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Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development **23-Jun-2016**

English - Or. English

COUNCIL

Budget Committee

FINANCIAL STATEMENTS OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT AS AT 31 DECEMBER 2015

Summary:

This document presents the Financial Statements for 2015, with the opinion of the External Auditor.

Budget Committee action:

The Financial Statements are presented to the Budget Committee for information.

JT03398607

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Cour des comptes

Le Premier président

Paris, le 24 MAI 2016

À l'attention du Conseil
de l'Organisation de coopération et
de développement économiques (OCDE)

(Free translation from French of the opinion of the External Auditor)

To the attention of the Council of the Organisation for Economic Co-operation and Development (OECD)

OPINION OF THE EXTERNAL AUDITOR

We have audited the Organisation for Economic Co-operation and Development's (OECD) financial statements for the year ending on 31 December 2015. These financial statements comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Cash Flows and the Statement of Changes in Net Assets, as well as a summary of significant accounting policies and other explanatory notes.

Under Article 26 of the Financial Regulations of the OECD, the financial statements of the Organisation are prepared in accordance with International Public Sector Accounting Standards (IPSAS). Moreover, under Article 1 of the Financial Regulations, "the Secretary-General shall establish controls, systems and processes designed to provide reasonable assurance that transactions are carried out in compliance with these Regulations, that assets are safeguarded, and that all the Organisation's resources are well managed". This responsibility includes designing, implementing and monitoring internal control relevant to the preparation and fair presentation of the financial statements with no material misstatement, whether due to fraud or errors, as well as establishing reasonable accounting estimates based on the circumstances.

…/…

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (International Standards on Auditing - ISA). These standards require that we comply with ethical rules and that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves implementing procedures to obtain evidence in connection with the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the External Auditor, and the assessment of the risks that the financial statements contain material misstatements, whether due to fraud or error. While assessing these risks, the External Auditor considers the internal control in place in the entity in relation to the compilation and preparation of the financial statements in order to define audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as assessing the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the situation of the OECD on 31 December 2015, and of its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Didier MIGAUD

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15 April 2016

REPORT OF MANAGEMENT

The Organisation for Economic Co-operation and Development's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the Organisation's Financial Regulations. The Management of the Organisation, in this context the three signatories below, is responsible for these statements, as well as for establishing and maintaining adequate internal financial controls.

The Organisation's system of internal financial control is designed to provide reasonable assurance regarding the reliability of financial reports and the preparation of financial statements. This system includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) permit preparation of financial statements in accordance with IPSAS; (iii) provide reasonable assurance that receipts and expenditures are being made in accordance with relevant authorisations and in compliance with the Organisation's Financial Regulations and (iv) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposition of the Organisation's assets. Because of their inherent limitations, internal controls may not prevent or detect all misstatements.

The Audit Committee reviews the situation of the Organisation as well as its internal control system and its risk management system. The Committee meets regularly and, among other things, reviews reports by Management, the Director of Internal Audit and the External Auditor.

In the opinion of OECD Management, these financial statements present fairly the Organisation's financial position at 31 December 2015 and of the results of operations and cash flows for the year ended at that date.

Angel Gurría Secretary-General	**Anthony Rottier** Executive Director	**Federico Ruggiero** Head of Programme, Budget and Financial Management Service

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OECD
Statement of Financial Position
as at

	Notes	31 December 2015 €'000	31 December 2014 €'000	
ASSETS				
Current assets				
Cash and cash equivalents, unrestricted	5	134 677	164 309	*
Cash and cash equivalents, restricted	5	41 133	41 420	*
Inventories	6	546	438	
Accounts receivable and prepayments	7	191 690	106 893	*
Staff loan programme	8	5 877	5 567	
Total current assets		**373 923**	**318 627**	
Non-current assets				
Accounts receivable and prepayments	7	55 731	30 882	*
Staff loan programme	8	9 379	8 496	
Investments and security deposits	9	578 377	526 850	
Furniture, fixtures and equipment	10	20 175	17 181	*
Land and buildings	11	495 038	507 547	*
Intangible assets	12	2 297	1 981	
Total non-current assets		**1 160 997**	**1 092 937**	
TOTAL ASSETS		**1 534 920**	**1 411 564**	
LIABILITIES				
Current liabilities				
Borrowings	13	14 000	14 018	
Payables	14	111 128	85 204	
Provisions for liabilities and charges	15	23 750	221	
Employee benefits	16	89 592	87 027	
Deferred revenue	17	142 863	122 806	
Total current liabilities		**381 333**	**309 276**	
Non-current liabilities				
Borrowings	13	-	2	
Employee benefits	16	2 216 250	1 998 078	
Deferred revenue	17	215 693	188 325	
Total non-current liabilities		**2 431 943**	**2 186 405**	
TOTAL LIABILITIES		**2 813 276**	**2 495 681**	
NET ASSETS		**(1 278 356)**	**(1 084 117)**	
Long-term commitments and associated reserves	18	(1 521 489)	(1 478 907)	
Technical reserves	18	470 386	465 872	
Budgetary reserves	18	9 185	8 733	
Net deficit for the period	18 & 25	(185 078)	(32 581)	
Accumulated surplus / (deficit)	18	(51 360)	(47 234)	
TOTAL NET ASSETS		**(1 278 356)**	**(1 084 117)**	

**See Notes for explanations*

OECD
Statement of Financial Performance
for the year ended

	Notes	31 December 2015 €'000	31 December 2014 €'000
OPERATING REVENUES			
Assessed contributions	19	294 325	288 798
Voluntary contributions	19	146 186	125 252
Pension contributions	16 & 19	91 818	88 174
Sales of publications	19	17 157	16 632
Other	19	21 524	19 938
Total operating revenues		**571 010**	**538 794**
OPERATING EXPENSES			
Personnel	20	313 401	293 811
Pension and post-employment benefits	16 & 20	296 698	184 149
Consulting	20	43 588	40 290
Travel	20	27 314	25 188
Operating	20	78 609	74 832
Other	20	25 646	964
Total operating expenses		**785 256**	**619 234**
Deficit from operating activities		**(214 246)**	**(80 440)**
Financial revenue and expense, net	21	29 168	47 859
Deficit from ordinary activities		**(185 078)**	**(32 581)**
DEFICIT FOR THE PERIOD	18 & 25	**(185 078)**	**(32 581)**

OECD
Statement of Cash Flows
for the year ended

	Notes	31 December 2015 €'000	31 December 2014 €'000
Cash flow from operating activities			
Deficit from ordinary activities		(185 078)	(32 581)
Depreciation, net	10,11 & 12	20 656	19 265
Loss / (gain) on disposal of fixed assets	10,11 & 12	133	68
Increase / (decrease) in provisions for liabilities and charges	15	23 529	(538)
Increase in employee benefits - defined benefit programmes	16	221 315	111 545
Decrease / (increase) in receivables	7	(109 646)	50 816
Decrease / (increase) in inventories	6	(108)	77
(Increase) in investments due to revaluation - PBRF	9	(4 745)	(39 073)
Increase / (decrease) in payables	14	25 924	(10 686)
Increase / (decrease) in deferred revenue	17	47 425	(12 367)
Net cash flow from operating activities		**39 405**	**86 526**
Cash flow from investing activities			
Purchase of fixed assets	10,11 & 12	(12 135)	(8 833)
Proceeds from sale of fixed assets	10,11 & 12	12	38
Increase in staff loan program	8	(1 193)	(1 242)
(Increase) / decrease in financial assets - Staff Provident Fund	9	577	2 153
Decrease / (increase) in financial assets - other	9	785	(81)
Net (purchase) / disposal of investments - PBRF	9	(48 144)	(40 862)
Net cash flow from investing activities		**(60 098)**	**(48 827)**
Cash flow from financing activities			
Increase / (decrease) in liabilities - Staff Provident Fund	16	(577)	(2 153)
Proceeds from borrowings	13	28 000	28 000
Repayment of borrowings	13	(28 000)	(26 500)
Finance lease interest	21	-	2
Finance lease payments	26	(20)	(19)
Credits to member countries and others	18	(8 629)	(12 358)
Net cash flow from financing activities		**(9 226)**	**(13 028)**
Net (decrease) / increase in cash and cash equivalents		**(29 919)**	**24 671**
Cash and cash equivalents at beginning of period	5	205 729	181 058
Cash and cash equivalents at end of period	**5**	**175 810**	**205 729**

Cash flows from operating activities are reported using the indirect method, whereby net surplus or deficit is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

OECD
Statement of Changes in Net Assets

	Long-term commitments and associated reserves €'000	Technical reserves €'000	Budgetary reserves €'000	**Total reserves €'000**	Net surplus / (deficit) €'000	Accumulated surplus / (deficit) €'000	**Total €'000**
Balance at 31 December 2013	**(1 417 148)**	**421 037**	**8 458**	**(987 653)**	**(55 619)**	**(41 856)**	**(1 085 128)**
Allocation of prior year result	(61 759)	(1 116)	599	**(62 276)**	55 619	6 657	**-**
Utilisation of reserves and budget surpluses added to future budgets	-	-	(324)	**(324)**	-	(11 490)	**(11 814)**
Budget surpluses to be returned to member countries and other donors	-	-	-	**-**	-	(545)	**(545)**
Transfers / revaluations	-	45 951	-	**45 951**	-	-	**45 951**
Current year deficit	-	-	-	**-**	(32 581)	-	**(32 581)**
Subtotal	(61 759)	44 835	275	**(16 649)**	23 038	(5 378)	**1 011**
Balance at 31 December 2014	**(1 478 907)**	**465 872**	**8 733**	**(1 004 302)**	**(32 581)**	**(47 234)**	**(1 084 117)**
Allocation of prior year result	(42 407)	5 047	821	**(36 539)**	32 581	3 958	**-**
Utilisation of reserves and budget surpluses added to future budgets	(175)	-	(369)	**(544)**	-	(7 644)	**(8 188)**
Budget surpluses to be returned to member countries and other donors	-	-	-	**-**	-	(440)	**(440)**
Transfers / revaluations	-	(533)	-	**(533)**	-	-	**(533)**
Current year deficit	-	-	-	**-**	(185 078)	-	**(185 078)**
Subtotal	(42 582)	4 514	452	**(37 616)**	(152 497)	(4 126)	**(194 239)**
Balance at 31 December 2015	**(1 521 489)**	**470 386**	**9 185**	**(1 041 918)**	**(185 078)**	**(51 360)**	**(1 278 356)**

Member countries' contributed interest includes the pension benefits and post-employment health cover liability, and the counterpart of land and buildings, as detailed in Note 18.

The Pension Budget and Reserve Fund is the value of the fund's net assets at the prior year-end. The result of the fund for the current period is included in the net deficit for the period and is shown in the Statement of Financial Performance by Segment in Note 22.

Any surplus on the revaluation of property is credited directly to net assets, except if it reverses a revaluation decrease of the same asset class previously recognised as an expense in the Statement of Financial Performance (cf. Note 11).

NOTES TO THE FINANCIAL STATEMENTS

Note 1: General information

The Organisation for Economic Co-operation and Development (the "Organisation") was founded in 1961, replacing the Organisation for European Economic Co-operation, which had been established in 1948 in conjunction with the Marshall Plan. The Organisation groups 34 member countries committed to democratic government and the market economy and provides a forum where governments can compare and exchange policy experiences, identify good practices and promote decisions and recommendations, in line with the mission and role set forth in the Organisation's Convention:

- Achieve the highest sustainable growth and a rising standard of living in member countries, while maintaining financial stability;

- Contribute to sound economic expansion, in member as well as non-member countries in the process of economic development; and

- Contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The 34 members of the Organisation are Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

The Organisation is governed by a Council composed of representatives of all the member countries. The Council appoints a Secretary-General for a term of five years. The Secretary General was re-appointed by Council on 26 May 2015 for a new term of five years from 1 June 2016.

The Organisation enjoys privileges and immunities, notably that of being exempt from most forms of taxation.

The Organisation is funded primarily by assessed contributions from its member countries, within the framework of a biennial Programme of Work and Budget. It also receives voluntary contributions to financially support outputs in its Programme of Work. However, these do not form part of the Budget.

The Budget is the act whereby Council accords the necessary commitment authorisations and makes the necessary appropriations for the functioning of the Organisation and the carrying out of its activities. It determines the amount of contributions to be paid by members after taking into account other resources of the Organisation.

Part I of the Budget: All of the Organisation's member countries fund the Budget for the Part I Programme of Work, accounting for about 50% in 2015 of the Budget. Their contributions are based on both a proportion that is shared equally and a scale proportional to the relative size of their economies.

Part II of the Budget: This funds programmes relating to sectors of activity not covered by Part I. Participating countries may include some or all OECD members as well as other members that are not members of the OECD. Part II programmes are funded according to a scale of contributions or other financing arrangements agreed among the participating countries.

Annex Budgets are established for certain specific activities such as the Pension, Investments and Publications.

The pre-accession budget relates to non-recurring costs associated with accession that are borne by the candidate countries.

