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Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

28-May-2014

English - Or. English

COUNCIL

Budget Committee

FINANCIAL STATEMENTS OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT AS AT 31 DECEMBER 2013

Summary:

This document presents the Financial Statements for 2013, with the opinion of the External Auditor.

Budget Committee Action:

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

JT03358325

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28 March 2014

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.

Matters of internal control and financial reporting are overseen by the Audit Committee. 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 2013 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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Cour des comptes

Le Premier président

Paris, le 20 MAI 2014

Free translation from the French opinion of the External Auditors

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

OPINION OF THE EXTERNAL AUDITOR

We have examined the Organisation for Economic Co-operation and Development's (OECD) financial statements for the year ending on 31 December 2013, which comprise the Statement of Financial Position, Statements of Financial Performance, Statement of Cash Flow and Statement of Changes in Net Assets, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the OECD's management. Our responsibility is to express an opinion on these financial statements on the basis of our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that our work be organised and performed so as to obtain reasonable assurance about whether these financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the OECD's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion that the financial statements give a true and fair view of the financial position of the OECD as at 31 December 2013 and of the result of its operations and cash flows for the year then ended, and that they have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) or, where no such standards have yet been formulated, International Financial Reporting Standards (IFRSs / IASs).

Didier MIGAUD

OECD
Statement of Financial Position as at

	Notes	31 December 2013 '000	31 December 2012 '000
ASSETS			
Current assets			
Cash and cash equivalents, unrestricted	5	127 775	132 028
Cash and cash equivalents, restricted	5	53 283	49 302
Inventories	6	515	419
Accounts receivable and prepayments	7	150 784	120 541
Staff loan program	8	5 244	4 682
Total current assets		**337 601**	**306 972**
Non-current assets			
Accounts receivable and prepayments	7	37 807	22 074
Staff loan program	8	7 577	6 198
Investments and security deposits	9	448 987	383 999
Furniture, fixtures and equipment	10	16 481	17 225
Land and buildings	11	472 594	484 625
Intangible assets	12	2 221	1 993
Total non-current assets		**985 667**	**916 114**
TOTAL ASSETS		**1 323 268**	**1 223 086**
LIABILITIES			
Current liabilities			
Borrowings	13	12 518	11 017
Payables	14	95 890	91 347
Provisions for liabilities and charges	15	759	338
Employee benefits	16	85 539	84 027
Deferred revenue	17	119 101	101 671
Total current liabilities		**313 807**	**288 400**
Non-current liabilities			
Borrowings	13	19	38
Employee benefits	16	1 890 173	1 760 269
Deferred revenue	17	204 397	191 693
Total non-current liabilities		**2 094 589**	**1 952 000**
TOTAL LIABILITIES		**2 408 396**	**2 240 400**
NET ASSETS		**(1 085 128)**	**(1 017 314)**
Member countries' contributed interest	18	(1 443 400)	(1 333 106)
Pension Budget and Reserve Fund reserve (PBRF)	18	370 837	303 611
Other reserves	18	43 054	42 399
Net deficit for the period	18 & 25	(55 619)	(30 218)
TOTAL NET ASSETS		**(1 085 128)**	**(1 017 314)**

OECD
Statement of Financial Performance for the year ended

	Notes	31 December 2013 '000	31 December 2012 '000	
OPERATING REVENUES				
Assessed contributions	19	282 710	282 375	
Voluntary contributions	19	122 672	109 784	
Pension contributions	16 & 19	86 556	83 952	
Sales of publications	19	17 396	17 553	
Other	19	16 589	16 115	
Total operating revenues		**525 923**	**509 779**	
OPERATING EXPENSES				
Personnel	20	287 572	277 895	
Pension and post-employment benefits	16 & 20	204 815	173 085	
Consulting	20	38 140	39 626	*
Travel	20	23 637	24 693	
Operating	20	73 223	72 679	*
Other	20	2 247	1 540	*
Total operating expenses		**629 634**	**589 518**	
Deficit from operating activities		**(103 711)**	**(79 739)**	
Financial revenue and expense, net	21	48 092	49 521	
Deficit from ordinary activities		**(55 619)**	**(30 218)**	
DEFICIT FOR THE PERIOD	18 & 25	**(55 619)**	**(30 218)**	

(*) In 2013 expenditure accounts were reclassified to better reflect the nature of expenditures. Similar reclassifications were carried out on the 2012 balances for comparative purposes. Reclassifications have been indicated by an asterisk (*). More detailed information can be found in Note 20.

OECD
Statement of Cash Flows for the year ended

	Notes	31 December 2013 '000	31 December 2012 '000	
Cash flow from operating activities				
Deficit from ordinary activities		(55 619)	(30 218)	
Depreciation, net	10,11 & 12	19 046	18 829	
Depreciation - finance leased assets	10	16	13	
Loss / (gain) on disposal of fixed assets	10,11 & 12	30	-	
Increase / (decrease) in provisions for liabilities and charges	15	421	194	
Increase in employee benefits - defined benefit programmes	16	133 330	103 325	
Decrease / (increase) in receivables	7	(45 976)	(1 948)	
Decrease / (increase) in inventories	6	(96)	(3)	
Increase in investments due to revaluation - PBRF	9	(38 131)	(35 207)	*
Increase / (decrease) in payables	14	4 543	1 860	
Increase / (decrease) in deferred revenue	17	30 134	(2 152)	
Net cash flow from operating activities		**47 698**	**54 693**	
Cash flow from investing activities				
Purchase of fixed assets	10,11 & 12	(7 114)	(6 450)	
Proceeds from sale of fixed assets	10,11 & 12	62	14	
Increase in staff loan program	8	(1 941)	(1 951)	
(Increase) / decrease in financial assets - Staff Provident Fund	9	1 914	1 537	
Decrease / (increase) in financial assets - other	9	(50)	136	
Net (purchase) / disposal of investments - PBRF	9	(28 721)	(27 834)	*
Net cash flow from investing activities		**(35 850)**	**(34 548)**	
Cash flow from financing activities				
Increase / (decrease) in liabilities - Staff Provident Fund	16	(1 914)	(1 537)	
Proceeds from borrowings	13	24 000	19 900	
Repayment of borrowings	13	(22 500)	(17 600)	
Finance lease interest	21	2	3	
Finance lease payments	26	(20)	(26)	
Credits to member countries and others	18	(11 688)	(14 568)	
Net cash flow from financing activities		**(12 120)**	**(13 828)**	
Net (decrease) / increase in cash and cash equivalents		**(272)**	**6 317**	
Cash and cash equivalents at beginning of period	5	181 330	175 013	
Cash and cash equivalents at end of period	**5**	**181 058**	**181 330**	

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.

(*) In 2013 the increase in the value of the PBRF investments was split into the increase attributable to net purchases and the increase attributable to the revaluation of investments to fair value. A similar reclassification was carried out on the 2012 balances for comparative purposes. Reclassifications have been indicated by an asterisk (*).

OECD
Statement of Changes in Net Assets

	Member countries' contributed interest excl. Accumulated surplus/(deficit) '000	Accumulated surplus / (deficit) '000	**Member countries' contributed interest '000**	Pension Budget and Reserve Fund '000	Reserves '000	Net surplus / (deficit) for the period '000	Total '000
Balance at 31 December 2011	**(1 240 284)**	**(29 008)**	**(1 269 292)**	**293 886**	**33 662**	**(81 030)**	**(1 022 774)**
Allocation of prior year result	(107 674)	7 656	**(100 018)**	9 725	9 263	81 030	-
Credited to Member countries and other participants	-	(1 630)	**(1 630)**	-	-	-	(1 630)
Reserves/surpluses transferred to Budget	-	(10 612)	**(10 612)**	-	(526)	-	(11 138)
Indemnities and Benefits Fund (IBF)	-	(1 800)	**(1 800)**	-	-	-	(1 800)
Surplus on revaluation of property	50 246	-	**50 246**	-	-	-	50 246
Net deficit for the period	-	-	**-**	-	-	(30 218)	(30 218)
Subtotal	(57 428)	(6 386)	**(63 814)**	9 725	8 737	50 812	5 460
Balance at 31 December 2012	**(1 297 712)**	**(35 394)**	**(1 333 106)**	**303 611**	**42 399**	**(30 218)**	**(1 017 314)**
Allocation of prior year result	(103 325)	4 795	**(98 530)**	67 226	1 086	30 218	-
Credited to Member countries and other participants	-	(1 023)	**(1 023)**	-	-	-	(1 023)
Reserves/surpluses transferred to Budget	-	(7 919)	**(7 919)**	-	(431)	-	(8 350)
Indemnities and Benefits Fund (IBF)	-	(2 315)	**(2 315)**	-	-	-	(2 315)
Surplus on revaluation of property	(507)	-	**(507)**	-	-	-	(507)
Net deficit for the period	-	-	**-**	-	-	(55 619)	(55 619)
Subtotal	(103 832)	(6 462)	**(110 294)**	67 226	655	(25 401)	(67 815)
Balance at 31 December 2013	**(1 401 544)**	**(41 856)**	**(1 443 400)**	**370 837**	**43 054**	**(55 619)**	**(1 085 128)**

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.

