

THE UNESCO INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION (IITE)



# unesco

Institute for Information  
Technologies in Education

**APPROVAL OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023.

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 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.

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.

(SIGNED)

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

(SIGNED)

Mrs. Magdolna Bona  
Chief Financial Officer  
UNESCO

10 July 2024

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**INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION**  
**I.STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated (Note5)
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash	6	16 087	25 506
Advance payments		-	5 000
Receivable from UNESCO	7	560 000	-
<b>Total current assets</b>		<b>576 087</b>	<b>30 506</b>
<b>Non-current assets</b>			
Receivable from UNESCO	7	837 874	1 361 757
Property, plant and equipment	8	316	810
<b>Total non-current assets</b>		<b>838 190</b>	<b>1 362 567</b>
<b><u>TOTAL ASSETS</u></b>		<b>1 414 277</b>	<b>1 393 073</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Accounts payable and accruals	9	77 422	22 459
Transfers payable	10	9 932	6 040
Employee benefits	11	72 891	25 841
<b>Total current liabilities</b>		<b>160 245</b>	<b>54 340</b>
<b><u>TOTAL LIABILITIES</u></b>		<b>160 245</b>	<b>54 340</b>
<b><u>NET ASSETS</u></b>	12	<b>1 254 032</b>	<b>1 338 733</b>

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

**INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION**  
**II.STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated (Note5)
<b><u>REVENUE</u></b>			
UNESCO Financial Allocation – Core Funding		358 800	358 800
Earmarked voluntary contributions		408 216	550 827
In-kind contribution		484 483	592 100
Foreign exchange gains		40 832	-
Other/miscellaneous revenue		2 766	-
Finance revenue		67 308	19 758
<b>Total revenue</b>	13	<b>1 362 405</b>	<b>1 521 485</b>
<b><u>EXPENSES</u></b>			
Personnel costs		649 217	746 266
Consultants, external experts and mission costs		164 678	137 770
External training, grants and other transfers		30 854	-
Supplies, consumables and other running costs		499 831	603 003
Contracted services		59 487	94 891
Depreciation		494	2 826
Foreign exchange losses		-	10 154
Other expenses		42 452	-
Finance costs		93	107
<b>Total expenses</b>	14	<b>1 447 106</b>	<b>1 595 017</b>
<b><u>(DEFICIT) FOR THE YEAR</u></b>		<b>(84 701)</b>	<b>(73 532)</b>

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

**INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION  
III.STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated (Note5)
<b>Net Assets at the beginning of the year</b>	12	<b>1 338 733</b>	<b>1 410 577</b>
Other adjustments		-	1 688
<b>Total of items recognized directly in Net Assets</b>		<b>-</b>	<b>1 688</b>
(Deficit) for the year		(84 701)	(73 532)
<b>Total change in Net Assets</b>		<b>(84 701)</b>	<b>(71 844)</b>
<b>Net Assets at the end of the year</b>	12	<b>1 254 032</b>	<b>1 338 733</b>

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

**INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION  
IV.STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated (Note5)
<b>Cash flows from operating activities</b>			
(Deficit) for the year		(84 701)	(73 532)
Depreciation		494	2 826
Increase in Advance payments		5 000	(5 000)
(Increase)/Decrease in Receivable from UNESCO		(36 117)	118 866
Increase/(Decrease) in accounts payable and accruals		54 106	(25 979)
Increase in transfers payable		3 892	1 461
Increase/(Decrease) in employee benefits		46 694	(3 225)
(Decrease) in other liabilities		-	(400)
Effect of exchange rates on operating activities		(5 038)	(10 077)
<b>Net cash flows used in operating activities</b>		<b>(15 670)</b>	<b>4 940</b>
<b>Net increase in cash</b>		<b>(15 670)</b>	<b>4 940</b>
<b>Cash at the beginning of the year</b>	6	<b>25 506</b>	<b>9 350</b>
<b>Effect of exchange rates on cash</b>		<b>6 251</b>	<b>11 216</b>
<b>Cash at the end of the year</b>	6	<b>16 087</b>	<b>25 506</b>

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

## V. 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 156<sup>th</sup> 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 UNESCO. The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

##### ***Financial year***

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.



