FINANCIAL STATEMENTS 2021

unesco

Mahatma Gandhi Institute of Education for Peace and Sustainable Development

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021.

The financial statements are the responsibility of Management and they have been prepared in accordance with International Public Sector Accounting Standards 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, and as part of the audit of UNESCO, provides an opinion on the consolidated financial statements.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the Mahatma Gandhi Institute of Education for Peace and Sustainable D

(Signed)

Mr. Anantha Kumar Duraiappah
Director
UNESCO MGIEP

(Signed)

Mrs. Magdolna Bona
Chief Financial Officer
UNESCO

Date 30/6/2022

CONTENTS

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Statement I)

Expressed in US Dollars	Note	2021	2020
ASSETS			
Current Assets			
Cash	5	74,289	58,428
Accounts Receivable from Non-Exchange Transactions	6	2,170,058	-
Advance Payments		1,455	1,893
Other Receivables	7	3,633,250	4,719,882
Total Current Assets		**5,879,052**	**4,780,203**
Non-Current Assets			
Property, Plant & Equipment	8	68,632	74,277
Intangible Assets	9	473,343	377,428
Total Non-Current Assets		**541,975**	**451,705**
TOTAL ASSETS		**6,421,027**	**5,231,908**
LIABILITIES			
Current Liabilities			
Accounts Payable and Accruals	10	39,036	72,751
Employee Benefits	11	224,855	114,847
Advance Receipt		2,268	2,268
Total Current Liabilities		**266,159**	**189,866**
Non-Current Liabilities			
Employee Benefits	11	28,325	103,802
Total Non-Current Liabilities		**28,325**	**103,802**
TOTAL LIABILITIES		**294,484**	**293,668**
NET ASSETS	12	**6,126,543**	**4,938,240**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2021
(Statement II)

Expressed in US Dollars	Note	2021	2020
REVENUE			
UNESCO Financial Allocation		246,500	246,500
Voluntary Contributions Host Country		3,506,042	3,733,072
In-kind Contribution		228,000	228,000
Other/Miscellaneous Revenue		537	3,374
Finance Revenue		5,070	43,420
Total Revenue	**13**	**3,986,149**	**4,254,366**
EXPENSES			
Staff costs		1,595,165	1,522,370
Consultants/External Experts and Mission Costs		471,039	349,317
External Trainings, Grants & Other Transfers		7,107	50,545
Supplies, Consumables & Other Running Costs		280,842	255,792
Contracted Services		392,882	401,365
Depreciation & Amortization		41,128	34,175
Foreign Exchange Losses		4,335	20,561
Other Expenses		5,045	8,063
Finance Costs		303	164
Total Expenses	**14**	**2,797,846**	**2,642,352**
SURPLUS FOR THE YEAR		**1,188,303**	**1,612,014**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Statement III)

Expressed in US Dollars	Note	2021	2020
Net Assets at the beginning of the year		**4,938,240**	**3,289,706**
Movement in Net assets during the year			
Other Adjustments	12	-	36,520
Total of Items recognized directly in Net Assets		**-**	**36,520**
Surplus for the year	12	1,188,303	1,612,014
Total change in Net Assets		**1,188,303**	**1,648 534**
Total Net Assets at the end of the year		**6,126,543**	**4,938,240**

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021
(Statement IV)

Expressed in US Dollars	Note	2021	2020
Cash flows from operating activities			
Surplus for the year		1,188,303	1,612,014
Depreciation and Amortization		41,127	34,175
Loss on disposal of asset		1,274	-
(Increase)/Decrease in Accounts Receivable from Non-Exchange transactions		(2,170,058)	1,414,031
Decrease/(Increase) in Advance Payment		438	(1,893)
Decrease/(Increase) in Other receivables		1,086,632	(3,184,110)
(Decrease) in Accounts payable and accruals		(33,715)	(65,764)
Increase in employee benefits		34,531	13,090
Effect of exchange rates on operating activities		494	-
Net cash flows from operating activities		**149,026**	**(178,457)**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(28,733)	(23,989)
Purchase of intangible asset		(103,938)	(64,126)
Net cash flows from investing activities		**(132,671)**	**(88,115)**
Net increase/(decrease) in cash		**16,355**	**(266,572)**
Cash, beginning of the year	5	**58,428**	**325,000**
Effect of foreign exchange gain/loss on foreign-denominated cash		(494)	**-**
Cash, end of the year	**5**	**74,289**	**58,428**

V. NOTES TO FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY

Mahatma Gandhi Institute of Education for Peace and Sustainable Development (MGIEP) is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO). UNESCO is considered the controlling entity of MGIEP, which is included within the UNESCO consolidated Financial Statements.

