

THE UNESCO INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION (IITE)



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Institute for Information
Technologies in Education

**APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

In accordance with the Financial Regulations (Article 11) of the United Nations Educational, Scientific and Cultural Organization (UNESCO), attached are the financial statements and accompanying notes for the year ended 31 December 2022.

The financial statements are the responsibility of Management and they have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Financial Regulations of the United Nations Educational, Scientific and Cultural Organization. They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the Institute for Information and Technologies in Education.

The External Auditor, in line with Article 12 of the Financial Regulations, provides an opinion on the consolidated financial statements of UNESCO. IITE's financial statements are included within the scope of consolidation for the preparation of the UNESCO financial statements.

Mr. Tao Zhan
Director
Institute for Information Technologies in Education (IITE) (SIGNED)

Mrs. Magdolna Bona
Chief Financial Officer
UNESCO (SIGNED)

Date: 17/7/2023

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER
(STATEMENT I)**

	Note	2022	2021 Restated (Note5)
Expressed in US dollars			
<u>ASSETS</u>			
Current Assets			
Cash	6	25 506	9 350
Other receivables	7	1 345 999	1 480 623
Total current assets		1 371 505	1 489 973
Non-current assets			
Property, plant and equipment	8	792	1948
Total non-current assets		792	1 948
<u>TOTAL ASSETS</u>		1 372 297	1 491 921
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accruals	9	21 459	47 562
Transfers payable	10	6 040	4 579
Employee benefits	11	25 841	28 803
Other liabilities		-	400
Total current liabilities		53 340	81 344
<u>TOTAL LIABILITIES</u>		53 340	81 344
<u>NET ASSETS</u>	12	1 318 957	1 410 577

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT II)**

Expressed in US dollars	Note	2022	2021 Restated (Note5)
<u>REVENUE</u>			
UNESCO Financial Allocation		358 800	358 800
Voluntary contributions		550 827	655 643
In-kind contribution		592 100	528 328
Total revenue	13	1 501 727	1 542 771
<u>EXPENSES</u>			
Personnel costs		746 266	531 806
Consultants, external experts and mission costs		137 770	119 320
External training, grants and other transfers		-	2 589
Supplies, consumables and other running costs		603 003	533 466
Contracted services		94 891	91 700
Depreciation		1 156	2 992
Foreign exchange losses		10 154	1
Finance costs		107	69
Total expenses	14	1 593 347	1 281 943
<u>(DEFICIT)/ SURPLUS FOR THE YEAR</u>		(91 620)	260 828

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT III)**

Expressed in US dollars	Note	2022	2021 Restated (Note5)
Net Assets at the beginning of the year	12	1 410 577	384 402
Other adjustments		-	765 347
Total of items recognized directly in Net Assets		-	765 347
(Deficit) /Surplus for the year		(91 620)	260 828
Total change in Net Assets		(91 620)	260 828
Net Assets at the end of the year	12	1 318 957	1 410 577

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT IV)**

Expressed in US dollars	Note	2022	2021 Restated (Note5)
Cash flows from operating activities			
(Deficit)/Surplus for the year		(91 620)	260 828
Depreciation		1 156	2 992
Decrease/(increase) in other receivables		134 624	(299 576)
Decrease/(increase) in accounts payable and accruals		(26 103)	38 796
Increase in transfers payable		1 461	138
(Decrease) in employee benefits		(2 962)	(1 195)
(Decrease)/Increase in other liabilities		(400)	400
Net cash flows used in operating activities		16 156	2 383
Net increase in cash		16 156	2 383
Cash at the beginning of the year	6	9 350	6 967
Cash at the end of the year	6	25 506	9 350

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY

The UNESCO Institute for Information Technologies in Education (IITE) was established within the United Nations Educational, Scientific and Cultural Organization (UNESCO) with the mission of providing Member States with an international mechanism to assist them in the application of information and communication technologies (ICTs) in education and monitoring their foreseeable impact on educational processes. IITE has its Headquarters located in Moscow, Russian Federation. UNESCO is considered the controlling entity of IITE, which is included within the UNESCO consolidated Financial Statements. The Statutes of IITE were approved by Resolution 6 adopted by the General Conference at its 29th session in November 1997. The financial regulations of the Special Account for IITE were first approved by the Executive Board at its 156th session in June 1999. IITE became operational as from January 2000.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the financial regulations of the special account for IITE. The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

Financial period

The financial statements are prepared on an annual basis, beginning on the first day of January and ending on the thirty-first day of December each year.

