

STATEMENT OF THE SECRETARY-GENERAL'S RESPONSIBILITIES
AND
PRESENTATION OF THE FINANCIAL STATEMENTS

The Secretary-General's Responsibilities

The Secretary-General is required by the Financial Regulations to maintain such accounts as are necessary and to prepare financial statements for each year showing: the statement of the Organization's income and expenditure for all funds; the status of appropriations; statements of the Organization's assets and liabilities at the close of the year. He is also required to give such other information as may be necessary to indicate the Organization's current financial position.

To fulfil this responsibility, the Secretary-General is responsible for establishing detailed financial rules and procedures to ensure: effective financial administration; the exercise of economy; and the effective custody of the Organization's physical assets. The Secretary-General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disbursement of all funds; and the conformity of commitments or obligations with the appropriations or other financial provisions voted by the Executive Council, or with the purposes, rules or provisions relating to the Fund concerned.

Presentation of the Financial Statements for the year 2014

The following appended financial statements, comprising Statements I, II, III, IV and V, and Notes to the Financial Statements were properly prepared in accordance with the Financial Regulations and the International Public Sector Accounting Standards, and are hereby certified correct.

(A. Rolli)
Director
Resource Management Department
1 May 2015

(M. Jarraud)
Secretary-General
1 May 2015

STATEMENT ON INTERNAL CONTROL FOR 2014

1. Scope of responsibility

As Secretary-General of the World Meteorological Organization (WMO), I am accountable, in accordance with the responsibility assigned to me, in particular, in Article 22 (a) of the Convention, Regulation 200 (1) of the General Regulations and Article 13 of the Financial Regulations, for maintaining a sound system of internal control that supports the achievement of the Organization's policies, aims and objectives, as set by the WMO Members.

2. Purpose of the system of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Organization's objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. WMO Secretariat is charged with the responsibility for establishing a network of processes with the objective of controlling the operations of WMO in a manner that provides the governing bodies with reasonable assurance that:

- The Organization's plan, programs, goals, and objectives are achieved;
- Resources are acquired economically and employed profitably;
- The Secretariat's resources (including its people, systems, data/information) are adequately protected;
- The actions of directors, officers, and employees are in compliance with the Organization's policies, standards, plans and procedures, and all relevant laws and regulations;
- Data and information published either internally or externally is accurate, reliable, and timely.

Risk management and the management of internal controls are functions of management and are an integral part of the overall process of managing operations. As such, it is the responsibility of WMO Secretariat at all levels to:

- Identify and evaluate the exposures to possible risks that relate to their particular sphere of operations;
- Specify and propose policies, plans, operating standards, procedures, and systems to be used to minimize, and/or mitigate the risks associated with the exposures identified;
- Establish practical controlling processes that require and encourage employees to carry out their duties and responsibilities in a manner that helps achieve the control objectives outlined in the preceding paragraph;
- Maintain the effectiveness of the controlling processes that have been established and foster continuous improvement to these processes.

Though this is not yet a widely spread practice for United Nations System agencies, I have committed to issue a Statement on Internal Controls (SIC) on a voluntary basis complying with best practice.

3. Capacity to handle risk

The WMO Enterprise Risk Management (ERM) process, initiated in 2006 as an integral part of the system of internal control, has matured and is integrated in planning, monitoring and evaluation processes. The ERM is based on the WMO Risk Management Policy approved by the Executive Council in 2011 and on the Risk Management Framework introduced in 2012. The Risk Management Committee, established in 2010, continues to monitor and advise me on high risks and their mitigation and dynamics.

The strategic and operational planning process achieved greater integration of plans of constituent bodies and the Secretariat. The WMO Operating Plan provides a single reference for all constituencies and is a single source for regular budget and departmental allotments as well as for monitoring and evaluation (M&E). Continuous efforts are being made to improve mechanisms to collect monitoring data in a more routine basis and to reduce the burden of Members' surveys.

The Investment Committee regularly monitors the investments of WMO to ensure they are consistent with the WMO Investment Policy, and reports to me any variations from the policy, the reasons therefor and remedial actions. The WMO cash position during 2014 continued to remain sound.

The Project Management Board has continued to work towards development of a sound project management framework, mechanisms and tools to monitor extra budgetary project implementation and assess and mitigate associated risks. It specifically monitors large and complex projects involving considerable funding of several millions of Swiss Francs which are implemented by many departments.

The Procurement and Contracts Committee has continued to review relevant procurement cases and advises me on appropriate procurement actions.

The Publications Board advises me on the production schedule and associated risks. The measures introduced in 2012 have led to strengthened timeliness and quality of publications and more efficient use of resources. This publishing process has been further streamlined and documented.

4. Review of effectiveness

My review of the effectiveness of the system of internal controls is informed by the work of programme managers within the WMO Secretariat, who have responsibility for the identification and maintenance of the internal control framework in their areas of responsibility. I derive assurance from statements on internal control signed by key WMO managers/officers which statement includes their actions taken on the WMO Corporate Risk Register, as well as their actions taken on IOO, JIU and External Audit recommendations.

The WMO Secretariat is subject to internal audit by IOO. The work of the IOO is informed by an assessment of the risks to which the Secretariat is exposed, and annual internal audit plans are noted by the WMO Audit Committee and approved by me. The Director of IOO provides me with an annual accountability report, which also includes an opinion on adequacy of governance, risk management and internal controls. The Audit Committee and the External Auditor of WMO review this report. The opinion of the Director of IOO is also based on the results of assurance engagements performed in 2014 (see Annex). The Director of IOO has concluded that the systems of governance, risk management, and internal controls provide reasonable assurance that the more significant risks are managed within organizational tolerance. He has also drawn attention to a few areas where some improvements could still be achieved.

I am further advised by the WMO Audit Committee, responsible for assessing whether major issues reported by IOO and the External Auditor have been satisfactorily addressed. The Audit Committee reports to the Executive Council on important matters pertaining to the Organization's controlling processes.

5. Significant internal control matters arising during the year

The internal feedback process and internal and external audits identified some areas that require attention, such as strengthening internal control system for IT and information security, procurement, travel, project management. All of the recommendations of the IOO with the exception of one, and all of the recommendations of the External Auditor have been accepted by management and are being addressed. Generally, I consider that the areas that are not yet fully addressed do not impair my capacity to issue the Statement on Internal Controls.

6. Statement

I am committed to ensure continuous improvement of the system of internal controls and to address weaknesses in internal controls noted during the year. I am also encouraged by the continuing implementation of oversight recommendations during the past year. However, even effective internal control, no matter how well designed has inherent limitations, including the possibility of circumvention, and therefore can provide only reasonable assurance. Further, because of changes of conditions, the effectiveness of internal control may vary over time. Based on the above, I conclude that the WMO Secretariat had an adequate system of internal control for the year ended 31 December 2014, and up to the date of the approval of the financial statements.

(M. Jarraud)
Secretary-General
1 May 2015

Internal assurance reports issued in 2014

1. Procurement
2. Separation of personnel
3. Resource mobilization
4. Typhoon Committee - ESCAP
5. Tropical Cyclone Fund
6. Data Buoys Cooperation Panel
7. Global Climate Observing System
8. Joint Climate Research Fund
9. Mexico Projects
10. Information Systems Security
11. Payroll

SECRETARY-GENERAL'S STATEMENT

INTRODUCTION

1. In accordance with Article 14 of the Financial Regulations, I have the honour to submit to the Executive Council (hereinafter "the Council"), for approval, the financial statements of the World Meteorological Organization (WMO) for the year ended 31 December 2014. The External Auditor has given his opinion and report on the 2014 financial statements, both of which are also submitted to the Council, as required by Financial Regulation 15.10 and the Annex to the Financial Regulations.

FINANCIAL ANALYSIS

Summary

2. WMO has serviced its Members in 2014 on the basis of its dedicated staff. By the end of 2014, the total number of fixed-term and permanent staff employed by the WMO Secretariat was 283 as compared to 277 a year ago.

3. The year 2014 started and concluded on a sound financial basis. WMO operates in accordance with IPSAS under which revenues are recognized in the year to which they relate, in accordance with the accounting policy, and expenses in the year in which the goods or services are delivered. Consequently, expenses in any one year may be higher or lower than the revenue in that year. Table 1 below provides a high-level summary of the results for 2014. These figures include all activities for both the General Fund and Trust Funds with separate figures highlighted for the General Fund.

Table 1: Financial Highlights (Swiss Francs thousands)

	2013	2014
Total revenue	98,101	82,125
Total expenditure	76,286	96,950
Surplus/(deficit)	21,815	(14,825)
Net assets	115,952	89,740
Assessed contributions receivable	15,752	13,641
General Fund IPSAS surplus (deficit)	9,137	(3,369)
General Fund IPSAS net assets	42,455	27,720
General Fund cash	24,088	28,123

Financial Performance

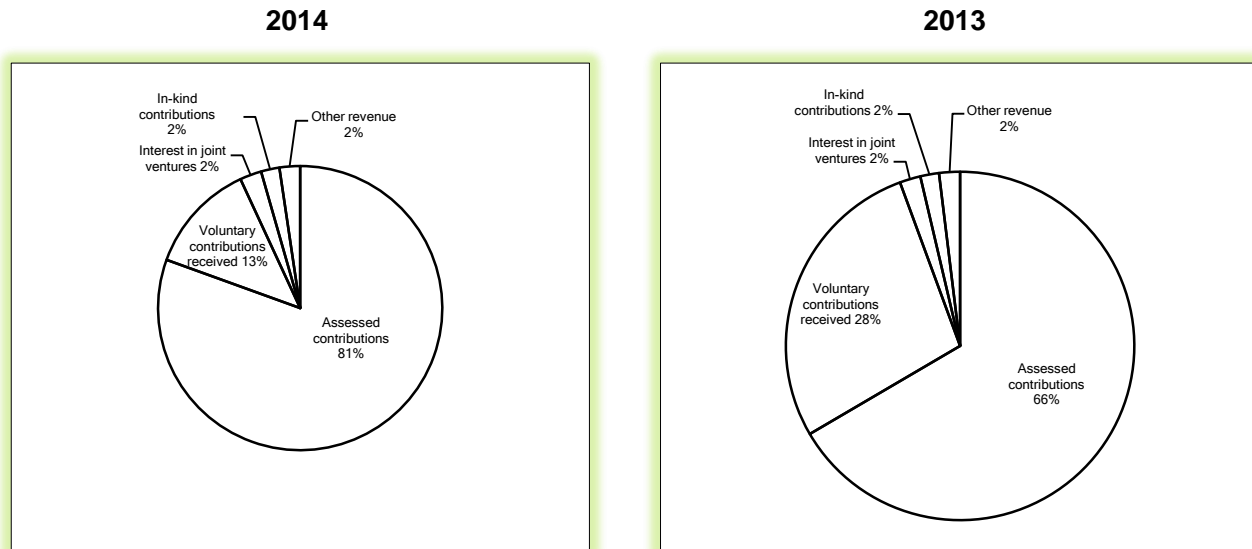
4. The financial performance for 2014 is disclosed in Statement II - Statement of Financial Performance. This shows that the overall IPSAS deficit was CHF 14.8 million in 2014 representing a decrease of CHF 36.7 million (168%) from the IPSAS surplus of CHF 21.8 million in 2013. This resulted mainly from a decrease of CHF 17.1 million in voluntary contributions and an increase of CHF 20.7 million in expenditure. The increase in expenditure primarily represents an increase in the implementation of activities in 2014 which in turn is linked to the significant inflow of voluntary contributions in 2013. These movements are explained in the following paragraphs.

5. Total revenue in 2014 was CHF 82.1 million, a decrease of CHF 16.0 million or 16.3% from CHF 98.1 million in 2013. The decrease is primarily due to the fact that in recent previous years WMO received large multi-year voluntary contributions from donors. In addition WMO has adopted a more conservative approach to the recognition of revenue. Starting in 2014, WMO is treating as Deferred Revenue voluntary contribution agreements which contain specific performance conditions. In total, in 2014, CHF 10.7 million has been treated as Deferred Revenue. This will be recognized as Revenue in 2015 when the performance conditions have been met.