In May 2013, the OECD Council Meeting at ministerial level decided to open accession discussions with Colombia and Latvia. Accession Roadmaps for Colombia and Latvia were adopted by Council on 19 September 2013 and 15 October 2013. In April 2015, the Council decided to open accession discussions with Costa Rica and Lithuania. Accession Roadmaps for Costa Rica and Lithuania were adopted by Council on 8 July 2015. Further to a meeting of the Council on 12 March 2014, activities related to the accession process of the Russian Federation to the OECD are postponed for the time being.

Note 23 gives further details of the income and expenditure budget and actual results for 2015.

The approval of the Budget by Council empowers the Secretary-General, subject to any special conditions established by Council, to:

- commit and authorise expenditures and to make all payments to be borne by the Organisation, for the purposes assigned and within the limits of the appropriations and the commitment authority, as the case may be; and

- receive the income entered in the Budget, together with any other resources accruing to the Organisation in respect of its activities.

The Organisation is based in Paris, France, with representative Centres in Washington (DC), Mexico City, Berlin and Tokyo. The Centres serve as regional contacts for a wide range of public affairs and communication activities, contributing to the visibility and impact of the work of the Organisation *(c.f. Note 27: "Contributions in Kind").*

Close to 100 partners and international organisations participate in the Organisation's Programme of Work. Partners may participate in OECD Part I bodies/Part II programmes to varying degrees based on mutual interest. The 2012 Council Resolution on Partnerships in the OECD Bodies provides simplified rules on engagement with partners. The Organisation has progressively sought to expand cooperation and engage more formally with five Key Partners: Brazil, China, India, Indonesia and South Africa since 2007.

The Organisation also maintains active relationships with business, labour, civil society and parliamentarians. These stakeholders benefit from and make valuable contributions to the work of the OECD.

In 2015 the Organisation took the final step in its office space rationalisation programme, which involved concluding an operating lease for new office space, OECD Boulogne, and at the same time terminating several other office space leases. The office space rationalisation programme represents best value for money in respect of: accommodating anticipated growth; managing OECD office space and estate; leveraging the benefits of space consolidation for all OECD Programmes and Directorates, with the exception of the International Energy Agency.

Note 2: Adoption of new and revised standards – Supplementary information

In 2013, the Organisation adopted IPSAS 28 ("Financial Instruments: Presentation"), IPSAS 29 ("Financial Instruments: Recognition and Measurement") and IPSAS 30 ("Financial Instruments: Disclosures").

Note 3: Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB), based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

When the IPSASB does not prescribe any specific standard, IFRSs and IASs are applied.

The financial statements have been prepared on a going-concern basis, and accounting policies have been applied consistently throughout the period.

The financial statements have also been prepared on the historical-cost basis, except for the revaluation of certain properties and financial instruments.

The principal accounting policies adopted are set out below.

Foreign currencies

All assessed contributions are payable in euros. Voluntary contributions are accepted in euros and other currencies. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rates prevailing on the date of the Statement of Financial Position.

Foreign-currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Both realised and unrealised gains and losses resulting from the settlement of such transactions, and from the retranslation at the reporting date of assets and liabilities denominated in foreign currencies, are recognised in the Statement of Financial Performance.

Intangible assets

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

Generally, costs associated with developing or maintaining computer software programs are recognised as expenses when incurred. However, expenditures that enhance or extend the performance of computer software beyond their original specifications may be recognised as capital improvements and added to the original cost of the software.

Tangible assets

Property, furniture, fixtures and equipment

Land and buildings are carried in the Statement of Financial Position at their revalued amounts, *i.e.* at their fair value at the date of revaluation, adjusted for any subsequent additions, accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity – generally every two years – so that carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the fixed assets revaluation reserve, except if it reverses a revaluation decrease for the same asset class previously recognised as an expense, in which case the increase is credited to the Statement of Financial Performance to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the fixed assets revaluation reserve relating to a previous revaluation of that asset class.

Depreciation on revalued buildings is recognised in the Statement of Financial Performance. Due to the significantly different useful lives of the individual categories of property, the costs have been allocated to separate components: structure of buildings, roofing and windows, fixtures and fittings, which are also broken down into sub-components that are depreciated over different periods as shown below. The useful lives of all components of buildings are reviewed periodically, and if they change significantly, depreciation charges to current and future periods are adjusted accordingly.

Freehold land is not depreciated.

Furniture, fixtures and equipment are stated at cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction/renovation, over their estimated useful lives, using the straight-line method on the following basis:

- Structure of buildings: 50 years
- Roofing and windows: 15 - 33 years
- Fixtures and fittings: 5 - 25 years
- Other fixed assets: 4 - 10 years

The gain or loss arising on the disposal or withdrawal from use of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Works of art

Under the provisions of *IPSAS 17 Property, Plant and Equipment*, works of art purchased, donated or loaned to the Organisation are not capitalised. However, their estimated aggregate value is disclosed in the financial statements (*cf. Note 10,* "*Furniture, fixtures and equipment").*

Impairment of tangible and intangible assets

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Any provision for impairment is charged against the Statement of Financial Performance in the year concerned.

Leases

Finance leases

At the commencement of the lease term, assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the Statement of Financial Position. The assets and liabilities are recognised at amounts equal to the fair value of the leased equipment or, if lower, the present value of the minimum lease payments each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned *(cf. Note 3, "Significant accounting policies, Tangible assets").* If there is no reasonable certainty that ownership will be obtained by the end of the lease agreement, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

Operating lease rentals are recognised as an expense on a straight-line basis over the term of the relevant lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution. Due to the short- to medium-term focus of publications, a provision for depreciation is made for all printed publications issued prior to 2013, as well as for more-recent issues with inventory on hand in excess of one year's sales volume. Free publications are valued at cost.

Financial instruments

Financial assets - initial recognition and measurement

Financial assets within the scope of *IPSAS 29 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The OECD determines the classification of its financial assets at inception.

Financial assets - subsequent measurement

Since the implementation of this Standard, the Organisation has not designated any financial assets as held-to-maturity or available-for-sale. For the other two designated categories, subsequent measurement is as follows:

Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Financial Performance.

Loans and receivables are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

Financial assets

Receivables

Current receivables are for those amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements. In the case of the latter, receivables are carried at amortised cost where materially different from cost.

Where necessary, these amounts are reduced by appropriate allowances for estimated irrecoverable amounts.

No allowance for loss is recognised with respect to receivables related to member countries' assessed contributions, except for exceptional and agreed technical reasons.

For all other receivables, an allowance for loss is established based on a review of amounts outstanding at the reporting date.

Investments – Pension Budget and Reserve Fund (PBRF) and Staff Provident Fund

Financial assets reported in the Statement of Financial Position consist mainly of investments held on behalf of participants in the Staff Provident Fund, and the investments relating to the Pension Budget and Reserve Fund (PBRF). Following a Council Decision, the PBRF also includes invested assets relating to the counterpart of the Post-Employment Healthcare Liability Reserve (PEHLR). These assets are included in non-current assets, reflecting the long-term investment strategy.

These financial assets consist mainly of units in investment funds. The investment funds may be invested in bonds, equity, real estate, infrastructure funds and derivative financial instruments, based on risk and performance objectives. These assets are managed and performance is evaluated on a fair value basis in accordance with a documented investment strategy. Since 2013, financial assets relating to the PBRF are classified as fair value through surplus or deficit *(cf. Note 3 - "Significant accounting policies", Financial assets-initial recognition and measurement*).

At the end of each reporting period, a valuation is carried out of the investments held by the Funds to record the investments at fair value. The value is determined by reference to official prices quoted on the day of valuation, excluding accrued interest from the date of the last interest payment in the case of bonds and fixed-income securities, or from contract valuations obtained from the fund manager in respect of unlisted investments. The difference between the fair value and the book value is recorded as an unrealised portfolio gain or loss and recognised in the Statement of Financial Performance.

In the case of the Staff Provident Fund, the OECD manages the assets on behalf of the Fund's participants. As such, the OECD recognises an equal and opposite liability and carries the assets at fair value, based on a fund manager's valuation. Income and expenditure of the Staff Provident Fund are not reported in the Statement of Financial Performance, since any investment results accrue to the participants.

For purchases of investments, the book value of each investment is calculated on the basis of the purchase price, excluding any interest accrued up to the date of purchase and transaction costs. If securities of the same issue are bought at different prices, then an average purchase price is calculated for each unit of security.

For sales or redemption of investments, proceeds are calculated on the basis of the sale price or the amounts repaid on redemption and exclude any interest accrued up to the date of sale, as well as all expenses incurred in connection with the sale.

For the purposes of determining the capital gains or losses on the sale or redemption of investments, the sale proceeds, as determined above, are compared with the book value of the investment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial risks

The Organisation has developed risk-management strategies in accordance with its Financial Regulations. The Organisation is exposed to a variety of financial risks, as outlined below:

a) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign-currency risk

  The Organisation receives voluntary contributions and income from the sale of publications in currencies other than the euro and is thus exposed to foreign-currency risk arising from fluctuations in currency rates.

  Outside the euro zone, the Organisation has representative offices in the USA, Japan and Mexico which hold limited assets.

  The Organisation also contracts with suppliers in foreign currencies.

- Interest rate risk

  The Organisation is exposed primarily to variations in its interest rates on its bank deposits. The organisation actively manages its interest rate risk through its investment management strategy of prioritising the safety and liquidity of its deposits while obtaining competitive interest rates as judged against benchmarks including the EONIA and the three month EURIBOR. Both of these represent bank deposit interest rate indices.

- Other price risk

  The Organisation is exposed to movements in equity, bonds and real estate values resulting primarily from investments in its pension funds. This market risk is managed through diversification in line with the investments strategy as set out by the PBRF Management Board.

b) Liquidity risk

The Organisation may negotiate and use uncommitted bank credit facilities in the event of liquidity requirements.

c) Credit risk

The Organisation has limited credit risk since its contributors generally have excellent credit ratings.

Provisions

Provisions are constituted when the Organisation has a present obligation arising from a past event, for which it will probably have to bear the cost. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the date of the Statement of Financial Position.

Employee benefits

Defined-contribution scheme

The Staff Provident Fund is a defined-contribution retirement savings plan which has been closed to new entrants since 1974. In accordance with the Fund's rules, it constitutes a segregated entity managed by the Secretary-General on behalf of affiliated employees and retirees. The Fund collects contributions from affiliated employees at a rate of 7%, and from the Organisation at 14%, of salaries, manages its assets and pays participants' account withdrawals.

The Fund is consolidated in the accounts of the Organisation, and the Fund's assets and liabilities are included in the Statement of Financial Position. Revenues and expenses are not reported in the Statement of Financial Performance since they accrue to the participants. Consequently, even though it is a defined-contribution plan, a provision and an equivalent asset are recognised in the Organisation's Statement of Financial Position.

Defined-benefit schemes

The Organisation operates a number of defined-benefit plans, including: pension schemes, post-employment health cover and long-service benefits (end-of-service allowances for a closed group of employees).

There are two defined benefit pension schemes in force at the OECD: the "Co-ordinated Organisations Pension Scheme" (COPS), launched in 1974; and the "New Pension Scheme" (NPS), launched in 2002.

Most OECD employees and pensioners belong to these two schemes.

As noted above, the Staff Provident Fund was closed to new entrants in 1974, at which point it was replaced by the COPS – a scheme that is also in effect in the five other organisations that have decided to co-ordinate their pay and pension policies.

In 2001, the Organisation decided to close the COPS to new entrants recruited as from 1 January 2002 and adopted the NPS for those new entrants. As compared to the COPS, the cost of NPS benefits diminished by 9%, employee contributions were increased (officials affiliated to the NPS pay a 40% share of total contributions, as opposed to 33%), and the minimum age for retirement on a penalty-free pension was raised to 63, versus 60 for the COPS.

The rate of contribution of the COPS is reviewed by means of an actuarial study carried out every five years. Following such a study, the Council adopted a recommendation to increase the rate of staff contribution to the COPS from 9% to 9.5%, effective as of 1 January 2015. The employer’s contribution also increased by 1%.

The Joint Pensions Administrative Section (JPAS), which on 1 January 2012 was incorporated into the International Service for Remunerations and Pensions (ISRP), administers the pension schemes of six Co-ordinated Organisations, including the OECD. In its capacity as the Organisation’s actuary, it performs valuations of defined-benefit obligations and related expenses, which are recognised annually.

The latest actuarial valuations for the purposes of financial reporting, as at 31 December 2015, were carried out using the Projected Unit Credit Method, which attributes an additional unit of benefit entitlement for each period of service. Each unit is measured separately until the final obligation is constituted.

The Organisation’s employee benefit obligations are partially funded by assets held separately and recognised in the Organisation’s Statement of Financial Position. The assets of the Pension Budget and Reserve Fund and those of the Staff Provident Fund are distinct from all other assets of the Organisation. Both Funds’ assets may be used solely to pay out benefits and finance the Funds’ expenses.

Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are recognised in the Statement of Financial Performance to the extent that they exceed 10% of the present value of gross defined-benefit obligations under the scheme at the beginning of the period. These actuarial gains and losses are amortised over the expected average remaining working lives of the employees participating in the plan.

Revenue recognition

Assessed and voluntary contributions are recorded when these resources are approved.

Revenue from voluntary contributions is recognised up to the amount expensed in the period. The balance of unspent voluntary contributions and other revenue relating to future periods is deferred accordingly.

