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

Financial Statements

For the Year Ended 31 December 2010

TABLE OF CONTENTS

Contents	Page
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

31st March 2011

REPORT OF MANAGEMENT

INTERPOL Management is given the responsibility for the production of the financial statements in Regulation 5.5 of the Financial Regulations and establishing and maintaining adequate internal control over financial reporting.

These Financial Statements have been prepared in accordance with the INTERPOL Financial Regulations and in compliance with the International Public Sector Accounting Standards (IPSAS).

The Organisation's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of these financial statements. This system includes controls at both the Organisational level and transactional level.

Organisational level controls include policies and procedures that set the control environment and provide for maintenance of records and setting of the respective authorisation levels. Transactional level controls ensure that the Organisation carries out the policies and procedures and Financial Regulations.

In management's opinion, these financial statements present fairly the Organisation's financial position, results and cash flows. The financial statements were approved by management on 31 March 2011. The statements are audited by the *Riksrevisjonen*, the Office of the Auditor General of Norway, who were appointed by the General Assembly for a three year term beginning November 2010.

Ronald K Noble Secretary General	Laurent Grosse Director of Administration

EXTERNAL AUDITORS' REPORT

Opinion of the independent External Auditor

We have audited the Financial Statements of INTERPOL for the year ended 31 December 2010, consisting of the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Equity and Funds, the Cash Flow 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.

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 Statement presentation. We consider that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements give a true and fair view of the financial position of INTERPOL as of 31 December 2010 and of its financial performance and its cash flows 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 the budget provisions, the Financial Regulations, and relevant legislative authorities of the Organization.

Further details are set out below in our Annual Report for 2010, 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 26 May 2011

Per Anders Engeseth

Director General

Bjørn Langerud

Assistant Director General

Solveig Johansen

Audit Adviser

I.C.P.O - International Criminal Police Organization
Statement of Financial Position as at:

	Notes	31 December 2010 000s Euros		31 December 2009 (restated) 000s Euros	
ASSETS					
Current Assets					
Cash and Cash Equivalents	3	28 283		32 561	
Other Acccounts Receivables and Prepayments	4	3 290		4 078	
Statutory Contributions Receivable	4, 15	3 053		2 546	
Inventories	5, 15	717		635	
Total Current Assets			**35 343**		**39 820**
Non-Current Assets					
Non-Current Statutory Contributions Receivable	4, 15	154		500	
Investments	3	8 059			
Intangible Assets	6	2 061		1 472	
Plant Property and Equipment	6	19 297		19 639	
Assets in Progress	6	1 126		1 132	
Total Non-Current Assets			**30 697**		**22 743**
TOTAL ASSETS			**66 040**		**62 563**
LIABILITIES					
Current Liabilities					
Payables	7, 15	(6 929)		(4 932)	
Income Received in Advance	8	(462)		(806)	
Deferred Project Income	9	(4 690)		(3 096)	
Employee-related liabilities	9, 15	(3 251)		(2 740)	
Total Current Liabilities			**(15 332)**		**(11 574)**
Non-Current Liabilities					
Employee-related liabilities	9, 15	(7 067)		(5 008)	
Total Non-Current Liabilities			**(7 067)**		**(5 008)**
TOTAL LIABILITIES			**(22 399)**		**(16 582)**
TOTAL NET ASSETS			**43 641**		**45 981**
EQUITY					
Capital Financing Reserve	10	22 484		22 243	
Accumulated Reserve Funds	10, 15	21 157		23 738	
TOTAL EQUITY			**43 641**		**45 981**

Note: Figures for 2009 have been restated for comparability with 2010 and for presentation in accordance with IPSAS requirements. Where balances have materially changed, a further reconciliation is provided in note 15 of the accompanying notes.