6. Total revenue is comprised of assessed contributions of CHF 65.3 million, voluntary contributions of CHF 10.2 million, interest in joint ventures of CHF 2.0 million, in-kind contributions of CHF 1.7 million and other revenue of CHF 2.9 million.

7. Total revenue in 2014 includes the components presented in Figure 1 below.

Figure 1: Revenue Sources

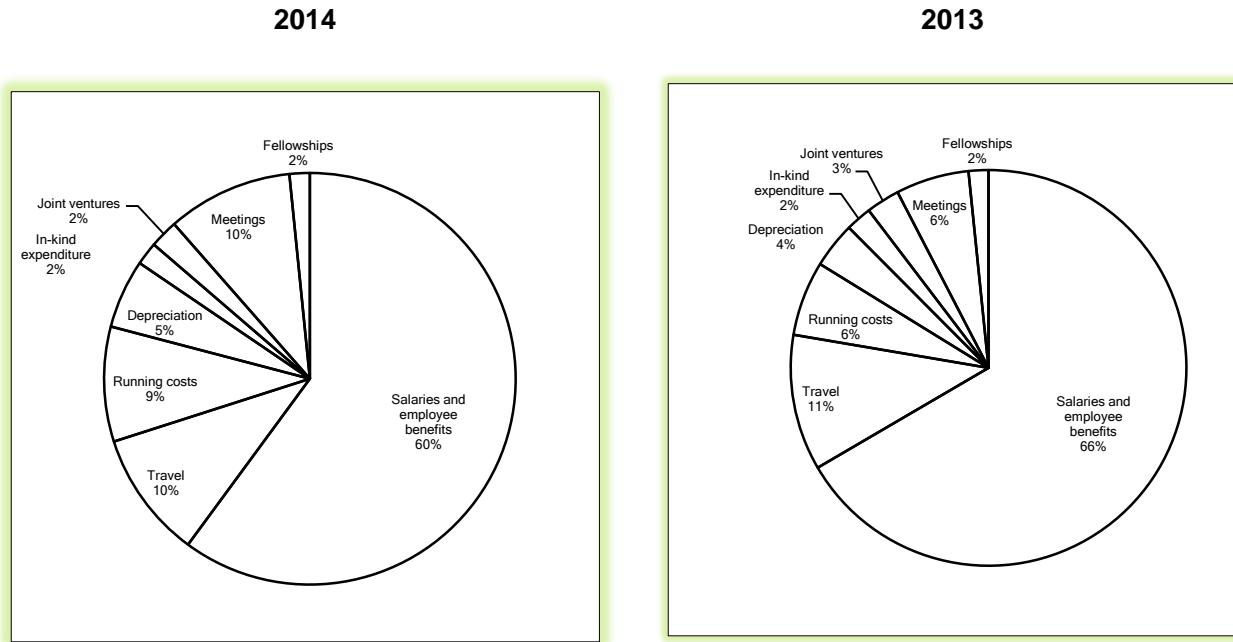


8. During 2014, in-kind contributions have been recognized, in accordance with IPSAS, in respect of land and an interest-free loan provided by the Swiss authorities. WMO also receives services in-kind from Members related to the support provided for WMO meetings held in their countries and support from Members to the regional WMO offices.

9. In 2014, WMO total expenditure amounted to CHF 96.9 million, Total expenses include salaries and employee benefits of CHF 56.6 million, implementing partner projects and meetings of CHF 9.3 million, travel for participants and staff of CHF 9.4 million, supplies, consumables and other running costs of CHF 8.5 million, depreciation of CHF 5.1 million, interest in joint ventures of CHF 2.1 million, fellowships of CHF 1.5 million, in-kind expenditure of CHF 1.7 million, and other expenditures amounted to CHF 2.7 million.

10. The expenditure in 2014 of CHF 96.9 million represents an increase of CHF 20.7 million or 27.1% from 2013. The increase results from an increase of CHF 3.2 million in salaries and benefits, CHF 8.1 million in project expenditure funded with voluntary contributions, CHF 2.1 increase in depreciation following adjustments in 2014 to the useful lives of the various components of the headquarters' building. A further contributing factor which explains the difference between expenditure in 2014 and in 2013 relates to the recognition in 2013 of an unrealized gain of CHF 7.8 million which arose from the discounting of the long-term loan on the headquarters' building. Total expenses in 2014 include the components presented in Figure 2 below.

Figure 2: Expenditure



11. All of the amounts recorded as contributions receivable, revenues and or deferred revenues may not ultimately be received. For this reason, WMO recognizes adequate and appropriate provisions for doubtful accounts and provision for refunds to donors¹ in accordance with IPSAS.

12. IPSAS has also created a focus on entities over which WMO does or does not exercise full operational and financial control. While the entities are administered by WMO, two entities are included as Joint Ventures and six entities are not included in WMO's financial statements. More details are provided in Notes 3.13 and 3.14.

13. Following on from the introduction of IPSAS in 2010 the financial statements provide information by segment. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into three segments (i) General Fund; (ii) Technical Cooperation programme including Trust Funds, (iii) Normative Funds. WMO reports on the transactions of each segment for the year and on the balances held in each segment at the end of the year. Table 2, below, presents financial highlights by segment. Further details can be found in Note 8.

Table 2: Financial Highlights by Segment
(Swiss Francs thousands)

	General Fund	Technical Cooperation Programme	Normative Funds	Inter-segment Eliminations	Total
Revenue	70,876	6,547	5,347	(645)	82,125
Expenditure	74,245	11,470	11,880	(645)	96,950
IPSAS Surplus(Deficit) 2014	(3,369)	(4,923)	(6,533)	-	(14,825)
IPSAS Surplus(Deficit) 2013	9,137	6,110	6,568	-	21,815
IPSAS Net Assets- 2014	27,720	34,102	27,918	-	89,740
IPSAS Net Assets - 2013	42,455	39,046	34,451	-	115,952

¹ Provision for contributions to donors is shown in Statement I and Provision for delayed collection of assessed contribution from Members is shown in Note 3.2.

The overall reduction in net assets reflects the fact that implementation of activities (expenditure) in 2014 has increased significantly from 2013.

Financial Position

14. The financial position as at 31 December 2014 is disclosed in Statement I “Statement of Financial Position. WMO had CHF 89.7 million in total fund balances and reserves, of which CHF 27.7 million relates to the General Fund. The Technical Cooperation Programme had reserves and fund balances of CHF 34.1 million and the Normative Funds had a balance of CHF 27.9 million.

15. The Statement of Financial Position as at 31 December 2014 shows that Contributions Receivable have decreased from CHF 29.2 million at 31 December 2013 to CHF 22.8 million at 31 December 2014. The decrease represents the reduction in voluntary contributions in 2014. The total figure for contributions receivable includes assessed contributions receivable from Members which amounted to CHF 13.6 million, a decrease of CHF 2.1 million or 13.4% from the balance of CHF 15.7 million in 2013. During 2014, 87% of current year assessed receivables were received from Members. In addition 65 % of arrears due from Members were received.

16. Cash holdings decreased from CHF 98.6 million (cash and investments) at 31 December 2013 to CHF 95.9 million at 31 December 2014. The Segment Reporting in Note 8.1 shows that the cash holding for the General Fund amounted to CHF 44.7 million which includes cash held in trust for the unconsolidated entities housed in WMO of CHF 16.6 million giving net cash holding for the General Fund as at 31 December 2014 of CHF 28.1 million. This reflects an increase of CHF 4.0 million over the 2013 balance of CHF 24.1 million, which is sufficient for operations of four months. By the end of March 2015, payments of arrears of assessed contributions amounting to CHF 0.3 million, relating to 2014 and prior years, were received. The General Fund cash balance is comprised of the following:

	Swiss francs (millions)
Assessed contributions received in advance from Members	10.9
Amounts due to suppliers/ payables and accruals	1.8
Short-term borrowings/ loan repayment	1.5
Employee benefits – current liabilities	3.6
Implementation of activities in 2015	10.3
Total General Fund cash balance 31 December 2014	<u>28.1</u>

17. The Technical Cooperation Programme and Normative Funds maintain strong cash balances due to the budgetary policy in respect to voluntary funded projects. Expenditure cannot commence until respective pledged contributions have been received and a withholding of 5% of the amount is made to cover any fluctuations that may arise in respect to obligations and commitments. Cash balances relating to voluntary funded contributions decreased by CHF 5.3 million from CHF 56.4 million at the end of 2013 to CHF 51.1 million at 31 December 2014, primarily due increased implementation of voluntary funded projects and to lower receipts of voluntary contributions in 2014.

18. Advances for projects, meetings and other receivables have increased from CHF 3.8 million at 31 December 2013 to CHF 10.1 million at 31 December 2014 representing a significant increase in the implementation of voluntary funded projects.

19. WMO’s employee benefits liabilities, the value of which was established on the basis of a professional actuarial valuation undertaken by independent actuaries, totalled CHF 62.0 million at 31 December 2014, up from CHF 49.6 million at 31 December 2013. The increase of CHF 12.4 million (25%) is mainly due to a net actuarial loss on the benefits which in turn resulted in an increase in the liabilities. The sources of this actuarial loss are: (i) a decrease in the discount rate applied to the long term liabilities which resulted in an increase of about 15.5% in the liabilities,(ii) the introduction of the normal retirement age of 65 years (extended from 62 years) for new entrants since 1 January 2014, which caused a decrease of about 0.5% in the liabilities for that group, and (iii) a change in the employee membership profile which resulted in an increase in the liabilities of about 2.0%. The

employee benefits liabilities are not funded. The Seventeenth Congress will consider this matter. Further information on employee benefits is provided in Note 3.8.

Net Assets/Equity

20. The changes in net assets and equity are disclosed in Financial Statement III "Statement of changes in Net Assets/Equity". The movement in net assets during the year is summarized below in Table 3.

Table 3: Movement in Net Assets
(Swiss Francs thousands)

Net Assets at 31 December 2013	115,952
Change in liability for employee benefits in 2014	(10,968)
Deficit for 2014	(14,825)
Other changes in 2014	(419)
Net Assets at 31 December 2014	<u>89,740</u>

Details of the breakdown of Net Assets/Equity between the General Fund and Trust Funds are provided in paragraph 13 above.

21. The Organization's total current assets of CHF 130.2 million is adequate to cover its total current liabilities of CHF 47.1 million (see Statement I) at 31 December 2014. The ratio of current assets to current liabilities of WMO remains healthy and strong.

Cash Flow

22. The cash flow is disclosed in Statement IV "Statement of Cash Flow". Overall, the cash balance held to support WMO's requirements decreased slightly by CHF 2.7 million or 2.7% from CHF 98.6 million in 2013 to CHF 95.9 million in 2014. The Statement of Cash Flow summarizes the cash inflows and outflows during the year.

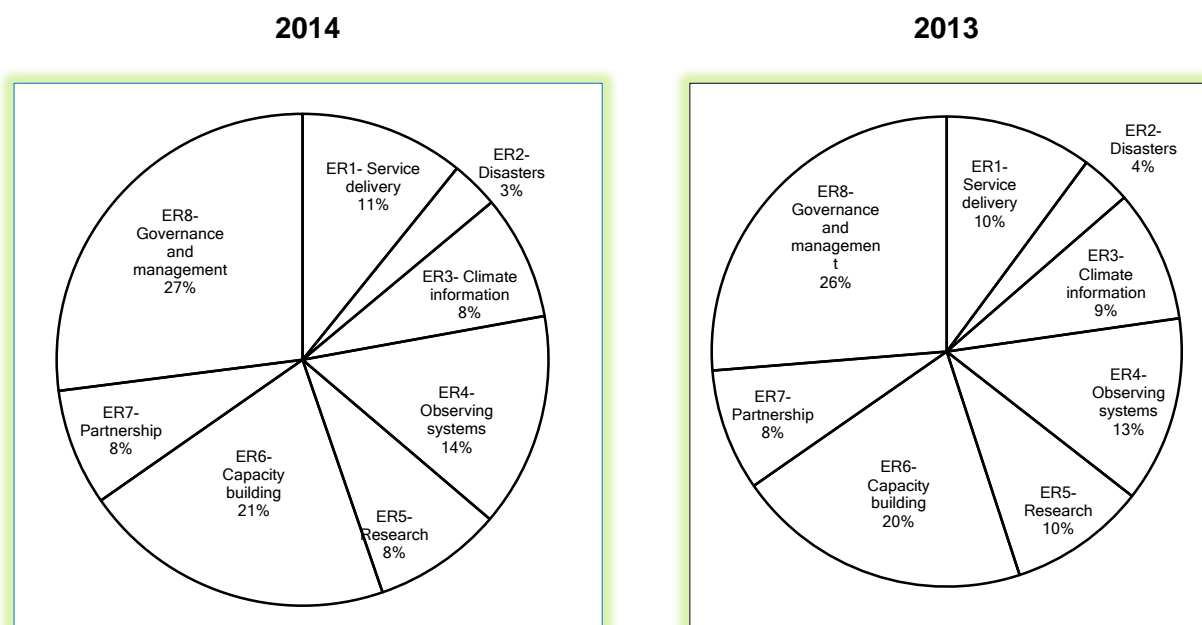
BUDGETARY ANALYSIS

23. The budget figures for the General Fund are disclosed in Statement V - Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2014.