## THE UNESCO INSTITUTE FOR INFORMATION TECHNOLOGIES IN EDUCATION (IITE)

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 receivables from UNESCO.

Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification. IITE classifies its financial assets as either measured at amortized cost or measured at fair value through surplus or deficit. The classification depends on IITE's management model for the financial assets and the contractual cash flow characteristics of the financial assets.

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

Financial assets	Classification	Subsequent Measurement
Cash	AC	Amortized cost
Receivables from UNESCO	AC	Amortized cost

IITE assesses on a forward-looking basis the expected credit losses associated with its financial assets classified as measured at amortized cost. The adjustment to the loss allowance at each reporting date is recognized as an impairment gain or loss in surplus or deficit.

IITE derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or are waived, or when it transfers the financial asset, and the transfer qualifies for derecognition.

### 2.4 Financial liabilities

IITE's financial liabilities include Accounts payable and accruals, transfers payable and other liabilities. IITE initially recognises its financial liabilities at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost.

### 2.5 Cash

Cash includes cash in hand and cash with banks.

### 2.6 Other receivables

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:

<b>Class of Property, Plant and Equipment</b>	<b>Depreciation period</b>
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 participates in the United Nations Joint Staff Pension Fund (UNJSPF or 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 plan. UNESCO and the UNJSPF, 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 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 plan during the financial period are recognized as personnel costs 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 benefits 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: repatriation grants, repatriation shipment and travel 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. The contributions of IITE consist of 4% of salary of staff who participate to the UNESCO TPF programme. 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 9 138 (2022: USD 9 094).

## **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**

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.

## **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 – Core Funding

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.

- Earmarked 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.

### ***Revenue from exchange transactions***

Other sources of revenue from exchange transactions are measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

### ***Finance Revenue***

IITE participates in UNESCO's cash pooling mechanism whereby the funds from all participants are commingled and invested on a pool basis. Interest revenues are allocated to IITE in the proportion of its share held in the account.

## **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 accruals

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.

Accruals 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 in current year**

- IPSAS 41 Financial Instruments has been applied retrospectively as per the required implementation date of 1 January 2023. IPSAS 41 Financial Instruments was published in August 2018 and replaces IPSAS 29 Financial Instruments: Recognition and Measurement. IITE has adopted IPSAS 41 and the related consequential amendments to other IPSASs in the financial reporting period commencing 1 January 2023. IITE’s revised accounting policies in relation to financial instruments are provided above. The implementation has had no significant impact on IITE’s financial statements.

IPSAS 41 provides a single classification and measurement approach for financial assets that reflects the management model for managing the assets and their contractual cash flow characteristics. For financial liabilities, the existing classification and measurement requirements of IPSAS 29 are largely retained.

The table below illustrates the classification of financial assets and financial liabilities under IPSAS 41 and IPSAS 29 at the date of initial application of 1 January 2023.

<b>Financial Assets</b>	<b>Category IPSAS 29</b>	<b>Category IPSAS 41</b>
Cash	Loans & Receivables	Amortized cost
Receivable from UNESCO	Loans & Receivables	Amortized cost
<b>Financial Liabilities</b>	<b>Category IPSAS 29</b>	<b>Category IPSAS 41</b>
Accounts payables and accruals	Amortized cost	Amortized cost

There were no changes made to the measurement of financial assets and financial liabilities as a result of adopting IPSAS 41. The standard also introduces a forward-looking assessment of expected credit losses on financial assets categorized at amortized cost which did not impact IITE's financial statements.

