

FINANCIAL STATEMENTS

AND

REPORT OF THE EXTERNAL AUDITOR

FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2008



DOCUMENTATION
for the 37th Session of the Assembly in 2010

INTERNATIONAL CIVIL AVIATION ORGANIZATION



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**Doc 9922, *Financial Statements and Report of the External
Auditor for the financial period ending 31 December 2008***

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**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

INTERNATIONAL CIVIL AVIATION ORGANIZATION

FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2008

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¹ French version prevails over all other languages in case of a discrepancy.

**PART I: REPORT OF THE SECRETARY GENERAL, CERTIFICATION, APPROBATION AND
SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2008**

INTERNATIONAL CIVIL AVIATION ORGANIZATION
REPORT OF THE SECRETARY GENERAL, CERTIFICATION, APPROBATION AND
SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2008

1. The Financial Statements of the International Civil Aviation Organization for the year ended 31 December 2008 reflect the results of operations of ICAO and the financial performance of projects and activities managed by ICAO on behalf of third parties. The format and presentation of this report and the accompanying financial statements have been significantly changed due to the introduction of International Public Sector Accounting Standards (IPSAS) for expenditures and for presentation content. As IPSAS is further introduced through 2010, more changes will be made. Furthermore, this is the first year the financial statements are being presented in Canadian dollars. The Funds reported in the financial statements have been grouped to distinguish between those used for ICAO's own operational activities and those that are administered on behalf of third parties.

2. The magnitude of ICAO's financial operations, in terms of expenditures incurred, is indicated below against each Fund or group of Funds, and a summary is provided in Figure 1. Summary information relating to income, expenditures, assets and liabilities on the main ICAO Funds and the combined total of all Funds are shown in Statements I and II. Statement III reflects the cash flow for Regular Programme only, since changes in currency, account/fund grouping and prior formatting do not permit overall comparability. Statement IV presents appropriations and expenditure by Strategic Objective and Supporting Implementation Strategy for the Regular Programme General Fund. Statement V reflects the change in accumulated surplus for all Fund groups. The report also provides highlights of ICAO's financial activities in 2008. All amounts in this report, the Financial Statements and Notes to the Financial Statements are reported in thousands of Canadian dollars unless otherwise specified.

	Total Expenditure excluding administrative overhead (in thousands of Canadian dollars)	
	2008	2007
The expenditure relating to ICAO Funds comprises:		
a) Regular Programme Funds appropriated by the Assembly or by the Council;	67 256	75 374
b) Other Proprietary Funds, including Aviation Security Plan of Action, the Universal Safety Oversight Audit Programme, the International Financial Facility for Aviation Safety Fund (IFFAS) and other Funds/Special Accounts;	30 563	23 827
c) The Technical Co-operation Programme comprising:		
i) Trust Fund, Management Service Agreements Funds, provided by various contributors for Technical Co-operation Projects executed by ICAO and ICAO objectives implementation mechanism;	67 703	149 848
ii) Civil Aviation Purchasing Service Funds provided by various contributors for civil aviation purchases on their behalf; and	4 281	3 511
iii) United Nations Development Programme Funds, mainly contributed by governments to UNDP under cost-sharing arrangements.	3 823	5 764
d) Other Trust Funds for the activities managed or administered on behalf of third parties, including Joint Financing Agreements, France-ICAO/Cooperation, and the Public Key Directory.	56 462	40 302
Total	<u>230 088</u>	<u>298 626</u>



3. A comparison of overall expenditure (including administrative overhead), in millions of Canadian dollars, for all ICAO activities during the last two years is provided in the figures below.

