Executive Council

100th session
Rovinj, Croatia, 27-29 May 2015
Provisional agenda item 5(b)

CE/100/5(b)
Madrid, 13 April 2015
Original: English

Report of the Secretary-General

Part II: Administrative and statutory matters

(b) UNWTO financial report and audited Financial Statements for the year ended 31 December 2014

I. Introduction

1. In accordance with Financial Regulation 14.7, the Financial Statements of the World Tourism Organization for the year ended 31 December 2014 are submitted by the Secretary-General to the Executive Council.

2. The Financial Statements were subjected to external audit in accordance with Annex 1 to the Financial Regulations. The audit opinion and report of the External Auditors on the Financial Statements is submitted to the Executive Council in accordance with Financial Regulation 17.2.

3. The following document includes also the Secretary-General's discussion and analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2014.

II. Actions to be taken by the Executive Council

4. The Executive Council is invited:

(a) To take note of the opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2014 presents fairly the financial position of the UNWTO as at 31 December 2014 and the results of the operations for this period, in compliance with International Public Sector Accounting Standards;

(b) To recommend the General Assembly to approve the UNWTO Financial Statements for the year ended 2014, as reported by the External Auditors;

(c) To note that in the financial year 2014 the level of budgetary expenditure was maintained within the limit of approved appropriations, resulting in an implementation rate of 99 per cent of the total budgetary ceiling and observe that the level of budgetary income received (cash-in) in 2014 represents 92 per cent of the approved budget income, resulting in a cash deficit temporarily covered through the Working Capital Fund;

(d) To recommend the Secretary-General to continue in 2015 his approaches to Members that owe contributions to the Organization in order to secure their payment;

(e) To approve the transfers of appropriations indicated in the document and which have been recommended by the Programme and Budget Committee and by the Executive Council members through a written consultation in accordance with Financial Regulation 5.3(a) and 5.3(b); and

(f) To express its gratitude to the Chairman of the Programme and Budget Committee (Argentina) and the External Auditors (Germany, India and Spain) for the important work carried out.

World Tourism Organization (UNWTO) - A Specialized Agency of the United Nations

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UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2014

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Report of the Secretary-General on the Financial Statements of UNWTO for the year ended 31 December 2014

Introduction

1. In accordance with Financial Regulation (FR) 14.7 I have the honour to submit to the Executive Council (EC) the Financial Statements of the World Tourism Organization (UNWTO) for the year ended 31 December 2014.

2. The Financial Statements were subjected to external audit in accordance with Annex 1 to the Financial Regulations. The audit opinion and report of the External Auditors (EAs) on the Financial Statements is submitted to the Executive Council in accordance with Financial Regulation 17.2.

3. This section, the financial report, presents the Secretary-General's discussion and analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2014.

Overview of the Financial Statements

4. The Financial Statements are prepared in accordance with the UNWTO Financial Regulations, UNWTO Detailed Financial Rules and International Public Sector Accounting Standards (IPSAS)[1].

5. The present Financial Statements are the first prepared by UNWTO under IPSAS. Financial Statements for all previous financial years were mainly prepared in line with United Nations System Accounting Standards (UNSAS). In 2005 the High-level Committee on Management (HLCM) under the auspices of the Chief Executives Board (CEB) recommended that UN system organizations adopt IPSAS. The recommendation to adopt IPSAS was made to improve the quality, comparability and credibility of financial reporting through the move to independent and internationally acceptable accounting standards and will permit greater harmonization in the presentation of Financial Statements between UN system organizations. The basis of IPSAS is the accrual accounting concept whereby transactions are recorded and reported when they occur and not when they are paid. IPSAS-based Financial Statements provide greater insights into an organization's revenue, expense, assets, liabilities and reserves and improves decision-making, financial management and planning at management and governance levels.

6. The UNWTO General Assembly (GA) at its 17th session approved the adoption of IPSAS as the UNWTO accounting standards (A/RES/519(XVII)).

7. The Financial Statements consist of:

    (a) A statement of financial position

    Provides information on UNWTO's assets, liabilities, accumulated surplus/deficit and reserves at year end. It gives information about the extent to which resources are available to support future operations.

    (b) A statement of financial performance

    Presents the net surplus or deficit for the year – the difference between revenue and expense. It provides information on the nature of about the UNWTO's programme delivery expense and the amounts and sources of revenue.

[1] FR 14.1

(c) A statement of changes in net assets/equity

Highlights the sources of changes in the overall financial position.

(d) A cash flow statement

Provides information on UNWTO's liquidity and solvency including the sources and utilization of cash during the financial period. It explains the difference between the cash coming in and cash going out.

(e) A comparison of budget and actual amounts – Regular Budget

Highlights the extent to which approved Regular Budget (RB) resources were utilized and presents the difference between the actual budgetary expenditure and the approved budget appropriation.

(f) Notes to the Financial Statements

Assist in the understanding the Financial Statements. Notes comprise of a summary of significant accounting policies and other detailed tables and explanatory information. The notes also provide additional financial statement information and disclosures as required by IPSAS.

8. The Financial Statements also present information on the separately identifiable business segments, namely:

(a) The Programme of Work Services (PoWS)

The Programme of Work Services segment, being the General Fund (GF) mainly financed from the assessed contributions of the Members, covers (a) the main operations of the Organization for which programme appropriations for the financial period are voted by the General Assembly (the Regular Budget's (RB) programme of work) and, (b) other non-RB activities within the GF.

(b) Other Services (OS)

The Other Services segment comprises the Voluntary Contributions Fund (VCF) and the Funds in Trust (FIT) and mainly relates to projects and activities financed from voluntary funding provided by donors through agreements or other legal authority.

9. The major financial reporting and disclosure aspects under IPSAS are:

(a) All UNWTO financial transactions are reported in a single set of Financial Statements with detailed information and segment information presented in the notes;

(b) Revenue for assessed contributions is recognized when UNWTO has the right to receive the contribution – that is to say at the beginning of each year. Voluntary contributions are fully recognized as revenue on the receipt of a confirmed contribution unless they contain performance conditions, which are to be met before recognition. In-kind contributions such as rent-free premises or material services such as travel or goods are also recognized as revenue. All other revenue is recognized on an accrual basis in the period the transaction occurred;

(c) Allowances are made where the receipt of receivables is considered doubtful;

(d) Expense is presented in the Financial Statements by nature of expense and is recognized when goods and services have been received;

(e) Inventories of a material nature such as publications are expensed on sale or distribution;

(f) The recognition of all employee liabilities to be paid out in future periods on an accrual basis including accumulated annual leave, end of service benefits and after-service medical liabilities determined by independent actuaries;

(g) Fixed and intangible assets are presented under new accounting policies;

(h) Recognition of the in-kind contribution of the annual lease of the Headquarters building in Madrid provided on a no-cost basis by the Government of Spain;

(i) Reconciliation is provided between the Statement of Financial Performance (Statement II) prepared on an accrual basis and the actual amounts of the Regular Budget (Statement V), which is prepared and utilized on a modified accrual basis;

(j) Unspent approved budgetary provisions at year end are included in accumulated surpluses pending their utilization;

(k) Reserves are those specifically approved by the EC/GA;

(l) Budgetary commitments do not represent liabilities unless they are payables resulting from goods or services delivered during the financial year; and

(m) Additional disclosure is made in respect of the financial risk management of the Organization and in respect of the remuneration of the key management personnel comprising personnel at and above D2 level.

10. Several key financial definitions under IPSAS are presented below to enhance the usability and understanding of these Financial Statements:

(a) Assets are resources controlled by UNWTO as a result of past events in which future economic benefits or service potentials are expected to flow to UNWTO;

(b) Liabilities are present obligations arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential;

(c) Net assets are the residual interest in the assets of UNWTO after deducting all its liabilities;

(d) Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets;

(e) Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets;

(f) Non-exchange transactions are those transactions for which UNWTO either receives from or gives value to another entity without directly giving or receiving approximately equal value in exchange;

(g) Monetary items are units of currency held and assets and liabilities to be received or paid in fixed or determinable amounts; and

(h) Surplus for the period is the excess of all items of revenue over expense recognized in a period.

11. Under the accrual basis of accounting, revenues and expenses are recognized in the Financial Statements in the period to which they relate. The excess of revenues over expenses results in a surplus which is carried forward to the accumulated surplus. These accumulated surpluses represent the unexpended portion of contributions to be utilized, as authorized, in requirements of the Organization.

12. Under IPSAS, the matching principle of revenue and expense does not apply for non-exchange transactions. The focus of IPSAS is the financial position which is evidenced by the recognition of assets, when there is sufficient control, and of liabilities, when the criteria to recognize liabilities exist.

Aims, membership and strategic objectives of UNWTO

13. UNWTO's aims, as summarized in Article 3.1 of its Statutes, are "the promotion and development of tourism with a view to contributing to economic development, international understanding, peace, prosperity, and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion".

14. UNWTO's membership includes 156 countries, 6 Associate Members and over 400 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

15. The Organization's governance, through the General Assembly and the Executive Council, is defined in the UNWTO Statutes[2].

16. The current Programme of Work (A/20/5(I)(c))[3] sets out the strategic objectives of UNWTO over the period 2014-2015:

    (a) Strategic objective A aims at a continuous improvement of competitiveness of the Members' tourism supply, promoting quality and excellence, improving their human resources, enhancing their marketing and image promotion techniques, facilitating the movements of travellers, and providing them with guidance and updated information and data, nationally and internationally, on tourism trends, market forecasting and accurate evaluation of the economic contribution of tourism; and

    (b) Strategic objective B aims at increasing the contribution of tourism to all aspects of sustainability, including the question of ethics, in relation with the Millennium Development Goals, especially poverty alleviation and environmental protection, climate change and biodiversity conservation challenges, as well as a full integration of tourism in the local economy of destinations, ensuring fair economic benefits distribution and a high resilience of the sector.

17. Throughout the current financial period, the Organization continued to make significant efforts in a very challenging financial environment to ensure programme delivery towards the attainment of strategic objectives.

18. Funding of UNWTO is mainly through Regular Budget assessments on Members and through voluntary and trust fund contributions in support of the strategic objectives[4].

[2] Statutes 9 to 20
[3] Approved by resolution A/RES/619(XX)
[4] FR 6, 10.3 and 10.4

Financial Statements highlights

Budgetary performance of the Regular Budget

Budgetary result of the Regular Budget

Table 1 - Comparison of budget and actual amounts and budgetary cash balance - Regular Budget for the year ended 31 December 2014
Euros

	Approved income / Original budget [1]	Final budget [2]	Actual amounts on comparable basis	Differences budget and actual [3]	Budgetary cash balance (cash-in less expenditure)
Budgetary difference	**0.00**	**0.00**	**164,054.46**	**-164,054.46**	**-906,599.16**
Budgetary income	*13,124,000.00*	*13,124,000.00*	*13,137,071.62*	-13,071.62	*12,066,418.00*
Contributions from Full and Associate Members	11,937,000.00	11,937,000.00	11,934,622.00	2,378.00	10,338,447.28
Other income sources	1,187,000.00	1,187,000.00	1,202,449.62	-15,449.62	964,728.13
Allocation from accummulated surplus - RB	394,000.00	394,000.00	394,000.00	0.00	394,000.00
Allocation from accummulated surplus - Publications store	250,000.00	250,000.00	250,000.00	0.00	250,000.00
Affiliate Members	543,000.00	543,000.00	558,449.62	-15,449.62	320,728.13
Arrear contributions					763,242.59
Budgetary expenditure	*13,124,000.00*	*13,124,000.00*	*12,973,017.16*	*150,982.84*	*12,973,017.16*
A Member Relations	2,367,000.00	2,367,000.00	2,328,862.50	38,137.50	2,328,862.50
B Operational	3,657,000.00	3,531,159.85	3,477,783.36	53,376.49	3,477,783.36
C Support, Direct to Members	3,906,000.00	4,031,840.15	4,031,840.15	0.00	4,031,840.15
D Support, Indirect to Members	3,194,000.00	3,194,000.00	3,134,531.15	59,468.85	3,134,531.15

[1] In accordance to Programmes structure and appropriations approved originally by A/RES/619(XX) and its modification approved by CE/DEC/9(XCVIII) and CE/DEC/10(XCIX).

[2] After transfers

[3] Differences between final and actual budgetary income are due to (a) deduction of EUR 2,610.00 applied to Seychelles as per FR 4 (c), Annex II, (b) rounding of EUR 232.00 and (c) Affiliate Members budgetary income was prepared based on an estimated number of Members.

19. This section analyses the Regular Budget as approved by the General Assembly. The Regular Budget is voted by the General Assembly of UNWTO for a biennium of two consecutive calendar years beginning with an even-numbered year[5]. The biennial budget is presented on an annual basis to cover the proposed programme of work of the Regular Budget for each financial year of the financial period[6].

20. The Regular Budget is financed from assessed contributions from Members[7] and budgetary allocations. Appropriations are available for budgetary commitments during the financial period to which they relate and for a further twelve months[8].

21. The Regular Budget of the Organization covering the two-year budget period 2014-2015 (A/20/5(I)(c)) was approved by the General Assembly (A/RES/619(XX)) at EUR 26,616,000 broken down by the 2014 and 2015 annual budgets which amounted to EUR 13,124,000 and EUR 13,492,000 respectively. 2014 annual budget was adjusted by transfers[9] of EUR 273,977 as explained in Annex II on Appropriations transfers for the financial year 2014 - Regular Budget.

22. In 2014, total budgetary income and total budgetary expenditure amounts to EUR 13,137,072 and EUR 12,973,017 respectively, resulting in an implementation rate of 99% out of the total budgetary income. Therefore, the budgetary result (total budgetary income less total budgetary expenditure) shows a

[5] FR 2, FR 4.4
[6] FR3, DFR IV.4
[7] FR 6
[8] FR 5.1(a), FR 5.2 (a)
[9] FR 5.3 (b)

surplus of EUR 164,054. UNWTO reports bi-annually to the Executive Council on the status of the budget implementation[10] of the Regular Budget.

23. The total budgetary income received (cash-in) amounts to EUR 12,066,418, including the Members' arrears received during the year ended 31 December 2014 (EUR 763,243), which represents 92% of the approved budgetary income.

24. The budgetary cash balance (total budgetary income received (cash-in) less budgetary expenditure) resulted in a cash deficit of EUR 906,599 which was advanced by the Working Capital Fund[11] (see Annex II on Budgetary cash balance vs WCF advance as at 31 December 2014).

Figure 1 - Budgetary income: final budget vs cash-in (EUR thousands)

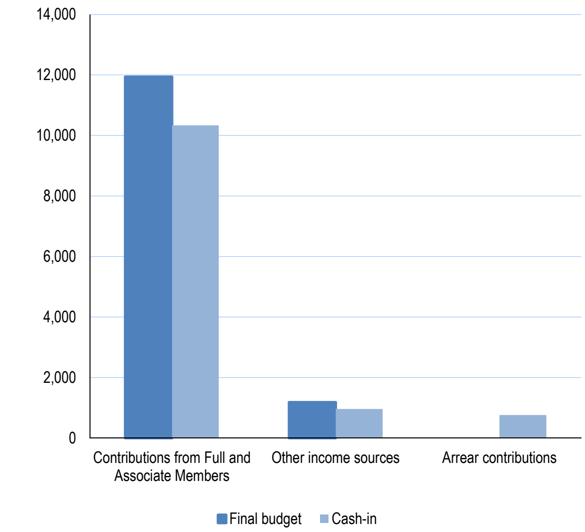
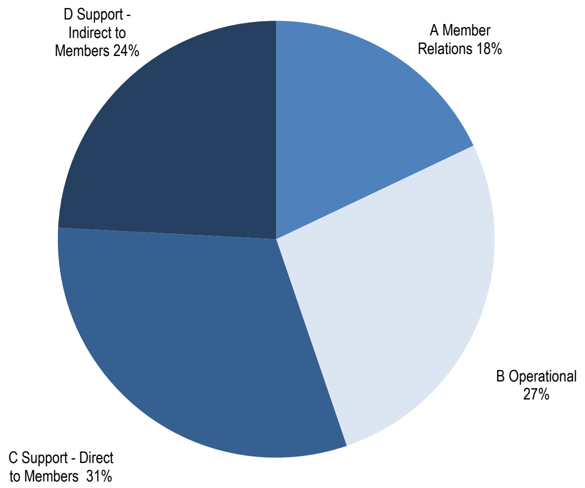


Figure 2 - Budgetary expenditure by programme: actual amounts



Comparison of financial performance to budgetary result of the Regular Budget

Table 2 - Reconciliation of financial performance with budgetary result of the Regular Budget for the year ended 31 December 2014
Euros

	31/12/2014
Financial deficit in the Statement of financial performance	*-1,983,241.12*
Entity differences	440,855.04
Basis differences	-1,706,440.54
Budgetary result in the Statement of comparison of budget and actual amounts - RB	**164,054.46**

25. The budget and the accounting bases differ. Consequently, the following differences have to be taken into account in the reconciliation between the financial performance (Statement of Financial Performance) and the budgetary result (Statement of Comparison of Budget and Actual Amounts):

(a) Entity differences

The Statement of Financial Performance includes all operations of UNWTO while the Statement of Comparison of Budget and Actual Amounts is limited to the operations related to the Regular Budget.

[10] DFR III.4
[11] FR 10.2(b)

The General Fund[12] of the Organization is established for the purpose of accounting: (a) financial transactions in relation to the Regular Budget, and (b) other financial transactions not related to the Regular Budget (such as, miscellaneous revenues). The latter transactions (b) as well as the VC Fund and the FIT, not being part of the Regular Budget, are entity differences eliminated in the reconciliation.

(b) Basis differences

The Statement of Financial Performance is prepared on a full accrual basis in compliance with IPSAS while the Statement of Comparison of Budget and Actual Amounts is prepared on modified accrual basis in accordance to the Regular Budget.

The Regular Budget is approved on a modified accrual basis, whereby income is budgeted on an accrual basis plus allocations from accumulated surplus and expenditures are budgeted when it is planned that expenses will be accrued except for:

(i) Property, plant and equipment, intangible assets and finance lease liabilities which are budgeted when it is planned that payments will be made;

(ii) Long-term employee benefits expenses for ASHI accrued in accordance with IPSAS but which are in excess of budgetary appropriations;

(iii) Allowance of unpaid Members' contributions and other accounting differences (such as foreign exchange differences, in-kind donations, depreciation/amortization, impairment and loss on sale of PPE and IA) which are unbudgeted; and

(iv) Transfer to the replacement reserve[13] which is budgeted based on the depreciation and amortization of previous years.

(c) Presentation differences

The Statement of Financial Performance uses a classification based on the nature of expenses while the Statement of Comparison of Budget and Actual Amounts classifies expenses by programmes/projects.

In the Regular Budget, the expenditures are classified between Regional (Part A), Operational (Part B), Support – Direct to Members and Support – Indirect to Members (Part D)[14]. The financial impact of the presentation differences is zero.

Financial performance

Revenue analysis

26. Total revenue amounted to EUR 18,323,649. UNWTO's activities are mainly funded by assessed contributions on its Members. Net revenue from Members' assessed contributions represents 70% of the total revenue amounting to EUR 12,928,222.

27. The remaining 30% of the revenue came from other contributions (Voluntary and Funds in Trust contributions) of EUR 2,023,349 and other revenue amounting to EUR 3,372,078. Among others, other revenue includes publication sales (EUR 345,175) and in-kind contributions (EUR 1,390,036).

[12] FR 10.1, FR 4.4, FR 2
[13] DFR VI 21-23
[14] FR 4.3

28. In-kind donations have been recognized in respect of donated premises, donated conference facilities and donated travel.

29. All of the amounts recorded as revenues may not ultimately be received. For this reason, UNWTO recognizes allowances for doubtful accounts.

Figure 3 - Revenue by source

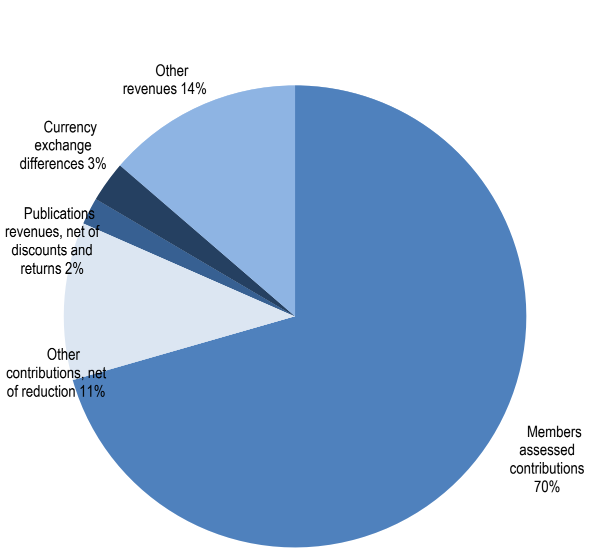
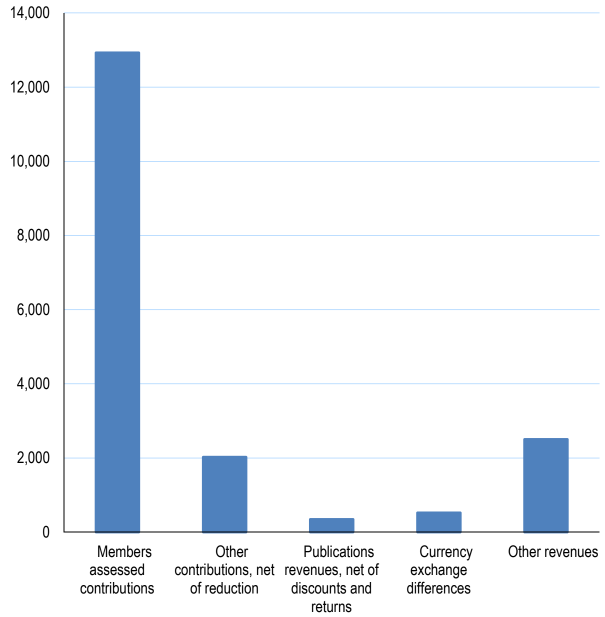


Figure 4 - Revenue by source (EUR thousands)



Expense analysis

30. Total expense amounted to EUR 20,306,890. Wages, salaries and employee benefits, the main category of expenditure, represent 68% of the total expenses (EUR 13,801,401). Salaries of regular staff amounted to EUR 9,104,743 (66% of wages salaries and employee benefits). A further EUR 3,095,063 (22%) was spent on temporary personnel and consultants to support the delivery of the programmes and projects. The remaining EUR 1,601,595 (12%) relate to accrual of after-service employee benefits for current and retired staff.

31. Supplies, consumables and other running costs amounts to EUR 2,626,332 and represent 13% of total expenses. This category mainly includes supplies and consumables (EUR 614,256), rental expenses, including in-kind rental (EUR 827,073), contractual services (EUR 984,895), expendables and publishing expenses.