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 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 Organisation is based in Paris, France, with representative offices in Washington (DC), Mexico City, Berlin and Tokyo.

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

The Organisation is funded primarily by assessed and voluntary contributions from its member countries, within the framework of a biennial Programme of Work and 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. All of the Organisation’s member countries fund the Budget for Part I programmes, accounting for about 50% of the consolidated 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 Budgets include programmes of interest to a limited number of members and/or relating to sectors of activity not covered by Part I. 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. Note 23 gives further details of the income and expenditure budget and actual results for 2013.

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.

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 new more 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.

On 30 November 2007, the OECD Council approved the roadmap on the Accession of the Russian Federation. Further to a meeting of the Council on 12 March 2014, the OECD postponed activities related to the accession process of the Russian Federation to the OECD for the time being. This has no impact on the 2013 financial statements. On 19 September 2013 and 15 October 2013 respectively, Council approved Accession Roadmaps for Colombia and Latvia.

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.

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

In 2009, the Organisation adopted IPSAS 24 ("Presentation of Budget Information in Financial Statements"). The statements comparing the budget and actual amounts for income and expenditure are included in Note 23. This note was expanded in 2010 to show expenditure recognised during the year deriving from voluntary contributions, as compared with the amounts recorded/expected in the Programme of Work. The Statement of Financial Performance by Segment in Note 22 was also further developed to show the various categories of internal operations.

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.

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. “Accounting policy, 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 2011, as well as for more-recent issues with inventory on hand in excess of one year’s sales volume.

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.

As at 31 December 2013, the Organisation did not designate any financial assets as held-to-maturity or available-for-sale. For the other two designated categories, subsequent measurement is as follows:

Financial assets-subsequent measurement

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 and 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 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). Both the assets of the Staff Provident Fund and the PBRF 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 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. In 2013, financial assets relating to the PBRF were classified as fair value through surplus or deficit *(cf. "Accounting policy", 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 Rules and 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 may receive 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. Operating expenses paid in local currencies are generally offset by publication sale receipts in the same currency.

- 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.

- 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 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, as at 31 December 2013, 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. Measures aimed at reducing costs and liabilities for post-employment health care were already adopted in December 2011. Assumptions with regard to the number of new pensioners affiliated to their respective primary national health care schemes were amended accordingly, and the amounts recognised as of year-end 2013 as future obligations under employee benefits reflect the estimated impact of these decisions.

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 greater of the fair value of scheme assets or 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.

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 2013 '000	31 December 2012 '000
Cash on hand	6	5
Deposits with banks unrestricted - euros	126 556	129 698
Deposits with banks unrestricted - other currencies	1 213	2 325
Total unrestricted cash	**127 775**	**132 028**
Deposits with banks restricted	34 285	31 158
Deposits with banks and cash equivalents - PBRF	18 998	18 144
Total restricted cash	**53 283**	**49 302**
Total cash and cash equivalents	**181 058**	**181 330**

Unrestricted cash and cash equivalents, which constitute the Organisation's general treasury funds, are held in interest-bearing bank accounts, money-market accounts and bank savings accounts with daily liquidity. 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 2013, the general treasury balance totalled 127.8 M , versus 132.0 M at year-end 2012. Net cash positions were positive throughout the year, and the cash balance at 31 December 2013 was only slightly less than the cash balance at 31 December 2012 despite a deterioration in the overall amount of assessed contributions still owed to the Organisation at the end of the year (57.9 M at 31 December 2013, versus 27.7 M at 31 December 2012).

Restricted cash and cash equivalents (53.3 M at 31 December 2013) are deposits earmarked for specific purposes. Appropriations are 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 15.4 M at 31 December 2013 (13.7 M at 31 December 2012).

- Funds allocated to the Post Employment Healthcare Liability (PEHL) Reserve, which were initially sourced from the Medical Plan reserve and the equalisation provision of the insurance contract, amounted to 18.9 M at 31 December 2013 (17.5 M at 31 December 2012).

- 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 2013, these cash holdings and bank deposits accounted for 4.3% of the PBRF's total assets, versus 4.8% at

31 December 2012. 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 2013 or in 2012.

Note 6: Inventories

	31 December 2013 '000	31 December 2012 '000
Finished publications	1 077	875
Diplomatic reserve	36	34
Gross inventories	**1 113**	**909**
Provision for depreciation of inventories	(598)	(490)
Net inventories	**515**	**419**

Finished publications include publications held for sale and publications issued free of charge. The printing of OECD publications has been almost entirely outsourced since 2009.

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, a significant stock destruction took place in November 2013. This destruction consisted of a total of 29 957 copies with an estimated cost of 169 K .

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 2013 '000	31 December 2012 '000
Current - accounts receivable and prepayments		
Assessed contributions - member countries	56 688	26 653
Assessed contributions - member countries fiscal adjustment & other	436	286
Assessed contributions - non-member countries participating in Part II programmes	1 197	1 071
Voluntary contributions	71 037	65 704
Provision for uncollected voluntary contributions	(167)	(181)
Prepayments	1 850	2 229
Other receivables	19 620	25 091
Provision for uncollected other receivables	(469)	(469)
Publications	656	203
Provision for uncollected publications	(64)	(46)
Total current - accounts receivable and prepayments	**150 784**	**120 541**
Non-current accounts receivable		
Voluntary contributions	37 807	22 074
Total accounts receivable and prepayments	**188 591**	**142 615**

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 2013 has increased compared to end December 2012 (increase of 30 035 K), primarily due to the non-payment of one member as at 31 December 2013. This assessed contribution was subsequently paid after the year-end.

Outstanding assessed contributions of non-members, including international organisations, are 126 K higher at year-end 2013 as compared with their arrears at the end of December 2012.

Total voluntary contributions receivable has increased from year-end 2012 to year-end 2013 (increase of 21 066 K). This overall increase in voluntary contributions receivable reflects an increase in the number and amount of voluntary contributions accepted in the fourth quarter 2013, compared with the fourth quarter 2012.

Non-current voluntary contributions are due more than 12 months after the period end date in accordance with the terms of the offers. The increase in non-current receivables is due mainly to the increase in multi-year voluntary contributions accepted for the 2014 Programme of Work and beyond as compared with 2013.

In 2013, in accordance with IPSAS requirements *(cf. "Accounting policy", Receivables),* non-current receivables are carried at amortised cost. This resulted in a reduction in reported non-current receivables of 684 K *(cf. Note 21, Financial revenue and expenses*). Had this policy been applied as at 31 December 2012, the effect would have been a reduction in reported non-current receivables of 528 K .

Other receivables consist mainly of 13.7M in reimbursable taxes (2012: 18.4 M) and receivables from member countries for various services rendered, including office rental and staff costs. The reduction in reimbursable taxes is primarily due to the receipt of a large reimbursement in 2013.

Note 8: Staff loan programme

	31 December 2013 '000	31 December 2012 '000
Current	5 244	4 682
Non-current	7 577	6 198
Total staff loan program	**12 821**	**10 880**

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 12.5 M (2012: 11.0 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, *i.e.* 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 2013 '000	31 December 2012 '000
Deposits on office leases	a	1 014	964
Staff Provident Fund	b & d	23 192	25 106
Pension Budget and Reserve Fund	c & d	424 781	357 929
Total non-current investments and security deposits		**448 987**	**383 999**

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 increase in deposits at 31 December 2013 stems primarily from additional office space taken out by the Part II programmes co-located at the Issy-les-Moulineaux Annex.