24. The 2014 annual budget has been prepared on the modified cash basis. Under the modified cash basis and as shown in Statement V, expenditure is recognized when purchase orders/contracts are issued to suppliers/contractors. Expenditure in Statement II, Statement of Financial Performance, is recognized in accordance with IPSAS in the year in which the goods or services are received. In order to facilitate comparison between expenditure in Statements II and V, a Statement of Comparison is shown in Note 7 which reconciles the expenditure recognized on the modified cash basis to expenditure on the IPSAS basis.

25. Statement V shows that WMO General Fund expenditure amounted to CHF 68.4 million in 2014, or 86.1% of the revised budget of CHF 79.4 million including the initial 2014 budget of CHF 70.6 million plus the re-appropriation of CHF 8.8 million from the 2012-2013 biennium. The implementation rates by Expected Result varied from 58.9% for Expected Result 2 to 107.8% for Expected Result 1. The unexpended part of the total revised 2014 budget amounted to CHF 11.0 million and this will be expended in 2015. The share of expenditure by Expected Results in 2014 is presented in Figure 3 below.

Figure 3: Expenditure by Expected Results



Explanations of variances in Statement V between the 2014 revised approved budget and the actual expenditure in 2014

26. The expenditure is composed of direct cost expenditure and apportioned administrative costs. The direct costs are staff and non-staff costs of programme activities that are budgeted and charged in the Expected Results 1 to 8. Eighty per cent of the total administrative costs are charged against the Expected Results proportionately on the basis of the direct cost expenditure of the regular budget. The remaining 20% of the administrative costs is charged against the Expected Results 1 to 8 proportionately on the basis of the extra-budgetary expenditure.

27. The over-expenditure of Expected Result 1 is due to implementation of GFCS (in particular IBCS-2) and increased requirements for service delivery activities. Increased volume of extra-budgetary activities resulted in increased apportioned administrative costs attributed to this Expected Result, which in turn contributed to the over-expenditure.

28. The under-expenditure of Expected Result 2 is mainly due to staff vacancies in the Disaster Risk Reduction Programme and the Tropical Cyclone Programme. Savings realized from the staff vacancies were partly used for temporary staff required to implement activities for WMO Members. However, due to the vacancies, some activities have been postponed to 2015, such as the preparation and issuance of guidelines and publications on multi-hazard early warning system and disaster risk financing and insurance, and the RA-I Tropical Cyclone Committee Session and a storm surge workshop.

29. The under-expenditure of Expected Result 3 is due to: (i) under-expenditure in the areas of climate prediction and adaptation, as well as hydrology and water resources; and (ii) under-apportioned administrative cost charges resulting from lower extra-budgetary expenditure as compared to the budgeted apportionment.

30. While full implementation was achieved for Expected Result 4 against the original 2014 regular budget, in terms of direct cost expenditure for the programme implementation, the re-appropriated funds were not fully used, resulting in the under-expenditure. Lower extra-budgetary expenditure as compared to the budgeted apportionment resulted in under-apportionment of administrative charges.

31. Full implementation was achieved for Expected Result 5 while there were some staff vacancies in that area. Savings realized from the staff vacancies were used for temporary staff required to implement activities for WMO Members.

32. The under-expenditure under Expected Result 6 is mainly due to staff vacancies which resulted in lower implementation of programme activities. Savings realized from the staff vacancies were partly used for temporary staff to implement activities required by WMO Members. Additional resources were allocated for priority activities such as fellowship activities. Increased extra-budgetary expenditure, as compared to the budget, resulted in increased apportionment of the administrative costs to Expected Result 6, partly offsetting the under-expenditure of direct expenditure. Programme activities addressing capacity development which are part of the activities of Expected Result 6 were implemented in other Expected Results and their costs are reflected in those respective Expected Results.

33. The under-expenditure in Expected Result 7 is due to a reduced emphasis placed on partnership activities in the areas of aeronautical meteorology and climate prediction and adaptation in the regular budget. The under-expenditure is partly offset by increased apportioned administrative costs attributed to Expected Result 7, resulting from an increased volume of extra-budgetary expenditure.

34. The under-expenditure of Expected Result 8 is due to staff vacancies and to the savings realized in the language and documentation services for WMO meetings. These savings were partly used for temporary staff recruited for translation and publications. The unspent balance represents net efficiency savings after full implementation of planned activities.

35. Apportioned costs: Additional resources were allocated in 2014 for the upgrading of the current standard database management system; the assessment of the current WMO travel process; and the 6 pillar assessment required for the implementation of European Union-funded projects.

36. The cumulative budget transfer for the first three years of the current financial period (namely, 2012, 2013 and 2014) was 0.90%, representing the rate of cumulative over-expenditure against appropriation lines, while the authorized maximum rate for the financial period 2012-2015 is 3% as stipulated in Financial Regulation 4.2.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

37. For the fifth year, WMO has prepared the financial statements in accordance with IPSAS. In accordance with IPSAS requirements, and reflecting the nature of WMO's business, revenue from assessed contributions, voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as revenue or deferred revenue. In accordance with the accrual basis of accounting, expenditure recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the year to which they relate. By adopting and implementing IPSAS in 2010 and consolidating its implementation in the following years, WMO enhanced its ability to produce relevant and useful financial information, thereby improving the transparency and accountability with which it manages its resources.

38. Continued compliance with IPSAS remains a priority. The scope of IPSAS is constantly updated to reflect best practice.

39. During 2014, WMO maintained a number of measures to enhance transparency and accountability described below:

- On a quarterly basis, the Financial and Human Resources Review Committee is briefed and discusses, among others, the main financial and budgetary issues in order to identify possible improvements in the management of WMO's resources.
- On a monthly basis, WMO senior management receive a financial and budgetary briefing reflecting WMO's financial performance and financial position during the regular meeting of the Comité de Direction. This helps to ensure that senior management focus on identified financial risks.
- Every quarter, the Investment Committee continues to meet to review the Organization's cash situation, based on which appropriate treasury decisions are made as well as recommendations for changes to investment policy where necessary.

- Online budget and finance information by departments/offices and Expected Results is provided through the WMO Portal to managers and staff.

40. WMO's framework of internal controls includes the Internal Oversight Office, dealing with internal audit, inspections and investigations; the WMO Audit Committee and the External Auditor. The Secretary-General issues a Statement on Internal Control in the context of the presentation of the annual financial statements. Within the UN system organizations, WMO was one of the first organizations to issue this statement. System internal controls are designed to maximize the effective and efficient use of resources and to safeguard its assets.

RISK MANAGEMENT

41. WMO manages risk proactively. A risk profile and register have been constructed for the Organization to identify any major risks affecting its strategy and mandate. The profile presents the potential impact and likelihood of risks on WMO. The risk register also allows WMO to identify appropriate mitigation actions and assigns responsibility for managing and mitigating risks.

42. WMO's activities expose it to a variety of financial risks. Financial risk management is carried out by a central treasury function using guidelines set out by the WMO Investment Committee. WMO's financial risk management policies seek to minimize, where feasible, potential adverse effects on the financial performance of WMO. Established policies cover areas of risk such as foreign exchange, interest rate and the investing of funds. The objectives of the investment policy are the preservation of capital, provide liquidity and to increase income through rates of return. The major emphasis of this policy is the preservation of the value of cash resources.

43. WMO's treasury policy on liquidity ensures the maintenance of sufficient cash to meet WMO's commitments as and when they fall due. As at 31 December 2014 all cash balances were available within one day's notice to provide maximum liquidity and enable WMO to react quickly to any signs of a financial crisis.

44. WMO's credit risk is minimized by ensuring that cash is placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency. Contributions receivable comprise primarily amounts due from sovereign nations. WMO's market risk is very low since the implementation of WMO's plan and budget is not dependent on or impacted by interest earnings. Currency risks are mitigated through implementation of the foreign currency management policy. Balances are received and held primarily in Swiss Francs which is the predominant currency of payment and the official currency of WMO. Further information is provided in Note 4 to the Financial Statements.

SUSTAINABILITY

45. WMO continues to evaluate the consequences of any potential reduction in contributions, and whether it would lead to a consequential reduction in the scale of operations and number of beneficiaries assisted. Having considered WMO's projected activities and the corresponding risks, I continue to be confident that WMO has adequate resources to continue to operate in the medium term. For this reason we will continue to report on the "going concern" basis in preparing WMO's financial statements.

46. This assertion is supported by: (i) the increase in approved maximum expenditures for 2012-2015; (ii) the net assets held at the end of the period and contributions received in 2014; (iii) the projected level of contributions for the year 2015; and (iv) the trend in donor support that has been sustaining WMO's mandate since its inception in 1950.

ADMINISTRATIVE MATTERS

47. While efforts to upgrade the technical infrastructure that started in 2012 and continued in 2013 and 2014 provided some benefits (notably the replacement of obsolete hardware and operating systems) further initiatives are now required to address more core issues (and risks) of proper design, sustainability, resilience, reliability and the functional needs of the organization. Significant efforts are now underway to remediate these risks with significant improvements to be in place by the end of 2015.

These will include a refresh of networks, security and authentication, servers, data centres, business continuity plan/disaster recovery (BCP/DR) and related technologies.

48. WMO's principal place of business as well as the names and addresses of its Legal Counsel, actuaries and External Auditor are indicated in Annex A of this document.

RESPONSIBILITY

49. As required under Article 14 of the Financial Regulations, I am pleased to submit the following financial statements which have been prepared in accordance with IPSAS. I certify, that to the best of my knowledge and information, all transactions during the year have been properly entered in the accounting records and that these transactions together with the following financial statements and notes, details of which form part of this document, fairly present the financial position of WMO at 31 December 2014:

Statement I - Statement of Financial Position as at 31 December 2014
Statement II - Statement of Financial Performance for the Year Ended 31 December 2014
Statement III - Statement of Changes in Net Assets for the Year Ended 31 December 2014
Statement IV - Statement of Cash Flow for the Year Ended 31 December 2014
Statement V - Statement of Comparison of Budget and Actual Amounts for the Year Ended 31
December 2014
Notes to the Financial Statements

M. Jarraud
Secretary-General
Geneva, 1 May 2015

EXTERNAL AUDITOR'S OPINION

We have audited the financial statements of the World Meteorological Organization for the year ended 31 December 2014. These consist of the Statement of Financial Position (financial statement I), the Statement of Financial Performance (financial statement II), the Statement of Changes in Net Assets/Equity (financial statement III), the Statement of Cash Flow (financial statement IV), and the Statement of Comparison of Budget and Actual Amounts for the General Fund (financial statement V), as well as a summary of the main accounting methods and other explanatory notes.

Secretary-General's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and WMO's Financial Regulations. The Secretary-General is also responsible for introducing any internal controls he deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on WMO's financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB). These standards require us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, rather than expressing an opinion on the effective functioning of the entity's internal controls. An audit also includes an appreciation of the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management, as well as an appreciation of the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the World Meteorological Organization as at 31 December 2014, as well as its financial performance and cash flow for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and the Organization's Financial Regulations. In accordance with the Additional Mandate for the External Auditing of the Accounts, which is attached to WMO's Financial Regulations, we have also prepared a detailed report on our audit of the financial statements, dated 22 April 2015.

