



INTERPOL

# **I.C.P.O. - International Criminal Police Organization**

## **Financial Statements**

**For the Year Ended 31 December 2013**

# TABLE OF CONTENTS

| <b><u>Contents</u></b> .....             | <b><u>Page</u></b> |
|--|--------------------|
| Report of Management .....               | 3                  |
| External Auditors' Report .....          | 4                  |
| Statement of Financial Position .....    | 5                  |
| Statement of Financial Performance ..... | 6                  |
| Statement of Changes in Equity .....     | 7                  |
| Statement of Cash Flows .....            | 8                  |
| Notes to the Financial Statements .....  | 9                  |



10th April 2014

## REPORT OF MANAGEMENT

INTERPOL management is given the responsibility for the production of the Financial Statements in Regulation 5.5 of its Financial Regulations, and for establishing and maintaining adequate internal financial controls. INTERPOL has adopted International Public Sector Accounting Standards (IPSAS) as its reference standard. These Financial Statements have been prepared in accordance with IPSAS and the INTERPOL Financial Regulations and management considers that it has been compliant with both throughout the year.

The Organisation's system of internal financial control is designed to provide reasonable assurance regarding the reliability of financial reporting, the preparation of Financial Statements and the prevention and detection of fraud. The system of internal control includes policies and procedures at both the organisational level and transactional level.

Organisational level controls include, in addition to an internal audit function, the policies and procedures that set the control environment and provide for maintenance of records and the setting of respective authorisation levels. Transactional level controls provide reasonable assurance that the Organisation complies with the policies, procedures and Financial Regulations for all receipts and expenditures and for the prevention and detection of unauthorized acquisition, use or disposition of the Organisation's assets.

The system of internal financial control has identified no cases of actual, suspected or alleged fraud or misuse of the Organisation's assets in the year. Management has reasonable assurance that these Financial Statements present fairly the Organisation's financial position as at 31 December 2013 and the results of operations and cash flows for the year at that date.

The Financial Statements were approved by management on 10 April 2014. The Statements are audited by the Riksrevisjonen, the Office of the Auditor General of Norway, who were appointed by the General Assembly for a further three year term beginning in November 2013.

**Ronald K Noble**  
Secretary General

**Laurent Grosse**  
Executive Director Resource Management

## OPINION OF THE INDEPENDENT EXTERNAL AUDITOR

We have audited the Financial Statements of INTERPOL for the year ended 31 December 2013, consisting of the Statement of Financial Position; the Statement of Financial Performance; the Statement of Changes in Net Equity and Funds; the Cash Flows Statement; and the related notes. These Financial Statements are the responsibility of the management of the INTERPOL General Secretariat. Our responsibility is to express an opinion on these Financial Statements based on our audit. As in previous years it is until further notice formulated as a combined audit opinion comprising also the assets which are related to the accounting and management of the progressively increasing pension scheme amounts, see paragraph 1.1 below.

We conducted our audit based on internationally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation.

We consider that our audit provides a reasonable basis for concluding that, in our opinion, the Financial Statements give a true and fair view of the financial position of INTERPOL as of 31 December, 2013, its financial performance and its cashflows for the year then ended and comply with INTERPOL Financial Rules.

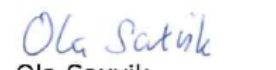
The transactions of the INTERPOL have in all material respects been made in accordance with budget provisions, the Financial Regulations, and the legislative authorities of the Organization.

Specific observations and recommendations are set out below in below in our Annual Report for 2013, which we issue in accordance with Chapter 7, Section 2, Regulation 7.7 of the Financial Regulations and Appendix 2 to these Financial Regulations.

Signed at the Office of the Auditor General of Norway in Oslo, on 21 May 2014

  
Per Anders Engeseth  
Director General

  
Bjørn Langerud  
Assistant Director General

  
Ola Saxvik  
Senior Audit Adviser

**I.C.P.O. - INTERNATIONAL CRIMINAL POLICE ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**

|   | Notes | <b>31 December<br/>2013</b><br><i>000s Euros</i> | <b>31 December<br/>2012</b><br><i>000s Euros</i> |
|---|-------|--|--|
| <b><u>ASSETS</u></b>                        |       |  |  |
| <b>Current Assets</b>                       |       |  |  |
| Cash and Bank Balances                      | 3     | 40,026   | 36,859   |
| Investments                                 | 3     | 28,937   | 19,003   |
| Statutory Contributions Receivable          | 4     | 3,446  | 4,125  |
| Accounts Receivables                        | 4     | 3,781  | 3,977  |
| Inventories                                 | 5     | 415  | 426  |
| <b>Total Current Assets</b>                 |       | <b>76,605</b>                                    | <b>64,390</b>                                    |
| <b>Non-Current Assets</b>                   |       |  |  |
| Investments                                 | 3     | 31   | 4,031  |
| Statutory Contributions Receivable          | 4     | 478  | 124  |
| Accounts Receivables                        | 4     | 320  | 154  |
| Plant Property and Equipment                | 6     | 18,668   | 19,190   |
| Intangible Assets                           | 6     | 1,655  | 1,752  |
| Assets in Progress                          | 6     | 1,270  | 315  |
| <b>Total Non-Current Assets</b>             |       | <b>22,422</b>                                    | <b>25,566</b>                                    |
| <b>TOTAL ASSETS</b>                         |       | <b>99,027</b>                                    | <b>89,956</b>                                    |
| <b><u>LIABILITIES</u></b>                   |       |  |  |
| <b>Current Liabilities</b>                  |       |  |  |
| Payables                                    | 7     | (7,771)  | (5,421)  |
| Statutory Contributions Received in Advance | 8     | (3,142)  | (1,818)  |
| Other Income Received in Advance            | 8     | (212)  | (252)  |
| Project Trust Accounts                      | 8     | (23,666)   | (21,748)   |
| Employee-related liabilities                | 9     | (4,646)  | (3,676)  |
| <b>Total Current Liabilities</b>            |       | <b>(39,437)</b>                                  | <b>(32,915)</b>                                  |
| <b>Non-Current Liabilities</b>              |       |  |  |
| Employee-related liabilities                | 9     | (13,542)   | (11,266)   |
| <b>Total Non-Current Liabilities</b>        |       | <b>(13,542)</b>                                  | <b>(11,266)</b>                                  |
| <b>TOTAL LIABILITIES</b>                    |       | <b>(52,979)</b>                                  | <b>(44,181)</b>                                  |
| <b>TOTAL NET ASSETS</b>                     |       | <b>46,048</b>                                    | <b>45,775</b>                                    |
| <b><u>EQUITY</u></b>                        |       |  |  |
| Capital Financing Reserve                   | 10    | 21,593   | 21,257   |
| Accumulated Reserve Funds                   | 10    | 24,455   | 24,518   |
| <b>TOTAL EQUITY</b>                         |       | <b>46,048</b>                                    | <b>45,775</b>                                    |