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 2013 include 5 serving staff (2012: 6) and 186 retired staff (2012: 198).

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

	31 December 2012 '000	Additions '000	Disposals '000	Unrealised gains (losses) at reporting date '000	31 December 2013 '000
Capitalisation contract	25 049	744	(2 650)	-	23 143
Cash in portfolio	57	-	(8)	-	49
Total Staff Provident Fund	**25 106**	**744**	**(2 658)**	**-**	**23 192**

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 2012 '000	Adjustment '000	Additions '000	Disposals '000	Unrealised gains (losses) at reporting date '000	31 December 2013 '000
Gross investment (carrying amount)						
Bond funds	81 129	(85)	52 681	(27 718)	-	106 007
Equity funds	194 031	(242)	2 366	-	-	196 155
Balanced funds	10 724	-	762	-	-	11 486
Real Estate funds	23 949	-	630	-	-	24 579
Total gross investment (carrying amount)	**309 833**	**(327)**	**56 439**	**(27 718)**	**-**	**338 227**
Adjustment to fair value						
Bond funds	16 322	85	-	-	(12 136)	4 271
Equity funds	30 591	242	-	-	47 619	78 452
Balanced funds	(475)	-	-	-	334	(141)
Real Estate funds	1 658	-	-	-	2 314	3 972
Total adjustment to fair value	**48 096**	**327**	**-**	**-**	**38 131**	**86 554**
Fair value	**357 929**	**-**	**56 439**	**(27 718)**	**38 131**	**424 781**

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 and shares in listed real estate funds. Its long-term strategic position is designed to maximise total return, subject to controls over credit and liquidity risk and limited volatility. At 31 December, the PBRF investment portfolio totalled 424.8 M and was invested at 26.0% in fixed income funds, i.e. in euro area government bond index funds (23.2%) and euro area interest rate and inflation-linked swaps (2.8%), at 64.7% in equity funds, i.e. in mutual funds of euro area (34.8%), global (23.4%) and emerging market equities (6.5%), at 6.7% in a mutual fund of euro area listed real estate and at 2.6% in a balanced mutual fund.

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. Following the application of IPSAS 29 on 1 January 2013, capitalised transaction costs on and before 31 December 2012 relating to bond and equity investments on hand at 31 December 2012 have been removed from the carrying amount of those investments with consequent increases to the fair value adjustments for those investments. From 1 January 2013 transaction costs for these investments are recognised directly in surplus or deficit.

The net amount of PBRF investments at fair value at year-end 2013 increased by 18.7% compared to year-end 2012.

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 (see Note 5).

In December 2011, the Council approved the creation of a Post-Employment Healthcare Liability (PEHL) Reserve dedicated to meet post-employment healthcare costs [C(2011)174/FINAL] – (cf. Note 18).

As from 1 January 2014, the counterpart assets of this post-employment healthcare reserve (PEHL) will be transferred into the PBRF long-term investment portfolio and the existing pension investment governance for PEHL assets will also be applied. The Management Board will be responsible for the PEHL assets in parallel with those of the PBRF [C(2013)104].

Note 10: Furniture, fixtures and equipment

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

	31 December 2012 '000	Acquisitions / Depreciation '000	Disposals '000	Transfer '000	31 December 2013 '000
Cost of furniture, fixtures and equipment					
Leasehold premises - fixtures and fittings	5 305	-	-	-	5 305
Other furniture, fixtures and equipment	50 805	4 076	(2 910)	46	52 017
Fixed assets in progress	54	434	-	(46)	442
Total cost of furniture, fixtures and equipment	**56 164**	**4 510**	**(2 910)**	**-**	**57 764**
Depreciation					
Leasehold premises - fixtures and fittings	(1 976)	(664)	-	-	(2 640)
Other furniture, fixtures and equipment	(37 028)	(4 482)	2 818	-	(38 692)
Total depreciation	**(39 004)**	**(5 146)**	**2 818**	**-**	**(41 332)**
Net furniture, fixtures and equipment					
Leasehold premises - fixtures and fittings	3 329	(664)	-	-	2 665
Other furniture, fixtures and equipment	13 777	(406)	(92)	46	13 325
Fixed assets in progress	54	434	-	(46)	442
Total net furniture, fixtures and equipment	**17 160**	**(636)**	**(92)**	**-**	**16 432**

The acquisitions and disposals of furniture, fixtures and equipment per asset category, including transfers but excluding fixed assets in progress, in 2013 were as follows:

Asset Category	Acquisitions & Transfers '000	Disposals '000	Net Movement '000
Security and video conferencing equipment	594	(109)	485
Furniture	382	(37)	345
Desktop and portable computer equipment	905	(1 307)	(402)
IT network equipment	1 444	(514)	930
Telecommunications equipment	41	(79)	(38)
Vehicles	144	(112)	32
Other equipment	612	(752)	(140)
Total	**4 122**	**(2 910)**	**1 212**

The most significant acquisitions and disposals relate to desktop and portable computer equipment and IT network equipment, which are replaced as they become obsolete. The acquisition of other equipment largely comprises the replacement of the Organisation's multi-function photocopier machines.

In 2012, the OECD entered into a finance lease for the acquisition of two electric vehicles over a term of four years. The leased vehicles are depreciated over a useful life of five years, the same duration as the owned vehicles of the Organisation. These are separately disclosed below as follows:

	31 December 2012 '000	Acquisitions '000	Depreciation '000	31 December 2013 '000
Leased vehicles	65	-	(16)	49
Total leased assets	**65**	**-**	**(16)**	**49**

Hence, total assets included under this category amounted to 16 481 K .

Note 11: Land and buildings

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

	31 December 2012 '000	Acquisitions / Depreciation '000	Disposals '000	Transfer '000	Revaluation '000	31 December 2013 '000
At cost/revaluation						
Land	95 425	-	-	-	-	95 425
Buildings	388 900	296	(1 090)	1 017	-	389 123
Buildings in progress	300	1 026		(1 017)	-	309
Total land and buildings	**484 625**	**1 322**	**(1 090)**	**-**	**-**	**484 857**
Depreciation						
Buildings	-	(12 285)	529	-	(507)	(12 263)
Total depreciation	**-**	**(12 285)**	**529**	**-**	**(507)**	**(12 263)**
Net land and buildings						
Land	95 425	-	-	-	-	95 425
Buildings	388 900	(11 989)	(561)	1 017	(507)	376 860
Buildings in progress	300	1 026	-	(1 017)	-	309
Total net land and buildings	**484 625**	**(10 963)**	**(561)**	**-**	**(507)**	**472 594**

In January 2000 Council decided to renovate the La Muette headquarters buildings: these works constitute the ongoing Site Project. This includes:

- Renovation and upgrading of the Chateau to modern norms;
- Asbestos removal and renovation of the New Building and Pascal wing (now renamed Marshall Building), without modification of the structure; and
- Construction of a new Conference Centre.

The Site Project was financed by contributions from the member countries.

The total cost of the Site Project is reported in Note 26B ("Capital commitments"). Construction / renovation costs are accumulated under "Buildings in progress" until the construction / renovation is completed and duly accepted by the Organisation, at which time the costs are transferred to "Buildings".

All major construction and renovation work has been completed on time and within budget for the Site Project. The Chateau was operational again in the 1st Quarter 2006, the construction of the Conference Centre, including staff restaurant facilities, was completed during the 4th Quarter 2007, and the renovation of the Marshall Building was completed during the 4th Quarter 2008.

During 2013, the capitalised building works per building, including transfers but excluding works in progress, and disposals were as follows:

Building	Acquisitions & '000	Disposals '000	Net Movement '000
Chateau	574	(423)	151
Franqueville	522	(522)	-
Conference Center	217	(145)	72
Total	**1 313**	**(1 090)**	**223**

Revaluation

Land and buildings that are carried at fair value were last revalued on the basis of their fair market value at 31 December 2012, in accordance with the valuation made by France Domaine Paris. In accordance with the accounting approach specified in Note 3, the next valuation of this property will take place in 2014.

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 2012		
Revaluation increase on land	-	21 414
Revaluation increase on buildings	-	252 531
At 31 December 2013		
Revaluation increase on land	-	-
Revaluation decrease on buildings	-	(507)
Net accumulated revaluation variances at 31 December 2013	**-**	**273 438**

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 2013, 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.