***Accounting standards issued and to be adopted at a later date***

- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025, with earlier application permitted. 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, with earlier application permitted. 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.
- IPSAS 45 - Property Plant and Equipment: The effective date of this standard is 1 January 2025. The Standard prescribes the accounting treatment for property, plant and equipment so that users of financial statements can discern information about the entity's investment in its property, plant and equipment and the changes to such investments. IITE has not yet assessed the impact of the adoption of the standard.
- IPSAS 46—Measurement: The effective date of this standard is 1 January 2025, with earlier application permitted. The Standard defines the measurement bases that assist in reflecting fairly cost of services, operational capacity and financial capacity of assets and liabilities. IITE has not yet assessed the impact of the adoption of the standard.
- IPSAS 47 – Revenue: the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principal that an entity shall apply to report useful information to users of financial statement about the nature, amount, timing and uncertainty of revenue and cash flows from revenue transactions. IITE has not yet assessed the impact of the adoption of the standard.
- IPSAS 48—Transfer Expenses: the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principles that a transfer provider (an entity) shall apply to report useful information to users of financial information about the nature, amount, timing and uncertainty of expenses and cash flows arising from transfer expense transactions. IITE has not yet assessed the impact of the adoption of the standard.

**NOTE 5: ADJUSTEMENTS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS & NOTES TO THE FINANCIAL STATEMENTS FOR THE PRIOR YEAR**

Certain adjustments, as described below, have been made in the presentation and disclosures of the comparative 2022 financial information within these financial statements.



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1. IITE recognises advance payments made in advance of the receipt of goods and services. These advances are subsequently cleared against the expenditures as the goods and services are rendered. However, in 2022, accounting of a consultant contract advance was inadvertently missed. Therefore, advance payments were understated by \$5,000. This has been addressed in the restatement.
2. Previously, Other receivables were presented including the receivable from UNESCO. As per IPSAS, groupings of assets and liabilities must be of the same nature. Other receivables and Receivables from UNESCO are not of the same nature and therefore, given that in 2022 IITE only has Receivable from UNESCO, this line has been presented separately. In addition, IPSAS 1 requires that assets and liabilities be classified between current and non-current. At the time IITE prepared its 2022 financial statements, it initially classified this item as fully current. Since the current 2023 receivable from UNESCO balance remains equivalent to prior year balance, prior year balance was restated as non-current. The Statement of Cash Flow has been restated accordingly.
3. In 2023, the analysis of 2022 IITE physical inventory identified assets (Information technologies and other equipment) purchased in prior years that had not been adjusted in the correct period. Therefore, the cost of property, plant and equipment, the accumulated depreciation, and the depreciation expense for 2022 were adjusted accordingly impacting the opening net asset as well.
4. As at 31 December 2022, IITE's vendors payables, which are to be paid by UNESCO, were not recorded in the financial statements. Therefore, IITE's accounts payable and accruals were understated by \$1,000. Accounts payable have been restated as such.
5. The Receivable for UNESCO is held within the operating account of UNESCO to maximize the return on deposited funds and interest revenues are allocated to these pooled funds in the proportion of the share retained by each organization within that pool of funds. IITE did not account for its share of interest revenue from IITE funds retained by UNESCO. This has been addressed in the restatement.
6. The statement IV is adjusted to disclose the effects of changes in Foreign Exchange Rates as per IPSAS 2.

As a result, certain 2022 figures have been restated, as per the following table

### Statement I - Statement of Financial Position

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
<b>Current Assets</b>			
Advance payments	-	5 000 (1)	5 000
Other receivables	1 345 999	(1 345 999) (2)	-
<b>Total current assets</b>	<b>1 371 505</b>	<b>(1 340 999)</b>	<b>30 506</b>
<b>Non-current assets</b>			
Receivable from UNESCO	-	1 361 757 (1)(3) (4)(5)	1 361 757
Property, plant and equipment	792	18 (3)	810
<b>Total non-current assets</b>	<b>792</b>	<b>1 361 775</b>	<b>1 362 567</b>
<b>TOTAL ASSETS</b>	<b>1 372 297</b>	<b>20 776</b>	<b>1 393 073</b>
<b>Current Liabilities</b>			
Accounts payable and accruals	21 459	1 000 (4)	22 459
<b>Total current liabilities</b>	<b>53 340</b>	<b>1 000</b>	<b>54 340</b>
<b>TOTAL LIABILITIES</b>	<b>53 340</b>	<b>1 000</b>	<b>54 340</b>
<b>NET ASSETS</b>	<b>1 318 957</b>	<b>19 776 (5)</b>	<b>1 338 733</b>