Presentation and Functional Currency

The presentation currency of the financial statements is the United States (US) dollars which is also the functional currency of IITE.

2.2 Foreign currency transactions

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximates market rates as they are set bi-monthly and revised if there are significant exchange rate fluctuations relating to individual currencies.

Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the Statement of Financial Position.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

2.3 Financial assets

IITE's financial assets include cash and other receivables.

Financial assets need to be classified at initial recognition. The subsequent measurement of financial assets depends on this classification. The classification depends on the purpose for which the financial assets are acquired and is determined at initial recognition and re-evaluated at each reporting date.

All financial assets were classified as loans and receivables (L&R) and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and subsequently measured at amortized cost.

The following table presents the classification and measurement of IITE's financial assets:

Financial assets	Classification	Subsequent Measurement
Cash	L&R	Amortized cost
Other receivables	L&R	Amortized cost

Impairment of financial assets at amortized cost

IITE assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events, occurring after the initial recognition of the asset which have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to revenue in surplus or deficit.

2.4 Financial liabilities

IITE's financial liabilities include Accounts payable and accruals, transfers payable and other liabilities.

The measurement of financial liabilities depends on their classification.

(a) Financial liabilities at fair value through surplus or deficit include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit

(b) Financial liabilities classified as amortized cost are, after initial recognition, measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

IITE has classified all its financial liabilities as amortized cost and are therefore, measured at amortized cost.

2.5 Cash

Cash includes cash in hand.

2.6 Other receivables

Receivables are initially measured at fair value and then, their carrying value adjusted for any allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that IITE will not be able to collect all amounts due according to the original terms of the receivables. In establishing the allowance for financial and host contribution, the fair value of receivables is calculated as the estimated discounted cash flows arising from receivables to be collected in the future. The level of accounts receivable related to voluntary contributions does not require discounting. Other receivables including monies held in UNESCO cash pool do not require discounting.

Receivables are classified into current and non-current on the basis of the timing of the expected amounts to be received.

2.7 Property, Plant and Equipment

Property, Plant and Equipment (PP&E) is carried at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the financial statements, but appropriate disclosure is made in the notes to the financial statements as applicable.

Additions

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to IITE and the cost of the item can be measured reliably. When an asset is donated, its initial cost is measured as the fair value of the asset as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are recognized in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to IITE and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all PP&E, at rates that will write off the cost of the assets over their useful lives.

The useful lives of major classes of assets have been estimated as follows:

Class of Property, Plant and Equipment	Depreciation period
Communication and IT equipment	4 years
Other equipment	5 years

The residual values and useful lives of assets are reviewed and adjusted, if applicable, at each financial year-end.

Impairment

The carrying amount of fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. For this purpose, all Property, Plant and Equipment assets are considered as non-cash generating assets.

2.8 Employee benefits

IITE recognizes the following categories of employee benefits:

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, allowances) and other benefits (education grant, home leave, etc.). An expense is recognized under personnel costs when employees render service to IITE and a liability is recognized for an entitlement that has not been settled at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits that are payable after the completion of employment.

UNESCO is a member organization participating in the United Nations Joint Staff Pension Fund (the “Fund”), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. IITE contributes to UNJSPF through UNESCO. The Fund is a funded, multi-employer defined benefit plan. As specified in 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.

The Fund 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 Fund. UNESCO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify UNESCO’s proportionate share, and thereby IITE’s

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proportionate share, of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNESCO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. IITE's contributions to the Fund during the financial year are recognized as expenses in the Statement of Financial Performance.