	31 December 2012 '000	Acquisitions / Depreciation '000	Disposals '000	Transfers '000	31 December 2013 '000
Cost	7 931	965	(94)	99	8 901
Intangible assets in progress	324	317	-	(99)	542
Depreciation	(6 262)	(1 054)	94	-	(7 222)
Total net intangible assets	**1 993**	**228**	**-**	**-**	**2 221**

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 2013 '000	31 December 2012 '000
Relating to staff loan programme (see Note 8)	**12 500**	**11 000**
Relating to finance leases (see Note 10)		
Finance lease creditor - current	18	17
Finance lease creditor - non-current	19	38
Balance, 31 December	**37**	**55**

Borrowings to fund the staff loan programme, the receivables of which are disclosed in Note 8, are adjusted every six months.

Note 14: Payables

	31 December 2013 '000	31 December 2012 '000
Suppliers and accrued charges	30 330	35 335
Payables to staff and welfare institutions	30 322	30 455
Advances on assessed and voluntary contributions	17 064	16 433
Other payables	18 174	9 124
Total payables	**95 890**	**91 347**

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 19.6 M at 31 December 2013 (2012: 20.5 M).

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.

Advances on voluntary contributions increased by 0.6 M from year-end 2012.

Other payables comprise budget surpluses and interest, amounting to 2.8 M (2012: 1.7 M), and advance payments of 11.1 M (2012: 3.9 M) for special projects and from accession countries. The significant increase in other payables from 2012 to 2013 is largely due to advance pre-accession payments by Colombia and Latvia totalling 7.5 M . There were no advance pre-accession payments in 2012.

The 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 2012 have been approved by Council.

Note 15: Provisions for liabilities and charges

	31 December 2013 '000	31 December 2012 '000
Total provisions for liabilities and charges	**759**	**338**

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 works to return certain premises to their previous condition prior to the termination of a property lease in 2014.

In 2013, additional provisions were made for 759 K , amounts used during the period were 141 K and unused amounts reversed during the period came to 197 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), a liability is recognised to offset the Fund's assets.

The OECD paid 13 K in contributions to the Staff Provident Fund in 2013 (2012: 12 K).

As at 31 December 2013, there were 191 members in the Staff Provident Fund (2012: 204). Of the 191, 5 are serving staff members (2012: 6) whereas 186 are retired (2012: 198).

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 2013, there were 1 505 pensioners (2012: 1 472) in the Co-ordinated Pension Scheme. As at end 2013, there were 32 pensioners (2012: 28) in the New Pension scheme.

In both 2013 and 2012, there were 86 members with deferred pension rights. 17 of them belong to the Co-ordinated Pension Scheme and 69 to the New Pension scheme. The split remains unchanged from 2012.

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*

	2013		2012	
	Pension benefits	Post-employment health coverage	Pension benefits	Post-employment health coverage
Discount rate	3.40%	3.34%	3.04%	3.13%
Future salary increase	2.07%		2.15%	
Future Pension Scheme increase	2.07%		2.15%	
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 cutting 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 amended accordingly. This was estimated at 60% of new pensioners.

The future medical inflation rate remains unchanged at 3.8% at year-end 2013.

Provisions as at 31 December 2013

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

	31 December 2013 '000	31 December 2012 '000
Staff Provident Fund	23 192	25 106
Defined contribution programmes	**23 192**	**25 106**
Pension Scheme	1 618 812	1 503 665
Post-employment health coverage	333 708	315 525
Defined benefit programmes	**1 952 520**	**1 819 190**
Total employee benefits	**1 975 712**	**1 844 296**
Employee benefits current	85 539	84 027
Employee benefits non-current	1 890 173	1 760 269

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

	31 December 2013			31 December 2012		
	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	(1 978 974)	(346 736)	**(2 325 710)**	(2 116 516)	(344 773)	**(2 461 289)**
Unrecognised actuarial (gains) losses	360 162	13 028	**373 190**	612 851	29 248	**642 099**
Liability recognised in Statement of Financial Position	(1 618 812)	(333 708)	**(1 952 520)**	(1 503 665)	(315 525)	**(1 819 190)**

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: *Amounts recognised in the Statement of Financial Performance*:

	31 December 2013			31 December 2012		
	Pension benefits	Post-employment health coverage	Total benefits	Pension benefits	Post-employment health coverage	Total benefits
	'000	'000	'000	'000	'000	'000
Member country PBRF contributions	51 050	-	51 050	49 697	-	49 697
Employer contributions	29 628	-	29 628	28 813	-	28 813
Other contributions (tax reimbursements)	5 878	-	5 878	5 442	-	5 442
Pension and other contributions for the year	**86 556**	**-**	**86 556**	**83 952**	**-**	**83 952**
Current service cost	90 361	12 814	103 175	74 801	10 100	84 901
Interest cost	63 135	10 709	73 844	66 368	10 667	77 035
Actuarial losses recognised in the year	40 120	-	40 120	23 309	-	23 309
Employee contributions from salary	(17 384)	-	(17 384)	(16 755)	-	(16 755)
Employee contributions	(1 066)	-	(1 066)	(1 102)	-	(1 102)
Other expenses (tax reimbursements, post employment health costs)	5 878	248	6 126	5 442	255	5 697
Pensions and other expenses for the year	**181 044**	**23 771**	**204 815**	**152 063**	**21 022**	**173 085**

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 2013 in respect of the amounts recognised in the statement of financial performance for the pension can primarily be attributed to the recognition of an additional 16.8 M in actuarial losses compared to 2012 *(cf. Table 6)* due to the effect of the 10% corridor approach applied.

In connection with the post-employment health coverage, as in 2012, no actuarial losses were recognised in 2013.

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.

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

	31 December 2013			31 December 2012		
	Pension benefits '000	Post-employment health coverage '000	Total benefits '000	Pension benefits '000	Post-employment health coverage '000	Total benefits '000
Opening employee future benefits obligation	(2 116 516)	(344 773)	**(2 461 289)**	(1 832 540)	(287 224)	**(2 119 764)**
Expense for the period:						
Current service cost	(90 361)	(12 814)	**(103 175)**	(74 801)	(10 100)	**(84 901)**
Interest cost	(63 135)	(10 709)	**(73 844)**	(66 368)	(10 667)	**(77 035)**
Net benefits paid	78 469	5 340	**83 809**	77 010	4 910	**81 920**
Net actuarial gains / (losses) for the period	212 569	16 220	**228 789**	(219 817)	(41 692)	**(261 509)**
Employee future benefits obligation at end of December	**(1 978 974)**	**(346 736)**	**(2 325 710)**	**(2 116 516)**	**(344 773)**	**(2 461 289)**

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

	31 December 2013			31 December 2012		
	Pension benefits '000	Post-employment health coverage '000	Total benefits '000	Pension benefits '000	Post-employment health coverage '000	Total benefits '000
The movements of actuarial (gains) and losses are:						
Unrecognised actuarial losses at beginning of the year	612 851	29 248	**642 099**	416 343	(12 444)	**403 899**
Actuarial (gains) / losses for the year	(212 569)	(16 220)	**(228 789)**	219 817	41 692	**261 509**
Losses recognised in the year	(40 120)	-	**(40 120)**	(23 309)	-	**(23 309)**
Unrecognised actuarial (gains) losses at end of December	360 162	13 028	**373 190**	612 851	29 248	**642 099**
Limit of the corridor and recognised actuarial (gains) / losses are:						
Unrecognised actuarial losses at beginning of the year	612 851	29 248	**642 099**	416 343	(12 444)	**403 899**
Limit of the corridor: 10% of the defined benefits obligation at the beginning of the year	(211 652)	(34 477)	**(246 129)**	(183 254)	(28 722)	**(211 976)**
Actuarial losses to be amortised over the expected average remaining working lives of the employees participating in the plan	401 199	-	**401 199**	233 089	-	**233 089**
Expected average remaining working lives of the employees participating in the plan	10	10		10	10	
Actuarial losses recognised in the year	(40 120)	-	**(40 120)**	(23 309)	-	**(23 309)**

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 2013, an actuarial gain of 212.6 M arose in respect of the pension liability (2012: actuarial loss of 219.8 M). Moreover, an actuarial gain of 16.2 M arose in respect of the post-employment health care (2011: actuarial loss of 41.7 M).