Berne, 22 April 2015

SWISS FEDERAL AUDIT OFFICE¹
(External Auditor)

Eric-Serge Jeannot
Deputy Director

Didier Monnot
Mandate Officer

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**World
Meteorological
Organization**

Weather • Climate • Water

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**

Michel Jarraud
Secretary-General
1 May 2015

STATEMENT I

**WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2014
(in thousands of Swiss Francs)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current assets			
Cash and cash equivalents	3.1	95,874	88,553
Investments	3.1	-	10,000
Contributions receivable	3.2	22,777	29,190
Inventories	3.3	70	74
Advances for projects, meetings, and other receivables	3.4	10,098	3,778
Interest in joint ventures	3.14	1,353	1,536
		130,172	133,131
Non-current assets			
Contributions receivable	3.2	865	6,546
Property, plant and equipment	3.5	96,566	101,233
Intangible assets	3.6	26	118
Interest in joint ventures deleted		-	-
		97,457	107,897
TOTAL ASSETS		227,629	241,028
LIABILITIES			
Current liabilities			
Payables and accruals	3.7	3,450	2,694
Employee benefits	3.8	3,598	3,294
Contributions received in advance	3.9	10,895	19,625
Deferred revenue	3.10	10,738	-
Borrowings	3.11	1,477	1,477
Contributions refundable to donors	3.12	295	354
Funds held in trust	3.13	16,611	18,094
Interest in joint ventures	3.14	20	82
		47,084	45,620
Non-current liabilities			
Employee benefits	3.8	58,362	46,350
Borrowings	3.11	32,443	33,081
Interest in joint ventures	3.14	-	25
		90,805	79,456
TOTAL LIABILITIES		137,889	125,076
NET ASSETS		89,740	115,952
FUND BALANCES AND RESERVES			
Capital fund	3.15	7,032	7,026
Accumulated surplus	Stat.III	70,095	88,361
Employee benefits reserve	3.16	12,613	20,565
TOTAL FUND BALANCES AND RESERVES		89,740	115,952

The accompanying notes form an integral part of these financial statements.

STATEMENT II

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR YEAR ENDED 31 DECEMBER 2014
(in thousands of Swiss Francs)

	Note	2014	2013
REVENUE			
Assessed contributions (Non-exchange)	5.1	65,250	65,276
Voluntary contributions (Non-exchange)	5.2	10,225	27,326
Interest in joint ventures (Non-exchange)	3.14	1,994	1,929
Other revenue (Non-exchange)	5.3	1,234	207
Other revenue (Exchange)	5.3	1,745	1,663
In-kind contributions (services) (Non-exchange)	5.4	1,677	1,700
TOTAL REVENUE		82,125	98,101
EXPENDITURE			
Salaries and employee benefits	6.1	56,601	53,359
Implementing partner projects and meetings		9,267	4,833
Travel		9,438	8,938
Supplies, consumables and other running costs	6.2	8,519	4,884
Depreciation and amortization	3.5/3.6	5,122	2,999
Other expenditure	6.5	2,277	1,883
Interest in joint ventures	3.14	1,986	2,179
In-kind expenditure (services)	6.3	1,677	1,700
Fellowships		1,547	1,339
Finance costs	6.4	412	(5,848)
Movement in share of Net Assets/Equity of Joint Ventures	3.14	104	20
TOTAL EXPENDITURE		96,950	76,286
SURPLUS/(DEFICIT) FOR THE PERIOD		(14,825)	21,815

The accompanying notes form an integral part of these financial statements

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(in thousands of Swiss Francs)

	Capital fund	Accumulated surplus	Employee benefits reserve (Note 3.16)	Total net assets
Net assets at 31 December 2013	7,026	88,361	20,565	115,952
Adjustment: 2010 actuarially determined service cost and interest on liabilities for employee benefits charged to employee benefits reserve instead of surplus for the year	-	(3,414)	3,414	-
Other adjustments to opening balances		(21)	27	6
Adjusted opening net assets balance	7,026	84,926	24,006	115,958
Movements in fund balances and reserves in 2014:				
Payments against reserves			(3,143)	(3,143)
Service charge for employee benefits			2,718	2,718
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2014, amortized against Employee Benefits Reserve			(10,968)	(10,968)
Surplus/(deficit)for the year	6	(14,831)		(14,825)
Total movements during the year	6	(14,831)	(11,393)	(26,218)
Net assets 31 December 2014	7,032	70,095	12,613	89,740

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(in thousands of Swiss Francs)

	Capital Fund	Accumulated surplus	Employee benefits reserve	Total net assets
Net assets at 31 December 2012	7,017	66,555	16,782	90,354
Movements in fund balances and reserves in 2013:				
Payments against reserves			(2,694)	(2,694)
Service charge for employee benefits			2,898	2,898
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2013, amortized against Employee Benefits Reserve			3,579	3,579
Surplus for year	9	21,806		21,815
Total movements during the year	9	21,806	3,783	25,598
Net assets 31 December 2013	7,026	88,361	20,565	115,952

The accompanying notes form an integral part of these financial statements.

STATEMENT IV

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of Swiss Francs)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year	(14,825)	21,815
Net unrealized (gain) loss on discounting long-term loan	753	(7,836)
Depreciation and amortization	5,122	2,999
Service charge and interest cost for employee benefits	2,718	2,633
Payment of premiums of after-service health insurance against reserves	(3,141)	(2,694)
Actuarial interest and service cost	1,376	542
Increase (decrease) in provision for delayed payment of contributions	(583)	(1,343)
Interest in joint ventures	96	270
(Increase) decrease in inventories	4	9
(Increase) decrease in gross short-term contributions receivable	6,996	(8,163)
(Increase) decrease in gross long-term contributions receivable	5,767	3,784
Increase (decrease) in contributions received in advance	(8,730)	10,049
Increase (decrease) in deferred income	10,738	-
Increase (decrease) in funds held in trust	(1,483)	(298)
(Increase) decrease in other receivables	(6,320)	(158)
Increase (decrease) in payables and accruals	756	(1,399)
Increase (decrease) in contributions refundable to donors	(59)	(184)
Other	(24)	23
Net cash flows from operating activities	(839)	20,049
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in cost of property, plant and equipment	(306)	-
(Increase) decrease in cost of intangible assets	(57)	-
(Increase) decrease in short-term investments	10,000	(10,000)
Net cash flows from investing activities	9,637	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in undiscounted long-term borrowing	(1,477)	(1,477)
Net cash flows from financing activities	(1,477)	(1,477)
Net increase (decrease) in cash and cash equivalents	7,321	8,572
Cash and cash equivalents at beginning of year	88,553	79,981
Cash and cash equivalents at 31 December 2014	95,874	88,553

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(in thousands of Swiss Francs)

Expected Result	2014 Budget	Budget amount Re-appropriation from 2012-2013 to 2014-2015	2014 Revised budget	2014 * Expenditure on comparable basis	% of annual budget spent	Differences: ** final budget and actual
1 Enhanced capabilities of Members to deliver and improve access to high quality weather, climate and water and related environmental predictions, information and services in response to users' needs and to enable their use in decision-making by all relevant societal sectors	6,848.6	-	6,848.6	7,385.9	107.8	(537.3)
2 Enhanced capabilities of Members to reduce risks and potential impacts of hazards caused by weather, climate and water and related environmental elements	2,703.5	939.8	3,643.3	2,147.7	58.9	1,495.6
3 Enhanced capabilities of Members to produce better weather, climate, water and related environmental information, predictions and warnings to support in particular climate impact and adaptation strategies	6,231.1	1,829.1	8,060.2	5,610.9	69.6	2,449.2
4 Enhanced capabilities of Members to access, develop, implement and use integrated and inter-operable Earth- and space-based systems for weather, climate and hydrological observations, as well as related environmental and space weather observations based on world standards set by WMO	9,475.6	1,414.7	10,890.3	9,623.9	88.4	1,266.4
5 Enhanced capabilities of Members to contribute to and draw benefits from the global research capacity for weather, climate, water and environmental services and technology development	5,711.9	-	5,711.9	5,815.1	101.8	(103.2)
6 Enhanced capabilities of National Meteorological and Hydrological (NMHSs), in particular in developing and least developed countries, to fulfill their mandates	15,458.2	4,048.2	19,506.4	14,067.9	72.1	5,438.6
7 New and strengthened partnerships and cooperation activities to improve NMHSs' performance in delivering services and to increase the value of the contributions of WMO within the United Nations system, relevant international conventions and national strategic issues	5,569.1	-	5,569.1	5,249.9	94.3	319.2
8 An effective and efficient Organization	18,672.3	525.7	19,198.0	18,476.6	96.2	721.2
Total expenditure	70,670.3	8,757.5	79,427.8	68,378.2	86.1	11,049.6

* Including actual and obligations as per UNSAS

** Variances are explained in the Secretary-General's Statement.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements at 31 December 2014

NOTE 1: PURPOSES OF THE ORGANIZATION

- (a) To facilitate world-wide cooperation in the establishment of networks of stations for the making of meteorological observations as well as hydrological and other geophysical observations related to meteorology, and to promote the establishment and maintenance of centres charged with the provision of meteorological and related services.
- (b) To promote the establishment and maintenance of systems for the rapid exchange of meteorological and related information.
- (c) To promote standardization of meteorological and related observations and to ensure the uniform publication of observations and statistics.
- (d) To further the application of meteorology to aviation, shipping, water problems, agriculture and other human activities.
- (e) To promote activities in operational hydrology and to further close cooperation between Meteorological and Hydrological Services.
- (f) To encourage research and training in meteorology and, as appropriate, in related fields and to assist in coordinating the international aspects of such research and training.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. The financial statements of the World Meteorological Organization (WMO) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention modified by the inclusion of long-term receivables and long-term borrowings at amortized cost.
2. In accordance with IPSAS requirements, and reflecting the nature of WMO's business, revenue from assessed contributions, voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions. WMO considers that there are restrictions on the use of all contributions, and that some of these restrictions do meet the definition of a condition as described under IPSAS 23.
3. In accordance with the accrual basis of accounting, expenditure recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.
4. The Cash Flow Statement is prepared using the indirect method.
5. The functional and reporting currency of WMO is the Swiss Franc (CHF). Transactions in currencies other than CHF are translated into CHF at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the prevailing UNORE year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Cash and Cash Equivalents

6. Cash and cash equivalents are held at nominal value and comprise cash on hand and cash at banks.

7. Interest revenue is recognized as it accrues.

Financial Instruments

8. Financial instruments are recognized when WMO becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and WMO has transferred substantially all the risks and rewards of ownership.
9. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash and other receivables. Receivables are stated at amortized cost.
10. All non-derivative financial liabilities including borrowings are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and Receivables

11. Assessed contributions are recognized as revenue on the first day of the year to which they relate. Full provision is made against all unpaid contributions of Members who are deprived of the right to vote at sessions of WMO's constituent bodies.
12. Revenue from non-exchange transactions such as voluntary contributions is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance of services and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.
13. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and discounted if cash flows are not expected within 12 months from the reporting date.
14. In-kind contributions of services that directly support approved operations and activities, which have budgetary impact, and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises, utilities, transport and personnel. They are treated as both revenue and expense in the Financial Statements.
15. Donated Property, Plant and Equipment are valued at fair market value and recognized as fixed assets and revenue, except heritage assets, which are not recognized.

Inventories

16. WMO's publications (which are distributed free) and souvenirs on hand at the end of the financial year are recorded as inventories and are valued at lower of cost or net realizable value.
17. Publications and souvenirs are expensed when they are sold or distributed.
18. Inventory is reviewed at the end of each financial year for obsolescence. Obsolete publications are held at nil value until their disposal. Slow moving publications are considered to be impaired and are reduced by 50% to reflect expected replacement cost.

Property, Plant and Equipment

19. Property, Plant and Equipment (PPE) costing CHF 5,000 and above are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided for PPE over their estimated useful lives using the straight line method. The useful lives utilized in the calculation of depreciation for the headquarters building and its components commenced with the adoption of IPSAS on 1 January 2010. The estimated useful lives for PPE classes are as follows:

Class	Component	Useful life (in years)
Communications and IT equipment		3
Vehicles		5
Machinery and equipment		5
Furniture and fixtures		8
Headquarters Building	Various components	5 - 50

20. Impairment reviews for all PPE are undertaken on a regular basis; there was no indication of impairment during 2014 or 2013.