The establishment of MGIEP as a UNESCO Category I Institute and its Statutes had been approved following the resolution 16 of the 35th General Conference (October 2009) with the aim of influencing policy and practice in education for peace and sustainable development. The Institute aims to provide teaching and learning tools, research, and youth-centered Programmes to adapt to current education systems.

As a Category I Institute, MGIEP enjoys functional autonomy in programme implementation. The Governing Board of MGIEP is composed of 12 members and 3 observers. The Governing Board approves the Institute's annual budget and determines the nature of its activities. It also approves the yearly report of activities presented to it by the Director of MGIEP. The Director of MGIEP is appointed by the Director-General of UNESCO and is responsible for day-to-day operations. The Director of MGIEP also serves as the secretary to the Governing Board.

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 (IPSASs) and comply with the UNESCO’s Financial Regulations.

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 thirty-first of December each year.

Presentation and Functional Currency

The presentation currency of the financial statements is the United States dollars (USD) which is also its functional currency MGIEP.

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 approximate market rates as they are set once a month, and revised mid-month 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 USD 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

MGIEP's financial assets include: cash, accounts receivable from non-exchange transactions, advance payments and other receivables.

Financial assets within the scope of IPSAS 29 Financial instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, as appropriate. MGIEP determines the classification of its financial assets at initial recognition.

The subsequent measurement of financial assets depends on their 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.

Financial assets classified as loans and receivables (L&R) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transaction costs and subsequently recorded at amortized cost using the effective interest rate method.

The following table presents the classification and measurement of MGIEP’s financial assets:

Financial assets	Classification	Subsequent Measurement
Cash	L&R	Amortized cost
Accounts receivable from non-exchange transactions	L&R	Amortized cost
Advance Payments	L&R	Amortized cost
Other receivables	L&R	Amortized cost

Impairment of financial assets at amortized cost

MGIEP 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, 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

MGIEP's financial liabilities include Accounts payable, accruals, 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.

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

2.5 Cash

Cash includes cash in hand. Cash that can only be used for a specific purpose are considered as restricted.

2.6 Accounts receivable from non-exchange transactions, Receivables from exchange transactions and 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 MGIEP 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 contributions, 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 contribution does not require discounting.

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

2.7 Advance payments and Advance receipts

Advance payments

MGIEP advances funds to third parties under non-exchange contracts for the delivery of MGIEP programmes and activities. Such transfers to third parties are treated as Advance Payments if the conditions on the transferred assets are not fulfilled at the reporting date.

Advance receipts

A liability is recognized for amounts received from donors where no binding agreement is yet in place at the time of the receipt of the asset from the donor. This is mainly common under Framework Agreements and other voluntary contributions where funds can be received before agreement is reached on the allocation of the contribution received from the donor.

2.8 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.

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 the MGIEP 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 included 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 MGIEP 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
Vehicles	5 years
Other equipment	5 years

Impairment

The carrying amount of fixed assets are 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.

2.9 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets are capitalized in the financial statements if it is probable that expected future economic benefit or service potential will flow to MGIEP and the amount can be measured reliably. MGIEP currently only recognizes software as intangible assets, as copyrights and intellectual property do not meet the criteria above.

Software acquisition and development

Acquired computer software licenses are capitalized based on costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for use by MGIEP are capitalized as an intangible asset. Direct costs include the software development employee costs and overhead which can be directly attributed to preparing the asset for use.