**I.C.P.O. - INTERNATIONAL CRIMINAL POLICE ORGANIZATION**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR**

|                                       | <b>Notes</b> | <b>31 December 2013</b><br><i>000s Euros</i> | <b>31 December 2012</b><br><i>000s Euros</i> |
|---------------------------------------|--------------|--|--|
| <b>Operating Revenue</b>              | <b>11</b>    |  |  |
| Statutory Contributions               |              | 51,185                                       | 50,678                                       |
| Regional Bureau Financing             |              | 1,353  | 870  |
| Voluntary Contributions               |              | 622  | 645  |
| Reimbursements and Recoveries         |              | 3,584  | 2,178  |
| Financial Income                      |              | 808  | 869  |
| Other Income                          |              | 20,748                                       | 14,466                                       |
| Exchange Rate Gains/(Losses) Net      |              | (64)   | (117)  |
| <b>Total Operating Revenue</b>        |              | <b>78,236</b>                                | <b>69,589</b>                                |
| <b>Operating Expenses</b>             | <b>12</b>    |  |  |
| Pay Costs                             |              | 44,607                                       | 40,322                                       |
| Other Staff Costs                     |              | 1,313  | 1,065  |
| Premises Running Costs                |              | 2,522  | 2,182  |
| Maintenance                           |              | 2,138  | 2,252  |
| Missions and Meetings                 |              | 13,838                                       | 10,673                                       |
| Office Expenses                       |              | 2,004  | 1,370  |
| Telecommunication Costs               |              | 1,518  | 1,507  |
| Third Party and Other Costs           |              | 5,330  | 5,699  |
| Depreciation Expenditure              |              | 4,693  | 4,704  |
| <b>Total Operating Expenses</b>       |              | <b>(77,963)</b>                              | <b>(69,774)</b>                              |
| <b>Surplus/(Deficit) for the year</b> |              | <b>273</b>                                   | <b>(185)</b>                                 |

**I.C.P.O. - INTERNATIONAL CRIMINAL POLICE ORGANIZATION**  
**STATEMENT OF CHANGES IN EQUITY**

| <i>000s Euros</i>  | <i>Notes</i> | Capital<br>Financing<br>Reserve | Accumulated<br>Reserve<br>Funds | <b>Total</b>  |
|--|--------------|---------------------------------|---------------------------------|---------------|
| <b>Balance at 31 December 2012</b>   | <b>10</b>    | <b>21,257</b>                   | <b>24,518</b>                   | <b>45,775</b> |
| Net Gains and Losses not recognised in<br>statement of financial performance |              | 336                             | (336)                           |               |
| Net (deficit)/surplus for the year   |              |                                 | 273                             | 273           |
| <b>Balance at 31 December 2013</b>   | <b>10</b>    | <b>21,593</b>                   | <b>24,455</b>                   | <b>46,048</b> |

**I.C.P.O. - INTERNATIONAL CRIMINAL POLICE ORGANIZATION**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON:**

|  | <b>31 December<br/>2013</b><br><i>000s Euros</i> | <b>31 December<br/>2012</b><br><i>000s Euros</i> |
|--|--|--|
| <b>Cash Flows From Operating Activities</b>                        |  |  |
| Surplus/(Deficit) from Ordinary Operating Activities               | 273  | (185)  |
| <b>Non-Cash Movements</b>  |  |  |
| Depreciation Expenditure   | 4,693  | 4,704  |
| Adjustment for Accrued Financial Income                            |  |  |
| Adjustment for (Gain) / Loss on Sales of Assets                    | 76   | 39   |
| (Increase)/Decrease in Statutory Contributions Receivables         | 325  | 49   |
| (Increase)/Decrease in Accounts Receivables                        | 30   | 195  |
| (Increase)/Decrease in Inventories                                 | 11   | 83   |
| Increase/(Decrease) in Payables                                    | 2,350  | 35   |
| Increase/(Decrease) in Statutory Contributions Received in Advance | 1,324  |  |
| Increase/(Decrease) in Income Received in Advance                  | (40)   | 1,426  |
| Increase/(Decrease) in Project Trust Accounts                      | 1,918  | 9,136  |
| Increase/(Decrease) in Employee-related liabilities                | 3,246  | 2,648  |
| <b>Net Cash Flows from Operating Activities</b>                    | <b>14,206</b>                                    | <b>18,130</b>                                    |
| <b>Cash Flows From Investing Activities</b>                        |  |  |
| Sales/(Purchases) of Investments                                   | (5,934)  | 1,598  |
| Purchases of Fixed Assets  | (5,105)  | (4,408)  |
| Sales of Fixed Assets  |  |  |
| <b>Net Cash Flows from Investing Activities</b>                    | <b>(11,039)</b>                                  | <b>(2,810)</b>                                   |
| <b>Net increase/(decrease) in cash and bank balances</b>           | <b>3,167</b>                                     | <b>15,320</b>                                    |
| Cash and cash equivalents at the beginning of period               | 36,859   | 21,539   |
| Cash and cash equivalents at the end of period                     | 40,026   | 36,859   |
| <b>Movement in cash and bank balances</b>                          | <b>3,167</b>                                     | <b>15,320</b>                                    |



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: Objectives and Governance of the Organization

The I.C.P.O. - International Criminal Police Organization - known as INTERPOL (the "Organization") was founded in 1923 to enhance police co-operation around the world. The Organization currently has 190 member countries ("members"). The aims of the Organization are:

- To ensure and promote the widest possible mutual assistance between all criminal police authorities within the limits of the laws existing in the different countries and in the spirit of the "Universal Declaration of Human Rights";
- To establish and develop all institutions likely to contribute effectively to the prevention and suppression of ordinary law crimes.

