



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

## **Financial Statements**

**For the Year Ended 31 December 2011**

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15th March 2012

## 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 for establishing and maintaining adequate internal financial controls. These Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the INTERPOL Financial Regulations.

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 2011 and the results of operations and cash flows for the year end at that date.

The financial statements were approved by management on 15th March 2012. 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  
Executive Director Resource Management

## OPINION OF THE INDEPENDENT EXTERNAL AUDITOR

We have audited the Financial Statements of INTERPOL for the year ended 31 December 2011, 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 Statements 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 2011, 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 2011, 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 25 May 2012

  
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	31 December 2011 000s Euros	31 December 2010 000s Euros*
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	34,356	28,283
Other Accounts Receivables and Prepayments	4	4,046	3,290
Statutory Contributions Receivable	4	4,139	3,053
Inventories	5	509	717
<b>Total Current Assets</b>		<b>43,050</b>	<b>35,343</b>
<b>Non-Current Assets</b>			
Non-Current Statutory Contributions Receivable	4	159	154
Investments	3	12,095	8,059
Intangible Assets	6	1,781	2,061
Plant Property and Equipment	6	18,250	19,297
Assets in Progress	6	1,561	1,126
<b>Total Non-Current Assets</b>		<b>33,846</b>	<b>30,697</b>
<b>TOTAL ASSETS</b>		<b>76,896</b>	<b>66,040</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Payables	7, 15	(5,386)	(6,786)
Income Received in Advance	8	(644)	(462)
Deferred Project Income	8	(12,612)	(4,690)
Employee-related liabilities	9	(3,513)	(3,251)
<b>Total Current Liabilities</b>		<b>(22,155)</b>	<b>(15,189)</b>
<b>Non-Current Liabilities</b>			
Employee-related liabilities	9	(8,781)	(7,067)
<b>Total Non-Current Liabilities</b>		<b>(8,781)</b>	<b>(7,067)</b>
<b>TOTAL LIABILITIES</b>		<b>(30,936)</b>	<b>(22,256)</b>
<b>TOTAL NET ASSETS</b>		<b>45,960</b>	<b>43,784</b>
<b><u>EQUITY</u></b>			
Capital Financing Reserve	10	21,592	22,484
Accumulated Reserve Funds	10, 15	24,368	21,300
<b>TOTAL EQUITY</b>		<b>45,960</b>	<b>43,784</b>

\* Restated. Figures for 2010 have been restated for comparability with 2011. Where balances have materially changed, a further reconciliation is provided in Note 15.

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

	Notes	31 December 2011 <i>000s Euros</i>	31 December 2010 <i>000s Euros*</i>
<b>Operating Revenue</b>	<b>11</b>		
Statutory Contributions		49,636	48,615
Regional Bureau Financing		815	815
Voluntary Contributions		581	586
Reimbursements and Recoveries		1,220	1,189
Financial Income		645	204
Other Income		7,700	7,424
Exchange Rate Gains/(Losses) Net		(103)	(36)
<b>Total Operating Revenue</b>		<b>60,494</b>	<b>58,797</b>
<b>Operating Expenses</b>	<b>12, 15</b>		
Pay Costs		36,826	36,300
Other Staff Costs		1,142	1,181
Premises Running Costs		2,019	1,973
Maintenance		2,190	2,045
Missions and Meetings		7,256	9,158
Office Expenses		1,106	1,712
Telecommunication Costs		1,512	1,661
Third Party and Other Costs		1,397	2,631
Depreciation Expenditure		4,870	4,417
<b>Total Operating Expenses</b>		<b>(58,318)</b>	<b>(61,078)</b>
<b>Surplus/(Deficit) for the year</b>	<b>15</b>	<b>2,176</b>	<b>(2,281)</b>

*\* Restated. Figures for 2010 have been restated for comparability with 2011. Where balances have materially changed, a further reconciliation is provided in Note 15.*

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

<i>000s Euros</i>	<i>Notes</i>	Capital Financing Reserve	Accumulated Reserve Funds	<b>Total</b>
<b>Balance at 31 December 2010 as previously reported</b>	<b>10</b>	<b>22,484</b>	<b>21,157</b>	<b>43,641</b>
Prior Year Adjustments	15	0	143	143
<b>Restated Balance at 31 December 2010</b>	<b>10</b>	<b>22,484</b>	<b>21,300</b>	<b>43,784</b>
Net Gains and Losses not recognised in statement of financial performance, being Capital Expenditures (net) funded out of Accumulated Reserve Funds		(892)	892	
Net (deficit)/surplus for the year			2,176	2,176
<b>Balance at 31 December 2011</b>	<b>10</b>	<b>21,592</b>	<b>24,368</b>	<b>45,960</b>