In addition, IITE participates in the UNESCO after service health insurance (ASHI) scheme. Under this scheme, staff retiring, who have reached their fifty-fifth birthday and who have completed at least ten years of participation in the Medical Benefits Fund as at the date of their separation, may opt to remain (indefinitely) in that Fund as an associate participant with UNESCO continuing to participate in the funding of their contributions. The ASHI scheme at UNESCO is a defined benefit plan for entities under common control.

UNESCO performs annually both a long-term projection and an actuarial valuation of the ASHI scheme to measure its employee benefits obligation. The plan exposes participating Institutes to actuarial risks associated with the current and former employees of other group entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual entities participating in the plan. IITE, as well as other participating group entities, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 39 basis with sufficient reliability for accounting purposes, and hence has recorded this plan as if it were a defined contribution plan.

The contributions of IITE to the UNESCO ASHI scheme consists of 4% charge on salary of the participating staff. IITE's contributions to the Special Account for ASHI during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance.

Other long-term employee benefits

Other long-term employee benefits are benefits, which are expected to be settled more than 12 months after the end of the reporting period and relates to repatriation grants and compensated absences (accumulated leave). The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. These liabilities are calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

In addition, IITE participates in the Terminal Payment Fund (TPF). This Fund was set up in accordance with Article 6, paragraph 6, of the Financial Regulations of UNESCO to cover costs of separation of staff members such as: termination payments, repatriation grants and death grants. IITE, in line with the other participating organizations in the Fund, is not in a position to identify IITE's proportionate share of the liability associated with this other long-term benefit with sufficient reliability for accounting purposes. Hence, IITE has treated this benefit as if it were a defined contribution plan in line with the requirements of IPSAS 39. IITE's contributions to the TPF during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance. IITE's contributions to UNESCO's TPF made during the year amount to USD 8 920 (2021: USD 7 865).

2.9 Tax

IITE enjoys the privilege of tax-exemption. As such, the Institute's assets, income and other property are exempt from all direct taxation.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where IITE has a present obligation but cannot reliably measure the possible outflow of resources.

Contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits.

2.11 Revenue recognition

Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized.

The revenues from non-exchange transactions are as follows:

- UNESCO financial allocation

The financial contribution made available from UNESCO's biennial budget approved by its General Conference, presented as UNESCO financial allocation in the Statement of Financial Performance, are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to IITE.

- Voluntary contributions

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability.

Conditions are imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As IITE satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are recognized as revenue when received.

- In-kind contributions

In-kind contributions of goods that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. The contribution value is based on the commercial rate for renting the building.

In-kind contributions of services, such as the services of volunteers, are not recognized.

2.12 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

Expenses from non-exchange funding agreements are recognized when the funding is legally in force, except where the agreement establishes a condition on transferred assets. In such cases, expenses are recognized as services are performed and the condition on transferred assets fulfilled consistent with the terms of the agreement.

Where revenue is recognized from in-kind contributions, a corresponding expense is also recognized in the financial statements.

2.13 Accounts payable and accrued liabilities

Accounts payable are financial liabilities for goods and services that have been received by IITE and invoiced but not yet paid by the reporting date.

Accrued liabilities are financial liabilities for goods and services that have been received by IITE and which have neither been paid for nor invoiced to IITE at the reporting date.

2.14 Leases

Lease agreements entered into for equipment or office premises are classified as operating leases as these arrangements do not transfer substantially all of the risks and rewards of ownership. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IPSAS requires IITE to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The areas where estimates, assumptions or judgement are significant to IITE's financial statements include, but are not limited to employee benefits, in-kind contributions and useful lives of property, plant and equipment. Changes in estimates are reflected in the year in which they become known.

Estimates and assumptions

IITE based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of IITE.

Below is a list of key assumptions:

a) Useful lives of Property, Plant and Equipment

The useful lives of Property, Plant and Equipment are assessed using the following indicators to inform potential future use and value from disposal and impairment:

- The condition of the asset based on the assessment of experts employed by IITE;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and
- Changes in the market in relation to the asset.