It carries out these aims by focusing on its law enforcement priorities:

1. Secure global police communications systems;
2. 24/7 support to policing and law enforcement;
3. Capacity building;
4. Assisting in the identification of crimes and criminals.

The Organization is governed by its members. The members elect representatives from each region to sit on the Organization's Executive Committee; they elect the Secretary General for a term of five years; they approve the Organization's own governing text, the constitution and general regulations. INTERPOL's financial regulations are an appendix to the general regulations.

The Organization is based in Lyons, France and has representative offices in Brussels, Belgium; Bangkok, Thailand; Geneva, Switzerland, New York, USA and Singapore. It has subsidiary bureaus in: Abidjan, Cote d'Ivoire; Buenos Aires, Argentina; Harare, Zimbabwe; Nairobi, Kenya; Salvador, El Salvador; Yaoundé, Cameroon. Each member has an INTERPOL representative office, or National Central Bureau.

The Organization enjoys privileges and immunities, notably that of being exempt from paying most forms of taxation. The Organization is funded primarily by statutory contributions from its members that are assessed in the general and specific budgets of the Organization.

The general and specific budgets are the annual plans that set out the activities of the Organization for the following financial period. The budgets are approved by the members at the annual General Assembly. All members fund the general budget of the Organization at a scale determined by them and mutually agreed between them. Specific budgets of the Organization are related to certain activities and agreed among participating countries or organisations from both the public and private sectors.

Following approval of the budget, the members empower the Secretary General, subject to certain approval limits, to:

- commit and authorise expenditures and make all payments borne by the Organization for approved activity up to the approval limits;
- receive income entered in the budget, together with other resources accruing to the Organization up to the approval limits.

**Note 2: Statement of Significant Accounting Policies*****Basis of Preparation and Presentation***

The Financial Statements of the Organization are prepared in accordance with its Financial Regulations and in compliance with the International Public Sector Accounting Standards (IPSAS). Where IPSAS does not have any specific standard, International Accounting Standards have been used. The Financial Statements are prepared in Euro. To ensure that the presentation of the Statements is consistent, some rounding of balances has been undertaken.

These Financial Statements have been prepared on the going concern basis, conforming to the historical cost convention using the accrual method of accounting. All transactions and operations comply with the Organisation's governing texts: its Constitution; Financial Regulations and Financial and Staff Directives. Budgets are not presented in these Statements in accordance with IPSAS 24 as these are not publicly available.

The following specific accounting policies that materially affect the measurement of financial performance and the financial position have been applied:

***Use of Estimates***

The Financial Statements necessarily include amounts based on estimates and assumptions by management. Estimates include but are not limited to: indemnity benefit on retirement, accrued charges, provision for risk on inventories and accounts receivable, contingent assets and liabilities, market rental rates. Changes in estimates are reflected in the period in which they become known unless this leads to such a significant change to the Financial Statements from prior periods that prior statements require restatement.

***Foreign Currency Transactions***

Transactions in foreign currencies are translated to the Euro at the rate of exchange on the date of the transactions for payments invoices and good receipts, and at an average rate from the previous month for other accounting transactions. Assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date.

Both realised and unrealised gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance.

***Fixed Assets***

Fixed Assets are recorded at cost and depreciated at rates in accordance with the Financial Regulations, to recognize the consumption of economic benefits of the assets over their useful lives. Where the historic book value of an asset is greater than its estimated recoverable amount, the asset is written down to its recoverable amount, resulting in an impairment loss.

*Intangible Assets:* Software and licences are depreciated on a reducing balance basis at 50% of Net Asset Value at the start of the year, over 4 years. Generally, costs associated with internal development are expensed when incurred. However, expenditures that significantly enhance applications are recognised as capital improvement and added to the original cost of the software. Where the costs of external development have been funded by external parties, the costs of development are expensed when occurred.

*Buildings:* Buildings are depreciated on a straight-line basis over 40 years.

*Fixtures and Fittings:* Furniture and office equipment are depreciated on a reducing balance basis at 40% of Net Asset Value at the start of the year, over 7 years. Fittings and sports equipment are depreciated on a straight-line basis over 10 years.

*Equipment and other assets:* Computer Hardware and Telecommunications Equipment is depreciated on a reducing balance basis at 50% of Net Asset Value at the start of the year, over 4 years. Vehicles are depreciated on a reducing balance basis at 40% of Net Asset Value at the start of the year, over 7 years.

**Heritage Assets**

From time to time, the Organisation receives donations or the free use of works of art from member countries or other institutions. Such assets are not valued directly by the Organisation in its accounts as no insurance value is ascribed to these objects nor is it intended that they will be sold.

**Inventories**

Stocks are valued at lower of cost or net realizable value, using the average method of inventory management.

**Accounts Receivable**

Receivables are stated at their nominal amount and reduced by allowances for estimated irrecoverable amounts. No allowance for loss is recorded for receivables relating to member country statutory contributions. However, a portion of the General Reserve Fund ensures that any revenue shortfall is covered by reserves.

**Financial Risk Management**

The Organization's Financial Risk Management objective is to ensure that its budgets are achieved, so that the Organization's progress continues as planned, within the framework of the priorities it sets for itself and the associated programme of activities that are agreed at the General Assembly. Its Financial Risk Management policies are framed within the context of its Financial Regulations.

