



# 2013 | Financial Review



International Baccalaureate®  
Baccalauréat International  
Bachillerato Internacional

## Summary of results

*(Figures in US\$, the IB's functional reporting currency)*

The International Baccalaureate's® (IB's) school fee income (excluding fundraising and publications) increased 11.1% to \$161.6 million, representing another year of strong growth in the organization's core activities. The increase in the number of authorized schools and students registering for examinations demonstrates the successful growth of the IB and its expansion to offer its programmes to an increasing number of students.

Total operating resources expended increased by \$15.9 million year-on-year, to \$158.4 million in 2013. Including the effect of unrealized foreign exchange, the total

comprehensive income was \$9.5 million (2012: \$8.1 million). Excluding unrealized foreign exchange, the total comprehensive income would be \$9.7 million (2012: \$4.0 million).

As a result of activities, the balances held in the IB's cash position (cash and short term investments) increased by \$7.7 million to \$74.9 million. This increase is after a \$14.9 million investment in assets (\$6.8 million in tangible fixed assets, \$8.1 million in capitalized software development).

The IB's net unrestricted reserves increased to \$20.0 million (2012: \$10.2 million)

### Reserves policy

The reserves policy adopted by the Board in April 2008 is intended to safeguard the IB, schools and students from any significant event that would impact on the financial position of the IB. In the event of a significant adverse event, the IB should be able to preserve its services until financial balance is restored and react swiftly to unplanned activities throughout a given year on the approval of the finance committee.

In view of the IB's strong cash position, its ongoing relationships with schools and the desire not to hold excessive cash balances, the Board regards the maintenance of this cash position as the primary part of the reserves policy. Net expendable assets (a proxy for cash and net convertible cash, calculated as net current assets excluding deferred income less restricted reserves) amount to \$103.5 million (2012: \$92.7 million), representing 8.2 months (2012: 7.9 months) of forward expenditure cover, against a target level of 6.0 months.

As a supplementary reserves target, the Board requires book reserves to be at a level of 2 to 3 months of operating fixed cost in the region of \$17 million to \$25 million. Book reserves at 2.2 months are now within target after the recent years of restructuring.

The IB has a relatively stable portfolio of activities and the number of schools does not fluctuate greatly from year to year as each school undertakes a key stakeholder commitment and substantial financial investment at the time it joins the IB. The IB has no significant contracts or other medium/long term commitments, apart from the IB's Swiss defined benefit scheme, which could incur future liabilities, and multi-year leases for its offices in Bethesda (USA), The Hague (Netherlands), Cardiff (UK) and Singapore.

### Funds

Within reserves, unrestricted designated funds and restricted funds have been set aside for specific future expenditure. Unrestricted designated funds reflect money that has been set aside by the IB for specific purposes and therefore can be re-assigned by the IB if required. Restricted funds reflect money that has been received by donors and can only be used for the purpose specified by the donor.

# Consolidated financial information

Summary consolidated income statement	For the year ended	
	31 Dec 2013 US\$ millions	31 Dec 2012 US\$ millions
<b>Incoming resources</b>		
Fees from schools	161.6	145.5
Publications	2.9	3.6
Other	1.1	0.4
Fundraising	2.1	1.1
<b>Total income</b>	<b>167.7</b>	<b>150.6</b>
<b>Expenses</b>		
Operating expenses	152.9	142.1
Publications	2.7	3.2
Disbursement from fundraising funds	2.6	1.4
FX-related adjustments loss/(gain)	0.2	(4.1)
<b>Total operating resources expended</b>	<b>158.4</b>	<b>142.6</b>
<b>Results for the year</b>	<b>9.3</b>	<b>8.0</b>
Defined benefit plan actuarial gain	0.2	0.1
<b>Total comprehensive income for the year</b>	<b>9.5</b>	<b>8.1</b>

## Consolidated financial information (continued)

Summary consolidated statement of financial position		As at	
	31 Dec 2013 US\$ millions	31 Dec 2012 US\$ millions	
<b>Fixed assets</b>			
Intangible assets	14.4	8.3	
Tangible assets	17.9	15.9	
	<b>32.3</b>	<b>24.2</b>	
<b>Current assets</b>			
Debtors	48.0	47.5	
Other current assets	0.7	1.3	
Short-term investments	10.0	11.0	
Cash and short-term deposits	64.9	56.2	
	<b>123.6</b>	<b>116.0</b>	
<b>Current liabilities</b>			
Creditors	16.3	20.4	
Other current financial liabilities	0.5	0.4	
Deferred income	112.0	101.0	
Provisions for liabilities and charges	2.2	1.2	
	<b>131.0</b>	<b>123.0</b>	
<b>Total assets less current liabilities</b>	<b>24.9</b>	<b>17.2</b>	
<b>Long term liabilities</b>			
Provisions for liabilities and charges	2.9	4.6	
Swiss pension	1.0	1.1	
<b>Net assets</b>	<b>21.0</b>	<b>11.5</b>	
<b>Represented by</b>			
Restricted reserves	1.0	1.3	
Unrestricted reserves	20.0	10.2	
<b>Total accumulated funds</b>	<b>21.0</b>	<b>11.5</b>	
<b>Reserves ratios (months cover)</b>			
<b>Primary reserves ratio (cash basis)</b>	<b>8.2</b>	<b>7.9</b>	
<b>Supplementary reserves ratio (book reserves basis)</b>	<b>2.2</b>	<b>1.2</b>	