Figure 5 - Expenses by nature

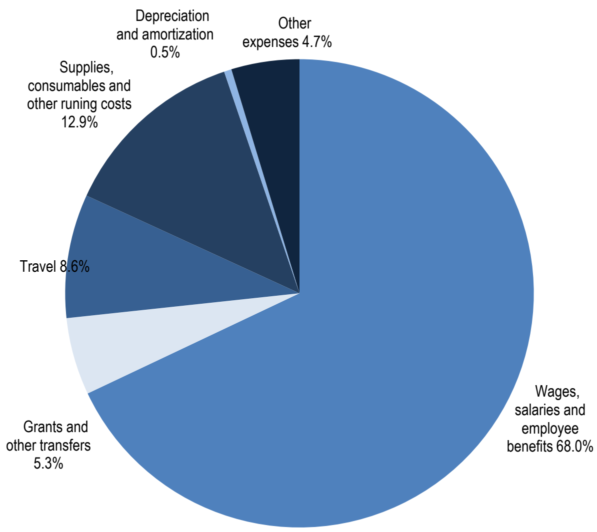
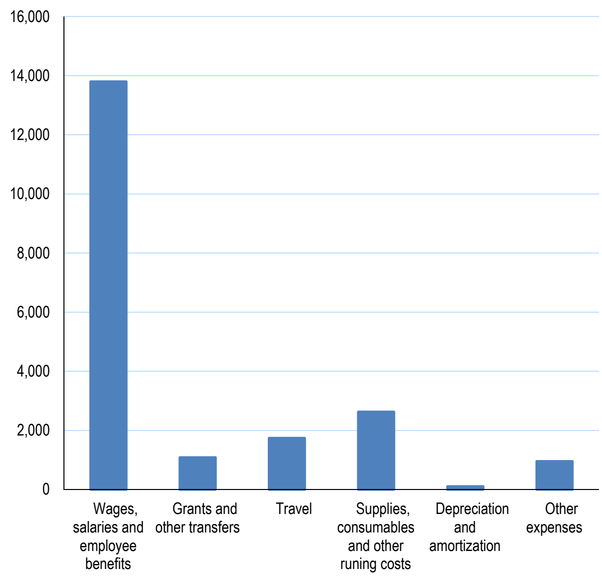


Figure 6 - Expenses by nature (EUR thousands)



Performance segment analysis

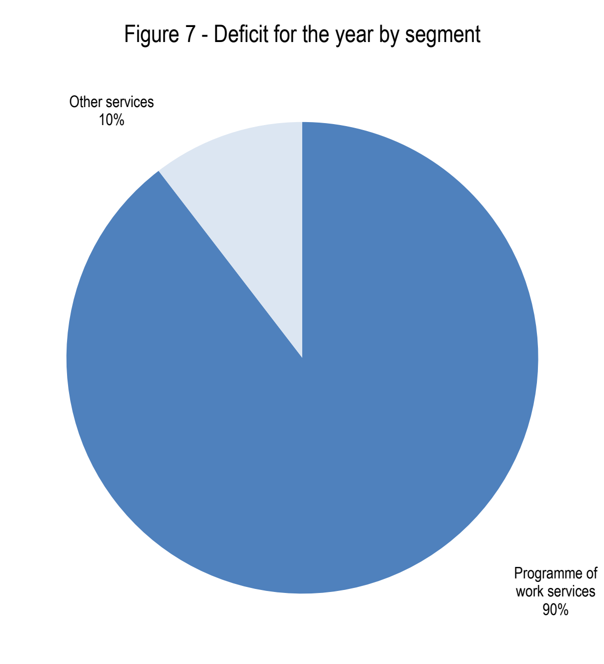
Table 3 - Summary financial performance by segment for the year ended 31 December 2014
Euros

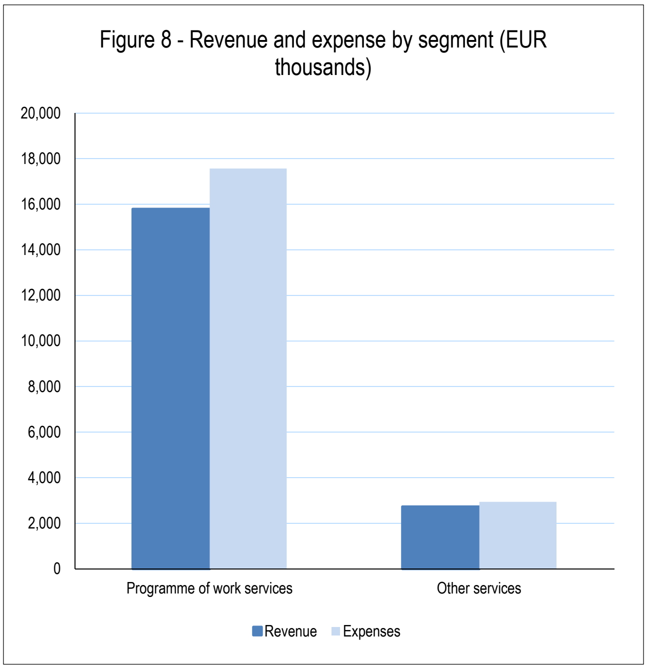
	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenue	15,788,435.24	2,732,258.61	-197,044.77	18,323,649.08
Expenses	17,564,876.27	2,939,058.70	-197,044.77	20,306,890.20
Deficit for the year	**-1,776,441.03**	**-206,800.09**	**0.00**	**-1,983,241.12**

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

32. The Programme of Work Services segment recorded a deficit of EUR 1,776,441. The deficit is mainly due to the impact of non-funded interest costs and service costs for after-service employee benefits and actuarial losses for other employee liabilities arising during 2014 (EUR 1,316,595).

33. The Other Services segment recorded a deficit of EUR 206,800 covered by accumulated surpluses from the previous year and reflects IPSAS requirements and UNWTO accounting policies for non-exchange transactions in which the revenue is recorded once the corresponding agreement is signed while the expenses are recorded upon delivery in the same or subsequent financial year/s.





Financial position

Position segment analysis

Table 4 - Summary financial position by segment at 31 December 2014
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Assets	21,028,880.60	6,543,546.81	-5,123,794.55	22,448,632.86
Liabilities	24,612,237.64	1,261,979.03	-5,123,794.55	20,750,422.12
Net Assets/Equity	**-3,583,357.04**	**5,281,567.78**	**0.00**	**1,698,210.74**

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statemen

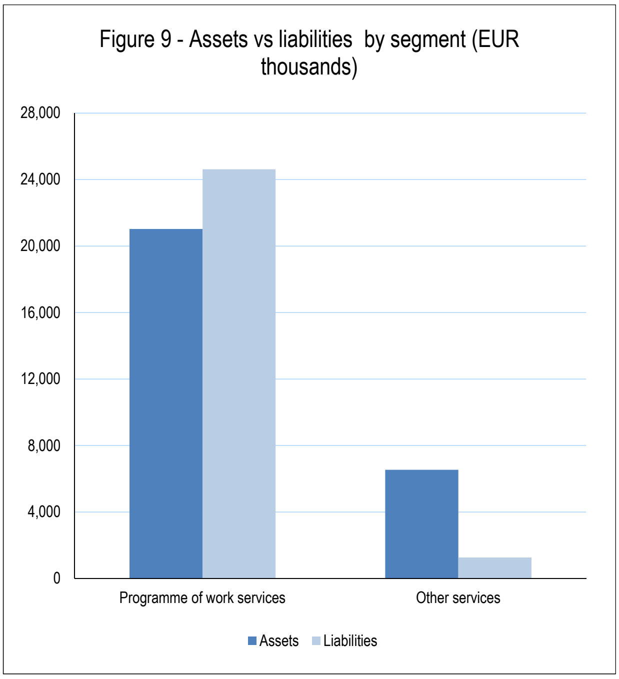
34. The net assets/equity of the Programme of Work Services segment amounts to EUR -3,583,357. It is represented by: (a) the reserves of the Organization, i.e., the Working Capital Fund, the Replacement Reserve and the Special Contingency Reserve (EUR 4,597,940), (b) the restricted accumulated surplus corresponding to non-RB projects within the GF and budgetary allocations from accumulated surplus to finance the 2015 budget (EUR 1,453,501), and (c) an unrestricted accumulated deficit of EUR -9,634,798 explained by the non-funded after-service employee benefits liability (EUR -10,261,309) and the publications store unrestricted accumulated surplus (EUR 626,511).

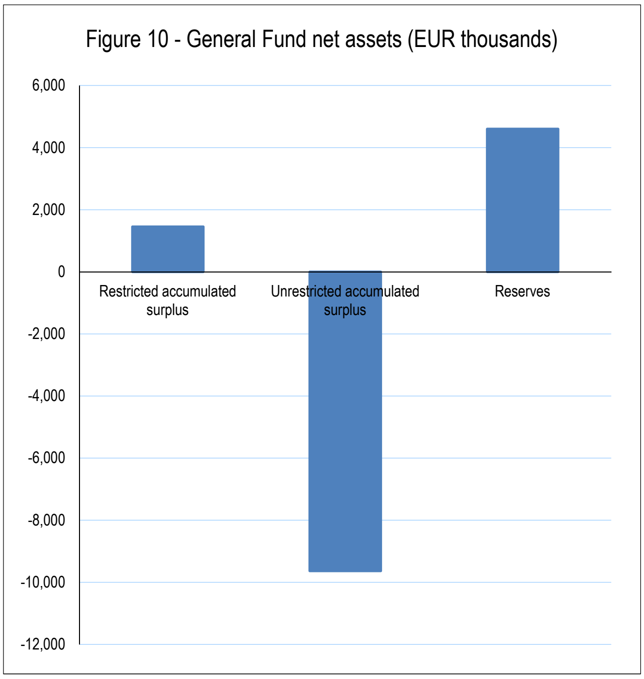
35. Other Services segment net assets/equity amounts to EUR 5,281,568 mainly corresponding to the restricted balances of extra-budgetary projects funded by voluntary contributions and funds in trust.

36. It should be noted that the reserves and the restricted accumulated surplus available to the Organization for future use are not without restrictions. Such net assets can only be applied in accordance with the terms of reference of the reserve or project concerned or the appropriate contractual agreement with the donor, and as such there are restrictions over their future use.

37. An overall working capital (current assets less current liabilities) of EUR 16,140,350 with 75% of current assets in cash and cash equivalents indicates a strong liquidity position. The Organization's ability to meet its short-term obligations could be impacted if delays are encountered in the collection of Members' contributions.

38. However, the impact of the after-service employee benefit liabilities brings a non-current position (non-current assets less non-current liabilities) of EUR -14,442,139.





Working Capital Fund

39. The purpose of the Working Capital Fund (WCF) is to provide the financing of budgetary expenditures pending the receipt of contributions from Members[15].

40. As at 31 December 2014 the nominal level of the WCF was EUR 2,814,016 while the available balance was EUR 1,907,417. The movements of the WCF during the year 2014 are shown under Annex III on the Working Capital Fund (WCF) available balance at 31 December 2014.

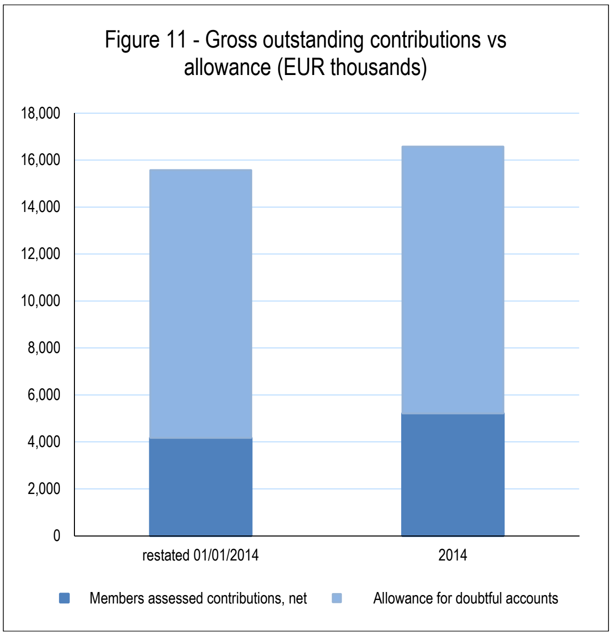
Assessed contributions

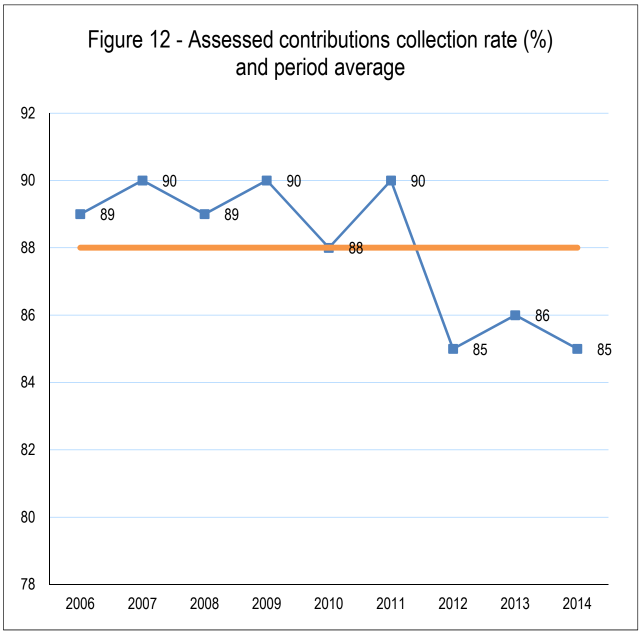
41. Gross outstanding assessed contributions amounted to EUR 16,570,943 an increase of 6% over the level at 1 January 2014. As required under IPSAS, an allowance of EUR -11,361,162 was made against the amount outstanding, bringing the net assessed contributions in the Statement of Financial Position to EUR 5,209,781. The gross assessed contributions are due and payable to the Organization in accordance with the Statutes[16] and Financial Regulations[17] of the Organization.

42. The collection rate of assessed contributions has deteriorated in recent years and at the end of 2014 represented 85% of contributions. The General Fund cash balance is dependent on the timing of the payment of assessed contributions by Members. The list of Members' outstanding assessed contributions as at 31 December 2014 is shown under Annex IV on the Statement of Contributions Due to the General Fund and the Working Capital Fund as at 31 December 2014.

43. At 31 December 2014, 21 Members have payment plans for a total of EUR 5,121,837 to settle their outstanding contributions.

[15] FR10.2(b)
[16] Statutes/Financing Rules Annex, para. 12
[17] FR 7.2





After-service employee benefits liabilities

44. At UNWTO after-service employee benefits include: After Service Health Insurance (ASHI), Accumulated Annual Leave (AAL) and End of Service Benefits (EoSB) (repatriation grant, end of service transport costs and removal expenses). These liabilities are calculated by a professional firm of actuaries. The most recent valuation carried out by UNWTO is dated 31 December 2014.

45. Primarily due to an actuarial difference caused by a significant reduction in the discount rate, the after-service employee benefit liability, also called defined benefit obligation (DBO), has increased by EUR 6.6M (61%) over the prior valuation at 31 December 2013, and at 31 December 2014 amounts to EUR 17.3M. To summarize the main actuarial differences from the 2013 actuarial expectations:

    (a) The DBO was expected to increase by EUR 0.9M in 2014 based on the prior valuation.

    (b) The DBO decreased by EUR 1.0M due to favourable claims experience.

    (c) The DBO increased by EUR 6.8M due to a decrease in the discount rates.

    (d) The remaining EUR 0.1M decrease was the net effect of other changes.

Discount rates are driving an increase in liabilities

46. This large increase of the liability is mainly due to a very sharp drop in Spanish government bond rates during 2013 and 2014, the discount rates have fallen by about 3% from 5.25% to 2.29%. The changes in discount rates alone increased the total DBO by about EUR 6.8M.

47. The discount rate is one of the principal assumptions in the valuations. It has an especially significant impact on the net present value of DBO for the ASHI because benefits will be paid over the entire lifetime of current and future retirees.

48. As required by IPSAS 25, UNWTO's discount rates are based on spot bond yields at the measurement date. Specifically, UNWTO sets its rates by applying the spot interest rates on a Spanish government zero-coupon bond yield curve to the expected benefit payments from the valuation model. A single rate (discount rate) for each is then computed as the rate which produces the same present value of benefits as the full yield curve. As a result, lower yields result in a correspondingly-lower discount rate, leading to a higher DBO.

49. While discount rates can be volatile, the drop in Spanish government bond rates during 2013 and 2014 was unusually large. Factors contributing to the fall in rates include market concerns about Spanish debt in 2012 which had subsided by 31 December 2014, the impact of quantitative easing on global bond markets which drove down yields worldwide and falls in inflation expectations impacting on yields.

50. Using the discount rates from the prior valuation as of 31 December 2012, the hypothetical DBO at 31 December 2014 would have decreased from EUR 10.7M at 31 December 2013 to EUR 10.5M at 31 December 2014 as medical claims experience, general inflation and medical inflation have been favourable for the calculation of the liability. In summary, the volatility of the discount rate could lead to a decrease of the liability in the short-term just as dramatically as it has just increased. The next valuation is planned for 2016.

51. Other UN organizations are also experiencing a similar dynamic though the impact is particularly severe for UNWTO because Spanish government bond rates have recently fallen even more than most other bond rates. It should be noted that should the Spanish government bond rate recover in the future the actuarial impact would result in a decrease in the liabilities.

Funding of the liabilities

52. While IPSAS requires the recognition of after-service employee benefit liabilities on an accrual basis in an organization’s Financial Statements the question of the funding of such liabilities is a matter for the individual organization to decide upon. There is no obligation on an organization reporting under IPSAS to specifically fund such liabilities, but in the interests of sound financial management the organization should develop a plan to ensure funding in the future. A number of UN system organizations do not have the employee liabilities fully funded and have adopted or are considering a range of options to achieve full funding over time.

53. The subject of the definition, funding and management of employee benefit liabilities and in particular ASHI within the United Nations system is to be analysed by the ASHI Working Group of the UN Finance and Budget Network under the auspices of the Chief Executives Board with a view to identifying actions to be taken developing common approaches by United Nations system organizations.

54. UNWTO will therefore closely follow developments in the work of this UNFBN Working Group and in other UN organizations prior to presenting proposals to the governing bodies on the funding of after-service employee benefit liabilities[18].

55. UNWTO has made annual budgetary appropriations[19] (provisions for after-service employee benefits) since 2010 for current services after-service employee liabilities, set aside additional allocations from surplus[20] and pooled the unrestricted net assets of the Regular Budget. This has ensured that EUR 6.0M of the liability of EUR 17.3M has been funded as at 31 December 2014 pending funding a gap of EUR 10.3M. Furthermore, the EC has recommended[21] the adjustment of the budgetary appropriation in accordance with the estimated annual current service costs for employee benefits in forthcoming UNWTO budgets from the biennium 2016-2017 onwards.

[18] CE/DEC/9(XCVIII).9
[19] EUR 600,000 for the biennia 2010-2011, 2012-2013 and 2014-2015
[20] EUR 700,000 from 2006-2007 budgetary surplus as per CE/DEC/5(LXXXVIII) in accordance to A/RES/572/(XVIII) and EUR 196,557 from 2013 budget as per CE/DEC/11 (XCVIII)
[21] CE/DEC/9(XCVIII).10

After-Service Health Insurance (ASHI)

56. ASHI is the most significant after-service employee liability. Staff members with at least 10 years of service from the date of entry at UNWTO and having reached the minimum age of 55 at the time of separation can continue to benefit from the Organization's health insurance scheme. The ASHI liability reflects the total future costs associated with providing health insurance benefits to existing retirees and current staff upon retirement.

57. The total ASHI liability as at 31 December 2014 amounted to EUR 15.1 M, an increase of 64% over the 2013 level.

58. The active population (current regular staff) has remained mostly stable over the years. On the other hand, the number of retirees who benefit from ASHI has increased by 18% over the past two years.

Figure 13 - After-service employee benefits liability (EUR millions)

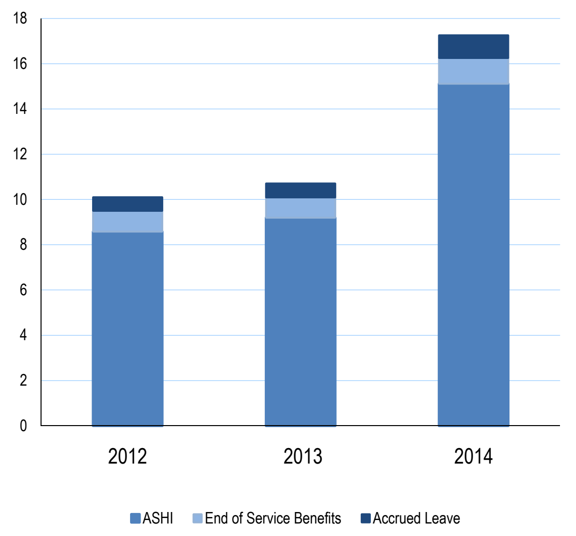
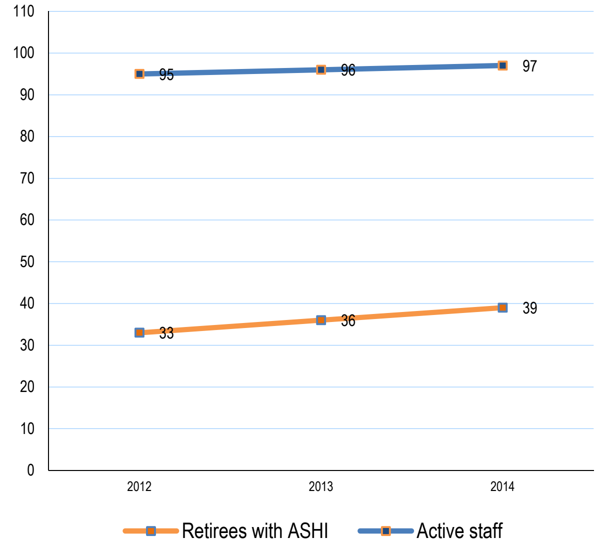


Figure 14 - Number of participants in the ASHI scheme



Financial risk management

59. UNWTO financial risk management policies are set out in the UNWTO Detailed Financial Rules[22] of the Organization.

60. UNWTO is exposed to a variety of financial risks related to exchange rate variations, interest rates variations, credit risk for banks/financial institutions and debtors and counterpart risk. UNWTO maintains a constant review of the extent of the financial risk exposure.

Exchange risk

61. The Organization is exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates. As the Organization receives most of assessed contributions in euros and most of the Regular Budget's programme of work expenses are denominated in that currency, this ensures that much of the exposure to exchange fluctuations between euros and other currencies is removed. The Organization also has expenses in other currencies than euros, mainly in US dollars (USD).

62. UNWTO maintains a minimum level of assets in USD and in Japanese yen (JPY) and, whenever possible, holds accounts in euros. Non-EUR holdings primarily relate to contributions made by donors in

[22] DFR Annex V

currencies other than EUR. As revenue and most of the expenses for extra-budgetary projects are normally in the same currency, there is limited exposure to foreign currency exchange risk.

63. At 31 December 2014, 71% of cash and cash equivalents were denominated in EUR currency.

Interest risk

64. The Organization is exposed to interest rate risk on its financial interest-bearing assets. Interest rate risk is managed by limiting investments to defined periods.

Credit risk

65. Credit risk on receivables being mostly related to the payment of Members contributions is managed by using the Working Capital Fund and by restricting expenditures to available cash resources. Periodical reporting is made to the Executive Council of the Organization's financial situation and of the status of unpaid Members contributions.

66. UNWTO does not have significant credit risk in relation to accounts receivable since contributors are principally Members. However, an allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UNWTO will not be able to collect all amounts due according to the original terms of the receivables.

Counterpart risk

67. The primary objective of all investments is the preservation of the value of resources of the Organization. Within this general objective the principal considerations for investment management are: (a) security of principal, (b) liquidity, and (c) rate of return. UNWTO does not use derivatives or invest in equities. The Organization is developing investment policies to strengthen its financial risk processes.

68. Investments are made with due consideration to the Organization's cash requirements for operating purposes.

Financial transparency and accountability

69. As a significant improvement in financial reporting, UNWTO has prepared the 2014 Financial Statements in accordance with IPSAS. By adopting and implementing IPSAS in 2014, UNWTO has enhanced its ability to produce relevant and useful financial information using internationally recognized accounting standards. The adoption of IPSAS supports improved financial management, transparency and accountability in UNWTO.

70. Continued compliance with IPSAS is a priority. The scope of IPSAS is constantly updated to reflect best practice and UNWTO will continue to adopt all new, revised and applicable IPSAS standards. UNWTO will continue to work closely with other UN system organizations on IPSAS and other issues related to financial management.

71. During 2014, UNWTO introduced a number of improvements in accountability and financial management including:

   (a) The Secretary-General is briefed on a monthly basis on the main financial and budgetary issues arising in order to identify possible improvements in the management of UNWTO's resources. Based on this information, the Secretary-General is able to focus on identified financial risks;

   (b) Online budget and finance information is provided through Athena (UNWTO financial management information system) to managers and staff by programmes/projects thereby enhancing the efficiency and effectiveness of programme implementation.

72. UNWTO's framework of external review includes the External Auditors and the UN Joint Inspection Unit (JIU).

73. The Organization is committed to further enhancing transparency and accountability in future years, taking account of resource availability with a view to implementing a structured approach to accountability.

Submission of the Financial Statements at 31 December 2014

74. The Financial Statements of UNWTO are prepared on a going concern basis reflecting our confidence in the continued commitment by Members to achieving the aims of the UNWTO and providing the necessary financial resources accordingly.