Note 2.7 provides information on the determined current useful lives.

b) Employee benefits:

Employee benefits are determined using actuarial valuation which involves making various assumptions on financial and non-financial elements that may differ from actual developments in the future such as determination of the discount rate, future salary increases, mortality rates and future cost increases. The employee benefit liability is highly sensitive to the variation of these assumptions and some of them are reviewed at each reporting date. Details about employee benefits are provided in Note 11.

Judgements

IITE undertakes a valuation of the in-kind contribution for the use of premises every several years. The principal factor that impacts the valuation is based on the availability of similar assets for rent.

NOTE 4: ACCOUNTING STANDARDS ISSUED

Accounting standards adopted during the year

No accounting standard was adopted during the year.

Accounting standards issued and to be adopted at a later date

- IPSAS 41 - Financial Instruments: the standard is effective for annual reporting years beginning on or after 1 January 2023. The standard establishes the principles for financial reporting of financial assets and financial liabilities for the assessment of the amounts, timing and uncertainty of an entity's future cash flows. Preliminary assessment suggests

that the adoption of this standard will mainly have implication for disclosure in the notes to the financial statements, but no significant impact on the statements.

- **IPSAS 42 – Social Benefits:** the standard is effective for annual reporting year beginning on or after 1 January 2023. The standard establishes principles and requirements on the recognition, measurement, and presentation of Social Benefits in the financial statements. IITE has assessed that the adoption of the standard will not have any impact on the financial statements.
- **IPSAS 43 – Leases:** the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. IITE has not yet assessed the impact of the adoption of the standard.
- **IPSAS 44 - Non-current assets held for sale and discontinued operations:** the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The adoption of the standard has no impact on IITE's financial statements.

NOTE 5: CHANGE IN ACCOUNTING POLICY

Prior to 2022, IITE financial statements were exclusively based on the financial allocation from UNESCO regular budget and any additional contributions to the Institutes' core activities. From 2022, the Institute started incorporating the activities funded from voluntary contributions that are fully implemented by the Institute.

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The effect of the scope modification on 2021 IITE comparatives is as follows:

Statement of financial position restated:

Expressed in US dollars	2021 reported	Adjustments	2021 restated
<u>ASSETS</u>			
Current Assets			
Cash	9 350	-	9 350
Other receivables	512 997	967 626	1 480 623
Total current assets	522 347	967 626	1 489 973
Non-current assets			
Property, plant and equipment	1948	-	1948
Total non-current assets	1 948	-	1 948
<u>TOTAL ASSETS</u>	524 295	967 626	1 491 921
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accruals	47 562	-	47 562
Transfers payable	-	4 579	4 579
Employee benefits	28 803	-	28 803
Other liabilities	400	-	400
Total current liabilities	76 765	4 579	81 344
<u>TOTAL LIABILITIES</u>	76 765	4 579	81 344
<u>NET ASSETS</u>	447 530	963 047	1 410 577

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Statement of financial performance restated:

Expressed in US dollars	2021 reported	Adjustments	2021 restated
REVENUE			
UNESCO Financial Allocation	358 800	-	358 800
Voluntary contributions	44 982	610 661	655 643
In-kind contribution	528 328	-	528 328
Total revenue	932 110	610 661	1 542 771
EXPENSES			
Personnel costs	302 894	228 912	531 806
Consultants, external experts and mission costs	7 778	111 542	119 320
External training, grants and other transfers	2 589	-	2 589
Supplies, consumables and other running costs	533 465	1	533 466
Contracted services	19 194	72 506	91 700
Depreciation	2 992	-	2 992
Foreign exchange losses	1	-	1
Finance costs	69	-	69
Total expenses	868 982	412 961	1 281 943
<u>SURPLUS FOR THE YEAR</u>	63 128	197 700	260 828

Statement of net assets restated:

Expressed in US dollars	2021 reported	Adjustments	2021 restated
Net Assets at the beginning of the year	384 402	765 347	1 149 749
Surplus/(Deficit) for the year	63 128	197 700	260 828
Total change in Net Assets	63 128	197 700	260 828
Net Assets at the end of the year	447 530	963 047	1 410 577