**Notes**

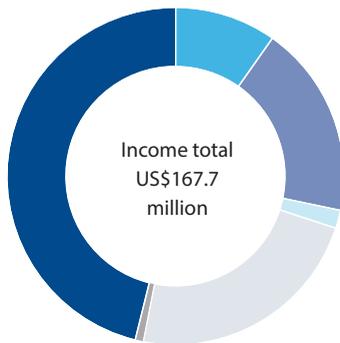
*Fixed assets:  
Tangible assets increased as a result of an expansion of the US and Geneva offices and purchases of IT equipment. Intangible assets increased through development work on software for e-marking and upgrading the examination platform.*

## Consolidated financial information (continued)

Summary consolidated cash flow statement	For the year ended	
	31 Dec 2013 US\$ millions	31 Dec 2012 US\$ millions
Total comprehensive income for the year	9.5	8.1
<i>Adjustments for accounting entries not involving cash</i>		
Depreciation	6.8	5.4
Deferred income	11.0	9.4
Accruals and prepayments	(5.5)	6.7
Provisions	(0.8)	(2.0)
Pension fund adjustments	0.1	0.3
Loss on disposal of fixed assets	-	0.8
<i>Adjustments for balance sheet movements involving cash</i>		
Purchase of fixed assets/Development of software	(14.9)	(11.0)
Movement in accounts receivable	1.0	(17.7)
Unrealized (gain)/loss on derivative financial instruments	0.5	(2.5)
<b>Increase/(Decrease) in cash and short-term investments</b>	<b>7.7</b>	<b>(2.5)</b>
Movement in short term investments	1.1	(4.2)
<b>Increase/(Decrease) in cash and short-term deposits</b>	<b>8.8</b>	<b>(6.7)</b>

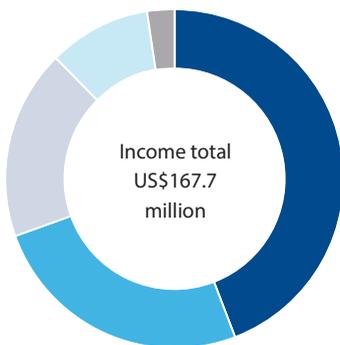
# Income summary

## By type



	2013 US\$ millions	% of total	2012 US\$ millions	% of total
Authorization and evaluation	16.2	10%	13.5	9%
Workshops and conferences	32.2	19%	26.5	18%
Publications	2.9	2%	3.6	2%
Annual fees	38.2	23%	36.9	25%
Other	1.8	1%	1.9	1%
Examinations	76.4	45%	68.2	45%

## By geography



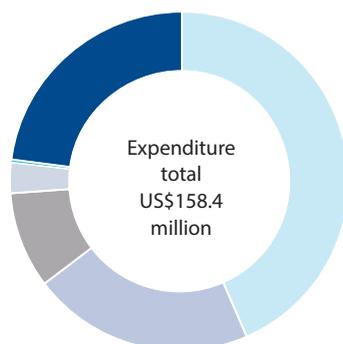
	2013 US\$ millions	% of total	2012 US\$ millions	% of total
IB North America and the Caribbean	73.2	44%	67.3	45%
IB Africa, Europe, Middle East	42.0	25%	39.1	26%
IB Asia-Pacific	31.4	19%	25.5	17%
IB Latin America	16.6	10%	13.6	9%
Global income	4.5	2%	5.1	3%

## IB Fund by donation:

	2013 US\$ millions
Malaysian Government (AIM Agency)—to prepare 10 government secondary schools in Malaysia to successfully implement the IB MYP <i>(recorded as Workshop Income in charts)</i>	1.5
Michael & Susan Dell Foundation—to increase the participation and performance of minority and low-income students in the IBDP in selected	0.3
MYP NC development—to support the development of the Middle Year Programme Next Chapter	0.1
Others	0.2

# Operational expenditure summary

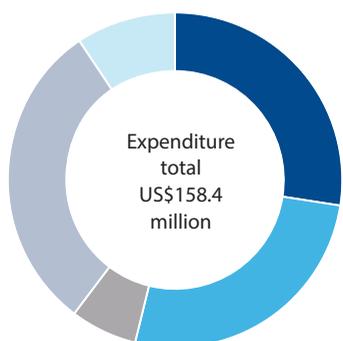
## By type



	2013 US\$ millions	% of total	2012 US\$ millions	% of total
Staff costs	61.3	39%	58.1	41%
Examinations	32.5	21%	29.6	21%
Workshops and conferences	14.1	9%	12.1	8%
Authorization and evaluation	4.5	3%	3.3	2%
Publications	0.4	0%	1.0	1%
Other	45.6	28%	38.4	27%

Note: Above includes IB Fund-related and restructure costs.

## By directorate



	2013 US\$ millions	% of total	2012 US\$ millions	% of total
Assessment	42.1	27%	38.6	27%
Schools	40.5	26%	34.2	24%
Academic and publications	9.9	6%	9.3	7%
Service directorates	52.3	33%	49.1	34%
Office costs	13.6	8%	11.3	8%

Note: Above includes IB Fund-related and restructure costs.

## IB Fund by donation:

	2013 US\$ millions
Malaysian Government (AIM Agency)—to prepare 10 government secondary schools in Malaysia to successfully implement the IB MYP	1.5
Widening access to IB programmes—Bill and Melinda Gates-funded pilot project to provide professional development and curriculum resources for year 4 and 5 MYP teachers to be used to prepare under-represented students for the Diploma Programme	0.2
MYP NC development—support the development of the Middle Year Programme Next Chapter	0.2
Mexico, the Czech Republic, South Africa and Kazakstan teacher training projects—grant provided by the ArcelorMittal Foundation to develop a course based on IB essential elements and pilot it in non-IB World Schools	0.2
IB Grants—short-term grant provided to IB schools to be used for professional development, payment of annual fees or to support diversity and widen access	0.2
Others	0.3



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