribution are valued at the lower of cost and current replacement cost. Publications held for sale are valued at the lower of cost and net realizable value. If net realizable value is lower than cost, the difference is recognized as a write-down on the consolidated statement of financial performance. The value of publications is written off to zero when they are considered damaged or after two years when they are considered obsolete and this is an expense on the consolidated statement of financial performance. The cost of publications is calculated using the weighted average cost. The cost of paper and other supplies used in the production process is calculated using the first-in, first-out method formula.

38. *Intangible assets*: Costs of intangible assets including software developed and utilized internally by the ILO in its operations and copyrights on publications have been expensed when incurred.

39. *Investments*: Investments are valued at fair value, determined based on the value in US dollars of individual investments held at the reporting date. Realized and unrealized gains or losses arising from the change of market value of investments and revenue from interest and dividends are recognized in the consolidated statement of financial performance in the period in which they arise.

40. *Net Assets*: Net assets represent the value of the Organization's assets less its outstanding liabilities at the reporting date. Net assets consist of the following elements:

- *Reserves*: represent the balances of special funds established by the Governing Body, the ILC or the Financial Regulations for the purpose of temporary funding for operating deficits, managing cash flow, financing employee benefit liabilities such as staff health insurance and terminal benefits and self-insured fidelity guarantee fund.
- *Employee liabilities*: represents initial recognition of the employee liabilities and subsequent impact of changes in actuarial assumptions.
- *Revaluation surplus*: represents the accumulated difference between the historic cost of land and buildings and the fair value as determined by the independent valuation.
- *Reserve for derivatives*: represents the unrealized gain or loss on the change in value of the forward purchase agreement and hedging agreements held by the SHIF Guarantee Fund.
- *Accumulated fund balances*: represent the accumulated surpluses and deficits from the Organization's operations after deducting funds returned to member States in accordance with the Financial Regulations.

41. *Property*:

- *Land and buildings*: land and buildings are valued at fair value based upon an external valuation conducted in 2009 and updated by the same external consultant to reflect any changes in fair value as at December 2010 and December 2011.

The net difference between historical cost and fair value for land and buildings is accounted for in a revaluation surplus which forms a separate component of net assets. Any gain or loss resulting from the disposal of property valued at fair value will be recorded as revenue or expense in the consolidated statement of financial performance. External valuations are conducted when there is evidence that the carrying amount might differ materially from fair value.

- ❑ *Leasehold improvement:* leasehold improvements are valued at historical cost.
 - ❑ *Leases:* lease agreements entered into for equipment are classified as operating leases unless they substantially transfer all of the risk and reward of ownership. Lease charges for operating leases are recognized on the consolidated statement of financial performance as general operating expense, based on the terms of the agreements for the period concerned so as to reflect the time pattern of benefit to the ILO.
42. Revenue from non-exchange transactions is recognized as follows:
- ❑ *Assessed contributions:* revenue from assessed contributions utilized to finance the biennial budget adopted by the ILC is recognized as one half of the total on 1 January of each year of the biennium. A provision has been established equal to the contributions of former member States and member States that are more than two years in arrears and have, therefore, lost the right to vote under the ILO's Constitution. Receivables from member States that have negotiated long-term financial arrangements with the ILO's Governing Body have been discounted using a discount rate based upon long-term yields on high-grade corporate bonds.
 - ❑ *Voluntary contributions:* voluntary contributions with no conditions are recognized as receivables and as revenue upon the signature of the agreement. Voluntary contributions to technical cooperation projects are normally subject to conditions related to performance. Upon signature of the agreement, a receivable and a liability (deferred revenue) are recognized. Funds received from donors subject to conditions are carried as a liability (due to donor). Revenue is recognized when the conditions stated in the agreement have been met.
 - ❑ Contributions received from donors for projects that form part of the RBSA are normally unconditional, and are recognized as revenue and a receivable when the agreements are signed between the ILO and the donor. However, if conditions requiring specific performance are imposed by a donor to the RBSA, recognition of revenue is deferred until the performance requirement has been satisfied.
 - ❑ *Gifts and grants:* the ILO receives non-conditional contributions in cash from member States and non-governmental organizations. These gifts and grants are recognized as voluntary contribution revenue when an agreement is signed between the ILO and a donor or on the receipt of cash if no agreement is signed by both parties.
 - ❑ *Training services:* the ITC provides training services under contracts to governments and organizations including the ILO. The services are subsidized by non-conditional voluntary contributions which provide support to the ITC's operations. The services are considered conditional non-exchange transactions since they do not meet the definition of an exchange transaction which requires that both parties to such transactions receive an approximately equal direct benefit. Revenue from these transactions is recognized and measured on the proportion that expenses incurred bear to the estimated total expenses of the training activity.
 - ❑ *Contributions in-kind:* the ILO receives contributions of office space and other facilities from member States. Income from these contributions is not recognized as revenue in the accounts but is disclosed in the notes to the consolidated financial statements. In-kind contributions of goods are recognized at fair value at the date of receipt. In-kind contributions of services are not recognized.
43. Revenue from exchange transactions is recognized as follows:
- ❑ *Sales and royalties:* revenue is recognized on the date earned. Revenue related to the provision of services is valued based upon the stage of completion measured

based upon the total costs incurred by the Organization in delivering the services at the reporting date. Sales of publications are recognized when the publication has been shipped to the purchaser. A provision for doubtful debts is established equal to 50 per cent of the amount outstanding from one year to two years and 100 per cent of the amount outstanding for more than two years unless the Organization receives from the debtor a written confirmation of the amount due with a planned date of payment.

- *Investment income:* Interest income, gains and losses from sales of investments and changes of investment market value are recognized in the consolidated statement of financial performance in the period that they arise.
- *Staff/retiree employee benefit contributions* are recognized on the date the revenue becomes due in accordance with the Administrative Regulations of the SHIF.

44. *Programme support income:* voluntary contributions accepted by the ILO include a charge for services provided by the ILO covering costs of administrative and operational support services, generally calculated as a percentage of total direct project costs. Revenue from programme support services is considered a non-exchange transaction and is recognized, if the voluntary contribution is conditional, when earned through performance and, if the voluntary contribution is non-conditional, is recognized when a signed agreement exists between the ILO and a donor.

45. *Measurement uncertainty:* the preparation of consolidated financial statements in accordance with the UNSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the year. Accruals, investments, property and plant and employee benefit liabilities are the most significant items where estimates are used. Actual results could differ significantly from these estimates.

Note 3 – Changes in accounting policies

46. As part of the phased adoption of IPSAS, approved by the ILO Governing Body, the ILO has implemented certain changes to its accounting policy that are allowable under the UNSAS. These changes represent a move towards full accrual accounting as required under IPSAS, with full adoption planned for 2012. These changes have been implemented to improve the information available to the readers of the statements.

47. In 2011, the ILO implemented IPSAS-2 – Cash flow statements, IPSAS-3 – Accounting policies, changes in accounting estimates and errors, and IPSAS-13 – Leases which had no impact on the consolidated financial statements other than additional disclosures.

48. The ILO also implemented IPSAS-12 – Inventory whereby the value of the inventory of production supplies and publications held for sale or free distribution is now recognized as an asset. This change in accounting policy has been recognized retrospectively as at 31 December 2010 since it is impracticable to reconstruct the data prior to the 2010 closing balance. As a result, inventory of US\$7.9 million has been recorded as an asset on the consolidated statement of financial position as at 31 December 2010 and the 2010 closing net assets have increased by the same amount. The valuation policy of the ITC inventory was modified to the lower of cost and current replacement cost with no impact on the consolidated financial statements.

49. Training services revenue received by the ITC at Turin is now fully recognized as non-exchange revenue in accordance with IPSAS-23. Under the new policy, revenue is only recognized when the ITC has met the conditions of the signed contribution agreements. Agreements relating to future periods are recorded as accounts receivable

and deferred revenue. As a result, the 2010 accounts receivable and deferred revenues have been restated by an increase of US\$18.2 million respectively.

Note 4 – Cash and cash equivalents

50. Cash required for immediate disbursement is maintained in cash and bank accounts. Cash equivalent balances in deposit accounts are available at short notice. Of the total cash held at the reporting date, US\$275.4 million was in the functional currency US dollar (US\$204.6 million as at 31 December 2010) and the balance held in other currencies, primarily Swiss francs, was US\$273 million (US\$379.7 million as at 31 December 2010). The ILO held amounts of cash on behalf of the International Telecommunication Union (ITU), the International Social Security Association (ISSA) and the Staff Union which are reflected as liabilities on the consolidated statement of financial position (see note 17).

	US dollar	Swiss franc	Euro	Other	2011 total	2010 total
Current accounts and cash on hand	50.3	186.9	15.4	6.0	258.6	319.7
Short-term deposits	225.1	52.9	11.8	–	289.8	264.6
Total cash and deposits	275.4	239.8	27.2	6.0	548.4	584.3

51. The rating of banks in which cash is deposited is as follows:

	AAA ⁽¹⁾	AA ⁽¹⁾	A ⁽¹⁾	BBB ⁽¹⁾	<BBB ⁽¹⁾	Not rated	Total
Cash and cash equivalents	66.7	107.6	367.6	3.1	1.3	2.1	548.4
Per cent	12.2%	19.6%	67.0%	0.6%	0.2%	0.4%	100.0 %

⁽¹⁾The rating is based on long-term credit ratings by Fitch, where unavailable equivalent ratings by Standard and Poors and Moodys were utilized. A rating category includes A+ and A-, AA rating category includes AA+ and AA-.

Note 5 – Assessed contributions receivable

52. Prior to the beginning of each financial period the ILO assesses each member State in accordance with article 13 of the ILO Constitution for its share of the regular budget. Contributions are calculated and payable in Swiss francs equal to the total amount of the Organization's regular budget for the biennial financial period, payable one half at the beginning of each year of the biennium. The amount of current contributions receivable at the reporting date was CHF132.4 million equal to US\$140.1 million at US\$1 = CHF0.945 (CHF82.5 million equal to US\$86.7 million at US\$1 = CHF0.951 at 31 December 2010). From this amount, US\$1.3 million has been deducted representing the advance payments received from member States with financial arrangements, leaving a net assessed contribution receivable of US\$138.8 million.

	2011 (US\$ millions)	2010 (US\$ millions)
Assessed contribution receivable (note 28)	138.8	84.9
Less discounting of long-term financial arrangements	(3.1)	(4.4)
Less provision for doubtful collection of contributions	(14.0)	(13.6)
Total net receivable	121.7	66.9
Assessed contribution receivable – Current	104.7	50.2
Assessed contribution receivable – Non-current	17.0	16.7

53. An ageing of the assessed contributions receivable is as follows:

Type of receivable	Less than 1 year	1–2 years	Over 2 years	Less provision for doubtful debts and discount	Total
Assessed contributions receivable	100.9	2.4	35.5	(17.1)	121.7

54. The provision reflects the amounts due from former member States and member States owing more than the previous two years' assessed contributions at the reporting date.

55. Non-current contributions receivable represent amounts due from member States that have had deferred payment plans approved by the ILC. If member States with financial arrangements do not meet the payment plan, they lose the right to vote and the provision for doubtful debts is increased to reflect the entire amount due from that member State. The non-current receivable has been discounted to represent the present value of the receivable using a rate of 2.67 per cent (3.50 per cent in 2010) based on high-yield corporate bonds. The impact of the discounting was to reduce the total asset by US\$3.1 million (US\$4.4 million in 2010).

Note 6 – Voluntary contributions receivable

56. The ILO has recognized a receivable reflecting amounts due from donors that have signed binding agreements with the ILO in connection with technical cooperation projects, the RBSA and gifts and grants. Binding agreements are those signed by the donor and the ILO for which an inflow of resources to the ILO is probable based on the terms of the agreement and the historical relationship with the donor. All agreements related to technical cooperation projects contain conditions requiring the ILO to provide services specified in the agreement based on detailed workplans and project budgets and to return any unexpended funds to the donor. For all such conditional agreements, a liability (deferred revenue) is recognized until the ILO carries out the conditions imposed by the donor.