I.C.P.O - International Criminal Police Organization
Statement of Financial Performance for the Year Ended on:

	Notes	31 December 2010		31 December 2009	
		000s Euros		*000s Euros (restated)*	
Operating Revenue	**11**				
Statutory Contributions		48 615		47 440	
Regional Bureau Financing		815		815	
Voluntary Contributions		586		585	
Reimbursements and Recoveries		1 189		1 058	
Financial Income		204		251	
Other Income		7 424		8 540	
Exchange Rate Gains/(Losses) Net		(36)		4	
Total Operating Revenue			**58 797**		**58 693**
Operating Expenses	**12, 15**				
Pay Costs		36 359		33 126	
Other Staff Costs		1 181		1 167	
Premises Running Costs		1 973		1 867	
Maintenance		2 045		2 436	
Missions and Meetings		9 158		8 440	
Office Expenses		1 712		1 532	
Telecommunication Costs		1 661		1 576	
Third Party and Other Costs		2 631		4 308	
Depreciation Expenditure		4 417		4 355	
Total Operating Expenses			**(61 137)**		**(58 807)**
Surplus/(Deficit) for the year	**15**		**(2 340)**		**(114)**

Note: Figures for 2009 have been restated for comparability with 2010 and for presentation in accordance with IPSAS requirements. Where balances have materially changed, a further reconciliation is provided in note 15 of the accompanying notes.

I.C.P.O - International Criminal Police Organization
Statement of Changes in Equity

000s Euros	**Notes**	Capital Financing Reserve	Accumulated Reserve Funds	**Total**
Balance at 31 December 2009 as previously reported	**10**	**22 243**	**23 692**	**45 935**
Prior Year Adjustments	**15**		46	46
Restated Balance at 31 December, 2009	**10**	**22 243**	**23 738**	**45 981**
Net Gains and Losses not recognised in statement of financial performance, being Capital Expenditures (net) funded out of Accumulated Reserve Funds		241	(241)	
Net (deficit)/surplus for the year			(2 340)	(2 340)
Balance at 31 December 2010	**10**	**22 484**	**21 157**	**43 641**

Note: Figures for 2009 have been restated for comparability with 2010 and for presentation in accordance with IPSAS requirements. Where balances have materially changed, a further reconciliation is provided in note 15 of the accompanying notes.

I.C.P.O - International Criminal Police Organization
Statement of Cash flows for the Year Ended on:

	31 December 2010 *000s Euros*		31 December 2009 (restated) *000s Euros*	
Cash Flows From Operating Activities				
Surplus/(Deficit) from Ordinary Operating Activities	(2 340)		(114)	
Non-Cash Movements				
Depreciation Expenditure	4 417		4 355	
Adjustment for Accrued Financial Income	(59)			
Adjustment for (Gain)/ Loss on Sale of Assets	31		1	
Increase/(Decrease) in Payables	1 997		816	
Increase/(Decrease) in Income Received in Advance	(344)		(2 638)	
Increase/(Decrease) in Deferred Project Income	1 594		(1 211)	
Increase/(Decrease) in Employee-related liabilities - Current	511		139	
Increase/(Decrease) in Employee-related liabilities - Non Current	2 059		1 719	
(Increase)/Decrease in Inventories	(82)		(102)	
(Increase)/Decrease in Other Accounts Receivables and Prepayments	788		718	
(Increase)/Decrease in Statutory Contributions Receivables - Current	(507)		56	
(Increase)/Decrease in Statutory Contributions Receivables - Non-Current	346		(105)	
Net Cash Flows from Operating Activities		**8 411**		**3 634**
Cash Flows From Investing Activities				
Purchases of Investments	(8 000)			
Purchases of Fixed Assets	(4 689)		(3 868)	
Net Cash Flows from Investing Activities		**(12 689)**		**(3 868)**
Net increase/(decrease) in cash and cash equivalents		**(4 278)**		**(234)**
Cash and cash equivalents at the beginning of period	32 561		32 795	
Cash and cash equivalents at the end of period	28 283		32 561	
Movement in cash and cash equivalents		**(4 278)**		**(234)**

Note: Figures for 2009 have been restated for comparability with 2010 and for presentation in accordance with IPSAS requirements. Where balances have materially changed, a further reconciliation is provided in note 15 of the accompanying notes.

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 188 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 through its four core functions:

1. Secure global police communication services
2. Operational data services and databases for police
3. Operational police support services
4. Police training and development.

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 and they approve the Organization’s own governing text, the ICPO-INTERPOL 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 New York, USA, Brussels, Belgium and Bangkok, Thailand and subsidiary bureaus in: Abidjan, Cote d’Ivoire; Buenos Aires, Argentina; Harare, Zimbabwe; Nairobi, Kenya; Salvador, El Salvador; Yaoundé, Cameroon.

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.

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 (IAS) have been used. If there is a divergence between IPSAS and INTERPOL's Financial Regulations, the INTERPOL Financial Regulations have been applied. Divergences are not significant.