*Note: Figures for 2010 have been restated for comparability with 2011. Where balances have materially changed, a further reconciliation is provided in Note 15.*

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

	<b>31 December 2011</b>	<b>31 December 2010</b>
	<i>000s Euros</i>	<i>000s Euros*</i>
<b>Cash Flows From Operating Activities</b>		
Surplus/(Deficit) from Ordinary Operating Activities	2,176	(2,281)
<b>Non-Cash Movements</b>		
Depreciation Expenditure	4,870	4,417
Adjustment for Accrued Financial Income	(36)	(59)
Adjustment for (Gain)/ Loss on Sale of Assets	66	31
Adjustment for leave provisions for employees	135	273
Adjustment for provision under ISCILE	11	298
Increase/(Decrease) in Payables	(1,400)	1,938
Increase/(Decrease) in Income Received in Advance	182	(344)
Increase/(Decrease) in Deferred Project Income	7,922	1,594
Increase/(Decrease) in Employee-related liabilities - Current	110	144
Increase/(Decrease) in Employee-related liabilities - Non Current	1,720	1,855
(Increase)/Decrease in Inventories	208	(82)
(Increase)/Decrease in Other Accounts Receivables and Prepayments Current	(756)	788
(Increase)/Decrease in Statutory Contributions Receivables - Current	(1,086)	(507)
(Increase)/Decrease in Statutory Contributions Receivables - Non-Current	(5)	346
<b>Net Cash Flows from Operating Activities</b>	<b>14,117</b>	<b>8,411</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of Investments	(4,000)	(8,000)
Purchases of Fixed Assets	(4,079)	(4,689)
Sales of Fixed Assets	35	
<b>Net Cash Flows from Investing Activities</b>	<b>(8,044)</b>	<b>(12,689)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,073</b>	<b>(4,278)</b>
Cash and cash equivalents at the beginning of period	28,283	32,561
Cash and cash equivalents at the end of period	34,356	28,283
<b>Movement in cash and cash equivalents</b>	<b>6,073</b>	<b>(4,278)</b>

*\* Restated. Figures for 2010 have been restated for comparability with 2011. Where balances have materially changed, a further reconciliation is provided in Note 15.*



## 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 network
2. 24/7 support to police 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 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 Brussels, Belgium; Bangkok, Thailand; Geneva, Switzerland, New York, USA. It has subsidiary bureaus in: Abidjan, Cote d'Ivoire; Buenos Aires, Argentina; Harare, Zimbabwe; Nairobi, Kenya; Salvador, El Salvador; Yaoundé, Cameroon. Each member country 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.

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:

### ***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. 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.

Where the costs of external development have been funded by external parties, the costs of development are expensed when occurred. The total value of software assets at 31 December 2011 that are in progress and have been financed by external funding is 980 (000) EUR.

*Buildings:* 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 the 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.

#### **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>Fair Value Financial Instruments</b>	Initial Recognition Amount 2011	Fair Value / Amortised Cost 2011	Initial Recognition Amount 2010	Fair Value / Amortised Cost 2010
<b>Financial Assets</b>				
<i>classified as Loans and Receivables</i>				
Cash and Cash equivalents	34,356	34,356	28,283	28,283
Other Accounts Receivables and Prepayments	4,084	4,046	3,314	3,290
Statutory Contributions Receivable	4,298	4,298	3,207	3,207
<i>classified as Held for Trading Assets</i>				
<i>classified as Held to Maturity Assets*</i>				
Investments including accrued interest	12,095	12,095	8,059	8,059
<b>Total</b>	<b>54,833</b>	<b>54,795</b>	<b>42,863</b>	<b>42,839</b>
<b>Financial Liabilities</b>				
Payables	5,386	5,386	6,786	6,786
Income Received in Advance	644	644	462	462
Deferred Project Income	12,612	12,612	4,690	4,690
Employee-related liabilities	12,294	12,294	10,318	10,318
<b>Total</b>	<b>30,936</b>	<b>30,936</b>	<b>22,256</b>	<b>22,256</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) and Central 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 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 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 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 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.