Amortization

Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives. The useful lives of major classes of intangible assets have been estimated as follows:

Class of Intangible Asset	Amortization Period
Software acquired separately	5 years
Software internally developed	5 years

2.10 Employee benefits

MGIEP 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 when employees render service to the Organization 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. The institutes contribute 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 MGIEP 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. MGIEP's contributions to the plan during the financial year are recognized as staff costs in the Statement of Financial Performance.

In addition, MGIEP participates in the UNESCO After Service Health Insurance (ASHI) programme. Under this programme, 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 programme 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. MGIEP, 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 the Institute to the UNESCO ASHI programme consists of contributions to the UNESCO Special Account for ASHI. MGIEP's contributions to the ASHI during the financial year are recognized as staff 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 accumulated leave. The liability recognized for this 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 on the Statement of financial performance.

2.11 Tax

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

2.12 Provisions and contingent liability

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 MGIEP has a present obligation but cannot reliably measure the possible outflow of resources.

2.13 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 follow:

- ***UNESCO financial allocation***

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

- ***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 MGIEP 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.

- ***Voluntary contributions from Host Country***

A contribution, made available from the Indian Government (Host country) in force of the specific agreement signed in 2012 for five years (re-signed in 2020 for five years), is approved for each financial year and is recognized as revenue at the beginning of the relevant year as soon as the amounts are received by MGIEP.

- ***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. These contributions include the use of premises and utilities. In the case of the use of premises, 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.

2.14 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.

Advance payments are amortized based on objective evidence to reflect the risk of non-recovery. Where revenue is recognized from in-kind contributions, a corresponding expense is also recognized in the financial statements.

2.15 Accounts payable and accrued liabilities

Accounts payable

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

Accrued liabilities

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

NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IPSAS requires MGIEP 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 MGIEP's financial statements include, but are not limited to: employee benefits, in-kind contributions for the use of e premises and the useful lives of Property, plant and equipment. Changes in estimates are reflected in the year in which they become known.

Furthermore, in early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic. Responses to the spread of COVID-19 have resulted in a significant increase in economic uncertainty and volatility (i.e.: interest rates, foreign exchange rates, government/partner budgets, etc.). The impact on MGIEP's estimates, assumptions and judgements is presently limited, but it remains difficult to reliably estimate the length or severity of the pandemic, which could have further financial impacts.

Estimates and assumptions

MGIEP 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 MGIEP.

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, value from disposal and impairment:

- The condition of the asset based on the assessment of experts employed by MGIEP.
- 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 2.9 provides information on the determined current useful lives.

b) Employee benefits

Employee benefits (RG and AAL) 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.

c) In-kind contribution calculation for the use of premises

MGIEP undertakes a valuation of the in-kind contribution for the use of premises. This exercise is performed by experts hired by MGIEP.

The factors that impact the valuation are the following:

- Availability of similar assets for rent; and
- Office space shared with other organizations

NOTE 4: ACCOUNTING STANDARDS ISSUED

Accounting standards adopted during the year

- IPSAS 2 - Cash flows – Changes in Liabilities Arising from Financing Activities: the amendment to this standard is effective for annual reporting years beginning on or after 1 January 2021. The amendment establishes the disclosure principles that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard has no impact on MGIEP financial statements' disclosures.

Accounting standards issued and to be adopted at a later date

- IPSAS 41 - Financial Instruments: the standard is effective for annual reporting year 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. MGIEP has not yet assessed the impact of the adoption of the standard. MGIEP plans to adopt this standard as of the effective date.

- 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. MGIEP has assessed that the adoption of the standard will not have any impact on the financial statements.

NOTE 5: CASH

Expressed in US Dollars	2021	2020
Cash with bank	74,160	58,375
Cash in hand	129	53
Total cash	**74,289**	**58,428**

As at 31 December 2021, USD 74,289 (2020 – USD 58,428) of cash is considered as restricted cash.

NOTE 6: ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

Expressed in US Dollars	2021	2020
Voluntary contributions	2,170,058	-
Total accounts receivable from non-exchange transactions	**2,170,058**	**-**

Accounts receivable from non-exchange transactions includes voluntary contributions receivable from host country. In the year 2021, only 37% of contribution from host country was received and the remaining 63% was accrued. This amount was later received in 2022.