75. The statement on going concern is based on (i) the approved budget for 2014[23] (ii) the sound financial position as reflected by the assets, reserves and retained surpluses as at 31 December 2014 and (iii) continued Member and donor support through the payment of assessed contributions and voluntary contributions.

76. We hereby certify that to the best of our knowledge and information the Financial Statements include all transactions incurred for the period and that these transactions have been properly recorded and that the following Financial Statements and notes fairly present the financial results for 2014 and position of UNWTO at 31 December 2014.

Statement I – Statement of Financial Position at 31 December 2014

Statement II – Statement of Financial Performance for the year ended 31 December 2014

Statement III – Statement of Changes in Net Assets/Equity for the year ended 31 December 2014

Statement IV – Cash Flow Statement for the year ended 31 December 2014

Statement V – Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2014 – Regular Budget

Signed

Taleb Rifai

Secretary-General

José García-Blanch

Director of Administration and Finance

Madrid, 26 March 2015

[23] A/RES/619(XX)

Opinion of the External Auditors

INDEPENDENT AUDITORS' REPORT

CERTIFICATE OF THE EXTERNAL AUDITORS ON THE ACCOUNTS OF THE WORLD TOURISM ORGANIZATION FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

To the Executive Council of the World Tourism Organization

Identification of the Financial Statements

The External Auditors have audited the Financial Statements of the World Tourism Organization (hereinafter "UNWTO") for the financial period ended 31 December 2014, as amended on 26 March 2015,
comprising

- the Statement of Financial Position;
- the Statement of Financial Performance;
- the Statement of Changes in Net Assets/Equity;
- the Cash Flow Statement;
- the Statement of Comparison of Budget and Actual Amounts;
- supporting Notes to the Financial Statements, including summary of significant accounting policies.

Statement of Responsibilities

The Secretary-General, in accordance with Article 23.2 of the UNWTO's Statutes and Financial Regulation 14.1, is responsible for preparing the Financial Statements.
The External Auditors responsibility, under Article 26.1 of the UNWTO's Statutes and Financial Regulation 17 together with regulation 5 of Annex I, is to express an opinion on these Financial Statements based on the audit.

Basis of Opinion

The External Auditors conducted the audit in conformity with International Standards on Auditing (ISA) as adopted and expanded by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require that the External Auditors plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from 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 Secretary-General, as well as evaluating the overall Financial Statement presentation. The External Auditors believe that the audit provides a reasonable basis for the audit opinion.

Opinion

As a result of the audit, the External Auditors are of the opinion

- that the Financial Statements present fairly the financial position as at 31 December 2014 and the results of the operations for this period;
- that the Financial Statements were prepared in accordance with the UNWTO's stated accounting policies;
- that the accounting policies were applied on a basis consistent with that of the Restated Statement of Financial Position as at 01 January 2014 (opening balance) compliant with IPSAS;
- and that the transactions were in compliance with the Financial Regulations and legislative authority.

Report Reference

In accordance with Financial Regulation 17 together with regulation 5 and 6 of Annex I, the External Auditors have also prepared a long-form report on the UNWTO's Financial Statements.

Madrid, 27 March 2015

Dr. Thomas Kertess
Federal Court of Auditors,
Germany

Jetha Ram Rinwa
Office of the
Comptroller and Auditor General
of India

Sofía Viñayo Fernández
Intervención General de la
Administración del Estado,
Spain

Financial Statements

I. Statement of Financial Position at 31 December 2014

Statement of financial position
at 31 December 2014
Euros

	Note	31/12/2014	restated 01/01/2014
Assets		**22,448,632.86**	**21,471,539.59**
Current assets		*19,616,470.52*	*18,469,519.31*
Cash and cash equivalents	5	14,730,414.89	15,636,321.06
Inventories	7	69,770.00	129,872.65
Members assessed contributions receivable, net	8	3,110,725.61	1,704,839.36
Other contributions receivables, net	8	1,383,122.27	671,808.96
Other receivables, net	9	235,596.96	192,113.12
Other current assets	10	86,840.79	134,564.16
Non-current assets		*2,832,162.34*	*3,002,020.28*
Investments	6	204,540.43	178,730.74
Members assessed contributions receivable, net	8	2,099,054.97	2,465,583.60
Other contributions receivable, net	8	246,000.00	217,500.00
Property, plant and equipment	11	204,328.50	137,037.40
Intangible assets, net	12	75,069.90	0.00
Other non-current assets	10	3,168.54	3,168.54
Liabilities and Net Assets/Equity		**22,448,632.86**	**21,471,539.59**
Liabilities		**20,750,422.12**	**12,621,126.73**
Current liabilities		*3,476,120.59*	*1,866,021.19*
Payables and accruals	13	684,030.00	494,916.81
Transfers payable	14	415,702.83	53,969.59
Employee benefits	15	144,605.78	79,729.41
Advance receipts	16	2,027,349.27	1,202,520.46
Provisions	17	45,516.91	18,165.26
Other current liabilities	18	158,915.80	16,719.66
Non-current liabilities		*17,274,301.53*	*10,755,105.54*
Employee benefits	15	17,246,581.96	10,710,000.00
Advance receipts	16	1,600.00	0.00
Other non-current liabilities	18	26,119.57	45,105.54
Net Assets/Equity	19	**1,698,210.74**	**8,850,412.86**
Accumulated surplus/(deficit)		-2,899,729.23	3,855,519.08
Reserves		4,597,939.97	4,994,893.78

The accompanying notes form an integral part of these financial statements

II. Statement of Financial Performance for the year ended 31 December 2014

Statement of financial performance
for the year ended 31 December 2014
Euros

	Note	31/12/2014
Revenues	20	**18,323,649.08**
Members assessed contributions		12,928,222.00
Other contributions (VC and FIT), net of reduction		2,023,349.16
Publications revenue, net of discounts and returns		345,174.69
Currency exchange differences		522,676.14
Other revenues		2,504,227.09
Expenses	21	**20,306,890.20**
Wages, salaries and employee benefits		13,801,400.82
Grants and other transfers		1,083,439.60
Travel		1,737,462.71
Supplies, consumables and running costs		2,626,331.58
Depreciation, amortization and impairment		105,143.70
Other expenses		953,111.79
Deficit for the year		**-1,983,241.12**

The accompanying notes form an integral part of these financial statements

III. Statement of Changes in Net Assets/Equity for the year ended 31 December 2014

Statement of changes in net assets/equity
for the year ended 31 December 2014
Euros

	Note	Restricted accumulated surplus	Unrestricted accumulated surplus	Total accumulated surplus	Surplus	Working capital fund	Replacement reserve	Special reserve for contingency	Total net assets
Net assets, 31/12/2013		**5,556,176.74**	**19,102,314.69**	**24,658,491.43**		**2,814,015.92**	**1,695,457.90**	**485,419.96**	**29,653,385.21**
IPSAS adjustments		843,698.03	-21,646,670.38	-20,802,972.35					-20,802,972.35
Restated balance, 01/01/2014		*6,399,874.77*	*-2,544,355.69*	*3,855,519.08*		*2,814,015.92*	*1,695,457.90*	*485,419.96*	*8,850,412.86*
Directly recognized revenues and expenses									
Net change in reserves			458,953.81	458,953.81			-458,953.81	0.00	0.00
Actuarial gain/loss			-5,168,961.00	-5,168,961.00					-5,168,961.00
Net rev/exp recognized directly in net assets		*0.00*	*-4,710,007.19*	*-4,710,007.19*	*0.00*	*0.00*	*-458,953.81*	*0.00*	*-5,168,961.00*
Surplus for the period					-1,983,241.12				-1,983,241.12
Direct transfers from surplus		979,194.08	-3,024,435.20	-2,045,241.12	1,983,241.12		62,000.00		0.00
Other adjustments in accumulated surplus		-644,000.00	644,000.00	0.00					0.00
Total recognized surplus for the period		*335,194.08*	*-2,380,435.20*	*-2,045,241.12*	*0.00*	*0.00*	*62,000.00*	*0.00*	*-1,983,241.12*
Net assets, 31/12/2014	19	**6,735,068.85**	**-9,634,798.08**	**-2,899,729.23**	**0.00**	**2,814,015.92**	**1,298,504.09**	**485,419.96**	**1,698,210.74**

The accompanying notes form an integral part of these financial statements

IV. Cash Flow Statement for the year ended 31 December 2014

Cash flow statement
for the year ended 31 December 2014
Euros

	Note	31/12/2014
Deficit for the period		-1,983,241.12
Cash flows from operating activities		1,297,993.26
Depreciation, amortization and impairment, net of impairment recovery	11	52,487.62
Decrease in inventories	7	60,102.65
(Increase) in contribution receivables, net	8	-1,779,170.93
(Increase) in other receivables, net	9	-43,483.84
Decrease in other assets	10	47,723.37
Increase in payables and accruals	13, 14, 16	1,377,275.24
Increase in employee benefits payable	15	6,601,458.33
Actuarial valuation	15	-5,168,961.00
Increase in provisions	17	27,351.65
Increase in other liabilities	18	124,073.77
Leasing adjustment initial balance		-863.60
Cash flows from investing activities		-220,658.31
(Purchases of property, plant and equipment)	11	-119,778.72
(Purchases of intangible assets)	12	-75,069.90
(Gain) on sale of property, plant and equipment		-270.00
Proceeds from sale of property, plant and equipment		270.00
Change on investments	6	-25,809.69
Net decrease in cash and cash equivalents		-905,906.17
Cash and cash equivalents, beginning of the year	5	15,636,321.06
Cash and cash equivalents, end of the year	5	14,730,414.89

The accompanying notes form an integral part of these financial statements

V. Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2014 – Regular Budget

Statement of comparison of budget and actual amounts - Regular Budget
for the year ended 31 December 2014
Euros

	Note	Approved income / Original budget [1]	Final budget [2]	Actual amounts on comparable basis	Differences budget and actual [3]
Budgetary difference	22	**0.00**	**0.00**	**164,054.46**	**-164,054.46**
Budgetary income		*13,124,000.00*	*13,124,000.00*	*13,137,071.62*	-13,071.62
Contributions from Full and Associate Members		11,937,000.00	11,937,000.00	11,934,622.00	2,378.00
Other income sources		1,187,000.00	1,187,000.00	1,202,449.62	-15,449.62
Allocation from accumulated surplus - RB		394,000.00	394,000.00	394,000.00	0.00
Allocation from accumulated surplus - Publications store		250,000.00	250,000.00	250,000.00	0.00
Affiliate Members		543,000.00	543,000.00	558,449.62	-15,449.62
Budgetary expenditure		*13,124,000.00*	*13,124,000.00*	*12,973,017.16*	*150,982.84*
A Member Relations		2,367,000.00	2,367,000.00	2,328,862.50	38,137.50
A01 Regional Programme, Africa		460,000.00	429,599.20	413,669.53	15,929.67
A02 Regional Programme, Americas		480,000.00	482,647.99	482,647.99	0.00
A03 Regional Programme, Asia and the Pacific		521,000.00	521,000.00	519,252.97	1,747.03
A04 Regional Programme, Europe		364,000.00	394,400.80	394,400.80	0.00
A05 Regional Programme, Middle East		316,000.00	313,352.01	311,246.02	2,105.99
A06 Affiliate Members (Knowledge Network)		226,000.00	226,000.00	207,645.19	18,354.81
B Operational		3,657,000.00	3,531,159.85	3,477,783.36	53,376.49
B01 Sustainable Development of Tourism		538,000.00	537,005.35	527,628.80	9,376.55
B02 Technical Cooperation		682,000.00	656,995.51	653,335.27	3,660.24
B03 Statistics and Tourism Satellite Account		552,000.00	501,683.61	501,683.61	0.00
B04 Tourism Market Trends		416,000.00	375,305.25	375,305.25	0.00
B05 Destination Management and Quality		255,000.00	280,004.49	280,004.49	0.00
B06 Ethics and Social Responsibility		253,000.00	253,994.65	253,994.65	0.00
B07 Themis		150,000.00	121,873.64	109,367.65	12,505.99
B08 Institutional Relations and Resource Mobilization		479,000.00	474,284.54	456,358.84	17,925.70
B09 Fairs and Special Field Projects		332,000.00	330,012.81	320,104.80	9,908.01
C Support, Direct to Members		3,906,000.00	4,031,840.15	4,031,840.15	0.00
C01 Conferences Services		855,000.00	859,715.46	859,715.46	0.00
C02 Management		2,550,000.00	2,669,137.50	2,669,137.50	0.00
C03 Communications and Publications		501,000.00	502,987.19	502,987.19	0.00
D Support, Indirect to Members		3,194,000.00	3,194,000.00	3,134,531.15	59,468.85
D01 Budget and Finance		651,000.00	688,714.44	688,714.44	0.00
D02 Human Resources		490,000.00	541,374.41	541,374.41	0.00
D03 Information and Communication Technologies		780,000.00	728,625.59	690,876.42	37,749.17
D04 General Services		973,000.00	935,285.56	928,565.88	6,719.68
D05 Provisions		300,000.00	300,000.00	285,000.00	15,000.00

The accompanying notes form an integral part of these financial statements

[1] In accordance to Programmes structure and appropriations approved originally by A/RES/619(XX) and its modification approved by CE/DEC/9(XCVIII) and CE/DEC/10(XCIX).

[2] After transfers

[3] Differences between final and actual budgetary income are due to (a) deduction of EUR 2,610.00 applied to Seychelles as per FR 4 (c), Annex II, (b) rounding of EUR 232.00 and (c) Affiliate Members budgetary income was prepared based on an estimated number of Members.

VI. Notes to the Financial Statements

Note 1 – Reporting organization

77. The World Tourism Organization (previously WTO) held its first General Assembly in 1975. WTO was established through a transformation from the International Union of Official Travel Organizations (IUOTO) created in 1946 which in turn replace the International Union of Official Tourist Propaganda Organizations (IUOTPO), established in 1934. In 2003 the WTO General Assembly approved the transition of WTO into a specialized agency of the United Nations by resolution 453(XV). The WTO transition was ratified by the United Nations General Assembly by resolution A/RES/58/232.

78. The World Tourism Organization (UNWTO after the transition) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism. UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

79. UNWTO is governed by a General Assembly, consisting of the representatives of its Full Members and Associate Members, which determine the policies and main lines of work of the Organization. Affiliate Members and representatives of other international organizations participate as observers, The Executive Council, which is composed by Full Members elected by the General Assembly in a ratio of one for every five Full Members, takes all necessary measures to ensure the effective and rational execution of the programme of work and adherence to the budget by the Secretary-General.

80. The Headquarters of the Organization is in Madrid, Spain. It also maintains an office in Japan (Regional Support Office for Asia and the Pacific).

81. UNWTO is not a controlled organization as defined under IPSAS 7.

Note 2 – Significant accounting policies

2.1. Basis of preparation

82. The Financial Statements have been prepared on an accrual and going concern basis and comply with the requirements of International Public Sector Accounting Standards (IPSAS).

83. The Financial Statements cover the period from 1 January to 31 December 2014 and are presented rounded off to two decimal places.

84. The Cash Flow Statement is prepared using the indirect method.

85. As IPSAS was adopted by UNWTO with effect from 1 January 2014, the first set of Financial Statements includes a restatement of the 31 December 2013 assets and liabilities with the changes being shown in the Statement of Changes in Net Assets/Equity. The restatement provides prior period comparable information in the Statement of Financial Position as at 31 December 2014. For the initial set of Financial Statements IPSAS recognizes that comparative information for the previous period is not available for the Statement of Financial Performance or the Cash Flow Statement.

86. The functional and reporting currency of UNWTO is the euro[24] (EUR). Transactions in currencies other than EUR are translated into EUR, using the "indirect quotation" method, at the prevailing United Nations Rate of Exchange (UNORE) at the date of the transaction. Monetary assets and liabilities in currencies other than EUR are translated into EUR at the prevailing UNORE period end closing rate and any resulting gains or losses are accounted for in the Statement of Financial Performance.

[24] UNWTO FR 14.4

87. The accounting policies set out below have been applied consistently in the preparation and presentation of these Financial Statements including the opening balances of the Statement of Financial Position.

2.2. Jointly controlled entity

88. The Themis Foundation is jointly controlled by UNWTO and the Government of Andorra. The Themis Foundation's mission is to enable UNWTO Full Members to devise and implement education and training policies, plans and tools that fully harness the employment potential of their tourism sector and effectively enhance its competitiveness and sustainability. It is based in Andorra and its functional currency is the euro.

89. UNWTO uses the equity method to recognize its interest in the Themis Foundation.

2.3. Cash and cash equivalents

90. Cash and cash equivalents includes cash in hand, deposits held with banks and other short-term highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value.

91. Revenues earned on cash and cash equivalent holdings are recognized in the period in which they accrue.

92. Cash required for immediate disbursement is maintained in cash and in bank accounts. Balances in the deposit accounts are available at short notice (less than 3 months).

2.4. Financial instruments

93. Financial instruments are recognized when UNWTO becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and UNWTO has transferred substantially all the risks and rewards of ownership. They are classified as current if they are expected to be realized within 12 months of the reporting date.

94. UNWTO financial assets are largely short-term deposit instruments and receivables. Short-term deposits are categorized as 'loans and receivables'. This category requires initial recognition at fair value plus transaction costs and subsequent measurement at amortized cost using the effective interest method. As the term deposits are short-term and acquired at face value, no discount amortization is required. Receivables are stated at fair value, equivalent to nominal value, less allowance for estimated impairment. In particular, for assessed contributions receivable, an allowance is recognized based on historical experience.

95. UNWTO financial liabilities are mainly short-term payables for goods and services and unspent funds for refunds. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As UNWTO's payables generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

2.5. Inventories

96. Publication inventories held for sale on hand at year-end are presented as current assets in the Statement of Financial Position. On sale, exchange or distribution the inventories are recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when these inventories are distributed.

97. Publications intended for free distribution are immediately distributed and expensed after production. Any residual inventories considered as free publications are considered immaterial for inventory valuation purposes.

98. Inventories for sale are valued at the lower of cost and net realizable value, except inventories held for distribution at no or nominal charge, which are measured at the lower of cost and current replacement cost.

99. The cost of publications inventories includes all costs of production, including costs incurred in bringing the publications to their present condition and location. The cost of inventories is assigned in line with the weighted average cost formula.

100. Publication inventories are reviewed at the end of each financial year and titles seven years old or older are written off.

101. Publications held by distributors under a consignment stock arrangement continue to be shown as the Organization's asset until their sale by the distributor.

2.6. Contributions and receivables

102. Contributions are recognized at the beginning of the year to which they apply or when confirmed in writing by donors. However, in some cases a donor agreement may contain conditions over the application of funds to a specific activity such that a liability is recognized along with the asset when the agreement is confirmed in writing and revenue is only recognized when the conditions are met.

103. Contributions and receivables are measured at fair value and are presented net of any allowance for estimated irrecoverable amounts. Assessed contributions received prior to the commencement of the relevant specified budget period are recorded as an advance receipt liability.

104. In-kind contributions that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value at the time of receipt.

105. Pre-payments of less than EUR 5,000 are expensed in the year of purchase.

2.7. Property, plant and equipment

106. Property, plant and equipment (PPE) is presented at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the Financial Statements.

Additions

107. The cost of an item of PPE is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to UNWTO and the cost of the item can be measured reliably. In most instances, an item of PPE is recognized at its cost. When an asset is donated, it is recognized at fair value as at the date of acquisition. Additions to PPE are subject to a threshold of EUR 1,500 below which they are fully expensed in the year of purchase.

Disposals

108. On sale or disposal of assets any difference between the net book value and disposal price is recognized as revenue or expense.

Subsequent costs

109. 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 UNWTO and the cost of the item can be measured reliably.

Depreciation

110. Depreciation on PPE is provided on a straight-line basis over the expected useful life of the asset. The useful lives of major classes of assets have been estimated as follows:

Asset Classes	Estimated Useful Life (in years)
Communication and IT Equipment	5
Vehicles and Machinery	10
Furniture and Fixtures	12
Other Equipment	5
Building	50
Land	No depreciation
Leasehold Improvements	The lesser of the lease term or useful life of the improvements

Impairment

111. The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. Impairment is included in the Statement of Financial Performance.

112. A review of all assets is made annually to identify impairment.

Heritage assets

113. UNWTO also has a limited number of "Works of Art" (also referred to as heritage assets), including paintings, statues and various other objects, which have been mainly donated by governments and other partners. The value of these works is not recognized in the Financial Statements of UNWTO in compliance with IPSAS 17.

2.8. Intangible assets

114. Intangible assets are presented at cost less accumulated amortization and impairment. Recognition of intangible assets is subject to a threshold of EUR 50,000 for software internally developed or EUR 5,000 for any other intangible asset classes below which they are fully expensed in the year of purchase.

Amortization

115. Amortization on intangible assets is provided on a straight-line basis over the expected useful life of the asset. The useful lives of the major intangible asset classes have been estimated as follows:

Intangible Asset Classes	Estimated Useful Life (in years)
Software acquired externally	6
Software internally developed	6
Licences and rights	6

2.9. Leases

Finance leases

116. Leases under which substantially all of the risk and reward of ownership have been transferred to the Organization through the lease agreement are treated as finance leases.

117. Assets purchased under a finance lease are shown as assets at the lower of the fair value of the asset and the present value of the minimum lease payments. An associated lease obligation is recognized at the same value.

118. Lease payments made under a finance lease are apportioned between payment of finance charges and reduction of the balance of the liability.

119. Assets acquired through a finance lease are depreciated over the shorter of the lease term or the useful life of the asset, except where such assets become the property of the Organization on completion of the lease term. In such cases, the asset is depreciated over its useful life. The finance charge will be calculated so as to produce a constant periodic rate of interest on the annual balance of the liability.

Operating leases

120. Leases which are not categorized as finance leases, with a balance of risk and reward remaining with the lessor, are considered to be operating leases.

121. Expenditure incurred under an operating lease is charged on a straight-line basis over the life of the lease.

2.10. Employee benefits

122. UNWTO recognizes the following employee benefits:

(a) Short-term employee benefits

Short-term employee benefits are those which fall due wholly within twelve months after the end of the accounting period in which employees render the related service. Short-term employee benefits comprise first-time employment benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) compensated absences (annual leave, sick leave, maternity/paternity leave) and other short-term benefits (education grant, reimbursement of taxes). These are treated as current liabilities. Some elements of normally short-term benefits may not be expected to be settled within 12 months of the reporting date. This is the case of annual leave entitlement, which is expected to be settled more than 12 months after the end of the reporting date and is therefore reported as a non-current liability.

(b) Post-employment benefits

Post-employment benefits include the pension plan and the post-employment medical care payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

United Nations Joint Staff Pension Fund (UNJSPF)

UNWTO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The pension fund is a funded, multi-employer defined benefit plan. As specified by 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 plan 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, the plan assets, and costs to individual organizations participating in the plan. UNWTO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNWTO's respective proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence UNWTO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. UNWTO's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

After Service Health Insurance (ASHI)

The After Service Health Insurance programme extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The ASHI programme at UNWTO is a defined benefit plan. Accordingly a liability is recognized to reflect the present value of the defined benefit obligation.

Actuarial gains and losses which may arise from experience and adjustments and changes in actuarial assumptions are recognized in the period in which they occur as a separate item directly in Statement of Changes in Net Assets/Equity.

(c) 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. These are treated as non-current liabilities.

(d) Termination benefits

Termination benefits include indemnities upon termination, and are expected to be settled within 12 months of the reporting date.

2.11. Provisions and contingencies

123. UNWTO recognizes a provision for future liabilities where a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

124. Provisions are established to reflect an approximation of sales returns for publications using a percentage of the previous financial year sales based on the historical levels of returns.

125. Provision for refunds to donors is based on past experience of refunds.

126. Other commitments which do not meet the recognition criteria for liabilities are disclosed in the notes to the Financial Statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UNWTO.

127. Possible assets arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNWTO, and

where the inflow of economic benefits or service potential is probable, are disclosed in the notes to the Financial Statements as contingent assets.

2.12. Revenue recognition

128. Revenue is recognized when it is probable that future economic benefits or service potential will flow to UNWTO and those benefits can be measured reliably.