**Fair Value Financial Instruments**

Financial Instruments employed by the Organization are as follows:

| <b><i>Fair Value Financial Instruments</i></b> | Initial<br>Recognition<br>Amount<br>2013 | Fair Value /<br>Amortised<br>Cost 2013 | Initial<br>Recognition<br>Amount<br>2012 | Fair Value /<br>Amortised<br>Cost 2012 |
|--|--|--|--|--|
| <b>Financial Assets</b>                        |  |  |  |  |
| <i>classified as Loans and Receivables</i>     |  |  |  |  |
| Cash and bank balances                         | 40,026                                   | 40,026                                 | 36,859                                   | 36,859                                 |
| Statutory Contributions Receivable             | 3,924                                    | 3,924                                  | 4,249                                    | 4,249                                  |
| Accounts Receivables                           | 4,134                                    | 4,101                                  | 4,160                                    | 4,131                                  |
| <i>classified as Held to Maturity Assets†</i>  |  |  |  |  |
| Investments                                    | 28,968                                   | 28,968                                 | 23,034                                   | 23,034                                 |
| <b>Total</b>                                   | <b>77,052</b>                            | <b>77,019</b>                          | <b>68,302</b>                            | <b>68,273</b>                          |
| Payables                                       | 7,771                                    | 7,771                                  | 5,421                                    | 5,421                                  |
| Income Received in Advance                     | 3,354                                    | 3,354                                  | 2,070                                    | 2,070                                  |
| Deferred Project Income                        | 23,666                                   | 23,666                                 | 21,748                                   | 21,748                                 |
| Employee-related liabilities                   | 18,188                                   | 18,188                                 | 14,942                                   | 14,942                                 |
| <b>Total</b>                                   | <b>52,979</b>                            | <b>52,979</b>                          | <b>44,181</b>                            | <b>44,181</b>                          |

† refer to credit risk policy note.

The business purpose served by these Financial Instruments is that they aid the Organization in achieving its budgets and making progress towards achieving its objectives. Changes in the values of these financial instruments are routed through the Statement of Financial Performance.

The risks associated with the use of these financial instruments are:

a. **Currency Risk**

The Organization operates bank accounts in Euros (EUR), United States Dollars (USD), Kenyan Shillings (KES), Thailand Baht (THB), Argentina Pesos (ARS), Singapore Dollars (SGD) and Central and West African Francs (XAF - XOF). As a result of conversion of the foreign currency balances held in these accounts to Euros at the balance sheet date, currency risk is incurred due to variation in the Euro values of the converted balances.

In order to minimise currency risk, the Organization has in place a Treasury Policy to;

- optimise, as far as possible, the numbers of the various currencies employed and the exchange transactions for conversion from one to the other;
- convert half of all incoming USD receipts to Euros at the prevailing spot rate, while holding the other half unconverted for expenses in USD;
- make remittances in Euros wherever possible instead of in USD, to the various subsidiary bureaus for conversion into local currency for use at these bureaus;
- increase frequency of remittances to the subsidiary bureaus so as to reduce the level of local currency holdings.

b. **Interest Rate Risk**

Investments of the Organization in short-term maturity instruments with its banks or in asset management schemes are subject to fluctuating returns, on account of market-driven interest rates. This has a bearing on the level of the expenditure budget that is supported for the Organization.

Investments to earn interest income are made by the Organization subject to Security, Liquidity and Profitability criteria, ranked in that order, as specified by its Financial Regulations.

Certain financial instruments show a mark-to-market change in the year. This change in carrying value has not been recognised in the accounts as the organisation does not intend to liquidate the investments prior to maturity, when it will receive full value from the asset manager under the capital guarantee clause of this type of investment.

c. **Credit Risk**

The Organization is exposed to counterparty credit risk from accounts receivable and transactions with banks, and asset management companies. This risk is managed by

- holding bank balances or investments in well-recognized banking institutions rated A (Standard & Poor's) or higher;
- investing in only AAA-rated (Standard & Poor's) asset management schemes for short-term maturities offered by such banking institutions.

The Financial Regulations of the Organization specify conditions for choosing among various financial institutions and banks.

In respect of accounts receivable, adequate provisions have been made for amounts considered uncollectible or doubtful as shown above. In respect of receivables from member countries, a portion of the General Reserve Fund is set aside to absorb the risk of a shortfall. In respect of Project Trust Accounts, counterparty financing risk is mitigated by the receipt, as far as possible as allowed under the terms of the agreement, of full project funding in advance of commencement of obligations.

A fluctuation in the values of the financial assets of the Organization has a bearing on its net worth and affects its continuing progress towards achieving its objectives. The Organization does not require any collateral or security to support financial instruments and other receivables, due to the low level of the residual risk remaining after mitigation as above.

**d. Liquidity Risk**

The Organization manages its current liquidity by continually monitoring its receivables position, its available funds and proposed or ongoing expenditure commitments. Resource allocations for activities are made against available or committed and due funds only, generally before the start of the activity.

The Organization is subject to liquidity risk due to the possible non-timely conversion of its receivables into liquid funds that can be applied to maturing commitments. Safeguards against this risk are specified in the Financial Regulations requiring the maintenance of a certain level of the General Reserve Fund. The Financial Regulations also specify that member countries pay their contribution dues to the Organization each year before the end of April.

In respect of its financial investments, liquidity risk arises on account of adverse market conditions that could prevent an orderly exit or cause a loss on exit from investments. This risk is mitigated by the Organization by diversifying the types of its investments.

The Organization also matches the liquidity profiles of its investments with the overall longer-term resources that are available, choosing to invest up to 50% only of the latter in long-term investments, with the balance held on remunerated bank balances.

**Revenue Recognition**

*Statutory Contributions of member countries:* Statutory Contributions from all member countries of the Organization are recorded in the Financial Year following their approval by the General Assembly. This includes specific contributions from certain countries directly relating to the operations of the subsidiary bureaus which also became statutory from January 1, 2005.