NOTE 7: OTHER RECEIVABLES

Expressed in US Dollars	2021	2020
VAT receivables	65,408	78,853
Receivable from UNESCO	3,567,842	4,641,029
Total Other receivables	**3,633,250**	**4,719,882**

MGIEP enjoys the privilege of tax exemption, however it makes cash payment for value-added Tax (VAT) due to its suppliers and contractors. The VAT receivables relate to VAT recoverable from fiscal authorities (Indian Government).

Inter-company balances represent funds held by UNESCO on behalf of MGIEP. Balances are agreed upon by both parties and repaid when the amount is deemed substantial.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Expressed in US Dollars	Comms & IT Equipment	Vehicles	Other Equipment	2021
1 January 2021				
Cost	124,091	56,769	10,604	191,464
Accumulated depreciation	(74,385)	(37,764)	(5,038)	(117,187)
Carrying amount	**49,706**	**19,005**	**5,566**	**74,277**
Movements 12 months to 31 December 2021				
Additions	23,393	-	5,340	28,733
Disposals	(25,433)	-	-	(25,433)
Disposal depreciation	24,160	-	-	24,160
Depreciation	(22,412)	(8,447)	(2,246)	(33,105)
Total movements 12 months to 31 December 2021	**(292)**	**(8,447)**	**3,094**	**(5 645)**
31 December 2021				
Cost	122,051	56,769	15,944	194,764
Accumulated depreciation	(72,637)	(46,211)	(7,284)	(126,132)
Carrying amount	**49,414**	**10,558**	**8,660**	**68,632**

Expressed in US Dollars	Comms & IT Equipment	Vehicles	Other Equipment	2020
1 January 2020				
Cost	102,077	56,769	10,604	169,450
Accumulated depreciation	(52,778)	(28,833)	(3,376)	(84,987)
Carrying amount	**49,299**	**27,936**	**7,228**	**84,463**
Movements 12 months to 31 December 2020				
Additions	23,989	-	-	23,989
Disposal	(1,975)	-	-	(1,975)
Disposal depreciation	1,975	-	-	1,975
Depreciation	(23,582)	(8,931)	(1,662)	(34,175)
Total movements 12 months to 31 December 2020	**407**	**(8,931)**	**(1,662)**	**(10,186)**
31 December 2020				
Cost	124,091	56,769	10,604	191,464
Accumulated depreciation	(74,385)	(37,764)	(5,038)	(117,187)
Carrying amount	**49,706**	**19,005**	**5,566**	**74,277**

As at 31 December 2021, MGIEP holds fully depreciated PP&E which is still in use for a gross value of USD 40,007 (2020: USD 40,339). At 31 December 2021, there are no heritage assets to declare (consistent with 31 December 2020).

During the period, MGIEP acquired property, plant, and equipment with a total cost of USD 28,733 (2020: 23,989). In 2021, cash payments of USD 28,733 were made in relation to fixed assets acquisition.

NOTE 9: INTANGIBLE ASSETS

Expressed in US Dollars	Software internally developed
1 January 2021	
Cost	377,428
Carrying Amount	**377,428**
Additions	103,938
Amortization	(8,023)
Total movements 12 months to 31 December 2021	**95,915**
31 December 2021	
Cost	481,366
Accumulated Amortization	(8,023)
Carrying Amount	**473,343**

As at 31 December 2021, MGIEP do not hold any fully amortized intangible assets still in use (similar to 2020).

Expressed in US Dollars	Software work in progress
1 January 2020	
Cost	313,302
Carrying Amount	**313,302**
Additions	64,126
Amortization	-
Total movements 12 months to 31 December 2020	**64,126**
31 December 2020	
Cost	377,428
Accumulated Amortization	**-**
Carrying Amount	**377,428**

NOTE 10: ACCOUNTS PAYABLE AND ACCRUALS

Expressed in US Dollars	2021	2020
Suppliers Payable	300	24,239
Accruals	38,736	48,512
Total Accounts Payable and accruals	**39,036**	**72,751**

Suppliers payables relate to amounts due for goods and services for which invoices have been received. Accruals are liabilities for goods and services that have been received or provided to MGIEP during the year and which have not been invoiced or formally agreed with the suppliers.

