



INTERPOL

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

## **Financial Statements**

**For the Year Ended 31 December 2015**

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## REPORT OF MANAGEMENT

INTERPOL management is given the responsibility for the production of the Financial Statements in Regulation 5.5 of its Financial Regulations. INTERPOL has adopted International Public Sector Accounting Standards (IPSAS) as its accounting 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 Secretary General is responsible for establishing and maintaining adequate internal financial controls. The Organization'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, detection and reporting of fraud. The system of internal control includes policies and procedures at both the Organizational level and transactional level.

Organizational level controls include, in addition to an internal audit function, the policies and procedures that set the internal financial control environment and provide for maintenance of records and the setting of respective authorization levels. Transactional level controls provide reasonable assurance that the Organization 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 Organization's assets.

Management has reasonable assurance that its system of internal financial control has been operating effectively during the year and that there are no material misstatement or omissions. Management establishes internal controls to investigate reported incidents of fraud. No reported incidents were substantiated during the year. Management therefore considers that these Financial Statements present fairly the Organization's financial position as at 31 December 2015 and the results of operations and cash flows for the year at that date.

In addition, Senior Management make a declaration on any of their or their related parties' outside interests that may be conflictual or prejudicial to the Organization and that could call into question their independence in exercising their INTERPOL functions. There have been no declarations that have a material impact on these Financial Statements nor in the commitments that Organization has made to third parties.

The Financial Statements were approved by management on 28 April 2016. 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.

**Jürgen Stock**  
Secretary General

**Laurent Grosse**  
Executive Director Resource Management

### Opinion of the independent External Auditor

We have audited the Financial Statements of INTERPOL for the financial year ended 31 December 2015, 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 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 concluding that, in our opinion, the Financial Statements give a true and fair view of the financial position of INTERPOL as of 31 December 2015; its financial performance as disclosed and specified in the 2015 accounts and principal notes; its cash flows for the year then ended; and comply with INTERPOL Financial Rules.


The transactions of the INTERPOL accounts have in all material respect 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 our Annual Report for 2015, 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 2 May 2016

  
Per Anders Engeseth  
Director General

  
Bjørn Langerud  
Assistant Director General

  
Arild Anstensrud  
Senior Audit Adviser

**I.C.P.O - International Criminal Police Organization**  
**Statement of Financial Position**

	Notes	<b>31 December 2015</b> <i>000s Euros</i>	<b>31 December 2014</b> <i>000s Euros Restated</i>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and Bank Balances	3	75,114	67,971
Investments	3	2,846	6,004
Statutory Contributions Receivable	4	4,513	3,297
Accounts Receivables	4	9,702	8,694
Inventories	5	563	565
<b>Total Current Assets</b>		<b>92,738</b>	<b>86,531</b>
<b>Non-Current Assets</b>			
Investments	3	31	31
Statutory Contributions Receivable	4	285	329
Plant Property and Equipment	6	18,504	16,938
Intangible Assets	6	1,130	1,298
Assets in Progress	6	126	2,581
<b>Total Non-Current Assets</b>		<b>20,076</b>	<b>21,177</b>
<b>TOTAL ASSETS</b>		<b>112,814</b>	<b>107,708</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Payables	7	(7,614)	(7,631)
Statutory Contributions Received in Advance	8	(6,123)	(5,021)
Other Income Received in Advance	8	(591)	(446)
Trust Funds and Special Accounts	8	(29,288)	(26,644)
Employee-related liabilities	9	(5,435)	(4,795)
<b>Total Current Liabilities</b>		<b>(49,051)</b>	<b>(44,537)</b>
<b>Non-Current Liabilities</b>			
Employee-related liabilities	9	(20,706)	(16,935)
<b>Total Non-Current Liabilities</b>		<b>(20,706)</b>	<b>(16,935)</b>
<b>TOTAL LIABILITIES</b>		<b>(69,757)</b>	<b>(61,472)</b>
<b>TOTAL NET ASSETS</b>		<b>43,057</b>	<b>46,236</b>
<b><u>EQUITY</u></b>			
Capital Financing Reserve	10	19,760	20,817
Accumulated Reserve Funds	10	23,297	25,419
<b>TOTAL EQUITY</b>		<b>43,057</b>	<b>46,236</b>