Revenue from sales of publications is recognised upon shipment, and revenue from sales of access to OECD statistics and electronic data is recognised upon delivery of access to the data.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Other revenue, including costs reimbursed by third parties, is recognised when it is acquired, either contractually or, in the absence of a contract, upon receipt.

The Organisation’s contribution (and related expenses) to the International Service for Remuneration and Pensions (ISRP) is fully neutralised as this is an internal transfer of funds between the Part I and Part II budget.

Contributions-in-kind

The OECD receives contributions-in-kind primarily in the form of office space and staff-on-loan. The main components are disclosed in Note 27.

Note 4: Accounting judgements and estimates

In the application of the Organisation's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Estimates include, but are not limited to: the fair value of land and buildings, defined-benefit pension and other post-employment benefit obligations, amounts for litigations, valuation of publications sales returns, financial risk on inventories and accounts receivables, accrued charges, contingent assets and liabilities, and the degree of impairment of fixed assets.

Note 5: Cash and cash equivalents

	31 December 2015 €'000	31 December 2014 €'000	
Cash on hand	6	5	
Deposits with banks unrestricted - euros	132 403	162 447	*
Deposits with banks unrestricted - other currencies	2 268	1 857	
Total unrestricted cash	**134 677**	**164 309**	
Deposits with banks restricted	20 321	18 543	*
Deposits with banks and cash equivalents - PBRF	20 812	22 877	
Total restricted cash	**41 133**	**41 420**	
Total cash and cash equivalents	**175 810**	**205 729**	

**2014 figures are restated for cash balances relating to CIBRF Class 3.*

Unrestricted cash

Unrestricted cash and cash equivalents, which constitute the Organisation's general treasury funds, are held in interest-bearing bank accounts, money-market accounts, bank savings accounts and an insurance contract. General treasury funds comprise all cash and cash equivalents available for the Part I and Part II budgets and voluntary contributions.

As at 31 December 2015, the general treasury balance totalled 134.7 M€, versus 164.3 M€ at year-end 2014. Net cash positions were positive throughout the year, and the cash balance at 31 December 2015 was lower than the cash balance at 31 December 2014. This can mainly be attributed to the increase in assessed contributions due to the Organisation. Outstanding assessed contributions balances stood at 67.1 M€, at 31 December 2015 compared to 22.6 M€ at 31 December 2014 - *(cf. Note 7: "Accounts receivable and prepayments").* In early January 2016, 25.4 M€ of outstanding assessed contributions at 31 December 2015 were paid to the Organisation.

During 2015, the Organisation invested a further 20 M€ in bank term deposits with a one year maturity to take advantage of higher interest rates offered. At 31 December 2015 the total amount invested was 50 M€ (2014: 30 M€).

Restricted cash

Restricted cash and cash equivalents (41.1 M€ at 31 December 2015) are deposits earmarked for specific purposes and appropriated to reserves. The breakdown and movements in the reserves are described in Note 18 to the Financial Statements.

- Funds allocated to the Capital Investment Budget Reserve Fund (CIBRF), initially sourced from proceeds received from the sale in 2004 of offices at Chardon Lagache, amounted to 19.5 M€ at 31 December 2015 (17.7 M€ at 31 December 2014).

- Funds allocated to the Post Employment Healthcare Liability Reserve (PEHLR), which were initially sourced from the Medical Plan reserve and the equalisation provision of the insurance contract, amounted to 26.2 M€ at 31 December 2015. Out of this total amount of 26.2 M€, (22.5 M€ at 31 December 2014) only 36 K€ was held as cash at 31 December 2015 due to the investment of most of the PEHL funds in the PBRF investment portfolio *(cf. Note 9: Investments and security deposits).*

- Funds from the Pension Budget and Reserve Fund (PBRF).

  PBRF assets, including cash deposits, are restricted to the payment of pension benefits and Fund administration expenses as defined by the Fund's Statutes. As at 31 December 2015, these cash holdings and bank deposits accounted for 3.6% of the PBRF's total assets (4.3% at 31 December 2014). At 31 December, these corresponded to the estimated amount of cash and cash equivalents that, along with contributions receipts, are needed for benefit disbursements.

The Organisation has no confirmed credit lines but does maintain limited and informal overdraft arrangements with its banks. These arrangements may be withdrawn by the banks at any time. No borrowing was done on overdraft facilities in 2015 or in 2014.

Note 6: Inventories

	31 December 2015 €'000	31 December 2014 €'000
Finished publications	976	929
Diplomatic reserve	53	47
Gross inventories	**1 029**	**976**
Provision for depreciation of inventories	(483)	(538)
Net inventories	**546**	**438**

Finished publications include publications held for sale and publications issued free of charge.

The provision for depreciation of inventories represents the write-down of inventories of finished publications to net realisable value. In order to reduce storage costs, publication stocks are reviewed to identify surplus stocks. In December 2015, approximately 32,000 surplus copies with an estimated cost of 180 K€ were destroyed. This operation is reflected in the table above in both 'Finished publications' and the 'Provision for depreciation of inventories' (*cf. Note 20 "Operating expenses"*).

Note 7: Accounts receivable and prepayments

	31 December 2015 €'000	31 December 2014 €'000
Current - accounts receivable and prepayments		
Assessed contributions - member countries	64 221	20 866
Assessed contributions - member countries fiscal adjustment & other	432	95
Assessed contributions - non-member countries participating in Part II programmes	2 468	1 637
Provision for uncollected assessed contributions - non-member countries participating in Part II programmes	(56)	-
Voluntary contributions	83 657	60 802 *
Provision for uncollected voluntary contributions	(298)	(177)
Prepayments	2 563	2 850
Other receivables	38 975	20 794
Provision for uncollected other receivables	(469)	(469)
Publications	268	579
Provision for uncollected publications	(71)	(84)
Total current - accounts receivable and prepayments	**191 690**	**106 893**
Non-current accounts receivable		
Voluntary contributions	55 731	30 882 *
Total accounts receivable and prepayments	**247 421**	**137 775**

**2014 amounts are re-stated for unrealised gains and losses on voluntary contributions offered in foreign currencies (cf. Note 3: "Significant accounting policies").*

Assessed and voluntary contributions receivable represent uncollected revenues pledged to the Organisation by member countries, non-member economies and donors for completion of the Programme of Work.

Assessed contributions receivable from member countries at year-end 2015 have increased by 43.4 M€ compared to end December 2014.

Outstanding assessed contributions of non-members, including international organisations, are 831 K€ higher at year-end 2015 as compared with their arrears at the end of December 2014.

Total voluntary contributions receivable (current and non-current) have increased from year-end 2014 to year-end 2015 (increase of 47.7 M€). The increase in voluntary contributions accepted during 2015 and the payment terms of multi-year voluntary contributions are reflected in this reported increase. Non-current voluntary contributions are due more than 12 months after the period end date in accordance with the terms of the offers.

Since 2013 *(cf. Note 3 -"Significant accounting policies", Receivables),* non-current receivables have been carried at amortised cost. This has resulted in a reduction in reported non-current receivables of 416 K€ at 31 December 2015 *(cf. Note 21, "Financial revenue and expenses"*), compared to a reduction of 309 K€ in 2014.

Other receivables consist mainly of 18.8 M€ in reimbursable taxes (2014: 15 M€), receivables of 10.2 M€ from accession countries (2014: 0.9 M€) and receivables from member countries for various services rendered, including office rental and staff costs. A refund of reimbursable taxes of 6.7 M€ was received after the financial period end.

Note 8: Staff loan programme

	31 December 2015 €'000	31 December 2014 €'000
Current	5 877	5 567
Non-current	9 379	8 496
Total staff loan programme	**15 256**	**14 063**

The Organisation operates a staff loan programme through which staff can obtain loans subject to defined limits. Loans to staff are financed by short-term bank borrowing of 14.0 M€ (2014: 14.0 M€), (*cf. Note 13 "Borrowings").* The interest rate charged on staff loans is adjusted semi-annually, on the basis of the rate charged by the bank, plus a margin for loan administration costs. Collections are assured through payroll withholding and staff severance payments.

Loans outstanding at 31 December are classified as either current assets, for repayments due within one year, or as non-current assets, for amounts due in more than one year.

Note 9: Investments and security deposits

	Notes	31 December 2015 €'000	31 December 2014 €'000
Deposits on office leases	a	310	1 095
Staff Provident Fund	b & d	20 462	21 039
Pension Budget and Reserve Fund	c & d	557 605	504 716
Total non-current investments and security deposits		**578 377**	**526 850**

a) Deposits on office leases are guarantee deposits made by the Organisation as collateral related to the fulfilment of the Organisation's obligations under operating lease agreements. The net decrease in deposits at 31 December 2015 is primarily due to the decision to terminate several leases in 2015. Deposits due for refund and not received at 31 December 2015 are classified as current receivables (751 k€) (*c.f. Note 7: "Accounts receivable and prepayments"*). There were no new guarantee deposits in 2015.

b) The Staff Provident Fund was closed to new entrants in 1974, when participants were given the choice of remaining in the Fund or transferring their pension rights to the Organisation's new defined-benefit Pension Scheme. In 2006, administration of the Provident Fund was transferred to the JPAS (now ISRP).

The Staff Provident Fund participants at 31 December 2015 comprise 2 serving staff (2014: 4) and 168 retired staff (2014: 177).

Changes in the Staff Provident Fund investments during the period were as follows:

	31 December 2014 €'000	Additions €'000	Disposals €'000	Unrealised gains (losses) at reporting date €'000	31 December 2015 €'000
Capitalisation contract	20 957	534	(1 090)	-	20 401
Cash in portfolio	82	-	(21)	-	61
Total Staff Provident Fund	**21 039**	**534**	**(1 111)**	**-**	**20 462**

Disposals were effected to fund participants' withdrawal requests.

c) In 2000, the Organisation created the Pension Budget and Reserve Fund to "smooth out member countries' contributions over time, provide financial stability to the Organisation's Programme of Work, introduce investment income as a complement to staff and member country contributions, and, with regard to future service, meet the concerns which have arisen about the distribution of the financial burden of pensions related to past service". In 2005, Council carried out a thorough review of the Fund and agreed to continue a long-term financing structure in order to increase progressively the percentage of pension liabilities which are funded.

Changes in the Pension Budget and Reserve Fund investments during the period were as follows:

	31 December 2014 €'000	Additions €'000	Disposals €'000	31 December 2015 before Revaluation	Unrealised gains (losses) at reporting date €'000	31 December 2015 €'000
Investments at fair value						
Bond funds	145 422	16 620	-	**162 042**	1 963	**164 005**
Equity funds	308 769	219 837	(188 673)	**339 933**	(4 102)	**335 831**
Real Estate funds	36 720	-	-	**36 720**	6 884	**43 604**
Total investments at fair value	**490 911**	**236 457**	**(188 673)**	**538 695**	**4 745**	**543 440**
Capitalisation contract	13 805	360	-	14 165	-	14 165
Total investments	**504 716**	**236 817**	**(188 673)**	**552 860**	**4 745**	**557 605**

Disposals yielded a realised gain of 19.2 M€, of which 13.1 M€ was reinvested in the year.

d) The Pension Budget and Reserve Fund is restricted to paying staff pension benefits and is managed according to its statutes. The Fund's assigned investment objectives recognise the long-term nature and the type of liabilities under the OECD pension schemes. The Fund invests in equities, fixed-income securities, shares in listed real estate funds and infrastructure funds as well as an insurance capitalisation contract.

e) The Pension Budget and Reserve Fund's long-term strategic objective is to maximise total return, subject to controls over credit and liquidity risk and limited volatility. At 31 December, the PBRF investment portfolio totalled 557.6 M€ and was invested at 29.4% in fixed income funds, *i.e.* in euro area government bond index funds, at 60.2% in equity funds, *i.e.* in mutual funds of euro area (31.2%), global (21.7%) and emerging market equities (7.5%), at 7.8% in a mutual fund of euro area listed real estate and at 2.6% in the insurance capitalisation contract. The Fund made a commitment to invest 30 MUSD (approximately 5% of the portfolio) in an infrastructure fund which may be called up over a period of three years.

The long-term investments of the Pension Budget and Reserve Fund are at fair value through surplus or deficit. Consequently, unrealised gains and losses on investments are recognised in the Statement of Financial Performance.

In December 2011, the Council approved the creation of a Post-Employment Healthcare Liability Reserve (PEHLR) dedicated to meet post-employment healthcare costs [C(2011)174/FINAL].

As from 1 January 2014, the counterpart assets of this Post-Employment Healthcare Liability Reserve (PEHLR) were transferred into the PBRF long-term investment portfolio and the existing pension investment governance for PEHLR long-term assets has also been applied. The Management Board will be responsible for the investment of the PEHLR long-term assets in parallel with those of the PBRF [C(2013)104].

As at 31 December 2015, of the total investment portfolio of 557.6 M€, the interest of the PEHLR is 26.1 M€ (4.7%).