NOTE 11: EMPLOYEE BENEFITS

Expressed in US dollars	2021			2020
	Actuarial valuation	MGIEP valuation	Total	
Payroll and reimbursements	-	105,426	105,426	62,232
Accumulated annual leave	85,164	-	85,164	46,995
Repatriation benefits	34 265	-	34 265	5,620
Employee benefits (current)	**119,429**	**105,426**	**224,855**	**114,847**
Repatriation benefits	28 325	-	28 325	103,802
Employee benefits (non-current)	**28 325**	**-**	**28 325**	**103,802**
Total Employee Benefits	**147,754**	**105,426**	**253,180**	**218,649**

Employee benefits- current

Current employee benefits include payroll and allowances, education grant, home leave, accumulated annual leave (AAL).

Notwithstanding that AAL are fully included as current as required by the standards since MGIEP does not have an unconditional right to defer settlement of the liability for a least 12 months, expected payments in the next year are anticipated to be USD 8,739

Accumulated annual leave (AAL) – MGIEP staff can accumulate unused annual leave up to a maximum of 60 working days. Due to COVID-19, in 2020, it was decided that staff could carry forward up to an additional 15 days (above the existing 60 days), to be used by end of March 2022. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold up to 60 days.

Employee benefits – non-current

Non-current employee benefits relate to post-employment and other long-term employee benefits. These include the long-term portion of repatriation benefits.

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 MGIEP 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 July 2016 the 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 MGIEP.

Actuarial valuations

An actuarial valuation was carried out to calculate the MGIEP's estimated liability related to AAL and repatriation grants. The following assumptions and methods have been used to determine the value of these benefits for MGIEP as on 31 December 2021:

Assumptions used for annual leave and repatriation grant		**2021**	**2020**
Discount rate Annual Leave, Repatriation Grant	The rate used is based on the Mercer Yield Curve	1.15% (Maturity around 11.5 years)	0.70% (Maturity around 10 years)
Inflation rate	For all benefits	1.75%	1.75%
Pre-retirement Mortality Tables	2019 United Nations in-service mortality table for annual leave and repatriation grant.		
Salary increase rate - Annual leave		2.00% per year	2.00%
Salary increase rate - Repatriation grant		2.00% per year	linear increase between 2020 and 2030 from 1.21% to 1.75% rate per year from 2030 and beyond 1.75%
Repatriation Travel and Removal trend	For staff members without dependent For staff members with at least one dependent	USD 5 916 USD 7 718	USD 5 916 USD 7 718
Retirement Age		65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2017 and 2021		
Take up rate – Repatriation benefits	Staff eligible for repatriation benefits on leaving to actually claim their entitlement	75%	75%
Take up rate – Accumulated leave	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 employee benefit liabilities calculated by actuaries:

Expressed in US Dollars	**Accumulated Annual Leave**	**Repatriation Benefits**	**2021**
Defined benefit obligation 1 January 2021	**46,995**	**109,422**	**156,417**
Employee Benefits			
Movements for year ended 31 December 2021			
Service Cost	5,962	2,480	8,442
Interest cost	371	502	873
Benefits Paid	(10,954)	(13,278)	(24,232)
Actuarial Gains/losses	43,579	(36,843)	6,736
Exchange rate difference	(789)	-	(789)
Defined benefit obligation for the year ended 31 December 2021	**85,164**	**62,283**	**147,447**

Expressed in US Dollars	Accumulated Annual Leave	Repatriation Benefits	2020
Defined benefit obligation 1 January 2020	**74,206**	**104,348**	**178,554**
Employee Benefits			
Movements for year ended 31 December 2020			
Service Cost	5,675	2,470	8,145
Interest cost	592	869	1,461
Benefits Paid	(38,625)	-	(38,625)
Actuarial Gains	1,121	1,735	2,856
Exchange rate difference	4,026	-	4,026
Defined benefit obligation for the year ended 31 December 2020	**46,995**	**109,422**	**156,417**

Actuarial losses for accumulated annual leave and repatriation benefit obligations recognized amount to USD 6,736 for the year ended 31 December 2021. For year ended 31 December 2020 the actuarial loss for AAL and RG obligations amounted to USD 2,856.