***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 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.

***Services In-Kind***

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. 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 14 828 (000) EUR for 2011 (2010: 15 577 (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 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 993 (000) in 2011. No market value has been obtained for 2010, although the same offices were in use. 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, including from funds received for external projects, are treated as 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.

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:

<b>Lease Costs (000s Euros)</b>	<b>2011</b>	<b>2010</b>
Not more than 1 year	981	920
Later than one year and not later than 5 years	899	1,880

#### ***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 note 15.

#### **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 2011 000€	31 December 2010 000€
Cash on Hand	48	87
Deposits with banks Unrestricted - euros	34,214	28,003
Deposits with banks Unrestricted - other currencies	94	193
<b>Total Cash and Cash Equivalents</b>	<b>34,356</b>	<b>28,283</b>

	31 December 2011 000€	31 December 2010 000€
In asset management schemes	12,000	8,000
Accrued income in asset management schemes	95	59
<b>Total Investments</b>	<b>12,095</b>	<b>8,059</b>

Cash deposits are generally held in interest bearing accounts. Interest bearing accounts and investments yielded an average rate of 2.06% in 2011 (2010: 0.67%).

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 20.884 M€ (2010: 11.679 M€).

The Organization has no confirmed credit lines or bank overdrafts.

#### Note 4: Accounts Receivable and Prepayments

	31st December 2011 000€	31st December 2010 000€
Prepaid Expenses	2,030	1,313
Other Receivables	2,054	2,001
Provision for Uncollectable Receivables	(38)	(24)
<b>Total Other Accounts Receivable and Prepayments</b>	<b>4,046</b>	<b>3,290</b>
<b>Current Statutory Contributions Receivable</b>	<b>4,139</b>	<b>3,053</b>
<b>Total Current Accounts Receivable and Prepayments</b>	<b>8,185</b>	<b>6,343</b>
<b>Non-Current Statutory Contributions Receivable</b>	<b>159</b>	<b>154</b>
<i>Total Statutory Contributions Receivable</i>	<i>4,298</i>	<i>3,207</i>
Other Receivables are mainly in respect of reimbursable taxes	1,427	1,147

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 2011 000€	31st December 2010 000€
Items Held for Sale	401	582
Supplies	108	135
<b>Total Inventories</b>	<b>509</b>	<b>717</b>

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

**Note 6: Net Fixed Assets**

	Balance at 31st December 2010 000€	Additions / Depreciation 000€	Disposals 000€	Balance at 31st December 2011 000€
<b>Cost of Fixed Assets</b>				
Plant Property and Equipment	51,029	2,717	(2,546)	51,200
Intangible Assets	12,083	927	(110)	12,900
Fixed Assets in Progress	1,126	435		1,561
<b>Total Cost of Fixed Assets</b>	<b>64,238</b>	<b>4,079</b>	<b>(2,656)</b>	<b>65,661</b>
<b>Depreciation</b>				
Plant Property and Equipment	(31,732)	(3,663)	2,445	(32,950)
Intangible Assets	(10,022)	(1,207)	110	(11,119)
Fixed Assets in Progress				
<b>Total Depreciation</b>	<b>(41,754)</b>	<b>(4,870)</b>	<b>2,555</b>	<b>(44,069)</b>
<b>Net Fixed Assets</b>				
Plant Property and Equipment	19,297	(946)	(101)	18,250
Intangible Assets	2,061	(280)		1,781
Fixed Assets in Progress	1,126	435		1,561
<b>Total Net Fixed Assets</b>	<b>22,484</b>	<b>(791)</b>	<b>(101)</b>	<b>21,592</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 2011 000€	31st December 2010 000€*
Suppliers and Accrued Charges	3,729	5,038
Social Security and Insurance Payable	1,491	1,221
Other Payables	<u>166</u>	<u>527</u>
<b>Total Payables</b>	<b>5,386</b>	<b>6,786</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. Other Payables includes reimbursements due to employees for national taxes paid.

\* Restated. See also note 15 for information on prior year adjustments.