Statement of Cash flow restated:

Expressed in US dollars	2021 reported	Adjustments	2021 restated
Cash flows from operating activities			
Surplus for the year	63 128	197 700	260 828
Depreciation	2 992	-	2 992
Increase in other receivables	(101 738)	(197 838)	(299 576)
Increase in accounts payable and accruals	38 796	-	38 796
Increase in transfers payable	-	138	138
Decrease in employee benefits	(1 195)	-	(1 195)
Increase in other liabilities	400	-	400
Net cash flows used in operating activities	2 383	-	2 383
Net increase in cash	2 383	-	2 383
Cash at the beginning of the year	6 967	-	6 967
Cash at the end of the year	9 350	-	9 350

NOTE 6: CASH

Expressed in US dollars	2022	2021
Cash with banks	25 272	9 322
Cash in hand	234	28
Total cash	25 506	9 350

In 2022, IITE chose to maintain a higher balance of cash with the bank to address any possible issues posed by the limitations imposed on the banking system of the country.

NOTE 7: OTHER RECEIVABLES

Expressed in US dollars	2022	2021 Restated
Receivable from UNESCO	1 345 999	1 480 623
Total other receivables	1 345 999	1 480 623

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The receivable from UNESCO represents amounts due by UNESCO relating to the UNESCO financial allocation, voluntary contributions received on behalf of IITE and decentralized funds from UNESCO projects used, inter alia, to cover payroll payments processed by UNESCO. The receivable balance is kept within the operating account of UNESCO's cash pool to maximize the return on deposited funds. Interest revenues are allocated to IITE in the proportion of its share held, in the operating account, of UNESCO's cash pool.

NOTE 8: PROPERTY PLANT AND EQUIPEMENT

	Comms & IT Equipment	Other Equipment	2022
Expressed in US dollars			
01 January 2022			
Cost	82 835	4 989	87 824
Accumulated depreciation	(80 887)	(4 989)	(85 876)
Carrying amount	1 948	-	1 948
Movements 12 months to 31 December 2022			
Depreciation	(1 156)	-	(1 156)
Total movements	(1 156)	-	(1 156)
31 December 2022			
Cost	82 835	4 989	87 824
Accumulated depreciation	(82 043)	(4 989)	(87 032)
Carrying amount	792	-	792

Heritage assets: IITE does not own any relevant work or arts as at 31 December 2022.

IITE holds fully depreciated property plan and equipment which is still in use for a gross value of USD 85 923 (2021: USD 76 139). In 2022, no cash payment during the period and no outstanding commitment as at the end of the year were made in relation to fixed assets acquisition.

Expressed in US dollars	Comms & IT Equipm't	Other Equipm't	2021
01 January 2021			
Cost	82 835	4 989	87 824
Accumulated depreciation	(77 895)	(4 989)	(82 884)
Carrying amount	4 940	-	4 940
Movements 12 months to 31 December 2021			
Depreciation	(2 992)	-	(2 992)
Total movements	(2 992)	-	(2 992)
31 December 2021			
Cost	82 835	4 989	87 824
Accumulated depreciation	(80 887)	(4 989)	(85 876)
Carrying amount	1 948	-	1 948

NOTE 9: ACCOUNTS PAYABLE AND ACCRUALS

Expressed in US dollars	2022	2021
Accruals	21 459	47 562
Total Accounts payable and accruals	21 459	47 562

Accruals are liabilities for goods and services that have been received or provided to the entity during the period, but the goods received note or service entry sheet had not been registered at year-end (timing).

NOTE 10: TRANSFERS PAYABLE

Expressed in US dollars	2022	2021
Interest payable to donors	6 040	4 579
Total Transfers payable	6 040	4 579

Transfers payable relate to interests distributed to the projects that are considered as a liability pending the authorization from the donor to use these funds.