	2011 (US\$ millions)	2010 restated (US\$ millions)
Technical cooperation projects	314.8	348.0
Regular Budget Supplementary Account	–	5.3
ITC training services	20.6	22.4
Unrestricted grants to ITC	0.7	1.2
Total voluntary contribution receivable	336.1	376.9
Voluntary contribution receivable – Current	215.5	280.2
Voluntary contribution receivable – Non current	120.6	96.7

57. Of the total technical cooperation projects receivable of US\$314.8 million, US\$11.6 million was due at the reporting date and the balance represents receivables due in 2012 and later years. Of the total ITC training services receivable, US\$5.8 million was due at the reporting date and the balance represents receivables due in 2012 and later years.

Note 7 – Other receivables

58. Other receivables are as follows:

	2011 (US\$ millions)	2010 restated (US\$ millions)
US income taxes	6.4	6.0
Receivable from UNDP	2.2	1.7
Other receivables	4.1	5.3
Total other receivables	12.7	13.0

59. An ageing of other receivables is as follows:

Type of receivable	Less than 1 year	1–2 years	Over 2 years	Less provision for doubtful debts and discount	Total
Other receivables	7.5	1.5	3.7	–	12.7

Note 8 – Inventories

60. The movement of inventories during the year is as follows:

Reconciliation of inventories (US\$ millions)	Production supplies	Publications	Total
Balance at 1 January 2011	0.6	7.3	7.9
Produced and purchased in 2011	0.8	14.0	14.8
Inventory available	1.4	21.3	22.7
Less: expensed in 2011	(0.9)	(8.7)	(9.6)
Less: write-down in 2011	–	(1.4)	(1.4)
Less: write-off in 2011	–	(2.8)	(2.8)
Balance at 31 December 2011	0.5	8.4	8.9

Note 9 – Other current assets

61. Other current assets are as follows:

	2011 (US\$ millions)	2010 (US\$ millions)
Staff advances	7.4	7.4
Advance to implementing partners	1.5	1.4
Other	4.1	3.4
Total other current assets	13.0	12.2

Note 10 – Investments

62. The Organization maintains several investment portfolios managed by external investment managers consisting principally of bonds and some equities as follows:

	2011 (US\$ millions)		2010 (US\$ millions)	
	Fair value	Cost	Fair value	Cost
Cash	2.3	2.3	2.2	2.2
Fixed income				
Bonds	55.4	54.6	56.3	56.3
Floating rate notes	6.0	6.1	11.5	11.5
Money market	21.0	20.9	13.9	13.9
Subtotal fixed income instruments	82.4	81.6	81.7	81.7
Securities				
Fiduciary Trust Investments	10.3	6.2	10.9	6.2
Subtotal securities	10.3	6.2	10.9	6.2
Total investment	95.0	90.1	94.8	90.1

Rating of investments (fair value) Year 2011 (US\$ thousands)

	AAA ⁽¹⁾	AA ⁽¹⁾	A ⁽¹⁾	BBB ⁽¹⁾	Not rated	Total
Cash	–	–	–	–	2 304	2 304
Bonds	28 065	24 782	2 624	–	–	55 471
Floating rate notes	995	3 980	999	–	–	5 974
Securities	–	5 526	–	–	4 756	10 282
Money market	–	–	20 992	–	–	20 992
Total fixed income	29 060	34 288	24 615	–	7 060	95 023

⁽¹⁾The rating is based on long-term credit ratings by Fitch, where unavailable equivalent ratings by Standard and Poors and Moodys were utilized. A rating category includes A+ and A-, AA rating category includes AA+ and AA-. For money market funds, where only short-term credit ratings are available (F1 to F1+ by Fitch), a long-term credit rating of A was utilized.

Note 11 – Property

63. The Organization owns its headquarters building in Geneva, Switzerland, and the land upon which it was built along with two adjoining parcels of land. It also holds a long-term lease from the Canton of Geneva, Switzerland, on a further parcel. In addition, the Organization owns land and buildings in Abidjan, Côte d'Ivoire, Lima, Peru and Santiago, Chile. In Buenos Aires, Argentina and Brussels, Belgium, the Organization owns apartments located in buildings for which no separate land ownership exists. In Brasilia, Brazil, Dar es Salaam, the United Republic of Tanzania and Islamabad, Pakistan it further owns buildings located on land to which the ILO has surface rights or leaseholds at nominal cost. The Organization has also constructed improvements on leasehold property in New Delhi, India, and improvements including the construction of the Piedmont Pavilion at the ITC. These are valued as follows:

	2011	2011	2011	2010
	Fair value (US\$ thousands)	Historical cost (US\$ thousands)	Additions/(disposals) (US\$ thousands)	Historical cost (US\$ thousands)
Land				
Headquarters – Geneva	201 318	–	–	–
Lima	2 381	–	–	–
Abidjan	413	–	–	–
Santiago	1 373	–	–	–
Subtotal	205 485	–	–	–
Buildings				
Headquarters – Geneva	186 640	50 218	294	49 924
Lima	8 413	2 881	–	2 881
Brasilia	627	406	–	406
Abidjan	2 342	2 417	–	2 417
Dar es Salaam	2 331	1 797	–	1 797
Buenos Aires	600	677	–	677
Islamabad	363	1 918	–	1 918
Santiago	2 637	1 939	–	1 939
Brussels	807	449	–	449
Subtotal	204 760	62 702	294	62 408
Total land and buildings at fair value	410 245	62 702	294	62 408
Leasehold improvements at cost				
New Delhi	567	567	–	567
Turin	7 721	7 721	–	7 854
Subtotal	8 288	8 288	–	8 421
Total	418 533	70 990	294	70 829

64. The fair value of all properties and the historical cost of the leasehold improvement reflect the net book value of US\$418.5 million.

65. In order to more accurately reflect the value of its land and buildings, an independent appraiser reviewed and updated the fair value of all of its properties as at 31 December 2011 based on international valuation standards as promulgated by the International Valuation Standards Committee. The decrease of US\$68.6 million in the fair value in 2011 of the land and buildings comprises US\$2.1 million in revaluation gain due to exchange and US\$70.7 million in decreased valuation. The net difference between historical cost and land and buildings valued at fair value is recognized as a separate component of the net assets and amounts to US\$347.5 million for 2011 (US\$416.4 million at 31 December 2010).

66. The accumulated capitalized cost related to the renovation project of the headquarters building totals to US\$0.3 million.

67. The leasehold improvements in Turin of €6 million were translated at different exchange rates (2011 – US\$1 = €0.774, 2010 – US\$1 = €0.761) resulting in an exchange difference of US\$133 thousand.

Note 12 – Deferred revenue

68. The deferred revenue is as follows:

	2011 (US\$ millions)	2010 restated (US\$ millions)
Deferred revenue – Current		
Assessed contributions received in advance	18.1	21.9
Voluntary contributions receivable relating to signed agreements	199.8	253.6
Receivables relating to signed agreements on ITC training services	12.8	13.7
SHIF contributions received in advance	0.6	0.6
Other deferred revenue	0.5	1.2
Subtotal current deferred revenue	231.8	291.0
Deferred revenue – Non-current		
Voluntary contributions receivable relating to signed agreements	117.5	91.7
Receivables relating to signed agreements on ITC training services	3.1	5.0
Subtotal non-current deferred revenue	120.6	96.7
Total deferred revenue	352.4	387.7

69. The deferred assessed contributions represent amounts received from member States for contributions related to future financial periods. The deferred voluntary contribution revenue represents the amount receivable pending the completion of the performance required by agreements between the Organization and the donor.

Note 13 – Due to donors

70. The ILO implements technical cooperation projects on behalf of donors including its member States, the UNDP and other international non-governmental organizations. Many of these projects are implemented over multi-year periods extending beyond the ILO's financial period. Agreements with donors include conditions requiring the completion of specific tasks and activities and the return of unexpended balances. Unexpended balances of funds held on behalf of donors are considered a liability of the Organization until the project is completed in accordance with the agreement with the donor and any unexpended balance has been returned to the donor.

71. The total amount of funds held on behalf of donors was US\$210.4 million at the reporting date (US\$212.8 million as at 31 December 2010).

Note 14 – Employee benefit liabilities

72. The employee benefit liabilities are unfunded unless otherwise indicated below.

	2011 (US\$ millions)	2010 (US\$ millions)
Current liabilities		
Education grant	2.2	1.1
Accumulated leave	3.9	3.2
Home leave	0.6	0.4
Repatriation grant and travel	3.7	4.1
ASHI liability	20.6	17.7
Subtotal current liabilities	31.0	26.5
Non-current liabilities		
Accumulated leave	31.6	32.3
Repatriation grant and travel	50.0	47.8
ASHI liability	717.4	545.9
Subtotal non-current liabilities	799.0	626.0
Total employee benefits liabilities	830.0	652.5

73. The total disbursement of education grant, accumulated leave, home leave, repatriation grant and travel in 2011 amounted to US\$20.3 million (US\$23.9 million in 2010).

74. The methodology for estimating the amounts of each liability is as follows:

75. *Accumulated leave:* In accordance with ILO Staff Regulations, ILO officials accumulate annual leave up to 60 working days which is payable on separation from service.

76. *Repatriation grant and travel:* In accordance with ILO Staff Regulations, non-locally recruited ILO officials are entitled to a grant on separation from service if they have completed at least one year of service outside their home country. General Service staff of the ITC are also eligible for an end-of-service benefit.

77. In addition, ILO officials, spouse and dependant children are entitled to reimbursement of travel and transport of personal effects on separation.

78. The ILO maintains a separate fund to finance the costs of repatriation grants and makes a defined contribution to the fund as a percentage of compensation paid to eligible employees during the financial period. The total contribution paid to the Terminal Benefits Fund in 2011 was US\$4.6 million (US\$4.5 million in 2010). An amount of US\$31.6 million has been reserved by the ILO in the Terminal Benefits Fund (US\$29.7 million at 31 December 2010) to partially cover the repatriation grant.

79. *Home leave:* Non-locally recruited ILO officials are entitled to reimbursement for the costs of travel to their home country in the second year after their initial appointment and thereafter, every second year. The liability recorded relates to the value of home leave entitlements that have been earned by officials but not taken at the reporting date.

80. *Education grant:* Internationally recruited staff members are eligible for partial reimbursement of the amounts paid for the education of dependant children up to maximum allowances established by the International Civil Service Commission (ICSC).

81. *United Nations Joint Staff Pension Fund:* The ILO 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. The Pension Fund is a funded multi-employer defined benefit plan. As specified by article 3(b) of the Regulations of the UNJSPF, membership in the UNJSPF is 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.

82. The actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the UNJSPF will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The actuarial study is carried out at least once every three years. The most recent actuarial valuation carried out was at 31 December 2009. The next actuarial valuation based on the situation as at 31 December 2011 will be available during the course of 2012. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the United Nations General Assembly every two years. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF website at www.unjspf.org.

83. The ILO's financial obligation to the UNJSPF consists of its mandated contribution established by the United Nations General Assembly and specified in the Regulations of the UNJSPF (7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the UNJSPF. Such deficiency payments are payable only if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the UNJSPF at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. At the time of this report, the United Nations General Assembly had not invoked this provision.

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

85. During 2011 contributions paid to UNJSPF by the ILO amounted to US\$79.2 million of which US\$52.6 million represented the employer contribution (US\$75.2 million in 2010 of which US\$49.9 million represented the employer contribution).

86. *After Service Health Insurance (ASHI)*: Staff members (and their spouses, dependant children and survivors) retiring from service at the age of 55 or later are eligible for ASHI coverage if they have at least ten years of service with an agency of the UN system and have been a participant in SHIF for the five years immediately preceding separation from service. The same benefit applies to former staff members receiving compensation for disability from the UNJSPF or the ILO pension scheme. An actuarial valuation carried out in 2011 determined the ILO's estimated liability for after-service medical benefits at the reporting date.