The generation of these actuarial gains in 2013 can mainly be attributable to the increase in the respective discount rates applied in line with yield curves established by the Institute of French Actuaries. This resulted in an increase of the applicable discount rate by 36 basis points for the pension scheme and by 21 basis points for the post-employment health care *(cf. "Table 1-Actuarial assumptions").*

The changes in the demographic assumptions contributed to the actuarial gains but the updated mortality table used mitigated the effects of these gains.

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	10 268	(7 249)
Effect on defined benefit obligation	92 834	(70 520)

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 is as follows:

	31 December 2013 '000	31 December 2012 '000	31 December 2011 '000	31 December 2010 '000	31 December 2009 '000
Present value of defined benefit obligations	1 978 974	2 116 516	1 832 540	1 750 298	1 595 259
Net value of assets in PBRF fund	439 267	370 837	303 611	293 886	251 240
Experience adjustments on scheme liabilities - % of scheme liabilities					
Defined benefit pension liability - %	(4.3)	(0.1)	(1.7)	5.8	2.4
Post employment health liability - %	(1.3)	0.7	(20.4)	(3.5)	2.5

Contributions of the Organisation expected in 2014

The Organisation expects to contribute approximately 82M to its pension schemes in 2014.

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Note 17: Deferred revenue

	Current		Non-current	
	31 December 2013 '000	31 December 2012 '000	31 December 2013 '000	31 December 2012 '000
Site Project	7 449	7 545	83 990	90 258
Voluntary contributions	87 953	73 972	120 407	101 435
Publications	7 568	6 871	-	-
Other operations, Part I, Part II and Annex budgets	16 131	13 283	-	-
Total deferred revenue	**119 101**	**101 671**	**204 397**	**191 693**

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/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

	Net opening position	Allocation of 2012 results					Change in net assets in 2013				Net closing position
	31 December 2012 '000	IPSAS adjustments carried forward '000	Budgetary surpluses to be allocated '000	Indemnities and Benefits Fund (IBF) '000	Previous year results added to reserves '000	**Total** '000	Utilisation of reserves and budget surpluses added to future budgets '000	Indemnities and Benefits Fund (IBF) '000	Budget surpluses to be returned to member countries and other donors '000	Transfers / revaluations and current year deficiit '000	31 December 2013 '000
Pension benefits	(1 416 197)	-	-	-	(87 468)	**(87 468)**	-	-	-	-	(1 503 665)
Post employment health coverage	(299 668)	-	-	-	(15 857)	**(15 857)**	-	-	-	-	(315 525)
Fixed assets - Land and Buildings	418 153	-	-	-	-	-	-	-	-	(507)	417 646
Member countries' contributed interest [excl. accumulated surplus / (deficit)]	**(1 297 712)**	**-**	**-**	**-**	**(103 325)**	**(103 325)**	**-**	**-**	**-**	**(507)**	**(1 401 544)**
Accumulated surplus / (deficit)	(35 394)	(6 462)	9 898	2 315	(956)	**4 795**	(7 919)	(2 315)	(1 023)	-	(41 856)
Total member countries' contributed interest	**(1 333 106)**	**(6 462)**	**9 898**	**2 315**	**(104 281)**	**(98 530)**	**(7 919)**	**(2 315)**	**(1 023)**	**(507)**	**(1 443 400)**
Pension Budget and Reserve Fund reserve	**303 611**	**-**	**-**	**-**	67 226	**67 226**	**-**	**-**	**-**	**-**	**370 837**
Post Employment Health Liability (PEHL)	16 791	-	-	-	715	**715**	-	-	-	-	17 506
Medical plan - Preventative programmes	21	-	-	-	(21)	**(21)**	-	-	-	-	-
Asbestos early retirement scheme	451	-	-	-	(40)	**(40)**	-	-	-	-	411
Capital Investment Budget and Reserve Fund (CIBRF)	13 283	-	-	-	416	**416**	-	-	-	-	13 699
BFMP project	704	-	-	-	-	-	-	-	-	-	704
Publications (Part I)	1 201	-	-	-	-	-	-	-	-	-	1 201
LOE on VC funded posts	874	-	-	-	-	-	-	-	-	-	874
Observer fees from non-members	301	-	-	-	-	-	-	-	-	-	301
Travel services	63	-	-	-	-	-	-	-	-	-	63
Exchange differences	2 834	-	-	-	(317)	**(317)**	-	-	-	-	2 517
Part II - Sahel	861	-	-	-	-	-	-	-	-	-	861
Part II - Agriculture	118	-	-	-	-	-	-	-	-	-	118
Part II - IEA - Office space	1 179	-	-	-	(405)	**(405)**	-	-	-	-	774
Part II - IEA - Loss of Employment	1 419	-	-	-	(218)	**(218)**	-	-	-	-	1 201
Part II - IEA - Net publications results	2 299	-	-	-	925	**925**	(431)	-	-	-	2 793
Part II - RPS	-	-	-	-	-	-	-	-	-	-	-
Part II - SLI - Loss of Employment	-	-	-	-	31	**31**	-	-	-	-	31
Total reserves	**42 399**	**-**	**-**		**1 086**	**1 086**	**(431)**		**-**	**-**	**43 054**
Allocation of the net deficit for the prior period	**(30 218)**	**6 462**	**(9 898)**	**(2 315)**	**35 969**	**30 218**	**-**	**-**	**-**	**-**	**-**
Net surplus (deficit) for the current period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55 619)**	**(55 619)**
Total member countries' contributed interest and reserves	**(1 017 314)**	**-**	**-**	**-**	**-**	**-**	**(8 350)**	**(2 315)**	**(1 023)**	**(56 126)**	**(1 085 128)**

Member countries' contributed interest, excluding the accumulated deficit, 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 2013 for pension benefits, post-employment health cover and the Pension Budget and Reserve Fund are the value at the prior year-end as the movements for the current year are included in the net deficit for the current period.

The Indemnities and Benefit Fund (IBF) was created as of 1 January 2009. 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 adjusted annually based on actual experience. As of 1 January 2013, this rate was reduced to 50.6% of basic salaries. Surpluses are carried forward and, ceteris paribus, the reduction of the rate applied should also reduce the amount of future carry-forwards. The creation of the IBF was a major initiative which supports both budget and human resources reforms, and contributes to more efficient administration.

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

Reserves

Reserves represent net surpluses retained for future use. Their breakdown by purpose is as follows:

Post-Employment Health Liability (PEHL): In December 2011, the Council approved the creation of a Post-Employment Healthcare Liability (PEHL) Reserve dedicated to meet post-employment healthcare costs [C(2011)174/FINAL]. It also provided that the savings generated by the new system of expatriation allowance, which was decided by Council at its 22 November 2011 session, be allocated to this reserve starting 1 January 2012. The movement in 2012 is predominantly due to savings generated by the new system of expatriation as noted above and interest earned on the counterpart assets.

Asbestos early retirement scheme: This reserve 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).

Capital Investment Budget and Reserve Fund (CIBRF): In December 2011, the Council approved the creation of a Capital Investment Budget and Reserve Fund (CIBRF) to make provision for financing the replacement of critical long-term assets as set out in C(2011)144 and C(2011)144/FINAL. The movement in 2012 is predominantly due to interest earned on the counterpart assets.

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

Publications (Part I): Reserve maintained to manage publications revenue risk.

Loss of employment: Reserve for risk of loss-of-employment indemnities for staff financed by voluntary contributions.

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

Exchange differences: This reserve was created to cover the risk of exchange-rate losses. Net foreign exchange gains are accumulated in this reserve to offset net foreign exchange losses.

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

Note 19: Operating revenues

	12 months ended 31 December 2013 '000	12 months ended 31 December 2012 '000
Assessed contributions	282 710	282 375
Voluntary contributions	122 672	109 784
Pension contributions	86 556	83 952
Sales of publications	17 396	17 553
Other	16 589	16 115
Total operating revenues	**525 923**	**509 779**

- Assessed contributions for Part I, Part II and Annex Budgets changed in line with the annual Budget.

- Income from voluntary contributions in 2013 reflects an overall increase in voluntary contributions accepted in 2013 compared to 2012.

- 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 remained stable in 2013, with higher volumes of subscriptions to OECD iLibrary compensating for lower individual book sales and individual subscriptions to periodicals compared with 2012.