FIGURE 1: TOTAL EXPENDITURE - ALL FUND GROUPS

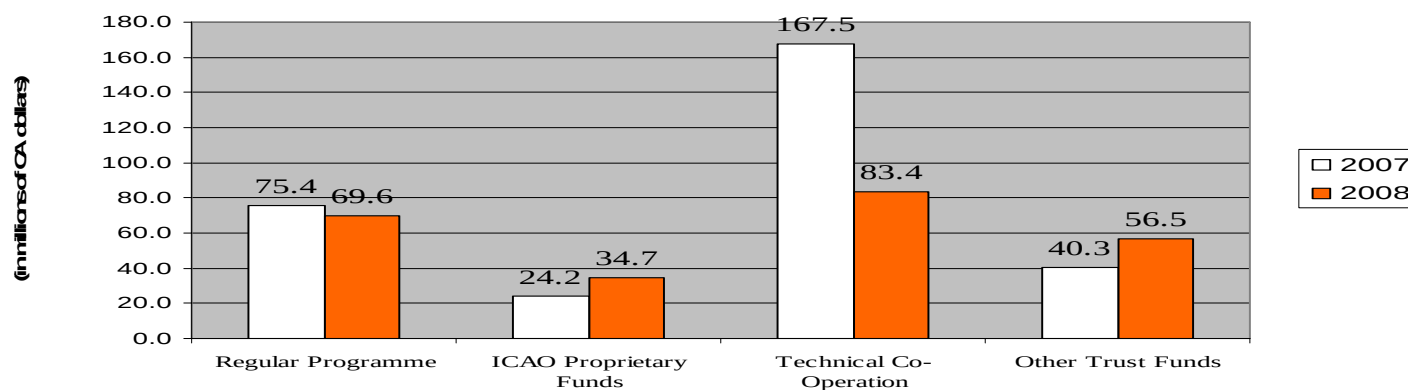


FIGURE 2: TECHNICAL CO-OPERATION PROGRAMME FUNDS

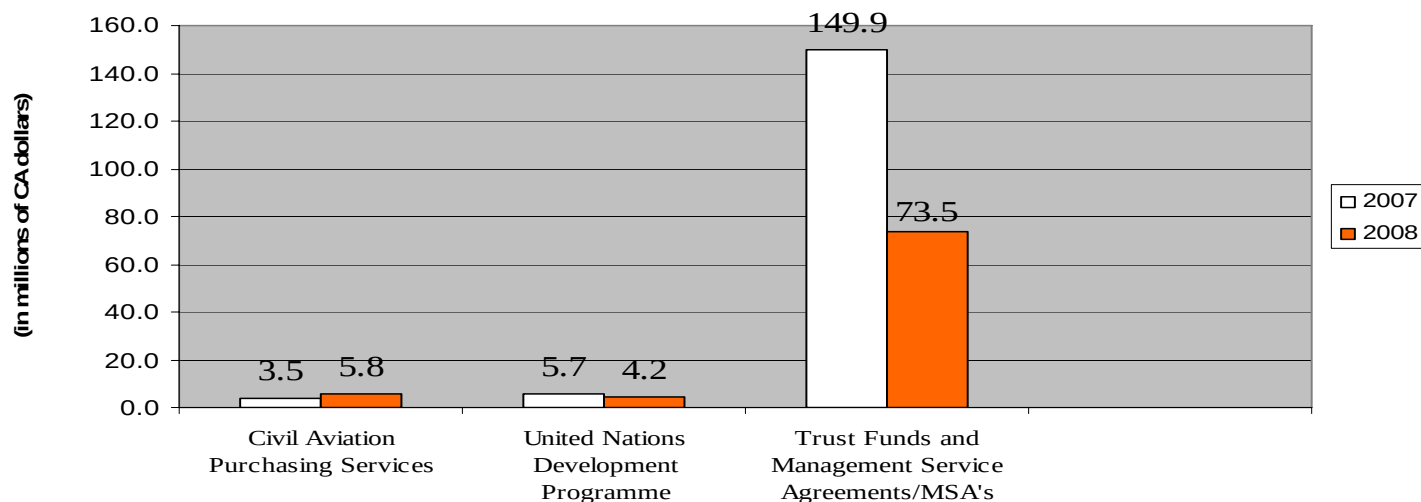
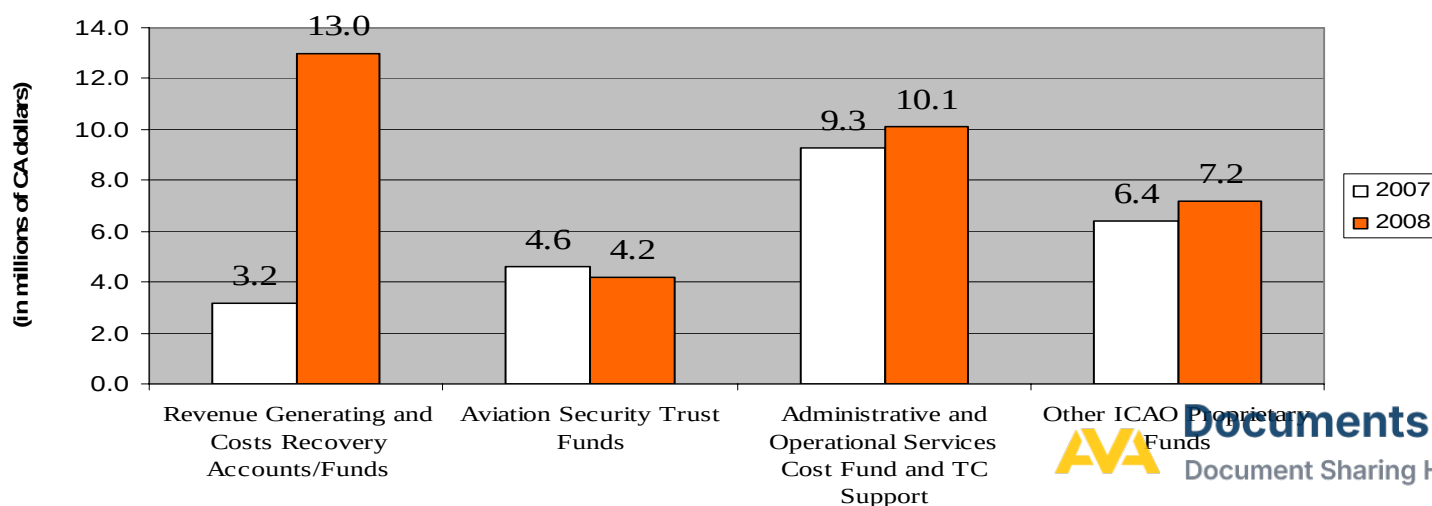