129. Accrual accounting for non-exchange transactions under IPSAS does not require the matching of revenue to related expenses. The cash flows arising from revenue and related expenses can take place in current and future accounting periods.

Non-exchange revenue

130. Revenue from non-exchange transactions is measured from an increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contingent asset may be disclosed.

131. Assessed contributions are assessed and approved for a two-year budget period. The amount of these contributions is then apportioned between the two years of the budget period. Assessed contributions are recognized as revenue in the Financial Statements at the beginning of the apportioned year in the relevant two-year budget period.

132. Other contributions, voluntary contributions and trust funds which are supported by written confirmation or agreement are recognized as revenue at the time the confirmation is received or agreement becomes binding and when control of the asset is deemed to be present, unless the confirmation or agreement establishes a condition on transferred assets that requires recognition of a liability. In such cases, revenue is recognized as the liability is discharged. Voluntary contributions which are not supported by written confirmation or binding agreement are recognized as revenue when received.

133. In-kind contributions that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value at the time of receipt. These contributions include PPE, the use of premises or conference rooms and donated travel. In–kind contributions that cannot be reliably measured will be disclosed by way of note only if they are considered material to the objectives of the UNWTO.

134. Revenue from in-kind contributions is matched by a corresponding expense in the Financial Statements except for PPE which is capitalized.

Exchange revenue

135. Revenue from exchange transactions is measured at the fair value of the consideration received and is recognized as the goods are delivered, with the exception of inventories under consignment held by distributors. Where the consideration is in cash or in a monetary amount, the measurement is at this amount. At UNWTO, only the sale of publications is considered as revenues from exchange transactions.

2.13. Expense recognition

136. Expenses are recognized on an accrual basis when the transaction occurs and on the basis of goods or services delivered and represent outflows or consumption of assets or incurrences of liabilities during the reporting period.

2.14. Budget comparison

137. UNWTO prepares the Regular Budget on a modified accrual basis, which is the same basis as prior to IPSAS adoption.

138. The Statement of Comparison of Budget and Actual Amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and Financial Statements differ, a disclosure note provides reconciliation between the actual amounts presented in the Statement of Comparison of Budget and Actual Amounts to the actual amounts presented in the Cash Flow Statement.

Note 3 – Accounting estimates

139. The preparation of Financial Statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgement. The areas where estimates, assumptions or judgement are significant to UNWTO's Financial Statements include, but are not limited to: post-employment benefit obligations, provisions for litigation, financial risk on inventories and accounts receivable, accrued charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Note 4 – Segment reporting

140. The Financial Statements are prepared on a fund accounting basis, showing, at the end of the period, the consolidated position of all UNWTO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Fund balances represent the accumulated residual of revenue and expenses and in the VC and FIT represent the unspent portion of contributions that are intended for utilization for future operations.

141. UNWTO classifies all programmes, projects, operations and activities into two segments as follows:

(a) The Programme of Work Services (PoWS)

The Programme of Work Services segment, mainly financed from the assessed contributions of Members, covers (a) the main operations of the Organization for which programme appropriations for the financial period are voted by the General Assembly and, (b) other activities within the GF (i.e., the publications store activities). This segment comprises the General Fund.

(b) Other Services (OS)

The Other Services segment mainly relates to projects and activities financed from voluntary funding provided by donors through agreements or other legal authority. This segment comprises the Voluntary Contributions Fund and the Fund in Trust. The main sub-funds under this category are the Voluntary Contributions, the United Nations Development Programme, the Trust Funds and the UN Multi Donor Trust Fund activities.

Statement of financial position by segment
at 31 December 2014
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Assets	**21,028,880.60**	**6,543,546.81**	**-5,123,794.55**	**22,448,632.86**
Current assets	*18,442,718.26*	*6,297,546.81*	*-5,123,794.55*	*19,616,470.52*
Cash and cash equivalents	11,055,056.78	3,675,358.11	0.00	14,730,414.89
Inventories	69,770.00	0.00	0.00	69,770.00
Members assessed contributions receivable, net	3,110,725.61	0.00	0.00	3,110,725.61
Other contributions receivables, net	201,700.84	1,181,421.43	0.00	1,383,122.27
Other receivables, net	232,918.56	2,678.40	0.00	235,596.96
Other current assets	3,772,546.47	1,438,088.87	-5,123,794.55	86,840.79
Non-current assets	*2,586,162.34*	*246,000.00*	*0.00*	*2,832,162.34*
Investments	204,540.43	0.00	0.00	204,540.43
Members assessed contributions receivable, net	2,099,054.97	0.00	0.00	2,099,054.97
Other contributions receivable, net	0.00	246,000.00	0.00	246,000.00
Property, plant and equipment	204,328.50	0.00	0.00	204,328.50
Intangible assets, net	75,069.90	0.00	0.00	75,069.90
Other non-current assets	3,168.54	0.00	0.00	3,168.54
Liabilities and Net Assets/Equity	**21,028,880.60**	**6,543,546.81**	**-5,123,794.55**	**22,448,632.86**
Liabilities	**24,612,237.64**	**1,261,979.03**	**-5,123,794.55**	**20,750,422.12**
Current liabilities	*7,337,936.11*	*1,261,979.03*	*-5,123,794.55*	*3,476,120.59*
Payables and accruals	614,446.61	69,583.39	0.00	684,030.00
Transfers payable	820.00	414,882.83	0.00	415,702.83
Employee benefits	144,605.78	0.00	0.00	144,605.78
Advance receipts	2,027,349.27	0.00	0.00	2,027,349.27
Provisions	27,121.80	18,395.11	0.00	45,516.91
Other current liabilities	4,523,592.65	759,117.70	-5,123,794.55	158,915.80
Non-current liabilities	*17,274,301.53*	*0.00*	*0.00*	*17,274,301.53*
Employee benefits	17,246,581.96	0.00	0.00	17,246,581.96
Advance receipts	1,600.00	0.00	0.00	1,600.00
Other non-current liabilities	26,119.57	0.00	0.00	26,119.57
Net Assets/Equity	**-3,583,357.04**	**5,281,567.78**	**0.00**	**1,698,210.74**
Accumulated surplus/(deficit)	-8,181,297.01	5,281,567.78	0.00	-2,899,729.23
Reserves	4,597,939.97	0.00	0.00	4,597,939.97

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Statement of financial performance by segment for the year ended 31 December 2014
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenues	**15,788,435.24**	**2,732,258.61**	**-197,044.77**	**18,323,649.08**
Members assessed contributions	12,928,222.00	0.00	0.00	12,928,222.00
Other contributions (VC and FIT), net of reduction	223,448.71	1,799,900.45	0.00	2,023,349.16
Publications revenue, net of discounts and returns	345,174.69	0.00	0.00	345,174.69
Currency exchange differences	12,473.24	510,202.90	0.00	522,676.14
Other revenues	2,279,116.60	422,155.26	-197,044.77	2,504,227.09
Expenses	**17,564,876.27**	**2,939,058.70**	**-197,044.77**	**20,306,890.20**
Wages, salaries and employee benefits	12,444,781.04	1,356,619.78	0.00	13,801,400.82
Grants and other transfers	233,865.07	849,574.53	0.00	1,083,439.60
Travel	1,481,319.31	256,143.40	0.00	1,737,462.71
Supplies, consumables and running costs	2,384,384.51	241,947.07	0.00	2,626,331.58
Depreciation, amortization and impairment	105,143.70	0.00	0.00	105,143.70
Other expenses	915,382.64	234,773.92	-197,044.77	953,111.79
Deficit for the year	**-1,776,441.03**	**-206,800.09**	**0.00**	**-1,983,241.12**

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

142. Internal activities lead to accounting transactions that create inter-segment assets and liabilities as well as inter-segment revenue and expenses. Inter-segment transactions are eliminated in the Statement of Financial Position by segment and the Statement of Financial Performance by segment respectively to accurately present these Financial Statements.

Note 5 – Cash and cash equivalents

Cash and cash equivalents
Euros

	31/12/2014	restated 01/01/2014
Cash and cash equivalents	**14,730,414.89**	**15,636,321.06**
Cash in banks	8,522,776.10	5,796,567.32
Cash on hand	14,134.34	23,364.55
Imprest funds	5,000.00	0.00
Short-term deposits	6,188,504.45	9,816,389.19

143. Cash is principally held in UNWTO Headquarters interest-bearing EUR and US dollar (USD) bank accounts. Limited amounts of cash are also held in local currency in the RSOAP.

Note 6 – Investments

Investments
Euros

	31/12/2014	restated 01/01/2014
Investments	**204,540.43**	**178,730.74**
Non-current Investments	204,540.43	178,730.74
Investments in Joint Venture	204,540.43	178,730.74

144. Fixed-term deposits are held by banks and maturing between three and twelve months (current) and in more than twelve months (non-current).

145. The non-current investment is the UNWTO's investment in its joint venture with Themis accounted for using the equity method, i.e., Themis is recognized as an asset adjusted at the end of the year to include UNWTO's share in any surplus or deficit of the joint venture.

146. UNWTO's opening balance has been restated due to the adjustment of the UNWTO's investment in Themis of EUR 106,230.74. This adjustment corresponds to the change in the accumulated surplus of Themis from the year of its foundation (1998) to 2013 and exchange differences which were not included in the audited restated statement of financial position at 1 January 2014.

Investment in joint venture Euros	**31/12/2014**	**restated 01/01/2014**
Opening investment in joint venture	178,730.74	72,500.00
IPSAS adjustment/Investment in joint venture		106,230.74
Equity share of surplus - Themis	25,809.69	
Ending investment in joint venture	**204,540.43**	**178,730.74**

Note 7 – Inventories

Publications inventory Euros	**31/12/2014**	**restated 01/01/2014**
Publications inventory, net realizable value	**69,770.00**	**129,872.65**
Publications inventory, carrying cost	111,098.64	129,872.65
Publications on hand	105,112.08	122,964.31
Publications on consignment	5,986.56	6,908.34
Impairment	-41,328.64	0.00

147. Publication inventories are publications held for sale.

148. Inventory quantities are validated by physical stock counts. The cost of publication inventories includes all costs of production, including costs incurred in bringing the publications into their present condition and location. Cost is determined using the weighted average cost formula. The impairment of inventories represents the write down of inventories of publications to zero when that publication is equal or more than seven years from publications date.

149. Inventories include consignment stock held at distributor premises for which the Organization continues to bear the risk and reward until the point of sale by the distributor.

Note 8 – Contribution receivables

Contributions receivable Euros	**31/12/2014**	**restated 01/01/2014**
Contributions receivable, net	**6,838,902.85**	**5,059,731.92**
Current contributions receivable, net	4,493,847.88	2,376,648.32
Members assessed contributions, net	3,110,725.61	1,704,839.36
Other contributions, net	1,383,122.27	671,808.96
Non-Current contributions receivable, net	2,345,054.97	2,683,083.60
Members assessed contributions, net	2,099,054.97	2,465,583.60
Other contributions, net	246,000.00	217,500.00

Contributions receivable by type
Euros

	31/12/2014	restated 01/01/2014
Contributions receivable, net	**6,838,902.85**	**5,059,731.92**
Members assessed contributions, net	5,209,780.58	4,170,422.96
Members assessed contributions receivable	16,570,942.91	15,573,644.26
Allowance for doubtful accounts	-11,361,162.33	-11,403,221.30
Voluntary contributions, net	1,629,122.27	889,308.96
Voluntary contributions receivable	1,697,026.13	980,470.47
Allowance for doubtful accounts	-67,903.86	-91,161.51

150. All contributions receivable, whether assessed or voluntary relate to non-exchange transactions.

151. Contributions receivable represent unpaid assessed contributions by Full, Associate and Affiliate Members, unpaid voluntary and trust fund contributions and receivables to the Working Capital Fund (WCF).

152. Non-current contribution receivables are those contributions and advances which are expected to be received, on the basis of agreed payment plans, more than 12 months after the reporting date.

153. The allowance for doubtful accounts of assessed contributions receivable from Full and Associate Members and of the WCF is calculated as follows:

(a) No allowance is applied to those receivables in arrears for the current and prior year;

(b) Receivables in arrears for periods exceeding the current and prior year but with payment plans, have an allowance of 50% of total outstanding receivables applied;

(c) An allowance of 100% of total outstanding receivables is applied for:

(i) Receivables in arrears for periods in excess of (a) and are without payment plans;

(ii) Receivables with payment plans but which are in default for two years.

154. The allowance for doubtful accounts of assessed contributions receivable from Affiliate Members and Other contributions receivable (Voluntary Contributions and Funds in Trust) is calculated as follows:

(a) No allowance is applied to receivables for the current and prior year;

(b) An allowance of 50% of total outstanding receivables is applied to:

(i) Receivables in arrears between three to four years;

(ii) Receivables in arrears having payment plans;

(c) An allowance of 100% of total outstanding receivables in excess of four years without payment plans.

155. Affiliate Members unpaid receivables are written off after five years upon approval of the General Assembly in accordance with Detailed Financial Rules[25].

156. For assessed and voluntary contribution receivables due, adjustments or allowances are made to reflect the fair value of the receivables in the Financial Statements because of the uncertainty surrounding the

[25] DFR IV.2 and DFR IV.3

timing of the future cash flows from the receivables. However such adjustments or allowances constitute neither a formal write-off of the receivable nor do they release members/donors from their obligation.

157. The following table illustrates the composition of the Members assessed contributions receivables only:

Members assessed contributions receivable by year of assessment
Euros

Year of assessment	31/12/2014	%	restated 01/01/2014	%
Members assessed contributions receivable	**16,570,942.91**	100.00	**15,573,644.26**	100.00
2011 and earlier	12,650,077.56	76.34	13,050,574.20	83.80
2012	874,963.11	5.28	961,271.84	6.17
2013	1,040,064.80	6.28	1,561,798.22	10.03
2014	2,005,837.44	12.10	-	

158. The movements of the allowance for doubtful accounts during 2014 are as follows:

Allowance for doubtful accounts movements
Euros

	restated 01/01/2014	Utilization	Increase / (decrease)	31/12/2014
Allowance for doubtful accounts movements	**11,494,382.81**	**-413,474.89**	**348,158.27**	**11,429,066.19**
Assessed Contributions	11,403,221.30	-390,131.14	348,072.17	11,361,162.33
Voluntary Contributions	91,161.51	-23,343.75	86.10	67,903.86
Funds in Trust	0.00	0.00	0.00	0.00

Note 9 – Other receivables

Other receivables
Euros

	31/12/2014	restated 01/01/2014
Other receivables	**235,596.96**	**192,113.12**
VAT receivable	72,956.76	72,488.97
Receivables from exchange transactions	162,640.20	119,624.15
Publications sales receivables, net	7,507.64	18,025.79
Publications sales receivables	14,483.62	18,069.54
Allowance for doubtful accounts	-6,975.98	-43.75
Employee receivables	21,778.37	21,726.41
Accrued interest receivable	693.73	5,678.46
Miscellaneous receivables	132,660.46	74,193.49

159. Other receivables is composed by receivables from exchange transactions (publications sales receivable, employee receivables, interest accrued receivable and other miscellaneous receivables from exchange transactions) and by the value-added tax (VAT) recoverable from the government of the host country (Spain) under the terms of the relevant host country agreement[26].

160. Miscellaneous receivables from exchange transactions mainly include receivables for donations paid in advance and other miscellaneous receivables. Receivables for donations paid in advance mainly refer to donated air tickets where the Organization advances the cost of the donated tickets, thus it expects to be reimbursed in exchange for the amount it paid out.

[26] Convention between the World Tourism Organization and Spain concerning the Organization's legal status in Spain/ Article 9; and, BOE of Spain no. 313 of 30 December 2000 / Article 3/1.

161. The allowance for doubtful accounts for publications sales receivables is an estimated amount based on an aged analysis of outstanding amounts at the reporting date using the same policy as for Affiliate Members and Other contributions receivable.

Note 10 – Other assets

Other assets
Euros

	31/12/2014	restated 01/01/2014
Other assets	**90,009.33**	**137,732.70**
Other current assets	*86,840.79*	*134,564.16*
Advances	78,639.54	113,010.23
Pre-paid expenses	7,954.97	21,528.33
Miscellaneous assets	246.28	25.60
Other non-current assets	*3,168.54*	*3,168.54*

162. Other current assets are composed of advances, prepaid expenses and miscellaneous assets (inter-segment receivables and other current assets).

163. Advances include:

(a) Employee advances such as education grant, home leave travel, DSA (daily subsistence allowance) on mission travel and others in accordance to the UNWTO Staff Regulations and Rules;

(b) Advances made to UNDP to deliver services in the field on the Organization’s behalf, through the Service Clearing Account arrangement;

(c) Advances to implementing partners made under contracts with national bodies and similar organizations which deliver technical cooperation activities on UNWTO’s behalf; and,

(d) Advances to suppliers.

164. Other non-current assets include guarantees and deposits and miscellaneous non-current assets.

Note 11 – Property, plant and equipment

Property, plant and equipment (PPE) at 31 December 2014
Euros

	Communication and IT equipment	Vehicles	Furniture and fixtures	Other equipment	Total
01/01/2014					
Historical cost / fair value	509,249.46	94,855.00	18,324.60	346,885.50	969,314.56
Accumulated depreciation and impairment	-372,917.70	-94,855.00	-17,618.96	-346,885.50	-832,277.16
Opening carrying amount	**136,331.76**	**0.00**	**705.64**	**0.00**	**137,037.40**
Movement for the year					
Additions	119,778.72	0.00	0.00	0.00	119,778.72
Reclassification	-73,657.07	0.00	0.00	73,657.07	0.00
Disposals	7,067.00	0.00	0.00	0.00	7,067.00
Impairment	0.00	0.00	0.00	0.00	0.00
Depreciation	-34,333.24	0.00	-162.84	-17,991.54	-52,487.62
Reclassification of accumulated depreciation	13,916.41	0.00	0.00	-13,916.41	0.00
Total movements for year	**32,771.82**	**0.00**	**-162.84**	**41,749.12**	**74,358.10**
31/12/2014					
Historical cost / fair value	548,304.11	94,855.00	18,324.60	420,542.57	1,082,026.28
Accumulated depreciation and impairment	-386,267.53	-94,855.00	-17,781.80	-378,793.45	-877,697.78
Closing carrying amount	**162,036.58**	**0.00**	**542.80**	**41,749.12**	**204,328.50**

165. As at 31 December 2014, UNWTO holds fully depreciated PPE which is still in use.

166. Assets are reviewed annually to determine if they are impaired.

167. The UNWTO Headquarters building is not part of property, plant and equipment as it is treated as a donated right to use under the provisions of IPSAS 23. Further disclosures on the treatment of this lease are provided in the Note on Revenue

Note 12 – Intangible assets

Intangible Assets at 31 December 2014
Euros

	Software acquired externally	Software internally developed	Total
01/01/2014			
Historical cost / fair value	0.00	0.00	0.00
Accumulated amortization and impairment	0.00	0.00	0.00
Opening carrying amount	0.00	0.00	0.00
Movements for year			
Additions	12,373.20	62,696.70	75,069.90
Disposals	0.00	0.00	0.00
Impairment	0.00	0.00	0.00
Amortization	0.00	0.00	0.00
Total movements for year	**12,373.20**	**62,696.70**	**75,069.90**
31/12/2014			
Historical cost / fair value	12,373.20	62,696.70	75,069.90
Accumulated amortization and impairment	0.00	0.00	0.00
Closing carrying amount	**12,373.20**	**62,696.70**	**75,069.90**

168. The capitalized value of the internally developed software excludes those costs related to research and maintenance.

169. The costs recognized as "software under development" relate to development work on the implementation of new modules in Athena (UNWTO financial management information system) under the so-called Athena II project. Costs are identified based on payment schedules and project milestones of the development phase of the project. Once the project is completed and implemented, these costs shall be classified under the account "Software Internally Developed".

Note 13 – Payables and accruals

Payables and accruals
Euros

	31/12/2014	restated 01/01/2014
Payables and accruals	**684,030.00**	**494,916.81**
Accounts payable - personnel	129,909.85	116,400.71
Accounts payable - others	426,638.42	312,759.76
Accrued expenses	127,481.73	65,756.34

170. Accounts payable relate to amounts due for goods and services for which invoices have been received. Accounts payable – personnel refer to amounts due to staff, collaborators and other temporary services. Accrued expenses represent estimates for the value of goods and services that have been received or provided to UNWTO during the period and which have not been invoiced to UNWTO.

Note 14 – Transfers payable

Transfers payable
Euros

	31/12/2014	restated 01/01/2014
Transfers payable (TP)	**415,702.83**	**53,969.59**
TP for technical cooperation and grants	327,068.24	0.00
TP to donors	88,634.59	53,969.59

171. Transfers payable include technical cooperation and grants payable to recipients and to the UN for jointly funded activities. It also includes transfers due to donors of unspent project funds, accrued interest payable, and the other payables to Full and Associate Members arising from distributions of surpluses, if applicable.

Note 15 – Employee benefits

Employee benefits
Euros

	31/12/2014	restated 01/01/2014
Employee benefits	**17,391,187.74**	**10,789,729.41**
Current employee benefits (UNWTO valuation)	*144,605.78*	*79,729.41*
Non-current employee benefits (Actuarial valuation)	*17,246,581.96*	*10,710,000.00*
After Service Health Insurance (ASHI)	15,104,412.81	9,194,000.00
Accumulated Annual Leave (AAL)	1,000,112.89	616,000.00
End of Service Benefits (EoSB)	1,142,056.26	900,000.00

172. Employee benefit liabilities are determined by professional actuaries or calculated by UNWTO based on personnel data and past payment experience.

Employee benefits – current

173. Current or short-term employee benefits include accrued employee benefits (salary, post adjustment, family allowance and language allowance), overtime, education grant and home leave travel.

Employee benefits – non-current

174. Non-current employee benefits relate to post-employment and other long-term employee benefits. These include: After Service Health Insurance, Accumulated Annual Leave and End of Service Benefits (repatriation grant, end of service transport costs and removal expenses).

175. After Service Health Insurance (ASHI) – UNWTO operates the ASHI scheme which is a defined employee benefit plan. Under the scheme, staff retiring from UNWTO, at the age of 55 or above and with at least ten years' of service from the date of entry at UNWTO, may opt to remain (indefinitely) in that ASHI scheme with UNWTO responsible for the continued partial funding of insurance premiums. UNWTO performs biannually an actuarial valuation of the ASHI scheme to measure its employee benefits obligation.

176. Accumulated Annual Leave (AAL) – UNWTO staff can accumulate unused annual leave up to a maximum of 60 working days. On separation from UNWTO, staff members are entitled to receive a sum of money equivalent to their pay for the period of AAL that they hold at the date of separation. Although annual leave is a short-term employee benefit, the right to receive payment for unused annual leave, and consequently the Organization's liability for this balance, is shown as a long-term employee benefit as that right only crystallizes on separation, typically more than twelve months from the reporting date.

177. End of Service Benefits (EoSB) – A non-locally recruited staff member who has completed one year of service outside the country of his/her recognized home is entitled upon separation from UNWTO to a repatriation grant payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. Staff members are also entitled to travel and removal costs for repatriation on separation from UNWTO.

