

FINANCIAL REVIEW



2014



International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

Summary of results

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

School fee income (excluding fundraising and publications) increased by 12.1% to \$183 million, representing another year of strong growth in the organization's core activities. The increase in the number of authorized schools and in the number of students registering for examinations demonstrates the successful growth of the IB and its expansion, offering its programmes to an increasing number of students.

Expenditure for total operating resources increased by \$17.9 million year on year to \$176.4 million in 2014. Including the effect of unrealized foreign exchange, the total comprehensive income was \$11.4 million (2013:

\$9.5 million). Excluding unrealized foreign exchange, total comprehensive income was \$13.4 million (2013: \$9.7 million).

As a result of activities, the balances held in the IB's bank position (cash and short-term investments) decreased by \$9.1 million to \$65.8 million. This decrease is after a \$34.9 million investment in assets (\$23.9 million in tangible fixed assets, \$11.0 million in capitalized software development).

The IB's net unrestricted reserves increased to \$30.8 million (2013: \$20 million).

Reserves policy

The reserves policy adopted by the Board of Governors 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 deliver its services until financial balance is restored and to 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 \$97.1 million (2013: \$103.5 million) representing 7 months (2013: 8.2 months) of forward expenditure cover, against a base level of 6 months.

As a supplementary reserves target, the Board requires book reserves to be at a level of 2 to 3 months of operating fixed costs in the region of \$18 million to \$28 million. Book reserves at 3 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 when 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 global centres 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. In 2014, \$0.2 million of unrestricted designated funds set aside for initiatives to improve access and quality for IB World Schools in North America were expended.

Consolidated financial information

Summary consolidated income statement	For the year ended	
	31 Dec 2014 US\$ millions	31 Dec 2013 US\$ millions
Incoming resources		
Fees from schools	181.1	161.6
Publications	3.6	2.9
Other	0.6	1.1
Fundraising	2.5	2.1
Total income	187.8	167.7
Expenses		
Operating expenses	169.5	152.9
Publications	2.7	2.7
Disbursement from fundraising funds	2.2	2.6
Unrealized Foreign Exchange	2.0	0.2
Total operating resources expended	176.4	158.4
Results for the year	11.4	9.3
Defined benefit plan actuarial gain	0.0	0.2
Total comprehensive income for the year	11.4	9.5

Consolidated financial information (continued)

Summary consolidated statement of financial position		As at	
	31 Dec 2014 US\$ millions	31 Dec 2013 US\$ millions	
Fixed assets			
Intangible assets	22.0	14.4	
Tangible assets	36.4	17.9	
	58.4	32.3	
Current assets			
Debtors	55.2	48.0	
Other current assets	1.0	0.7	
Short-term investments	3.0	10.0	
Cash and short-term deposits	62.8	64.9	
	122.0	123.6	
Current liabilities			
Creditors	22.0	16.3	
Other current financial liabilities	0.6	0.5	
Deferred income	118.8	112.0	
Provisions for liabilities and charges	1.0	2.2	
	142.4	131.0	
Total assets less current liabilities	38.0	24.9	
Long term liabilities			
Provisions for liabilities and charges	4.7	2.9	
Swiss pension	1.0	1.0	
Net assets	32.3	21.0	
Represented by			
Restricted reserves	1.5	1.0	
Unrestricted reserves	30.8	20.0	
Total accumulated funds	32.3	21.0	
Reserves ratios (months cover)			
Primary reserves ratio (cash basis)	6.9	8.2	
Supplementary reserves ratio (book reserves basis)	3.0	2.2	

Notes

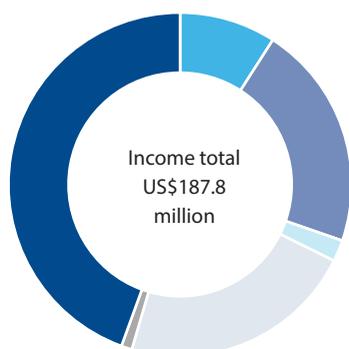
*Fixed assets:
Tangible assets increased as a result of an expansion of the US and Cardiff offices and purchases of IT equipment. Intangible assets increased through development work on software for eMarking and upgrading the examination platform.*

Consolidated financial information (continued)