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 comply with the Organization's Financial Regulations.

The Financial Statements are prepared in Euro.

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:

Foreign Currency Transactions

Transactions in foreign currencies are translated to the Euro at the rate of exchange on the date of the 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 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.

Buildings: Depreciated on a straight-line basis over 40 years.

Fixtures and Fittings: Furniture and Fixtures are depreciated on a reducing balance basis at 40% of Net Asset Value at the start of the year, over 7 years. Office equipment is 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.

Inventories

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

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:

Fair Value Financial Instruments	Initial Recognition Amount 2010	Fair Value / Amortised Cost 2010	Initial Recognition Amount 2009	Fair Value / Amortised Cost 2009
Financial Assets				
classified as Loans and Receivables				
Cash and Cash equivalents	28 283	28 283	24 424	24 424
Other Accounts Receivables and Prepayments	3 314	3 290	4 255	4 078
Statutory Contributions Receivable	3 207	3 207	3 046	3 046
classified as Held for Trading Assets				
Cash Investments			8 137	8 137
*classified as Held to Maturity Assets**				
Investments	8 059	8 059	0	0
Total	**42 863**	**42 839**	**39 862**	**39 685**
Financial Liabilities				
Payables	6 929	6 929	4 932	4 932
Income Received in Advance	462	462	806	806
Deferred Project Income	4 690	4 690	3 096	3 096
Employee-related liabilities	10 318	10 318	7 748	7 748
Total	**22 399**	**22 399**	**16 582**	**16 582**

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), Zimbabwean Dollars (ZWD), Thailand Baht (THB), Argentina Pesos (ARS) and West African Francs (CFA). As a result of conversion of the foreign currency balances held in these accounts to Euros at balance sheet date, currency risk is incurred due to variation in the Euro values of the converted balances. This has a bearing on the level of the expenditure budget that is supported for the Organization.

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 gain in the year. This gain 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 short-term deposits with well-recognized banking institutions,

- investing in only AAA-rated (Standard & Poor rating) asset management schemes 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. 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 externally-sponsored projects, counterparty financing risk is mitigated by the receipt as far as possible of full project funding in advance of commencement.

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 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 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.

Employee Expenses

Employees include law enforcement officials that are on secondment from their national administrations. Pay costs for these personnel are paid for directly by the national administrations and they do not therefore appear in the Organisation’s accounts.

Employee Benefits

The Organization administers an internal scheme to compensate individuals facing involuntary loss of employment. The scheme is funded by the Organization’s contributions and also by deduction from staff pay. 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, including from funds received for external projects, are treated as expense and included within Pay costs in the statement of financial performance.

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.

Other Income: Shop sales revenues are recognised at the time of sale. Revenue for defined externally-sponsored projects is recorded to the extent of expenditure incurred on the project. Other revenues, 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.

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. 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.

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.

In 2004 the Organization signed a lease for additional office space. In the event that the lease is cancelled before its current end date, the Organization would be liable to pay penalties depending on the notice of cancellation.

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

LEASE COSTS *000s Euros*	2010	2009
Not more than 1 year	920	917
Later than one year and not later than 5 years	1 763	2 675

Changes in Accounting Policies

There were no significant changes to Accounting Policies since the last reporting date. However, where previously reported amounts have been altered due to a reclassification, a reconciliation of the previous amounts is supplied in the notes.

Note 3: Cash and Cash Equivalents and Investments

Cash and Cash Equivalents consist of cash, bank balances and other investments that can be quickly converted into cash, without loss of value.

	31 December 2010 000€	31 December 2009 000€
Cash on Hand	87	50
Deposits with banks Unrestricted - euros	28 003	24 123
Deposits with banks Unrestricted - other currencies	193	251
Short Term Cash Investments		8137
Total Cash and Cash Equivalents	**28 283**	**32 561**

	31 December 2010 000€	31 December 2009 000€
Investments		
In asset management schemes	8 000	0
Accrued income in asset management schemes	59	0
Total Investments	**8 059**	**0**

Cash deposits are generally held in interest bearing accounts. Interest bearing accounts and investments yielded an average rate of 0.59% in 2010 (2009: 0.77%).

Certain cash deposits are designated for specific uses:

- External Projects
- Defined Contribution Pension scheme
- Supplementary retirement scheme, and
- Others

The total amount of cash and cash equivalents held for these specific uses was 11.803 M€ (2009: 8.198 M€).