Intangible Assets

21. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses.

22. Publications titles are not considered to be intangible assets as they do not meet the provisions of IPSAS 31 – 'Intangible Assets'. Consequently, development costs for new titles are expensed as they are incurred in accordance with IPSAS 12 – "Inventories".

23. Amortization is provided over the estimated useful life using the straight line method. The estimated useful lives for intangible asset classes are as follows:

Classes	Estimated useful life (years)
Software externally acquired	3
Software internally developed	6
Licenses and rights	3

Operating Leases

24. Leases which are not categorized as finance leases, with the balance of risk and reward remaining with lesser, are considered to be operating leases.

25. Expenditure incurred under an operating lease is charged on a straight-line basis over the life of the lease.

Employee Benefits

26. WMO recognizes the following categories of employee benefits:

- Short-term employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
- Post-employment benefits;
- Other long-term employee benefits; and
- Termination benefits.

Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation are expensed on an accrual basis.

27. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

28. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WMO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify WMO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WMO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. WMO's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

29. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

Provisions and Contingent Liabilities

30. Provisions are made for future liabilities and charges where WMO has a present legal or constructive obligation as a result of past events and it is probable that WMO will be required to settle the obligation.

31. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of WMO.

Fund Accounting and Segment Reporting

32. The financial statements are based on a fund accounting basis, showing at the end of the period the consolidated position of all WMO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives. Fund balances represent the accumulated residual of revenue and expenses.

33. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into three segments: (i) General Fund; (ii) Technical Cooperation Trust Funds; and (iii) Normative Trust Funds. WMO reports

on the transactions of each segment during the financial period, and on the balances held at the end of the period.

34. The General Fund and Related Funds include: (a) the accounting entity established in accordance with WMO Financial Regulation 9.1 for the purpose of accounting for contributions and advances of Members and expenditures authorized against them; (b) indirect support cost recoveries; (c) sales of publications and souvenirs; (d) rental of office space, conference facilities and parking space; (e) miscellaneous income; (f) the Working Capital Fund, which is established in accordance with Financial Regulations 9.3 to 9.6; (g) contributions received which are not designated to a specific programme category or project; and (h) the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

35. Technical Cooperation Trust Funds are bilateral operations funded from voluntary resources in respect of specific activities entrusted to the Organization. These are established by the Secretary-General under Financial Regulation 9.7 in order to account for contributions, the purpose, scope and reporting procedures of which have been agreed upon with the donor under specific trust fund agreements.

36. Normative Trust Funds are special accounts established by the Executive Council for contributions earmarked for specific activities, the balances of which may be brought forward to future accounting periods.

37. Under the General Fund, the Organization provides services to support Members and to support the implementation of the Purposes of the Organization in Note 1. These activities are funded by assessed contributions and miscellaneous income.

38. Under Technical Cooperation and Normative Funds (Trust Funds), the Organization provides Members with technical cooperation and extrabudgetary planning and implementation services. Such activities are primarily funded through voluntary contributions from donors.

39. Inter-segment transfers include revenue and expense arising from transfers between segments. Such transfers are accounted for at cost and eliminated on consolidation.

40. Joint ventures are accounting entities established jointly by WMO and other international public sector organizations in pursuit of objectives of mutual interest under arrangements that specify each venturer's ownership interest. WMO accounts for its share of the ownership of each joint venture's net assets, as an asset if positive or liability if negative, based on WMO's proportion of the annual contributions made by all owner entities.

Budget Comparison

41. WMO's budget is prepared on a commitment basis and following the introduction of IPSAS with effect from 1 January 2010 the financial statements are prepared on an accrual basis. In the Statement of Financial Performance (Statement II), expenses are classified based on the nature of expenses whereas in the Statement of Comparison of Budget and Actual Amounts (Statement V) expenditures are classified by the expected result in which the expenditures have to be charged.

42. The Executive Council approves the biennial budget which includes budgeted amounts for direct costs, programme support costs and management and administration. Budgets may be subsequently amended by the Executive Council.

43. The Statement of Comparison of Budget and Actual Amounts, Statement V, compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 7 provides a reconciliation between the actual amounts presented in Statement V to the actual amounts presented in the Statement of Financial Performance, Statement II.

Critical Accounting Estimates

44. Preparing financial statements in accordance with IPSAS requires WMO to make estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets; classification of financial instruments; and contingent assets and liabilities. Changes in estimates are reflected in the year in which they become known.

45. In preparation of the 2014 financial statements, some minor adjustments with immaterial effect were made to prior year comparative numbers in order to remove rounding differences. Small rounding differences may occur due to the presentation of some amounts in millions of Swiss francs.

46. The Organization's equity consists of accumulated surplus and reserves which form its net assets. The equity is managed in accordance with the Financial Regulations adopted by the World Meteorological Congress. Investment guidelines issued by the Secretary-General provide that primary consideration be given to the security of the assets with due regard to maximizing revenue earned from investments. Funds not needed for immediate cash flow requirements may be invested in short-term deposits.

NOTE 3: ASSETS AND LIABILITIES**Note 3.1: Cash and Cash Equivalents**

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Unrestricted cash:		
Cash on hand	9	4
Deposits with banks – Swiss Francs	78,638	69,663
Short-term investments – Swiss Francs	-	10,000
Deposits with banks – other currencies	10,572	14,775
Total unrestricted cash	89,219	94,442
Restricted cash:		
Deposits with banks – Swiss Francs	6,593	4,054
Deposits with banks – other currencies	62	57
Total restricted cash	6,655	4,111
Total cash	95,874	98,553

47. Cash deposits are held in interest-bearing bank accounts that also allow instant access. Restricted cash is for deferred income and trust funds for scientific awards and prizes.

48. WMO minimizes the credit risk involved by placing a large balance of cash with the A+-rated Swiss PostFinance S.A. and B- rated Standard Chartered Bank. The WMO Investment Committee meets at least once per quarter and monitors the investments of WMO to ensure they are in line with WMO Investment Policy. The following table provides an analysis of cash balances by rating of the financial institutions:

Bank Individual / Financial Strength Rating	A+	%	B -	%	D+ to C+	%	Cash on hand	Total
2014*	58,535	61	12,500	13	24,830	26	9	95,874
2013*	49,706	50	-	-	48,843	50	4	98,553

(* Amounts in thousands of Swiss Francs)

49. Cash required for immediate disbursement is maintained in cash and bank current accounts. Balances held in deposit accounts are available at short notice. Cash and deposits are held on behalf of the Organization, including General Fund, Technical Cooperation Funds, Normative Funds and non-WMO entities administered by WMO.

Note 3.2: Contributions Receivable

	2014	2013
	<i>Swiss francs (thousands)</i>	
Current receivables (non-exchange revenue) :		
Assessed contributions with restrictions	12,951	15,053
Less: provision for delayed collection	(4,452)	(5,035)
Sub total: current assessed contributions	<u>8,499</u>	<u>10,018</u>
Voluntary contributions with conditions	4,115	-
Voluntary contributions with restrictions	10,163	19,172
Less: provision for delayed collection	-	-
Sub-total: current voluntary contributions	<u>14,278</u>	<u>19,172</u>
Total current contributions receivable	<u>22,777</u>	<u>29,190</u>
Non-current receivables (non-exchange revenue) :		
Assessed contributions with restrictions	690	700
Less: discounting of cash flow not expected within 12 months	7	(10)
Sub-total: non-current assessed contributions	<u>697</u>	<u>690</u>
Voluntary contributions with restrictions	170	5,927
Less: provision for delayed collection	-	-
Less: discounting of cash flow not expected within 12 months	(2)	(71)
Sub total: non-current voluntary contributions	<u>168</u>	<u>5,856</u>
Total non-current contributions receivable	<u>865</u>	<u>6,546</u>
Total net contributions receivable	<u>23,642</u>	<u>35,736</u>

50. Contributions receivable (net of provisions for delayed collection and discounting) show an overall decrease of CHF 12.1 million, mainly as a result of a decrease of CHF 1.5 million in unpaid assessed contributions from CHF 10.7 million at 31 December 2013 to CHF 9.2 million at 31 December 2014. Unpaid voluntary contributions confirmed in writing decreased by CHF 10.6 million from CHF 25.0 million at 31 December 2013 to CHF 14.4 million at 31 December 2014.

51. Voluntary contributions with restrictions relate to funding which is received for specific trust funds.

52. The movement of the provision for delayed collection of contributions is as follows:

	2013	Utilization	Increased (Decreased)	2014
	<i>Swiss Francs (thousands)</i>			
Assessed contributions	5,035	-	(583)	4,452
Voluntary contributions	-	-	-	-
Total	<u>5,035</u>	<u>-</u>	<u>(583)</u>	<u>4,452</u>

53. The age analysis of the unpaid assessments from Members is as follows:

Contributions outstanding from the Eighth to the Sixteenth Financial Periods as at 31 December 2014

<i>Swiss Francs (thousands)</i>					
	(1980-2011)	2012	2013	2014	Total
Total	4,269	524	681	8,167	13,641

54. Provisions are made against all unpaid contributions due from Members who were deprived of their right to vote at sessions of WMO's constituent bodies as of 31 December 2014. Any Member in arrears for more than two consecutive years is subject to the provisions of Resolution 37 (Cg-XI), Suspension of Members for failure to meet financial obligations. Members' contributions are not written off, nor are the Members released from their obligations.

55. Current contributions receivable are for confirmed contributions that are due within twelve months while non-current contributions receivable are those that are due after 12 months from the date of the financial statements, and include agreements signed between WMO and some Members concerning payment of arrears of their assessed contributions, in accordance with Financial Regulation 8.8. Of the total receivables from voluntary contributions, CHF 10.3 million are subject to restrictions requiring that the contribution be utilized to support WMO administered trust funds designated by the donor. The remaining receivables from voluntary contributions totalling CHF 4.1 million contain conditions requiring specific performance and the return of funds not utilized in accordance with the agreement with the donor, are offset by a liability (deferred revenue).

Note 3.3: Inventories

56. The following tables show the movements of inventory items during the period. The first table shows the total value of inventories – publications and souvenirs – as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the period reduced by the value of items sold or distributed and write offs/impairments made during the year.

<u>Inventories</u>	2014	2013
	<i>Swiss Francs (thousands)</i>	
Publications	17	25
Souvenirs	53	49
Total	70	74

<u>Inventory Reconciliation</u>	2014	2013
Opening inventory	74	83
Purchases	20	21
Total Inventory available for sale or distribution	94	104
Less : Sold or distributed	(24)	(30)
Closing inventory	70	74

57. For publications, valuation includes costs incurred up to the point of sale or distribution. They include paper, CDs, editing and outsourcing where relevant.

58. For souvenirs, valuation is the cost of purchase.

59. Inventory on hand up to and including 3 years is valued at the lower of cost or net realisable value; inventory on hand for 4 and 5 years is valued at 50% of cost ; inventory on hand over 5 years is fully provided for.

Note 3.4: Advances for projects, meetings and other receivables

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Advances for projects and meetings	7,624	2,605
Sundry debtors	280	169
Education grant advances	546	519
Refunds due on taxes	1,048	773
Other assets	1,646	752
	11,144	4,818
Less : Provision for write-offs	(1,046)	(1,040)
Total other receivables	10,098	3,778

The movement of the provision for write-offs during 2014 is as follows:

	2013	Utilization	Increased (Decreased)	2014
	<i>Swiss Francs (thousands)</i>			
Provision for write-offs	1,040	-	6	1,046

60. Sundry debtors are amounts due from Members for costs of the Organization's constituent body sessions in excess of costs of the same sessions if they had been held in Geneva.

61. Employees of WMO are entitled to grants for the education of their eligible dependents. Staff may request an advance at the beginning of the school year. The amount of the advance which is accrued at the end of the year is based on the number of months of attendance relative to the school year.