- Other revenues include costs reimbursed by third parties for OECD staff (2.2 M), revenue from non-member economies, including the accession countries (4.4 M) and non-member countries' participation in OECD bodies (1.0 M), external receipts from Conference Centre rentals (0.3 M) and income from seminars/conferences (1.6 M).

Note 20: Operating expenses

	12 months ended 31 December 2013 '000	12 months ended 31 December 2012 '000
Personnel costs:		
Salaries and benefits	270 637	263 303
Temporary staff salaries and benefits	15 780	13 589
Other personnel costs (incl. training)	1 155	1 003
Total personnel costs	**287 572**	**277 895**
Total pension and post-employment benefits costs (See Note 16)	**204 815**	**173 085**
Consulting costs:		
Fees to individual consultants	13 617	12 919
Fees to companies and organisations	24 523	26 707 *
Total consulting costs	**38 140**	**39 626**
Travel costs:		
Travel costs missions - personnel	16 110	16 632
Travel costs - external invitees	7 527	8 061
Total travel costs	**23 637**	**24 693**
Operating costs:		
External services	10 151	9 918 *
Building rentals	16 316	16 923
Maintenance and repairs	9 621	9 498 *
Utilities	1 554	1 366
Consumable and supplies	3 629	3 403
Printing and reproduction	406	601
Conference, interpretation and translations	6 525	6 017
Communication	2 683	2 564
Marketing	1 805	1 863
External publications	1 675	1 671
Depreciation	19 046	18 829
Depreciation - finance leased assets	16	13
Inventory variation	(204)	13
Total operating costs	**73 223**	**72 679**
Other costs:		
Non refundable taxes and insurance	1 291	1 159
Other administration expenses and operating gains and losses	285	284
Provisions for liabilities and charges, risk on uncollected receivables and publications inventories	671	97 *
Total other costs	**2 247**	**1 540**
Total operating expenses	**629 634**	**589 518**

In 2013, expenditure accounts were reclassified to better reflect the nature of expenditures. Similar reclassifications were carried out on the 2012 balances for comparative purposes. Reclassifications have been indicated by an asterisk (*).

The main variances between 2013 and 2012 are as follows:

- The increase in personnel costs is due primarily to the rise in staffing levels between 2012 and 2013 (+4%) in line with the 2013-2014 Programme of Work.

- Consulting and travel costs decreased by 2.5 M , or 4%, due to the project cycle of the Programme of Work.

- In 2013, the total cost of personnel missions decreased by 3.1%. Even though the number of missions increased by some 1.8% reflecting the overall growth of the Programme of Work, the average cost per mission decreased by some 5%.

- Building rental expenses are lower compared to 2012 due to the cancellation during 2012 of the lease for the Boulogne building.

- Inventory variation stems from the variation between “Finished publications” and the “Diplomatic reserve” (cf. Note 6) 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 depreciation of inventories” (cf. Note 6) and the movement in provisions as outlined in Note 15 “Provisions for liabilities and charges.”

Note 21: Financial revenue and expenses

	12 months ended 31 December 2013 '000	12 months ended 31 December 2012 '000
Interest income on restricted cash	1 225	1 272
Interest income on general treasury cash	1 851	2 126
Pension Budget and Reserve Fund investment gain / (loss)	47 109	46 828
Net foreign currency conversion gain / (loss)	(1 116)	(317)
Total financial revenue	**49 069**	**49 909**
Interest expense - banks	70	140
Interest expense - finance lease	2	3
Bank charges	221	245
Other financial expense	684	-
Total financial expenses	**977**	**388**
Financial revenue, net	**48 092**	**49 521**

Interest income on restricted cash and on general treasury decreased by 322 K for the period ending 31 December 2013 as compared to the period ending 31 December 2012 in line with a reduction in short-term interest rates (the EONIA yearly average fell from 0.23% in 2012 to 0.09% in 2013). The Organisation's weighted average interest rate achieved for 2013 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 2013 was 1.42%, versus 1.75% in 2012.

Interest income earned by the restricted cash portion of the Pension Budget and Reserve Fund was 109 K for the period ending 31 December 2013, compared to 135 K for the period ending 31 December 2012, due to lower 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 2013 in line with IPSAS 29, amounted to a net gain of 47.1 M for 2013. In the period ending 31 December 2013, long-term investments of the Pension Budget and Reserve Fund had a positive return of 12.78% (2012: positive return of 15.41%). The positive return in 2013 primarily reflects continued gains in equity markets, 2013 following on from the positive returns of 2012.

Net foreign-exchange losses for the period ending 31 December 2013 of 1 116 K (versus a loss of 317 K in 2012) are due mainly to the difference in the valuation of voluntary contribution accounts receivable at 31 December 2013 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, notwithstanding an increase in aggregate borrowings. The average interest rate fell from 1.52% in 2012 to 0.61% in 2013.

Other financial expense of KEUR 684 represents the interest expense to restate non-current voluntary contributions to amortised cost at 31 December 2013 in accordance with IPSAS 29. Had this been applied as at 31 December 2012, the comparative expense would have been KEUR 528.

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 2013 and 2012. 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 include the Site Project. Non-budgetary operations include the staff loan programme, foreign-exchange variances and other sundry operations.

Owing to the nature of the Organisation's activities, its assets and liabilities are used jointly by all segments and may therefore not be disclosed separately.

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 (1)		Part II (2)		Annex budgets (Incl. Pre-accession) (3)		Voluntary contributions (4)	
	2013	2012	2013	2012	2013	2012	2013	2012
	'000	'000	'000	'000	'000	'000	'000	'000
Assessed contributions	185 122	183 706	82 162	86 668	9 523	10 201	-	-
Voluntary contributions	-	-	-	-	-	-	122 672	109 784
Pension contributions	-	-	-	-	5 878	5 442	-	-
Sales of publications	-	-	6 644	6 540	10 752	11 013	-	-
Other	2 277	2 552	4 816	4 471	4 321	3 983	3 041	2 828
Total operating revenues	**187 399**	**186 258**	**93 622**	**97 679**	**30 474**	**30 639**	**125 713**	**112 612**
Personnel	155 250	154 350	52 372	51 655	12 034	10 902	70 151	61 879
Pension & post-empl. benefits	4 037	4 315	-	-	5 878	5 442	-	-
Consulting	10 251	9 893	8 213	11 610	1 077	458	18 567	17 709 *
Travel	5 568	6 169	3 414	4 079	387	343	14 267	14 102
Operating	35 191	34 182	11 563	12 873	10 690	12 379	6 178	6 239 *
Other	1 621	1 609	328	147	29	(67)	159	100 *
Total operating expenses	**211 918**	**210 518**	**75 890**	**80 364**	**30 095**	**29 457**	**109 322**	**100 029**
Surplus/ (deficit) from operating activities	**(24 519)**	**(24 260)**	**17 732**	**17 315**	**379**	**1 182**	**16 391**	**12 583**
Other financial revenue and expenses, net	1 687	1 948	(25)	(31)	(29)	(36)	(688)	(3)
PBRF investment income	-	-	-	-	-	-	-	-
Total financial revenue and expense, net	**1 687**	**1 948**	**(25)**	**(31)**	**(29)**	**(36)**	**(688)**	**(3)**
Surplus / (deficit) from ordinary activities	**(22 832)**	**(22 312)**	**17 707**	**17 284**	**350**	**1 146**	**15 703**	**12 580**
Internal invoicing	7 567	7 218	(5 213)	(4 819)	425	41	(2 757)	(2 416)
Overhead	8 415	8 077	(8 150)	(7 836)	-	-	(265)	(241)
Voluntary Contributions Chargeback	11 301	10 420	1 160	(1)	(1)	-	(12 680)	(9 932)
Internal transfers	13	(8)	331	335	1	6	(1)	9
Total internal operations	27 296	25 707	(11 872)	(12 321)	425	47	(15 703)	(12 580)
Net surplus / (deficit) for the period	**4 464**	**3 395**	**5 835**	**4 963**	**775**	**1 193**	**-**	**-**