The Organization has no confirmed credit lines or bank overdrafts.

Note 4: Accounts Receivable and Prepayments

	31st December 2010 000€	31st December 2009 (restated) 000€
Prepaid Expenses	1 313	710
Other Receivables	2 001	3 545
Provision for Uncollectable Receivables	(24)	(177)
Total Other Accounts Receivable and Prepayments	**3 290**	**4 078**
Current Statutory Contributions Receivable	**3 053**	**2 546**
Total Current Accounts Receivable and Prepayments	**6 343**	**6 624**
Non-Current Statutory Contributions Receivable	**154**	**500**
Total Statutory Contributions Receivable	*3 207*	*3 046*

Other receivables are mainly in respect of reimbursable taxes, 1.147M€ (2009: 2.917M€).

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.

For further information on prior year adjustments see note 15.

Note 5: Inventories

	31st December 2010 000€	31st December 2009 (restated) 000€
Items Held for Sale	582	499
Supplies	135	136
Total Inventories	**717**	**635**

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

See also note 15 for further information on prior year adjustments.

Note 6: Net Fixed Assets

	Balance at 31st December 2009 000€	Additions / Depreciation 000€	Disposals 000€	Balance at 31st December 2010 000€
Cost of Fixed Assets				
Plant Property and Equipment	50 015	3 085	(2 071)	51 029
Intangible Assets	10 496	1 610	(23)	12 083
Fixed Assets in Progress	1 132	(6)		1 126
Total Cost of Fixed Assets	**61 643**	**4 689**	**(2 094)**	**64 238**
Depreciation				
Plant Property and Equipment	(30 376)	(3 405)	2 049	(31 732)
Intangible Assets	(9 024)	(1 012)	14	(10 022)
Fixed Assets in Progress				
Total Depreciation	**(39 400)**	**(4 417)**	**2 063**	**(41 754)**
Net Fixed Assets				
Plant Property and Equipment	19 639	(320)	(22)	19 297
Intangible Assets	1 472	598	(9)	2 061
Fixed Assets in Progress	1 132	(6)		1 126
Total Net Fixed Assets	**22 243**	**272**	**(31)**	**22 484**

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 2010 000€	31st December 2009 (restated) 000€
Suppliers and Accrued Charges	5 038	4 134
Social Security and Insurance Payable	1 364	228
Other Payables	527	570
Total Payables	**6 929**	**4 932**

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. Other Payables includes reimbursements due to employees for national taxes paid.

See also note 15 for information on prior year adjustments.

Note 8: Income Received in Advance and Deferred Project Income

	31st December 2010 000€	31st December 2009 000€
Statutory Contributions Received in Advance	159	404
Other Income Received in Advance	303	402
Deferred Project Income	4 690	3 096
Total Income Received in Advance	**5 152**	**3 902**

Statutory contributions received in Advance are payments made by member countries in advance of the 2010 budget. Other Income received in advance includes reimbursements received in advance of their expense.

Deferred Project Income represents monies received from external sponsors for a specified defined purpose. This money has a restricted use and is not freely available to the Organization.

Note 9: Employee-Related Liabilities

	31st December 2010 000€	31st December 2009 (restated) 000€
Employment Provision	273	179
Employee Benefits Current	900	756
Provision for Leave not availed	2 078	1 805
Total Current Employee-related Liabilities	**3 251**	**2 740**
Employment Provision	439	235
Employee Benefits Non-Current	1 674	1 355
Pension Scheme	4 954	3 418
Total Non-Current Employee-related Liabilities	**7 067**	**5 008**
Total Employee-related Liabilities	**10 318**	**7 748**

Employee-related liabilities for the Organization consist of:

- Employment Provision, for the loss of employment with the Organization;
- 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:

EMPLOYEE-RELATED LIABILITIES *000s Euros*	Employment Provision	Employee benefits		Provision for leave not availed	Pension Scheme	**TOTAL**
		Indemnity on retirement	Supplementary retirement			
Balance at December 31, 2009	**414**	**635**	**1 476**	**1 805**	**3 418**	**7 748**
Recognised in the statement of financial performance	312	125	644	344	1 127	2 552
Items not in the statement of financial performance						
- Income from pay costs (being staff's contribution)	99				752	851
- Interest Income			7		25	32
- Settlement of liabilities	(113)	(42)	(271)	(71)	(368)	(865)
Balance at December 31, 2010	**712**	**718**	**1 856**	**2 078**	**4 954**	**10 318**

See also note 15 for information on prior year adjustments.