**Note 8: Income Received in Advance and Deferred Project Income**

	31st December 2011 000€	31st December 2010 000€
Statutory Contributions Received in Advance	356	159
Other Income Received in Advance	288	303
Deferred Project Income	<u>12,612</u>	<u>4,690</u>
<b>Total Income Received in Advance</b>	<b>13,256</b>	<b>5,152</b>

Statutory contributions received in advance are payments made by member countries in advance of the 2012 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 2011 000€	31st December 2010 000€
Unemployment Provision	290	273
Employee Benefits Current	1,010	900
Provision for Leave not availed	<u>2,213</u>	<u>2,078</u>
<b>Total Current Employee-related Liabilities</b>	<b>3,513</b>	<b>3,251</b>
Unemployment Provision	433	439
Employee Benefits Non-Current	2,004	1,674
Pension Scheme	<u>6,344</u>	<u>4,954</u>
<b>Total Non-Current Employee-related Liabilities</b>	<b>8,781</b>	<b>7,067</b>
<b>Total Employee-related Liabilities</b>	<b>12,294</b>	<b>10,318</b>

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:

<b>EMPLOYEE-RELATED LIABILITIES</b> <i>000s Euros</i>	Unemployment Provision	Employee benefits		Provision for leave not availed	Pension Scheme	<b>TOTAL</b>
		Indemnity on retirement	Supplementary retirement			
<b>Balance at December 31, 2010</b>	<b>712</b>	<b>718</b>	<b>1,856</b>	<b>2,078</b>	<b>4,954</b>	<b>10,318</b>
Recognised in the statement of financial performance	247	203	696	218	1,228	2,592
<i>Items not in the statement of financial performance</i>						
- Income from pay costs (being staff's contribution)					819	819
- Interest Income			28		99	127
- Settlement of liabilities	(236)	(54)	(433)	(83)	(756)	(1,562)
<b>Balance at December 31, 2011</b>	<b>723</b>	<b>867</b>	<b>2,147</b>	<b>2,213</b>	<b>6,344</b>	<b>12,294</b>

See also note 15 for information on prior year adjustments.

### Note 10: Reserves or Total Equity

	Previously Reported 31st December 2010 000€	Prior Year Adjustment 000€	Restated 31st December 2010 000€	Transfers 000€	Current Year Surplus/(Deficit) 000€	31st December 2011 000€
Capital Financing Reserve	22,484		22,484	(892)		21,592
Accumulated Reserve Funds						
<i>General Reserve Fund</i>	11,566	143	11,709		554	12,263
<i>Capital Investment Fund</i>	6,010		6,010	892		6,902
<i>Other Funds</i>	3,581		3,581		1,622	5,203
Total Accumulated Reserve Funds	21,157	143	21,300	892	2,176	24,368
<b>TOTAL EQUITY</b>	<b>43,641</b>	<b>143</b>	<b>43,784</b>	<b>0</b>	<b>2,176</b>	<b>45,960</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 2011 000€	31st December 2010 000€
Statutory Contributions	49,636	48,615
Sub-Regional Bureau financing	815	815
Voluntary Contributions	581	586
Reimbursements and Recoveries	1,220	1,189
Financial Income	645	204
Other Income	7,700	7,424
Exchange rate Gains/(Losses) Net	(103)	(36)
<b>Total Operating Revenue</b>	<b>60,494</b>	<b>58,797</b>

The main variances between 2011 and 2010 are:

1. *Statutory Contributions*: These are the amounts receivable during the year from member countries. Statutory Contributions increased by 2.10% in line with the approved annual budget.

2. *Financial Income*:

	31st December 2011 000€	31st December 2010 000€
Financial Income from Bank Deposits	297	114
Financial Income from Investments	348	90
<b>Total Financial Income</b>	<b>645</b>	<b>204</b>

Eurozone financial interest rates remained low throughout 2011, though the proportion of invested cash, increased, obtaining better financial returns.

3. *Other income*: Other income includes income from shop sales, tax reimbursements and project income. Project income decreased to 4.984M€ (2010: 6.146 M€).