	Non-budgetary operations (5)		Pension Budget and Reserve Fund (6)		IPSAS (Unallocated) (7)		**TOTAL (1 to 7)**	
	2013	2012	2013	2012	2013	2012	2013	2012
	'000	'000	'000	'000	'000	'000	'000	'000
Assessed contributions	5 903	1 800	-	-	-	-	282 710	282 375
Voluntary contributions	-	-	-	-	-	-	122 672	109 784
Pension contributions	-	-	80 678	78 510	-	-	86 556	83 952
Sales of publications	-	-	-	-	-	-	17 396	17 553
Other	2 134	2 281	-	-	-	-	16 589	16 115
Total operating revenues	**8 037**	**4 081**	**80 678**	**78 510**	**-**	**-**	**525 923**	**509 779**
Personnel	214	1 207	-	-	(2 449)	(2 098)	287 572	277 895
Pension & post-empl. benefits	-	-	59 121	57 905	135 779	105 423	204 815	173 085
Consulting	224	41	-	-	(192)	(85)	38 140	39 626 *
Travel	1	-	-	-	-	-	23 637	24 693
Operating	3 883	1 405	-	-	5 718	5 601	73 223	72 679 *
Other	17	(457)	1	1	92	207	2 247	1 540 *
Total operating expenses	**4 339**	**2 196**	**59 122**	**57 906**	**138 948**	**109 048**	**629 634**	**589 518**
Surplus/ (deficit) from operating activities	**3 698**	**1 885**	**21 556**	**20 604**	**(138 948)**	**(109 048)**	**(103 711)**	**(79 739)**
Other financial revenue and expenses, net	(71)	680	109	135	-	-	983	2 693
PBRF investment income	-	-	47 109	46 828	-	-	47 109	46 828
Total financial revenue and expense, net	**(71)**	**680**	**47 218**	**46 963**	**-**	**-**	**48 092**	**49 521**
Surplus / (deficit) from ordinary activities	**3 627**	**2 565**	**68 774**	**67 567**	**(138 948)**	**(109 048)**	**(55 619)**	**(30 218)**
Internal invoicing	(22)	(24)	-	-	-	-	-	-
Overhead	-	-	-	-	-	-	-	-
Voluntary Contributions Chargeback	220	(487)	-	-	-	-	-	-
Internal transfers	-	-	(344)	(342)	-	-	-	-
Total internal operations	198	(511)	(344)	(342)	-	-	-	-
Net surplus / (deficit) for the period	**3 825**	**2 054**	**68 430**	**67 225**	**(138 948)**	**(109 048)**	**(55 619)**	**(30 218)**

Internal operations have been split into four categories:

1. Recurrent internal invoicing between services;
2. Overhead Charges re-billed between Part I and Part II of the Budget;
3. Recoveries of administration costs for voluntary contributions, in particular a 6.3% charge; 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 2013 that was approved by Council in 2012, and the final Budget, which includes commitments carried forward from 2012, appropriations carried forward for certain Part II programmes and, in accordance with new provisions of the Financial Regulations, new, revised and supplementary budgets approved in 2013. 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	188 820	204 828	205 176	348
Part II	93 246	99 165	99 962	797
Annex budgets	71 854	73 473	73 733	260
Pre-accession	4 780	5 265	5 265	-
Total income	**358 700**	**382 731**	**384 136**	**1 405**
Expenditure				
Part I	188 820	204 828	200 831	3 997
Part II	93 246	99 165	94 147	5 018
Annex budgets	71 854	73 473	72 826	647
Pre-accession	4 780	5 265	4 463	802
Total expenditure	**358 700**	**382 731**	**372 267**	**10 464**
Net result				
Part I	-	-	4 345	4 345
Part II	-	-	5 815	5 815
Annex budgets	-	-	907	907
Pre-accession	-	-	802	802
Total net result	**-**	**-**	**11 869**	**11 869**

Part I shows a net result of 4.35 M , of which 4.0 M is from unspent appropriations and 0.35 M from surplus income. *Part I income* is 0.35 M over-budget primarily due to higher interest rates negotiated by the OECD with its banks.

Part I expenditure is under-budget primarily due to the implementation of the multi-year office space strategy and delays in recruitment. In the case of the former, in March 2013, members agreed to carry-forward to 2013 the 1.9 M [C(2013)21] for office space. As part of this office space strategy, certain funds intended for refurbishment of office space will now be committed in 2014 as opposed to 2013.

In 2013, in the Annex budgets, income was marginally lower than budget estimates, with savings in expenditure serving to offset the shortfall in income, resulting in a net surplus of 0.9 M .

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	19 801	19 901	765	**20 666**	19 923	589	**20 512**	154	
Industrial and Sectoral Policies	2 811	2 911	2 958	**5 869**	2 759	1 830	**4 589**	1 280	
Science and Technology Policies	7 151	7 151	6 686	**13 837**	6 744	4 757	**11 501**	2 336	
Human and Social Capital	3 580	3 580	9 452	**13 032**	3 499	6 459	**9 958**	3 074	
Employment Policies and Social Cohesion	5 780	5 930	4 361	**10 291**	5 731	3 021	**8 752**	1 539	
Environmental Sustainability	7 903	7 903	9 386	**17 289**	7 357	7 679	**15 036**	2 253	
Health System Performance	2 265	2 265	2 325	**4 590**	2 265	2 352	**4 617**	(27)	
International Trade	5 113	5 113	472	**5 585**	4 933	353	**5 286**	299	
Agriculture	7 271	7 271	944	**8 215**	7 145	735	**7 880**	335	
Taxation	5 669	6 069	5 802	**11 871**	6 079	3 982	**10 061**	1 810	
Business Climate	6 260	6 260	24 530	**30 790**	6 194	16 783	**22 977**	7 813	
Competition and Market Efficiency	5 224	5 347	4 461	**9 808**	5 391	3 314	**8 705**	1 103	
Public Sector Economics and Governance	6 881	6 881	22 820	**29 701**	6 885	21 356	**28 241**	1 460	
Development	6 713	6 713	20 738	**27 451**	6 713	19 417	**26 130**	1 321	
Global Relations	2 502	2 717	219	**2 936**	2 364	158	**2 522**	414	
Corporate Management	10 208	9 415	1 328	**10 743**	9 005	1 463	**10 468**	275	
Statistics	7 342	7 462	1 377	**8 839**	7 428	888	**8 316**	523	
Corporate Services	68 714	70 479	-	**70 479**	69 181	121	**69 302**	1 177	
Corporate Visibility	8 040	8 058	765	**8 823**	8 188	772	**8 960**	(137)	
Savings to be identified	(408)	(408)	-	**(408)**	-	-	**-**	(408)	
2012 Commitments carried forward	-	13 810	-	**13 810**	13 047	-	**13 047**	763	
Total Part I	**188 820**	**204 828**	**119 389**	**324 217**	**200 831**	**96 029**	**296 860**	**27 357**	
Part I : Difference Final Budget and Actual		***204 828***			***200 831***				***3 997***
Part II : Programme									
International Energy Agency	26 612	27 355	22 348	**49 703**	27 255	11 515	**38 770**	10 933	
Development Centre	6 029	6 169	5 105	**11 275**	5 879	5 478	**11 357**	(82)	
The Sahel and West Africa Club	2 000	1 768	316	**2 084**	1 749	688	**2 437**	(353)	
OECD Nuclear Energy Agency	11 113	11 329	1 118	**12 447**	11 244	2 203	**13 447**	(1 000)	
Nuclear Energy Agency Data Bank [1]	3 099	3 621	-	**3 621**	3 556	181	**3 737**	(116)	
Centre for Educational Research and Innovation	3 534	3 953	649	**4 602**	3 672	578	**4 250**	352	
Joint OECD and ITF Transport Research Centre [1]	1 114	1 196	-	**1 196**	1 178	(12)	**1 166**	30	
International Transport Forum	4 750	5 278	1 788	**7 066**	5 264	1 840	**7 104**	(38)	
Special Programme on the Control of Chemicals	1 826	1 953	1 018	**2 971**	1 953	859	**2 812**	159	
Steel	678	719	55	**774**	703	53	**756**	18	
Biological Resource Management for Sustainable Agricultural Systems [1]	703	763	-	**763**	762	-	**762**	1	
Co-operative Action Programme on Local Economic and Employment Developm	1 257	1 271	4 575	**5 846**	1 270	3 101	**4 371**	1 475	
Programme for the International Assessment of Adult Competencies	4 574	5 150	1 190	**6 340**	4 452	1 259	**5 711**	629	
Financial Action Task Force [1]	3 447	3 448	-	**3 448**	3 180	461	**3 641**	(193)	
OECD Global Science Forum	561	574	216	**789**	552	200	**752**	37	
Agricultural Codes and Schemes for International Trade [1]	1 119	1 224	-	**1 224**	1 223	3	**1 226**	(2)	
Network on Fiscal Relations across Levels of Government	332	353	100	**453**	353	57	**410**	43	
Shipbuilding	363	364	156	**520**	328	142	**470**	50	
Global Forum on Transparency and Exchange of Information	3 487	4 210	320	**4 530**	3 520	247	**3 767**	763	
German Linguistic Section [1]	1 750	1 750	-	**1 750**	1 609	-	**1 609**	141	
Italian Linguistic Section [1]	335	385	-	**385**	265	-	**265**	120	
International Service for Remunerations and Pensions (ISRP)	5 254	5 455	50	**5 505**	4 982	88	**5 070**	435	
Reimbursable Posts [1]	1 845	1 845	-	**1 845**	1 749	-	**1 749**	96	
Decentralised Programme on International Student Assessment	5 504	7 072	4 255	**11 327**	5 609	2 819	**8 428**	2 899	
Decentralised Programme on Institutional Management in Higher Education	910	910	684	**1 594**	790	439	**1 229**	365	
Management of the OECD Medical Care System (OMESYS)	1 050	1 050	-	**1 050**	1 050	-	**1 050**	-	
Total Part II	**93 246**	**99 165**	**43 943**	**143 108**	**94 147**	**32 199**	**126 346**	**16 762**	
Part II : Difference Final Budget and Actual		***99 165***			***94 147***				***5 018***
Adjustments [2]						(2 515)	**(2 515)**	2 515	
Total Part I and Part II	**282 066**	**303 993**	**163 332**	**467 325**	**294 978**	**125 713**	**420 691**	**46 634**	