Note 10: Reserves or Total Equity

	Previously Reported 31st December 2009 000€	Prior Year Adjustment 000€	**Restated 31st December 2009 000€**	Transfers 000€	Current Year Surplus/(Deficit) 000€	**31st December 2010 000€**
Capital Financing Reserve	**22 243**		**22 243**	241		**22 484**
Accumulated Reserve Funds						
General Reserve Fund	13 564	(25)	13 539		(1 973)	11 566
Capital Investment Fund	6 251		6 251	(241)		6 010
Other Funds	3 877	71	3 948		(367)	3 581
Total Accumulated Reserve Funds	**23 692**	46	**23 738**	(241)	(2 340)	**21 157**
TOTAL EQUITY	**45 935**	**46**	**45 981**		**(2 340)**	**43 641**

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 Reserve for financing asset acquisitions;
- Other Reserves which are used for purposes specified by the membership.

See also note 15 for further information on prior year adjustments.

Note 11: Operating Revenues

	31st December 2010 000€	31st December 2009 000€
Statutory Contributions	48 615	47 440
Sub-Regional Bureau financing	815	815
Voluntary Contributions	586	585
Reimbursements and Recoveries	1 189	1 058
Financial Income	204	251
Other Income	7 424	8 540
Exchange rate Gains/(Losses) Net	(36)	4
Total Operating Revenue	**58 797**	**58 693**

The main variances between 2010 and 2009 are:

1. Statutory Contributions: These are the amounts receivable during the year from member countries. Statutory Contributions increased by 2.48% in line with the approved annual budget.

2. Financial Income:

	31st December 2010 000€	31st December 2009 000€
Financial Income from Bank Deposits	114	229
Financial Income from Investments	90	22
Total Financial Income	**204**	**251**

Eurozone financial interest rates remained low throughout 2010, though the proportion of cash invested, increased.

3. Other income: Other income includes income form shop sales, tax reimbursements and project income. Project income decreased to 6.146M€ (2009: 7.516 M€).

Note 12: Operating Expenses

	31st December 2010 000€	31st December 2009 000€
Salaries	23 766	22 163
Employee Charges	9 098	7 846
Allowances	3 495	3 117
Total Pay Costs	**36 359**	**33 126**
Training	377	412
Other Staff Costs	804	755
Total Other Staff Costs	**1 181**	**1 167**
Building Rental	1 121	1 092
Utilities and Other	852	775
Total Premises Running Costs	**1 973**	**1 867**
IT Equipment	1 435	1 829
Building Maintenance	609	607
Total Maintenance	**2 045**	**2 436**
Travel	6 817	6 647
Conferences and Events	2 341	1 793
Total Missions and Meetings	**9 158**	**8 440**
Consumables and Supplies	597	906
Equipment Hire and Other	1 115	626
Total Office Expenses	**1 712**	**1 532**
Network Costs	810	895
Communication Costs	851	681
Total Telecommunication Costs	**1 661**	**1 576**
Consultancy Expenses	1 037	1 069
Provisions for Risks on Receivables	(78)	61
Equipment Donated	1 745	2 923
Other Administration Expenses	(74)	255
Total Third Party and Other Costs	**2 631**	**4 308**
Depreciation Expenditure	**4 417**	**4 355**
Total Operating Expenses	**61 137**	**58 807**

Principal variances between 2010 and 2009 are:

⇒ Total pay costs increased 10% as a result of standard pay increases and staff increases including on externally-funded projects.

⇒ Third Party and Other costs decreased due to lower equipment donations.

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 external projects (2) or from voluntary contributions (3).