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

	<b>Notes</b>	<b>31 December 2015</b> <i>000s Euros</i>	<b>31 December 2014</b> <i>000s Euros</i> <i>Restated</i>
<b>Operating Revenue</b>	<b>11</b>		
Statutory Contributions		52,783	51,697
Regional Bureau Financing		1,195	1,147
In-Kind Contributions		30,853	20,447
Voluntary Contributions		561	478
Reimbursements and Recoveries		25,207	24,220
Financial Income		657	725
Other Income		1,502	1,141
Exchange Rate Gains/(Losses) Net		364	192
<b>Total Operating Revenue</b>		<b>113,122</b>	<b>100,047</b>
<b>Operating Expenses</b>	<b>12</b>		
Pay Costs		52,740	49,026
In-Kind Pay Costs		20,917	18,330
Other Staff Costs		1,443	1,528
Premises Running Costs		3,143	2,736
In-Kind Premises Running Costs		9,935	2,117
Maintenance		2,318	2,657
Missions and Meetings		12,738	13,574
Office Expenses		2,141	2,188
Telecommunication Costs		1,271	1,453
Third Party and Other Costs		4,720	3,179
Depreciation Expenditure		4,935	4,800
<b>Total Operating Expenses</b>		<b>(116,301)</b>	<b>(101,588)</b>
<b>Surplus/(Deficit) for the year</b>		<b>(3,179)</b>	<b>(1,541)</b>

**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 2014</b>	<b>10</b>	<b>20,817</b>	<b>23,690</b>	<b>44,507</b>
Prior Year Adjustments	<b>15</b>		1,729	1,729
<b>Restated Balance at 31 December 2014</b>	<b>10</b>	<b>20,817</b>	<b>25,419</b>	<b>46,236</b>
Net Gains and Losses not recognised in statement of financial performance		(1,057)	1,057	
Net (deficit)/surplus for the year			(3,179)	(3,179)
<b>Balance at 31 December 2015</b>	<b>10</b>	<b>19,760</b>	<b>23,297</b>	<b>43,057</b>

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

	<b>31 December 2015</b> <i>000s Euros</i>	<b>31 December 2014</b> <i>000s Euros</i>
<b>Cash Flows From Operating Activities</b>		
Surplus/(Deficit) from Ordinary Operating Activities	(3,179)	(1,541)
<b>Non-Cash Movements</b>		
Depreciation Expenditure	4,935	4,800
Adjustment for (Gain) / Loss on Sales of Assets	24	92
<i>Changes in assets</i>		
(Increase)/Decrease in Statutory Contributions Receivables	(1,172)	298
(Increase)/Decrease in Accounts Receivables	(1,008)	(4,593)
(Increase)/Decrease in Inventories	2	(150)
<i>Changes in Liabilities</i>		
Increase/(Decrease) in Payables	(17)	(140)
Increase/(Decrease) in Statutory Contributions Received in Advance	1,102	0
Increase/(Decrease) in Income Received in Advance	145	2,113
Increase/(Decrease) in Project Trust Accounts	2,644	4,707
Increase/(Decrease) in Employee-related liabilities	4,411	3,542
<b>Net Cash Flows from Operating Activities</b>	<b>7,887</b>	<b>9,128</b>
<b>Cash Flows From Investing Activities</b>		
Sales/(Purchases) of Investments	3,158	22,933
Purchases of Fixed Assets	(3,902)	(4,116)
<b>Net Cash Flows from Investing Activities</b>	<b>(744)</b>	<b>18,817</b>
<b>Net increase/(decrease) in cash and bank balances</b>	<b>7,143</b>	<b>27,945</b>
Cash and cash equivalents at the beginning of period	67,971	40,026
Cash and cash equivalents at the end of period	75,114	67,971
<b>Movement in cash and bank balances</b>	<b>7,143</b>	<b>27,945</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”;
- Establish and develop all institutions likely to contribute effectively to the prevention and suppression of ordinary law crimes.