87. Each year, the ILO reviews and selects assumptions and methods that will be used by the actuaries in the valuation to determine the expense and contribution requirements

for the ILO's after-service medical care plans. For the 2011 valuation, the assumptions and methods used are as described below. The following assumptions and methods have been used to determine the value of after-service medical care liabilities for the ILO at 31 December 2011.

Key financial assumptions	2011 (%)	2010 (%)
Discount rate at beginning of period	3.50	4.25
Discount rate of end of period	2.67	3.50
Rate of future compensation increases at beginning of period	2.50	2.50
Rate of future compensation increases at end of period	3.80	2.50
Rate of pension increases at beginning of period	2.00	2.00
Rate of pension increases at end of period	2.00	2.00
Medical inflation	5.30 from 2011 decreasing by 0.275 per year to 3.00	3.80 from 2010 decreasing by 0.20 per year to 3.00

88. The discount rate is determined by reference to market yields at the reporting date on high-quality corporate bonds. In countries where there is no deep market for such bonds, the market yield at the reporting date on government bonds shall be used. Based on the plan duration, the discount rate has been determined for each currency (CHF, GBP, US\$, Euro). The final rate was then determined by averaging the different discount rates, weighted by the benefit payments in the different currencies.

Sensitivity information for health-care plans	(US\$ thousands)
1 per cent increase in health-care trend rate – Effect on service and interest costs	14 338
1 per cent decrease in health-care trend rate – Effect on service and interest costs	(10 748)
1 per cent increase in health-care trend rate – Effect on defined benefit obligation (DBO)	151 687
1 per cent decrease in health-care trend rate – Effect on DBO	(119 592)

Medical actuarial assumptions include:	Age	Men	Women
Annual medical claims costs (US\$)	50	4 126	4 598
	60	5 168	5 023
	70	7 099	5 244
	80	10 257	7 964
Annual administration costs (US\$)	–	218	218
Participation	97.5 per cent of future retirees will elect coverage in the SHIF		
Coverage of spouses	75 per cent of male and 25 per cent of female retirees have a spouse who elects coverage in the SHIF. Males are assumed to have a spouse five years younger		

	2011 (US\$ thousands)	2010 (US\$ thousands)
Defined benefit obligation, beginning of year	563 558	481 061
Net service cost	16 943	12 761
Interest cost	19 416	20 069
Net benefits paid	(20 657)	(17 670)
Liability (gain)/loss due to experience	(26 077)	3 798
Liability (gain)/loss due to assumption changes	184 866	63 539
Defined benefit obligation, end of year	738 049	563 558
Statement of financial position asset/(liability), beginning of year	(563 558)	(481 061)
Total (charge)/credit recognized in statement of financial performance	(36 359)	(32 830)
Total amount recognized in net assets	(158 789)	(67 337)
Employer contributions	20 657	17 670
Statement of financial position asset/(liability), end of year	(738 049)	(563 558)

89. Expense related to interest cost and current services costs for 2011 has been recognized in the statement of financial performance as staff costs. Cumulative actuarial loss of US\$226.1 million (cumulative actuarial loss of US\$67.3 million at 31 December 2010) has been recognized in net assets. Under IPSAS-25, the ASHI liability is considered unfunded and, therefore, no fair value of plan assets has been recognized and the entire ASHI liability is recognized as a liability of the ILO.

90. An amount of US\$48.5 million is available in a SHIF Guarantee Fund (US\$40.4 million at 31 December 2010) to cover ongoing liabilities of the SHIF.

Note 15 – Borrowings

91. Borrowings consist of an interest-free loan made to the ILO from the *Fondation des immeubles pour les organisations internationales* (FIPOI) for the construction of the ILO's headquarters building drawn down from 1968 to 1977. The loan is repayable in annual instalments and the final payment will be due in 2025. The loan is unsecured.

	2011 (US\$ millions)	2010 (US\$ millions)
Payments due next year	3.9	3.9
Payments due from second to fifth year (CHF3.7 million per year)	15.7	15.6
Payments due after five years	35.3	38.9
Subtotal of non-current borrowings	51.0	54.5
Less discounting of non-current borrowings	(8.4)	(12.0)
Total borrowings	46.5	46.4

92. In order to more accurately reflect the time value of money, the non-current balance has been discounted using the discount rate for high-grade corporate bonds of 2.67 per cent for 2011 (2010 – 3.50 per cent) established in Swiss francs by the independent actuary. No additional borrowing occurred in 2011.

Note 16 – Due to member States

93. In accordance with article 11 of the ILO Financial Regulations the net premium due to member States is determined on a biennial basis at the end of the second year of the biennium. The 2010 amount was included as a separate element of accumulated fund balance pending the biennial results. The amount due to member States is calculated as follows:

	2011 (US\$)	2010 (US\$)
Undistributed surpluses of prior periods	549 022	1 501 006
Undistributed net premium of prior periods	285 644	283 841
Undistributed 50 per cent of net premium current period	4 928 447	–
Subtotal	5 763 113	1 784 847
Incentive Fund	5 116 519	15 877 152
Total payable to member States	10 879 632	17 661 999

Calculation of net premium and Incentive Fund

94. The Financial Regulations provide for the distribution of elements of the net result of operations of the regular budget as follows:

- *Net premium* – Article 11, paragraphs 5 and 7, provides for distribution to member States of one half of any net premium earned on the forward purchasing transactions between US dollars and Swiss francs to member States apportioned on the basis of the proportion of the total of each member State's assessed contributions during the biennium in which the net premium was earned and credited against assessed contributions payable in the next financial period. The remaining one half of the net premium is transferred to the Incentive Fund. The calculation of the various distributions of the net operational result in accordance with the Financial Regulations is done on a biennial basis. The balance due to member States for the 2010–11 biennium is as follows:

Exchange Equalization Account (EEA) calculation	2010–11	2008–09
Premium earned on the forward purchase of US dollars	3 723 872	9 748 137
Exchange gains (losses) from revaluation from budgetary to UN operational rate of exchange:		
Revenue	65 878 903	89 883 557
Expense	(43 553 299)	(44 578 232)
Forward purchase of US dollars	(30 838 665)	(31 421 566)
Revaluation of assets, liabilities, reserves and fund balances at UN operational rate of exchange	8 494 249	8 465 457
Revaluation of provision for contribution arrears	7 479 339	(3 019 531)
Revaluation of regular budget surplus	(1 327 502)	(204 100)
Total EEA	9 856 897	28 873 722

95. **Incentive Fund** – Article 11, paragraphs 4, 5 and 6, provides for an Incentive Fund financed by 60 per cent of the interest earned on temporarily surplus regular budget funds and one half of any net premium earned on the forward purchasing transactions. The Incentive Fund is distributed to member States that have paid their assessed contributions in full at the end of either the first or second year of the financial period during which the net premium was earned.

Calculation of Incentive Fund	2011 (US\$)	2010 (US\$)
Interest earned in year 2011 (year 2010)	100 744	86 776
Interest earned in year 2010 (year 2009)	87 327	154 238
Total interest earned	188 071	241 014
50 per cent of net premium	4 928 448	15 636 138
Total available in Incentive Fund	5 116 519	15 877 152

Note 17 – Funds held on behalf of the ITU

96. Funds held on behalf of the ITU include the value of the investments and other assets of the ILO–ITU Staff Health Insurance Fund held on behalf of the ITU as follows:

	2011 (US\$ millions)	2010 (US\$ millions)
Cash and cash equivalents	0.2	0.3
Investments	11.4	10.6
Derivative assets	–	0.5
Other receivables	0.1	0.1
Less:		
Payables and accruals	(4.7)	(4.7)
Derivative liabilities	(0.1)	–
Net funds held on behalf of the ITU	6.9	6.8

Note 18 – Other current liabilities

97. Other current liabilities include the amounts held on behalf of independent entities to which the ILO provides financial services including the ILO Staff Association and the International Social Security Association (ISSA).

98. Provisions of US\$0.7 million (US\$0.5 million at 31 December 2010) are recognized in the statement of financial position for legal cases pending before the ILO Administrative Tribunal for which it is probable or certain that the ILO will be required to settle the obligation and the amount can be reliably measured.

Note 19 – Financial instruments

Financial risk management

99. The ILO's activities are exposed to a variety of financial risks: price risk, credit risk and liquidity risk. The ILO's investment management programme focuses on these risks and seeks to minimize potential effects on financial performance. Currency risks related to the value of non-Swiss franc investments held for the SHIF and requirements to meet obligations valued in US dollars from regular budget assessed contributions paid in Swiss francs are offset using hedging instruments (forward purchase agreements).

100. *Price risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates, interest rates and market prices. Price risk comprises three types of risk: currency risk, interest rate risk and market risk.

101. *Currency risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The ILO is exposed

to foreign exchange risk on revenues and expenses denominated in foreign currencies, predominately Swiss francs along with minor exposure to other currencies, in particular the Euro. The ILO's primary objectives in managing currency risk are to preserve cash flows and reduce variations in performance from the negative impact of exchange rate fluctuation. The ILO mitigates the risk to its regular budget by naturally hedging through receipt of revenue in Swiss francs from assessed contributions in an amount sufficient to finance its current Swiss franc liabilities and entering into forward purchase agreements to finance its US dollar-based liabilities. The ILO also enters into forward purchase agreements to hedge the non-Swiss franc investments held on behalf of its SHIF against currency gains or losses, since the SHIF's liabilities are predominately Swiss franc-based. The ILO, therefore, has limited sensitivity to changes in foreign exchange rates in connection with its operating revenue and expense.

102. *Interest rate risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The ILO does not charge interest on its accounts receivable nor is it charged interest on its borrowings so neither is subject to interest rate fluctuation. All accounts receivable for which financial arrangements have been approved providing for repayment over periods exceeding one year, and all long-term borrowings have been discounted utilizing a rate based on the yield of high-grade corporate bonds in Swiss francs.

103. The ILO's investments include US\$84.7 million in fixed-term investments of which US\$6 million is in floating rate notes. The remaining investments in government bonds and commercial paper are subject to interest rate fluctuation. The ILO manages its interest rate risk by spreading the maturity dates of investments over the next few years.

104. *Market risk*: All of the ILO's investments are valued at fair value based upon the market rate at the reporting date. Investments are in high-grade securities and equity funds which will fluctuate in value based on market conditions. The total market value of the ILO's investments has been affected by recent market conditions increasing from a fair value of US\$94.8 million at the end of 2010 to US\$95 million at the end of 2011. Fluctuations do not impact on requirements for financing the ILO's current operations which are financed mainly by assessed contributions and voluntary contributions.

105. *Credit risk* is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The ILO is exposed to credit risk through its cash and cash equivalents, investments, accounts receivable and forward purchase agreements. The maximum exposure to credit risk of the ILO at 31 December 2011 is the carrying value of these assets.

106. *Liquidity risk* is the risk that the ILO will encounter difficulties in meeting its financial obligations associated with financial liabilities. The ILO's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring losses. The ILO also manages liquidity risk by continuously monitoring actual and estimated cash flows. The ILO does not have the authority to contract long-term debt without the approval of its Governing Body which is elected by its member States.

107. *Cash flow risk* is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. All of the ILO's long-term accounts receivables from financial arrangements on the repayment of arrears by member States and its long-term borrowings have been discounted to reflect the present value of these assets and liabilities. Of the ILO's anticipated cash flow, 99 per cent is derived from assessed contributions and voluntary contributions. Mandatory assessed contributions paid by its member States provide 53 per cent of the cash resources required to finance the ILO's operations related to its regular budget and General Funds. Based on historical

experience the equivalent of 88 per cent of these funds are received in the year invoiced and over 99 per cent within a two-year period. Voluntary contributions provided by donors provide 39 per cent of cash resources required for the operation of technical cooperation projects and other extra-budgetary activities. Extra-budgetary projects do not commence operation until the cash resources required to finance project activities have been deposited in the ILO's bank accounts. The remaining cash flow, including interest and dividends, sales and royalties and other income comprise only 3 per cent of the total required cash resources.