FIGURE 3: OTHER ICAO PROPRIETARY FUNDS



4. REGULAR PROGRAMME

4.1 Appropriations

4.1.1 The 36th Session of the Assembly in 2007, under Clause C of Resolution A36-29, voted appropriations in the amount of \$ 79 951 for the year 2008. Details of appropriations, transfers, actual expenditure and unobligated balances of appropriations by Strategic Objective and Supporting Implementation Strategies are given in Statement IV. Actual expenditure is stated at the United Nations operational rate of exchange. The budgetary result for 2008, in thousands of Canadian dollars, is summarized as follows:

Original appropriations	\$ 79 951
Carried over from 2007 and use of excess of miscellaneous income	9 137
Decrease in appropriations	(8 187)
2008 Outstanding commitments	(1 167)
Triennium Commitments	(4 195)
Deferred Activities (to 2009)	(1 975)
Carried over to 2009	(3 987)
Revised appropriations	\$ <u>69 577</u>

4.1.2 Carry over from 2007 and use of excess miscellaneous income. In accordance with Financial Regulation 5.2 c) and 5.11, an amount of \$ 9 137 was approved by Council to supplement the 2008 appropriations, financed by savings from 2007 and the use of the excess of miscellaneous income in 2007 (C-DEC 182/13 and C-DEC 184/8).

4.1.3 Decrease in Appropriations. The Council also approved the following transfers of appropriations to other funds amounting to \$ 8 187:

- a) \$ 4 262 to the Temporary Staff Salaries Fund (TSSF) for language requirements;
- b) \$ 1 374 to the Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan);
- c) \$ 589 to the Group on International Aviation and Climate Change (GIACC) – Environmental Fund;
- d) \$ 981 to the ICT Fund for the Integrated Resources Information System (IRIS);
- e) \$ 981 return of loan taken by the TSSF.

4.1.4 2008 Outstanding Commitments. Under the International Public Sector Accounting Standards (IPSAS), outstanding commitments are no longer to be recognized as expenses until the goods/services have been received. Purchase obligations of \$ 1 167 were entered into in 2008 but delivery against which is only expected in 2009. This amount has been reserved and carried forward to 2009 to satisfy legal obligations arising from delivery against these Purchase Orders. As the amounts are less than 10 per cent of the annual appropriation by Strategic Objectives (SO) and Supporting Implementation Strategies (SIS), the Secretary General, pursuant to Financial Regulation 5.6 and 5.7, has approved this.

4.1.5 Triennium Commitments. The Council had approved funding for activities that span the entire triennium such as Split Assessment, IPSAS, Regional Office study, Language requirements, among others (C-DEC 182/13 and C-DEC 184/8). Since the duration of these activities will extend up to 2010 an amount of \$ 4 195 has been reserved for future years. Pursuant to Financial Regulation 5.6, the Council has approved the roll over of this portion of the appropriation to 2009 (C-DEC 186/8). [This amount, together with the 2008 outstanding commitments, have slightly decreased from the amounts actually approved in C-DEC 186/8 due to subsequent transactions made after the approval date.]

4.1.6 Deferred Activities. The Secretary General has approved the carry-over of deferred elements as authorized by Financial Regulation 5.6 for an amount of \$1 975. These carry-overs are necessitated by the deferral of certain meetings, special implementation projects, and operational expenditures (such as purchase of equipment and software). Some of the operational expenditures were deferred as part of the overall effort to contain costs.

4.1.7 Transfers. In 2008, in compliance with Financial Regulation 5.9, the Council approved transfers of appropriations from all Strategic Objectives and Supporting Implementation Strategy – Programme Support, that exceed the 10 per cent threshold (C-DEC 186/8).

4.1.8 Carry over to 2009. In compliance with Financial Regulation 5.6, the Council approved a carry-over of appropriations from 2008 to 2009 (C-DEC 186/8 and C-DEC 186/12). This totals \$ 2 411 and is for the following:

Strategic Objective/Supporting Implementation Strategy	Amount	Purpose
SO F: Rule of Law	350	Meetings (Diplomatic Conference and Legal Committee)
SIS Management and Administration	662	IRIS Project – additional resources for Phase 2 – Payroll and HR Implementation
SIS Management and Administration	527	IPSAS – additional resources
SIS Management and Administration	200	Finance – additional resources – IRIS implementation – transition period
SIS: Infrastructure	98	ISEC – additional resources
SIS - Infrastructure	320	Security Issues – Bangkok and Mexico regional offices
SO C: Environment	254	Environmental programme
	<u>2 411</u>	

4.1.9 The Council authorized the Secretary General to make adjustments in the approved carry-over amounts to 2009 that might be required by actual final expenditures at the end of the year (C-DEC 186/8). This additional carry-over amounts to \$ 1 576 and is for the following:

Strategic Objective A: Safety \$ 1 291; Strategic Objective D: Efficiency \$ 65 and SIS Management and Administration \$ 220 for Human Resources Development, and Information Technology.