Its vision is “Connecting Police for a Safer World” and its mission is “preventing and fighting crime through enhanced cooperation and innovation on police and security matter”. It carries out this mission by focusing on its law enforcement priorities:

1. Secure global police information system;
2. 24/7 support to policing and law enforcement;
3. Innovation, capacity building and research;
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 governing texts, the Constitution and General Regulations. INTERPOL’s Financial Regulations are an appendix to the General Regulations.

The Organization is based in Lyons, France, has its cyber criminality centre in Singapore and representative offices in Brussels, Belgium; Bangkok, Thailand and 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, known as the INTERPOL National Central Bureau.

The Organization manages its activities through its Strategic Framework and General Programme of Activities. The Programme of Activities is the annual plan, including budgets, that sets out the activities of the Organization for the following financial period. It is approved by the members at the annual General Assembly.

Financial operations are separated into different budgets – its Regular Budget and Trust Funds and Special Accounts. All members contribute to the Regular Budget of the Organization at a scale determined and mutually agreed between them. Trust Fund and Special Accounts of the Organization are related to certain activities and agreed among participating countries or Organizations from both the public and private sectors.

Following approval of the budget, the members empower the Secretary General 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.

The Organization may also enjoy certain privileges and immunities in the countries in which it operates, notably that of being exempt from paying most forms of taxation.

## **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 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 Financial 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 Organization's governing texts and the issued Financial and Staff Directives. Budgets are not presented in these Financial 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 the prior year Financial 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.

*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 Organization receives donations or the free use of works of art from member countries or other institutions. Such assets are not valued directly by the Organization 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>Fair Value Financial Instruments</b>	Initial Recognition Amount 2015	Fair Value / Amortised Cost 2015	Initial Recognition Amount 2014	Fair Value / Amortised Cost 2014
<b>Financial Assets</b>				
<i>classified as Loans and Receivables</i>				
Cash and Bank Balances	75,114	75,114	67,971	67,971
Statutory Contributions Receivable	4,798	4,798	3,626	3,626
Accounts Receivables	9,884	9,702	8,743	8,694
<i>classified as Held to Maturity Assets†</i>				
Investments	2,877	2,877	6,035	6,035
<b>Total</b>	<b>92,673</b>	<b>92,491</b>	<b>86,375</b>	<b>86,326</b>
Payables	7,614	7,614	7,631	7,631
Income Received in Advance	6,714	6,714	5,467	5,467
Deferred Project Income	29,288	29,288	28,373	28,470
Employee-related liabilities	26,141	26,141	21,730	21,730
<b>Total</b>	<b>69,757</b>	<b>69,757</b>	<b>63,201</b>	<b>63,298</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 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 the 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 Organization 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 uncollectable 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 Trust Funds and Special Accounts, counterparty financing risk is mitigated under contract and by the receipt, as far as possible as allowed under the terms of the agreement, of full 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 (Regional) bureaus which also became statutory from January 1, 2005.

*In-Kind Contributions:* In addition to cash contributions, the Organization has the benefit of the free-use of certain services – seconded law enforcement officials and the free-use of certain equipment.

- *Seconded personnel:* The Organization has the benefit of law enforcement officials that are on secondment to the Organisation from their national administrations. Most of the pay costs for these personnel are paid directly by their national administrations. However, the Organization values these personnel as if they were receiving the equivalent INTERPOL benefits (In-Kind Pay Costs).
- *In-Kind (Rent-free) Premises Running Costs:* The Organization also has the free use of premises that have been made available to carry-out its activity. It values these premises at the open market rental rates in each location.