Actuarial valuations

178. Liabilities arising from ASHI, accrued annual leave and end of service benefits and are determined by consulting actuaries. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee liabilities for UNWTO as at 31 December 2014:

Measurement date	31 December 2014		
Actuarial method	Projected unit credit		
Discount rate	ASHI	2.92%	Based on the Defined Benefit Obligation cash flows from the 31 December 2014 valuations and the interest rates from a custom Spanish government bond yield curve as of 31 December 2014.
	AAL	2.29%	
	EoSB	2.29%	
Expected rate of return of assets	Not applicable		
General inflation rate	1.7%		
Salary growth	2.2% (1.7% inflation, plus 0.5% per year productivity growth) plus merit component		
Annual cost of living increases	1.9%		
Future exchange rates	Equal to United Nations spot rates at 31 December 2014		
Mortality rates	Based on those in the 31 December 2013 valuation of the United Nations Joint Staff Pension Fund		
Disability rates	Based on those in the 31 December 2013 valuation of the United Nations Joint Staff Pension Fund		
Withdrawal rates	Based on those in the 31 December 2013 valuation of the United Nations Joint Staff Pension Fund		

<table>
<tr><td colspan="2">Retirement rates</td><td colspan="3">It was assumed that all participants hired prior to 2014 retire at age 62 and that those hired after retire at age 65.</td></tr>
<tr><td colspan="2">Advance payments</td><td colspan="3">No future advance payments are assumed</td></tr>
<tr><td colspan="2">New hires</td><td colspan="3">It is assumed to maintain a level headcount and stable demographics for the active staff population</td></tr>
<tr><td rowspan="6">ASHI</td><td rowspan="2">Medical costs increases</td><td>Initial</td><td>Ultimate</td><td>Year ultimate increase reached</td></tr>
<tr><td>2.0%</td><td>3.5%</td><td>2021</td></tr>
<tr><td>Average annual medical claim cost</td><td colspan="3">EUR 3,744 per adult in 2015</td></tr>
<tr><td>Future participants contributions</td><td colspan="3">In the long run, premiums will be adjusted if needed to stabilize the percentage of retiree claims and administrative expenses covered by retiree contributions.</td></tr>
<tr><td>Participation and lapse rates</td><td colspan="3">90% of future retirees will elect coverage and retain coverage for life</td></tr>
<tr><td>Coverage of adult dependents for future retirees</td><td colspan="3">85% of male and 55% of female retirees have an adult dependent who elects coverage in the plan</td></tr>
<tr><td rowspan="2">AAL</td><td>Accumulated balance</td><td colspan="3">As the accumulation of annual leave by employee historically remains stable year on year, it is assumed that the total accumulated balance is a long-term employee benefit taken by staff members on separation from UNWTO.</td></tr>
<tr><td>Annual leave days</td><td colspan="3">It is assumed to accrue (up to the 60-day cap) at rates of 10.0 days per year for the first four years of service, 0.8 days per year for the next 26 years, and 0.0 days per year thereafter.</td></tr>
<tr><td rowspan="2">EoSB</td><td>Members receiving benefits</td><td colspan="3">It is assumed that 100% of eligible members claim the repatriation grant. Repatriation travel and removal expenses are assumed to be payable to 80% of eligible staff members upon separation.</td></tr>
<tr><td>Repatriation travel and removal costs</td><td colspan="3">It is assumed at EUR 11,000 per staff member, including her/his dependents, in 2013, growing with inflation thereafter.</td></tr>
</table>

179. The following tables and text provide additional information and analysis on employee benefit liabilities calculated by actuaries:

After service employee benefits actuarial valuation
Euros

	ASHI	**AAL**	**EoSB**	**Total**
Defined benefit obligation at 01/01/2014	**9,194,000.00**	**616,000.00**	**900,000.00**	**10,710,000.00**
Movements for year ended 31/12/2014	*5,910,412.81*	*384,112.89*	*242,056.26*	6,536,581.96
Service costs	309,430.00	48,728.00	43,157.00	401,315.00
Interest costs	531,199.00	30,557.00	43,770.00	605,526.00
Recognition of (gain) / loss	5,168,961.00	374,873.00	219,881.00	5,763,715.00
(Benefit payments UNWTO)	-99,177.19	-70,045.11	-64,751.74	-233,974.04
Defined benefit obligation at 31/12/2014	**15,104,412.81**	**1,000,112.89**	**1,142,056.26**	**17,246,581.96**

180. The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

181. Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions.

182. Actuarial gains or losses relating to ASHI are accounted for using the “reserve recognition” approach, and are recognized in the Statement of Changes in Net Assets/Equity. Those relating to AAL and EoSB are expensed to the Statement of Financial Performance.

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

After service employee benefits recognized in the Statement of financial performance
Euros

	ASHI	AAL	EoSB	Total
Total expenses recognized at 31/12/2014	**840,629.00**	**454,158.00**	**306,808.00**	**1,601,595.00**
Service costs	309,430.00	48,728.00	43,157.00	401,315.00
Interest costs	531,199.00	30,557.00	43,770.00	605,526.00
Loss on actuarial valuation	0.00	374,873.00	219,881.00	594,754.00

184. Current service cost is the increase in the present value of the defined obligation resulting from employee service in the current period. Interest cost is the increase during the period in the present value of the defined benefit obligation which arises because the benefits are one period closer to settlement.

185. Two of the principal assumptions in the valuation of the ASHI are the rate of future medical cost increases (3.5%) and the discount rate (2.92%). The table below shows the estimated impact of unfavourable 1% per year changes in these assumptions on the liability at 31 December 2014:

ASHI sensitive analysis
Euros

	Long-term medical inflation rate	
Discount rate	*3.50% per year*	*4.50% per year*
2.92%	15,141,376.00	18,713,538.00
1.92%	18,859,771.00	23,668,406.00

186. One of the principal assumptions in the valuation of accrued leave and end of service benefits is the discount rate (2.29%). The table below shows the estimated impact of unfavourable 1% per year in that rate on the liability at 31 December 2014:

AAL and EoSB sensitive analysis
Euros

Discount rate	Accumulated annual leave	End of service benefits
2.29%	1,189,307.00	1,004,239.00
1.29%	1,273,852.00	1,117,051.00

United Nations Joint Staff Pension Fund (UNJSPF)

187. The Pension 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 Pension Fund will be sufficient to meet its liabilities.

188. UNWTO financial obligation to the UNJSPF consists 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 Pension 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.

189. The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72 (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2015.

190. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

191. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2013, 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 Fund. 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.

192. In December 2012 and April 2013, the General Assembly authorized an increase to 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 1 January 2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013.

193. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

Contributions paid to UNJSPF
Euros

	31/12/2014
Contributions paid to UNJSPF	1,353,071.36

Note 16 – Advance receipts

Advance receipts
Euros

	31/12/2014	**restated 01/01/2014**
Advance receipts	**2,028,949.27**	**1,202,520.46**
Current liabilities	*2,027,349.27*	*1,202,520.46*
Advance receipts - Contributions	2,006,224.47	1,198,468.64
Miscellaneous advance receipts	21,124.80	4,051.82
Non-current liabilities	*1,600.00*	*0.00*
Advance receipts - Contributions	1,600.00	0.00

194. UNWTO recognizes as a liability amounts received under non-exchange contracts where either a binding agreement is not considered to be in place yet or where the payments received will be due in the following or more financial years. Those payments received for contributions which are actually due after 12 months or more are classified under non-current advance receipts.

195. At 31 December 2014 there are no liabilities related to conditional contributions.

Note 17 – Provisions

Provisions Euros		
	31/12/2014	**restated 01/01/2014**
Provisions	**45,516.91**	**18,165.26**
Current provisions	*45,516.91*	*18,165.26*
Provisions for refunds to donors	18,395.11	0.00
Provisions for sales return	1,047.86	91.32
Other current provisions	26,073.94	18,073.94

196. UNWTO mainly recognizes a provision for probable liabilities that would result from return of sold publications to distributors, from litigations against the Organization where there is probability of outflow of resources and from refunds of unspent balances of closed projects to donors. The level of the provisions is based on past experience except for the provision for sales return which is also based on the level of sales of the year.

Note 18 – Other liabilities

Other liabilities Euros		
	31/12/2014	**restated 01/01/2014**
Other liabilities	**185,035.37**	**60,961.60**
Other current liabilities	*158,915.80*	*16,719.66*
Finance lease liabilities	18,524.45	0.00
Miscellaneous other current liabilities	140,391.35	16,719.66
Other non-current liabilities	*26,119.57*	*44,241.94*
Finance lease liabilities	26,119.57	0.00
Miscellaneous other non-current liabilities	0.00	44,241.94

197. Falling under other liabilities UNWTO recognizes miscellaneous liabilities and financial lease liabilities.

198. UNWTO opening balance has been restated due to the adjustment of the financial leases of EUR 863.20 which was not included in the audited restated statement of financial position at 1 January 2014.

Finance leases

199. The Organization has finance leases in place for high-volume photocopiers. The present values of future payments due under this lease agreement are shown below:

200. The difference between the minimum lease payments due and the present value of such payments is analysed in the table below:

Finance leases **at 31 December 2014** Euros			
	Minimum payments due	**Finance charges**	**Present value of minimum payments**
Finance lease liabilities	**49,841.26**	**5,197.23**	**44,644.02**
< 1 year	21,597.13	3,072.69	18,524.45
> 1 year and < 5 years	28,244.13	2,124.54	26,119.57

201. There are no sublease payments to be received on these leased assets. Ownership does not transfer to the Organization on conclusion of the lease, nor are there any options in place to purchase the equipment at that time.

Note 19 – Net assets / equity

202. UNWTO accumulated surplus consists of: (a) Unrestricted accumulated surplus, and (b) Restricted accumulated surplus. The latter are mainly balances relating to projects funded by donors held for use on specific identified projects and project support costs (PSC), and as such are considered to be restricted.

203. The Working Capital Fund (WCF) has been established in an amount and for the purposes to be fixed by the General Assembly[27]. It is financed by contributions from Members made in accordance with the scale of contributions as determined by the General Assembly and by any other transfer from net equity which the Assembly decides may be so used[28].

204. In addition to the WCF the statutory reserves comprise the Replacement Reserve[29] and the Special Contingency Reserve[30] which have been established in accordance with the UNWTO Financial Rules and Regulations.

205. UNWTO recognizes actuarial gain and losses for ASHI directly in Statement of Changes in Net Assets/Equity. Actuarial valuations are made every two years and actuarial gains and losses are recorded accordingly. The next actuarial valuation will be made at the end of 2016.

Note 20 – Revenues

Revenues
Euros

	31/12/2014
Revenue	**18,323,649.08**
Members assessed contributions	*12,928,222.00*
Other contributions, net of reduction	*2,023,349.16*
Voluntary contributions	2,200,871.50
Funds in trust contributions	92,000.00
Reduction in contribution revenues	-269,522.34
Publications revenues, net of discounts and returns	*345,174.69*
Publications revenues	412,236.30
Discounts and returns	-67,061.61
Currency exchange differences	*522,676.14*
Other revenues	*2,504,227.09*
In-kind contributions	1,390,036.45
Donated goods	2,714.99
Donated use of premises/equipment	809,685.24
Donated travel	577,636.22
Miscellaneous revenues	1,114,190.64
Revenue from deposits and investments	151,994.17
Other miscellaneous	962,196.47

206. Assessed contributions are recognized as revenue at the beginning of the year to which they are apportioned in the relevant two-year budget period[31].

[27] FR10.2(a) and FR 10.2(b)
[28] FR 10.2(c)
[29] DFR VI21 to VI.23
[30] DFR VI24 to VI.28

207. Voluntary and Funds in Trust contributions are recognized as revenue at the signing of the corresponding binding funding agreement except for which contain performance conditions as defined under IPSAS. These revenues are shown net of the provision for return to donors and refunds to donors (Reduction in contribution revenues line).

208. The sale of UNWTO publications is the only material exchange revenue producing activity of the Organization.

209. Currency exchange differences are composed of the difference between gains and loss on currency exchange differences.

210. UNWTO receives donations in-kind in the form of the use of premises for no or nominal rent and paid travel expenses. The use of premises is valued at the fair market value of the rental due on similar premises, while travel is valued (i) at the fair market value of the donated airfare and, (ii) based on the DSA for other travel expenses. These in-kind contributions are recognized as revenue while a corresponding expense is also recognized.

211. Donated use of premises also includes the UNWTO Headquarters building located at Madrid, Spain, in accordance with the agreement between UNWTO and the Government of Spain[32]. The commercial rate of renting the UNWTO Headquarters building was calculated by an independent appraisal in 2013 and adjusted by the variation of the rental level in the Madrid business district[33].

[31] FR Annex II. 1

[32] “Special Agreement on the Headquarters Building of the World Tourism Organization, as Provided for under Article 24 of the Convention between the World Tourism Organization and Spain Concerning the Organization’s Legal Status in Spain”.

[33] See “MarketBeat offices” Madrid/Spain by Cushman & Wakefield of January and July 2014 (www.cushmanwakefield.es).

Note 21 – Expenses

Expenses
Euros

	31/12/2014
Expenses	**20,306,890.20**
Wages, salaries and employee benefits	*13,801,400.82*
Salaries and benefits - regular staff	9,104,742.67
Long-term benefits - regular staff	1,601,595.00
Salaries and benefits - non-regular staff	3,095,063.15
Grants and other transfers	*1,083,439.60*
Travel	*1,737,462.71*
Non-donated travel	1,159,826.49
Donated travel expenses	577,636.22
Supplies, consumables and other runing costs	*2,626,331.58*
Expendables	101,341.56
Supplies, consumables and others	614,256.04
Publishing expenses	98,765.79
Rental expense (included in-kind rental expense)	827,073.28
Rental expense	17,388.04
Rental expense in-kind	86,787.48
Rental headquarter	722,897.76
Contractual services	984,894.91
Depreciation and amortization	*105,143.70*
Depreciation and impairment - PPE	52,487.62
Amortization and impairment - Intangible Assets	0.00
Impairment - Publications	52,656.08
Other expenses	*953,111.79*
Doubtful accounts expense	887,463.04
Bank costs	15,225.42
Other miscellaneous	50,423.33

Wages, salaries and employee benefits

212. Wages, salaries and employee benefits include: (a) regular staff expenses related to wages, salaries and benefits and the movements in the actuarial liability for ASHI, Accumulated Annual Leave and End of Service Benefits, and (b) the cost of contracting collaborators and consultants and other temporary services, including their medical insurance.

Grants and other transfers

213. This item includes: (a) expenses for external training and seminars which are mainly travel and per diem costs for participants, (b) technical cooperation and grants which represent subventions and sponsorships, (c) contributions made to UN joint activities, and (d) other contributions.

Travel

214. Travel costs are for UNWTO staff, collaborators and consultants and other temporary service providers relate principally, to transportation and DSA expenses.

Supplies, consumables and other running costs

215. Included under this heading are items of expendable equipment and furniture and fittings which do not meet the criteria for capitalization as PPE (included donated goods in-kind).

216. Supplies, consumables and others include offices and other supplies, insurances, utilities maintenance and repairs, hospitality and other running costs.

217. Publishing expenses include those costs related to the production of publications.

218. Rental expense represents premises rental cost including the expense which corresponds to the in-kind contribution for premises provided to UNWTO at no or nominal cost.

219. Contractual services represent expenses where UNWTO has engaged a third party to perform work on behalf of UNWTO. Major categories of these types of arrangements include professional services and research.

Depreciation, amortization and impairment

220. Depreciation is the annual expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment (PPE) over their useful lives. Amortization is the annual expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives.

221. This item also includes impairment of PPE, intangible assets and publication inventories.

Other expenses

222. Doubtful accounts expense corresponds to the changes in the allowance for doubtful accounts for assessed, WCF, voluntary and trust fund contributions. It also includes an amount for doubtful publication receivables.

223. The other expenses are largely composed of bank charges and miscellaneous expenses.

Note 22 – Statement of comparison of budget and actual amounts

224. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget are, where the Financial Statements and the budget are not prepared on a comparable basis, reconciled to the actual amounts presented in the Financial Statements, identifying any differences.

225. In order to reconcile the Statement of Comparison of Budget and Actual Amounts (Statement V) to the Cash Flow Statement, the following differences have to be taken into account.

(a) Entity differences

These occur when the approved budget excludes projects, funds or entities which are nonetheless reported in the Financial Statements. At UNWTO the Voluntary Contributions Fund, Funds in trust and the non-regular budget projects within the General Fund are not part of the approved Regular Budget.

(b) Basis differences

These occur when the approved budget is prepared on a basis other than the accounting basis. UNWTO's budget and the Financial Statements are prepared on different basis. The budget is prepared on a modified accrual basis whereas the Financial Statements are prepared on a full accrual basis in compliance with IPSAS.

In order to reconcile the budgetary result to the Cash Flow Statement, the non-cash elements such as non-received assessed contributions are removed as basis differences.

(c) Timing differences

These occur when the budget period differs from the reporting period reflected in the Financial Statements.

(d) Presentation differences

These are due to differences in the format and classification schemes adopted for the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts.

Note 23 – Commitments and contingencies

Legal commitments

226. At 31 December 2014, UNWTO has outstanding commitments related to operating costs in the form of contracts, purchase orders, etc. which will be expensed in the Financial Statements upon delivery in the forthcoming financial year and recorded against the corresponding annual budget as follows:

Legal commitments Euros	
	31/12/2014
Commitments for goods and services	809,871.80

Operating lease commitments

227. UNWTO enters into operating lease arrangements mainly for the use of office premises and for the use of photocopying and printing equipment. Future minimum lease rental payments for the following periods are:

Operating leases Euros		
	31/12/2014	**restated 01/01/2014**
Operating lease commitments	**188,042.60**	**259,212.80**
< 1 year	67,129.35	71,170.21
> 1 year and < 5 years	120,913.24	188,042.60

Contingent liabilities

228. On 31 December 2014, there are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to UNWTO.

Note 24 – Losses, ex-gratia payments and write-offs

229. Financial Regulation 13.5 provides that “The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments is included in the accounts of the Organization”. During the period 1 January to 31 December 2014, no ex-gratia payments were made.

230. Financial Regulation 13.4 provides that “The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided a statement thereof is submitted to the External Auditors with the accounts”.

231. During the period 1 January to 31 December 2014, UNWTO did not incur any losses, ex-gratia payments or write-offs.

232. There were no reported cases of fraud or presumptive fraud in 2014.

Note 25 – Related party and key management disclosures

Governing bodies

233. UNWTO is governed by a General Assembly, consisting of the representatives of the Full and Associate Members of the Organization. They do not receive any remuneration from the Organization.

234. The General Assembly elects the Full Members which form the Executive Council in a ratio of one for every five Full Members. The Executive Council assures the overall management of UNWTO and meets twice a year. As a norm, the Organization does not pays for travel costs or any other costs incurred by the representatives of the Full Members in the execution of their duties as Members.

235. Representatives of Full Members are appointed separately by the Government of each Full Member, and are not considered as key management personnel of UNWTO as defined under IPSAS.

Key management personnel

236. Key management personnel of UNWTO are personnel with a level of D2 and above as they have the authority and responsibility for planning, directing and controlling the activities of UNWTO. At UNWTO the key management personnel is composed of the Secretary-General, the Executive Directors and the Director of Administration and Finance.

237. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, benefits and allowances as well as the employer pension and health insurance contributions.

Key management personnel at 31 December 2014
Euros

	Number of individuals	Salary and post adjustment	Benefits and allowances	Pension and health plans	Total remuneration	Outstanding advances
Key management personnel	5	813,515.48	159,391.68	231,073.98	1,203,981.14	833.37

238. Key management personnel are also qualified for post-employment benefits at the same level as other employees. Key management personnel of UNWTO are participants of UNJSPF.

239. Advances are those made against salary, benefits and allowances in accordance with financial rules and regulations[34]. Advances against salary, benefits and allowances are available to all UNWTO staff.

[34] DFR VI.13

Report of the External Auditors

REPORT

on the audit of the

FINANCIAL STATEMENTS

of the

WORLD TOURISM ORGANIZATION (UNWTO)

for the year ended 31 December 2014

1. Executive Summary

1 The World Tourism Organization (UNWTO) has decided to implement International Public Sector Accounting Standards (IPSAS). UNWTO changed its accounting policy, which was based on modified cash accounting (UNSAS) and provided for first time Financial Statements according to IPSAS accounting during the period from 01 January to 31 December 2014 (hereafter referred to as the "Financial Statements"). The Financial Statements 2014 have been audited - also for IPSAS compliance - by the External Auditors.

The results of the External Auditor's audit of the Financial Statements are presented as follows:

2 Overall, the External Auditors have been impressed with the level of enthusiasm and energy with which the UNWTO tackled the implementation project of IPSAS, even with the limited staff of the IPSAS team. We have outlined some of the key aspects which we think UNWTO has handled particularly well:

- Clear project planning with establishment of working groups addressing the individual key themes;
- The project was not just restricted to key finance staff, its fundamental principles were communicated to all staff across the Organization;
- Open engagement with the External Auditors and consulting on matters of accounting principles.

The comprehensive guidance, manuals and other procedures have been elaborated and prepared well.

3 As a result of the audit, the External Auditors are of the opinion that the Financial Statements present fairly, in all material respects, the financial position as at 31 December 2014, that they were prepared in accordance with the UNWTO's stated accounting policies, and that the transactions were in accordance with the Financial Regulations and Rules. Referring to the identified errors in accounting contribution receivables of Members with payment plans in default and the corresponding allowances, the Secretariat submitted on 26 March 2015 an amendment in Financial Statements to correct these errors. On this base the External Auditors have placed an unqualified opinion on the UNWTO's Financial Statements for 2014. (para 32)

4 The Financial Statements provided by the Organization fulfil the structural requirements of IPSAS, since the statements are supported by a presentation of the accounting policies and Notes to the Financial Statements. Recommendations for improved procedures or more comprehensive disclosures were taken up by the Secretariat and amended presentations will be included in the respective parts of the Notes to the Financial Statements. (para 33 - 35)

5 Following the recommendation of the External Auditors the Organization amplified the preparation of the Statements of financial position and of financial performance by segments for the full year 2014 under the segment Other Services distinguishable by the other funds (centres) as "Annex V – Sub-funds reporting" to the Financial Statements. (para 35 - 40)

6 The Regular Budget of the Organization shall be financed by the contributions of the Members. The payments of Members have been decreased to 85.32 % of the (adjusted) assessed contributions. Of all 156 Full Members, 42 Members have not paid their contributions in time, in addition another 16 Members did fulfil their obligations partially. The contribution arrears collected in 2014 decreased and were only 4.90 % of contribution arrears due at the end of the financial year 2013. The External Auditors propose to encourage the Members to pay their contributions or at least to make use of the payment plans offered by the Secretary-General. Also the Secretary-General should spare time and make effort in agreeing payment plans and collecting contribution arrears. (para 45 – 47, 51 - 53)

7 The External Auditors recommended the amendment of the Detailed Financial Rule IV.1 in the year 2015 to avoid that the accounting of payments of contributions of New Members as miscellaneous revenues would be not compliant with the financial rules and regulations in the ongoing years after the year, the New Member has entered the Organization. (para 48 - 50)

8 Still the Secretariat is recording the member contribution receivables of the former Full Member Former Yugoslavia for the period 1991 – 1993.
The External Auditors discussed the write off of these receivables according to IPSAS. (para 60 - 61)

9 Identified a number of accounting records to member contribution receivables which were not compliant with IPSAS accounting policies of the Organization. The External Auditors recommended reclassifying these receivables. The Organization made the necessary corrections and amended the Financial Statements accordingly. (para 54 - 56)

10 According to IPSAS requirements the Organization recognized allowances of assessed contributions receivables, other contribution receivables and other receivables. These allowances have tremendous impact not only to the Statement of financial position but also to the Statement of financial performance. Hence it is pointed out that recording an allowance for doubtful debts does not mean that the participating Members' obligation to pay the arrears would no longer exist. (para 62 - 65)

11 The External Auditors identified a number of accounting records of allowances to member contribution receivables which were not compliant with IPSAS accounting policies of the Organization. It was recommended to reclassify these allowances and correct the degree of the recorded allowances. The Secretariat confirmed these accounting errors which result in a decrease in the allowances by EUR 857,081. The Secretariat made the necessary corrections and amended the Financial Statements accordingly. (para 66 - 67)

12 It is recommended to prepare in the forthcoming years a continuous evaluation of the payments of contribution arrears, distinguished by the contributions of the different classes of members and detailed to the age of the arrears which were paid. This could be used as an authoritative tool to adjust the percentages of the allowances. (para 68 - 69)

13 The disclosures with regard to employee benefits meet the IPSAS requirements. Following the recommendations of the External Auditors the Secretariat provided detailed information to the governing bodies to decide about the different options for funding of the non-funded after-service employee benefits as long term liabilities. (para 81)

14 It is understand that the recognition of the WCF as part of net assets/equity is reasonable and meet the IPSAS requirements. When a member gives notice of withdrawal and no other contributions are outstanding, the residual amount due to be refunded should have been transferred from net assets/equity to a liability as payable account pending refund to the withdrawing member. (para 84 - 86)

15 Same as at the External Auditor's report 2013 the External Auditors recommended that information about all estimated revenues and expenses which belong to activities within the General Fund should be submitted to the next session of the General Assembly along with the draft programme and budget for the financial period 2016-2017 as base for approval of the allocations. The General Assembly may decide whether to include all estimated surplus of miscellaneous revenues and publication sales as part of income to the Regular Budget or only limited allocations of these sources. (para 95 - 96)

16 Of all 85 Voluntary Contribution Fund (VCF) projects, in 2014 no revenues or expenses were observed in 22 projects of which all were hold in USD. Therefore the External Auditors got the impression that all these "inactive" VCF projects possibly should have been closed in 2014. The residual balances available with these projects have to be transferred either as refund to the donors or to the General Fund. The External Auditors propose that the Secretary-General may get additional information at the

end of the financial year, whether VCF without any financial transaction are still going on or should be closed. (para 97 - 100)

17 It is common practice in other UN agencies that the External Auditors beside of the financial audit of the Financial Statements perform compliance and performance audits as well. The External Auditors started to review issues of compliance of procedures and treatments with rules and regulations of the Organization, the IPSAS accounting standards and policies, and welcome all suggestions of the governing bodies and the Secretariat in auditing also issues of performance. (para 104 - 105)

18 The External Auditors support the arguments and recommendation of the Joint Inspection Unit reducing the mandate as External Auditor of the UNWTO to one Supreme Audit Institution (SAI) of a Full Member country. As common practice at all other UN agencies the Organization may invite proposals from all Full Member States for the appointment of only one SAI as External Auditor for the period 2016-2017. (para 106)

19 The External Auditors convey their appreciation for all the cooperation extended by the Secretary-General, management and staff of the Secretariat. The External Auditors are grateful for their assistance during the entire external audit process.