*Voluntary Contributions:* Voluntary Contributions are paid by members of the Organization in addition to their statutory contributions and are recognized as revenue on the date of receipt.

*Reimbursements and Recoveries, Other Income:* Shop sales revenues are recognised at the time of sale. Revenue for Project Trust Accounts is recorded to the extent of expenditure incurred on the projects. Other Income, including reimbursement of costs by third parties, are recognised when they are acquired, either contractually, or in the absence of a contract, upon receipt.

*Financial Income:* Interest income is accrued on a time basis at the effective interest rate.

Revenue that relates to future financial periods is deferred accordingly. The Organisation also controls certain assets that are not directly recognized in the accounts.

**Services In-Kind**

The Organisation has the benefit of law enforcement officials that are on secondment from their national administrations. Most of the pay costs for these personnel are paid directly by their national administrations and as such the total costs for these personnel do not appear in the Organisation's accounts. Based on the Organisation's employee benefits paid at the locations where these seconded officers are stationed, the value of the seconded officials is estimated as 17 603 (000) EUR for 2013 (2012: 17 279 (000) EUR).

**Rent-free Premises**

The Organisation also has the free use of premises that have been made available to carry-out its activity at its Regional Bureaus in Abidjan, Buenos Aires, Harare, Nairobi, San Salvador, Yaoundé and regional offices in Bangkok and New York and pays no rent for the use of the land on which the building in Lyons is constructed. Based on the size of the premises and the prevailing market rents at these locations, the benefit of this rent-free location is estimated at 1 050 (000) in 2013 (2012: 1 086 (000)). However, such premises may form part of national law enforcement institution and as such a fair-market rent may not be appropriate.

**Employee Benefits**

The Organization administers an internal scheme to compensate individuals facing involuntary loss of employment. The scheme is funded by the Organization's own contributions. Payments are made on a declining basis for consecutive years of an individual not finding alternate employment, per rules specified in the staff manual.

The Organization also offers an indemnity on retirement and supplementary retirement benefits to its employees, depending on seniority and service, per rules specified in the staff manual. Estimates of the impact on the Organization for the retirement indemnity are made at the financial position date and recognised in the Statement of Financial Performance. For the supplementary retirement benefit, the Organization makes a defined contribution.

The Organization also administers a defined contribution pension scheme for all employees who choose to participate in it, for which the Organization contributes at an agreed level relative to an individual employee's contribution. The financial assets under this scheme are held and managed by the Organization alongside of its own bank accounts.

All of the Organization's contributions for employee benefits, including from funds received for Project Trust Accounts, are treated as an expense and included within pay costs in the Statement of Financial Performance.

**Operating Lease Assets**

Payments made under operating leases are recognized in the Statement of Financial Performance on a straight line basis over the period of the lease.

The Organization has signed leases for additional office space. In the event that the leases are cancelled before their current end date, the Organization may be liable to pay penalties amounting to the outstanding rental, depending on the notice of cancellation.

The amounts payable under these operating lease contracts signed by the Organization are as follows:

| <b>Lease Costs (000s Euros)</b>        | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|
| Not more than 1 year                   | 1,026       | 981         |
| Later than one year and not later than | 4,104       | 4,905       |

**Changes in Accounting Policies**

There were no significant changes to Accounting Policies since the last reporting date.

**Note 3: Cash and Bank Balances and Investments**

Cash and Bank Balances consist of cash, bank balances including savings accounts and other investments that can be quickly converted into cash.

|   | 31 December<br>2013<br>000€ | 31 December<br>2012<br>000€ |
|---|-----------------------------|-----------------------------|
| Cash on Hand  | 63                          | 57                          |
| Deposits with banks unrestricted - euros            | 39,596                      | 36,657                      |
| Deposits with banks unrestricted - other currencies | 367                         | 145                         |
| <b>Total Cash and Bank Balances</b>                 | <b>40,026</b>               | <b>36,859</b>               |
|   | 31 December<br>2013<br>000€ | 31 December<br>2012<br>000€ |
| Money Market Fund Investments                       | 4,000                       | 5,000                       |
| In Ordinary Banking Products                        | 20,937                      | 6,003                       |
| In Structured Banking Products                      | 4,000                       | 8,000                       |
| <b>Total Investments Current</b>                    | <b>28,937</b>               | <b>19,003</b>               |
| In Ordinary Banking Products                        | 31                          | 31                          |
| In Structured Banking Products                      |                             | 4,000                       |
| <b>Total Investments Non-Current</b>                | <b>31</b>                   | <b>4,031</b>                |
| <b>Total Investments</b>                            | <b>28,968</b>               | <b>23,034</b>               |

Cash deposits are generally held in interest bearing accounts. Interest bearing accounts and investments yielded an average rate of 1.3% in 2013 (2012: 1.6%). The interest rate on bank and cash balances was 0.3% (2012: 0.3%) and on investments was 2.6% (2012: 3.0%).

Certain cash deposits are designated for specific uses:

- Project Trust Accounts
- Defined Contribution Pension scheme
- Supplementary retirement scheme.

The total amount of cash and cash equivalents and investments held for these specific uses was 37.566 M€ (2012: 32.892 M€). The Organization has no confirmed credit lines or bank overdrafts.

**Note 4: Accounts Receivable and Prepayments**

|   | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|---|-------------------------------|-------------------------------|
| <b>Current Statutory Contributions Receivable</b>     | <b>3,446</b>                  | <b>4,125</b>                  |
| Prepaid Expenses                                      | 1,186                         | 1,230                         |
| Other Receivables                                     | 2,628                         | 2,776                         |
| Provision for Uncollectable Receivables               | (33)                          | (29)                          |
| <b>Total Current Accounts Receivable</b>              | <b><u>3,781</u></b>           | <b><u>3,977</u></b>           |
| <b>Non-Current Statutory Contributions Receivable</b> | <b>478</b>                    | <b>124</b>                    |
| <b>Total Non Current Accounts Receivable</b>          | <b>320</b>                    | <b>154</b>                    |

Statutory contributions receivable represents uncollected revenues that are committed to the Organization by member countries on the basis of approved budgets passed at the General Assembly. The non-current part of statutory contributions receivable represents future period receivables under debt re-scheduling arrangements.