*Voluntary Contributions:* Voluntary Contributions are made 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 Trust Funds and Special Accounts is recorded to the extent of expenditure incurred on the individual projects underlying the Trust Funds and Special Accounts. Other Income, including reimbursement of costs by third parties, is recognised when it is 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 Organization also controls certain assets that are not directly recognized in the 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 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, as per the 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 its own bank accounts. The Organization is currently in discussion for the creation of a defined benefits' scheme with a separate administrative mechanism from the Organization.

All of the Organization's contributions for employee benefits, including from funds received for Trust Funds and Special 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</b> <i>000s Euros</i>	<b>2015</b>	<b>2014</b>
Not more than 1 year	1,214	1,214
Later than one year and not later than 5 years	6,069	6,069

### **Changes in Accounting Policies**

The Organization implemented revised Financial Regulations during the year. This meant certain changes in the Accounting Policies, including the recognition of the in-kind resources directing in the Financial Statements.

### 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 2015 000€	31 December 2014 000€
Cash on Hand	63	66
Deposits with banks unrestricted - euros	71,230	66,974
Deposits with banks unrestricted - other currencies	3,821	931
<b>Total Cash and Bank Balances</b>	<b>75,114</b>	<b>67,971</b>

	31 December 2015 000€	31 December 2014 000€
In Ordinary Banking Products	2,846	6,004
<b>Total Investments Current</b>	<b>2,846</b>	<b>6,004</b>
In Ordinary Banking Products	31	31
<b>Total Investments Non-Current</b>	<b>31</b>	<b>31</b>
<b>Total Investments</b>	<b>2,877</b>	<b>6,035</b>

Cash deposits are generally held in interest bearing accounts. Interest bearing accounts and investments yielded an average rate of 1.1% in 2015 (2014: 1.3%).

Certain cash deposits are designated for specific uses:

- On behalf of sponsors: Trust Funds and Special Accounts;
- On behalf of employees: Defined Contribution Pension and Supplementary Retirement Schemes;
- On behalf of member countries.

The total amount of cash and cash equivalents and investments held for these specific uses was 50.211 M€ (2014: 43.684 M€). The Organization has no confirmed credit lines or bank overdrafts.

**Note 4: Accounts Receivable and Prepayments**

	31st December 2015 000€	31st December 2014 000€
<b>Current Statutory Contributions Receivable</b>	<b>4,513</b>	<b>3,297</b>
Prepaid Expenses	2,202	2,017
Other Receivables	7,682	6,726
Provision for Uncollectable Receivables	(182)	(49)
<b>Total Current Accounts Receivable</b>	<b><u>9,702</u></b>	<b><u>8,694</u></b>
<b>Non-Current Statutory Contributions Receivable</b>	<b>285</b>	<b>329</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. Total statutory contributions receivable as at 31 December 2015 were 4.798M€ (2014: 3.626M€).

**Note 5: Inventories**

	31st December 2015 000€	31st December 2014 000€
Items Held for Sale	489	492
Supplies	<u>74</u>	<u>73</u>
<b>Total Inventories</b>	<b>563</b>	<b>565</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 at 31st December 2014 000€	Additions / Depreciation 000€	Disposals 000€	Balance at 31st December 2015 000€
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**Cost of Fixed Assets**

Plant Property and Equipment	56,058	5,635	(508)	61,185
Intangible Assets	15,518	722		16,240
Fixed Assets in Progress	2,581	(2,455)		126
<b>Total Cost of Fixed Assets</b>	<b>74,157</b>	<b>3,902</b>	<b>(508)</b>	<b>77,551</b>

**Depreciation**

Plant Property and Equipment	(39,120)	(4,045)	484	(42,681)
Intangible Assets	(14,220)	(890)		(15,110)
Fixed Assets in Progress				
<b>Total Depreciation</b>	<b>(53,340)</b>	<b>(4,935)</b>	<b>484</b>	<b>(57,791)</b>