The Staff Provident Fund and the Pension Budget and Reserve Fund are exposed to the financial risks of changes in foreign currency exchange rates, interest rates and securities market prices. Securities held by both funds are denominated mainly in euros or covered against exchange risk to minimise this risk. To cover the specific short-term liability for current-year pension benefit payments, a portion of the Fund's assets are held in bank deposits *(cf. Note 5: "Cash and cash equivalents").*

Note 10: Furniture, fixtures and equipment

Changes in furniture, fixtures and equipment for the period were as follows:

	31 December 2014 €'000	Acquisitions / Depreciation €'000	Disposals €'000	Transfer €'000	Revaluation €'000	31 December 2015 €'000
Cost of furniture, fixtures and equipment						
Leasehold premises - fixtures and fittings	7 181	676	(679)	-	-	7 178
Other furniture, fixtures and equipment	50 893	4 856	(1 735)	63	-	54 077
Fixed assets in progress	30	4 212	(5)	(63)	-	4 174 *
Total cost of furniture, fixtures and equipment	**58 104**	**9 744**	**(2 419)**	**-**	**-**	**65 429**
Depreciation						
Leasehold premises - fixtures and fittings	(3 488)	(1 732)	679	-	-	(4 541)
Other furniture, fixtures and equipment	(37 469)	(4 867)	1 623	-	-	(40 713)
Total depreciation	**(40 957)**	**(6 599)**	**2 302**	**-**	**-**	**(45 254)**
Net furniture, fixtures and equipment						
Leasehold premises - fixtures and fittings	3 693	(1 056)	-	-	-	2 637
Other furniture, fixtures and equipment	13 424	(11)	(112)	63	-	13 364
Fixed assets in progress	30	4 212	(5)	(63)	-	4 174 *
Total net furniture, fixtures and equipment	**17 147**	**3 145**	**(117)**	**-**	**-**	**20 175**

* Fixed assets in progress at 31 December 2014 of 30 K€ includes 5 K€ of leasehold improvements (*cf. Note 11*)

The acquisitions and disposals of furniture, fixtures and equipment per asset category, including transfers but excluding fixed assets in progress, in 2015 were as follows:

Asset Category	Acquisitions & Transfers €'000	Disposals €'000	Net Movement €'000
Security and video conferencing equipment	755	(485)	270
Furniture	884	(387)	497
Desktop and portable computer equipment	1 210	(662)	548
IT network equipment	1 598	(31)	1 567
Telecommunications equipment	-	(17)	(17)
Vehicles	31	-	31
Other equipment	441	(153)	288
Total	**4 919**	**(1 735)**	**3 184**

The Organisation has an ongoing policy to rationalise its office space. In 2015, the Organisation launched a major project to consolidate its office space and terminated several leases (*cf. Note 1: "General information"*). As a consequence, related leasehold fixtures and fittings have been written off. The Organisation has leased new office space, OECD Boulogne, which is being fitted out. Staff from several annexes relocated to OECD Boulogne during the last quarter of 2015. At 31 December 2015, leasehold improvements in service amount to 0.68 M€ and fixed assets in progress amount to 4.17 M€ for OECD Boulogne. More staff moves are planned during 2016. A high proportion of furniture and equipment will remain in service and be transferred to OECD Boulogne.

The most significant acquisitions relate to desktop and portable computer equipment and IT network equipment, which are replaced as they become obsolete. More than half of the furniture additions comprised furniture purchased for OECD Boulogne.

In 2012, the OECD entered into a finance lease for the acquisition of two electric vehicles over a term of four years. This lease was terminated early in 2015 and, in exchange, the Organisation purchased two new electric vehicles. Consequently, the Organisation does not report a balance for leased assets at 31 December 2015 as shown in the table below:

	31 December 2014 €'000	Acquisitions €'000	Depreciation €'000	Disposals €'000	31 December 2015 €'000
Leased vehicles	34	-	(6)	(28)	-
Total leased assets	**34**	**-**	**(6)**	**(28)**	**-**

Based on the insurance value, works of art purchased, loaned or donated to the Organisation amounted to 0.8 M€ as at 31 December 2015 *(cf. Note 3 – "Significant accounting policies").*

Note 11: Land and buildings

The Organisation's land and buildings are comprised principally of its headquarters at La Muette, Paris.

	31 December 2014 €'000	Acquisitions / Depreciation €'000	Disposals €'000	Transfer €'000	Revaluation €'000	31 December 2015 €'000
At cost/revaluation						
Land	109 325	-	-	-	-	109 325
Buildings	397 500	459	(1 287)	1 052	-	397 724
Buildings in progress	722	793	-	(1 052)	-	463 *
Total land and buildings	**507 547**	**1 252**	**(1 287)**	**-**	**-**	**507 512**
Depreciation						
Buildings	-	(12 521)	580	-	(533)	(12 474)
Total depreciation	**-**	**(12 521)**	**580**	**-**	**(533)**	**(12 474)**
Net land and buildings						
Land	109 325	-	-	-	-	109 325
Buildings	397 500	(12 062)	(707)	1 052	(533)	385 250
Buildings in progress	722	793	-	(1 052)	-	463 *
Total net land and buildings	**507 547**	**(11 269)**	**(707)**	**-**	**(533)**	**495 038**

* Fixed assets in progress at 31 December 2014 of 722 K€ excludes 5 K€ of leasehold improvements (see note 10).

During 2015, the capitalised building works per building, including transfers but excluding works in progress, and disposals were as follows:

Building	Acquisitions & Transfers €'000	Disposals €'000	Net Movement €'000
Chateau	949	(949)	-
Marshall	86	(11)	75
Monaco	94	(23)	71
Conference Center	382	(304)	78
Total	**1 511**	**(1 287)**	**224**

Revaluation

Land and buildings that are carried at fair value were last revalued on the basis of their fair market value at 31 December 2014, in accordance with the valuation made by France Domaine Paris. This fair market value is primarily derived from a range of recent market transactions of comparable properties on arm’s length terms.

In accordance with the accounting approach specified in Note 3, the next valuation of this property is scheduled to take place in 2016.

The cumulative effect of revaluations has been recognised as follows:

	Revaluation variances	
	Recognised in the Statement of Financial Performance €'000	Recognised in the Statement of Financial Position €'000
Balance 31 December 2014		
Revaluation increase on land	-	35 314
Revaluation increase on buildings	-	284 075
At 31 December 2015		
Revaluation increase on land	-	-
Revaluation increase on buildings	-	(533)
Net accumulated revaluation variances at 31 December 2015	**-**	**318 856**

A revaluation increase is normally recognised in reserves in the Statement of Financial Position. However, to the extent that it reverses a revaluation decrease previously recognised as an expense, a revaluation increase is recognised as income in the Statement of Financial Performance. In 2015, the revaluation reserve decreased due to the disposal of building components that have been replaced.

Note 12: Intangible assets

Intangible assets consist of purchased software licences and developed software.

	31 December 2014 €'000	Acquisitions / Depreciation €'000	Disposals €'000	Transfers €'000	31 December 2015 €'000
Cost	8 556	509	(1 955)	147	7 257
Intangible assets in progress	621	630	-	(147)	1 104
Depreciation	(7 196)	(823)	1 955	-	(6 064)
Total net intangible assets	**1 981**	**316**	**-**	**-**	**2 297**

Intangible assets in progress at 31 December 2015 comprise the cost of software development projects for the replacement of various corporate systems. Disposals are mainly in respect of software that has been replaced by either newer versions of the software or by alternative software better suited to the Organisation's operations.

Note 13: Borrowings

	31 December 2015 €'000	31 December 2014 €'000
Relating to staff loan programme (see Note 8)	**14 000**	**14 000**
Relating to finance leases (see Note 10)		
Finance lease creditor - current	-	18
Finance lease creditor - non-current	-	2
Balance, 31 December	**-**	**20**

Borrowings to fund the staff loan programme are adjusted every six months. The related receivables are disclosed in Note 8.

The finance lease for the acquisition of two electric vehicles was terminated early in 2015.

Note 14: Payables

	31 December 2015 €'000	31 December 2014 €'000
Suppliers and accrued charges	44 940	32 577
Payables to staff and welfare institutions	32 343	28 951
Advances on assessed and voluntary contributions	11 828	8 003
Other payables	22 017	15 673
Total payables	**111 128**	**85 204**

Suppliers and accrued charges include invoices received from suppliers not yet settled and obligations to suppliers for services performed during the year but not yet invoiced. Accrued charges amounted to 29.2 M€ at 31 December 2015 (2014: 21.5 M€). This increase is partly explained by the leasehold improvements being undertaken at OECD Boulogne (*cf. Note 10: Furniture, fixtures and equipment*).

Payables to staff primarily represent accrued annual leave, other entitlements to leave and other payments due to staff. Payables to welfare institutions consist of current contributions, the most significant of which is in respect of the health insurance contract.

Members are invited in the last quarter of each year to make an advance payment in respect of their assessed contributions due for the following financial year. The increase in advances on assessed and voluntary contributions is primarily due to an increase in advance contributions received from Members at 31 December 2015.

Other payables include budget surpluses and interest, amounting to 1.7 M€ (2014: 1.6 M€), and advance payments of 14.8 M€ (2014: 9.9 M€) for special projects and from accession countries.

Budget surpluses are credited to an account attributable to each member country after they are approved by Council and are then available for any use that the individual member country may decide. All surpluses up to the end of 2014 have been approved by Council.

Note 15: Provisions for liabilities and charges

	31 December 2015 €'000	31 December 2014 €'000
Total provisions for liabilities and charges	**23 750**	**221**

Provisions for liabilities and charges represent the evaluation at the closing date of payments to be made in respect of various litigations to which the Organisation is party, publications sales returns and future payments for rented office space.

Notice to terminate rental leases has been given for several properties in 2015. The Organisation is reducing the number of rented premises it occupies and relocating staff to new offices, OECD Boulogne, in order to benefit from lower administrative and operating costs. For any lease terminated or expected to be vacated before its end date a provision has been made for estimated rents payable and related costs over the remaining period of the lease.

In 2015, additional provisions were made for 23 714 K€, amounts used during the period were 149 K€ and unused amounts reversed during the period came to 36 K€.

Note 16: Employee benefits

Defined-contribution schemes

The Staff Provident Fund, which has been closed to new entrants since 1974, operates a defined-contribution scheme. The obligation of the Organisation is restricted to contributions paid in, which are recognised as expenses.

As the assets invested are held by the Organisation *(cf. Note 9: "Investments and security deposits"),* a liability is recognised to offset the Fund's assets.

The OECD paid 8 K€ in contributions to the Staff Provident Fund in 2015 (2014: 14 K€).

As at 31 December 2015, there were 170 members in the Staff Provident Fund (2014: 181). Of the 170, 2 are serving staff members (2014: 4) whereas 168 are retired (2014: 177).

Defined-benefit schemes

The Organisation has been operating employee defined-benefit plans that include a Pension Scheme co-ordinated with five other international organisations, a New Pension Scheme for employees hired after 1 January 2002, post-employment health cover and a long-service benefit plan (end-of-service allowances) applicable to a group of employees that has been closed since 1993.

As at end 2015, there were 1 534 pensioners (2014: 1 521) in the Co-ordinated Pension Scheme. As at end 2015, there were 44 pensioners (2014: 35) in the New Pension Scheme.

In 2015 and 2014, there were respectively 85 members and 84 members with deferred pension rights. In 2015, 11 of them belong to the Co-ordinated Pension Scheme (2014: 7) and 74 to the New Pension Scheme (2014: 77).

Employee benefits represent the estimated actuarial liability of the defined-benefit pension schemes, post-employment health cover and long-service benefits.

Actuarial assumptions

At 31 December, the main actuarial assumptions used to calculate the defined-benefit liability (expressed as weighted averages) were:

Table 1*: Actuarial assumptions*

	2015		2014	
	Pension benefits	Post-employment health coverage	Pension benefits	Post-employment health coverage
Discount rate	2.04%	2.19%	1.89%	1.98%
Future salary increase	2.07%		2.07%	
Future Pension Scheme increase	2.07%		2.07%	
Future New Pension Scheme increase	1.80%		1.80%	
Future health cost increase		3.80%		3.80%

All demographic assumptions are reviewed every five years. The last review took place in 2013 resulting in the updating of these demographic assumptions, namely turnover, career progression, invalidity, early retirement and new entrants. The mortality table applied was also updated.

Measures aimed at reducing costs and liabilities for post-employment health care were adopted in December 2011. Assumptions with regard to the number of new pensioners affiliated to their respective primary national health care schemes were estimated at that time at 60% of new pensioners. Based on experience since then, this assumption is revised to 50% of new pensioners.

The future medical inflation rate remains unchanged at 3.8% at year-end 2015.