4.1.10 As a result of the increases and transfers outlined above, the final approved appropriation for the year amounted to \$ 69 577.

4.2 **Key initiatives being implemented from 2008 onward**

4.2.1 **Result Based Budget.** For the first time, the Budget for Regular Programme for 2008-2009-2010 was approved by the 36th Assembly in 2007 with a new approach – results-based budgeting (RBB) – in compliance with the Council Decision (C-DEC 178/14). It focuses on high-level deliverables by which the Council and the Assembly can monitor progress towards the objectives of ICAO activities. The Budget format establishes a distinction for expenditures between “Programme”, “Programme Support” and “Management and Administration”, while retaining the Bureau/Organizational structure. Thus, the carry-over of appropriations to 2008 also makes this distinction. During 2009, the emphasis will be on monitoring performance and results.

4.2.2 **Adoption of the Canadian dollar as base currency**

Another significant change is the adoption of the Canadian dollar rather than the United States (U.S.) dollar for the budgets and the accounts of the proprietary Funds of the Organization. Assessments on Contracting States and other estimated sources of income are established in Canadian dollars for 2008. In order to ensure more consistency and comparability between the approved budgets and the Accounts and Funds of the Organization, transactions are reflected in Canadian dollars and the Financial Statements are presented in Canadian dollars for 2008 onwards. This change is applicable to proprietary Funds of the Organization, while Funds administered on behalf of third parties such as those established to manage Technical Co-operation Projects (TCP) are recorded in US dollars, but presented in Canadian dollars for combined Financial Statements.

4.2.3 **New Enterprise Resource Planning (ERP) System**

The Organization approved the implementation of a new Enterprise Resource Planning (ERP) system from Agresso. The functionality includes the recording and presentation of all financial transactions and information that will be used for the preparation of the Financial Statements from 2008 onward. The Agresso Financial Modules were live from 8 January 2008 (Phase I) and by the end of the year, all financial transactions had been recorded in Agresso. Phase I also included Procurement and Project Management modules. Phase II started in April 2008 and its estimated date of completion is the end of 2009. The Scope of Phase II includes budget planner, fixed assets, sales of publications, travel, human resources and payroll. Among the several benefits that the implementation of an ERP system bring to the Organization is the capacity to record transactions on the IPSAS basis. Furthermore, financial information will be produced in a more timely and efficient manner. Phase III which is the rollout of Agresso to Regional Offices will take place starting later in 2009.

4.2.4 **Adoption of International Public Sector Accounting Standards**

As reported in Note 3 to the Financial Statements, the United Nations (UN) and the UN system's Chief Executive Board (CEB) have adopted International Public Sector Accounting Standards (IPSAS) to be implemented on or before 1st January 2010. IPSAS are a set of independently developed accounting standards, which require adoption of accounting on a 'full accruals' basis. Full accruals is considered best accounting practice by international organizations for the public as well as the private sector. IPSAS include detailed requirements and guidance, which provide support for financial statements' consistency and comparability. IPSAS will be implemented at ICAO gradually during the triennium (2008- 2010). The Notes to the Financial Statements provide an overview of the impact of IPSAS adoption on the content and presentation of the Financial Statements.