Cash and cash equivalents and investments

108. The ILO has deposited cash with reputable financial institutions from which management and the ILO Investment Committee believes the risk of loss to be remote. The ILO's investments are managed via an investment policy which guides the Organization in its investment decisions. The ILO invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

109. Cash deposits and investments are widely spread in order to avoid an over-concentration of funds with few institutions. The total percentage of ILO cash and investments that may be placed with a single institution or investments is determined according to its long-term credit rating. Funds are generally deposited or invested only with institutions maintaining a long-term credit rating of A or higher, except where local banking conditions require the use of banks with a lower international rating but a good record of performance locally.

Investments

110. Investments are made in government bonds, commercial paper, pooled investment funds and floating rate notes.

Derivatives

111. The primary source of revenue to finance the Organization's regular budget activities comes from contributions assessed on member States that are paid in Swiss francs. Prior to the beginning of each biennial financial period, the Organization hedges its US dollar requirements for the following two years with foreign exchange forward purchases. The face value of the hedging agreement for the 2012–13 biennium is US\$305.1 million (2010–11 US\$253.2 million), purchased at an average rate of US\$1 = CHF0.83 (US\$1 = CHF1.05 for 2010–11). The forward purchase agreements mature monthly and the monthly amounts are established based on the regular budget's US dollar cash flow requirements during each month.

112. The market value of the forward purchase agreements as reported by the contracting banks at 31 December 2011 was US\$31.1 million (liability of US\$16.7 million as at 31 December 2010). Of the total asset, US\$15.4 million relates to contracts that mature within the next 12 months (a liability of US\$16.7 million as at 31 December 2010) and US\$15.7 million relates to contracts with maturity dates greater than 12 months (none as at 31 December 2010).

113. The SHIF hedges the risk related to assets held in currencies other than the Swiss franc by purchasing forward purchase agreements in each of the currencies in which investments are held. The market value of the forward purchase agreements as reported by the investment portfolio manager was a negative US\$0.6 million at the reporting date (US\$2.9 million as at 31 December 2010). The total of the reported asset relates to contracts that mature within the next 12 months.

114. A major resource of the ITC's funding comes from a voluntary contribution provided by the ILO from funds appropriated in the ILO's regular budget. These funds are provided in US dollar which is the ILO's functional currency. In order to limit the risk of loss on conversion of the US dollar contribution to the Euro, the ITC's functional currency, the ITC purchased foreign exchange forward agreements in order to hedge a portion of the Euro value of the 2012 voluntary contribution. The face value of the agreement is \$3 million, purchased at an average rate of US\$1 = €0.705. The agreements mature on 12 January 2012. The market value of the agreements at 31 December 2011 was a negative US\$0.3 million.

115. The ILO manages its exposure to derivative counterparty credit risk by contracting primarily with reputable financial institutions.

116. The ILO does not believe it is exposed to an unusual or significant level of credit risk.

Capital management

117. The ILO defines the capital that it manages as the aggregate of its net assets, which is comprised of accumulated fund balances and reserves. The ILO'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 as established by its member States and donors. The ILO's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on a biennial basis along with the hedging of its expense requirements in US dollars against its Swiss franc-based revenue from member States assessments.

118. The ILO manages its capital structure in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. The ILO manages its capital by reviewing on a regular basis the actual results against the budgets approved by member States.

Note 20 – Operating leases

119. ILO enters into operating lease arrangements for the use of field and regional office premises and for the use of photocopying and printing equipment. Some of these leases contain renewal and escalation clauses based generally on local inflationary indices. The total amount paid by the ILO to other UN agencies under cost-sharing agreements, based on the reimbursement of actual cost incurred, was US\$1.6 million in 2011. The total amount of lease and sublease expense recognized in 2011 was US\$9.8 million.

120. Future minimum lease rental payments for non-cancellable leases for the following periods are:

	2011 (US\$ millions)
Within one year	1.3
Later than one year and not later than five years	2.4
Later than five years	2.2
Total operating lease commitments	5.9

121. The total amount of rent earned under contingent lease agreements in 2011 was US\$0.8 million, comprising an ITC cost-sharing agreement with other UN agencies with the rent based on reimbursement of actual cost incurred and a profit-sharing agreement with the catering operator in the Geneva premises based on a percentage of revenue.

Note 21 – Statement of comparison of budget and actual amounts

122. The Statement of financial position, Statement of financial performance, Statement of changes in net assets, Statement of cash flow are prepared on a different basis than the Statement of comparison of budget and actual amounts – regular budget (Statement V-A) which is prepared on a modified accrual basis in accordance with the ILO Financial Regulations using a fixed budgetary rate of exchange of US\$1 = CHF1.07 for the 2010–11 biennium. Under the modified accrual basis, revenue is recognized on a full accrual basis. Expense is recognized on the delivery principle; however, costs of equipment acquisition are expensed when the equipment has been delivered and expense does not include costs related to changes in provisions for employee benefits liabilities.

123. The information on Statement V-A includes only the portion of the General Fund for which a budget is adopted by the ILC. Separate comparisons of adopted budgets to actual revenue and expense for other funds not forming part of the ILO General Fund with budgets adopted by the ILO Governing Body are included in Statements V-B to V-D. All ILO budgets are adopted covering the biennial period of 1 January 2010–31 December 2011. These budgets are prepared on a modified accrual basis. Revenue is recognized when cash is received. Expense is recognized on the delivery principle; however, costs of equipment acquisition are expensed when the equipment has been delivered and expense does not include costs related to changes in provisions for employee benefits liabilities. All transactions are recorded in US dollars at the UN operational rate of exchange existing on the date of the transaction.

124. The ITC's budget is adopted by its Board of Directors on an annual basis in Euro and submitted to the ILO Governing Body for information in accordance with the ITC Financial Regulations. To facilitate a meaningful budgetary reporting for the ITC, Statement V-E is presented in Euro and in US dollars using an average of the official Euro = US dollar rates in effect for each month of 2011. The budget is prepared on a modified accrual basis. Revenue is recognized on an accrual basis.

125. The ILO does not publish a consolidated budget. Consequently, separate Statements of comparison of budget and actual amounts have been prepared for each of the published budgets adopted by the ILC for regular budget, the ILO Governing Body for IILS, CINTERFOR and CIS and the ITC Board of Directors for the ITC. There were no differences between the original and final budget approved by the ILO Governing Body during 2011.

126. The actual amounts presented on a comparable basis to the budget shall, where the consolidated financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the consolidated financial statements, identifying separately any basis, timing and entity differences.

127. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. For the ILO, the regular budget is prepared on a modified accrual basis in accordance with the ILO Financial Regulations using a fixed budgetary rate of exchange, including the expensing of all capital acquisitions and the consolidated financial statements are prepared on a full accrual basis.

128. Entity differences occur at the ILO since the published approved budgets (those adopted by the ILC, the ILO Governing Body and the ITC Board of Directors) include only certain of the funds managed by the Organization.

129. Presentation differences occur due to differences in the format and classification adopted for the presentation of the consolidated Statement of cash flow and statements of comparison of budget and actual amounts.

130. Financing activities are related to the repayment of the ILO's net borrowings.

131. Investing activities include the acquisition and disposal of long-term assets and other investments excluding cash and equivalents.

132. Operating activities are the principal activities of the ILO financed from assessed contributions, voluntary contributions, fees for services and other revenue.

133. The funds of the Office and the determination of budgetary surplus are governed by the Financial Regulations.

134. The following table provides a reconciliation of the result in accordance with the Financial Regulations and the result under the progressive implementation of IPSAS.

Reconciliation of surplus on budgetary and IPSAS basis

(In US\$ thousands)	Regular budget	ITC	IILS	CINTERFOR	CIS	Total
Net result per budgetary basis (Statement V)	(52 659)	1 062	(931)	132	(375)	(52 771)
Less: timing difference ⁽¹⁾	(24 614)	–	525	15	49	(24 025)
Adjusted net result	(77 273)	1 062	(406)	147	(326)	(76 796)
Reconciling items from budgetary basis to IPSAS basis						
Treatment of exchange differences	17 618	–	–	–	–	17 618
Provision for assessed contributions receivable	53 116	–	–	–	–	53 116
Discount of receivable from member States with financial arrangement	1 332	–	–	–	–	1 332
Recognition of inventory	1 406	–	–	–	–	1 406
Accrual of employee benefits	(228)	–	98	(105)	(1)	(236)
Provision for contingencies	(146)	–	–	–	–	(146)
Presentation and other differences	(508)	(412)	–	–	–	(920)
Net result per IPSAS basis	(4 683)	650	(308)	42	(327)	(4 626)
Plus: Net movement in subsidiary funds						2 476
Net result in the Consolidated statement of financial performance						(2 150)

Reconciliation between Statement V and Statement IV

	2011			
	Operating	Investing	Financing	Total
	(US\$ thousands)			
Regular budget net result (Statement V-A)	(52 659)	–	–	(52 659)
ITC net result (Statement V-E)	1 062	–	–	1 062
IILS net result (Statement V-B)	(931)	–	–	(931)
CINTERFOR net result (Statement V-C)	132	–	–	132
CIS net result (Statement V-D)	(375)	–	–	(375)
Timing difference ⁽¹⁾	(24 025)			(24 025)
Total surplus on budgetary basis	(76 796)	–	–	(76 796)
Total net result on basis comparable to the adopted budgets:				
Basis difference	72 590	–	–	72 590
Presentation difference	(412)	–	–	(412)
Entity differences	(11 867)	4 578	(4 020)	(11 309)
Net cash flows	(16 485)	4 578	(4 020)	(15 927)
Effect of exchange rates on cash and cash equivalents	(19 956)	–	–	(19 956)
Actual amount in the Statement of Cash Flow (Statement IV):	(36 441)	4 578	(4 020)	(35 883)

⁽¹⁾ Statements V-A to V-D presents the net result for the biennium 2010–11. 2010 net result at budgetary basis is deducted for reconciliation purpose.

Note 22 – Related party disclosures

135. Key management personnel are the Director-General, executive directors, regional directors, the Treasurer and Financial Comptroller and the Legal Adviser. The Governing Body consists of representatives of member States and constituents elected by the ILC who serve without compensation from the ILO.

136. The aggregate remuneration paid to key management personnel includes salaries and all allowances established in accordance with the ILO Staff Regulations and approved by the Governing Body for 2011. Key management personnel are members of the UNJSPF to which the personnel and the ILO contributes and are also eligible for participation in the SHIF including the after-service medical if they meet the eligibility requirements in the SHIF Regulations and Administrative Rules. Both the SHIF and the UNJSPF are accounted for as defined contribution plans.

Category	2011		2010	
	Individuals	Remuneration (US\$)	Individuals	Remuneration (US\$)
Key management	15	5 482 861	14.59	4 727 274

137. There were no loans or advances granted to key management personnel and their close family members which were not available to other categories of staff in accordance with the ILO Staff Regulations.

138. There were related party transactions involving key management personnel in 2011 totalling US\$135,503 (US\$3,569 in 2010). All such transactions are under terms and conditions that would apply in the normal course of operations.

Note 23 – Revenue from non-exchange transactions

139. The primary source of revenue to the ILO is from non-exchange transactions including the assessed contributions paid by its member States and voluntary contributions made by donors to its technical cooperation projects and RBSA.