**Note 5: Inventories**

|                          | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|--------------------------|-------------------------------|-------------------------------|
| Items Held for Sale      | 333                           | 328                           |
| Supplies                 | <u>82</u>                     | <u>98</u>                     |
| <b>Total Inventories</b> | <b>415</b>                    | <b>426</b>                    |

Items held for sale include items sold in the INTERPOL shop. Supplies include office consumables and items for maintenance.



**Note 6: Net Fixed Assets**

|                                   | Balance<br>at 31st December<br>2012<br>000€ | Additions /<br>Depreciation<br>000€ | Disposals<br>000€ | Balance at<br>31st December<br>2013<br>000€ |
|-----------------------------------|---|-------------------------------------|-------------------|---|
| <b>Cost of Fixed Assets</b>       |   |                                     |                   |   |
| Plant Property and Equipment      | 53,997                                      | 3,221                               | (827)             | 56,391                                      |
| Intangible Assets                 | 13,951                                      | 929                                 | (1)               | 14,879                                      |
| Fixed Assets in Progress          | 315   | 955                                 |                   | 1,270                                       |
| <b>Total Cost of Fixed Assets</b> | <b>68,263</b>                               | <b>5,105</b>                        | <b>(828)</b>      | <b>72,540</b>                               |
| <b>Depreciation</b>               |   |                                     |                   |   |
| Plant Property and Equipment      | (34,807)                                    | (3,668)                             | 752               | (37,723)                                    |
| Intangible Assets                 | (12,199)                                    | (1,025)                             |                   | (13,224)                                    |
| Fixed Assets in Progress          |   |                                     |                   |   |
| <b>Total Depreciation</b>         | <b>(47,006)</b>                             | <b>(4,693)</b>                      | <b>752</b>        | <b>(50,947)</b>                             |
| <b>Net Fixed Assets</b>           |   |                                     |                   |   |
| Plant Property and Equipment      | 19,190                                      | (447)                               | (75)              | 18,668                                      |
| Intangible Assets                 | 1,752                                       | (96)                                | (1)               | 1,655                                       |
| Fixed Assets in Progress          | 315   | 955                                 |                   | 1,270                                       |
| <b>Total Net Fixed Assets</b>     | <b>21,257</b>                               | <b>412</b>                          | <b>(76)</b>       | <b>21,593</b>                               |

Fixed assets comprise the following categories:

*Plant Property and Equipment:* Includes the headquarters building in Lyons, France owned by the Organization, and office equipment, fixtures, fittings, vehicles and other equipment.

*Intangible Assets:* Consist of software and licenses.

*Fixed Assets in Progress:* These are assets whose purchase, installation and commissioning processes are still in progress. The amounts shown here comprise part / full payments for assets whose beneficial ownership has passed over to the Organization. These assets have not yet been subject to depreciation.

There were no revaluations or transfers during the year.

**Note 7: Payables**

|                                       | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|---------------------------------------|-------------------------------|-------------------------------|
| Suppliers and Accrued Charges         | 5,925                         | 3,667                         |
| Social Security and Insurance Payable | 1,809                         | 1,660                         |
| Other Payables                        | 37                            | 94                            |
| <b>Total Payables</b>                 | <b>7,771</b>                  | <b>5,421</b>                  |

Suppliers and accrued charges include invoices received from suppliers that are yet to be settled and obligations to suppliers for services performed but not yet invoiced. Payables to welfare institutions are current contributions for health and social charges.

**Note 8: Income Received in Advance and Project Trust Accounts**

|   | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|---|-------------------------------|-------------------------------|
| Statutory Contributions Received in Advance | 3,142                         | 1,818                         |
| Other Income Received in Advance            | 212                           | 252                           |
| Project Trust Accounts                      | 23,666                        | 21,748                        |
| <b>Total Income Received in Advance</b>     | <b>27,020</b>                 | <b>23,818</b>                 |

Statutory contributions received in advance are payments made by member countries in advance of the 2014 budget. Other income received in advance includes reimbursements received in advance of their expense. Project Trust Accounts represents monies received from external sponsors for a specified defined purpose. This income has a restricted use and is not freely available to the Organization.

**Note 9: Employee-Related Liabilities**

Employee-related liabilities for the Organization consist of:

- Employment Provision, for the loss of employment with the Organization;
- Provision for leave not availed by employees at year end;
- Employee Benefits, mainly for one-off payments to employees on retirement;
- Pension Scheme, the Organization's defined contribution pension scheme. All contributions to the Organization's defined contribution pension scheme are funded into a separate bank account, as explained in note 3.

Details regarding employee-related liabilities are as under:

| <b>EMPLOYEE-RELATED LIABILITIES</b><br><i>000s Euros</i>   | Unemployment<br>Provision | Employee benefits          |                             | Provision for<br>leave not availed | Pension Scheme | <b>TOTAL</b>  |
|--|---------------------------|----------------------------|-----------------------------|------------------------------------|----------------|---------------|
|  |                           | Indemnity on<br>retirement | Supplementary<br>retirement |                                    |                |               |
| <b>Balance at December 31, 2012</b>                        | <b>743</b>                | <b>1,064</b>               | <b>2,597</b>                | <b>2,243</b>                       | <b>8,295</b>   | <b>14,942</b> |
| Recognised in the statement of financial performance       | 377                       | 286                        | 832                         | 413                                | 1,722          | 3,630         |
| <i>Items not in the statement of financial performance</i> |                           |                            |                             |                                    |                |               |
| - Income from pay costs (being staff's contribution)       |                           |                            |                             |                                    | 1,148          | 1,148         |
| - Interest Income  |                           |                            | 49                          |                                    | 170            | 219           |
| - Settlement of liabilities                                | (404)                     | (122)                      | (388)                       | (109)                              | (728)          | (1,751)       |
| <b>Balance at December 31, 2013</b>                        | <b>716</b>                | <b>1,228</b>               | <b>3,090</b>                | <b>2,547</b>                       | <b>10,607</b>  | <b>18,188</b> |

Of these amounts 4.646 M€ (2012: 3.676 M€) are due in less than one year and 13.542 M€ (2012: 11.266 M€) in more than one year.