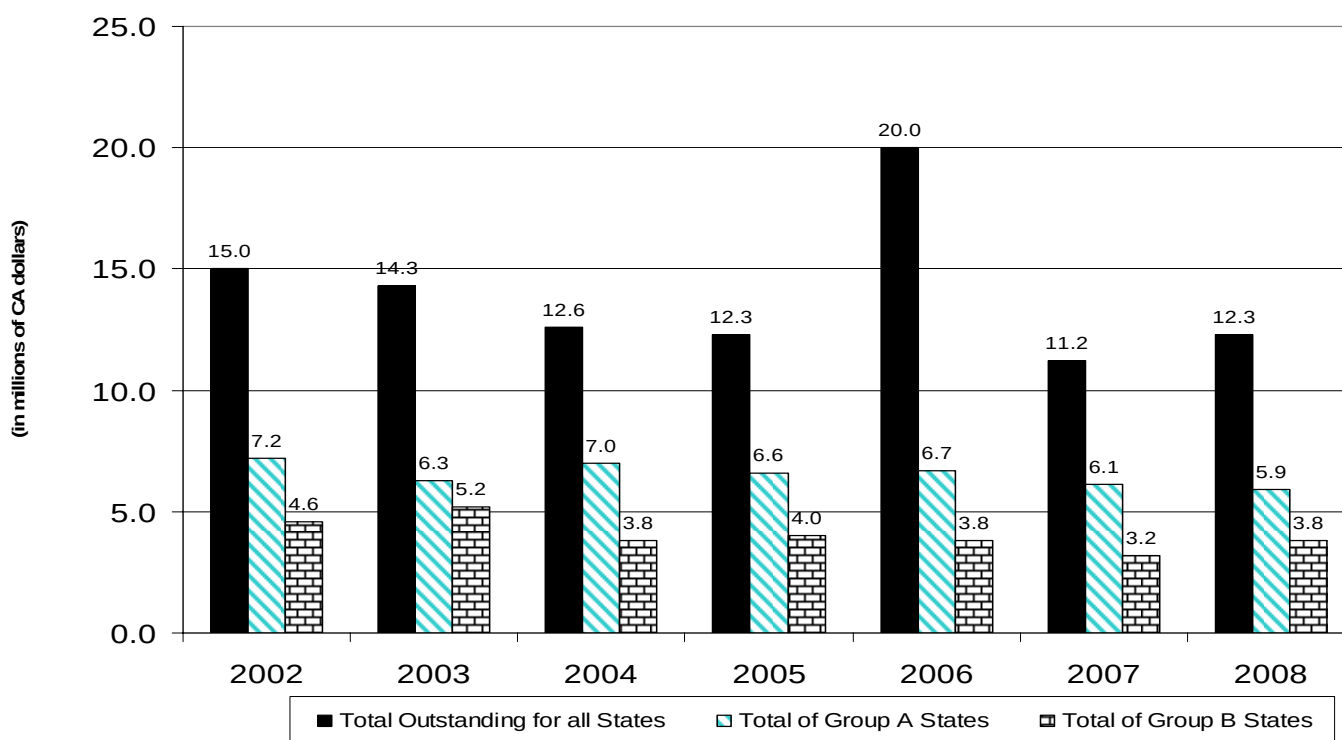
4.3 Income and Assessments

4.3.1 The appropriations for the year 2008 approved by the 36th Session of the Assembly were to be financed by assessments on Contracting States of \$ 74 184, miscellaneous income of \$ 1 916 and Ancillary Revenue Generation Fund (ARGF) surplus of \$ 3 851 for a total of \$ 79 951. The composition of actual income totalling \$ 79 032 is presented in Statement I.

4.3.2 During the year 2008 assessments totalling \$ 71 867 were received and a balance of \$ 2 317 remained outstanding at the year end against the current year's assessments. At the beginning of the year, \$ 11 220 was receivable from States in respect to 2007 and prior years; payment of \$ 1 284 was received, leaving a balance outstanding of \$ 9 936. The assessments receivable for all years totalled \$ 12 277 as at 31 December 2008 (including the Working Capital Fund). Details are provided in Schedule A. The percentage of receipts of contributions for the last four years in relation to the amount assessed averaged 94 per cent. Figure 4 shows the status of the assessed contributions receivable at the end of each year since 2002.

FIGURE 4

ASSESSMENTS RECEIVABLE FROM CONTRACTING STATES AS AT 31 DECEMBER



4.3.3 Of the total outstanding contributions of \$ 12 277 as at 31 December 2008 (\$ 12 253 excluding the Working Capital Fund), \$ 96 pertained to States represented on the Council.

	<u>Number of States 2007</u>	<u>Amount outstanding as at 31 December 2007</u>	<u>Number of States 2008</u>	<u>Amount outstanding as at 31 December 2008</u>
Group A: States that have concluded agreements with the Council to liquidate their arrears over a period of years	28	\$ 6 092	26	\$ 5 979
Group B: States with contributions in arrears of three full years or more that have not concluded agreements with the Council to liquidate their arrears	5	\$ 3 214	8	\$ 3 838
Group C: States with contributions in arrears for less than three full years	11	\$ 884	10	\$ 970
Group D: States with contributions outstanding only for the current year	<u>16</u>	<u>\$ 523</u>	<u>47</u>	<u>\$ 965</u>
Sub-total	60	\$ 10 713	91	\$ 11 752
The Former Socialist Federal Republic of Yugoslavia	-	<u>\$ 501</u>	-	<u>\$ 501</u>
Total Outstanding Contributions	<u>60</u>	<u>\$ 11 214</u>	<u>91</u>	<u>\$ 12 253</u>

4.3.4 As at 31 December 2008, 26 States had concluded agreements to liquidate their arrears over a period of years. The agreements provide for these States to effect payment of the current year's contribution as well as an annual instalment payment towards the prior years arrears. The note on Schedule A indicates the States that had not complied with the terms of their agreements at 31 December 2008.