Provisions as at 31 December 2015

Table 2*: Provisions for Pension Scheme obligations and other social obligations*:

	31 December 2015 €'000	31 December 2014 €'000
Staff Provident Fund	20 462	21 040
Defined contribution programmes	**20 462**	**21 040**
Pension Scheme	1 879 323	1 707 644
Post-employment health coverage	406 056	356 421
Defined benefit programmes	**2 285 380**	**2 064 065**
Total employee benefits	**2 305 842**	**2 085 105**
Employee benefits current	89 592	87 027
Employee benefits non-current	2 216 250	1 998 078

Table 3: <u>*Breakdown of provision for defined-benefit schemes and post-employment health care*</u>

	31 December 2015			31 December 2014		
	Pension benefits €'000	Post-employment health coverage €'000	Total benefits €'000	Pension benefits €'000	Post-employment health coverage €'000	Total benefits €'000
Present value of employee future benefits obligation	(2 731 410)	(548 872)	**(3 280 282)**	(2 692 789)	(550 440)	**(3 243 229)**
Unrecognised actuarial (gains) losses	852 087	142 815	**994 902**	985 145	194 019	**1 179 164**
Liability recognised in Statement of Financial Position	(1 879 323)	(406 057)	**(2 285 380)**	(1 707 644)	(356 421)	**(2 064 065)**

The changes in actuarial gains and losses are explained in more detail in *"Table 6 - Changes in actuarial differences of defined-benefit plans and application of 10% corridor approach."*

Cost of defined-benefit schemes

Table 4: <u>*Amounts recognised in the Statement of Financial Performance*</u>:

	31 December 2015			31 December 2014		
	Pension benefits €'000	Post-employment health coverage €'000	Total benefits €'000	Pension benefits €'000	Post-employment health coverage €'000	Total benefits €'000
Member country PBRF contributions	52 890	-	52 890	51 890	-	51 890
Employer contributions	32 523	-	32 523	30 311	-	30 311
Other contributions (tax reimbursements)	6 405	-	6 405	5 973	-	5 973
Pension and other contributions for the year	**91 818**	**-**	**91 818**	**88 174**	**-**	**88 174**
Current service cost	134 837	29 871	164 708	87 036	16 020	103 056
Interest cost	50 118	10 849	60 967	65 963	11 497	77 460
Actuarial losses recognised in the year	71 586	13 898	85 484	16 227	-	16 227
Employee contributions from salary	(19 344)	-	(19 344)	(17 946)	-	(17 946)
Employee contributions	(1 787)	-	(1 787)	(862)	-	(862)
Other expenses (tax reimbursements, post employment health costs)	6 405	265	6 670	5 973	241	6 214
Pensions and other expenses for the year	**241 815**	**54 883**	**296 698**	**156 391**	**27 758**	**184 149**

Current service cost is the increase in the present value of the defined-benefit obligation resulting from employee service in the current period.

Interest cost is the increase during the period in the present value of the defined-benefit obligation which arises because the benefits are one period closer to settlement.

Other contributions include pension tax adjustments (reimbursements by the member countries of a portion of the taxes that retirees must pay on their pensions) which are reported as expenses as well.

The increase in 2015 compared to 2014 in respect of the amounts recognised in the statement of financial performance for the pension can primarily be attributed to the recognition of higher actuarial losses and the higher current service cost. In 2015 recognised actuarial losses were 55.4 M€ higher compared to 2014 *(cf. Table 6)* due to the actuarial losses of 641.2 M€ generated in 2014 and the effect of the 10% corridor approach applied.

In connection with the post-employment health coverage, actuarial losses of 13.9 M€ were recognised in 2015 (2014: None).

Changes in defined-benefit obligations

The Organisation performs an actuarial valuation of the various defined-benefit schemes in force at the reporting date to measure its employment benefit obligation.

The actuarial valuation of the defined-benefit obligation is determined by discounting the probable future payments required to settle the obligation resulting from employee service rendered in the current and prior periods. The discount rate used is based on market yields, at the reporting date, on euro-denominated French government bonds that have terms to maturity approximating the expected terms of the related benefit liabilities. These are in line with yield curves established by the Institute of French Actuaries.

Table 5: *Changes in the present value of the future employee benefits obligation*:

	31 December 2015			31 December 2014		
	Pension benefits	Post-employment health coverage	Total benefits	Pension benefits	Post-employment health coverage	Total benefits
	€'000	€'000	€'000	€'000	€'000	€'000
Opening employee future benefits obligation	(2 692 789)	(550 441)	**(3 243 230)**	(1 978 974)	(346 736)	**(2 325 710)**
Expense for the period:						
Current service cost	(134 837)	(29 871)	**(164 708)**	(87 036)	(16 020)	**(103 056)**
Interest cost	(50 118)	(10 849)	**(60 967)**	(65 963)	(11 497)	**(77 460)**
Net benefits paid	84 862	4 983	**89 845**	80 394	4 804	**85 198**
Net actuarial gains / (losses) for the period	61 472	37 306	**98 778**	(641 210)	(180 991)	**(822 201)**
Employee future benefits obligation at end of December	**(2 731 410)**	**(548 872)**	**(3 280 282)**	**(2 692 789)**	**(550 440)**	**(3 243 229)**

Table 6: *Changes in actuarial differences of defined-benefit plans and application of 10% corridor approach:*

	31 December 2015			31 December 2014		
	Pension benefits	Post-employment health coverage	Total benefits	Pension benefits	Post-employment health coverage	Total benefits
	€'000	€'000	€'000	€'000	€'000	€'000
The movements of actuarial (gains) and losses are:						
Unrecognised actuarial losses at beginning of the year	985 145	194 019	**1 179 164**	360 162	13 028	**373 190**
Actuarial (gains) / losses for the year	(61 472)	(37 306)	**(98 778)**	641 210	180 991	**822 201**
Losses recognised in the year	(71 586)	(13 898)	**(85 484)**	(16 227)	-	**(16 227)**
Unrecognised actuarial (gains) losses at end of December	852 087	142 815	**994 902**	985 145	194 019	**1 179 164**
Limit of the corridor and recognised actuarial (gains) / losses are:						
Unrecognised actuarial losses at beginning of the year	985 145	194 019	**1 179 164**	360 162	13 028	**373 190**
Limit of the corridor: 10% of the defined benefits obligation at the beginning of the year	(269 279)	(55 044)	**(324 323)**	(197 897)	(34 674)	**(232 571)**
Actuarial losses to be amortised over the expected average remaining working lives of the employees participating in the plan	715 866	138 975	**854 841**	162 265	-	**162 265**
Expected average remaining working lives of the employees participating in the plan	10	10		10	10	
Actuarial losses recognised in the year	(71 586)	(13 898)	**(85 484)**	(16 227)	-	**(16 227)**

Actuarial gains or losses arise when the actuarial assessment differs from the long-term expectation on the obligations: they result from experience adjustments (difference between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

As at year-end 2015, an actuarial gain of 61.5 M€ arose in respect of the pension liability (2014: actuarial loss of 641.2 M€). An actuarial gain of 37.3 M€ arose in respect of the post-employment health care (2014: actuarial loss of 181 M€). Hence, in 2015, actuarial gains of 98.8 M€ were generated in total.

In the case of the pension liability, the generation of these actuarial gains in 2015 can mainly be attributed to an increase in the discount rate applied. The increase in the discount rate applied was 15 basis points.

In the case of the post-employment health care liability, the generation of these actuarial gains can primarily be attributed to an increase in the discount rate used (increase of 21 basis points) *(cf. "Table 1-Actuarial assumptions").*

Sensitivity to medical cost inflation assumption

Assumptions in connection with health care cost trends have a significant effect on the amounts recognised in the Statement of Financial Performance. A one percentage point change in the assumed rate of health care cost trends would have the following effects:

	One percentage point increase €'000	One percentage point decrease €'000
Effect on the aggregate of the service cost and interest cost	15 457	(10 155)
Effect on defined benefit obligation	180 560	(130 642)

History of the liability, value of financial assets and actuarial experience variances

For the defined-benefit pension plans, the five-year history and experience adjustments are as follows:

	31 December 2015 €'000	31 December 2014 €'000	31 December 2013 €'000	31 December 2012 €'000	31 December 2011 €'000
Present value of defined benefit obligations	2 731 410	2 692 789	1 978 974	2 116 516	1 832 540
Net value of assets in PBRF fund	548 803	502 377	439 267	370 837	303 611
Experience adjustments on scheme liabilities - % of scheme liabilities					
Defined benefit pension liability - %	0.6	(0.9)	(4.3)	(0.1)	(1.7)
Post employment health liability - %	(3.8)	0.9	(1.3)	0.7	(20.4)

Contributions of the Organisation expected in 2016

The Organisation expects to contribute approximately 87.5M€ to its pension schemes in 2016.

Note 17: Deferred revenue

	Current		Non-current	
	31 December 2015 €'000	31 December 2014 €'000	31 December 2015 €'000	31 December 2014 €'000
Site Project	7 355	7 421	71 426	77 920
Voluntary contributions	116 575	91 307	144 190	110 405
Publications	7 046	7 259	77	-
Other operations, Part I, Part II and Annex budgets	11 887	16 819	-	-
Total deferred revenue	**142 863**	**122 806**	**215 693**	**188 325**

Deferred revenue corresponds to revenue that has been recorded but for which the corresponding charges will be incurred after the reporting date. Non-current deferred revenue is in respect of activities more than 12 months after the reporting date.

In future periods, the movement in deferred revenue for the Site Project will mainly reflect the period depreciation charge for the buildings that were constructed or renovated and financed as part of the Site Project.

The split between current and non-current deferred revenue in connection with voluntary contributions is estimated based on historical expenditure trends.

Note 18: Member countries' contributed interest and reserves

Member countries' contributed interest and reserves are shown by category in the table below.

	Net opening position	Allocation of 2014 results				Change in net assets in 2015			Net closing position
	31 December 2014	IPSAS adjustments carried forward €'000	Budgetary surpluses to be allocated €'000	Previous year results added to reserves €'000	**Total €'000**	Utilisation of reserves and budget surpluses added to future budgets €'000	Budget surpluses to be returned to member countries and other donors €'000	Transfers / revaluations and current year deficit €'000	31 December 2015
Pension benefits	(1 618 812)	-	-	(88 832)	**(88 832)**	-	-	-	(1 707 644)
Pension Budget and Reserve Fund (PBRF) reserve	439 267	-	-	63 110	**63 109**	-	-	-	502 377
Post employment health coverage	(333 708)	-	-	(22 713)	**(22 713)**	-	-	-	(356 421)
Post Employment Health Liability (PEHL) reserve	18 915	-	-	3 564	**3 564**	-	-	-	22 479
Capital Investment Budget and Reserve Fund (CIBRF) Class 2	15 431	-	-	1 790	**1 790**	-	-	-	17 221
CIBRF Class 3	-	-	-	674	**674**	(175)	-	-	499
Long-term commitments and associated reserves	**(1 478 907)**	**-**	**-**	**(42 407)**	**(42 407)**	**(175)**	**-**	**-**	**(1 521 489)**
Indemnities and Benefits Fund (IBF)	874	-	-	3 659	**3 659**	-	-	-	4 533
Fixed assets - Land and Buildings	463 597	-	-	-	**-**	-	-	(533)	463 064
Exchange differences	1 401	-	-	1 388	**1 388**	-	-	-	2 789
Technical reserves	**465 872**	**-**	**-**	**5 047**	**5 047**	**-**	**-**	**(533)**	**470 386**
CIBRF Class 1	172	-	-	85	**85**	-	-	-	257
Asbestos early retirement scheme	369	-	-	(4)	**(4)**	-	-	-	365
BFMP project	704	-	-	-	**-**	-	-	-	704
Observer fees from non-members	301	-	-	-	**-**	-	-	-	301
Travel services	63	-	-	-	**-**	-	-	-	63
Publications (Part I)	1 201	-	-	-	**-**	(369)	-	-	832
Part II - IEA - Net publications results	3 594	-	-	608	**608**	-	-	-	4 202
Part II - IEA - Office space	612	-	-	(60)	**(60)**	-	-	-	552
Part II - IEA - Loss of Employment	646	-	-	92	**92**	-	-	-	738
Part II - SLI - Loss of Employment	31	-	-	-	**-**	-	-	-	31
Part II - Sahel	692	-	-	-	**-**	-	-	-	692
Part II - Agriculture	118	-	-	-	**-**	-	-	-	118
Part II - RPS - Software upgrade	230	-	-	100	**100**	-	-	-	330
Budgetary reserves	**8 733**	**-**	**-**	**821**	**821**	**(369)**	**-**	**-**	**9 185**
Total reserves	**(1 004 302)**	**-**	**-**	**(36 539)**	**(36 539)**	**(544)**	**-**	**(533)**	**(1 041 918)**
Allocation of the net deficit for the prior period	(32 581)	4 125	8 996	19 460	**32 581**	-	-	-	**-**
Net surplus (deficit) for the current period	-	-	-	-	**-**	-	-	(185 078)	**(185 078)**
Net surplus / (deficit)	**(32 581)**	**4 125**	**8 996**	**19 460**	**32 581**	**-**	**-**	**(185 078)**	**(185 078)**
Accumulated surplus / (deficit)	**(47 234)**	**(4 125)**	**(8 996)**	**17 079**	**3 958**	**(7 644)**	**(440)**	**-**	**(51 360)**
Total member countries' contributed interest and reserves	**(1 084 117)**	**-**	**-**	**-**	**-**	**(8 188)**	**(440)**	**(185 611)**	**(1 278 356)**

Member countries' contributed interest, excluding the accumulated deficit, primarily represents the liability related to Pension benefits and Post-employment health cover, detailed in Note 16, and the counterpart of Land and Buildings owned by the Organisation.

The balance shown at 31 December 2015 is the value at the prior year-end as the movements in the reserves for the current year are included in the net deficit for the current period.