2. Background

20 The General Assembly decided to designate Germany, Spain and India as the External Auditors of the World Tourism Organization (UNWTO) for the period from 2014 to 2015 (Resolution A/RES/627(XX) of 29 August 2013).

21 The Organization prepared Financial Statements as at 31 December 2014 to be audited by the External Auditors. These Financial Statements were submitted on 06 March 2015, accompanied with the report of the Secretary-General, signed by the Secretary-General and the Director of Administration and Finance, and were provided to the External Auditors as a soft copy on 06 March 2015 by mail.

On 26 March 2015 the Secretariat has provided amended Financial Statements as at 31 December 2014, dully signed.

3. Scope of the audit, audit objective and approach

22 The audit was conducted in the period from 16 to 27 March 2015 at UNWTO's headquarter in Madrid, Spain.

23 The Secretary-General is responsible for preparing the Financial Statements in accordance with the Statutes and the Financial Regulations (FR) of the UNWTO.

24 The External Auditors responsibility, under Article 26.1 of the UNWTO's Statutes and Financial Regulation 17 together with regulation 5 of Annex I, is to express an opinion on these Financial Statements based on evidence obtained during the audit. Further, in accordance with Financial Regulation 17 together with regulation 6 of Annex I, the External Auditors have to conduct a report on the audit of the Financial Statements. In accordance with Financial Regulation 17 together with regulation 1 of Annex I and Detailed Financial Rule (DFR) VIII the External Auditors shall perform the audit of all accounts and funds of the Organization including the General Fund, the Voluntary Contribution Fund and the Funds in Trust.

25 The External Auditors planned and performed the audit in such a way as to obtain reasonable assurance that the Financial Statements are free from material misstatement. The audit has been conducted in conformity with International Standards on Auditing (ISA) as adopted and expanded by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International

Standards for Supreme Audit Institutions (ISSAI). These standards require the External Auditors to comply with ethical requirements, and to plan and perform the audit so as to obtain reasonable assurance that the Financial Statements are free from material misstatement.

26 The main purpose of the audit was to enable the External Auditors to form an opinion on:

- whether the expenses recorded for the year 2014 had been incurred for the purposes approved by the General Assembly,
- whether revenues and expenses were properly classified and recorded in accordance with the UNWTO's Financial Regulations and Rules,
- and whether the Financial Statements met the requirements of IPSAS and presented fairly the financial position as at 31 December 2014.

27 The audit examination included a general view, and such tests of the accounting records in all areas of the Financial Statements and other supporting evidence as the External Auditors considered necessary in the circumstances. To achieve the audit objectives, the External Auditors examined the financial and accounting procedures followed in UNWTO in the light of their Financial Regulations and Rules, conducted substantive testing of selected transactions, matched the receipts with bank statements, and conducted a detailed analysis of assessed contributions, contribution arrears and allowances. These audit procedures are designed primarily to allow an opinion on the UNWTO's Financial Statements.

28 The External Auditors have considered:

- The Audit of the Restated Statement of Financial Position as at 01 January 2014 (opening balances) compliant with IPSAS, issued by the External Auditors on 30 May 2014;
- The Review of the Pilot (interim) Financial Statements of Financial Position as at 30 September 2014, issued by the External Auditors on 19 December 2014;
- The policy papers issued by the UN Task Force on IPSAS;
- The results of the UN Task Force's "Report on accounting policy diversity survey as of 31 December 2010" (diversity report) concerning the application of financial policies in all UN agencies;
- The IPSAS policy papers as adopted by the UNWTO, i.e. the UNWTO IPSAS Policy Guidance Manual (PGM), the drafted UNWTO IPSAS-Related Procedures Manual (RPM), the UNWTO Accounting Manual (AM), the Charts of Accounts (COA) based on IPSAS, and actuarial valuations of 2012 and 2014;
- The Report of the Secretary-General on the Financial Statements of UNWTO for the year ended 31 December 2014; and
- The Annexes I - V to the Financial Statements.

29 The External Auditors have based their observations on UNWTO's analysis on

- The accounting policies according to IPSAS;
- The recognition and funding of after-service employee benefit liabilities;
- Options for the funding of employee benefit liabilities; and
- Accounting treatment of UNWTO satellites.

30 Also the External Auditors took into account the additionally delivered information and had discussions with the Director of Administration and Finance, the management and staff of the UNWTO's programme area Budget and Finance before concluding their observations. Hence these are based on the documents, information and explanations made available to the External Auditors during the period of the audit.

31 In accordance with normal practice and the Financial Regulations 16 and 17 together with regulation 9 of Annex I, the External Auditors issued Information Requests and Audit Observations which were submitted to the Secretariat for comments. The drafts of the audit opinion and the audit report have been discussed with the Secretariat. The Secretary-General has taken note of the executive summary and the Director of Administration and Finance has taken note of the whole contents of the drafted report. All comments have been appropriately reflected in the report.

4. Audit conclusion

32 Notwithstanding the observations in this report, the External Auditors' examination revealed no weakness or errors which they considered material for the accuracy, completeness and validity of the Financial Statements as a whole. During the audit the External Auditors reported their observations and findings to the Secretariat. Referring to the identified errors in accounting contribution receivables of Members with payment plans in default and the corresponding allowances, the Secretariat has submitted on 26 March 2015 an amendment in Financial Statements to correct these errors. After reviewing the amended Financial Statements the External Auditors are satisfied with the corrections complying with the requirements of IPSAS accounting policies. On this base the External Auditors have placed an unqualified opinion on the UNWTO's Financial Statements for 2014.

Recommendations of the External Auditors for amendments, corrections, improved procedures or more comprehensive disclosures of the Financial Statements are included in the respective parts of this report.

5. Presentation of the Financial Statements

33 The efforts of UNWTO in moving to an internationally recognized accounting framework will provide Member States and management with better financial information to use in managing the day to day business of the Organization. The benefits that IPSAS can now bring should be utilized to ensure that the efforts made contribute towards more efficient and effective use of resources as a result of the improved management information.

34 The Financial Statements provided by the Organization fulfil the structural requirements of IPSAS 1.21, since the statements are supported by the presentation of the financial policies and disclosures at the Notes to the Financial Statements,

- and comprise the following necessary components:
- Statement of financial position showing all the assets and liabilities of the Organization;
- Statement of financial performance showing all the revenue and expenses recognized during the reporting period;
- Statement of changes in net assets summarising the residual value of assets of the Organization after deducting all liabilities;
- Cash flow statement providing details of how cash resources have been utilized during the reporting period, and
- Statement of comparison of budget and actual amounts showing expenditure against budget appropriations on the (modified accrual) basis on which the budget was approved.

35 As a result of the adoption of IPSAS, the Organization has ensured more rigorous requirements in identifying and applying accounting policies in a consistent manner as was under UNSAS. The significant accounting policies are presented in Note 2 to the Financial Statements, mostly related to the UNWTO IPSAS Policy Guidance Manual (PGM). So far the current structure of the Financial Statements is compliant with IPSAS.

6. Segment Reporting

36 Additionally, the Organization decided to prepare statements of segment reporting showing at Note 4 to the Financial Statements broken down by funds as

(a) Programme of Work Services (PoWS)
(b) Other services (Other Funds).

37 The Organization established beside of the
- General Fund (GF), including the Working Capital Fund (WCF) as a reserve

the following funds
- Voluntary Contributions Fund (VCF)
  - Voluntary Contributions
  - United Nations Development Programme (UNDP-UNWTO)
- Funds in Trust
  - "Activities related to Education and to Sustainable Tourism Development" (UNWTO-Italy Agreement)
  - "Permanent Secretariat of the Affiliate Members" (UNWTO-Spain Agreement)
  - Multi-Donor Trust Fund (MDTF) and Joint Programmes (JPs)

38 The sources of these funds are different. Within the GF only the Regular Budget, the Replacement reserve, the Special reserve for contingency and the WCF as reserve of the GF are subject to the decisions of the governing bodies of the members.

39 Generally the External Auditors are mandated to audit all funds and accounts of the Organization including the General Fund, the Voluntary Contributions Fund and the Funds in Trust (Financial Regulations (FR) para 17.3 and Annex I para 1; Detailed Financial Rules (DFR) chapter VIII).

40 The Organization decided that the funds belong to 5 accounting sections, called "centres":

centre	**sources of the UNWTO Funds**	
	Funds	**Sources from**
1	General Fund (GF) *Fin. Rules 5, FR 10.1*	membership contributions of Full, Associate and Affiliate Members, extra-budgetary sources (such as, miscellaneous revenues, revenues of Publications Store)
	Reserves	
	Replacement Reserve *DFR VI.21-23*	budgetary appropriations
	Special reserve for contingency *DFR VI.24-28*	allocations as appropriated by the governing bodies

	Working Capital Fund (WCF) *Fin. Rules 6, FR 10.2*	advance contributions of Full and Associate Members and allocations as appropriated by the General Assembly
	Voluntary Contributions Fund (VCF) *FR 10.1(e) and 4, DFR V.14-19*	voluntary contributions of different donors, consistent with policies, aims and activities of the Organization
2	Voluntary Contribution Projects (VCON)	voluntary contributions of projects of different donors
3	United Nations Development Programme (UNDP)	voluntary contributions allocated by the UNDP and executed of the Organization as an Executing Agency
	Funds in Trust (FIT) *Fin. Rules 7, FR 10.3, DFR V.10-13*	voluntary contributions of donors financing activities of interest of some member countries
4	FIT “Activities related to Education and to Sustainable Tourism Development” (UNWTO-Italy Agreement)	voluntary contributions of Government of Italy
	FIT “Permanent Secretariat of the Affiliate Members” (UNWTO-Spain Agreement)	voluntary contributions of Government of Spain
5	FITs Multi-Donor Trust Fund (MDTF) and Joint Programmes (JP)	contributions allocated by United Nations Development Programme (UNDP) acting as Administrative Agency (AA) for MDTFs and JPs established by the UN system

41 Accepting the need of detailed information about the different funds reported as Other services in the segment reporting, and following the recommendation of the External Auditors, the Organization provided as “Annex V Sub-funds reporting” showing the Statement of financial position and Statement of financial performance broken down by funds and sub-funds.

7. Statement of Financial Position

Under UNSAS, the Organization prepared a balance sheet, but UNSAS did not present the full reporting of assets and liabilities that would enable a reader to understand the value of the net assets and liabilities of an organization. Such a statement is required under IPSAS – the Statement of financial position – which enables a reader to consider the financial position of an organization, whether it has net assets or net liabilities, and changes in the position over time.

The External Auditors reviewed the Statement of financial position with respect to its compliance with IPSAS and the presentation of the underlying accounts. In this connection they have the following remarks:

7.1 Assets

7.1.1 Inventories

42 **Recognition of publications inventory**

The recognition of publications inventory is attributable to IPSAS implementation. This account did not exist in UNWTO´s financial statements before 2014. It represents the unsold publications in inventory including publications in the custody of consignees.

All publications inventories are to be validated by physical stock counts. The cost of publications inventories includes all cost of production (Raw material, wages, and direct costs) incurred in bringing the publications into their present condition and location. Such cost is determined using the weighted average cost formula. It was pointed out by the External Auditors during the review of the interim Financial Statements as at 30 September 2014.

43 As per the recommendation of the External Auditors the Organization has also proposed to modify the disclosures as follows:

"The cost of publication inventories includes all cost of production including costs incurred in bringing the publications into their present condition and location. Cost is determined using the weighted average cost formula. <u>To arrive at the current year's cost per page, the total of the carrying cost of the beginning inventory and the production cost of pages produced during the year is divided by the total of the number of pages in the beginning inventory and the number of pages produced during the year</u>."

The External Auditors reviewed the position of inventories with respect to its compliance with IPSAS and observed that all the stock brought forward for current year and the cost is determined using the weighted average costs formula. But such detailed calculation of weighted average method has not been disclosed fully at para 147,148 and 149, so the Organization should include in the para 148 the above mentioned definition of the average cost formula. All of publications inventories have been found validated by the authorised team along with a certificate dully signed.

44 **Stocktaking of publications**

The External Auditors have also reviewed the position of stocktaking of publications by the authorised team nominated for this purpose by UNWTO during interim review of the interim accounts in December 2014. A memorandum without signature about the procedures and the results was shown to the External Auditors. In which it was mentioned that besides of the official of PBST (publications store), another official from finance and budget have been nominated to attend as supervisor at this stocktaking. In the memorandum the official of PBST highlighted that no IT tool is available for updating the inventory of publications permanently. A suitable certificate in respect of stock counting has not been shown to the External Auditors. Hence it was recommended that a suitable certificate immediate after completion of the work of stocktaking from the nominated team may be collected by the Organization for disclosure.

The Organization should ensure that the stocktaking always took place in presence of two officials (four-eyes-principle).

External Auditors now found the stocktaking certificate by the authorised team dully signed and the accounts are maintained properly.

7.1.2 Members assessed contributions

45 **Assessed members contributions 2014**

The Regular Budget of the Organization shall be financed by the contributions of the Members (Statutes, Annex Financing Rules para 3). Because of deduction of the contribution of one Full Member and some rounding differences, the assessed contributions for the year 2014 had to be adjusted.

Table 1

Adjusted Contributions of Members 2014

	Assessed Contributions	Adjusted Contributions
Full Members	11,764,802.00 EUR	11,762,224.00 EUR
Associate Members	172,398.00 EUR	172,398.00 EUR
Affiliate Members	543,000.00 EUR	558,449.62 EUR
∑	**12,480,200.00 EUR**	**12,493,071.62 EUR**

46 We examined the payment of contributions during 2014 and its effect on the execution of the budget

Table 2

Contributions received from Members

Payment by Members	2013			2014		
Status of Payment	**No. of Members**	**Contribution received** (in EUR)	**% of Adj. C.**	**No. of Members**	**Contribution received** (in EUR)	**% of Adj. C.**
Full Members						
Full Payment	**106**	**9,207,949.00**	**78.17**	**97**	**9,356,780.00**	**74.89**
Partial Payment	**20**	**804,744.55**	**6.83**	**16**	**832,714.28**	**6.66**
Partial Payment (Due)	(20)	(368,355.45)	(3.13)	(16)	(196,819.72)	(1.58)
No Payment Received (Due)	26	(727,250.00)	(6.17)	42	(1,375,910.00)	(11.01)
∑ (Contribution Paid Full Members)	**152**	**10,012,693.55**	**85.00**	**155**	**10,189,494.28**	**81,56**
Associate Members						

Full Payment	**4**	**117,747.00**	**0.99**	**5**	**148,953.00**	**1.19**
No Payment Received (Due)	2	(45,612.00)	(0.39)	1	(23,445.00)	(0.19)
Affiliate Members						
Contribution Paid		**338,645.09**	**2.87**		**320,728.13**	**2.57**
Contribution Due		(168,931.05)	(1.43)		(237,721.49)	(1,90)
∑ (All Contribution Paid)		**10,469,085.64**	**88.88**		**10.659,175.41**	**85.32**
∑ (All Contributions Due)		(1,310,148.50)	(11.12)		(1,833,896.21)	(14,68)
Adjusted Contributions		*11,779,234.14*	*100*		*12,493,071.62*	*100*

% of Adj. C. - percentage of Adjusted Contributions

47 In 2014, 113 Full Members (72.9 % of all Full Members), 5 Associate Members and the majority of the Affiliate Members had fully or partially paid their contributions. In relation to previous years, the number of Members which have not paid any contribution has increased significantly, i.e. 42 of 156 Full Members. The percentage of paid contribution in relation to the adjusted contributions has deteriorated from 88.88 to 85.32 % (decrease of 3.56 %).

48 **New Members**

Detailed Financial Rules (DFR) para IV.1 states that the contributions of New Members *"shall be considered miscellaneous revenue <u>for the current financial year</u>."*

The Secretary-General informed the General Assembly with document A/20/5(I)(c) Add. 1 of 20 August 2013 about the readmission of the United Arab Emirates and Trinidad and Tobago in May 2013 as Full Members into the Organization.

The contribution for the financial year 2014 had been assessed at 62,518.00 EUR for Trinidad and Tobago.

The General Assembly at the decision A/RES/619(XX) endorsed with regard to the above mentioned document that the budgetary income approved for the period of 2014 and 2015 should be provided by the contributions of the Members taking into account that there might be adjustments necessary in case of New Members' joining the Organization. Nevertheless the assessed member contributions of Trinidad and Tobago were neither included in the approved scale of contributions for 2014-2015 nor in the adopted Regular Budget of the Organization for this period.

Instead to account the members contribution of Trinidad and Tobago as part of the Regular Budget beginning from the year 2014, the Secretary-General for accounting and budgetary purposes took the line, to recognize the contribution of this New Member not only for the current financial year 2013 but also for the following years 2014 and 2015 as part of the extra-budgetary income of miscellaneous revenues. The External Auditors highlighted that this accounting treatment is not compliant with DFR IV.1. Already in the Auditors' report 2013 this contradiction between the accounting practice and DFR

IV.1 was identified. As we understand, this provision shall apply to all financial years until these contributions will be included in the approved assessment of contributions for the following financial period.

49 The External Auditors recommended the amendment of the Detailed Financial Rule IV.1 in the year 2015 with necessary decisions of the governing bodies to avoid that the accounting of payments of contributions of New Members as miscellaneous revenues would be not compliant with the financial rules and regulations in the ongoing years after the year, the New Member has entered the Organization.

50 The Secretariat agreed that the provision would be clarified in the next proposed amendment of the DFR IV.1 as follows: *"This contribution shall be considered miscellaneous revenue for the current financial period."*

51 **Contribution Arrears**

At the end of the year 2014, agreements with approved formal payment plans were in place with 16 Full Members with contributions due to the Organization. Out of these, only 5 Full Members have paid in full up to 2014.

Furthermore 5 Affiliate Members agreed to a payment plan. Out of these, 3 Affiliate Members have paid the agreed instalments up to 2014. In one case a written payment plan was not available as usually prepared and agreed by the Secretary-General. Nevertheless the Executive Council approved the candidature of this Affiliate Member to re-join the Organization based on the verbally agreed payment plan.

52 Collection of Contribution Arrears in last few years was as below:

Table 3

Collected Contribution Arrears of Members 2010 - 2014

2010	2011	2012	2013	2014
1,060,074.47	1,472,749.87	1,242,164.25	1,986,845.47	763,242.59 EUR

The contribution arrears collected in 2014 decreased and were only 4.90 % of contribution arrears due at the end of the financial year 2013.

53 The External Auditors propose to encourage the Members to pay their contributions or at least to make use of the payment plans offered by the Secretary-General. As it is a question of fairness vis-à-vis the other Members to contribute to the well-being of the Organization in accordance with the agreed scale of the contribution assessment.

Also the Secretary-General should spare time and make effort in agreeing payment plans and collecting contribution arrears.

54 **Members assessed contribution receivables**

In accordance with IPSAS requirements the Financial Statements report the members Assessed Contributions Receivables (ACR) distinguished by current and non-current receivables.

Current contribution receivables represent unpaid assessed contributions by Members.

Non-current contribution receivables are those contributions and advances which are expected to be received, on the basis of agreed payment plans, more than 12 months after the reporting date.

While reviewing the accounts on the base of the Financial Statements, as submitted on 06 March 2015, the External Auditors observed that the Organization reported as current assets (current member contribution receivables in arrears recorded at account 141301 – Assessed contribution receivables in arrears – Full Members)

ACR of members without payment plans	8,425,612.83	EUR
ACR of 7 members with payment plans in default	3,182,503.66	EUR
Current ACR	11,608,116.49	EUR

55 This was not compliant with the IPSAS accounting policy. The contribution receivables of members with payment plan in default should have been reported continuously as non-current assets (non-current members contribution receivables in arrears recorded at account 221101 - Assessed Contributions Payment Plans-Full Members), unless the General Assembly disregards the payment plans of these defaulting Members. Hence the External Auditors recommended reclassifying these receivables as non-current assets.

56 Accepting this observation, the Organization made the necessary corrections and amended the Financial Statements accordingly. The Secretariat has submitted on 26 March 2015 an amendment in Financial Statements to correct these errors. After reviewing the amended Financial Statements the External Auditors are satisfied with the corrections complying with the requirements of IPSAS accounting policies.

57 The Secretariat provide the information that any payment with regard to assessed contribution receivables in arrears usually is applied to settle arrear contributions first and then to the current year contribution unless otherwise indicated. The Secretariat and the debtor may agree to a different way of settlement (such as agreed in payment plans). Also the debtor may specify how the payment should settle the arrears. The Organization does not codify any regulation on the settlement of arrears.

58 The External Auditors recommended that the Organization may codify and implement such rule about settlement of arrears at the financial rules and regulations of the Organization.

59 Accepting this, the Organization may consider including in the UNWTO Financial Rules and Regulations a new regulation on the settlement of arrears.

60 Still the Secretariat is recording the member contribution receivables of the former Full Member Former Yugoslavia for the period 1991 – 1993.

61 The External Auditors have discussed the write off of these receivables according to IPSAS.

The Organization informed that the United Nations has the right to seek payment of all or part of the pre-dissolution arrears from the five successor States of the former Yugoslavia. Despite requests for the debt to be written off, the United Nations has refused to do so. Until this issue is settled by the United Nations, the UNWTO is not in a position to pursue the recovery of the outstanding amount, and the UNWTO's policy in this regard is consistent with prior years and the approach taken by the United Nations.

62 **Doubtful assessed members contributions receivables**

According to IPSAS 29.67 an entity shall assess whether a financial asset is impaired, particularly with regard to uncollectibility of receivables.

IPSAS.29.72 states in case of impairment loss on receivables *"that the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows … . The carrying amount of the asset shall be reduced either directly or through use of an allowance account."*

63 In accordance with the UNWTO IPSAS Policy Guidance Manual (PGM) Edition I, 2013 at chapter V 3. IPSAS 28, 29 & 30 > Financial Instruments: Presentation/Recognition and Measurement/Disclosure, Impairment 3.2.10, UNWTO allowances the Secretariat disclosed the accounting policy to recognize allowances for doubtful accounts of assessed contributions receivables of Members at Note 8, para 153 and 154. The Organization explained that the information provided PGM under Annex I: "Applicability of UNWTO PGM: specific cases", IPSAS> 23 Revenue from Non-exchange transactions, Assessed contributions, has not been updated. The Organization will update the UNWTO IPSAS PGM, Annex I accordingly in a forthcoming edition of the PGM.

64 With regard to members assessed contributions receivables (ACR) the Organization recognized allowances for doubtful accounts (impairment).

These allowances have tremendous impact not only to the Statement of financial position but also to the Statement of financial performance. Changes of the allowances for doubtful debts have to be reported as expenses (or as revenues) at the Statement of financial performance.