**Note 10: Total Equity**

|                                 | <b>31st December<br/>2012<br/>000€</b> | Transfers<br>000€ | Current Year<br>Surplus/(Deficit)<br>000€ | <b>31st December<br/>2013<br/>000€</b> |
|---------------------------------|--|-------------------|---|--|
| Capital Financing Reserve       | <b>21,257</b>                          | 1,636             |   | <b>22,893</b>                          |
| Accumulated Reserve Funds       |  |                   |   |  |
| <i>General Reserve Fund</i>     | 13,139                                 | 1,300             | 431                                       | 14,870                                 |
| <i>Capital Investment Fund</i>  | 7,237                                  | (1,636)           |   | 5,601                                  |
| <i>Other Funds</i>              | 4,142                                  |                   | (158)                                     | 3,984                                  |
| Total Accumulated Reserve Funds | <b>24,518</b>                          | (336)             | 273                                       | <b>24,455</b>                          |
| <b>TOTAL EQUITY</b>             | <b>45,775</b>                          | <b>1,300</b>      | <b>273</b>                                | <b>47,348</b>                          |

Reserves or Total Equity represent member countries' net interest and the reserves of the Organization, comprising the Capital Financing Reserve and the Accumulated Reserve Funds.

The Capital Financing Reserve represents member country ownership interest in the fixed assets of the Organization as shown in note 6. Net additions to assets are funded out of the accumulated reserves completely and statutory contributions do not cover asset acquisitions in a given year.

All other reserves of the Organization are grouped together as Accumulated Reserves. These include:

- The General Reserve Fund which is used for ordinary operating activities of the Organization as approved in the general budget of the Organization;
- The Capital Investment Fund for financing asset acquisitions;
- Other Funds which are used for purposes specified by the membership.

**Note 11: Operating Revenues**

|                                  | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|----------------------------------|-------------------------------|-------------------------------|
| Statutory Contributions          | 51,185                        | 50,678                        |
| Regional Bureau financing        | 1,353                         | 870                           |
| Voluntary Contributions          | 622                           | 645                           |
| Reimbursements and Recoveries    | 3,584                         | 2,178                         |
| Financial Income                 | 808                           | 869                           |
| Other Income                     | 20,748                        | 14,466                        |
| Exchange rate Gains/(Losses) Net | (64)                          | (117)                         |
|                                  | <b>78,236</b>                 | <b>69,589</b>                 |

The main variances between 2012 and 2013 are:

1. *Statutory Contributions*: These are the amounts receivable during the year from member countries. Statutory Contributions increased by 1.0% in line with the approved annual budget.

2. *Financial Income*:

|                                     | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|-------------------------------------|-------------------------------|-------------------------------|
| Financial Income from Bank Deposits | 139                           | 149                           |
| Financial Income from Investments   | 669                           | 720                           |
| <b>Total Financial Income</b>       | <b>808</b>                    | <b>869</b>                    |

3. *Other income*: Other income includes income from shop sales, tax reimbursements and Project Trust Accounts income and increased to 20.748 M€ (2012: 14.466 M€). Of this amount income on Project Trust Accounts increased to 19.466 M€, adjusted for transfers between budgets (2012: 14.377 M€).

**Note 12: Operating Expenses**

|  | 31st December<br>2013<br>000€ | 31st December<br>2012<br>000€ |
|--|-------------------------------|-------------------------------|
| Salaries                                 | 29,224                        | 26,719                        |
| Employee Charges                         | 10,449                        | 9,518                         |
| Allowances                               | 4,934                         | 4,085                         |
| <b>Total Pay Costs</b>                   | <b>44,607</b>                 | <b>40,322</b>                 |
| Training                                 | 345                           | 334                           |
| Other Staff Costs                        | 968                           | 731                           |
| <b>Total Other Staff Costs</b>           | <b>1,313</b>                  | <b>1,065</b>                  |
| Building Rental                          | 1,812                         | 1,224                         |
| Utilities and Other                      | 710                           | 958                           |
| <b>Total Premises Running Costs</b>      | <b>2,522</b>                  | <b>2,182</b>                  |
| IT Equipment                             | 1,459                         | 1,656                         |
| Building Maintenance                     | 679                           | 596                           |
| <b>Total Maintenance</b>                 | <b>2,138</b>                  | <b>2,252</b>                  |
| Travel                                   | 10,833                        | 8,350                         |
| Conferences and Events                   | 3,005                         | 2,323                         |
| <b>Total Missions and Meetings</b>       | <b>13,838</b>                 | <b>10,673</b>                 |
| Consumables and Supplies                 | 822                           | 678                           |
| Equipment Hire and Other                 | 1,182                         | 692                           |
| <b>Total Office Expenses</b>             | <b>2,004</b>                  | <b>1,370</b>                  |
| Network Costs                            | 771                           | 599                           |
| Communication Costs                      | 747                           | 908                           |
| <b>Total Telecommunication Costs</b>     | <b>1,518</b>                  | <b>1,507</b>                  |
| Consultancy Expenses                     | 3,404                         | 2,608                         |
| Provisions for Risks on Receivables      | 79                            | 86                            |
| Equipment Donated                        | 1,227                         | 2,719                         |
| Other Administration Expenses            | 620                           | 286                           |
| <b>Total Third Party and Other Costs</b> | <b>5,330</b>                  | <b>5,699</b>                  |
| <b>Depreciation Expenditure</b>          | <b>4,693</b>                  | <b>4,704</b>                  |
| <b>Total Operating Expenses</b>          | <b>77,963</b>                 | <b>69,774</b>                 |

Principal variances between 2013 and 2012 are:

⇒ Total Pay costs increased due to a larger number of personnel on Project Trust Accounts.