**Net Fixed Assets**

Plant Property and Equipment	16,938	1,590	(24)	18,504
Intangible Assets	1,298	(168)		1,130
Fixed Assets in Progress	2,581	(2,455)		126
<b>Total Net Fixed Assets</b>	<b>20,817</b>	<b>(1,033)</b>	<b>(24)</b>	<b>19,760</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 2015 000€	31st December 2014 000€
Suppliers and Accrued Charges	5,445	5,608
Social Security and Insurance Payable	1,956	1,730
Other Payables	213	293
<b>Total Payables</b>	<b>7,614</b>	<b>7,631</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 Trust Funds and Special Accounts**

	31st December 2015 000€	31st December 2014 000€ <sup>15</sup>
Statutory Contributions Received in Advance	6,123	5,021
Other Income Received in Advance	591	446
Trust Funds and Special Accounts	29,288	26,644
<b>Total Income Received in Advance</b>	<b>36,002</b>	<b>32,111</b>

Statutory contributions received in advance are payments made by member countries in advance of the 2016 budget. Other income received in advance includes reimbursements received in advance of their expense. Trust Fund and Special 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, but dependent upon on the terms agreed with the sponsor or the conditions of the Trust Fund.

## 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:

EMPLOYEE-RELATED LIABILITIES <i>000s Euros</i>	Unemployment Provision	Employee benefits		Provision for leave not availed	Pension Scheme	TOTAL
		Indemnity on retirement	Supplementary retirement			
<b>Balance at December 31, 2014</b>	<b>1,038</b>	<b>1,239</b>	<b>3,377</b>	<b>2,794</b>	<b>13,282</b>	<b>21,730</b>
Recognised in the statement of financial performance	410	339	900	203	2,470	4,322
<i>Items not in the statement of financial performance</i>						
- Income from pay costs (being staff's contribution)					1,578	1,578
- Interest Income			15		88	103
- Settlement of liabilities	(194)	(109)	(522)	(149)	(618)	(1,592)
<b>Balance at December 31, 2015</b>	<b>1,254</b>	<b>1,469</b>	<b>3,770</b>	<b>2,848</b>	<b>16,800</b>	<b>26,141</b>

Of these amounts 5.435M€ (2014: 4.795 M€) are due in less than one year and 20.706 M€ (2014: 16.935 M€) in more than one year.

## Note 10: Total Equity

	31st December 2014 000€	Prior Year Adjustment and Transfers 000€	Restated 31st December 2014 000€	Transfers 000€	Current Year Surplus/(Deficit) 000€	31st December 2015 000€
Capital Financing Reserve	<b>20,817</b>		<b>20,817</b>	(1,057)		<b>19,760</b>
Accumulated Reserve Funds						
<i>General Reserve Fund</i>	14,049	1,207	15,256		(2,682)	12,574
<i>Capital Investment Fund</i>	6,377		6,377	1,057		7,434
<i>Other Funds</i>	3,264	522	3,786		(497)	3,289
Total Accumulated Reserve Funds	<b>23,690</b>	1,729	<b>25,419</b>	1,057	(3,179)	<b>23,297</b>
<b>TOTAL EQUITY</b>	<b>44,507</b>	1,729	<b>46,236</b>		<b>(3,179)</b>	<b>43,057</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 2015 000€	31st December 2014 000€
Statutory Contributions	52,783	51,697
Regional Bureau financing	1,195	1,147
In-Kind Contributions	30,853	20,447
Voluntary Contributions	561	478
Reimbursements and Recoveries	25,207	24,220
Financial Income	657	725
Other Income	1,502	1,141
Exchange rate Gains/(Losses) Net	364	192
	<b>113,122</b>	<b>100,047</b>

The main variances between 2014 and 2015 are:

- 1. Statutory Contributions:* These are the amounts receivable during the year from member countries. Statutory Contributions increased by 2.1% in line with the approved annual budget.
- 2. In-Kind Contributions:* The Organization had the use of the INTERPOL Global Complex in Singapore for the entire year.
- 3. Other Income:* The Organization received additional income for meetings that it organized and a receipt from its insurance company.