### Statement II - Statement of Financial Performance

For the year ended December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
<b>REVENUE</b>			
Finance Revenue	-	19 758 (5)	19 758
<b>Total revenue</b>	<b>1 501 727</b>	<b>19 758</b>	<b>1 521 485</b>
<b>EXPENSES</b>			
Depreciation	1 156	1 670 (3)	2 826
<b>Total expenses</b>	<b>1 593 347</b>	<b>1 670</b>	<b>1 595 017</b>
<b>(DEFICIT) FOR THE YEAR</b>	<b>(91 620)</b>	<b>18 088</b>	<b>(73 532)</b>

**Statement III - Statement of Changes in Net Assets**

For the year ended December 31, 2022	Impact of restatements		
	As previously reported	adjustments	As restated
<b>Net Assets at the beginning of the year</b>	<b>1 410 577</b>	<b>1 688 (3)</b>	<b>1 412 265</b>
(Deficit) of the year	(91 620)	18 088 (5) (3)	(73 532)
<b>Total change in Net Assets</b>	<b>(91 620)</b>	<b>18 088</b>	<b>(73 532)</b>
<b>Net Assets at the end of the year</b>	<b>1 318 957</b>	<b>19 776</b>	<b>1 338 733</b>

**Statement IV - Statement of Cash Flow**

For the year ended December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
<b>Cash flows from operating activities</b>			
(Deficit) for the year	(91 620)	18 088 (5) (3)	(73 532)
Depreciation	1 156	1 670 (3)	2 826
Increase in Advance payments	-	(5 000) (1)	(5 000)
Decrease in Other receivables	134 624	(134 624) (2)	-
Decrease in Receivable from UNESCO	-	118 866 (2)	118 866
(Decrease) in Accounts payable and accruals	(26 103)	124 (4) (6)	(25 979)
(Decrease) in Employee benefits	(2 962)	(263) (6)	(3 225)
Effect of exchange rates on operating activities	-	(10 077) (6)	(10 077)
<b>Net cash flows used in operating activities</b>	<b>16 156</b>	<b>(11 216) (6)</b>	<b>4 940</b>
<b>Net increase in cash</b>	<b>16 156</b>	<b>(11 216) (6)</b>	<b>4 940</b>
<b>Effect of exchange rates on cash</b>	<b>-</b>	<b>11 216 (6)</b>	<b>11 216</b>

**NOTE 6: CASH**

Expressed in US dollars	2023	2022
Cash with banks	15 888	25 272
Cash in hand	199	234
<b>Total cash</b>	<b>16 087</b>	<b>25 506</b>

**NOTE 7: OTHER RECEIVABLES**

Expressed in US dollars	2023	2022
Receivable from UNESCO - Current	560 000	-
Receivable from UNESCO (non-current)	837 874	1 361 757
<b>Total other receivables</b>	<b>1 397 874</b>	<b>1 361 757</b>

The receivable from UNESCO represents amounts due from 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 EQUIPMENT**

Expressed in US dollars	Comms & IT Equipment	Other Equipment	2023
<b>01 January 2023</b>			
Cost			
<b>Restated- Note 3</b>	90 884	6 132	97 016
Accumulated depreciation			
<b>Restated- Note 3</b>	(90 092)	(6 114)	(96 206)
<b>Carrying amount</b>	<b>792</b>	<b>18</b>	<b>810</b>
<b>Movements 12 months to 31 December 2023</b>			
Depreciation	(476)	(18)	(494)
<b>Total movements</b>	<b>(476)</b>	<b>(18)</b>	<b>(494)</b>
<b>31 December 2023</b>			
Cost			
	90 884	6 132	97 016
Accumulated depreciation	(90 568)	(6 132)	(96 700)
<b>Carrying amount</b>	<b>316</b>	<b>-</b>	<b>316</b>