4.3.5 Major contributions (*) received for the Regular Programme and other Proprietary Funds for 2008 are summarized as follows:

MAJOR CONTRIBUTORS - 2008				
Contracting State	Regular Programme		Proprietary Funds	Total
	Assessment Received	Contributions In-Kind (Premises)	Contributions In Cash and In Kind Including AVSEC	
United States of America	18 546		651	19 197
Canada	1 840	13 818	276	15 934
Japan	9 021			9 021
Germany	5 252		16	5 268
France	3 835	1 017	285	5 137
United Kingdom	4 407		237	4 644
Italy	2 752		145	2 897
Republic of Korea	1 818		216	2 034
Thailand	415	1 263	4	1 682
China	1 795		319	2 114
Spain	1 766			1 766
Netherlands	1 454		13	1 467
Total	52 901	16 098	2 162	71 161

(*) Twelve highest contributions

4.4 Surplus

4.4.1 The cumulative surplus as at 31 December 2008 reflected in Statement V amounted to \$ 19 717. Cumulative surplus less assessments receivable from Contracting States of \$ 12 277 resulted in a cash surplus of \$ 7 440 as at 31 December 2008.

4.5 Cash Balances

4.5.1 The cash balance held in the General Fund as at 31 December 2008 amounted to \$ 26 138 (including the balance in the Working Capital Fund) and is reflected in Statement III. The Council did not change the level of the Working Capital Fund in 2008 under the authority granted by the Assembly under Assembly Resolution A36-34.

4.6 Forward Purchase of Currency

4.6.1 In order to minimize risks and protect the budget against the consequence of potential exchange rate fluctuations, United States dollars as well as EUROS, were forward purchased with the approval of the Council. The objective of stabilizing United States dollar-related expenditures and EURO expenditures to a level within the budget was achieved. Further details are provided in the Notes to the Financial Statements.

5. OTHER ICAO PROPRIETARY FUNDS

5.1 Administrative and Operational Services Cost Fund (AOSC Fund)

5.1.1 The AOSC Fund is established to meet the costs of administration and operations of the Technical Co-operation Programme (TCP), and is primarily financed from administrative overhead charges on UNDP, CAPS, Trust Fund and MSA projects. The financial results for the AOSC Fund are reported in Schedule B and B.1 and the budgetary comparison is presented in the following table:

FIGURE 5
AOSC FUND BUDGET AND EXPENDITURES FOR 2008
(in thousands of CA Dollars)

	Submitted to the Assembly	Revised Budget 2008 ²	Expenditure/ Income 2008 ³	Balance of Revised Budget
Appropriation/Expenditure				
Major Programme X	\$ 9 723 ¹	\$ 10 052	\$ 9 920	\$ 132
Income	-----	\$ 10 108	\$ 8 799	
Excess/(Deficit) of Income over Expenditure	-----	\$ 56	(\$ 1 121)	

¹ Approved by the Assembly in 2007 (A36)

² Noted by the Council at its 185th Session (C-WP/13210)

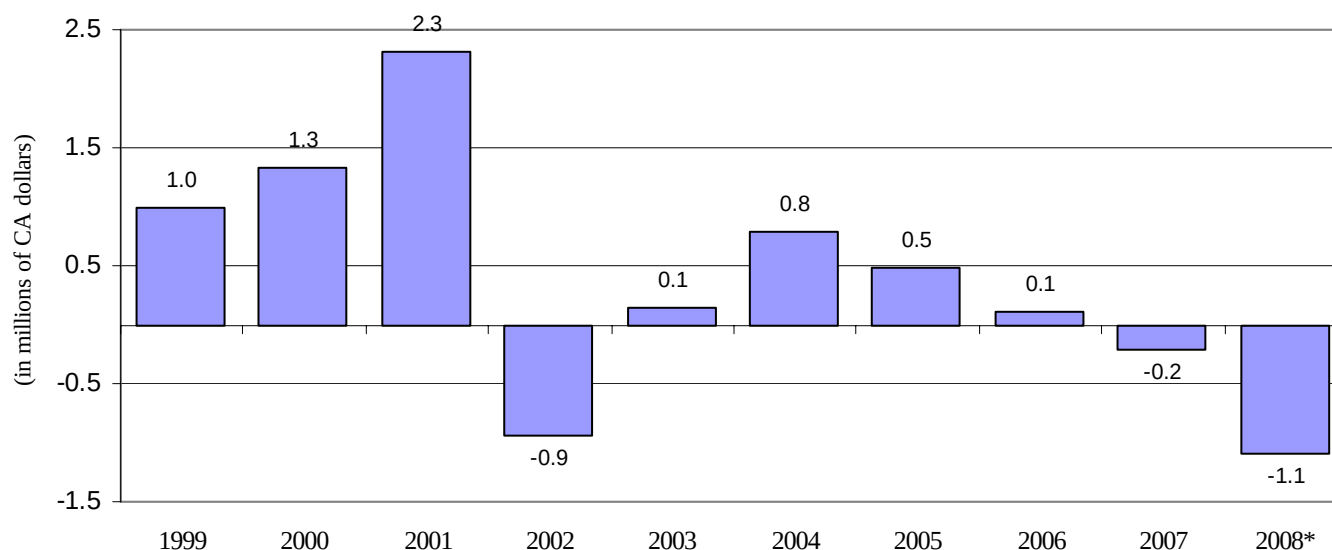
³ Not including Efficiency and Effectiveness Fund