**Note 12: Operating Expenses**

	31st December 2015 000€	31st December 2014 000€
Salaries	33,692	31,766
Employee Charges	11,757	11,301
Allowances	7,291	5,959
<b>Total Pay Costs</b>	<b>52,740</b>	<b>49,026</b>
<b>Total In-Kind Pay Costs</b>	<b>20,917</b>	<b>18,330</b>
Training	231	343
Other Staff Costs	1,212	1,185
<b>Total Other Staff Costs</b>	<b>1,443</b>	<b>1,528</b>
Building Rental	1,801	1,996
Utilities and Other	1,342	740
<b>Total Premises Running Costs</b>	<b>3,143</b>	<b>2,736</b>
<b>Total In-Kind Premises Running Costs</b>	<b>9,935</b>	<b>2,117</b>
IT Equipment	1,667	1,532
Building Maintenance	651	1,125
<b>Total Maintenance</b>	<b>2,318</b>	<b>2,657</b>
Travel	9,623	10,925
Conferences and Events	3,115	2,649
<b>Total Missions and Meetings</b>	<b>12,738</b>	<b>13,574</b>
Consumables and Supplies	742	1,029
Equipment Hire and Other	1,399	1,159
<b>Total Office Expenses</b>	<b>2,141</b>	<b>2,188</b>
Network Costs	565	804
Communication Costs	706	649
<b>Total Telecommunication Costs</b>	<b>1,271</b>	<b>1,453</b>
Consultancy Expenses	2,318	2,567
Legal Provisions for Risks on Receivables	1,170	39
Equipment Donated	488	611
Other Administration Expenses	744	(38)
<b>Total Third Party and Other Costs</b>	<b>4,720</b>	<b>3,179</b>
<b>Depreciation Expenditure</b>	<b>4,935</b>	<b>4,800</b>
<b>Total Operating Expenses</b>	<b>116,301</b>	<b>101,588</b>

Principal variances between 2015 and 2014 are:

- ⇒ Total Pay costs increased due to a larger number of personnel, notably seconded officials, and exchange rate fluctuations in non-Euro denominated duty stations.
- ⇒ The full-year use of the INTERPOL Global Complex that opened in Q4 2014.
- ⇒ An increase in legal settlement costs.

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

Segment information is based on the principal activities and sources of finance for the Organization. The Regular Budget (1) corresponds to the combined operating budgets of the Organization – general and specific budgets - that are primarily funded by member countries through statutory contributions and presented at the General Assembly for approval. The other segment (2) is “extra-budgetary” funding and is financed by external parties from both the public and private sectors and separately managed in Trust Funds and Special Accounts. The effect of transfers and adjustments between these budgets is removed from the Regular 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.