Revenue from non-exchange transactions	2011 (US\$ millions)	2010 restated (US\$ millions)
Assessed contributions from member States	408.8	377.5
Change in provision for assessed contribution receivable	(0.3)	(1.0)
Voluntary contribution to technical cooperation projects, RBSA and gifts and grants	271.9	285.0
ITC training services	24.0	18.6
Total revenue from non-exchange transactions	704.4	680.1
Receivables from assessed contributions	121.7	66.9
Receivables from voluntary contributions	336.1	376.9
Total receivables from non-exchange transactions	457.8	443.8
Liabilities recognized for conditional voluntary contributions	317.3	345.3
Liabilities recognized for ITC training services	15.9	18.7
Advance receipts from assessed contributions	18.1	21.9

Note 24 – Contingent assets and liabilities and commitments

140. *Contingent assets:* At the ILC held in June of 2011, the Conference adopted the budget for the 2012–13 biennium and the amount of assessed contributions payable by member States in accordance with article 13 of the ILO Constitution totalled CHF723.8 million (US\$861.6 million at the budget rate of exchange of US\$1 = CHF0.84 fixed by the ILC for the 2012–13 biennium). This amount has not been recognized as an asset but is disclosed since the inflow of resources is probable. The funds received from the inflow of these resources will be expended to finance the ILO's regular budget expenses for the 2012–13 biennium in accordance with the budget adopted by the ILC. In addition, the voluntary contribution to the ITC of US\$10.8 million covering future periods is considered probable as are contributions to the RBSA due in 2012 and future periods totalling US\$6.6 million.

141. *Contingent liabilities:* The ILO has contingent liabilities for claims or legal actions related to the ILO Administrative Tribunal estimated at US\$0.4 million (US\$0.4 million at 31 December 2010) which do not meet the recognition criteria for liabilities. These are claims or legal actions for which it is probable that the ILO will be required to settle the obligation but the amount cannot be reliably measured or estimated, or for which it is improbable that the ILO will be required to settle the obligation. During 2011, the ILO Administrative Tribunal delivered judgements which resulted in settlements of US\$0.7 million for existing claims and new claims of US\$0.2 million were submitted. The ILO expects the claims to be settled over the next 24 months. Other possible obligations exist which could lead to a significant future outflow of resources. These possible obligations may become an actual liability by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the ILO. The ILO is not currently in a position to determine whether a present obligation exists nor to reliably measure the likely outflow of resources and therefore no further amount is recorded or disclosed in the consolidated financial statements.

142. *Commitments:* The ILO has multi-year contracts to provide for hosting and technical support to the ILO's Oracle-based systems, cleaning services and technical building maintenance at its headquarters in Geneva and catering and travel agent services at the ITC. The estimated outstanding commitments are estimated at US\$9.9 million at 31 December 2011 (US\$10.5 million at 31 December 2010). Outstanding contracts for renovation of the headquarters building totalled US\$1 million at 31 December 2011 (none as at 31 December 2010).

Note 25 – In-kind contribution of space and facilities

143. The ILO receives in-kind contributions from its member States of the right to use land, office space and other facilities in its operations. The Organization has not received title to these properties which remain with the government providing the rights to use. The financial value of these facilities is not recognized on the consolidated Statement of financial position nor has the annual value of the right to use been recognized on the consolidated Statement of financial performance.

144. The major contributions representing the right to use facilities over extended periods include:

- The campus and facilities of the ITC made available by the City of Turin, Italy, including facilities constructed with funds provided by the Government of Italy.
- Land on which the ILO has constructed buildings in Islamabad provided by the Government of Pakistan, in Brasilia provided by the Government of Brazil and in Dar es Salaam provided by the Government of the United Republic of Tanzania.
- Facilities in which the ILO has located its external offices in Budapest provided by the Government of Hungary, in Beirut provided by the Government of Lebanon, in Yaoundé provided by the Government of Cameroon, in Kuwait City provided by the Government of Kuwait, in Ankara provided by the Government of Turkey, in Dakar provided by the Government of Senegal, in Abuja provided by the Government of Nigeria, in Lisbon provided by the Government of Portugal, in Madrid provided by the Government of Spain, in Rome provided by the Government of Italy, in Colombo provided by the Government of Sri Lanka and in Montevideo provided by the Government of Uruguay for the use of CINTERFOR. The Government of India also partially finances the rent for the office located in the city of New Delhi.

Note 26 – Comparative figures

145. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Note 27– UNSAS format statements (segment values)

146. In accordance with the requirements of the UNSAS, the ILO has prepared statements based upon the combined format presenting information based upon the major fund groups managed by the Organization and described in note 1. The design of the funds groups is based upon the requirements of the UNSAS to present information reflecting which funds are at the disposal of member States and those which are not. Inter-segment transfers are eliminated in the column headed "inter-segment" on the following statements. Inter-segment transfers include:

- ❑ Contributions made by the regular budget to other general funds and funds not forming part of the General Fund including the ITC. The amount of such contribution is set by the ILC as part of its adoption to the ILO regular budget.
- ❑ Contributions made by each segment to the other funds forming part of the General Fund segment. These include contributions to the ILO Staff Health Insurance Fund to match contributions made by active employees and retirees (twice the amount contributed by retirees), to the Terminal Benefits Fund and the Compensation Fund at rates established by the ILO Governing Body.
- ❑ Charges for programme support services provided by the other segments to extra-budgetary projects at rates established in agreements with individual donors.
- ❑ Charges for training services provided by the ITC to the ILO are calculated based upon actual costs incurred by the ITC.

International Labour Organization
Statement I (UNSAS format)
Statement of income and expenditure and changes in reserves and fund balances for the period of
1 January 2011 to 31 December 2011 (US\$ millions)

	<u>General Fund</u>		<u>Non-General Funds</u>		<u>Extra-budgetary</u>		<u>Inter-segment</u>		<u>Total ILO</u>	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Income										
Assessed contributions from member States	408.8	377.5	–	–	–	–	–	–	408.8	377.5
Change in provision for assessed contributions receivable	(0.3)	(1.0)	–	–	–	–	–	–	(0.3)	(1.0)
Voluntary contributions	31.1	27.2	14.8	16.2	226.0	241.6	–	–	271.9	285.0
ITC training services	–	–	33.6	27.4	–	–	(9.6)	(8.8)	24.0	18.6
Programme support income	20.6	22.3	0.2	0.5	–	–	(20.8)	(22.8)	–	–
Staff/retiree employee benefit contributions	21.4	19.2	–	–	–	–	–	–	21.4	19.2
Sales and royalties	4.5	5.8	2.6	2.4	1.0	0.4	(1.1)	(0.9)	7.0	7.7
Investment income	3.5	2.9	(0.4)	1.1	0.9	–	–	–	4.0	4.0
Contribution inter-segment	34.9	34.9	6.2	6.2	–	–	(41.1)	(41.1)	–	–
Exchange gain (loss) and revaluation, net	13.2	7.0	(0.2)	0.3	(0.2)	(0.1)	–	–	12.8	7.2
Other income	0.6	2.2	3.3	2.6	–	–	–	–	3.9	4.8
Total income	538.3	498.0	60.1	56.7	227.7	241.9	(72.6)	(73.6)	753.5	723.0
Expenditure										
Staff costs	331.5	290.3	29.3	28.5	85.7	86.9	(17.9)	(15.9)	428.6	389.8
Travel	18.0	14.6	5.9	5.6	10.1	11.1	–	–	34.0	31.3
Subcontracts	37.0	21.2	11.9	9.3	58.6	61.2	(0.5)	(0.6)	107.0	91.1
General operating expenses	34.2	29.8	6.1	5.3	10.3	11.6	(0.3)	(0.1)	50.3	46.6
Consumable supplies	2.2	1.8	1.5	1.5	0.4	0.3	–	–	4.1	3.6
Equipment	10.9	2.3	0.7	0.8	7.2	8.6	–	–	18.8	11.7
Seminars, workshops and other training	23.5	13.2	5.3	4.7	29.4	34.9	(9.6)	(8.8)	48.6	44.0

Consolidated financial statements for the year ended 31 December 2011

	General Fund		Non-General Funds		Extra-budgetary		Inter-segment		Total ILO	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Staff development	5.0	3.9	–	–	–	–	–	–	5.0	3.9
Health benefits	42.4	38.8	–	–	–	–	–	–	42.4	38.8
Contributions and grants in aid	27.3	27.7	–	–	4.8	4.5	(23.5)	(25.4)	8.6	6.8
Programme support cost	–	–	–	–	20.8	22.8	(20.8)	(22.8)	–	–
Finance costs	3.3	2.7	0.1	0.1	0.4	–	–	–	3.8	2.8
Other expenses	4.5	0.2	–	–	–	–	–	–	4.5	0.2
Total expenditure	539.8	446.5	60.8	55.8	227.7	241.9	(72.6)	(73.6)	755.7	670.6
Excess (shortfall) of income over expenditure	(1.5)	51.5	(0.7)	0.9	–	–	–	–	(2.2)	52.4
Change of reserve for derivatives	44.8	(8.0)	(0.3)	–	–	–	–	–	44.5	(8.0)
Change of revaluation surplus of land and buildings	(68.9)	42.9	–	–	–	–	–	–	(68.9)	42.9
Actuarial gain (loss) incurred of ASHI liability	(158.8)	(67.3)	–	–	–	–	–	–	(158.8)	(67.3)
Transfer to liabilities due to member States and donors	(9.9)	11.6	–	–	–	–	–	–	(9.9)	11.6
Change of accounting policy	–	7.6	–	0.3	–	–	–	–	–	7.9
Translation difference	–	–	(0.6)	(1.7)	–	–	–	–	(0.6)	(1.7)
Reserves and fund balances at beginning of period	239.9	201.6	31.7	32.2	–	–	–	–	271.6	233.8
Reserves and fund balances at end of period	45.6	239.9	30.1	31.7	–	–	–	–	75.7	271.6

International Labour Organization
Statement II (UNSAS format)
Statement of assets, liabilities and reserves and fund balances
as at 31 December 2011 (US\$ millions)

	Note	General Fund		Non-General Funds		Extra-budgetary		Inter-segment		Total ILO	
		2011	2010 restated	2011	2010 restated	2011	2010	2011	2010	2011	2010 restated
Assets											
Current assets											
Cash and cash equivalents	4, 19	317.6	359.3	20.5	19.2	210.3	205.8	–	–	548.4	584.3
Assessed contributions receivable	5	104.7	50.2	–	–	–	–	–	–	104.7	50.2
Voluntary contributions receivable	6	–	5.2	18.1	18.6	197.4	256.4	–	–	215.5	280.2
Derivative assets	19	15.4	2.9	–	–	–	–	–	–	15.4	2.9
Other receivables	7	10.3	11.5	3.9	2.9	1.1	(0.5)	(2.6)	(0.9)	12.7	13.0
Inventories	8	8.8	7.6	0.1	0.3	–	–	–	–	8.9	7.9
Other current assets	9	10.3	9.7	0.6	0.4	2.1	2.1	–	–	13.0	12.2
		467.1	446.4	43.2	41.4	410.9	463.8	(2.6)	(0.9)	918.6	950.7
Non-current assets											
Assessed contributions receivable	5	17.0	16.7	–	–	–	–	–	–	17.0	16.7
Voluntary contributions receivable	6	–	–	3.1	5.0	117.5	91.7	–	–	120.6	96.7
Investments	10, 19	74.2	69.6	9.4	14.6	–	–	–	–	83.6	84.2
Investments held for ITU	10, 19	11.4	10.6	–	–	–	–	–	–	11.4	10.6
Property	11	410.8	479.4	7.7	7.9	–	–	–	–	418.5	487.3
Derivative assets	19	15.7	–	–	–	–	–	–	–	15.7	–
Other non-current assets		–	0.9	–	–	–	–	–	–	–	0.9
		529.1	577.2	20.2	27.5	117.5	91.7	–	–	666.8	696.4
Total assets		996.2	1 023.6	63.4	68.9	528.4	555.5	(2.6)	(0.9)	1 585.4	1 647.1