62. Advances for projects and meetings represent operating advances to projects and support to institutions for the organization of WMO meetings held outside of Geneva, based on Letters of Agreement in which the recipient organization commits, inter alia, to providing an accounting for the advance within three months of the conclusion of the meeting. The advances are recognized as expenditure at the point in time when either the accounting is received, or the project is completed or the meeting is held.

63. Refunds due on taxes represent: (a) advances made to enable staff to pay income taxes required by their home country governments; and (b) taxes withheld by governments from interest earned on deposit accounts that are domiciled in their jurisdictions.

64. Other assets include prepaid expenses and amounts recoverable from staff.

Note 3.6: Intangible Assets

	2014			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Cost				
Opening balance 01.01.2014	86	81	1,128	1,295
Additions	14	-	43	57
Disposals	-	-	-	-
Closing balance 31.12.2014	100	81	1,171	1,352
Accumulated Amortization				
Opening balance 01.01.2014	(86)	(81)	(1,010)	(1,177)
Disposals/adjustments	-	-	-	-
Amortization charge for the year	(4)	-	(145)	(149)
Closing Balance 31.12.2014	(90)	(81)	(1,155)	(1,326)
Net book value/ (closing Balance) 31.12.2014	10	-	16	26
	2013			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Opening balance 01.01.2013	86	81	1,128	1,295
Less: Accumulated Amortization	(86)	(80)	(832)	(998)
Net book value 01.01.2013	-	1	296	297
Additions	-	-	-	-
Disposals	-	-	-	-
Amortization	-	(1)	(178)	(179)
Closing balance 31.12.2013	-	-	118	118

69. Intangible assets are capitalized if their cost exceeds the threshold of CHF 5,000 except for internally developed software where the threshold is CHF 50,000. The capitalized value of the internally developed software excludes those costs related to research and maintenance costs.

Note 3.7: Payables and Accruals

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Vendor payables	958	689
Accruals	2,448	1,943
Other Liabilities	44	61
	3,450	2,694

70. Payables to vendors relate to amounts due for goods and services for which invoices have been received.

71. Accruals are liabilities for the cost of goods and services that have been received or provided to WMO and which have not been invoiced by suppliers as of the reporting date.

Note 3.8: Employee Benefits

Employee benefits comprise:

- **Post-Employment Benefits**

72. Post-employment benefits are defined benefit plans consisting of United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and Repatriation Grant and related benefits including accrued annual leave.

73. Arrangements relating to the UNJSPF are set out in paragraphs 94 to 102.

74. ASHI is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society (UNSMIS).

75. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependants and shipment of their personal effects. The Organization pays the amounts due for repatriation grant, travel and relocation expenses for the entitled staff members.

- **Other Long-Term Employee Benefits**

76. Other long-term employee benefits include accrued unused annual leave and where applicable compensation payments in the case of death, injury or illness attributable to performance of duties.

77. Although annual leave is a short-term employee benefit, the right to receive payment for unused annual leave, and consequently the Organization's liability for this balance, is shown as a long-term employee benefit as that right only crystallizes on separation, typically more than twelve months from the reporting date.

	2014	2013
	<i>Swiss Francs (thousands)</i>	
After-service health insurance	53,043	41,539
Annual leave accrued on retirement	3,393	3,262
Repatriation grant	5,524	4,843
	<u>61,960</u>	<u>49,644</u>
Composition		
	<i>Swiss Francs (thousands)</i>	
Current liabilities - Short-term benefits	3,598	3,294
Non-current liabilities - Long-term benefits	58,362	46,350
Total benefits	<u>61,960</u>	<u>49,644</u>

Actuarial Valuations of Post – Employment and Other Separation – Related Benefits

78. Liabilities arising from post-employment benefits and other separation-related benefits are determined by a consulting independent professional actuary. These employee benefits are established for staff members who are entitled to such benefits under WMO Staff Regulations and Staff Rules. Full actuarial valuations are undertaken every two years, the most recent having been completed at 31 December 2013 and a “roll forward actuarial valuation” was performed on 31 December 2014.

79. The increase of the liability between 31 December 2013 and 31 December 2014 is mainly due to a net actuarial loss on the benefits. The sources of this loss are:

- A decrease of the discount rate leading to an increase of the liabilities of about 15.5%;
- The introduction of normal retirement age at 65 (instead of previously 62) for new entrants since 1 January 2014 leading to a decrease of the liabilities for that group of 0.5%;
- Change in membership leading to an increase in the liabilities of about 2.0%

Actuarial Assumptions and Methods

80. During each actuarial study, WMO in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WMO's after-service benefit plans (post-employment benefits and other separation-related benefits and unused annual leave).

81. The following assumptions have been used to determine the value of post-employment and other separation-related employee liabilities for WMO at 31 December 2014:

- *Economics assumptions*

ASHI

Discount rate: 1.22 %

The discount rate is estimated as the single equivalent rate such that the present value of the plan's cash flows (i.e. expected as from 31 December 2014) using the single rate equals the present value of those cash flows using the spot rate at each maturity of the AAA and AA in CHF denominated Corporate Bonds yield as at 31 December 2014.

Salary increase rate: 2.65%

(for both professional and general service staff)

The salary increase rate has not changed from the year 2013.

Healthcare cost increase rate:

It is composed of two elements as provided in the table below:

effective healthcare trends rate based on the Swiss market conditions and considering trends in the future: decrease linearly from 2013 to 2050, with intermediate steps in 2020 and 2030 and then remaining stable after 2051;

an additional increase of +1.0% (or 100 basis points) from 2023 for consideration of a possible premium rate increase of the UNSMIS fund due to its actuarially forecasted underfunding position.

Fiscal Year	Effective healthcare trend increase rate [%]	Increase rate [%] due to UNSMIS funding	Total increase rate [%]
2013	3.50	-	3.50
2014	3.40	-	3.40
2020	2.80	-	2.80
2023	2.68	1.00	3.68
2030	2.50	1.00	3.50
2050	2.50	1.00	3.50
From 2051	2.50	1.00	3.50

Repatriation

Discount rate:	3.00%
Travel and shipping cost increase rate:	2.00%
Annual leave	
Discount rate:	2.80%
Annual leave balance increase rate	

Years of service	Annual rate [%]
1	15.0
2 – 6	6.5
7 +	0.1
Max	60 days

- *Demographic assumptions*

The tables for “UNJSPF” have been applied as regards mortality, turnover and early retirement ages, as these are based on the demographic experience of the UNJS Pension Fund, including the following:

Disability: none

Mortality:	UNJSPF tables	The post-retirement mortality (i.e. generational) includes the following scale of forecast decrease:
	60 and younger	2.00%
	65	1.67%
	70	1.33%
	75	1.00%
	80	0.67%
	85	0.33%
	90 and older	0.00%

Percentage married: 60% of future retirees are assumed married at retirement and elect coverage for their spouse

Age differences of spouses: Males are assumed to be 3 years older than females

Turnover : UNJSPF tables

Retirement : UNJSPF tables

82. Reconciliation of Defined Benefit Obligation for 2014

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Benefit obligation at 31 December 2013	41,538	4,843	3,263	49,644
Adjustment (GCOS)*	153	18	35	206
Service cost for 2014	1,109	442	249	1,800
Interest cost for 2014	990	185	120	1,295
Benefits paid in 2014	(1,273)	(286)	(393)	(1,952)
Actuarial (gain)/loss	10,525	323	119	10,967
Benefit obligation at 31 December 2014	53,042	5,525	3,393	61,960

(*Integrating GCOS staff benefits in WMO)

83. Reconciliation of Defined Benefit Obligation for 2013

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Benefit obligation at 31 December 2012	42,861	6,189	3,896	52,946
Service cost for 2013	1,081	420	273	1,773
Interest cost for 2013	908	221	139	1,268
Benefits paid in 2013	(1,447)	(700)	(616)	(2,763)
Actuarial (gain)/loss	(1,864)	(1,286)	(429)	(3,580)
Benefit obligation at 31 December 2013	41,538	4,843	3,263	49,644

84. Reconciliation of recognized actuarial gains / losses

	After service health insurance	Repatriation	Annual leave	Total
<i>(Swiss Francs thousands)</i>				
Actuarial gains (losses) at 31 December 2013	21,572	(182)	(221)	21,169
Adjustment (GCOS)	18			18
Movement in reporting period	10,525	323	119	10,967
Actuarial gains/(losses) at 31 December 2014	32,115	141	(102)	10,220

85. In the 2014 valuation of employee benefits liabilities, the actuaries have determined gross actuarial losses under post-employment benefits and other separation-related benefits of CHF 11.2 million.

86. The total actuarial loss of CHF 11.2 million represents a loss of CHF 10.7 million relating to the After Service Health Insurance, a loss of CHF 0.3 million relating to Repatriation Grant, and a loss of CHF 0.2 million related to Annual Leave Accrued on Retirement. After taking into account service costs, interest costs and benefits paid, the net movement in the employee benefits liability was an increase of CHF 12.3 million during 2014 (decrease of CHF 3.3 million in 2013).

87. Annual Expense

	2014	2013
<i>(Swiss Francs thousands)</i>		
Service cost	1,800	1,773
Interest cost	1,296	1,268
Amortization of net (gain)/loss through reserves	10,967	(3,580)
Total	14,063	(539)

After-Service Health Insurance – Sensitivity Analysis

88. Two of the principal assumptions in the valuation of the After-Service Health Insurance are: (i) the rate at which medical costs are expected to increase in the future; and (ii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.

89. A sensitivity analysis was undertaken to determine the impact of the above assumptions on the liability and service cost under IPSAS 25.

90. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates are shown below:

Benefit Obligation at 31 December 2014	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Active staff	20,762	25,140	17,323
Pensioners	32,280	36,949	28,420
Total	53,042	62,089	45,743
Effect	-	9,047	(7,299)

Benefit Obligation at 31 December 2013	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Active staff	17,366	20,778	14,664
Pensioners	24,172	27,360	21,503
Total	41,538	48,138	36,167
Effect	-	6,600	(5,371)

Service cost and interest cost 2014	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Amount	2,080	2,456	1,780
Effect	-	376	(300)

Service cost and interest cost 2013	Healthcare cost increase assumed	Healthcare cost increase +1%	Healthcare cost increase -1%
Amount	1,989	2,702	1,430
Effect	-	713	(559)

Expected Costs during 2014

91. The expected contribution of WMO in 2014 to the employee benefit plan is CHF 3.0 million.

United Nations Joint Staff Pension Fund (UNJSPF)

92. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The pension fund is a funded multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

93. The Pension Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

94. WMO's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

95. The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2015.

96. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

97. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2013, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

98. In December 2012 and April 2013, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 1 January 2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013.

99. During 2014, contributions paid to UNJSPF amounted to CHF 10.1 million (2013 CHF 10.2 million). Expected contributions due in 2015 are CHF 10.5 million.

100. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

Note 3.9: Contributions received in advance

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Assessed contributions received in advance	10,856	9,679
Contributions pending agreement	-	9,866
Other advance receipts	39	80
Contributions received in advance	10,895	19,625

101. Assessed contributions received in advance are for 2015 and later years. Contributions pending agreement represent voluntary contributions received pending agreement and for which a corresponding liability is recognized until such time as the agreements with the respective donors have been finalized. Upon finalization of the agreements the amounts involved are recognized as revenue or deferred revenue.

Note 3.10: Deferred revenue

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Contributions received	6,623	-
Contribution pledged	4,115	-
Total deferred revenue	10,738	-

102. Deferred revenue represents voluntary contributions which have been received or pledges of voluntary contributions when the written agreement with the donor becomes binding. These revenues are deferred if the agreement included conditions related to specific performance of services to third parties and where the return of unexpended balances is the normal experience with the donor.

103. In addition to deferred revenue there are Contingent Assets as at 31 December 2014 in the amount of CHF 339,000. This represents agreements which have been entered into with donors for contributions for future years but where that future year funding is still subject to some parliamentary budget approval.