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

Expressed in US Dollars	Accumulated Annual Leave	Repatriation Benefits	2021
Service Cost	5,962	2,480	8,442
Interest cost	371	502	873
Total expenses recognized for the year ended 31 December 2021	**6,333**	**2,982**	**9,315**

Expressed in US Dollars	Accumulated Annual Leave	Repatriation Benefits	2020
Service Cost	5,675	2,470	8,145
Interest cost	592	869	1,461
Total expenses recognized for the year ended 31 December 2020	**6,267**	**3,339**	**9,606**

The expected contribution of MGIEP in 2022 to the AAL and RG respectively USD 8,739 and USD 5,011, which represents expected benefit payments for the year.

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.

MGIEP 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 2019, and the valuation as of 31 December 2021 is currently being performed. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 was used by the Fund for its 2020 financial statements.

The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4%. The funded ratio was 107.1% when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, 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.

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 (2018, 2019 and 2020) amounted to USD 7,993.15 million, of which 2.22% was contributed by UNESCO.

During 2021, contributions paid to the Fund amounted to USD 43.41 million (2020 USD 41.27 million). Expected contributions due in 2022 are approximately USD 42.98 million.

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	1 January 2021 opening balance	Surplus for the year	31 December 2021
Other surpluses	4,880,199	1,188,303	6,068,502
Actuarial Gain/Loss	58,041	-	58,041
Total net assets	**4,938,240**	**1,188,303**	**6,126,543**

Other surpluses consist of surpluses accumulated from previous years. These surpluses can be carried forward from one financial period to the next.

NOTE 13: REVENUE

Expressed in US Dollars	2021	2020
Voluntary contributions		
UNESCO Financial Allocation	246,500	246,500
Voluntary Contributions Host Country	3,506,042	3,733,072
In-kind Contributions	228,000	228,000
Total Voluntary Contribution	**3,980,542**	**4,207,572**
Other/Miscellaneous Revenue	537	3,374
Finance Revenue	5,070	43,420
Total Revenue	**3,986,149**	**4,254,366**

NOTE 14: EXPENSES

Expressed in US Dollars	2021	2020
Staff costs	**1,595,165**	**1,522,370**
International & National Staff	948,914	1,017,829
Temporary Staff	624,043	465,530
Other Personnel Costs	22,208	39,011
Consultants/external experts and mission costs	**471,039**	**349,317**
Staff Mission Costs	20,625	22,482
Consultants	450,414	320,725
Delegates & External Individual Missions	-	6,110
External trainings, Grants & other transfers	**7,107**	**50,545**
Financial Contributions	5,667	11,020
External Training & Seminars	1,440	39,525
Supplies, consumables & other running costs	**280,842**	**255,792**
Communications	9,432	3,365
Equipment	25,580	15,904
Leases	198,000	198,000
Utilities	30,827	32,979
Maintenance & Repairs	2,513	954
Other supplies	14,490	4,590
Contracted services	**392,882**	**401,365**
Contracted Seminars & Meetings	3,357	4,236
Other Contracted Services	389,525	397,129
Depreciation & Amortization	**41,128**	**34,175**
Foreign exchange losses	**4,335**	**20,561**
Other expenses	**5,045**	**8,063**
Finance Costs	**303**	**164**
TOTAL EXPENSES	**2,797,846**	**2,642,352**

Staff 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 and Repatriation Benefits. *Temporary staff* expenses include all costs relating to the employment of temporaries and supernumeraries. *Other personnel costs* include reimbursement of medical claims. This line also includes 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 MGIEP staff, temporaries and supernumeraries. These concerns principally travel and per diem expenses. Delegates & external individuals missions are expenses for travel and per diem of representatives, delegates, individuals and others (i.e. non-staff). Other contracts concern principally interpreter fees.

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 expenses which corresponds to the in-kind voluntary contribution received from Host country Government at no or nominal cost. Maintenance and repairs expenses are mainly those incurred in relation to MGIEP premises including repairs and electricity expenses. Other supplies include office supplies.