	Note	General Fund		Non-General Funds		Extra-budgetary		Inter-segment		Total ILO	
		2011	2010 restated	2011	2010 restated	2011	2010	2011	2010	2011	2010 restated
Liabilities											
Current liabilities											
Payables and accruals		41.5	26.0	5.0	3.9	4.2	4.1	-	-	50.7	34.0
Deferred revenue	12	22.9	27.7	12.7	13.7	196.2	249.6	-	-	231.8	291.0
Due to donors	13	-	-	8.2	10.9	202.2	201.9	-	-	210.4	212.8
Employee benefits	14	29.4	25.3	0.3	0.4	1.3	0.8	-	-	31.0	26.5
Current portion of long-term borrowings	15, 19	3.9	3.9	-	-	-	-	-	-	3.9	3.9
Due to member States	16	0.4	16.7	-	-	-	-	-	-	0.4	16.7
Derivative liabilities	19	0.6	16.7	0.3	-	-	-	-	-	0.9	16.7
Other current liabilities	18	3.5	1.7	-	-	0.2	0.2	(2.6)	(0.9)	1.1	1.0
		102.2	118.0	26.5	28.9	404.1	456.6	(2.6)	(0.9)	530.2	602.6
Non-current liabilities											
Deferred revenue	12	-	-	3.1	5.0	117.5	91.7	-	-	120.6	96.7
Employee benefits	14	788.5	615.5	3.7	3.3	6.8	7.2	-	-	799.0	626.0
Long-term borrowings	15, 19	42.6	42.5	-	-	-	-	-	-	42.6	42.5
Due to member States	16	10.4	0.9	-	-	-	-	-	-	10.4	0.9
Funds held on behalf of ITU	17	6.9	6.8	-	-	-	-	-	-	6.9	6.8
		848.4	665.7	6.8	8.3	124.3	98.9	-	-	979.5	772.9
Total liabilities		950.6	783.7	33.3	37.2	528.4	555.5	(2.6)	(0.9)	1 509.7	1 375.5
Total reserves		182.6	171.5	2.7	2.7	-	-	-	-	185.3	174.2
Total accumulated fund balances		(137.0)	68.4	27.4	29.0	-	-	-	-	(109.6)	97.4
Total reserve and fund balances		45.6	239.9	30.1	31.7	-	-	-	-	75.7	271.6
Total liabilities, reserves and fund balances		996.2	1 023.6	63.4	68.9	528.4	555.5	(2.6)	(0.9)	1 585.4	1 647.1

Note 28

Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO – Summary
for the biennium ending 31 December 2011
(in Swiss francs)

Details	Balance due as at 1.1.2010 ⁽¹⁾	Assessed Contributions 2010–11	Total amounts due	Amount received or credited ⁽²⁾			Balance due as at 31.12.2011
				2010	2011	Total income	
A. Assessed contributions for the financial period 2010–11:							
2010 – Assessed with the budget ⁽³⁾		388 797 698	388 797 698	351 447 354	35 076 678	386 524 032	2 273 666
2011 – Assessed with the budget		388 795 200	388 795 200		293 455 834	293 455 834	95 339 366
Total assessed contributions for the financial period 2010–11		777 592 898	777 592 898	351 447 354	328 532 512	679 979 866	97 613 032
B. Assessed contributions for previous financial periods due from member States	65 317 344		65 317 344	26 807 362	10 303 799	37 111 161	28 206 183
C. Amounts due by States for prior periods of membership in the ILO	6 615 689		6 615 689	–	–	–	6 615 689
Total assessed contributions and other amounts due for previous financial periods	71 933 033		71 933 033	26 807 362	10 303 799	37 111 161	34 821 872
Total 2010–11	71 933 033	777 592 898	849 525 931	378 254 716	338 836 311	717 091 027	132 434 904
Total 2008–09	91 060 254	789 343 955	880 404 209	385 139 825	423 331 351	808 471 176	71 933 033

Balance in US dollars at the United Nations rate of exchange for 31 December 2011 (0.945 Swiss francs to the dollar)

Less prepayments of financial arrangements

Assessed contributions receivable in US dollars

⁽¹⁾ Excludes assessed contributions for 2010.

⁽²⁾ Includes credits to member States in respect of:

The incentive scheme for 2008 and 2009 respectively

Cash surpluses for previous financial periods

50 per cent of the net premium for previous financial periods

Total credits

	2010	2011
The incentive scheme for 2008 and 2009 respectively	715 110	15 016 647
Cash surpluses for previous financial periods	272 592	908 631
50 per cent of the net premium for previous financial periods	59 230	–
Total credits	1 046 932	15 925 278

⁽³⁾ Includes Republic of the Maldives' 2009 contribution of 2,498 Swiss francs assessed, after adoption of budget, by the International Labour Conference at its 99th Session in June 2010. Republic of Maldives joined the ILO on 15 May 2009.

140 142 756

(1 304 857)

138 837 899

**Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO – Details
for the biennium ending 31 December 2011**

(in Swiss francs)

State	2010–11 Assessed contributions						Amounts due for previous financial periods							
	2010		2011				Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011	Calendars years of Assessment	Total due as at 31.12.2011	
	%	Amount	in 2010	in 2011	%	Amount			in 2010	in 2011				
Afghanistan	0.001	3 888	3 874	14	0.004	15 552	15 545	7	7	7	–	–	2011	7
Albania	0.006	23 328	23 328	–	0.010	38 879	16 171	22 708	–	–	–	–	2011	22 708
Algeria	0.085	330 476	330 476	–	0.128	497 658	497 658	–	–	–	–	–	–	–
Angola	0.003	11 664	11 664	–	0.010	38 879	38 879	–	–	–	–	–	–	–
Antigua and Barbuda ⁽²⁾	0.002	7 776	1 240	–	0.002	7 776	–	14 312	315 946	–	231 651	84 295	2000–11	98 607
Argentina	0.325	1 263 584	1 193 566	70 018	0.287	1 115 842	605 297	510 545	–	–	–	–	2011	510 545
Armenia ⁽¹⁾	0.002	7 776	7 776	–	0.005	19 440	19 440	–	1 671 666	72 000	72 000	1 527 666	1993–2004	1 527 666
Australia	1.788	6 951 658	6 951 658	–	1.934	7 519 299	7 519 299	–	–	–	–	–	–	–
Austria	0.888	3 452 501	3 452 501	–	0.852	3 312 535	3 312 535	–	–	–	–	–	–	–
Azerbaijan ⁽¹⁾	0.005	19 440	19 440	–	0.015	58 319	58 319	–	3 362 228	70 784	70 784	3 220 660	1993–2005	3 220 660
Bahamas	0.016	62 207	62 207	–	0.018	69 983	69 983	–	–	–	–	–	–	–
Bahrain	0.033	128 302	128 302	–	0.039	151 630	151 630	–	–	–	–	–	–	–
Bangladesh	0.010	38 879	38 879	–	0.010	38 879	38 879	–	–	–	–	–	–	–
Barbados	0.009	34 992	34 992	–	0.008	31 104	31 104	–	–	–	–	–	–	–
Belarus ⁽¹⁾	0.020	77 759	77 759	–	0.042	163 294	163 294	–	1 261 971	157 746	157 746	946 479	1996–97	946 479
Belgium	1.103	4 288 411	4 288 411	–	1.076	4 183 436	4 183 436	–	–	–	–	–	–	–
Belize	0.001	3 888	1	–	0.001	3 888	11	7 764	3 911	–	–	3 911	2009–11	11 675
Benin	0.001	3 888	3 888	–	0.003	11 664	11 015	649	–	–	–	–	2011	649
Bolivia, Plurinational State of	0.006	23 328	23 328	–	0.007	27 216	27 216	–	–	–	–	–	–	–
Bosnia and Herzegovina	0.006	23 328	23 328	–	0.014	54 431	54 431	–	–	–	–	–	–	–
Botswana	0.014	54 431	54 431	–	0.018	69 983	69 983	–	55 137	55 137	–	–	–	–
Brazil	0.877	3 409 734	54 908	3 354 826	1.612	6 267 379	6 267 379	–	474 918	–	474 918	–	–	–
Brunei Darussalam	0.026	101 087	101 087	–	0.028	108 863	108 863	–	–	–	–	–	–	–
Bulgaria	0.020	77 759	77 759	–	0.038	147 742	147 742	–	–	–	–	–	–	–
Burkina Faso	0.002	7 776	7 776	–	0.003	11 664	11 664	–	–	–	–	–	–	–
Burundi ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	11 580	3 918	3 415	4 247	2008–11	12 023
Cambodia ⁽¹⁾	0.001	3 888	3 888	–	0.003	11 664	11 664	–	135 304	27 062	27 062	81 180	1992–94	81 180
Cameroon	0.009	34 992	–	34 992	0.011	42 767	42 767	–	35 533	–	35 533	–	–	–
Canada	2.978	11 578 321	11 578 321	–	3.208	12 472 550	12 472 550	–	–	–	–	–	–	–
Cape Verde	0.001	3 888	–	2 275	0.001	3 888	–	5 501	103 584	5 859	97 725	–	2010–11	5 501

Financial report and audited consolidated financial statements for the year ended 31 December 2011

State	2010–11 Assessed contributions							Amounts due for previous financial periods					Calendars years of Assessment	Total due as at 31.12.2011
	2010			2011				Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011		
	Assessed contributions	Amounts received or credited		Assessed contributions	Amounts received or credited in 2011		in 2010			in 2011				
%	Amount	in 2010	in 2011	%	Amount									
Central African Republic ⁽¹⁾	0.001	3 888	3 888	–	0.001	3 888	3 234	654	114 688	8 192	8 192	98 304	1996–2000+ 2004–07+ 2011	98 958
Chad	0.001	3 888	41	–	0.002	7 776	115	11 508	6	–	–	6	2009–11	11 514
Chile	0.161	625 960	625 960	–	0.236	917 557	882 322	35 235	–	–	–	–	2011	35 235
China	2.668	10 373 056	10 373 056	–	3.190	12 402 567	9 372 491	3 030 076	–	–	–	–	2011	3 030 076
Colombia	0.105	408 235	408 235	–	0.144	559 865	390 047	169 818	9 743	9 743	–	–	2011	169 818
Comoros ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	516 654	17 975	3 397	495 282	1983–2011	503 058
Congo	0.001	3 888	3 888	–	0.003	11 664	10 384	1 280	–	–	–	–	2011	1 280
Costa Rica	0.032	124 414	74 516	49 898	0.034	132 190	45 381	86 809	19 735	19 735	–	–	2011	86 809
Croatia	0.050	194 398	194 398	–	0.097	377 131	377 131	–	–	–	–	–	–	–
Côte d'Ivoire ⁽²⁾	0.009	34 992	291	–	0.010	38 879	–	73 580	70 087	–	–	70 087	2008–11	143 667
Cuba	0.054	209 949	385	209 564	0.071	276 045	126 654	149 391	213 128	213 118	10	–	2011	149 391
Cyprus	0.044	171 070	171 070	–	0.046	178 846	178 846	–	–	–	–	–	–	–
Czech Republic	0.281	1 092 514	1 092 514	–	0.349	1 356 895	1 356 895	–	–	–	–	–	–	–
Democratic Republic of the Congo	0.003	11 664	2 555	–	0.003	11 664	328	20 445	11 594	–	–	11 594	2009–11	32 039
Denmark	0.739	2 873 196	2 873 196	–	0.736	2 861 533	2 861 533	–	–	–	–	–	–	–
Djibouti ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	114 035	–	19 440	94 595	1996+ 1998–2011	102 371
Dominica ⁽²⁾	0.001	3 888	21	–	0.001	3 888	–	7 755	14 890	–	–	14 890	2006–11	22 645
Dominican Republic	0.024	93 311	334	–	0.042	163 294	3 570	252 701	94 314	92 977	–	1 337	2009–11	254 038
Ecuador	0.021	81 647	33 356	48 291	0.040	155 518	61 689	93 829	68 267	68 267	–	–	2011	93 829
Egypt	0.088	342 140	342 140	–	0.094	365 467	365 467	–	–	–	–	–	–	–
El Salvador	0.020	77 759	2 276	75 483	0.019	73 871	65 516	8 355	85 089	85 089	–	–	2011	8 355
Equatorial Guinea	0.002	7 776	3 418	–	0.008	31 104	633	34 829	–	–	–	–	2010–11	34 829
Eritrea	0.001	3 888	3 888	–	0.001	3 888	3 888	–	–	–	–	–	–	–
Estonia	0.016	62 207	62 207	–	0.040	155 518	155 518	–	–	–	–	–	–	–
Ethiopia	0.003	11 664	11 664	–	0.008	31 104	31 104	–	–	–	–	–	–	–
Fiji	0.003	11 664	11 664	–	0.004	15 552	15 552	–	–	–	–	–	–	–
Finland	0.564	2 192 805	2 192 805	–	0.566	2 200 581	2 200 581	–	–	–	–	–	–	–
France	6.304	24 509 649	24 509 649	–	6.126	23 817 594	23 817 594	–	–	–	–	–	–	–
Gabon	0.008	31 104	31 104	–	0.014	54 431	54 431	–	–	–	–	–	–	–
Gambia ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	78 806	41 152	–	37 654	1999–2011	45 430
Georgia ⁽¹⁾	0.003	11 664	11 664	–	0.006	23 328	23 328	–	2 841 509	61 438	122 876	2 657 195	1994–2004	2 657 195
Germany	8.581	33 362 516	33 362 516	–	8.021	31 185 263	31 185 263	–	–	–	–	–	–	–
Ghana	0.004	15 552	15 552	–	0.006	23 328	23 328	–	14 158	14 158	–	–	–	–