If the UNWTO's accounting policy would change the degree of allowances of member contribution receivables about 10 %, the assets of the Organization will vary for more than 1,000,000.00 Euro. This would affect the Net Assets/Equity as same.

At the Statement of financial position, as submitted on 06 March 2015, was reported an allowance for

doubtful accounts of ACR of members	(-)12,218,243.48 EUR
which is composed of	
account 1415 allowance for doubtful ACR members	(-)11,029,076.25 EUR
account 2213 allowance for doubtful ACR payment plans	(-)1,186,931.38 EUR
account 1422 allowances for doubtful receivables	
Working Capital Fund (WCF)	(-)2,235.85 EUR

The allowance recorded at account 1415 belong to allowances of 100 % of

current ACR	7,865,203.40 EUR
current ACR of members with payment plans in default	3,163,872.85 EUR
	11,029,076.25 EUR
allowance of 100 % is	(-)11,029,076.25 EUR

The allowance recorded at account 2213 belong to allowances of 50 % of

non-current ACR of members with payment plans	2,373,862.76 EUR
allowance of 50 % is	(-)1,186,931.38 EUR

65 The External Auditors would like to point out that recording an allowance for doubtful debts does not mean that the participating Members' obligation to pay the arrears would no longer exist. The Organization recorded this allowance merely to comply with IPSAS reporting requirements and reported its assessed contributions receivable at fair value.

66 The External Auditors identified a number of accounting records of allowances to contribution receivables of Members with payment plans in default which were not compliant with IPSAS accounting policies of the Organization. Instead to recognize an allowance of 50 %, an allowance of 100 % has been applied. These errors result in a decrease in the allowance by **EUR 857,081.** Hence it is recommended to reclassify these allowances and correct the degree of the recorded allowances.

67 The Secretariat made the necessary corrections and amended the Financial Statements accordingly. The Secretariat has submitted on 26 March 2015 an amendment in Financial Statements to correct these errors. After reviewing the amended Financial Statements the External Auditors are satisfied with the corrections complying with the requirements of IPSAS accounting policies.

68 In addition IPSAS 30.44 (b) states that *"an entity shall disclose by class of financial asset … an analysis of financial asset that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining that they are impaired."*

69 The Secretariat recognized allowances for doubtful accounts of assessed contributions receivables based on historical experience. The Secretariat provided the information that this accounting policy was based on the brief rationale for Allowance on Doubtful Contributions (Annex D5 of the Accounting Manual (Draft)) regarding the ageing of receivables. The rationale states:

"Based on experience, members who are in arrears for two years (current and prior period) are likely to pay their contributions, while with members subjected to Paragraph 13 of the Financial Rules, there is less chance of receiving their contributions on time, except if they agree with the UNWTO on a payment plan."

The degree of the allowances (50 % or 100 %) depends on different conditions.

The External Auditors understand that the policy of the percentage of the allowances is not only the result of the ageing of the contributions in arrears but also some kind of estimate. This was discussed intensively.

The External Auditors recommended again preparing in the forthcoming years a continuous evaluation of the payments to settle contribution arrears, distinguished by the contributions of

- Full and Associate Members,
- Affiliate Members and
- Contributions to the Working Capital Fund

and detailed to the age of the arrears which were paid. Particularly the Secretariat may take into account that a number of Members without payment plans paid arrears due to prior years. Such evaluation may be used as an authoritative tool to adjust the percentages of the allowances. The Secretariat understands that such review should be made periodically in the future.

7.1.3 Other contributions receivables

70 **Allowances**

At the PGM at chapter V 3. IPSAS 28, 29 & 30 > Financial Instruments : Presentation/Recognition and Measurement/Disclosure, Impairment 3.2.10, UNWTO allowances at c) the Organization pronounced to establish an allowance for doubtful debts related to other contributions receivable such as voluntary contributions based upon past experience with the donors.

At Note 8 para 154 the Organization described now as to how allowances should apply of other contributions receivable (Voluntary Contributions and Funds in Trust).

With regard to	
Other current and non-current contributions receivables	
(Voluntary Contributions) of	1,629,122.27 EUR
the Organization has recognized	
allowances for doubtful accounts (impairment) of	(-) 67,903.86 EUR

As reported at Statement of Financial Position under IPSAS as at 1 January 2014 an allowance was recognized of
allowances short term to Voluntary Contributions (VC) (-) 91,161.51 EUR

It was not disclosed as to why the Organization has reduced the allowances as at 30 September 2014.

71 The Organization clarified that the difference of	23,257.65 EUR
in the allowance for doubtful voluntary contributions is due	
to the cancellation of the debt of VCF project P-46	9,750,00 EUR
and to adjustments the allowances of	
VCF projects P-17, P-27, P-28	13,507.65 EUR

7.1.4 Other receivables

72 **Allowances for doubtful accounts for publication sales receivables**

The PGM does not provide any policy to establish an allowance for doubtful accounts related to publications sales receivables.

At Note 9 para 161 the Organization described that the allowance for doubtful accounts for publication sales receivables is an estimated amount based on an aged analysis of outstanding amounts at the reporting date using the same policy than for Affiliate Members and Other contributions receivables.

Having reviewed the calculation of the allowances for doubtful publications sales receivables, the External Auditors observed that the factors for determining these allowances are the age and the nature of the receivables. It is applicable the same policy than for Affiliate Members and Other contributions receivables, but special cases are treated case by case. Hence it is recommended to modify Note 9 para 161 accordingly.

73 **Miscellaneous receivables**

In the Statement of Financial position as current assets – other receivables have been reported as miscellaneous receivables with the amount of 132,660.46 EUR, shown at Note 9.

Some disclosures are available at para 159.
Miscellaneous receivables are composed of

Account 152104 - Misc receivables –Exchange Transactions	73,123.79 EUR
Account 152105 – Receivables-Donations paid in advance	71,568.15 EUR
These receivables are shown net of	
Account 152201 – Allowance for Doubtful Receivables	
-Other Receivables from Exchange Transactions	(-)12,031.48 EUR
Line miscellaneous receivables	132,660.46 EUR

Any accounting policy about the recognition of allowances to miscellaneous receivables has not been communicated as yet.

The External Auditors observed the need to explain the factors for determining the impairment of miscellaneous receivables. Same as the recognition of allowances for impaired publication sales receivables the External Auditors recommended formulating an individual and reasonable policy for recognition of an allowance for doubtful accounts of miscellaneous receivables as well.

74 The Secretariat explained that the allowances for doubtful receivables regarding other receivables from exchange transactions are analysed case by case due to the exceptionally and diversify nature.

7.1.5 Investments

75 **Adjustment of investments in Joint Ventures (Themis foundation)**

The Statement of Financial Position as at 1 January 2014 (opening balance) reported as investments of Joint Ventures (Themis) the amount of 100,000.00 USD = 72,500.00 EUR.

The Organization informed at Note 6 para 146 that this amount has been restated due to the adjustment of the UNWTO's investment in Themis to the amount of 106,230.74 EUR. Thus in the adjusted Statement of Financial Position as at 1 January 2014 (opening balance) now the reported amount is (72,500.00 EUR + 106,230.74 EUR =) 178,730.74 EUR. This is the most important of the two only IPSAS adjustments made by UNWTO during 2014, after the restatement of the opening balance as at 1 January 2014.

Following the External Auditors recommendation made during the review of financial statements as at 30 September 2014, the UNWTO has added at the disclosure notes an explanation about the reasons of this adjustment whose calculation has been checked by the auditors.

The ending investment in joint venture includes the UNWTO´s share in the surplus of Themis at the end of the year according to equity method.

76 The External Auditors recommended, regarding the THEMIS financial statements at 31 December 2014, the following improvements:

- Note 4 para 4 states, with regard to the Contributions receivables, that there is not any allowance for that concept. It is recommended to disclose the allowance policy for contributions receivable applicable by Themis in accordance with IPSAS 29.
- With regard to composition of Other receivables (Note 5 para 7), it is recommended that a further breakdown of this account in order to show the allowance for doubtful receivables.

7.1.6 Property, plant and equipment (PPE)

77 **Adjustments**

In order to provide more information on all adjustment of depreciation, reclassification of accumulated depreciation disposals of the PPE, it deemed necessary to disclose the rate of depreciation on IT equipment, vehicle, and other equipment suitably in the disclosures as pointed out during review of the interim Financial Statements as at 30 September 2014 by the External Auditors and they have also recommended that such accumulated depreciation and impairment should have been disclosed in the disclosures for better understanding.

During the audit of the Financial Statements for the year ending 31 December 2014 it was found that the depreciation on the PPE's has been provided on straight line basis over the expected useful life of the assets and also useful life of major classes of assets have been estimated.

78 **Stocktaking**

The External Auditors noticed that as per memorandum at 30 September 2014 stocktaking was undertaken by three staff members of BDOS (building and office support). In the memorandum 6 items of IT equipments has shown as missing. In a corresponding attached mail exchange was reported, that later on 4 IT-equipment of them were found in IT store and remaining 2 items were fully depreciated. Also it was reported that a write-off of the missing items should be done. Memorandum and mail exchange were not found signed same as in the case of publication inventories.

External Auditors recommended at that time that such adjustments of IT items should be done by the authorised team under their signature and it should be disclosed under the concerned Note/para.

Also in this case the Organization should ensure that the stocktaking always took place in presence of two officials (four-eyes-principle).

For PPE at the Regional Support Office of Asia and the Pacific (RSOP) was available as at 30 September 2014 only a scheme of purchase/donation of IT items and furniture. No report or certification about stocktaking of these goods was found.

The External Auditors recommended the implementation of a standardized method and procedure for the year-end stocktaking which does not allow different treatments of inventories and PPE.

Now during the audit of Financial Statements as at 31 December 2014, it has been observed that the stocktaking of PPE's including the office of Asia and Pacific has been done by the authorised nominated team and dully signed certificates were taken for the records. All relevant records have been maintained properly.

79 **Intangible Assets**

IPSAS 31.28-29 describe the requirements if an intangible asset shall be recognized.

As reported at the interim Financial Statements as at 30 September 2014, the Organization for first time has recognized intangible assets as "software under development" relate to development work on the implementation of new modules in Athena (UNWTO financial management system) under the so called project Athena II with the amount of 19,901.43 EUR.

To the extent that the development work is undertaken by external resource, such costs can be identified.

It was not clear whether the costs of this software result only from separate acquisition or include also costs of internally developed software.

Therefore the External Auditors recommended furnishing some disclosure about the components comprising the costs of these intangible assets.

80 In order to provide more clarification on the software under development, the Organization proposed to modify the disclosures as follows:

"The costs recognized as "software under development" relate to development work on the implementation of new modules in Athena (UNWTO financial management system) under the so called project Athena II. Costs are identified based on payment schedules and project milestones of the development phase of the project. Once the project is completed and implemented, these costs shall be classified under the account "Software internally developed"."

During the audit of the Financial Statement as at 31 December 2014, it was found that the Organization has shown separately the software acquired externally and software developed internally with suitable disclosures and proper accounting has also been done.

7.2 Liabilities

7.2.1 Employee benefits

81 **After Service Health Insurance (ASHI)**

UNWTO has recognized accrued annual leave payable, accrued end of service payable and accrued ASHI payable as defined benefits plans and assessed the liabilities as at 1st January 2014. The Organization assured that disclosures, as required under IPSAS 25.141 (b), (d) and (n), would be provided at the final Financial Statements as at 31 December 2014. During the external audit of the Financial Statements 2013, audit of which was carried out in March 2014, the External Auditors recommended in their report, that a comprehensive plan should be prepared to meet the post-retirement liabilities in future.

During review of ASHI the External Auditors have noticed that the disclosures as per IPSAS 25 have already been made by the Organization and also furnished the position of recognition and funding of after-service employees benefit liabilities to the Executive Council's session in June 2014 as was recommended by External Auditors in March 2014.

82 **Contributions to United Nations Joint Staff Pension Fund (UNJSPF)**

As auditing the IPSAS opening balance as at 01 January 2014 the External Auditors noted that UNWTO is a member of UNJSPF, a multi-employer defined benefit plan for providing pensions to employees in their post-employment days. It was, however, observed that UNWTO considers the same as a defined contribution scheme and, accordingly, has not assessed the accumulated liability on that count as at 01 January 2014. According to IPSAS 25, if any defined benefit plan is considered, the entity has to disclose that the plan is defined benefit plan and the reason why the sufficient information is not available to account for the plan as a defined benefit plan.

The Organization assured that it will make disclosures as at 31 December 2014 as shown in the Organization Policy PGM. Nevertheless, regarding the disclosure about the UNJSPF the Organization will follow the "Model Note on United Nations Joint Staff Pension Fund Accounting Treatment and Disclosure". This model has been recommended by the UN Task Force on Accounting Standards (UNTFAS).

The External Auditors have also reviewed the contributions to UNJSPF provided by the UNWTO in the interim Financial Statements as at 30 September 2014 and the Financial Statements up to 31 December 2014 and found the disclosure of defined benefit plan according to the IPSAS 25.

7.2.2 Provisions

83 This area has experienced a major change this financial year, shifting its balance from 1,782,693.92 EUR as at 31 December 2013 to 45,516.91 EUR as at 31 December 2014.

None of the so called provisions at 31 December 2013, except for the provision for waste management, included in the account Other current provisions, are provisions under IPSAS. UNWTO recognizes in accordance with IPSAS 19 three provisions: for refunds to donors the unspent balances of closed projects, for sales publications return as well as the above mentioned provision for waste management that reflects the amount to cover the future payment of tax for waste management to Madrid City Town.

7.3 Net assets/Equity

The Net Assets is composed of the reserves and the Accumulated Surplus.

Unlike under UNSAS, the Reserves are now the three statutory reserves: Working Capital Fund, Replacement Reserve and Special Contingency Reserve.

The other reserve accounts that were outstanding as of 31 December 2013 were reclassified either to accumulated surplus or to liability account in accordance with IPSAS.

84 **Working capital fund (WCF)**

The Organization reported the WCF at the Statements of financial position and changes in net assets/ equity as part of the net assets/equity. This recognition is supported by a corresponding disclosure at Note 19 para 203.

Financial Regulations (FR) para 10.2 (f) stipulates that *"if a member withdraws its membership in the Organization, any credit it may have in the working capital fund shall be used towards liquidation of any financial obligation such a member may have to the Organization. Any residual balance shall be refunded to the withdrawing member".*

This may be evidence to suggest that the WCF is a liability and cannot be considered as a part of net asset or equity. In the audit of the UNWTO opening balances as at 01. January 2014 the External Auditors took the view that the WCF is in the nature of a liability rather than as net assets/equity.

The Organization disagreed with this view but undertook to consider the issue and review the treatment of WCF in UN system organizations. The Organization notified to bring this issue to the attention of the UN Task Force on Accounting Standards (UNTFAS).

85 Almost all UN agencies have established a WCF and have a common definition as a "fund established by the appropriate legislative organ to finance budgetary appropriations pending receipt of Member's contributions and for such purposes as may be authorized". The advantage is that usually all assets in the fund can be used to finance specific future operations and there are no fiscal year restrictions that must be considered since working capital funds are no-year funds.

Under IPSAS the WCF can be either reported under line item "equity" or "liabilities". If the WCF is reported under "equity" IPSAS 1.7 applies which defines net assets/equity as the "residual interest in the assets of the entity after deducting all its liabilities". Net liquid assets computed by deducting current liabilities from current assets whereas IPSAS 23 is relevant for "liabilities".

At the recent presentation to the Technical Group of the Panel of External Auditors, UNTFAS did not express a clear guideline for the treatment of the WCF under IPSAS. An evaluation with a number of UN and other supranational organizations indicated that the majority (9 of 11 organizations that established a WCF) reported the WCF under line item "net assets/equity".

86 The Organization emphasized that membership is generally stable and withdrawal is not common. The amounts paid and held as working capital represent a long-term commitment to the Organization and on a going concern basis there is no expectation of a refund of working capital in the foreseeable future.

The External Auditors understand that the recognition of the WCF as part of net assets/equity is reasonable and meet the IPSAS requirements.

When a member gives notice of withdrawal and no other contributions are outstanding, the residual amount to be refunded should be transferred from net assets/equity to a liability as payable account pending refund to the withdrawing member.

87 **Accumulated Surpluses**

The IPSAS adjustments carried out on opening balance has a major impact on the accumulated surpluses of UNWTO. And also the calculation of Surplus/Deficit for the year and its closing to Accumulated Surplus at the year-end is totally different from previous system in line with UNSAS.

The impact on accumulated surplus was mainly due to the reclassification of provisions already mentioned and inclusion and adjustment of assets and liabilities not previously reported in the financial statements. The major change affects the Employee benefit liabilities.

The Accumulated Surplus of UNWTO is sub-classified as Unrestricted Accumulated Surplus and Restricted Accumulated Surplus.

The Unrestricted Accumulated Surplus refers only to the Programme of Work Services Segment, to the part of the accumulated surplus which is available for future operations according to UNWTO Accounting Manual.

The Restricted Accumulated Surplus refers to the part of the accumulated surplus which has been earmarked for specific activities: accumulated surplus of Voluntary Contributions Funds and Fund in Trust and accumulated surplus corresponding to non- regular budget projects within the General Fund and budgetary allocations from accumulated surplus to finance the 2015 budget.

The UNWTO presents an Accumulated Surplus (deficit) of -2,899,729 EUR due to the Programme of Work Services Segment which presents a deficit of - 8,181,297 EUR mainly explained by non-funded after-service employee benefits liability of 10,261,309 EUR. This segment reports a deficit for the year of 1,776,441 EUR whose balance is transferred to Accumulated Surplus in the closing process.

8. Statement of Financial Performance

88 The Statement of financial performance required significant work, as the Organization need to recognize all its revenues and expenses on an accrual basis. The accrual basis means that all such transactions relating to the revenues and expenses are required to be shown when the underlying activity takes place, rather than when the cash flow occur. This means under IPSAS revenue and expense represent the true cost of an organization's activities, enabling a reader of the accounts to review performance (and the net effect of revenues and expenses – surplus or deficit).

The External Auditors examined the Statement of financial performance and have the following observations:

89 **Wages, salaries and employee benefits**

Charged to the account 812101 Temporary services-Salaries/Fees within Fees, Salaries & Benefits-Non regular Staff, the External Auditors have observed that the UNWTO made payments to translators and a legal consultant neither contract nor invoice. The only supporting documentation is an internal payment order document in the case of translators and a description of activities carried out in the case of the legal consultant.

The External Auditors recommend, complying with the accounting and legal requirements applicable, when contracting the services to translators, collaborators and consultants, and requiring suitable vouchers (as invoices, receipts, contracts) from the contractors.

90 **Changes of allowances**

Increases or decreases of allowances should have been reflected in the Statement of financial performance as expenses or revenues. These are not reported separately but as part at the lines

Revenues - Miscellaneous revenues – other miscellaneous
Expenses – Other expenses – Doubtful account expenses.

Changes of allowances of assessed contribution receivables to be reported at the Statement of financial performance as revenues have been accounted together with all other revenues as result of changes of the allowances to one single account 642606 - Application of allowances.

Changes of allowances of assessed contribution receivables to be reported at the Statement of financial performance as expenses have been accounted to one single account 881101 Doubtful Assessed contributions – Members.

The increases in the allowance for doubtful debts of members assessed contribution receivables mount up to (-)42,658.97 EUR.

While reviewing the above mentioned accounts the External Auditors needed external calculations to identify the different issues of the records and the accumulated increase or decrease of the allowances as well.

The External Auditors highlighted the need to consider recording the different types of movements of the allowances to diversified accounts. This would help to improve the true and fair presentation of the Statement of financial performance.

To improve the transparency, a table on the movements of the allowance for doubtful accounts as per IPSAS requirements has been disclosed at Note 8, para 158.

91 **In-kind contributions - Donated goods**

At Note 20 – Revenues at line “In-kind contributions”, the sub-line “Donated goods” are shown with a reported amount of 2,714.99 EUR, but without any disclosure.

During the review of the related entries, documents and vouchers a set of IT equipment valued with 3.383.35 EUR and some furniture valued with 331.64 EUR were found donated to the Organization.

According to IPSAS 23.93 – 97 an entity should recognize an asset in respect of such goods in-kind when the resource meets the definition and recognition criteria of an asset.

The Organization decided not to recognize the donated goods in-kind as an asset because the different items of IT and furniture did not meet the minimum established cost threshold of 1,500.00 EUR. If there is no asset recognition, only in-kind revenue and a corresponding expense should be accounted. This was done accordingly.

9. Statement of changes in net assets/equity

92 This statement describes the changes that occur as a consequence of the change-over from UNSAS to IPSAS in the restated balance, the changes in the reserves during the financial year, the expenditure directly recognized to net assets for the actuarial losses of ASHI and the transfers from surplus for the financial year.

10. Cash flow statement

93 As the Organization decided to use the indirect method which is fully compliant with IPSAS, the External Auditors have no further comments.

The decrease in cash and cash equivalents for the period is 905,906 EUR.

11. Statement of comparison of budget and actual amounts

94 Organizations such as the UNWTO, which make their approved budget publicly available, according to IPSAS 1.21 (e) need to present a comparison of budget and actual amounts, either as a separate additional financial statement or as a budget column in the Financial Statements. As a consequence, the Organization, although accounting and reporting under the accrual principle, must also keep a cash ledger to enable the reader to compare financial results on the accrual basis with budget amounts. To a certain extent this counteracts the implementation of IPSAS which departs from the modified cash basis of accounting and promotes an accrued presentation.

95 **Regular Budget and extra-budgetary revenue and expense**

The Regular Budget is voted by the General Assembly of UNWTO for a biennium of two consecutive calendar years beginning with an even-numbered year. The biennial budget is presented on an annual basis to cover the proposed programme of work of the Regular Budget for each financial year of the financial period.

For the two-year budget period 2014-2015, the Regular Budget of the Organization (A/20/5(I)(c)) was approved by the General Assembly (A/RES/619(XX)). In 2015 the Secretariat will prepare the draft programme and budget of the Organization for the biennium 2016-2017 for approval of the General Assembly.

At the report of the Secretary-General at para 25 is explained:

The General Fund of the Organization is established for purpose of accounting:
(a) financial transactions in relation to the Regular Budget,
(b) other financial transactions not related to the Regular Budget (such as, miscellaneous revenues).

The budgeted income of the Regular Budget 2014-2015 has been financed from assessed contributions from Members and allocations:
a. Contributions from Full, Associate and Affiliate Members
b. Other sources of income:
i. Allocation (with fixed amount) from sundry income
(now: Allocation from accumulated surplus - General Fund)
ii. Allocation (with fixed amount) from sale of publications
(now: Allocation from accumulated surplus – Publications store)

Apart of the approved budgeted allocations to the income of the Regular Budget the Organization gained in 2014 - as outcome of its regular mandates - extra-budgetary revenues as

- Interest from deposits and investments;
- Contributions of New Members;
- Transfers of residual balances of closed Voluntary Contribution Fund-projects;
- Publication sales;
- Other miscellaneous revenues;

and expended the corresponding expenses.

96 Same as at the External Auditor's report 2013 the External Auditors recommended that information about all estimated revenues and expenses which belong to activities within the General Fund should be submitted to the next session of the General Assembly along with the draft programme and budget for the financial period 2016-2017 as base for approval of the allocations. The General Assembly may decide whether to include all estimated surplus of miscellaneous revenues and publication sales as part of income to the Regular Budget or only limited allocations of these sources.

12. Voluntary Contributions Fund (VCF)

97 With reference to Voluntary Contributions Fund (VCF) DFR V.15 states: *"... and the Secretary General shall report annually on the use of VCF contributions received."* The Secretariat reported under VCF in 2014 at all 85 projects covered by voluntary contributions of different donors on which 21 were held in USD and 64 were held in EUR. In addition in 2014, three VCF projects were closed with transfer of the remaining balances to the General Fund (P - 001, P - 002, P - 030).

98 Of all 85 VCF projects, in 2014 no revenues or expenses were observed in 22 projects of which all were hold in USD. Of these "inactive" projects 15 had already not shown any financial activities in 2013.