Summary consolidated cash flow statement	For the year ended	
	31 Dec 2014 US\$ millions	31 Dec 2013 US\$ millions
Total comprehensive income for the year	11.4	9.5
<i>Adjustments for accounting entries not involving cash</i>		
Depreciation	8.8	6.8
Deferred income	6.9	11.0
Accruals and prepayments	6.4	(5.5)
Provisions	0.6	(0.8)
Pension fund adjustments	(0.0)	0.1
Loss on disposal of fixed assets	-	-
<i>Adjustments for balance sheet movements involving cash</i>		
Purchase of fixed assets/Development of software	(34.9)	(14.9)
Movement in accounts receivable	(8.1)	1.0
Unrealized (gain)/loss on derivative financial instruments	(0.3)	0.5
Increase/(Decrease) in cash and short-term investments	(9.1)	7.7
Movement in short term investments	7.0	1.1
Increase/(Decrease) in cash and short-term deposits	(2.1)	8.8

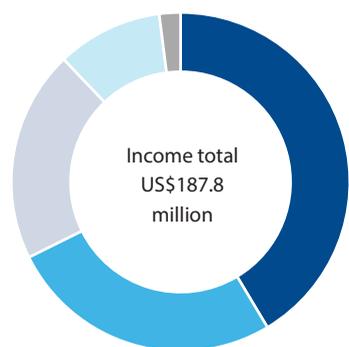
Income summary

By type



	2014 US\$ millions	% of total	2013 US\$ millions	% of total
Authorization and evaluation	17.8	9%	16.2	10%
Workshops and conferences	39.3	21%	32.2	19%
Publications	3.6	2%	2.9	2%
Annual fees	41.2	22%	38.2	23%
Other	1.6	1%	1.9	1%
Examinations	84.3	44%	76.4	45%

By geography



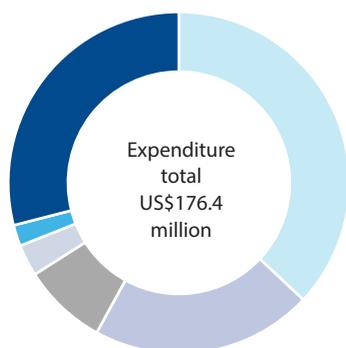
	2014 US\$ millions	% of total	2013 US\$ millions	% of total
IB North America and the Caribbean	77.7	41%	73.2	44%
IB Africa, Europe, Middle East	49.0	26%	42.0	25%
IB Asia-Pacific	38.2	20%	31.4	19%
IB Latin America	18.1	10%	16.6	10%
Global income	4.8	2%	4.5	2%

IB Fund by donation:

	2014 US\$ millions
Malaysian overnment (AIM Agency)—To prepare 10 government secondary schools in Malaysia to successfully implement the IB Middle Years Programme (recorded as “workshop income” in charts)	0.8
Michael & Susan Dell Foundation—to increase the participation and performance of minority and low-income students in the IB Diploma Programme in selected schools and programs	0.5
MYP NC development—support the development of the Middle Year Programme: the Next Chapter	0.5
Japan	0.5
Others	0.2
Total	2.5

Operational expenditure summary

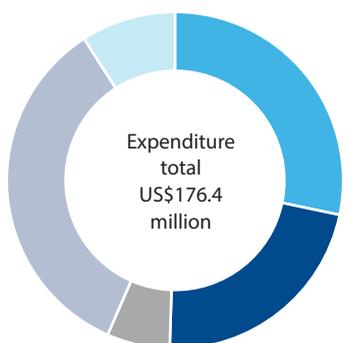
By type



	2014 US\$ millions	% of total	2013 US\$ millions	% of total
Staff costs	65.0	37%	61.3	39%
Examinations	36.2	21%	32.5	21%
Workshops and conferences	14.8	8%	14.1	9%
Authorization and evaluation	4.8	3%	4.5	3%
Publications	3.0	2%	0.4	0%
Other	52.6	29%	45.6	28%

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

By directorate



	2014 US\$ millions	% of total	2013 US\$ millions	% of total
Assessment	50.0	28%	42.1	27%
Schools	39.5	22%	40.5	26%
Academic and publications	10.0	6%	9.9	6%
Service directorates	59.7	34%	52.3	33%
Office costs	17.2	9%	13.6	8%

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

IB Fund by donation:

	2014 US\$ millions
Malaysian overnment (AIM Agency)—to prepare 10 government secondary schools in Malaysia to successfully implement the IB Middle Years Programme (recorded as “workshop income” in charts)	0.5
Michael & Susan Dell Foundation—to increase the participation and performance of minority and low-income students in the IB Diploma Programme in selected schools and programmes	0.5
MYP NC development—support the development of the Middle Year Programme: the Next Chapter	1.0
IB Grants—short-term grant provided to IB World schools to be used for professional development, payment of annual fees or to support diversity and widen access	0.2
Japan	0.5
Others	0.3
Total	2.2