⇒ Total travel costs increased due to a larger number of missions and training sessions, particularly those financed by Project Trust Accounts.

### Note 13: Segment information – Statement of Financial Performance

Segment information is based on the principal activities and sources of finance for the Organization. The General Budget (1) corresponds to the combined operating budgets of the Organization – general and specific budgets - that are presented at the General Assembly. Other segments are extra-budgetary and are financed either by defined by Project Trust Accounts (2) or from voluntary contributions (3). The effect of transfers and adjustments between budgets is removed from the General Budget.

Owing to the nature of the activities of the Organization, its assets and liabilities are jointly used by the segments and are not disclosed separately.

|                                       | General Budget (1) |                 | External Projects (2) |                 | Voluntary Contributions (3) |                | Total           |                 |
|---------------------------------------|--------------------|-----------------|-----------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
|                                       | 2013               | 2012            | 2013                  | 2012            | 2013                        | 2012           | 2013            | 2012            |
|                                       | €'000              | €'000           | €'000                 | €'000           | €'000                       | €'000          | €'000           | €'000           |
| <b>Operating Revenue</b>              |                    |                 |                       |                 |                             |                |                 |                 |
| Statutory Contributions               | 51,185             | 50,678          |                       |                 |                             |                | 51,185          | 50,678          |
| Regional Bureau Financing             | 1,353              | 870             |                       |                 |                             |                | 1,353           | 870             |
| Voluntary Contributions               |                    |                 |                       |                 | 622                         | 645            | 622             | 645             |
| Reimbursements and Recoveries         | 3,536              | 1,813           |                       |                 | 48                          | 365            | 3,584           | 2,178           |
| Financial Income                      | 789                | 794             | 19                    | 75              |                             |                | 808             | 869             |
| Other Income                          | (1,604)            | (113)           | 22,150                | 14,377          | 202                         | 202            | 20,748          | 14,466          |
| Exchange Rate Gains/(Losses)          | (8)                | (86)            | (56)                  | (30)            |                             | (1)            | (64)            | (117)           |
| <b>Total Operating Revenue</b>        | <b>55,251</b>      | <b>53,956</b>   | <b>22,113</b>         | <b>14,422</b>   | <b>872</b>                  | <b>1,211</b>   | <b>78,236</b>   | <b>69,589</b>   |
| <b>Operating Expenses</b>             |                    |                 |                       |                 |                             |                |                 |                 |
| Pay Costs                             | 38,512             | 36,645          | 5,834                 | 3,509           | 261                         | 168            | 44,607          | 40,322          |
| Other Staff Costs                     | 966                | 870             | 319                   | 128             | 28                          | 67             | 1,313           | 1,065           |
| Premises Running Costs                | 2,011              | 1,989           | 375                   | 174             | 136                         | 19             | 2,522           | 2,182           |
| Maintenance                           | 1,976              | 1,914           | 161                   | 295             | 1                           | 43             | 2,138           | 2,252           |
| Missions and Meetings                 | 5,205              | 4,431           | 8,129                 | 5,496           | 504                         | 746            | 13,838          | 10,673          |
| Office Expenses                       | 1,156              | 1,018           | 715                   | 281             | 133                         | 71             | 2,004           | 1,370           |
| Telecommunication Costs               | 1,455              | 1,482           | 63                    | 24              |                             | 1              | 1,518           | 1,507           |
| Third Party and Other Costs           | (1,374)            | (33)            | 6,512                 | 4,514           | 192                         | 1,218          | 5,330           | 5,699           |
| Depreciation Expenditure              | 4,688              | 4,703           | 5                     | 1               |                             |                | 4,693           | 4,704           |
| <b>Total Operating Expenses</b>       | <b>(54,595)</b>    | <b>(53,019)</b> | <b>(22,113)</b>       | <b>(14,422)</b> | <b>(1,255)</b>              | <b>(2,333)</b> | <b>(77,963)</b> | <b>(69,774)</b> |
| <b>Surplus/(Deficit) for the year</b> | <b>656</b>         | <b>937</b>      |                       |                 | <b>(383)</b>                | <b>(1,122)</b> | <b>273</b>      | <b>(185)</b>    |

**Note 14: Related Party Transactions**

The Organization's supreme governing body is the General Assembly, composed of representatives from all of the member countries. The General Assembly elects an Executive Committee composed of thirteen delegates including the President of the Organization. Implementation of activities is performed by the Secretary General who directs the Secretariat and is assisted by senior management (key management personnel).

Neither the delegates to the General Assembly nor the Executive Committee members including the President, receive any remuneration from the Organization for their roles. Members of the Executive Committee are entitled to reimbursement of travel expenses incurred in the execution of their duties, and are paid per-diems, in accordance with the Organization's travel policy.

Key management personnel including the Secretary General aggregate remuneration was as follows:

| Key Management Personnel |  |                       |  |
|--------------------------|--|-----------------------|--|
| 2013                     |  | 2012                  |  |
| Number of individuals    | Aggregate remuneration<br><i>000 Euros</i> | Number of individuals | Aggregate remuneration<br><i>000 Euros</i> |
| 9                        | 1,478                                      | 9                     | 1,270                                      |

Key management personnel include officers that are seconded from their national administrations and whose expenses may, in part, be paid by their national administration. Remuneration includes gross salary and emoluments payable to the key management personnel for their work at INTERPOL. There were no loans to senior staff members or their close family members that were not available to other categories of staff. The Secretary General is provided with rent-free accommodation at the Lyons headquarters, for which no equivalent market value is possible.

The Organization is under the direct control of the member countries. It has no ownership interest in other associations or joint ventures. There were no material transactions with related parties during the years 2013 and 2012.