5.1.2 As indicated in Figure 5, the Assembly approved the Indicative Budget Estimates (expenditure) of the AOSC Fund amounting to \$ 9 723 for the financial year 2008. During the year, pursuant to Financial Regulation 9.5, the Secretary General submitted to the Council an update of the 2008 Budget Estimates (expenditure) for 2008 in C-WP/13210. The revised estimated expenditures for 2008 amounted to \$ 10 052 and the estimated income to \$ 10 108.

5.1.3 Total expenditures presented in the Financial Statements for the TCP excluding administrative overhead charges amounted to \$ 75 809 in 2008 compared with \$ 159 124 in 2007. During 2008, programmes expenditures for projects included equipment expenditures amounting to \$ 16 599 as compared to \$ 109 638 in 2007, the difference being mainly attributable to the cessation of accounting of Unliquidated Obligations (ULO's) as expenditures. The AOSC Fund income from recovery of administrative overhead amounted to \$ 7 620 in 2008 compared to \$ 8 341 in 2007. The AOSC Fund total income for 2008 was \$ 8 799 representing a decrease of \$ 265 (2.8%) compared with 2007. The actual AOSC Fund expenditures, on the other hand, amounted to \$ 9 920 representing an increase of \$ 626 (6.7%) compared to 2007. Actual expenditures include non-budgeted gains on exchange of \$ 32 in 2008 and \$ 1 022 in 2007. Although the revised budget noted by Council at its 185th Session had estimated a small surplus of \$ 56, the AOSC Fund did not fully recover its costs for the year 2008 and incurred a shortfall of \$ 182 (after taking into account a currency revaluation gain of \$ 939), which was deducted from the balance of the AOSC Fund, amounting to \$ 5 526 at the end of 2008. It should be noted that the introduction of IPSAS for expenditures, had a significant reducing impact on AOSC results for 2008 (refer to Note 2 (d) below).

Figure 6 reports on the trend in the annual excess (shortfall) over the last ten years.

FIGURE 6
AOSC FUND SURPLUS AND SHORTFALL AS AT 31 DECEMBER



* Note that the 2008 amount does not include the 2008 AOSC currency gain of \$ 939.

5.1.4 During the 35th Session of the Assembly, the Administrative Commission recommended that the question of sharing of costs between the Regular Programme and the Technical Co-operation Programme be reported to the Council for review. The Council has considered this issue and instructed the Secretary General to progressively allocate the identifiable costs to the AOSC Fund and the Regular Programme, as appropriate, in order to minimize the amount of cross-funding that was occurring between these Funds. During 2008, costs of \$ 390 relating to Regular Programme support that have been funded by the AOSC Fund were charged to the Regular Programme, while an amount of \$ 322 of Technical Co-operation Programme support costs funded by Regular Programme were charged to the AOSC Fund. The net transfer of costs for 2008 amounting to \$ 68 has been recorded in the accounts of the AOSC Fund, in addition to the amount of \$ 1 857 for personnel working outside the Technical Co-operation Bureau funded by the AOSC Fund. The Council presented to the Assembly during its 36th Session, a report on the apportionment of costs between the AOSC Fund and the Regular Programme Budget. The Assembly requested the Council to consider and approve a Cost Recovery Policy and work with the Secretariat to ensure that the pilot study requested by the Council provides accurate and timely information for the Council's decision. During 2008 and into 2009 a study was undertaken by a management consultants firm, for the purpose of deriving an equitable and efficient cost recovery mechanism.

6. **TECHNICAL CO-OPERATION PROGRAMME FUNDS (NON-PROPRIETARY FUNDS)**

6.1 The Technical Co-operation Programme, a permanent priority activity of ICAO as stated in Assembly Resolution A36-17, provides a broad spectrum of services, including assistance to States in the review of the structure and organization of national civil aviation institutions, updating the infrastructure and services of airports, facilitating technology transfer and capacity building, promoting ICAO Standards and Recommended Practices (SARPs), Air Navigation Plans (ANPs) and supporting remedial action resulting from the Universal Safety Oversight Audit Programme (USOAP) and the Universal Security Audit Programme (USAP) audits. The Technical Co-operation Programme Funds are reported in Schedule C.