Financing reforms were put in place in 2000 to build up a reserve to fund the pension liability over the long term. In December 2011, the Council approved the creation of a Post-Employment Healthcare Liability Reserve (PEHLR) dedicated to meet post-employment healthcare costs [C(2011)174/FINAL]. Since 1 January 2012, savings generated by the new system of expatriation allowance are allocated to this reserve. The movement is predominantly due to savings generated by the new system of expatriation and interest earned on the counterpart assets.

The creation of the Capital and Investment Budget and Reserve Fund (CIBRF) was approved by Council in December 2011 to provide for future investment needs for three asset classes as set out in C(2011)144, C(2011)144/FINAL and C(2013)152. Class I covers short and medium term operating assets which have useful lives of less than 10 years. This part of the CIBRF is shown under the category 'Budgetary reserves'. Class 2 covers long-term assets relating to buildings' infrastructure with useful lives of 10 - 20 years, and Class 3 covers long-term assets relating to buildings' infrastructure whose useful lives extend beyond 20 years. The CIBRF relating to Classes 2 and 3 are shown under the category 'Long term commitments and associated reserves'. The CIBRF is funded principally by members' assessed contributions, cost recovery charges, and interest income.

Technical reserves

The Indemnities and Benefits Fund (IBF) was created as of 1 January 2009 to support both budget and human resources reforms and contribute to more efficient administration. Statutory benefits and allowances payable to officials are consolidated in this fund by applying a rate, based on historical experience, to basic salaries. This rate is subsequently reviewed and is generally adjusted annually based on actual experience. Surpluses are carried forward and, ceteris paribus, any reduction of the rate applied should also reduce the amount of future carry-forwards.

Since January 2015, following Council decision C(2014)59, Loss of Employment indemnities are included in the IBF and financed by an additional levy of 1.14% of basic salaries. At the start of 2015 the total IBF rate was 51.74% and from 1 September the rate was adjusted to 50.7% of basic salaries. In line with the policy to include loss of employment indemnities in the IBF, the balance of the Loss of employment indemnities reserve was transferred to the IBF during 2015.

The reserve for fixed assets – Land and Buildings comprises principally the revaluation surplus of land and buildings owned by the Organisation.

The reserve for exchange differences is maintained to cover the risk of exchange-rate losses. Net foreign exchange gains are accumulated in this reserve to offset net foreign exchange losses.

Budgetary reserves

The reserve for the Asbestos early retirement scheme was created by Council to finance an early retirement scheme for a closed group of officials who have had significant exposure to asbestos *(cf. note 26 A).*

The reserve for the Budget and Financial Management Programme (BFMP) was created by Council to partly finance the BFMP.

The reserve for Observer fees for non-members covers risks of unrecoverable contributions from Partner countries participating in OECD programmes.

The Travel service reserve was created by the Secretary General and has received rebates from travel agency commissions.

The Publications (Part I) reserve is maintained to manage publications revenue risk.

Part II reserves are intended to fund similar specific financing requirements for the purposes cited in their respective titles.

The accumulated surplus / (deficit) results from IPSAS accounting adjustments carried forward.

Note 19: Operating revenues

	12 months ended 31 December 2015 €'000	12 months ended 31 December 2014 €'000
Assessed contributions	294 325	288 798
Voluntary contributions	146 186	125 252
Pension contributions	91 818	88 174
Sales of publications	17 157	16 632
Other	21 524	19 938
Total operating revenues	**571 010**	**538 794**

- Assessed contributions for Part I, Part II and Annex Budgets changed in line with the annual Budget.
- Income from voluntary contributions in 2015 reflects the increase in voluntary contributions accepted in 2015 as well as continuing multi-year financing from voluntary contributions accepted in prior years.
- Pension contributions include amounts paid by member countries to the Pension Budget and Reserve Fund, employer contributions and other contributions in respect of tax reimbursements.
- Publications income increased by 3.2% in 2015 compared with 2014.
- Other revenue is broken down as follows:

	12 months ended 31 December 2015 €'000	12 months ended 31 December 2014 €'000
Accession countries	8 324	7 431
Non-member countries' participation in OECD bodies	1 784	1 485
Other	11 416	11 022
	21 524	19 938

Note 20: Operating expenses

	12 months ended 31 December 2015 €'000	12 months ended 31 December 2014 €'000
Personnel costs:		
Salaries and benefits	295 963	276 754
Temporary staff salaries and benefits	16 439	16 063
Other personnel costs (incl. training)	999	994
Total personnel costs	**313 401**	**293 811**
Total pension and post-employment benefits costs (See Note 16)	**296 698**	**184 149**
Total consulting costs	**43 588**	**40 290**
Travel costs:		
Travel costs missions - personnel	19 327	17 293
Travel costs - external invitees	7 987	7 895
Total travel costs	**27 314**	**25 188**
Operating costs:		
External services	9 337	9 565
Building rentals	19 333	17 375
Maintenance and repairs	10 007	10 223
Utilities	1 589	1 498
Consumables and supplies	3 577	3 396
Printing and reproduction	361	463
Conference, interpretation and translations	7 298	6 803
Communication	2 702	2 577
Marketing and receptions	2 154	1 941
External publications	1 648	1 589
Depreciation	20 656	19 265
Inventory variation	(53)	137
Total operating costs	**78 609**	**74 832**
Other costs:		
Non refundable taxes and insurance	1 663	1 203
Other administration expenses and net operating gains and losses	273	295
Provisions for liabilities and charges, risk on uncollected receivables and publications inventories	23 710	(534)
Total other costs	**25 646**	**964**
Total operating expenses	**785 256**	**619 234**

The main variances between 2015 and 2014 are as follows:

- The increase in personnel costs is due primarily to the increase in staffing levels between 2014 and 2015 (+4%) in line with the 2015-2016 Programme of Work and the effect of an approved salary adjustment in 2015.

- Pension and post-employment benefit costs can primarily be attributed to the recognition of higher actuarial losses and the higher current service cost *(cf. Note 16: "Employee benefits").*

- Consulting and travel costs increased by 5.4 M€ (8.3%), due to the demands of implementing the Programme of Work. The increase in personnel travel costs reflects an increase of approximately 10% in the number of missions, reflecting the overall growth in the Programme of Work.

- Inventory variation stems from the variation between "Finished publications" and the "Diplomatic reserve" *(cf. Note 6: "Inventories")* from year to year.

- Changes in "Provisions for liabilities and charges, risks on uncollected receivables and publications inventories" are primarily due to changes in the "Provision for liabilities and charges" *(cf. Note 15: "Provisions for liabilities and charges").* The Organisation is rationalising its office space and a provision has been made for estimated rents payable and related costs over the remaining period of the lease for any lease terminated before its end date.

Note 21: Financial revenue and expenses

	12 months ended 31 December 2015 €'000	12 months ended 31 December 2014 €'000
Interest income on restricted cash	672	720
Interest income on general treasury cash	1 702	1 746
Pension Budget and Reserve Fund investment gain / (loss)	25 534	43 938
Net foreign currency conversion gain / (loss)	1 639	1 388
Other financial revenue (net)	-	375
Total financial revenue	**29 547**	**48 167**
Interest expense	50	85
Bank charges	222	223
Other financial expense (net)	107	-
Total financial expenses	**379**	**308**
Financial revenue, net	**29 168**	**47 859**

Interest income on restricted cash and on general treasury decreased by 92 K€ for the period ending 31 December 2015 as compared to the period ending 31 December 2014. Although short-term interest rates decreased (average EONIA overnight interest rate fell from 0.09% in 2014 to -0.11% in 2015) and while restricted cash levels have remained flat from 2014 to 2015, an increase in average general treasury levels from 2014 to 2015 combined with an increased use of one-year bank term deposits have resulted in interest revenue for 2015 almost matching interest revenue for 2014. The Organisation's weighted average interest rate achieved for 2015 exceeded the EONIA benchmark as a result of higher interest rates negotiated by the OECD with its banks.

The general treasury funds are derived mostly from voluntary contributions received in advance of the related expenditure. The weighted average interest rate earned for these funds for 2015 was 1.12%, versus 1.29% in 2014.

Interest income earned by the restricted cash portion of the Pension Budget and Reserve Fund was 126 K€ for the period ending 31 December 2015, slightly higher than 113 K€ for the period ending 31 December 2014, due to flat interest rates earned on its EONIA remunerated bank account and cash investments.

Investment income (net realised and unrealised capital gains or losses), including management fee rebates and transaction costs booked through surplus or deficit in 2015, amounted to a net gain of 25.5 M€ for 2015. In the period ending 31 December 2015, long-term investments of the Pension Budget and Reserve Fund had a positive return of 5.18% (2014: positive return of 9.74%). While lower than in previous years, the positive return in 2015 exceeds the benchmark.

Net foreign-exchange gains for the period ending 31 December 2015 of 1 639 K€ (versus net gains of 1 388 K€ in 2014) are due mainly to the difference in the valuation of voluntary contribution accounts receivable at 31 December 2015 as compared to the amounts of the receivables recorded at the time of acceptance.

Interest expense, relating to borrowings to fund the staff loan programme, is lower than in the prior year, due to a decrease in the average interest rate paid by the Organisation from 0.62% in 2014 to 0.35% in 2015.

Other financial expense of 107 K€ represents a debit to restate non-current voluntary contributions to amortised cost at 31 December 2015. This debit in 2015 is due to the increase in the amount of non-current voluntary contribution receivables from 31 December 2014 to 31 December 2015 *(cf. Note 7: "Accounts receivable and prepayments"*), which more than offset the reduction in the discount rate used, being the average of the Organisation's borrowing rate for the past three years, over the same period.

Note 22: Segment information - Statement of Financial Performance

Segment information is based on the Organisation's main activities and sources of financing. These service segments conform to the Programme of Work of the Organisation for the years 2015 and 2016. Part I is for programmes financed by the members, whereas Part II is for special programmes financed by some or all members and non-members. Annex Budgets also include the Site Project. Non-budgetary operations include the staff loan programme, foreign-exchange variances and other sundry operations *(cf. Note 3: "Significant accounting policies", Note 1: "General Information").*

Owing to the nature of the Organisation's activities, its assets and liabilities are used jointly by all segments and cannot be separated by segment.

The following table combines budgetary and IPSAS financial reporting. IPSAS adjustments are accounting entries that are required for compliance with IPSAS but are not mandated by the Organisation's budgetary reporting rules. The primary purpose of these adjustments is to apply the accrual accounting principle with regard to expenses and revenues, pension benefits and other personnel costs, fixed assets and related depreciation. When possible, accrual adjustments are allocated to revenue and expenses by segment. IPSAS accrual adjustments that are not allocated to a specific segment are reported in the “IPSAS” column. Internal operations reflect the estimated cost of services exchanged between segments.

Statement of Financial Performance by Segment

	Part I		Part II		Annex budgets (Incl. Pre-accession)		Voluntary contributions	
	2015	2014	2015	2014	2015	2014	2015	2014
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assessed contributions	194 153	187 420	85 601	83 251	8 554	8 462	-	-
Voluntary contributions	-	-	-	-	-	-	146 186	125 252
Pension contributions	-	-	-	-	6 405	5 973	-	-
Sales of publications	-	-	6 251	6 096	10 906	10 536	-	-
Other	2 557	2 605	4 922	4 787	8 325	7 431	3 593	3 064
Total operating revenues	**196 710**	**190 025**	**96 774**	**94 134**	**34 190**	**32 402**	**149 779**	**128 316**
Personnel	161 948	159 880	55 734	52 940	15 403	14 415	86 185	71 007
Pension & post-empl. benefits	3 880	3 899	-	-	6 405	5 973	-	-
Consulting	12 936	12 187	7 710	6 863	1 203	1 225	21 963	19 873
Travel	5 542	6 174	3 924	3 406	371	474	17 470	15 145
Operating	40 365	34 718	11 329	12 769	10 420	9 969	6 152	5 948
Other	25 079	473	208	223	24	121	201	111
Total operating expenses	**249 750**	**217 331**	**78 905**	**76 201**	**33 826**	**32 177**	**131 971**	**112 084**
Surplus/ (deficit) from operating activities	**(53 040)**	**(27 306)**	**17 869**	**17 933**	**364**	**225**	**17 808**	**16 232**
Other financial revenue and expenses, net	1 525	1 576	(15)	(22)	(24)	(27)	(112)	370
PBRF investment income	-	-	-	-	-	-	-	-
Total financial revenue and expense, net	**1 525**	**1 576**	**(15)**	**(22)**	**(24)**	**(27)**	**(112)**	**370**
Surplus / (deficit) from ordinary activities	**(51 515)**	**(25 730)**	**17 854**	**17 911**	**340**	**198**	**17 696**	**16 602**
Internal invoicing	8 044	8 104	(4 756)	(4 915)	88	(152)	(3 361)	(3 020)
Overhead	8 279	8 429	(8 229)	(8 375)	-	-	(50)	(54)
Voluntary Contributions Chargeback	13 243	12 406	1 570	1 532	(8)	-	(14 279)	(13 515)
Internal transfers	20	(488)	319	248	(3)	(15)	(6)	(13)
Total internal operations	**29 586**	**28 451**	**(11 096)**	**(11 510)**	**77**	**(167)**	**(17 696)**	**(16 602)**
Net surplus / (deficit) for the period	**(21 929)**	**2 721**	**6 758**	**6 401**	**417**	**31**	**-**	**-**