	Regular Budget (1)		Trust Funds and Special Accounts (2)		Total	
	2015	2014	2015	2014	2015	2014
	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros	000s Euros
<b>Operating Revenue</b>						
Statutory Contributions	52,783	51,697			52,783	51,697
Regional Bureau Financing	1,195	1,147			1,195	1,147
In-Kind Contributions	30,853	20,447			30,853	20,447
Voluntary Contributions	561	478			561	478
Reimbursements and Recoveries	1,874	1,567	23,333	22,653	25,207	24,220
Financial Income	657	716	0	9	657	725
Other Income	1,502	1,141			1,502	1,141
Exchange Rate Gains/(Losses) Net	52	191	312	1	364	192
<b>Total Operating Revenue</b>	<b>89,477</b>	<b>77,384</b>	<b>23,645</b>	<b>22,663</b>	<b>113,122</b>	<b>100,047</b>
<b>Operating Expenses</b>						
Pay Costs	42,531	40,878	10,209	8,148	52,740	49,026
In-Kind Pay Costs	20,917	18,330			20,917	18,330
Other Staff Costs	1,176	1,267	267	261	1,443	1,528
Premises Running Costs	2,916	2,358	227	378	3,143	2,736
In-Kind Premises Running Costs	9,935	2,117			9,935	2,117
Maintenance	2,233	2,372	85	285	2,318	2,657
Missions and Meetings	4,644	5,467	8,094	8,107	12,738	13,574
Office Expenses	1,608	1,168	533	1,020	2,141	2,188
Telecommunication Costs	1,162	1,199	109	254	1,271	1,453
Third Party and Other Costs	599	(1,031)	4,121	4,210	4,720	3,179
Depreciation Expenditure	4,935	4,800		0	4,935	4,800
<b>Total Operating Expenses</b>	<b>(92,656)</b>	<b>(78,925)</b>	<b>(23,645)</b>	<b>(22,663)</b>	<b>(116,301)</b>	<b>(101,588)</b>
<b>Surplus/(Deficit) for the year</b>	<b>(3,179)</b>	<b>(1,541)</b>			<b>(3,179)</b>	<b>(1,541)</b>

All 2014 balances have been restated according to the new Financial Regulations (see note 15).

**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			
2015		2014	
Number of individuals	Aggregate remuneration <i>000 Euros</i>	Number of individuals	Aggregate remuneration <i>000 Euros</i>
5	667	9	1,261

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 2015 and 2014.

In October 2013, the INTERPOL Foundation for a Safer World was created and registered under Swiss law with the aim to support global law enforcement activities. The INTERPOL Foundation has its own board of management, is autonomous and independent of the Organisation. There were no significant transactions between the INTERPOL Foundation and INTERPOL during the year.

**Note 15: Prior Year Adjustments and changes in accounting policy**

Following changes to the Financial Regulations, a number of items were reclassified according to the new budgetary rules, in particular in the classification of certain projects between the Trust Funds and Special Accounts and the different reserve funds. All numbers in EUR ('000s).

Trust Funds and Special Accounts Reported Balance at 31 December 2014	28,373
Reclassification of balance	(1,729)
Trust Funds and Special Accounts Restated Balance at 31 December 2014	26,644

The above reclassification to funds altered the balance in the General Reserve Fund relating to income from Trust Funds and Special Accounts that was not recognised as income when the projects were being delivered as follows:

General Reserve Fund Reported Balance at 31 December 2014	14,049
Reclassification of balance	386
Approved Transfer	821
General Reserve Fund Restated Balance at 31 December 2014	15,256

There was also an impact on the other reserve funds:

Other Reserve Funds Reported Balance at 31 December 2014	3,264
Reclassification of balance	1,343
Approved Transfer	(821)
Other Reserve Funds Restated Balance at 31 December 2014	3,786

There was the reclassification of financial interest receivable between current and non-current:

Accounts Receivable (Non-Current) Reported Balance at 31 December 2014	16
Accounts Receivable (Non-Current) Restated Balance at 31 December 2014	0
Accounts Receivable (Current) Reported Balance at 31 December 2014	8,678
Accounts Receivable (Current) Restated Balance at 31 December 2014	8,694

### **Changes in Accounting Policy**

In-Kind contributions are now shown directly on the face of the Statement of Financial Performance, as opposed to a disclosure note as in 2014. To enable comparison, 2014 financial performance has been restated. The effect is to increase in 2014 both Operating Revenue (In-Kind Contributions) by 20,447 (000) EUR and Operating Expenses by 20,447 (000) EUR (In-Kind Pay Costs 18,330 (000) EUR and In-Kind Premises Running Costs 2,594 (000) EUR). This differs slightly to the amount declared in the notes in 2014 (18,555 (000) for In-Kind pay costs and 2,089 (000) EUR for Premises Running Costs) owing to a change in valuation methodology.