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	
	2010	*2009*	*2010*	*2009*	*2010*	*2009*	*2010*	*2009*
	000s Euros	*000s Euros*	*000s Euros*	*000s Euros*	*000s Euros*	*000s Euros*	*000s Euros*	*000s Euros*
Operating Revenue								
Statutory Contributions	48 615	47 440					48 615	47 440
Regional Bureau Financing	815	815					815	815
Voluntary Contributions					586	585	586	585
Reimbursements and Recoveries	1 177	1 055			12		1 189	1 055
Financial Income	196	236	8	14			204	250
Other Income	615	684	6 146	7 516	663	344	7 424	8 544
Exchange Rate Gains/(Losses)	(37)	6	(3)	(2)	4		(36)	3
Total Operating Revenue	**51 381**	**50 237**	**6 151**	**7 528**	**1 265**	**928**	**58 797**	**58 693**
Operating Expenses								
Pay Costs	34 721	31 294	1 605	1 793	33	38	36 359	33 126
Other Staff Costs	1 150	1 136	15	19	16	12	1 181	1 167
Premises Running Costs	1 971	1 867	2	0			1 973	1 867
Maintenance	1 911	1 999	124	430	10	7	2 045	2 436
Missions and Meetings	6 209	5 961	2 038	1 945	911	533	9 158	8 440
Office Expenses	1 211	1 403	359	113	142	15	1 712	1 532
Telecommunication Costs	1 537	1 470	40	106	84	0	1 661	1 576
Third Party and Other Costs	509	1 011	1 968	3 122	154	175	2 631	4 308
Depreciation Expenditure	4 417	4 355					4 417	4 355
Total Operating Expenses	**(53 636)**	**(50 497)**	**(6 151)**	**(7 528)**	**(1 350)**	**(782)**	**(61 137)**	**(58 807)**
Surplus/(Deficit) for the year	**(2 255)**	**(260)**			**(85)**	**146**	**(2 340)**	**(114)**

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, 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:

	31 December 2010		31 December 2009	
	Number of individuals	Aggregate remuneration *000 Euros*	Number of individuals	Aggregate remuneration *000 Euros*
Key Management Personnel	6	1 291	6	928

Key management personnel include officers that are seconded from their national administrations and whose expenses may, in part, be paid by the 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 which were not available to other categories of staff.

The Secretary General is provided with rent-free accommodation at the Lyon 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 2010 and 2009.

Note 15: Prior Year Adjustments

A provision had been taken against operations at the Abidjan regional bureau. With the signature of a new headquarters agreement at this office, this provision was reversed. The effect on the operating result is as follows (‘000 EUR):

2009 Published Deficit	**(122)**
Adjustment for Premises Running Costs	*8*
2009 Restated Deficit	**(114)**

The effect on the outstanding payables balance is as follows:

2009 Published Balance	**(5 003)**
Adjustment for Premises Running Costs	*71*
2009 Restated Balance	**(4 932)**

See also note 7 for further information on payables balances.

The inventory balance was reviewed during the year. Certain items relating to medical supplies were reclassified and expensed during the year. This impacted the balances in 2009 for inventory as follows (‘000EUR):

2009 Published Inventories	**660**
Adjustment for inventory write-downs	*25*
2009 Restated Inventories	**635**

See also note 5 for further information on inventory balances.

The results also have an impact on reserves as follows including the years prior to 2009 (‘000 EUR):

Accumulated Reserves Published Balance at 31 December 2009	**23 692**
Adjustment for Results Prior to 2009	*46*
Accumulated Reserves Restated Balance at 31 December 2009	**23 738**

See also note 10.

A review was undertaken of the debt-rescheduling payments receivable from member countries from outstanding dues owed to the organisation. This review has led to a reclassification of balances in 2009 between current and non-current as follows (‘000 EUR):

Current Statutory Contributions Receivable Published Balance at 31 December 2009	**2 468**
Reclassification of balances	*78*
Current Statutory Contributions Receivable Restated Balance at 31 December 2009	**2 546**

Non-Current Statutory Contributions Receivable Published Balance at 31 December 2009	**578**
Reclassification of balances	*(78)*
Non-Current Statutory Contributions Receivable Restated Balance at 31 December 2009	**500**

See also note 4 for further information on Statutory Contributions’ Receivable balances.

A review was undertaken of the employee-related liabilities. A reclassification was made of employee retirement benefit as a current liability (‘000 EUR):

Current Employee Liabilities Published Balance at 31 December 2009	**(2 396)**
Reclassification of balances	*344*
Current Employee Liabilities Restated Balance at 31 December 2009	**(2 740)**
Non-Current Employee Liabilities Published Balance at 31 December 2009	**(5 352)**
Reclassification of balances	*(344)*
Non- Current Employee Liabilities Restated Balance at 31 December 2009	**(5 008)**

See also note 9 for further information on Employee Liabilities Balances.