Contracted services

Contracted services represent expenses where MGIEP has engaged a third party to perform work on behalf of MGIEP. 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 and amortization

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 8). Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives (See Note 9).

Other expenses, foreign exchange and finance costs

Finance costs are mainly due to bank charges and commissions.

NOTE 15: CONTINGENT ASSETS

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2021, there are no contingent assets.

NOTE 16: FINANCIAL RISK MANAGEMENT

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

The MGIEP 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 MGIEP, aim to minimize potential adverse effects on the resources available to MGIEP, 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.

Fair value of financial assets and liabilities

Fair values and fair value hierarchy

The fair value of cash, accounts receivable from exchange and non-exchange transactions, receivable from UNESCO and other receivables as well as advance payments approximate their recorded carrying amount due to their short-term nature.

The fair value of accounts payable approximate their carrying amount due to their short term nature..

Credit risk

Credit risk is the risk of financial loss to MGIEP if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from MGIEP's cash and receivables.

Cash and receivables

The majority of the receivables is a receivable from UNESCO, which can be settled when requested by MGIEP. MGIEP also holds receivables relating to VAT receivables, where the Government of India reimburses MGIEP for Taxes paid for goods and services purchased. The remaining receivables are Receivables from public or private organizations or persons who have contributed funds to MGIEP.

At year-end, an objective review is performed to review these receivables, and when there is objective evidence, based on a review on outstanding amounts at the reporting date that a group will not comply with the original terms of the receivables an allowance would be established.
MGIEP only held cash at 31 December 2021. That combined with their composition of receivables, MGIEP is not exposed to significant credit risk.

The credit risk exposure related to receivables are not material as contributions are primarily from governments and related bodies.

Liquidity risk

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

As at the year-end, MGIEP's cash and receivables from UNESCO equalled USD 3,642,131 which is substantially more than the current liabilities equalling USD 266,159. Therefore, MGIEP is not exposed to significant liquidity risk.

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. MGIEP is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies predominately Indian rupees (INR) along with minor exposure to other currencies.

Foreign currency risk related to extra budgetary activities is managed through individual project budget planning for foreign currency expenditure.

Interest rate risk

Interest rate risk arises from the effects of market interest rates fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. MGIEP is mainly exposed to interest rate risk on its financial interest-bearing assets. MGIEP did not hold any investments as at December 31, 2021. MGIEP is not exposed to any significant interest rate risk.

Concentration risk

The concentration risk of MGIEP is mitigated by the counterpart and country limits established by the Investment Policy of UNESCO. The maximum exposure to any single banking group is limited to 7% or 10% of UNESCO's internally managed investment portfolio depending on the financial rating of the counterpart. MGIEP did not hold any investments as at 31 December 2021 MGIEP and due to the composition of the receivables is not exposed to any significant concentration rate risk.

NOTE 17: RELATED PARTY DISCLOSURES

Governing Bodies

MGIEP is administered by its Governing Board (The Board) which is composed of 12 members and 3 observers. The members are chosen for their competence and sit in a personal capacity. They do not receive any remuneration from MGIEP.

The Board meets once a year. As such, MGIEP incurs the costs related to travel and subsistence of the members for the execution of their duties.

Key management personnel

Key management personnel are the Management Team, which has the authority and responsibility for planning, directing and controlling the activities of the MGIEP. The aggregate remuneration paid to Key Management Personnel includes net salaries, post adjustments, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Key management personnel are also qualified for post-employment benefits (Note 11) at the same level as other employees. Key management personnel are ordinary members of UNJSPF.

There are currently six individuals considered key management personnel in 2021:

- MGIEP Director
- Finance & Administrative Officer
- Senior Project Officer
- Senior National Project Officer
- Project Officer
- National Project Officer

Year	Number of individuals	Compensation and Post Adjustment	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration	Outstanding advances against entitlements Ed Grant
2021	6	581,423	84,029	174,477	839,929	17,252
2020	6	510,058	84,859	154,853	749,770	35,832

Advances are those made against entitlements in accordance with staff rules and regulations. Loans granted to key management personnel are those granted under staff rules and regulations. Advances against entitlements and loans are widely available to all MGIEP staff.