Consolidated financial statements for the year ended 31 December 2011

State	2010–11 Assessed contributions							Amounts due for previous financial periods					Total due as at 31.12.2011	
	2010			2011				Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011		Calendars years of Assessment
	Assessed contributions	Amounts received or credited		Assessed contributions	Amounts received or credited in 2011		in 2010			in 2011				
%	Amount	in 2010	in 2011	%	Amount									
Greece	0.596	2 317 219	1 260 032	–	0.691	2 686 575	–	3 743 762	281 775	281 775	–	–	2010–11	3 743 762
Grenada	0.001	3 888	–	–	0.001	3 888	150	7 626	–	–	–	–	2010–11	7 626
Guatemala	0.032	124 414	124 414	–	0.028	108 863	108 863	–	–	–	–	–	–	–
Guinea	0.001	3 888	3 888	–	0.002	7 776	1 238	6 538	–	–	–	–	2011	6 538
Guinea-Bissau ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	249 189	–	–	249 189	1992–2001+ 2003–11	256 965
Guyana	0.001	3 888	3 888	–	0.001	3 888	3 888	–	–	–	–	–	–	–
Haiti	0.002	7 776	–	–	0.003	11 664	37	19 403	–	–	–	–	2010–11	19 403
Honduras	0.005	19 440	19 440	–	0.008	31 104	23 016	8 088	–	–	–	–	2011	8 088
Hungary	0.244	948 660	948 660	–	0.291	1 131 394	1 131 387	7	–	–	–	–	2011	7
Iceland	0.037	143 854	143 854	–	0.042	163 294	163 294	–	–	–	–	–	–	–
India	0.450	1 749 578	1 749 578	–	0.534	2 076 166	2 076 166	–	–	–	–	–	–	–
Indonesia	0.161	625 960	625 960	–	0.238	925 333	925 333	–	–	–	–	–	–	–
Iran, Islamic Republic of	0.180	699 831	5 929	386 951	0.233	905 893	–	1 212 844	825 290	661 651	163 639	–	2010–11	1 212 844
Iraq ⁽¹⁾	0.015	58 319	58 319	–	0.020	77 759	77 759	–	5 485 859	304 770	304 770	4 876 319	1992–2007	4 876 319
Ireland	0.445	1 730 139	1 730 132	7	0.498	1 936 200	1 936 193	7	7	7	–	–	2011	7
Israel	0.419	1 629 052	1 629 052	–	0.384	1 492 974	1 360 273	132 701	–	–	–	–	2011	132 701
Italy	5.081	19 754 684	19 754 684	–	5.001	19 443 648	19 443 648	–	–	–	–	–	–	–
Jamaica	0.010	38 879	334	38 545	0.014	54 431	15 886	38 545	–	–	–	–	2011	38 545
Japan	16.631	64 660 530	64 660 530	–	12.535	48 735 478	48 735 478	–	–	–	–	–	–	–
Jordan	0.012	46 655	46 655	–	0.014	54 431	54 431	–	381	381	–	–	–	–
Kazakhstan ⁽¹⁾	0.029	112 751	112 751	–	0.076	295 484	295 484	–	2 830 692	257 335	257 335	2 316 022	1995–99	2 316 022
Kenya	0.010	38 879	17 587	21 292	0.012	46 655	2 922	43 733	–	–	–	–	2011	43 733
Kiribati	0.001	3 888	33	1 479	0.001	3 888	29	6 235	2 428	–	2 428	–	2010–11	6 235
Korea, Republic of	2.174	8 452 408	4 163 816	4 288 592	2.261	8 790 659	3 322 681	5 467 978	3 772 944	3 772 944	–	–	2011	5 467 978
Kuwait	0.182	707 607	707 607	–	0.263	1 022 531	1 022 531	–	–	–	–	–	–	–
Kyrgyzstan ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	1 143 746	3 655	3 888	1 136 203	1992–2011	1 143 979
Lao People's Democratic Republic	0.001	3 888	3 888	–	0.001	3 888	35	3 853	3 853	3 853	–	–	2011	3 853
Latvia	0.018	69 983	69 983	–	0.038	147 742	147 742	–	–	–	–	–	–	–
Lebanon	0.034	132 190	2 167	121 317	0.033	128 302	–	137 008	166 791	166 791	–	–	2010–11	137 008
Lesotho	0.001	3 888	12	3 876	0.001	3 888	3 888	–	–	–	–	–	–	–
Liberia ⁽¹⁾	0.001	3 888	3 888	–	0.001	3 888	3 888	–	142 308	23 121	11 919	107 268	1996–99	107 268
Libya	0.062	241 053	–	–	0.129	501 546	–	742 599	959 296	822 995	–	136 301	2009–11	878 900
Lithuania	0.031	120 526	120 526	–	0.065	252 717	252 717	–	–	–	–	–	–	–
Luxembourg	0.085	330 476	330 476	–	0.090	349 916	349 916	–	–	–	–	–	–	–
Madagascar	0.002	7 776	6 865	911	0.003	11 664	10 443	1 221	–	–	–	–	2011	1 221

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State	2010–11 Assessed contributions							Amounts due for previous financial periods						
	2010				2011			Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011	Calendars years of Assessment	Total due as at 31.12.2011
	%	Amount	in 2010	in 2011	%	Amount	Amounts received or credited in 2011			in 2010	in 2011			
Malawi	0.001	3 888	46	–	0.001	3 888	308	7 422	–	–	–	–	2010–11	7 422
Malaysia	0.190	738 711	738 711	–	0.253	983 652	983 652	–	–	–	–	–	–	–
Maldives, Republic of	0.001	6 386	–	6 386	0.001	3 888	3 888	–	–	–	–	–	–	–
Mali	0.001	3 888	3 888	–	0.003	11 664	4 017	7 647	–	–	–	–	2011	7 647
Malta	0.017	66 095	66 095	–	0.017	66 095	66 095	–	–	–	–	–	–	–
Marshall Islands	0.001	3 888	3 888	–	0.001	3 888	3 888	–	–	–	–	–	–	–
Mauritania	0.001	3 888	2 041	1 847	0.001	3 888	1 081	2 807	4 039	4 039	–	–	2011	2 807
Mauritius	0.011	42 767	42 767	–	0.011	42 767	42 767	–	–	–	–	–	–	–
Mexico	2.258	8 778 996	–	8 778 996	2.357	9 163 903	9 163 903	–	8 774 050	839 046	7 935 004	–	–	–
Moldova, Republic of ⁽¹⁾	0.001	3 888	3 888	–	0.002	7 776	7 776	–	2 183 472	136 467	136 467	1 910 538	1994–2004	1 910 538
Mongolia	0.001	3 888	3 881	7	0.002	7 776	7 719	57	–	–	–	–	2011	57
Montenegro	0.001	3 888	–	3 888	0.004	15 552	15 552	–	3 947	3 888	59	–	–	–
Morocco	0.042	163 294	163 294	–	0.058	225 501	225 501	–	–	–	–	–	–	–
Mozambique	0.001	3 888	3 881	7	0.003	11 664	11 657	7	–	–	–	–	2011	7
Myanmar	0.005	19 440	18 826	614	0.006	23 328	22 620	708	–	–	–	–	2011	708
Namibia	0.006	23 328	23 328	–	0.008	31 104	31 104	–	–	–	–	–	–	–
Nepal	0.003	11 664	11 664	–	0.006	23 328	23 328	–	–	–	–	–	–	–
Netherlands	1.874	7 286 022	7 286 022	–	1.856	7 216 039	7 216 039	–	–	–	–	–	–	–
New Zealand	0.256	995 316	995 316	–	0.273	1 061 411	1 061 411	–	–	–	–	–	–	–
Nicaragua	0.002	7 776	7 776	–	0.003	11 664	7 557	4 107	–	–	–	–	2011	4 107
Niger	0.001	3 888	3 888	–	0.002	7 776	4 475	3 301	4 325	4 325	–	–	2011	3 301
Nigeria	0.048	186 622	186 622	–	0.078	303 260	11 830	291 430	–	–	–	–	2011	291 430
Norway	0.783	3 044 266	3 044 266	–	0.872	3 390 294	3 390 294	–	–	–	–	–	–	–
Oman	0.073	283 820	283 820	–	0.086	334 364	334 364	–	–	–	–	–	–	–
Pakistan	0.059	229 389	146 723	82 666	0.082	318 812	132 267	186 545	138 788	138 788	–	–	2011	186 545
Panama	0.023	89 423	89 423	–	0.022	85 535	85 535	–	25 104	25 104	–	–	–	–
Papua New Guinea	0.002	7 776	–	–	0.002	7 776	–	15 552	15 646	–	7 776	7 870	2008–11	23 422
Paraguay ⁽¹⁾	0.005	19 440	19 440	–	0.007	27 216	1 354	25 862	640 838	42 723	13 617	584 498	1985–1990+ 1998–2003+ 2011	610 360
Peru	0.078	303 260	823	–	0.090	349 916	–	652 353	593 274	300 139	–	293 135	2009–11	945 488
Philippines	0.078	303 260	303 260	–	0.090	349 916	349 916	–	–	–	–	–	–	–
Poland	0.501	1 947 864	1 947 864	–	0.828	3 219 224	3 219 224	–	–	–	–	–	–	–
Portugal	0.527	2 048 951	2 048 951	–	0.511	1 986 743	64 379	1 922 364	–	–	–	–	2011	1 922 364
Qatar	0.085	330 476	330 476	–	0.135	524 873	524 873	–	–	–	–	–	–	–
Romania	0.070	272 157	272 157	–	0.177	688 167	688 167	–	–	–	–	–	–	–
Russian Federation	1.201	4 669 430	4 669 430	–	1.603	6 232 387	6 232 387	–	–	–	–	–	–	–