6.2 The Financial Regulations and Rules of the United Nations Development Programme (UNDP) provide that executing agencies, which are organizations of the United Nations system, transmit to the UNDP Administrator the accounts of funds allocated to them by the UNDP Administrator and the Report of the External Auditor thereon for submission to the UNDP Executive Board. The accounts for 2008 in respect of the UNDP projects executed by ICAO are included in Schedule C.1 of the Financial Statements of the Organization and the Report of the External Auditor accordingly encompasses the UNDP project accounts. These accounts are submitted for approval by the Assembly and subsequent submission to the Administrator of the UNDP.

7. **OTHER TRUST FUNDS**

7.1 **The Public Key Directory Fund (PKD)**

The Fund was established by the Council in 2005 (C-DEC 174/1). ICAO supervises the development of the project to support interoperability of electronic-enhanced machine readable passports, which includes the establishment of a Public Key Directory (PKD) under the aegis of ICAO to manage exchange of electronic keys for decryption of the digital signatures imbedded in the 'e-passports'. Up to the end of 2008, twelve States contributed to the PKD fund. The PKD Development or "Establishment" contract was awarded to a private company, for complete design and development of the ICAO Public Key Directory. ICAO has now commenced (Phase 2) the second part of the project, a PKD Operations Phase Contract. Transactions are reflected in Schedule D to the Financial Statements.

7.2 **Joint Financing Agreements**

ICAO supervises the operation of air navigation services provided by the Governments of Denmark and Iceland, the costs of which are recovered by user charges and assessments on Contracting governments. In addition, ICAO is responsible for the administration of the funds, related to services, provided by the United Kingdom to monitor minimum vertical separation in the North Atlantic Regions, the costs of which are recovered through user charges. Funds are received from the United Kingdom and distributed by ICAO for the North Atlantic Height Monitoring System Fund and for the Administrative Fee for Joint Financing Fund whereas for the Danish Joint Financing Agreement and the Icelandic Joint Financing Agreement the funds are received directly by parties involved. Transactions are reflected in Schedule D to the Financial Statements.

8. CERTIFICATION, APPROBATION AND SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2008:

The Secretary General is required by the Financial Regulations to maintain such accounting records as are necessary and to submit financial statements showing the income and expenditure of all the International Civil Aviation Organization Funds during the financial year and their respective financial positions at the end of the year, as well as the status of appropriations (Regular Programme General Fund) and credits not budgeted for by the Assembly. He is also required to give such other information as may be appropriate to indicate the current financial position of the Organization.

Management is responsible for the preparation and integrity of the financial statements in this report. These statements have been prepared in accordance with United Nations System Accounting Standards (UNSAS), and necessarily include certain amounts that are based on management's best estimate and judgement. Financial information contained throughout the report is consistent with that in the Financial Statements. Management considers that the Financial Statements present fairly the financial position of the Organization, the results of its operations and its cash flows and the information disclosed in this report is presented in accordance with the provisions of the ICAO Financial Regulations.

To fulfil its responsibility, the Organization maintains systems of internal controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems are subject to both internal and external audit. The External Auditors have audited the Financial Statements, including the schedules and notes, and their report indicates the scope of their audit and their opinion on the Financial Statements.

The Council has the responsibility to consider and to recommend the Financial Statements to the Assembly for approval and has the power to request amendments to these statements after issuance by the Secretary General.

As Chief, Finance Branch of the International Civil Aviation Organization, I hereby certify the Financial Statements included in this document.



Rahul Bhalla
Chief, Finance Branch

As the Secretary General of the International Civil Aviation Organization, I hereby approve and submit the financial report of ICAO, accompanied by the Financial Statements, the Schedules and the Annexes for the year 2008.



Taïeb Cherif
Secretary General

Montreal, Canada
15 May 2009

PART II: AUDITOR'S REPORT/OPINION OF THE EXTERNAL AUDITOR

Cour des comptes

Le Premier président

Paris, June, 3rd 2009

To the Assembly of the International Civil
Aviation Organization

AUDIT OPINION

I have audited the financial statements of the International Civil Aviation Organization for the year ended 31 December 2008, comprising the statements of income and expenditure, the statement of assets and liabilities, cash flow, cumulative surplus and appropriations for the Regular Programme General Fund and supporting schedules and notes.

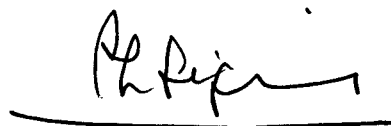
The financial statements are the responsibility of the ICAO management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized agencies and the International Atomic Energy Agency and with International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management of ICAO, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of ICAO as at 31 December 2008 and the results of its operations and its cash flow for the year then ended, in accordance with the United Nations system accounting standards.

Without affecting the opinion expressed above, I draw your attention to the change in the method of accounting for the expenses as explained in the note 4.1.4. to the financial statements.

Furthermore, in my opinion, the transactions of ICAO that have come to our notice, which we have tested as part of our audit, have in all significant respects been in accordance with the ICAO Financial Regulations and Rules and legislative authority.



Philippe SÉGUIN

PART III: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008