	Non-budgetary operations (5)		Pension Budget and Reserve Fund (6)		IPSAS (Unallocated) (7)		**TOTAL (1 to 7)**	
	2015	2014	2015	2014	2015	2014	2015	2014
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assessed contributions	6 017	9 665	-	-	-	-	294 325	288 798
Voluntary contributions	-	-	-	-	-	-	146 186	125 252
Pension contributions	-	-	85 413	82 201	-	-	91 818	88 174
Sales of publications	-	-	-	-	-	-	17 157	16 632
Other	2 127	2 043	-	8	-	-	21 524	19 938
Total operating revenues	**8 144**	**11 708**	**85 413**	**82 209**	**-**	**-**	**571 010**	**538 794**
Personnel	(3 946)	(2 562)	-	-	(1 923)	(1 869)	313 401	293 811
Pension & post-empl. benefits	-	-	63 176	60 862	223 237	113 415	296 698	184 149
Consulting	181	266	-	-	(405)	(124)	43 588	40 290
Travel	7	24	-	-	-	(35)	27 314	25 188
Operating	5 423	6 935	-	-	4 920	4 493	78 609	74 832
Other	12	(75)	7	6	115	105	25 646	964
Total operating expenses	**1 677**	**4 588**	**63 183**	**60 868**	**225 944**	**115 985**	**785 256**	**619 234**
Surplus/ (deficit) from operating activities	**6 467**	**7 120**	**22 230**	**21 341**	**(225 944)**	**(115 985)**	**(214 246)**	**(80 440)**
Other financial revenue and expenses, net	3 283	3 903	(1 023)	(1 879)	-	-	3 634	3 921
PBRF investment income	-	-	25 534	43 938	-	-	25 534	43 938
Total financial revenue and expense, net	**3 283**	**3 903**	**24 511**	**42 059**	**-**	**-**	**29 168**	**47 859**
Surplus / (deficit) from ordinary activities	**9 750**	**11 023**	**46 741**	**63 400**	**(225 944)**	**(115 985)**	**(185 078)**	**(32 581)**
Internal invoicing	(15)	(17)	-	-	-	-	-	-
Overhead	-	-	-	-	-	-	-	-
Voluntary Contributions Chargeback	(526)	(423)	-	-	-	-	-	-
Internal transfers	(16)	559	(314)	(291)	-	-	-	-
Total internal operations	**(557)**	**119**	**(314)**	**(291)**	**-**	**-**	**-**	**-**
Net surplus / (deficit) for the period	**9 193**	**11 142**	**46 427**	**63 109**	**(225 944)**	**(115 985)**	**(185 078)**	**(32 581)**

Internal operations have been split into four categories:

1. Recurrent internal invoicing between services, which includes an internal levy on travel costs as part of the Organisation's 'Greening Initiative';

2. Overhead Charges re-billed between Part I and Part II of the Budget;

3. Recoveries of administration costs for voluntary contributions, as per Council Decision C(2009)158; and

4. Internal transfers of expenditure between segments.

Note 23: Budget statements

The Organisation operates a results-based planning, budgeting and management framework that seeks to direct the Organisation's efforts to the identified policy impacts approved by member governments. Resources are deployed to achieve these outcomes through the Programme of Work and performance is evaluated after the fact.

The focus on results aims to sharpen accountability at all levels in the Organisation, to reassure member countries that the resources they entrust to the Organisation are managed efficiently and used for the purposes for which they were intended. It ensures both that the Organisation's outputs respond to the most important policy concerns of governments, and that the results achieved are the ones expected in terms of policymaking in the capitals.

The Organisation's Programme of Work and Budget (PWB) forms part of an integrated, continuous management cycle linking planning, prioritisation, budgeting, reporting and evaluation.

Since 2002, the Organisation has had in place a Strategic Management Framework based on six Strategic Objectives that reflect the OECD Convention. These are:

1. Promote sustainable economic growth, financial stability and structural adjustment.

2. Provide employment opportunities for all, improve human capital and social cohesion and promote a sustainable environment.

3. Contribute to shaping globalisation for the benefit of all through the expansion of trade and investment.

4. Enhance public- and private-sector governance.

5. Contribute to the development of non-member economies.

6. Provide effective and efficient corporate management.

These Strategic Objectives cascade down to Output Groups and, at a lower level, to Output Areas. The Strategic Management Framework provides the basis for Council decisions on resource allocation and for Committee planning, budgeting and reporting.

The following table shows the amount of the original Budget of income and expenditure for 2015 that was approved by Council in 2014, and the final Budget, which includes commitments carried forward from 2014, appropriations carried forward for certain Part II programmes and, in accordance with the provisions of the Financial Regulations, new, revised and supplementary budgets approved in 2015. This budget does not include financing for the Site Project or voluntary contributions.

	Budget Amount			
	Original Budget €'000	Final Budget €'000	Actual €'000	Difference: Final Budget and Actual €'000
Income				
Part I	194 520	209 361	209 850	489
Part II	94 587	103 489	103 305	(184)
Annex budgets	74 117	74 576	74 594	18
Pre-accession	8 280	10 075	10 075	-
Total income	**371 504**	**397 501**	**397 824**	**323**
Expenditure				
Part I	194 520	209 361	203 664	5 697
Part II	94 587	103 489	95 643	7 846
Annex budgets	74 117	74 576	74 594	(18)
Pre-accession	8 280	10 075	8 446	1 629
Total expenditure	**371 504**	**397 501**	**382 347**	**15 154**
Net result				
Part I	-	-	6 186	6 186
Part II	-	-	7 662	7 662
Annex budgets	-	-	-	-
Pre-accession	-	-	1 629	1 629
Total net result	**-**	**-**	**15 477**	**15 477**

Part I shows a net result of 6.2 M€, of which 5.7 M€ is from unspent appropriations and 0.5 M€ from surplus income. *Part I income* is 0.5 M€ over-budget primarily due to improved collection of non-member contributions for participation in OECD Bodies and higher interest income received under the investment strategy adopted by the Organisation.

Part I expenditure is under-budget due to the partial deferral to 2016 of a number of multi-year projects relating to corporate systems and IT tools which are managed in Corporate Services, and lower office space costs.

The pre-accession budget relates to Colombia, Costa Rica, Latvia, and Lithuania *(cf. Note 1: "General Information").*

The following schedule shows the original and final expenditure budgets as well as planned expenditure on voluntary contributions, actual expenditure against the Budget and voluntary contributions, and the difference between the Budget and planned expenditure for Part I, by Output Group, and by Part II programme.

	Budget Amount		Voluntary Contributions	Total	Expenditure [3]				
	Original Budget	Final Budget	Planned Expenditure	**Final Budget and Planned Expenditure**	Budget Actual	Voluntary Contributions	**Total**	Difference: Budget & Planned and Expenditure	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Part I : Output Group									
Economic Surveillance	20 154	20 222	3 539	**23 761**	20 320	1 723	**22 043**	1 718	
Industrial and Sectoral Policies	3 447	3 515	2 947	**6 462**	3 452	1 642	**5 094**	1 368	
Science and Technology Policies	6 960	6 946	5 094	**12 040**	6 761	3 769	**10 530**	1 510	
Human and Social Capital	3 722	3 767	18 765	**22 532**	3 769	7 900	**11 669**	10 863	
Employment Policies and Social Cohesion	6 083	6 231	5 704	**11 935**	6 102	3 947	**10 049**	1 886	
Environmental Sustainability	8 209	8 295	10 343	**18 638**	8 047	6 528	**14 575**	4 063	
Health System Performance	2 521	2 516	2 395	**4 911**	2 506	1 983	**4 489**	422	
International Trade	5 669	5 658	926	**6 584**	5 532	719	**6 251**	333	
Agriculture	7 444	7 428	600	**8 028**	7 383	938	**8 321**	(293)	
Taxation	6 462	6 680	5 699	**12 379**	6 494	4 704	**11 198**	1 181	
Business Climate	6 734	6 750	31 910	**38 660**	6 709	19 991	**26 700**	11 960	
Competition and Market Efficiency	5 246	5 386	4 261	**9 647**	5 420	4 075	**9 495**	152	
Public Sector Economics and Governance	7 446	7 432	27 360	**34 792**	7 495	25 266	**32 761**	2 031	
Development	6 455	6 540	23 092	**29 632**	6 539	21 444	**27 983**	1 649	
Global Relations	2 596	2 721	2 926	**5 647**	2 657	1 175	**3 832**	1 815	
Corporate Management	10 630	9 929	2 196	**12 125**	9 701	1 954	**11 655**	470	
Statistics	8 008	8 223	1 340	**9 563**	8 159	475	**8 634**	929	
Corporate Services	68 725	71 003	117	**71 120**	67 217	410	**67 627**	3 493	
Corporate Visibility	8 009	7 993	778	**8 771**	7 993	813	**8 806**	(35)	
Savings to be identified									
2014 Commitments carried forward	-	12 126	-	**12 126**	11 408	-	**11 408**	718	
Total Part I	**194 520**	**209 361**	**149 992**	**359 353**	**203 664**	**109 456**	**313 120**	**46 233**	
Part I : Difference Final Budget and Actual		***209 361***			***203 664***				***5 697***
Part II : Programme									
International Energy Agency	27 190	27 889	21 288	**49 177**	27 386	11 160	**38 546**	10 631	
Development Centre	6 116	6 429	11 469	**17 898**	6 363	8 735	**15 098**	2 800	
The Sahel and West Africa Club	1 800	1 952	2 313	**4 265**	1 543	1 929	**3 472**	793	
OECD Nuclear Energy Agency	11 050	11 290	1 902	**13 192**	11 290	3 043	**14 333**	(1 141)	
Nuclear Energy Agency Data Bank	3 149	3 377	163	**3 540**	3 377	162	**3 539**	1	
Centre for Educational Research and Innovation	3 534	3 625	2 370	**5 995**	3 318	696	**4 014**	1 981	
Joint OECD and ITF Transport Research Centre [1]	1 118	1 250	-	**1 250**	1 250	15	**1 265**	(15)	
International Transport Forum	5 087	5 323	3 127	**8 450**	5 247	3 336	**8 583**	(133)	
Special Programme on the Control of Chemicals	1 826	1 873	937	**2 810**	1 866	1 127	**2 993**	(183)	
Steel [1]	676	692	-	**692**	691	46	**737**	(45)	
Biological Resource Management for Sustainable Agricultural Systems [1]	695	840	-	**840**	840	-	**840**		
Co-operative Action Programme on Local Economic and Employment Development	1 261	1 269	4 461	**5 730**	1 264	3 868	**5 132**	598	
Programme for the International Assessment of Adult Competencies	3 006	4 711	650	**5 361**	2 892	694	**3 586**	1 775	
Financial Action Task Force [1]	4 043	4 060	-	**4 060**	3 700	492	**4 192**	(132)	
OECD Global Science Forum	561	570	174	**744**	494	235	**729**	15	
Agricultural Codes and Schemes for International Trade [1]	1 133	1 216	-	**1 216**	1 155	3	**1 158**	58	
Network on Fiscal Relations across Levels of Government	342	360	210	**570**	360	79	**439**	131	
Shipbuilding	353	367	161	**528**	368	65	**433**	95	
Global Forum on Transparency and Exchange of Information	3 862	4 364	805	**5 169**	3 866	862	**4 728**	441	
German Linguistic Section [1]	1 803	1 804	-	**1 804**	1 701	-	**1 701**	103	
Italian Linguistic Section [1]	320	369	-	**369**	286	-	**286**	83	
International Service for Remunerations and Pensions (ISRP)	5 532	5 762	50	**5 812**	5 312	74	**5386**	426	
Reimbursable Posts [1]	2 222	2 222	-	**2 222**	1 889	-	**1 889**	333	
Programme on International Student Assessment	5 983	9 918	4 292	**14 210**	7 587	4 062	**11649**	2 561	
Programme on Institutional Management in Higher Education	745	777	230	**1 007**	434	6	**440**	567	
Management of the OECD Medical Care System (OMESYS) [1]	1 180	1 180	-	**1 180**	1 164	-	**1 164**	16	
Total Part II	**94 587**	**103 489**	**54 602**	**158 091**	**95 643**	**40 689**	**136 332**	**21 759**	
Part II : Difference Final Budget and Actual		***103 489***			***95 643***				***7 846***
Adjustments [2]						(366)	**(366)**	366	
Total Part I and Part II	**289 107**	**312 850**	**204 594**	**517 444**	**299 307**	**149 779**	**449 086**	**68 358**	

Notes:

1 These Part II Programmes did not include 'Planned Expenditure' financed by Voluntary Contributions in their 2015 Programme of Work and Budget.