Consolidated financial statements for the year ended 31 December 2011

State	2010–11 Assessed contributions							Amounts due for previous financial periods						
	2010			2011				Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011	Calendars years of Assessment	Total due as at 31.12.2011
	Assessed contributions	Amounts received or credited		Assessed contributions	Amounts received or credited in 2011		in 2010			in 2011				
%	Amount	in 2010	in 2011	%	Amount									
Rwanda	0.001	3 888	3 888	–	0.001	3 888	191	3 697	–	–	–	–	2011	3 697
Saint Kitts and Nevis	0.001	3 888	3 888	–	0.001	3 888	3 868	20	–	–	–	–	2011	20
Saint Lucia	0.001	3 888	3 888	–	0.001	3 888	3 888	–	–	–	–	–		–
Saint Vincent and the Grenadines	0.001	3 888	3 888	–	0.001	3 888	3 850	38	4 215	4 215	–	–	2011	38
Samoa	0.001	3 888	3 888	–	0.001	3 888	3 888	–	–	–	–	–		–
San Marino	0.003	11 664	11 664	–	0.003	11 664	11 664	–	–	–	–	–		–
Sao Tome and Principe ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	230 051	22 562	–	207 489	1994–2011	215 265
Saudi Arabia	0.748	2 908 188	2 908 188	–	0.831	3 230 888	3 230 888	–	–	–	–	–		–
Senegal	0.004	15 552	–	15 552	0.006	23 328	16 712	6 616	30 163	28 672	1 491	–	2011	6 616
Serbia	0.021	81 647	81 647	–	0.037	143 854	143 854	–	–	–	–	–		–
Seychelles	0.002	7 776	7 776	–	0.002	7 776	7 776	–	–	–	–	–		–
Sierra Leone ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	412 021	3 421	2 281	406 319	1986–2011	414 095
Singapore	0.347	1 349 119	1 349 119	–	0.335	1 302 464	1 302 464	–	–	–	–	–		–
Slovakia	0.063	244 941	244 941	–	0.142	552 089	552 089	–	–	–	–	–		–
Slovenia	0.096	373 243	373 243	–	0.103	400 459	400 459	–	–	–	–	–		–
Solomon Islands ⁽²⁾	0.001	3 888	1 246	–	0.001	3 888	153	6 377	25 631	3 205	9 582	12 844	2004–07+ 2010–11	19 221
Somalia ⁽²⁾	0.001	3 888	–	–	0.001	3 888	–	7 776	381 738	–	–	381 738	1988–2011	389 514
South Africa	0.290	1 127 506	1 096 346	31 160	0.385	1 496 861	1 496 861	–	–	–	–	–		–
Spain	2.969	11 543 329	11 543 329	–	3.178	12 355 911	4 244 046	8 111 865	–	–	–	–	2011	8 111 865
Sri Lanka	0.016	62 207	62 207	–	0.019	73 871	73 871	–	–	–	–	–		–
Sudan	0.010	38 879	72	33 009	0.010	38 879	–	44 677	61 508	–	61 508	–	2010–11	44 677
Suriname	0.001	3 888	3 888	–	0.003	11 664	11 160	504	–	–	–	–	2011	504
Swaziland	0.002	7 776	7 776	–	0.003	11 664	11 664	–	–	–	–	–		–
Sweden	1.072	4 167 885	4 167 885	–	1.065	4 140 669	4 140 669	–	–	–	–	–		–
Switzerland	1.217	4 731 638	4 731 638	–	1.131	4 397 274	4 397 274	–	–	–	–	–		–
Syrian Arab Republic	0.016	62 207	56 885	5 322	0.025	97 199	82 971	14 228	5 322	5 322	–	–	2011	14 228
Tajikistan ⁽²⁾	0.001	3 888	–	–	0.002	7 776	–	11 664	571 146	3 947	3 150	564 049	1994–2011	575 713
Tanzania, United Republic of	0.006	23 328	19 999	3 329	0.008	31 104	24 776	6 328	–	–	–	–	2011	6 328
Thailand	0.186	723 159	723 159	–	0.209	812 582	812 582	–	–	–	–	–		–
The former Yugoslav Republic of Macedonia	0.005	19 440	1	–	0.007	27 216	809	45 846	–	–	–	–	2010–11	45 846
Timor-Leste	0.001	3 888	3 716	172	0.001	3 888	3 888	–	83	83	–	–		–
Togo ⁽¹⁾	0.001	3 888	292	3 596	0.001	3 888	196	3 692	101 757	1 645	29 161	70 951	1997–2004+ 2011	74 643
Trinidad and Tobago	0.027	104 975	104 975	–	0.044	171 070	171 070	–	–	–	–	–		–

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State	2010–11 Assessed contributions							Amounts due for previous financial periods						
	2010				2011			Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2011	Calendars years of Assessment	Total due as at 31.12.2011
	Assessed contributions	Amounts received or credited			Assessed contributions	Amounts received or credited in 2011				in 2010	in 2011			
%	Amount	in 2010	in 2011	%	Amount									
Tunisia	0.031	120 526	120 526	–	0.030	116 638	116 638	–	–	–	–	–	–	–
Turkey	0.381	1 481 310	1 481 310	–	0.617	2 398 866	2 398 866	–	–	–	–	–	–	–
Turkmenistan ⁽²⁾	0.006	23 328	–	–	0.026	101 087	–	124 415	973 268	–	–	973 268	1993–2011	1 097 683
Tuvalu	0.001	3 888	3 888	–	0.001	3 888	3 888	–	6 309	6 309	–	–	–	–
Uganda	0.003	11 664	11 664	–	0.006	23 328	8 520	14 808	–	–	–	–	2011	14 808
Ukraine ⁽¹⁾	0.045	174 958	174 958	–	0.087	338 252	338 252	–	3 164 719	–	–	3 164 719	1998–99+ 2009	3 164 719
United Arab Emirates	0.302	1 174 161	1 174 048	113	0.391	1 520 189	1 520 076	113	113	113	–	–	2011	113
United Kingdom	6.645	25 835 441	25 835 441	–	6.607	25 687 699	25 687 699	–	–	–	–	–	–	–
United States	22.000	85 534 944	68 538 451	16 996 493	22.000	85 534 944	17 000 000	68 534 944	17 294 102	17 294 102	–	–	2011	68 534 944
Uruguay	0.027	104 975	104 975	–	0.027	104 975	104 975	–	–	–	–	–	–	–
Uzbekistan ⁽²⁾	0.008	31 104	–	–	0.010	38 879	–	69 983	1 519 435	31 104	31 104	1 457 227	1997–2011	1 527 210
Vanuatu	0.001	3 888	21	–	0.001	3 888	–	7 755	7 952	7 098	–	854	2009–11	8 609
Venezuela, Bolivarian Republic of	0.200	777 590	375 322	370 692	0.314	1 220 817	–	1 252 393	566 516	566 516	–	–	2010–11	1 252 393
Viet Nam	0.024	93 311	93 311	–	0.033	128 302	128 302	–	–	–	–	–	–	–
Yemen	0.007	27 216	13 071	–	0.010	38 879	–	53 024	10 894	10 894	–	–	2010–11	53 024
Zambia	0.001	3 888	11	3 877	0.004	15 552	15 552	–	3 871	–	3 871	–	–	–
Zimbabwe	0.008	31 104	483	30 621	0.003	11 664	11 664	–	–	–	–	–	–	–
Total	100.000	388 797 698	351 447 354	35 076 678	100.000	388 795 200	293 455 834	97 613 032	65 317 344	26 807 362	10 303 799	28 206 183		125 819 215

State	2010–11 Assessed contributions								Amounts due for previous financial periods						
	2010				2011				Balance due as at 31.12.2011	Balance due as at 01.01.2010	Amounts received or credited		Balance due as at 31.12.2010	Calendars years of Assessment	Total due as at 31.12.2011
	Assessed contributions	Amounts received or credited			Assessed contributions	Amounts received or credited					in 2010	in 2011			
%	Amount	in 2010	in 2011	%	Amount	in 2010	in 2011								
Amounts due by States for prior periods of membership in the ILO Former Socialist Fed. Rep. of Yugoslavia ⁽⁴⁾	-	-	-	-	-	-	-	-	-	6 370 623	-	-	6 370 623	1989–2001	6 370 623
Paraguay ⁽¹⁾	-	-	-	-	-	-	-	-	-	245 066	-	-	245 066	1937	245 066
Total amounts due by States for prior periods of membership in the ILO	-	-	-	-	-	-	-	-	-	6 615 689	-	-	6 615 689		6 615 689
Total	100.000 ⁽³⁾	388 797 698	351 447 354	35 076 678	100.000	388 795 200	293 455 834	97 613 032	71 933 033	26 807 362	10 303 799	34 821 872		132 434 904	

⁽¹⁾ **Financial arrangements**

Member States listed in the following table have financial arrangements for the settlement of arrears of contributions or amounts due in respect of prior periods of membership.

Member State	Session of Conference at which arrangement was approved
Armenia	93rd (2005)
Azerbaijan	95th (2006)
Belarus	86th (1998)
Cambodia	82nd (1995)
Central African Republic	97th (2008)
Georgia	93rd (2005)
Iraq	97th (2008)
Kazakhstan	88th (2000)
Liberia	88th (2000)
Moldova, Republic of	93rd (2005)
Paraguay	92nd (2004)
Togo	93rd (2005)
Ukraine	99th (2010)

⁽²⁾ **Member States which are two years or more in arrears and which have lost the right to vote under paragraph 4 of article 13 of the Constitution.** The arrears of contributions of these member States equal or exceed the amount of the contributions due from them for the past two full years (2009–10). Each of these member States had therefore lost the right to vote in accordance with the provisions of paragraph 4 of article 13 of the Constitution of the Organization.

⁽³⁾ Includes the Republic of Maldives' 2009 contribution of 2,498 Swiss francs assessed, after the adoption of the budget, the International Labour Conference at its 99th Session in June 2010. The Republic of Maldives joined the ILO on 15 May 2009.

⁽⁴⁾ **Status of the Former Socialist Federal Republic of Yugoslavia.** The Former Socialist Federal Republic of Yugoslavia was deleted from the list of ILO member States on 24 November 2000.

6. Appendix

Additional unaudited information

Detail of net assets, revenue and expense by fund for 2011 (US\$ thousands)

Net assets by fund	Net assets 31 Dec 2010 (restated)	Revenue 2011	Expense 2011	Transfer to liabilities due to member States	Financing of deficit	Adjustments to net assets	Net assets 31 Dec 2011
Regular budget	44 662	418 097	(422 781)	(9 857)	52 659	47 744	130 524
Land and buildings	432 966	3 841	(3 616)	–	–	(68 854)	364 337
Building Accommodation	87 775	2 197	(430)	–	–	–	89 542
RBSA	22 587	30 640	(22 704)	–	–	–	30 523
Programme Support Income	41 438	21 124	(18 209)	–	–	–	44 353
Publications	1 330	530	(609)	–	–	–	1 251
ITS	1 704	5	(60)	–	–	–	1 649
Gifts, grants and reimbursable costs	5 779	3 424	(4 910)	–	–	–	4 293
Prior period surplus	4 737	25	(327)	–	–	–	4 435
Special Programme Accounts	28 731	357	(1 791)	–	–	–	27 297
Working Capital	36 804	233	–	–	(37 037)	–	–
Income Adjustment Account	63 262	1 425	(641)	–	(15 622)	–	48 424
Terminal benefits	(13 345)	4 691	(4 347)	–	–	–	(13 001)
SHIF	42 889	50 659	(42 556)	–	–	(3 008)	47 984
ASHI liability	(563 558)	–	(15 702)	–	–	(158 789)	(738 049)
Other General Fund	2 127	1 336	(1 417)	–	–	–	2 045
Intra-segment elimination	–	(294)	294	–	–	–	–
Subtotal General Fund	239 888	538 290	(539 806)	(9 857)	–	(182 907)	45 607
ITC	17 969	55 362	(54 778)	–	–	(1 010)	17 543
IILS	12 633	843	(1 754)	–	–	–	11 722
CINTERFOR	378	1 293	(1 251)	–	–	–	420
CIS	866	168	(495)	–	–	–	539
Administrative Tribunal	(140)	2 538	(2 560)	–	–	–	(162)
Subtotal non-General Funds	31 706	60 204	(60 838)	–	–	(1 010)	30 062
UNDP	–	1 577	(1 577)	–	–	–	–
TC Project	–	226 088	(226 088)	–	–	–	–
Subtotal extra-budgetary	–	227 665	(227 665)	–	–	–	–
Inter-segment elimination	–	(72 591)	72 591	–	–	–	–
Total	271 594	753 568	(755 718)	(9 857)	–	(183 917)	75 669