Note 3.11: Borrowings

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Current	1,477	1,477
Non-current (amortized)	32,443	33,081
Total Borrowings	33,920	34,558

104. The headquarters building loan consists of borrowings made by WMO from the "Foundation des Immeubles pour les Organisations Internationales" (FIPOI). The balance of the loan outstanding at 31 December 2014 was CHF 50,229,324 (CHF 51,706,624 at 31 December 2013). Of this amount, CHF 1,477,300 is payable in 2015, and the balance in subsequent years. The loan repayment period is 50 years ending in 2048. No interest is payable on this loan. The long-term portion of the loan is updated using the historical discount rate of 2.43%. As the loan was discounted using the market rate of 1.15% at 31 December 2012, an unrealized gain of CHF 7.8 million was recognized in the financial statements in 2013.

Note 3.12: Contributions Refundable to Donors

105. Voluntary contributions refundable to donors represent funds remaining unspent after completion of the applicable projects. Most of these balances are expected to be either returned to the donors or reprogrammed to other projects.

Note 3.13: Funds Held in Trust

106. Funds held in trust are for entities for which WMO provides accounting and other administrative support, but of which the Organization has no control. The financial statements of such entities are not consolidated in WMO's financial statements. At 31 December 2014, WMO held funds in trust for the Group on Earth Observations (GEO), the Data Buoy Cooperation Panel (DBCP), the Typhoon Committee – ESCAP, the Tropical Cyclones Panel, and the Intergovernmental Panel on Climate Change (IPCC).

107. WMO has working relationships with the GEO, DBCP, the Typhoon Committee – ESCAP, and the Tropical Cyclones Panel. The Organization provides space, personnel administration, financial administration, procurement services and other administrative support to each of these entities which in turn provide technical and programmatic efforts in areas that assist WMO in carrying out its mandate. Each entity reimburses WMO for the cost of services provided based on percentage charges in accordance with the terms of negotiated agreements.

108. WMO also provides, without charge, space including meeting facilities and administrative support services to the Intergovernmental Panel on Climate Change (IPCC) which was established jointly by WMO and the United Nations Environment Programme. WMO provides financial support to IPCC including financing the salary of the IPCC Secretary.

Note 3.14: Interest in Joint Ventures

109. The Organization has no ownership interest in associates and no controlled entities. WMO is part-owner of joint ventures including the Joint WMO/ICSU/IOC Climate Research Fund (JCRF) and the Global Climate Observing System (GCOS). In accordance with IPSAS, only those funds or entities of which WMO has control or joint control are consolidated on a proportionate basis.

Funds included as Joint Ventures:	Proportion of Ownership	
	2014	2013
• Joint WMO/ICSU/IOC Climate Research Fund	73%	77%
• Global Climate Observing System	10%	13%

The share of ownership is based on the proportion of contributions made to each Entity by contributors.

WMO's share on a proportional basis of Joint Ventures

	2014	2013
	<i>Swiss Francs (Thousands)</i>	
Revenue	1,994	1,929
Expenditures	(1,987)	(2,179)
	7	(250)
Add/ (minus):		
Movement in WMO's share in net assets/ equity	(104)	(20)
Surplus/(deficit) for period	(97)	(270)
Add:		
Opening balance of WMO's share of net assets/ equity 1 January	1,429	1,699
Closing balance of WMO's share of net assets/ equity 31 December 2014	1,332	1,429

Note 3.15: Capital Funds

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Working Capital Fund	6,604	6,598
Funds for Awards and Prizes	428	428
Total capital balances	7,032	7,026

110. In Resolution 42 (Cg-XV), Congress fixed the principal of the Working Capital Fund at CHF 7.5 million during the fifteenth financial period. The shortfall is being funded from interest earned on short-term investments of the capital. During 2014, the fund had earned interest amounting to CHF 6,000 (CHF 9,000 in 2013). Unpaid advances to this Fund due from Members amounted to CHF 601 at 31 December 2014 (CHF 1,601 at 31 December 2013).

111. Funds for Awards and Prizes are funded with interest earned on the capital. They comprise the International Meteorological Organization (IMO) Fund, the Dobrilovic Fund, the Vaisala Funds, and the Professor Mariolopoulos Fund.

Note 3.16: Employee Benefits Reserves (formerly Operating Reserves)

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Recruitment and termination benefits reserve	(9)	408
Post-retirement benefits reserve	2,402	(1,012)
Credit arising from Actuarial Valuation of Employee Benefits at 31 December	10,220	21,169
Total employee benefits reserves	12,613	20,565

112. Two reserves have been established by the Executive Council as facilities for funding and/or financing specific activities under specific circumstances. There are currently: the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

113. The Recruitment and Termination Benefits Reserve was established by Resolution 20 (EC-XXVII) to meet end-of-contract and recruitment costs, which are not specifically budgeted. The Reserve is funded from a 4 percent charge on payroll costs in accordance with Resolution 14 (EC-LXI). Following the establishment at 1 January 2010 of a liability for repatriation costs and accrued annual leave, the purpose of this reserve is now to fund recruitment costs only.

114. The Reserve for Post-Retirement Benefits was established by Resolution 7 (EC-LII) to meet after-service health insurance (ASHI) benefits of WMO's staff on a pay-as-you-go basis. It is funded from a 3 percent charge on payroll costs, with effect from 1 January 2009, in accordance with Resolution 14 (EC-LXI).

115. The Reserve for Employee Benefits represents the net actuarial gains and losses arising from the actuarial valuations of employee benefits which are determined by a professional actuary at the end of each financial period.

NOTE 4: RISK ANALYSIS

116. WMO is exposed to the following financial instruments at the reporting date, none of which represent derivative financial instruments:

	2014	2013
	<i>Swiss francs (thousands)</i>	
Financial Instruments		
Cash and cash equivalents (at fair value)	95,874	88,553
Short-term deposits (at fair value)	-	10,000
Assessed contributions receivable (at amortized cost)	9,196	10,018
Voluntary contributions receivable (at amortized cost)	14,446	19,172
Other receivables (at fair value)	280	169
Sub-total financial assets	119,796	127,912
Accounts payable (at fair value through surplus and deficit)	958	689
Loans payable (at amortized cost)	33,920	34,558
Sub-total financial liabilities	34,878	35,247
Financial instruments - net exposure	84,918	92,665

Credit Risk

117. Credit risk and liquidity risk associated with cash and cash equivalents is minimized substantially by ensuring that cash assets are placed with major financial institutions that have been accorded suitable investment grade ratings by a primary rating agency.

118. Contributions receivable comprise primarily amounts due from sovereign nations. Details of contributions receivable, including allowances for reductions in contribution revenue and doubtful accounts, are provided in Note 3.2. WMO does not hold any securities against contributions receivable. During 2014, 87% of receivables were paid in full (86% in December 2013). CHF 13.6 million of receivables (assessed contributions) were past due (CHF 15.8 million in December 2013). A provision for delayed collection of assessed contributions of CHF 4.5 million existed at 31 December 2014 (CHF 5.0 million at 31 December 2013) and WMO had entered into Payment Agreements with Members involving arrears of contributions amounting to CHF 1.5 million (CHF 1.3 million in 2013).

119. Projects funded with voluntary contributions are implemented when contributions are received, thereby eliminating any liquidity risk.

120. During 2014, 95% of the regular budget was funded with assessed contributions, of which 71% was assessed on 10 Members (the same as 2013). The Organization faces a liquidity risk if those Members delay the payment of their contributions. Of the unpaid assessed contributions of CHF 13.6 million at 31 December 2014 (CHF 15.8 million at 31 December 2013), 31% represented contributions from one Member (CHF 45% in 2013).

Liquidity Risk

121. WMO's total of cash and equivalents at 31 December 2014 of CHF 95.9 million (CHF 98.6 million in December 2013) is sufficient to meet its current liabilities at that date of CHF 47.1 million (CHF 45.6 million in 2013). On an on-going basis, it is anticipated that WMO will have sufficient liquidity to pay all debts due. The maturity of the final liabilities is reflected in Statement I – Statement of Financial Position.

122. Implementation of WMO's regular budget for the General Fund is done against the receipt of assessed contributions. In the event that a shortfall of contributions arises then the Organization can draw funding down from the Working Capital Fund (Note 3.15) pending receipt of assessed contributions. At 31 December 2014 the Working Capital Fund had an unutilized balance of CHF 6.6 million (CHF 6.6 million at 31 December 2013).

123. Implementation of activities in the Technical Cooperation and the Normative Fund Programmes are funded by voluntary contributions and cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten per cent is made to cover any fluctuations that may arise against legal obligations and commitments entered into.

124. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities. A quarterly cash flow forecast is reviewed by the WMO Investment Committee. The cash flow shows actual to date and forecast for the rest of the financial period.

Market Risk

Interest Risk

125. In 2014 interest earnings amounted to CHF 68,000 compared to total revenue of CHF 86.1 million. The implementation of WMO's plan and budget is not dependent on or impacted by interest earnings.

126. On 18 December 2014 the Swiss National Bank (SNB) announced as from 22 January 2015 an interest rate of negative 0.25% on sight deposit account balances at the SNB.

Currency Risk

127. The WMO budget is funded by assessed contributions in Swiss Francs (CHF), the functional and reporting currency of the Organization. As at 31 December 2014, CHF 85.2 million (89%) of the total cash balance of CHF 95.9 million was held in CHF (Note 3.1). The remaining balance of CHF 10.7 million was held in other currencies (CHF 14.8 million at 31 December 2013) On 15 January the Swiss National Bank (SNB) announced that it will no longer support the EUR to CHF exchange rate floor of 1 EUR= 1.20 CHF. The Swiss Franc subsequently appreciated significantly in particular against European currencies by approximately 5% to 10 %. Currencies held will be used to make payments in those respective currencies during 2015. The effect of this change in the value of the CHF can be summarized as follows:

Effect of appreciation of the Swiss Franc on other currencies					
<i>(Amounts in thousands)</i>					
Currency	Balance in foreign currency at 31 December:		CHF equivalent of balance at 31 December 2014	Effect in CHF of decrease in the value of foreign currency	
	2013	2014		of 5%	of 10%
USD	6,966	7,818	7,716	(386)	(772)
NOK	1,100	8,936	1,186	(59)	(119)
JPY	187,175	170,975	1,398	(70)	(140)
GBP	199	93	143	(7)	(14)
EUR	5,119	96	114	(6)	(11)
Other			77	(4)	(8)
Total			10,634	(532)	(1,064)

Based on the exchange rates of February 2015 and depending on the pace at which these currency amounts will be utilised there is a potential for an exchange loss of approximately CHF 0.5 million to CHF 1.0 million.

128. WMO's net assets consist of its accumulated surplus, reserves for employee benefits, the capital of the Working Capital Fund, and the capital of award and prize funds. The surplus of the General Fund is managed in accordance with the provisions of Article 9 (Funds) of the Financial Regulations of WMO. Surplus arising from activities funded with voluntary contributions is managed in

accordance with donor agreements. Reserves for employee benefits are managed in accordance with resolutions of the Executive Council. The Working Capital Fund is set aside to maintain sufficient levels of liquidity and to cover operational deficits should they occur.

NOTE 5: REVENUE

	2014		2013	
	<i>Swiss Francs (thousands)</i>			
5.1 Assessed contributions	65,250		65,276	
5.2 Voluntary contributions:				
Voluntary contributions settled	10,009		18,173	
Voluntary contributions unsettled	895		9,513	
Less: Refund of contributions	(679)		(360)	
Total voluntary contributions	10,225		27,326	
	Exchange	Non-exchange	Exchange	Non-exchange
5.3 Other revenue:				
Currency exchange differences:				
Realized gain/(loss)		(502)		(278)
Unrealized gain/(loss)		1,014		(47)
Total gain/(loss)		512		(325)
Rental of office facilities	1,704		1,603	
Programme support cost income		359		303
Interest		68		84
Other income		155		121
Publications	41		60	
Inter-fund contributions		140		24
Total other revenue	1,745	1,234	1,663	207
5.4 In-kind contributions (services)		1,677		1,700

129. Of the total voluntary contributions of CHF 10.2 million in 2014, CHF 7.0 million to CHF 8.0 million is subject to restrictions which in general relate to funds received for specific trust funds.

130. During 2014 in-kind contributions have been recognized in respect of land and an interest free loan provided by the Swiss Authorities (FIPOI). In-kind contributions are expensed at the same time as they are recognized as revenue.