NOTE 11: EMPLOYEE BENEFITS

Expressed in US dollars	2022			2021
	Actuarial valuation	IITE Valuation	Total	
Payroll and reimbursement	-	1 303	1 303	5 225
Accumulated annual leave	24 538	-	24 538	23 578
Employee benefits (current)	24 538	1 303	25 841	28 803
Total employee benefits	24 538	1 303	25 841	28 803

Employee benefits – current

Current employee benefits include payroll and allowances, death grant, education grant, home leave and accumulated annual leave.

Accumulated annual leave (AAL) - IITE staff can accumulate unused annual leave up to a maximum of 60 working days. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold at the date of separation. Notwithstanding that AAL is fully included as current as required by the standards since IITE does not have an unconditional right to defer settlement of the liability for at least 12 months, expected payments in the next year are anticipated to be USD 20 076 for AAL.

Repatriation benefits

A staff member who has completed one year of continuous service outside the country of his/her recognized home is entitled upon separation from IITE to a repatriation grant payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. For eligible staff members hired after July 1st, 2016 this grant is payable starting on five years of expatriate service according to the current scale. Staff members are also entitled to travel and removal costs for repatriation on separation from IITE.

Actuarial valuations

An actuarial valuation was carried out to calculate IITE's estimated liability related to AAL.

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The following assumptions and methods have been used to determine the value of this benefit for IITE as at 31 December:

Assumptions used for annual leave		2022	2021
Discount rate	The rate used is based on the Mercer Yield Curve	4.15% (maturity around 11.5 years)	1.15% (maturity around 11.5 years)
Inflation rate		2.00%	1.75%
Pre-retirement Mortality Tables before the retirement age assumption	2019 United Nations in-service mortality table		
Salary increase rate		2.25%	2.00%
Retirement Age		65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2017 and 2021		
Take up rate	Staff eligible for accumulated annual leave to actually claim their entitlement at separation.	100%	100%

The following tables and text provide additional information and analysis on accumulated annual leave liability calculated by actuaries:

	2022	2021
Expressed in US dollars		
Defined benefit obligation beginning of the year	23 578	29 998
Movement for period ended 31 December		
Service cost	2 047	2 182
Interest cost	271	199
Actuarial gains	(1 205)	(8 783)
Foreign exchange difference	(153)	(18)
Total expenses	24 538	23 578

Actuarial gains for accumulated annual leave obligations recognized through the Statement of Financial Performance amount to USD 1 205 for the year ended 31 December 2022 (an actuarial gain in 2021: USD 8 783).

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The annual expense of AAL amounts recognized in the Statement of Financial Performance are as follows:

Expressed in US dollars	2022	2021
Service cost	2 047	2 182
Interest cost	271	199
Actuarial gains	(1 205)	(8 783)
Foreign exchange difference	(153)	(18)
Total expenses recognized for year ended 31/12/2022	960	(6 420)

Service cost is the increase in the present value of the defined obligation resulting from employee service in the current year. Interest cost is the increase during the year in the present value of the defined benefit obligation which arises because the benefits are one year closer to settlement.

Contributions to UNESCO ASHI scheme made during the year amount to USD 10 361 (2021: USD 8 595).

United Nations Joint Staff Pension Fund (UNJSPF)

The 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 Fund will be sufficient to meet its liabilities.

IITE participates in UNESCO's financial obligation to the Fund consisting 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 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.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, 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

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the plan. 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.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to USD 8,505.27 million, of which 2.19 % was contributed by UNESCO.

IITE's contribution made during the year 2022 amounts to USD 55 436, compared to USD 47 864 in 2021.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund's website.