Note 12: Operating Expenses

	31st December 2011 000€	31st December 2010 000€*
Salaries	24,210	23,707
Employee Charges	9,084	9,098
Allowances	3,532	3,495
<b>Total Pay Costs</b>	<b>36,826</b>	<b>36,300</b>
Training	350	377
Other Staff Costs	792	804
<b>Total Other Staff Costs</b>	<b>1,142</b>	<b>1,181</b>
Building Rental	1,108	1,121
Utilities and Other	911	852
<b>Total Premises Running Costs</b>	<b>2,019</b>	<b>1,973</b>
IT Equipment	1,562	1,436
Building Maintenance	628	609
<b>Total Maintenance</b>	<b>2,190</b>	<b>2,045</b>
Travel	5,408	6,817
Conferences and Events	1,848	2,341
<b>Total Missions and Meetings</b>	<b>7,256</b>	<b>9,158</b>
Consumables and Supplies	513	597
Equipment Hire and Other	593	1,115
<b>Total Office Expenses</b>	<b>1,106</b>	<b>1,712</b>
Network Costs	662	810
Communication Costs	850	851
<b>Total Telecommunication Costs</b>	<b>1,512</b>	<b>1,661</b>
Consultancy Expenses	943	1,037
Provisions for Risks on Receivables	30	(77)
Equipment Donated	512	1,745
Other Administration Expenses	(88)	(74)
<b>Total Third Party and Other Costs</b>	<b>1,397</b>	<b>2,631</b>
<b>Depreciation Expenditure</b>	<b>4,870</b>	<b>4,417</b>
<b>Total Operating Expenses</b>	<b>58,318</b>	<b>61,078</b>

\* Restated

Principal variances between 2011 and 2010 are:

⇒ Total travel costs decreased due to a reduced number of missions.

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

### 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros
<b>Operating Revenue</b>								
Statutory Contributions	49,636	48,615					49,636	48,615
Regional Bureau Financing	815	815					815	815
Voluntary Contributions					581	586	581	586
Reimbursements and Recoveries	1,207	1,177			13	12	1,220	1,189
Financial Income	603	196	42	8			645	204
Other Income	533	615	4,984	6,146	2,183	663	7,700	7,424
Exchange Rate Gains/(Losses) Net	(10)	(37)	(92)	(3)	(1)	4	(103)	(36)
<b>Total Operating Revenue</b>	<b>52,784</b>	<b>51,381</b>	<b>4,934</b>	<b>6,151</b>	<b>2,776</b>	<b>1,265</b>	<b>60,494</b>	<b>58,797</b>
<b>Operating Expenses</b>								
Pay Costs	34,865	34,662	1,790	1,605	171	33	36,826	36,300
Other Staff Costs	1,018	1,150	84	15	40	16	1,142	1,181
Premises Running Costs	2,019	1,971		2			2,019	1,973
Maintenance	2,083	1,911	106	124	1	10	2,190	2,045
Missions and Meetings	4,490	6,209	2,234	2,038	532	911	7,256	9,158
Office Expenses	985	1,211	85	359	36	142	1,106	1,712
Telecommunication Costs	1,476	1,537	29	40	7	84	1,512	1,661
Third Party and Other Costs	485	509	606	1,968	306	154	1,397	2,631
Depreciation Expenditure	4,870	4,417					4,870	4,417
<b>Total Operating Expenses</b>	<b>(52,291)</b>	<b>(53,577)</b>	<b>(4,934)</b>	<b>(6,151)</b>	<b>(1,093)</b>	<b>(1,350)</b>	<b>(58,318)</b>	<b>(61,078)</b>
<b>Surplus/(Deficit) for the year</b>	<b>493</b>	<b>(2,196)</b>			<b>1,683</b>	<b>(85)</b>	<b>2,176</b>	<b>(2,281)</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			
2011		2010	
Number of individuals	Aggregate remuneration <i>000 Euros</i>	Number of individuals	Aggregate remuneration <i>000 Euros</i>
10	1,415	9	1,433

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 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 2011 and 2010.

#### **Note 15: Prior Year Adjustments**

A provision had been taken against the reimbursement of national taxes paid by certain employees which related to a number of fiscal years. With the confirmation that these taxes were no longer payable, the provision was reversed affecting the published deficit in 2010 (amounts in '000s EUR):

<b>2010 Published Deficit</b>	<b>(2,340)</b>
<i>Adjustment for Pay Costs</i>	<i>59</i>
<b>2010 Restated Deficit</b>	<b>(2,281)</b>

The effect on the outstanding payables balance was also impacted as, well as the accumulated reserves:

<b>2010 Published Payables Balance</b>	<b>(6,929)</b>
<i>Adjustment for Pay Costs</i>	<i>143</i>
<b>2010 Restated Payables Balance</b>	<b>(6,786)</b>
<b>2010 Published Accumulated Reserves Balance</b>	<b>21,157</b>
<i>Adjustment for Pay Costs</i>	<i>143</i>
<b>2010 Restated Accumulated Reserves Balance</b>	<b>21,300</b>

See also note 7 for further information on payables balances.