131. WMO also receives services in-kind from Members which are not recognized in these accounts as WMO did not have control over the services in-kind and could not measure the fair value of these services. The services in-kind which are provided by Members relate to the support provided for WMO meetings held in their countries.

132. WMO has offices in seven countries. Six of the Host Governments provide various services in-kind in relation to these offices including the provision of office premises, furniture and equipment, vehicles, support staff and support services. As the fair values of these in-kind services could not be measured accurately they are not recognized in these accounts.

NOTE 6: EXPENDITURE

		2014	2013
		<i>Swiss Francs</i> <i>(thousands)</i>	
6.1	Salaries and employee benefits:		
	Staff costs	48,444	46,822
	Consultancy costs	4,295	3,362
	Employee benefits	3,862	3,175
	Total salaries and employee benefits	56,601	53,359
6.2	Supplies, consumables and other running costs:		
	Purchase of furniture and equipment (non-capitalized)	3,457	413
	Building maintenance and security	2,150	1,650
	IT – software and equipment (non-capitalized)	1,892	2,060
	Stationery and supplies	376	323
	Other running costs	349	162
	Utilities	295	276
	Total supplies, consumables and other running costs	8,519	4,884
6.3	In-kind expenditure		
	Rental value of land and interest on FIPOI loan	1,677	1,700
6.4	Finance costs		
	Increase/(decrease) in provision for delay in collection of contributions	(583)	175
	Discounting long-term receivables and loan	753	(7,837)
	Write-offs	141	1,711
	Bank charges	101	103
	Total finance costs	412	(5,848)
6.5	Other expenditure:		
	Public information	57	183
	Insurances	187	189
	Auditor's remuneration*	201	109
	Hospitality	70	50
	Staff training and development	63	60
	Other	1,699	1,292
	Total other expenditure	2,277	1,883

* Auditors remuneration includes the audit fee for 2014

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

133. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. WMO's budget and accounts are prepared using a different basis. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full IPSAS accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a commitment accounting basis.

134. As required by IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any

basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

135. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for WMO for purposes of comparison of budget and actual amounts.

136. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. Under entity differences, bilateral operations and trust funds form part of WMO activities and are reported in the financial statements although they are excluded from the budgetary process.

137. Presentation differences are due to differences in the format and classification schemes adopted for presentation of the Statement of Financial Performance by Segment (Note 8.2) and Statement V - Statement of Comparison of Budget and Actual Amounts.

138. The WMO Budget in Statement V applies only to the Regular Budget/General Fund as shown in Segment Reporting Note 8.2. The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance by Segment (Note 8.2) for the period ended 31 December 2014 is presented below:

		2014	2013
	Note	<i>Swiss Francs (thousands)</i>	
Actual amount on comparable basis (Statement V)		68,378	64,835
Plus :			
Basis difference - obligations for prior years		1,217	1,236
Depreciation	8.2	5,122	2,999
Write offs	6.4	16	53
Expenditure in-kind	6.3	1,677	1,700
Employee benefits: interest and current service cost		1,144	542
Loss on discounting long-term liabilities		822	(7,820)
Exchange differences and bank charges		80	79
Provision for write-offs	3.4	(583)	726
Other adjustments		(530)	632
Less :			
Basis difference - obligations for goods and services not received in 2014		1,403	1,857
Loan repayment	3.11	1,477	1,477
Additions/(disposals) of assets		218	9
Actual amount in the Statement of Financial Performance by segment (General Fund Note 8.2)		74,245	61,638

139. Open commitments including open purchase orders and net cash flows from operating, investing and financing activities are presented as Basis differences. Revenue and non-fund relevant expenses that do not form part of the Statement of Comparison of Budget and Actual Amounts are reflected as presentation differences.

140. Budget amounts have been presented on a functional classification basis in accordance with the 2014-2015 biennium budget which presents a breakdown of the budget by year for purposes of the above comparison.

NOTE 8: SEGMENT REPORTING**Note 8.1: Statement of Financial Position by Segment**

As at 31 December 2014
(in thousands of Swiss Francs)

	GENERAL FUND	TECHNICAL COOPERATION PROGRAMME	NORMATIVE FUNDS	2014 TOTAL	2013
ASSETS					
Current assets					
Cash and cash equivalents	44,734	25,027	26,113	95,874	88,553
Investments	-	-	-	-	10,000
Contributions receivable	8,499	9,153	5,125	22,777	29,190
Inventories	70	-	-	70	74
Other receivables	2,457	3,380	4,261	10,098	3,778
Interest in joint ventures	-	-	1,353	1,353	1,536
Total current assets	55,760	37,560	36,852	130,172	133,131
Non-current assets					
Contributions receivable	697	-	168	865	6,546
Property, plant and equipment	96,566	-	-	96,566	101,233
Intangible assets	26	-	-	26	118
Total non-current assets	97,289	-	168	97,457	107,897
Total assets	153,049	37,560	37,020	227,629	241,028
LIABILITIES					
Current liabilities					
Payables and accruals	1,802	741	907	3,450	2,694
Employee benefits	3,598	-	-	3,598	3,294
Contributions received in advance	10,895	-	-	10,895	19,625
Deferred revenue	141	2,432	8,165	10,738	-
Borrowings	1,477	-	-	1,477	1,477
Contributions refundable to donors	-	285	10	295	354
Funds held in trust	16,611	-	-	16,611	18,094
Interest in joint ventures	-	-	20	20	82
Total current liabilities	34,524	3,458	9,102	47,084	45,620
Non-current liabilities					
Employee benefits	58,362	-	-	58,362	46,350
Borrowings	32,443	-	-	32,443	33,081
Interest in joint ventures	-	-	-	-	25
Total non-current liabilities	90,805	-	-	90,805	79,456
Total liabilities	125,329	3,458	9,102	137,889	125,076
Net assets	27,720	34,102	27,918	89,740	115,952
NET ASSETS/EQUITY					
Capital fund	6,605	-	427	7,032	7,026
Accumulated surplus	8,502	34,102	27,491	70,095	88,361
Employee benefits reserve	12,613	-	-	12,613	20,565
Total net assets/equity	27,720	34,102	27,918	89,740	115,952

Note 8.2: Statement of Financial Performance by segment
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of Swiss Francs)

	GENERAL FUND	TECHNICAL COOPERATION PROGRAMME	NORMATIVE FUNDS	INTER -SEGMENT TRANSACTIONS	2014 TOTAL	2013
REVENUE						
Assessed contributions	65,250	-	-		65,250	65,276
Voluntary contributions - received	81	6,086	3,843		10,010	18,173
Voluntary contributions - not received	-	610	285		895	9,513
Provision for contributions refundable	-	(79)	(601)		(680)	(360)
Total voluntary contributions	81	6,617	3,527		10,225	27,326
Interest in joint ventures			1,994		1,994	1,929
Other revenue	3,868	(70)	(174)	(645)	2,979	1,870
In-kind contributions	1,677	-	-		1,677	1,700
Total revenue	70,876	6,547	5,347	(645)	82,125	98,101
EXPENDITURE						
Salaries and employee benefits	51,372	2,534	2,695		56,601	53,359
Travel	6,591	1,214	1,633		9,438	8,938
Supplies, consumables and other running costs	4,826	2,284	1,432	(23)	8,519	4,884
Implementing partner projects and meetings	2,195	4,769	3,199	(896)	9,267	4,833
Fellowships	1,017	214	316		1,547	1,339
Finance costs	338	7	67		412	(5,848)
Depreciation and amortization	5,122	-	-		5,122	2,999
Interest in Joint Ventures	-	-	1,986		1,986	2,179
In-kind expenditures (services)	1,677	-	-		1,677	1,700
Other expenditure	1,107	448	448	274	2,277	1,883
Movement in Share of Net Assets/Equity of Joint Ventures	-	-	104		104	20
Total expenditure	74,245	11,470	11,880	(645)	96,950	76,286
SURPLUS(DEFICIT) FOR THE PERIOD	(3,369)	(4,923)	(6,533)	-	(14,825)	21,815

141. Some internal activities lead to accounting transactions that create inter-segment revenue and expense balances in the financial statements. Inter-segment transactions are reflected in the above tables to accurately present these financial statements.

142. Contributions for operations and other activities are recognized as revenue, or deferred revenue, when these contributions are confirmed in writing. Expenses are incurred gradually over time according to projects' and beneficiaries' needs.

143. Accumulated fund balances under programme category funds and bilateral operations and trust funds represent the unexpended portion of contributions that are carried forward to be utilized in future operational requirements of the programmes.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES

144. At 31 December 2014 there were proceedings against the Organization for which a total amount of CHF 310,000 was claimed, including tribunal costs of CHF 20,000. The proceedings are expected to result in an outflow of resources amounting to approximately CHF 100,000. This amount and the tribunal costs are provided for in the financial statements.

NOTE 10: LOSSES, EX-GRATIA PAYMENTS AND WRITE-OFFS

145. WMO Financial Regulation 13.4 provides that "The Secretary-General may with the approval of the President make such ex-gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Executive Council with the financial statements as detailed in Article 14.1". During 2014 there were no ex-gratia payments.

146. WMO Financial Regulation 13.5 provides that "The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, except unpaid contributions, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the financial statements". During 2014, assets amounting to CHF 141,000 were written off.

147. No cases of fraud or presumptive fraud were reported in 2014.

NOTE 11: COMMITMENTS**NOTE 11.1 Operating Leases (WMO Lessee)**

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Under 1 year	229	145
1 – 5 years	272	1,280
Beyond 5 years	-	-
Total	<u>501</u>	<u>1,425</u>
Expense recognized	<u>229</u>	<u>294</u>

148. The leases cover 28 heavy-duty photocopiers and 2 heavy-duty printers. The leases for the photocopiers commenced in 2006 and have been renewed two times since. The current leases commenced in April 2013 for three years, renewable for a further two years. The leases for the printers commenced in April 2013 and were revised in August 2014. Payments amounting to CHF 229,000 were made in 2014, CHF 111,000 for rental fees and CHF 118,000 for photocopies.

NOTE 11.2 Operating Leases (WMO Lessor)

	2014	2013
	<i>Swiss Francs (thousands)</i>	
Under 1 year	1,062	1,238
1 – 5 years	233	825
Beyond 5 years	-	-
Total	<u>1,295</u>	<u>2,063</u>
Income recognized	<u>1,268</u>	<u>1,238</u>

149. At 31 December 2014, WMO was leasing out office space to four tenants for which it recognized income amounting to CHF 1,268,000 in 2014. The lease terms are of varying lengths. Annual rent is adjusted based on the Swiss cost of living index.

NOTE 11.3 Other Commitments

150. At 31 December 2014, WMO had commitments for the acquisition of goods and services contracted but not delivered amounting to CHF 10.9 million. This amount includes CHF 1.8 million for the acquisition of fixed assets consisting of equipment.

151. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 12: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE

NOTE 12.1: Key Management Personnel

	Number of posts	Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration	Outstanding advances against entitlements as at 31.12.2014	Outstanding loans as at 31.12.2014
	<i>Swiss Francs</i>						
Key management personnel, 2014	3	841,616	106,989	168,701	1,117,306	24,026	-
Key management personnel, 2013	3	843,049	134,732	170,555	1,148,336	6,000	-

152. Key management personnel are the Secretary-General, the Deputy Secretary-General, and the Assistant Secretary-General, as they have the authority and responsibility for planning, directing and controlling the activities of WMO. The Executive Council is composed of 37 directors of National Meteorological or Hydrometeorological Services, serving in an individual capacity as representatives of the Organization and not as representatives of particular Members thereof.

153. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

154. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

155. Key management personnel are ordinary participants of the UNJSPF.

NOTE 13: EVENTS AFTER REPORTING DATE

156. WMO's reporting date is 31 December 2014. On the date of signing of these accounts, there have been no material events, favourable or unfavourable, incurred between the Statement of Financial Position date and the date when the financial statements have been authorized for issue that would have impacted these statements. However the revaluation of the Swiss Franc (CHF) on 15 January 2015 does have the potential to generate an exchange loss of approximately CHF 0.5 million to 1 million as explained in paragraph 127.

Authorization for issue

157. These financial statements are certified by the Secretary-General and Director of the Resource Management Department of WMO, in accordance with the WMO Financial Regulations and Rules.

	Name	Address
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