NOTE 12: NET ASSETS

Expressed in US dollars	01/01/2022 Opening balance restated	Deficit for the year	31/12/2022
Accumulated surpluses	1 410 577	(91 620)	1 318 957
Total net assets	1 410 577	(91 620)	1 318 957

Note 13: REVENUE

	2022	2021
Expressed in US dollars		Restated (Note5)
UNESCO Financial Allocation	358 800	358 800
Voluntary contributions		
<i>Voluntary contributions - Extra-budgetary</i>	<i>550 847</i>	<i>655 643</i>
<i>In-kind voluntary contributions</i>	<i>592 100</i>	<i>528 328</i>
Total voluntary contributions	1 142 947	1 183 971
Total revenue	1 501 747	1 542 771

IITE's financial resources are made up of UNESCO financial allocation, voluntary contributions and contributions in kind from the Russian Federation. In accordance with the Agreement between UNESCO and the Government of the Russian Federation of 21 July 1998, and the Protocol to the Agreement signed in Paris on 28 December 2000, the Government of the Russian Federation provides IITE with official premises (free of charge). The 2022 in-kind contribution related to the premises was conservatively estimated at USD 592 100 with an increase of USD 63 772 due only to exchange rate fluctuation.

The Russian Federation also covers some operational costs of IITE, such as maintenance of the building, basic equipment, security and salaries of loaned staff.

NOTE 14: EXPENSES

Expressed in US dollars	2022	2021 Restated
Personnel costs		
<i>International & National staff</i>	586 882	471 704
<i>Temporary staff</i>	141 406	45 117
<i>Other personnel costs</i>	17 978	14 985
Total personnel costs	746 266	531 806
Consultants, external experts and mission costs		
<i>Consultants</i>	122 012	119 132
<i>Staff mission costs</i>	15 758	188
Total consultants, external experts and mission costs	137 770	119 320
External training, grants and other transfers		
<i>External training and seminars</i>	-	2 589
Total grants and other transfers	-	2 589
Supplies, consumables and other running costs		
<i>Communications</i>	2 036	1 078
<i>Equipment</i>	1 926	819
<i>Leases</i>	592 100	528 328
<i>Utilities</i>	5 632	2 228
<i>Other supplies</i>	1 309	1 013
Total supplies, consumables and other running costs	603 003	533 466
Contracted services		
<i>Other contracted services</i>	94 891	91 700
Total contracted services	94 891	91 700
Depreciation	1 156	2 992
Foreign exchange losses	10 154	1
Finance costs	107	69
Total expenses	1 593 347	1 281 943

Personnel costs

International & National staff expenses include salaries, post adjustments, entitlements and pensions and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for Accumulated Annual Leave. Temporary staff expenses include all costs relating to the employment of temporaries and service contracts. Other personnel

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costs include payroll charge for ASHI as well as staff travel expenses which are not related to mission costs (home leave, family visit, education grant, interview, separation).

Consultants, external experts and mission costs

Consultants expenses represent the cost of contracting consultants, including insurance and travel expenses. Staff mission costs are the mission and training costs for IITE's staff, temporaries, and service contracts. These concern principally travel and per diem expenses.

External training, grants and other transfers

Financial contributions include contributions made to United Nations joint activities, publications, conferences and programme activities. Grants and fellowships include study grants, fellowships, subventions, sponsorships and grant-in-aid. Expenses for external training and seminars are mainly travel and per diem costs for participants.

Supplies, consumables and other running costs

Communications expenses concern mainly telephone and postal/freight costs. Equipment expenses represent equipment purchases and costs during the year, which do not meet the criteria for capitalization as PP&E or Intangible Assets. Leases represents primarily premises rental cost. This line includes the expense which corresponds to the in-kind voluntary contribution for premises provided to IITE's no or nominal cost. Maintenance and repairs expenses are mainly those incurred in relation to IITE's premises.

Contracted services

Contracted services represent expenses where IITE's has engaged a third party to perform work on behalf of IITE. Major categories of these types of arrangements include research, seminars and meetings and document production. Other contracted services include, among others, implementing partner agreements, activity financing contracts, contract for services and other fees for contracted activities.

Depreciation

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment (PP&E) over their useful lives (see Note 2.7).

Finance costs

Finance costs are mainly due to bank charges and commissions.

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT

As at 31 December 2022, there are no contingent liabilities or contingent assets.