Notes:
1 These Part II Programmes did not include 'Planned Expenditure' financed by Voluntary Contributions in their 2013 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 cover 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 2014 (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	4 345	-	**4 345**	119	a, d	**4 464**
Part II	5 815	-	**5 815**	20	a, d	**5 835**
Annex budgets	907	-	**907**	(132)	a, d	**775**
Pre Accession	802	(802)	**-**	-		**-**
Sub total - Budget operations	**11 869**	**(802)**	**11 067**	**7**		**11 074**
Non-budgetary operations	-	3 591	**3 591**	234		**3 825**
Pension Budget and Reserve Fund	-	68 430	**68 430**	-		**68 430**
Sub total - Other operations	**-**	**72 021**	**72 021**	**234**		**72 255**
Other IPSAS adjustments	**-**	**-**	**-**	-		**-**
Change in employee defined benefit liabilities	**-**	**-**	**-**	(133 330)	c	**(133 330)**
Adjustments for fixed assets	**-**	**-**	**-**	(5 618)	b	**(5 618)**
Sub total - Accounting adjustments	**-**	**-**	**-**	**(138 948)**		**(138 948)**
Net result for the period	**11 869**	**71 219**	**83 088**	**(138 707)**		**(55 619)**

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 2013 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 2014	Budgetary results to be allocated
	'000	'000	'000	'000
Part I	4 345	-	-	4 345
Part II	5 815	-	-	5 815
Annex budgets	907	-	-	907
Pre Accession	-	-	-	-
Non-budgetary operations	3 591	-	3 591	-
Pension Budget and Reserve Fund	68 430	-	68 430	-
Sub-total	**83 088**	**-**	**72 021**	**11 067**
IPSAS adjustments				
Included in Part I	119	119	-	-
Included in Part II	20	20	-	-
Included in Annex budgets	(132)	(132)	-	-
Included in Non-budgetary operations	234	234	-	-
Change in employee defined benefit liabilities	(133 330)	(133 330)	-	-
Adjustments for fixed assets	(5 618)	(5 618)	-	-
Sub-total IPSAS adjustments	**(138 707)**	**(138 707)**	**-**	**-**
Net result for the period	**(55 619)**	**(138 707)**	**72 021**	**11 067**

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 under 60 years of age, provided they meet certain conditions as to their job duties and medical condition. At 31 December 2013, only one employee was 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 2.0 M over the period to June 2031.

The Organisation has renewed its insurance contract for medical and social benefits for a period of five years, from 1 January 2011 to 31 December 2015, with Médéric Prévoyance ("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 (Note 19). This amount was subsequently allocated at the beginning of 2012 to a reserve established to fund costs relating to post-employment health care cover.

As at 31 December 2013, the equalisation provision held by the Insurer is estimated at 22.1 M . No subsequent transfers to the OECD were effected in 2013.

B. Capital commitments

a) Site Project

The Site Project consists 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, comprises large redevelopment, demolition and construction works. The Organisation has, at the same time, reconfigured its conference facilities.

The total Site Project cost is estimated at 298.5 M and includes all costs related to the temporary relocation of staff during the work.

At 31 December 2013, the budget situation of the Site Project is as follows:

	Authorised budget	Cumulated expenses (actual and contracted) at 31 December 2013			Available budget at 31 December 2013
		Committed or contracted	Spent	Total	
	million	million	million	million	million
Relocation costs	143.9	-	131.4	131.4	12.5
Construction and renovation costs	148.4	-	159.2	159.2	(10.8)
Other costs	6.2	-	6.3	6.3	(0.1)
Total capital commitments	**298.5**	-	**296.9**	**296.9**	**1.6**

b) Operating and finance lease commitments

Operating leases

Future minimum lease payments for the following periods are:

	31 December 2013	31 December 2012
	million	million
Within one year	17	16
In the second to fifth years inclusive	58	54
After five years	9	7
Total operating lease commitments	**84**	**77**

Operating lease payments represent rental payments for certain properties. The rents payable under these leases are subject to renegotiation at various intervals as specified in the lease contracts.

The increase in the total value of lease payments as at 31 December 2013 is mainly due to the commencement as of 1 October 2013 of a new lease agreement for an additional floor of the Delta Building.

Finance leases

The total of future minimum lease payments and their related present value is as follows:

	Minimum lease payments		Net present value	
	31 December 2013 '000	31 December 2012 '000	31 December 2013 '000	31 December 2012 '000
Within one year	19	19	18	17
In the second to fifth years inclusive	20	40	19	38
After five years	-	-	-	-
Total finance lease commitments	**39**	**59**	**37**	**54**
Less interest allocated to future periods	(2)	(5)		
Reconciliation to net present value	**37**	**54**		

c) Bank guarantees

The Organisation's obligations to lessors of certain office premises are guaranteed by banks for a maximum of 2.3 M . The increase compared to 2012 is primarily due to the additional floor of the Delta Building. The guarantees are for obligations under leases for offices and parking for periods up to 31 December 2022.

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 2013 of 1 979 M (2012: 2 117 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 2013 was 439.3 M (2012: 370.8 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 2013, there were 104 (2012: 116) such staff at the OECD.

Premises

The OECD received 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 OECD maintains centres in Washington DC, Tokyo, Berlin and Mexico. The Centres serve as regional contacts for a wide range of public affairs and communication activities. In the case of Mexico, 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 Multilateral Tax Centres (MTCs) were established in Budapest, Vienna, Ankara and Mexico as a forum for dialogue between OECD countries and Partners on tax matters. In all cases, the use of the physical facilities are provided free of charge by the respective governments.

- 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.

- Some competition-related activities have been organised in Regional Centres for Competition (RCCs). There is currently an RCC in Budapest, Hungary. Office space is provided by the Hungarian Competition Authority.

- A Centre for African Public Debt Management and Bond Markets has been established in South Africa. The Centre’s mission concerns policies, procedures and techniques related to debt management and bond market development. The premises are provided by the Development Bank of Southern Africa.

- 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 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.

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.

Key management personnel and their aggregate remuneration were as follows:

	31 December 2013		31 December 2012	
	Number of individuals	Aggregate remuneration '000	Number of individuals	Aggregate remuneration '000
The Secretary-General, Deputies and other senior managers	7	2 449	7	2 091
Senior officers	26	6 851	27	6 215
Total key management personnel		**9 300**		**8 306**

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

The variance in aggregate remuneration between 2013 and 2012 primarily relates to the payment of such leaving allowances to Deputy Secretaries-General and other senior officers.

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 2013 and 2012.

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