Expressed in US dollars	Comms & IT Equipment	Other Equipment	2022
<b>01 January 2022 - Restated- Note 5</b>			
Cost	90 884	6 132	97 016
Accumulated depreciation	(87 496)	(5 884)	(93 380)
<b>Carrying amount</b>	<b>3 388</b>	<b>248</b>	<b>3 636</b>
<b>Movements 12 months to 31 December 2022</b>			
<b>Restated - Note 5</b>			
Depreciation	(2 596)	(230)	(2 826)
<b>Total movements</b>	<b>(2 596)</b>	<b>(230)</b>	<b>(2 826)</b>
<b>31 December 2022</b>			
Cost	90 884	6 132	97 016
Accumulated depreciation	(90 092)	(6 114)	(96 206)
<b>Carrying amount</b>	<b>792</b>	<b>18</b>	<b>810</b>

Heritage assets: IITE does not own any relevant work or arts as at 31 December 2023.

IITE holds fully depreciated property plan and equipment which is still in use for a gross value of USD 95 115 (2022: USD 85 923). In 2023, 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.

#### NOTE 9: ACCOUNTS PAYABLE AND ACCRUALS

Expressed in US dollars	2023	2022 restated
Accounts Payable	13 533	1 000
Accruals	63 889	21 459
<b>Total Accounts payable and accruals</b>	<b>77 422</b>	<b>22 459</b>

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**

	2023	2022
<b>Expressed in US dollars</b>		
Interest payable to donors	9 932	6 040
<b>Transfers payable</b>	<b>9 932</b>	<b>6 040</b>

Transfers payable relate to interest 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	2023			2022
	Actuarial valuation	IITE Valuation	Total	
Payroll and reimbursement	-	50 671	50 671	1 303
Accumulated annual leave	22 220	-	22 220	24 538
<b>Employee benefits (current)</b>	<b>22 220</b>	<b>50 671</b>	<b>72 891</b>	<b>25 841</b>
<b>Total employee benefits</b>	<b>22 220</b>	<b>50 671</b>	<b>72 891</b>	<b>25 841</b>

***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 2,262 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 1<sup>st</sup> July 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		2023	2022
Discount rate	The rate used is based on the Mercer Yield Curve	3.50% (maturity around 10 years)	4.15% (maturity around 11.5 years)
Inflation rate	For all benefits	2.25%	2.00%
Pre-retirement Mortality Tables before the retirement assumption	2019 United Nations in-service mortality table for annual leave		
Salary increase rate - annual leave		2.50%	2.25%
Repatriation Travel and Removal trend	For staff members without dependent For staff members with at least one dependent	\$6,683 \$8,109	\$5,916 \$7,178
Retirement Age		65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2019 and 2023		
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:

	2023	2022
<b>Expressed in US dollars</b>		
<b>Defined benefit obligation as at 1 January</b>	<b>24 538</b>	<b>23 578</b>
<b>Movement for the period ended 31 December</b>		
Service cost	2 203	2 047
Interest cost	602	271
Actuarial (gains)	(6 022)	(1 205)
Foreign exchange difference	899	(153)
<b>Total expenses</b>	<b>22 220</b>	<b>24 538</b>

Actuarial gains for accumulated annual leave obligations recognized through the Statement of Financial Performance amount to USD 6,022 for the year ended 31 December 2023 (an actuarial gain in 2021: USD 1,205).

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

<b>Expressed in US dollars</b>	<b>2023</b>	<b>2022</b>
Service cost	2 203	2 047
Interest cost	602	271
<b>Total expenses</b>	<b>2 805</b>	<b>2 318</b>

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 15,265 (2022: USD 17,713).

### **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. 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 the valuation as of 31 December 2023 is currently being performed. A roll forward of the participation data as of 31 December 2021 to 31 December 2022 was 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%. The funded ratio was 158.2% 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 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.



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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 (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which 2.16% was contributed by UNESCO.

IITE's contribution made to the Fund during the year 2023 amounted to USD 81,938, compared to USD 93,774 in 2022

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 web site.