NOTE 16: Financial Risk Management

Exposure to credit, liquidity, currency, interest rate and concentration risk arises in the normal course of IITE's operations. The following presents information about IITE's exposure to each of the above risks, policies and processes for measuring and managing risk and IITE's management of capital.

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IITE's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the Financial Regulations and Rules of the Special Account of IITE, aim to minimize potential adverse effects on the resources available to IITE to fund its activities.

The primary objective of UNESCO's Investment Policy is the preservation of the value of resources of the Organization. Within this general objective the principal considerations for investment management are, in order of priority, security of principal, liquidity, and rate of return.

UNESCO has an Investment Committee comprising senior management representatives and external members that advise the Chief Financial Officer on investment and cash management policy of UNESCO, on overall investment strategy and on related risk management.

16.1 Fair value of financial assets and liabilities

The fair value of cash, and receivables from UNESCO approximate their recorded carrying amount due to their short-term nature. The fair value of accounts payables and accruals and other liabilities approximate their recorded carrying amount due to their short-term nature.

16.2 Credit risk

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from IITE's cash, and receivables. The maximum exposure to credit risk is the carrying amount of those financial assets.

IITE participates in UNESCO's cash pooling mechanism. Participation in UNESCO's cash pool implies sharing the risk and returns with all participants. Given that the funds from all participants are commingled and invested on a pool basis, each participant is exposed to the overall risk of the cash pool to the extent of the amount of cash participated.

Cash:

IITE only held cash at 31 December 2022 and did not hold any cash equivalents nor direct investments at year-end. To mitigate the credit risk, cash is held with major international banks of high credit standing selected in accordance with UNESCO's policies. As such, the credit risk exposure related to cash is not significant.

Receivables

Other receivables from UNESCO relates mainly receivable from UNESCO. These funds are held in UNESCO's cash pool. The credit risk exposure to that receivable is limited to its carrying amount. This risk is not significant due to the restrictions on the credit ratings (minimum A-) of banking institutions that UNESCO can transact with, and UNESCO's strong short-term liquidity position.

16.3 Liquidity risk

Liquidity risk is the risk that IITE might not have adequate funds to meet its obligations as they fall due. IITE ensures on the basis of cash flow forecasts and approved budget that it has sufficient cash on demand to meet expected operating expenses.

As at the year-end, IITE's cash and other receivables amount to USD 1 371 505, which is higher than the current liabilities equalling USD 53 340. Therefore, IITE is not exposed to a significant liquidity risk.

16.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in foreign exchange rates. IITE is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies. A 1% increase/decrease in exchange rate would not have a material impact on the financial statements.

Foreign currency risk related to voluntary contribution activities is managed through individual project budget planning for foreign currency expenditure. Therefore, IITE is not exposed to significant currency risk.

16.5 Interest rate risk

Interest rate risk arises from the effects of market interest rate fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. IITE is mainly exposed to interest rate risk on its financial interest-bearing assets. IITE did not hold any investments as at 31 December 2022. IITE is not exposed to any significant interest rate risk.

16.6 Concentration risk

IITE has a significant concentration of risk with UNESCO, who are the counterparty for 98% of IITE's total assets at 31 December 2022 (2021: 99%). IITE considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

NOTE 17: RELATED PARTY DISCLOSURES

Governing Bodies

The Institute is administered by its Governing Board (The Board) which is composed of eleven members. The members are chosen for their competence and sit in a personal capacity. They do not receive any remuneration from IITE. The Board meets once a year. As such, IITE incurs the costs related to travel and subsistence of the members for the execution of their duties.

Key Management Personnel

Key management personnel is personnel of the senior management team of the Institute, who has the authority and responsibility for implementing and directing the programme approved by IITE Governing Board.

The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions.

Key management personnel also qualify for post-employment benefits (Note 11) at the same level as other employees. Key management personnel are ordinary members of UNJSPF.

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The remuneration of key management personnel is as follows:

Year	Number of individuals	Compensation and Post Adjustments	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration
Expressed in US dollars					
2022	5	549 022	29 778	149 220	728 020
2021	5	488 461	26 537	136 478	651 476