2 Accounting adjustments

3 Note 22

The budget and the accounting bases differ. The financial statements of the Organisation are prepared on an accrual basis using a classification based on the nature of expenses in the Statement of Financial

Performance. The Budget is prepared on a cash/commitment basis by Output Group, Part II programme and Annex Budgets. The following note provides a reconciliation between the budgetary results and the financial statements *(cf. Note 24).*

Note 24: Reconciliation of budgetary results and results after IPSAS adjustments

As a general principle, the budget is prepared on a cash basis whereas the financial statements recognise all income and expenditure on an accrual basis in accordance with IPSAS. IPSAS give rise to accounting adjustments which in many cases may be of a non-cash nature. In order to reconcile the Budget outturn with the results after IPSAS adjustments, this fundamental difference needs to be taken into account. The most significant differences are as follows:

a) *Revenue and expenditure:* For the budget, revenue is required to cover all committed expenditures. In accrual accounting, revenue and expenses include only amounts accruing in a given year. The difference is treated as deferred revenue or expenses in accrual accounting.

b) *Capital expenditure:* For the budget, capital expenditures (except capital expenditures for the Site Project, which has a separate budget) are recorded as current-year expenses. In accrual accounting, these expenses are capitalised as assets and depreciated over their useful lives. These capital expenditures and the associated accumulated depreciation result in assets being recorded at their net book value in the Statement of Financial Position. The annual depreciation expense is recorded in the Statement of Financial Performance.

c) *Pensions and post-employment healthcare:* For the budget, post-employment health care expenditure is accounted for on a pay-as-you-go basis. For pension benefits, the budget contributions are estimated on an actuarial basis to represent the long-term cost of the benefits provided. In addition to the normal budget contributions, member countries provide supplementary pension budget contributions to meet unfunded past service costs.

   In accrual accounting, the expense for both pensions and post-employment health cover is estimated by an actuary in accordance with a methodology set out in accounting standard IPSAS 25. The pension and post-employment health cover benefits obligations are reported in the Statement of Financial Position as detailed in Note 16.

d) *Publications income:* For the budget, publications receipts, including subscriptions, are recorded during the year on a cash basis. In accrual accounting, these sales are recorded as revenue when delivered. They are also subsequently adjusted by provisions for losses on receivables or returns of goods sold.

The following table shows the budgetary results reconciled with the results after IPSAS adjustments for the period as reported in the Statement of Financial Performance.

	Budgetary results to be allocated (1) €'000	Transfer to reserves and carry forward to 2016 (2) €'000	**Results for the period (3) = (1) + (2)** €'000	IPSAS adjustments (4) €'000	Nature of reconciling adjustments	**Net results for the period (3) + (4)** €'000
Part I	6 186	-	**6 186**	(28 115)	a, d	**(21 929)**
Part II	7 662	-	**7 662**	(904)	a, d	**6 758**
Annex budgets	-	-	**-**	417	a, d	**417**
Pre Accession	1 629	(1 629)	**-**	-		**-**
Sub total - Budget operations	**15 477**	**(1 629)**	**13 848**	**(28 602)**		**(14 754)**
Non-budgetary operations	-	9 764	**9 764**	(571)		**9 193**
Pension Budget and Reserve Fund	-	46 427	**46 427**	-		**46 427**
Sub total - Other operations	**-**	**56 191**	**56 191**	**(571)**		**55 620**
			-	-		
Change in employee defined benefit liabilities	-	-	**-**	(221 314)	c	**(221 314)**
Adjustments for fixed assets	-	-	**-**	(4 630)	b	**(4 630)**
Sub total - Accounting adjustments	**-**	**-**	**-**	**(225 944)**		**(225 944)**
Net result for the period	**15 477**	**54 562**	**70 039**	**(255 117)**		**(185 078)**

The most significant of the IPSAS adjustments relates to changes in employee defined benefit liabilities. These changes are the sum of the annual current service cost, interest cost and actuarial losses recognised within the year less the benefits paid. These are detailed in Note 16.

Note 25: Proposed allocation of the results for the period

The results for 2015 will be allocated as follows, subject to approval by Council:

	Net results for the period	Proposed treatment of the results		
		Transfer to accumulated deficit	Transfer to reserves and carry forward to 2016	Budgetary results to be allocated
	€'000	€'000	€'000	€'000
Part I	6 186	-	-	6 186
Part II	7 662	-	-	7 662
Annex budgets	-	-	-	-
Pre Accession	-	-	-	-
Non-budgetary operations	9 764	-	9 764	-
Pension Budget and Reserve Fund	46 427	-	46 427	-
Sub-total	**70 039**	**-**	**56 191**	**13 848**
IPSAS adjustments				
Included in Part I	(28 115)	(28 115)	-	-
Included in Part II	(904)	(904)	-	-
Included in Annex budgets	417	417	-	-
Included in Non-budgetary operations	(571)	(571)	-	-
Change in employee defined benefit liabilities	(221 314)	(221 314)	-	-
Adjustments for fixed assets	(4 630)	(4 630)	-	-
Sub-total IPSAS adjustments	**(255 117)**	**(255 117)**	**-**	**-**
Net result for the period	**(185 078)**	**(255 117)**	**56 191**	**13 848**

Note 26: Contingencies and capital commitments

A. Contingencies

The Organisation is or may be a party to a limited number of legal proceedings or technical disputes. Management believes that the liabilities that might result from these litigations will not be material in relation to the Organisation's operations or financial position.

In 2002, the Organisation set up an early retirement scheme for a closed group of employees that had been exposed to an asbestos risk. The scheme allows these employees to request early retirement if they are over 50 and less than 60 years of age, provided they meet certain conditions as to their job duties and medical condition. At 31 December 2015, no employees were receiving early retirement payments under the scheme. In the unlikely event that all remaining eligible employees applied for benefits under the scheme, the maximum amount payable by the Organisation would be approximately 1.4 M€ over the period to June 2031.

The Organisation has an insurance contract for medical and social benefits for a period of five years and six months, from 1 January 2011 to 30 June 2016, with Malakoff Médéric ("the Insurer"), to cover payments of medical expenses, salary for temporary work disability, salary for permanent work disability, lump sum payments for death or permanent disability for any cause and lump sum payments for death related to an accident at work or work-related illness.

This contract includes a provision under which the difference between the premiums due to the Insurer and the amounts paid out by it in claims each year is transferred by the Insurer to an equalisation provision, which is available to manage risk in respect of the events described above, thereby allowing premiums to be lower than would be the case had the provision not existed.

When the insurance contract was renewed at year-end 2010, the equalisation provision of 21.8 M€ was reduced by 7 M€, which was transferred to the OECD in January 2011 and included in "Other revenues" in the Statement of Financial Performance for 2011. This amount was subsequently allocated at the beginning of 2012 to a reserve established to fund costs relating to post-employment health care cover.

The equalisation provision held by the Insurer was estimated at 23.4 M€ at 31 December 2014 and no transfers to the OECD were effected in 2015.

B. Capital commitments

a) Site Project

The Site Project consisted of the renovation of the La Muette site in Paris, where the Organisation has been headquartered since its creation. The overall operation, in addition to large-scale asbestos removal, comprised large redevelopment, demolition and construction works. The Organisation has, at the same time, reconfigured its conference facilities.

At 31 December 2015, the available budget of the Site Project was 1.6 M€ (2014: 1.6 M€).

b) Operating and finance lease commitments

Operating leases

Future minimum lease payments for the following periods are:

	31 December 2015 € million	31 December 2014 € million
Within one year	16	17
In the second to fifth years inclusive	65	45
After five years	125	8
Total operating lease commitments	**206**	**70**

Operating lease payments represent rental payments for certain properties. The increase in the total value of lease payments as at 31 December 2015 can primarily be attributed to the lease for new office space, OECD Boulogne, which was concluded in 2015. Future payments for certain leased buildings which relate to periods after they will be vacated have been excluded from these figures, as these costs have already been fully provided for in 2015 (*cf. Note 15: "Provisions for liabilities and charges"*).

Finance leases

During 2015 the Organisation terminated a lease for two electric cars (*cf. Note 13: "Borrowings"*). The total of future minimum lease payments and their related present value is as follows:

	Minimum lease payments		Net present value	
	31 December 2015 €'000	31 December 2014 €'000	31 December 2015 €'000	31 December 2014 €'000
Within one year		19		18
In the second to fifth years inclusive		2		2
After five years				
Total finance lease commitments	**-**	**21**	**-**	**20**
Less interest allocated to future periods		(1)		
Reconciliation to net present value	**-**	**20**		

c) Bank guarantees

The Organisation's obligations to lessors of certain office premises are guaranteed by banks for a maximum of 6.7 M€. The guarantees are for obligations under leases for offices and parking for periods up to 30 November 2027.

C. Pensions

The Organisation's defined-benefit Pension Scheme was adopted by a Council Resolution of 16 November 1976 [C/M(76)20/FINAL]. This Resolution constitutes a decision that is binding upon the Organisation and its member countries by virtue of Articles 5 a) of the Convention on the Organisation and 18 a) of its Rules of Procedure. The Organisation believes that this creates both a legal obligation for the Organisation towards pensioners and staff and an offsetting legal obligation for the member countries, with the same full legal force as the treaty from which it derives, to contribute amounts needed to pay pensions. Article 40 of the defined-benefit Pension Scheme confirms that pensions are a charge on the Organisation's Budget, and provides a joint guarantee of that liability by each of its member countries. That guarantee is equivalent in amount to the accrued pension obligation at 31 December 2015 of 2 731 M€ (2014: 2 693 M€), as shown in Note 16. The member countries participate in the constitution of a fund (Pension Budget and Reserve Fund) towards this liability. The net value of the Fund at 31 December 2015 was 548.8 M€ (2014: 502.4 M€).

Note 27: Contributions-in-Kind

Staff-on-loan

Experts are sometimes made available to the OECD without charge mainly from Member governments as a way of increasing mutual co-operation and technical competence. As at 31 December 2015, there were 98 staff on loan at the OECD (2014: 108).

Premises

The OECD receives in-kind contributions of the right to use office space and other facilities in the execution of its Programme of Work. The Organisation has not received title to these properties which remain with the government providing the rights to use. The financial value of these facilities is not recognised in the Statement of Financial Position nor has the annual right to use been recognised in the Statement of Financial Performance.

The major contributions representing the right to use facilities are as follows:

- The Mexico Centre serves as a regional contact for a wide range of public affairs and communication activities. The premises are provided by the Mexican government (Ministry of Public Education).

- The OECD-Korea Policy Centre focuses on the following: Competition, Health and Social Policy, Public Governance and Taxation. Premises are provided by the Korean government.

- The OECD LEED Trento Centre for local development in Italy builds capacities for local development by facilitating co-operation, the transfer of expertise and the exchange of experience between OECD Members and partner countries. Facilities are provided by the Autonomous Province of Trento. The facilities of the Trento Centre's satellite office in Venice are provided by the Foundation of Venice.

- Multilateral Tax Centres (MTCs) are established in Budapest, Vienna, Ankara and Mexico as a forum for dialogue between OECD countries and Partners on tax matters. In all cases, the physical facilities are provided free of charge by the respective governments. In addition, a centre for the OECD International Academy for Tax Crime Investigation has been established Ostia, Italy, in facilities provided by the Italian Guardia de Finanza.

- The OECD has an official stationed in Beijing to support the Organisation's co-operation with China. Office facilities are provided by the Embassy of the Netherlands.
- The OECD has an official stationed in Jakarta to support the Organisation's co-operation with Indonesia and support contacts across the Southeast Asian region. Office facilities are provided by the Embassy of New Zealand.
- Some competition-related activities have been organised in Regional Centres for Competition (RCCs). There is currently an RCC in Budapest. Office space is provided by the Hungarian Competition Authority.
- The MENA-OECD Governance Programme Training Centre of Caserta, Italy was established to pursue the broadest dissemination of knowledge-sharing through innovative and cost efficient means. The Italian National School of Public Administration provides office space at its headquarters in Caserta and at its offices in Rome to accommodate the personnel dedicated to the functioning and administration of the Centre.

Note 28: Key management personnel

The Organisation is governed by a Council composed of representatives of all the member countries. The Organisation is under the direct control of the member countries. It has no ownership interest in associations or joint ventures. Council members receive no remuneration from the OECD for their roles.

The Council is presided over by the Secretary-General, who directs the Secretariat and implements the Organisation's Programme of Work, assisted by Deputy Secretaries-General and other senior managers and officers (key management personnel). They are remunerated by the Organisation. The Secretary-General also has the use of the Organisation's official residence.

Key management personnel (in full time equivalent - FTE) and their aggregate remuneration were as follows:

	31 December 2015		31 December 2014	
	Numbers in FTE	Aggregate remuneration €'000	Numbers in FTE	Aggregate remuneration €'000
The Secretary-General, Deputies and other senior managers	6	2 095	5	2 013
Senior officers	24	6 569	24	7 301
Total key management personnel		**8 664**		**9 314**

Aggregate remuneration for the Deputy Secretaries-General and other senior officers includes leaving allowances. *Leaving allowances* represent a lump-sum settlement of pension benefits to staff who have left the Organisation before having completed ten years' service.

There was no other remuneration or compensation to key management personnel or their close family members.

Note 29: Related-party transactions

There were no material transactions with related parties during the years 2015 and 2014.

There were no loans to key management personnel or their close family members that were not available to other categories of staff.

Due to its status as an international organisation and its Convention, the Organisation does not consider its member countries to be related parties.