**NOTE 12: NET ASSETS**

	<b>2022</b>		<b>2023</b>
<b>Expressed in US dollars</b>	<b>Opening Balance restated</b>	<b>Deficit for the period</b>	
Operating reserve	1 338 733	(84 701)	1 254 032
<b>Total Net Assets</b>	<b>1 338 733</b>	<b>(84 701)</b>	<b>1 254 032</b>

**Note 13: REVENUE**

Expressed in US dollars	2023	2022 Restated (Note 5)
<b>UNESCO Financial Allocation – Core Funding</b>	<b>358 800</b>	<b>358 800</b>
<b>Voluntary contributions</b>		
<i>Earmarked voluntary contributions</i>	408 216	550 827
<i>In-kind voluntary contributions</i>	484 483	592 100
<b>Total voluntary contributions</b>	<b>892 699</b>	<b>1 142 927</b>
<b>Foreign exchange gains</b>	<b>40 832</b>	-
<b>Other/miscellaneous revenue</b>	<b>2 766</b>	-
<b>Finance revenue</b>	<b>67 308</b>	<b>19 758</b>
<b>Total revenue</b>	<b>1 362 405</b>	<b>1 521 485</b>

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 2023 in-kind contribution related to the premises was estimated at USD 484,483 a decrease of USD 107,616 due to exchange rate fluctuations.

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

Other revenue includes programme support cost recovery amounting to USD 2,766 generated by IITE activities in the previous years and transferred in 2023.

**NOTE 14: EXPENSES**

Expressed in US dollars	2023	2022
<b>Personnel costs</b>		
<i>International &amp; National staff</i>	325 533	586 882
<i>Temporary staff</i>	308 420	141 406
<i>Other personnel costs</i>	15 264	17 978
<b>Total personnel costs</b>	<b>649 217</b>	<b>746 266</b>
<b>Consultants, external experts and mission costs</b>		
<i>Consultants</i>	129 672	122 012
<i>Staff mission costs</i>	35 006	15 758
<b>Total consultants, external experts and mission costs</b>	<b>164 678</b>	<b>137 770</b>
<b>External training, grants and other transfers</b>		
<i>External training and seminars</i>	30 854	-
<b>Total external training, grants and other transfers</b>	<b>30 854</b>	-
<b>Supplies, consumables and other running costs</b>		
<i>Communications</i>	2 013	2 036
<i>Equipment</i>	9 029	1 926
<i>Leases</i>	484 483	592 100
<i>Utilities</i>	2 516	5 632
<i>Other supplies</i>	1 790	1 309
<b>Total supplies, consumables and other running costs</b>	<b>499 831</b>	<b>603 003</b>
<b>Contracted services</b>		
<i>Contracted Seminars &amp; Meetings</i>	427	-
<i>Other contracted services</i>	59 060	94 891
<b>Total contracted services</b>	<b>59 487</b>	<b>94 891</b>
<b>Depreciation</b>	<b>494</b>	<b>2 826</b>
<b>Foreign exchange losses</b>	-	<b>10 154</b>
<b>Other expenses</b>	<b>42 452</b>	-
<b>Finance costs</b>	<b>93</b>	<b>107</b>
<b>Total expenses</b>	<b>1 447 106</b>	<b>1 595 017</b>

***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

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include all costs relating to the employment of temporaries and service contracts. Other personnel 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***

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.

### ***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 ASSETS**

As at 31 December 2023, 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. To ensure its proper management, 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.

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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.

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.

### 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 2023 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

Receivable from UNESCO 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 in hand and receivables from UNESCO amount to USD 1,413,961, which is higher than the current liabilities equalling USD 160,245. 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.

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 2023. 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 99% of IITE's total assets at 31 December 2023 (2022: 99%). IITE considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

### **NOTE 17: CAPITAL MANAGEMENT**

IITE defines the capital that it manages as the aggregate of its net assets which is comprised of accumulated balances. IITE's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. The IITE's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.

IITE's capital structure is managed in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. IITE manages its capital by reviewing on a regular basis the actual results against the budgets approved by the Governing Board.

### **NOTE 18: 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.

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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.

The remuneration of key management personnel is as follows:

<b>Year</b>	<b>Number of individuals</b>	<b>Compensation and Post Adjustment</b>	<b>Entitlements (Allowances, Grants and Subsidies)</b>	<b>Pension and Health Plans</b>	<b>Total Remuneration</b>
2023	5	492 625	79 943	144 610	717 178
2022	5	549 022	29 778	149 220	728 020