The External Auditors got the impression that these VCF projects possibly should have been closed in 2014 and the residual balances available under these projects have to be transferred either as refund to the donors or to the General Fund.

99 In the Auditor's report 2013 the External Auditors recommended that the Secretariat should obtain confirmation from the programme managers at the end of the year whether the works under any of the VCF projects without financial activities during the year have been completed or future project activities will be made.

100 With General-Secretary's Circular NS/802 of 10 December 2014 the Secretariat regulated the structure and the procedure of the implementation processes of projects financed through extra-budgetary resources including the completion of such projects (stage 4) to ensure that the projects are properly closed and any remaining funds are disposed of in accordance to the project's agreement.

The External Auditors support the implementation of these procedures and recommended putting this process in practice.

The External Auditors got the satisfied impression that the Secretariat encourages the responsible programme management to check and verify whether a number of VCF-projects should be completed including the decision about the remaining balances.

In addition, the External Auditors renewed the recommendation obtaining confirmation of the programme managers at end of year about the situation and development of projects without any financial activities during the year.

101 During the audit of the Financial Statements 2013 the External Auditors reviewed some samples of financial transactions regarding travel expenses of UNWTO officials debited to specific VCF-projects. In some of these cases, it was not clear whether debiting particular travel expenses have been done in compliance with the agreements under the related VCF-projects.

Hence the External Auditors performed at the audit of the Financial Statements 2014 a detailed sample-check of such financial transactions to VCF-projects. The External Auditors took note that the Director of Administration and Finance himself and other staff of Budget and Finance several times, sought approval from the responsible programme management that specific missions and travel expenses were related and covered by the objectives and work plans of the indicated VCF-projects.

Nevertheless one file of travel expenses of UNWTO officials have been found in which the External Auditors may not recognize a reasonable relationship and compliance between the travel purpose of the mission and the agreed measures of the specific VCF-project.

Hence it is recommended to review in detail this case and make necessary clarifications. The Organisation may consider to contact the donor of VCF-project P-27 for verification.

13. Fund in Trust United Nations Development Programme (UNDP)

102 UNWTO in its capacity as an executing agency for the funds allocated to it by the UNDP, is responsible for executing projects under this programme. During the year assets under UNDP were 354,124.42 EUR and cash and cash equivalents were 100,152.15 EUR. Other contribution receivables were 180,675.24 EUR and current liabilities were 104,240.42 EUR. The External Auditors have noticed that the monetary value of the funds has been translated from USD to EUR as per the IPSAS requirements and the difference due to translation has been shown separately as currency exchange difference and the records relating all programmes have been found maintained properly.

14. Funds in Trust

Multi-Donor Trust Fund (MDTF) and Joint Programmes (JP)

103 With respect to the Financial Statements regarding the execution of the Multi-Donor Trust Funds and Joint Programmes, executed by the Organization as a participating UN agency, it should be noted that there are 11 projects that are using the funds allocated by the UNDP which acts as the Administrative Agency. The Organization has also taken all the efforts into consideration and shown the correct picture of both of the schemes.

15. Performance audit

104 In addition to examining the accounts and the Financial Statements the Statutes of the Organization allow to extent the external audit to issues of compliance and performance. The provisions of Article 26 (2) of the Statutes stipulate:

"The Auditors, in addition to examining the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedures and management, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices."

References to these provisions are made in FR 16 with Annex I accordingly.

105 The International Organization of Supreme Audit Institutions (INTOSAI) issued the International Standards for Supreme Audit Institutions (ISSAI). The ISSAI 300 and the series 3000 give guidelines for such performance audits (value for money). It is common practice in other UN agencies that the External Auditors beside of the financial audit of the Financial Statements perform compliance and performance audits as well. The External Auditors started to review issues of compliance of procedures and treatments with rules and regulations of the Organization and the IPSAS accounting standards. The External Auditors welcome all suggestions of the governing bodies and the Secretariat in auditing also issues of performance.

16. Mandate of External Auditor

106 The Joint Inspection Unit (JIU) recommended in its report JIU/REP/2014/5 again that the Organization follows the United Nations practice:

"The UNWTO General Assembly may consider to modify the Statues of the Organization in order to provide the selection of a single external auditor with a specified term limitation as well as country rotation."

The JIU highlighted, while every other organization of the United Nations system has only one Supreme Audit Institution (SAI) to audit its respective accounts and Financial Statements, a plurality of external auditors requires them to agree on many elements of their engagement, making their tasks more difficult for themselves and for some of their partners in the Secretariat. The JIU pointed out that, as for any oversight function, having a too long term of the same SAI is not considered a sound approach in terms of independence, so a rotation of the mandated SAI is recommended.

The External Auditors support the arguments and recommendation of the JIU to reduce the mandate as External Auditor of the UNWTO to one SAI of a Full Member country. As common practice at all other UN agencies the General Assembly may invite proposals from all Full Member States for the appointment of only one SAI as External Auditor for the period 2016-2017.

Madrid, 27 March 2015

[signature]	[signature]	[signature]
Dr. Thomas Kertess	Jetha Ram Rinwa	Sofía Viñayo Fernández
Federal Court of Auditors, Germany	Office of the Comptroller and Auditor General of India	Intervención General de la Administración del Estado, Spain

Unaudited annexes

Annex I: Contact information

Name		Address
UNWTO	World Tourism Organization	Capitán Haya 42. Madrid, Spain
Actuary	Aon Hewitt	100 Half Day Road. Lincolnshire, Illinois 60069, United States of America
Principal bankers	Banco Sabadell Atlántico	Pº de la Castellana 135. Madrid, Spain
External Auditors	German Federal Court of Auditors Bundesrechnungshof	International Relations Adenaueralle 81. D-53113 Bonn, Germany
	Office of the Comptroller and Auditor General of India	International Relations 9, Deen Dayal Upadhyay Marg. New Delhi, India
	Intervención General de la Administración del Estado, Spain	Maria de Molina 50. 28006 Madrid, Spain

Annex II: Budgetary information of the Regular Budget

Appropriations transfers for the financial year 2014 – Regular Budget

Appropriation transfers - Regular Budget [1]
for the year ended 31 December 2014
Euros

	Approved appropiations			Actual expenditure			Budget	Transfer of appropiations		Revised	
	Staff cost	Non-staff cost	Total	Staff cost	Non-staff cost	Total	deviation	From:	To:	appropiations	Balance
Total	**9,085,000.00**	**4,039,000.00**	**13,124,000.00**	**9,055,558.91**	**3,917,458.25**	**12,973,017.16**	**150,982.84**	**-273,976.93**	**273,976.93**	**13,124,000.00**	**150,982.84**
A Member relations	*1,691,000.00*	*676,000.00*	*2,367,000.00*	*1,635,947.22*	*692,915.28*	*2,328,862.50*	*38,137.50*	*-33,048.79*	*33,048.79*	*2,367,000.00*	*38,137.50*
A01 Regional Programme, Africa	310,000.00	150,000.00	460,000.00	305,110.53	108,559.00	413,669.53	46,330.47	-30,400.80	0.00	429,599.20	15,929.67
A02 Regional Programme, Americas	330,000.00	150,000.00	480,000.00	334,595.50	148,052.49	482,647.99	-2,647.99	0.00	2,647.99	482,647.99	0.00
A03 Regional Programme, Asia and the Pacific	371,000.00	150,000.00	521,000.00	384,405.51	134,847.46	519,252.97	1,747.03	0.00	0.00	521,000.00	1,747.03
A04 Regional Programme, Europe	281,000.00	83,000.00	364,000.00	211,578.13	182,822.67	394,400.80	-30,400.80	0.00	30,400.80	394,400.80	0.00
A05 Regional Programme, Middle East	233,000.00	83,000.00	316,000.00	236,189.58	75,056.44	311,246.02	4,753.98	-2,647.99	0.00	313,352.01	2,105.99
A06 Affiliate Members (Knowledge Network)	166,000.00	60,000.00	226,000.00	164,067.97	43,577.22	207,645.19	18,354.81	0.00	0.00	226,000.00	18,354.81
B Operational	*2,446,000.00*	*1,211,000.00*	*3,657,000.00*	*2,468,939.66*	*1,008,843.70*	*3,477,783.36*	*179,216.64*	*-151,839.29*	*25,999.14*	*3,531,159.85*	*53,376.49*
B01 Sustainable Development of Tourism	408,000.00	130,000.00	538,000.00	400,283.46	127,345.34	527,628.80	10,371.20	-994.65	0.00	537,005.35	9,376.55
B02 Technical Cooperation	582,000.00	100,000.00	682,000.00	588,957.00	64,378.27	653,335.27	28,664.73	-25,004.49	0.00	656,995.51	3,660.24
B03 Statistics and Tourism Satellite Account	392,000.00	160,000.00	552,000.00	394,731.66	106,951.95	501,683.61	50,316.39	-50,316.39	0.00	501,683.61	0.00
B04 Tourism Market Trends	256,000.00	160,000.00	416,000.00	254,216.10	121,089.15	375,305.25	40,694.75	-40,694.75	0.00	375,305.25	0.00
B05 Destination Management and Quality	205,000.00	50,000.00	255,000.00	232,478.32	47,526.17	280,004.49	-25,004.49	0.00	25,004.49	280,004.49	0.00
B06 Ethics and Social Responsibility	203,000.00	50,000.00	253,000.00	163,434.29	90,560.36	253,994.65	-994.65	0.00	994.65	253,994.65	0.00
B07 Themis	0.00	150,000.00	150,000.00	0.00	109,367.65	109,367.65	40,632.35	-28,126.36	0.00	121,873.64	12,505.99
B08 Institutional Relations and Resource Mobilization	208,000.00	271,000.00	479,000.00	233,920.29	222,438.55	456,358.84	22,641.16	-4,715.46	0.00	474,284.54	17,925.70
B09 Fairs and Special Field Projects	192,000.00	140,000.00	332,000.00	200,918.54	119,186.26	320,104.80	11,895.20	-1,987.19	0.00	330,012.81	9,908.01
C Support - direct to members programmes	*3,350,000.00*	*556,000.00*	*3,906,000.00*	*3,341,864.37*	*689,975.78*	*4,031,840.15*	*-125,840.15*	*0.00*	*125,840.15*	*4,031,840.15*	*0.00*
C01 Conference Services	735,000.00	120,000.00	855,000.00	742,224.96	117,490.50	859,715.46	-4,715.46	0.00	4,715.46	859,715.46	0.00
C02 Management	2,234,000.00	316,000.00	2,550,000.00	2,213,617.26	455,520.24	2,669,137.50	-119,137.50	0.00	119,137.50	2,669,137.50	0.00
C03 Communications, Publications and Archives	381,000.00	120,000.00	501,000.00	386,022.15	116,965.04	502,987.19	-1,987.19	0.00	1,987.19	502,987.19	0.00
D Support - indirect to members programmes	*1,598,000.00*	*1,596,000.00*	*3,194,000.00*	*1,608,807.66*	*1,525,723.49*	*3,134,531.15*	*59,468.85*	*-89,088.85*	*89,088.85*	*3,194,000.00*	*59,468.85*
D01 Budget and Finance	518,000.00	133,000.00	651,000.00	519,913.24	168,801.20	688,714.44	-37,714.44	0.00	37,714.44	688,714.44	0.00
D02 Human Resources	355,000.00	135,000.00	490,000.00	370,173.68	171,200.73	541,374.41	-51,374.41	0.00	51,374.41	541,374.41	0.00
D03 Information and Communication Technology	362,000.00	418,000.00	780,000.00	359,825.42	331,051.00	690,876.42	89,123.58	-51,374.41	0.00	728,625.59	37,749.17
D04 General Services	363,000.00	610,000.00	973,000.00	358,895.32	569,670.56	928,565.88	44,434.12	-37,714.44	0.00	935,285.56	6,719.68
D05 Provisions	0.00	300,000.00	300,000.00	0.00	285,000.00	285,000.00	15,000.00	0.00	0.00	300,000.00	15,000.00

[1] This information is presented in accordance to the program budget for 2014 approved originally by the 20th General Assembly resolution A/RES/619 (XX) and its modification in the structure and appropiations of the revised program budget for 2014 approved by the Executive Council in decisions CE/DEC/9(XCVIII) and CE/DEC/5(XCIX)

(a) Appropriation transfers between programmes within the same part of the budget[35]

Appropriation transfers between sections within the same part of the budget were carried out by the Secretary-General subject to confirmation by the Programme and Budget Committee.

<table>
<tr><th>Transfer</th><th>Amount</th><th>Description</th></tr>
<tr><td rowspan="3">1</td><td>(EUR 30,400.80)</td><td>From: Part A, Programme A01 – Regional Programme, Africa</td></tr>
<tr><td>EUR 30,400.80</td><td>To: Part A, Programme A04 – Regional Programme, Europe</td></tr>
<tr><td colspan="2">Transfer needed to cover the excess in expenditure on the activities carried out by the Programme A04 Regional Programme, Europe, as a consequence of the recruitment of external staff to reinforce the Programme's activities.</td></tr>
<tr><td rowspan="3">2</td><td>(EUR 2,647.99)</td><td>From: Part A, Programme A05 – Regional Programme, Middle East</td></tr>
<tr><td>EUR 2,647.99</td><td>To: Part A, Programme A02 – Regional Programme, Americas</td></tr>
<tr><td colspan="2">Transfer needed to cover excess expenditure on staff of Programme A02 Regional Programme, Americas due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.</td></tr>
<tr><td rowspan="3">3</td><td>(EUR 994.65)</td><td>From: Part B, Programme B01 – Sustainable Development of Tourism</td></tr>
<tr><td>EUR 994.65</td><td>To: Part B, Programme B06 – Ethics and Social Responsibility</td></tr>
<tr><td colspan="2">Transfer needed to cover the excess in expenditure due to the slight increase in the activities carried out by Programme B06, Ethics and Social Responsibility.</td></tr>
<tr><td rowspan="3">4</td><td>(EUR 25,004.49)</td><td>From: Part B, Programme B02 – Technical Cooperation</td></tr>
<tr><td>EUR 25,004.49</td><td>To: Part B, Programme B05 – Destination Management and Quality</td></tr>
<tr><td colspan="2">Transfer needed to cover excess expenditure on staff of Programme B05 Destination Management and Quality due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.</td></tr>
<tr><td rowspan="3">5</td><td>(EUR 51,374.41)</td><td>From: Part D, Programme D03 – Information and Communication Technology</td></tr>
<tr><td>EUR 51,374.41</td><td>To: Part D, Programme D02 – Human Resources</td></tr>
<tr><td colspan="2">Transfer needed to cover excess expenditure on staff of Programme D02 Human Resources due both to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme as well as to the increase in the activities carried out.</td></tr>
<tr><td rowspan="3">6</td><td>(EUR 37,714.44)</td><td>From: Part D, Programme D04 – General Services</td></tr>
<tr><td>EUR 37,714.44</td><td>To: Part D, Programme D01 – Budget and Finance</td></tr>
<tr><td colspan="2">Transfer needed to cover a slight increase in the staff expenditure of Programme D01 Budget and Finance due both to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme as well as to the increase in the audit cost resulting from the three audits UNWTO has been through during the financial year.</td></tr>
</table>

[35] FR5.3(a) and CE/DEC/6(LIII))

(b) Appropriation transfers from one part of the budget to another[36]

Appropriation transfers between different parts of the budget were carried out by the Secretary-General, subject to confirmation by the Programme and Budget Committee and the Executive Council.

Transfer	Amount	Description
1	(EUR 4,715.46)	From: Part B, Programme B08 – Institutional Relations and Resource Mobilization
	EUR 4,715.46	To: Part C, Programme C01 – Conference Services
	Transfer needed to cover excess expenditure on staff of Programme C01 Conference Services due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.	
2	(EUR 1,987.19)	From: Part B, Programme B09 – Fairs and Special Field Projects
	EUR 1,987.19	To: Part C, Programme C03 – Communications, Publications and Archives
	Transfer needed to cover excess expenditure on staff of Programme C03 Communications, Publications and Archives due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.	
3	(EUR 50,316.39)	From: Part B, Programme B03 – Statistics and Tourism Satellite Account
	(EUR 40,694.75)	From: Part B, Programme B04 – Tourism Market Trends
	(EUR 28,126.36)	From: Part B, Programme B07 – Themis
	EUR 119,137.50	To: Part C, Programme C02 – Management
	Transfer needed to cover the excess in expenditure of Programme C02, Management, due to the increase in the activities carried out by the Programme	

[36] FR5.3(b) and decision CE/DEC/6(LIII)

Budgetary cash balance vs WCF advance as at 31 December 2014

Budgetary cash balance of the Regular Budget vs WCF advance at 31 December 2014
Euro

	2014	%	2013	%
Approved budget	**13,124,000.00**	**100.00**	**12,767,000.00**	**100.00**
Budgetary income	*11,303,175.41*	*86.13*	*10,936,929.70*	*85.67*
Assessed contributions	10,659,175.41	*81.22*	10,469,085.64	*82.00*
Amount spent from the allocations approved by the GA	644,000.00	*4.91*	467,844.06	*3.66*
Allocation from accumulated surplus - RB	394,000.00	*3.00*	226,419.33	*1.77*
Allocation from accumulated surplus - Publications store	250,000.00	*1.90*	241,424.73	*1.89*
Budgetary expenditure	*-12,973,017.16*	*-98.85*	*-12,923,775.17*	*-101.23*
Cash deficit/advance made from the WCF (FR 10.2(b))	-1,669,841.75	*-12.72*	-1,986,845.47	*-15.56*
Arrear contributions receipts in the financial year	*763,242.59*	*5.82*	*1,986,845.47*	*15.56*
Result/balance arrear contributions after reimbursing the WCF (FR 10.2(b))	**-906,599.16**	**-6.91**	**0.00**	**0.00**

Annex III: Working Capital Fund (WCF) available balance for the year at 31 December 2014

Working Capital Fund available balance at 31 December 2014	
Euros	
Balance at 01/01/2014	**2,814,015.92**
Movements during the year	
Additions:	0.00
Arrear contributions applied to reimburse in full the advance made during the previous year	0.00
Less:	-906,599.16
Advance made to the GF to cover budgetary expenditure pending receipt of unpaid contributions [1]	-906,599.16
Balance at 31/12/2014	**1,907,416.76**

[1] Part of intersegment transactions

Annex IV: Contributions due to the General Fund and the Working Capital Fund

Statement of contributions due to the General Fund as at 31 December 2014

Statement of contributions due to the General Fund
at 31 December 2014
Euros

	Years	Arrear Contributions	Contributions due	Total
Total contributions due		**14,562,869.62**	**2,005,837.44**	**16,568,707.06**
Budgetary contributions		*14,352,041.50*	*1,833,896.21*	*16,185,937.71*
Full Members - Membres Effectifs - Miembros Efectivos		*12,898,551.67*	*1,572,729.72*	*14,471,281.39*
Afghanistan-Afganistan	81-87,89-08,10,12	677,938.77	26,050.00	703,988.77
Albania-Albanie	-	0.00	0.00	0.00
Algeria-Algérie-Argelia	-	0.00	0.00	0.00
Andorra - Andorre	-	0.00	0.00	0.00
Angola	-	0.00	0.00	0.00
Argentina-Argentine	-	0.00	0.00	0.00
Armenia-Arménie	-	0.00	0.00	0.00
Australia - Australie	-	0.00	0.00	0.00
Austria-Autriche	-	0.00	0.00	0.00
Azerbaijan-Azerbaiyán-Azerbaïjan	-	0.00	0.00	0.00
Bahamas	-	0.00	0.00	0.00
Bangladesh (5)	-	0.00	0.00	0.00
Bahrain-Bahrein-Bahreïn	78-84,02,10	331,715.05	0.00	331,715.05
Belarus-Bélarus-Belarús	-	0.00	0.00	0.00
Benin - Bénin	12	24,843.00	26,050.00	50,893.00
Bhutan-Bhoutan-Bhután	13	4,107.05	0.00	4,107.05
Bolivia-Bolivie	81-87, 89-98	425,180.57	0.00	425,180.57
Bosnia and Herzegovina - Bosnie-Herzégovine - Bosnia y Herzegovina	-	0.00	0.00	0.00
Botswana (2)	-	0.00	0.00	0.00
Brazil-Brésil-Brasil	-	0.00	6,467.08	6,467.08
Brunei Darussalam - Brunéi Darussalam	-	0.00	0.00	0.00
Bulgaria-Bulgarie	-	0.00	0.00	0.00
Burkina Faso	02-04,11-13	102,615.27	26,050.00	128,665.27
Burundi	77-07,11-13	715,252.80	9,591.87	724,844.67
Cambodia-Cambodge-Camboya	80-92	315,263.10	0.00	315,263.10
Cameroon - Cameroun - Camerun	09-10, 13	25,916.88	27,241.00	53,157.88
Cape Verde - Cap-Vert - Cabo Verde	11-13	56,279.85	20,839.00	77,118.85
Central African Republic - République Centrafricaine - Republica Centroafricana	06-13	177,788.00	26,050.00	203,838.00
Chad-Tchad	12.13	50,176.56	26,050.00	76,226.56
Chile-Chili	-	0.00	0.00	0.00
China-Chine	-	0.00	0.00	0.00
Colombia-Colombie (3)	-	0.00	178.10	178.10
Congo	-	0.00	0.00	0.00
Costa Rica	-	0.00	0.00	0.00
Côte D'Ivoire	05-07,11,12	105,854.00	26,050.00	131,904.00
Croatia-Croatie-Croacia	-	0.00	0.00	0.00
Cuba	-	0.00	0.00	0.00
Cyprus-Chypre-Chipre	-	0.00	0.00	0.00
Czech Republic - République Tchèque - Republica Checa		0.00	0.00	0.00
Dem.People'S Rep.of Korea - Rép.Pop.Dém. de Corée - Rep.Pop.Dem. de Corea		0.00	5,717.86	5,717.86
Dem. Republic of The Congo - République Dém. du Congo - Republica Dem. del Congo	95-96,98-00,02-06,08-12	288,218.26	26,050.00	314,268.26
Djibouti	03-13	235,306.00	23,445.00	258,751.00
Dominican Rep.-Rép. Dominicaine - Republica Dominicana	-	0.00	0.00	0.00
Ecuador-Équateur	-	0.00	831.09	831.09
Egypt-Égypte-Egipto (5)	-	0.00	0.00	0.00
El Salvador	96	23,102.46	0.00	23,102.46
Eritrea, Érythrée	-	0.00	0.00	0.00
Ethiopia-Éthiopie-Etiopia	-	0.00	0.00	0.00
Fiji-Fidji	-	0.00	0.00	0.00
France-Francia	-	0.00	0.00	0.00

	Years	Arrear Contributions	Contributions due	Total
Gabon [4]	-	0.00	52,099.00	52,099.00
Gambia-Gambie [5]	93-05,08-10,13	319,714.15	0.00	319,714.15
Georgia-Géorgie	-	0.00	0.00	0.00
Germany-Allemagne-Alemania	-	0.00	0.00	0.00
Ghana	13	30,407.00	31,258.00	61,665.00
Greece-Grèce-Grecia	-	0.00	0.00	0.00
Guatemala	-	0.00	0.00	0.00
Guinea-Guinée	96,98-00,07	153,171.75	26,050.00	179,221.75
Guinea-Bissau-Guinée-Bissau	92-96,99-13	423,976.55	26,050.00	450,026.55
Equatorial Guinea - Guinée Équatoriale - Guinea Ecuatorial	13	25,002.00	27,092.00	52,094.00
Haiti - Haïti	-	0.00	0.00	0.00
Honduras	-	0.00	799.24	799.24
Hungary-Hongrie-Hungria	-	0.00	0.00	0.00
India-Inde	-	0.00	0.00	0.00
Indonesia-Indonésie [2]	-	0.00	0.00	0.00
Iran, Islamic Rep. of - Iran,République Islamique d' - Iran, Republica Islamica de [1]	12-13	120,438.00	65,376.00	185,814.00
Iraq	85-87, 91-06,12	1,886,609.34	32,688.00	1,919,297.34
Israel-Israël	-	0.00	0.00	0.00
Italy-Italie-Italia	-	0.00	0.00	0.00
Jamaica-Jamaïque	-	0.00	0.00	0.00
Japan-Japon [2]	-	0.00	0.00	0.00
Jordan-Jordanie-Jordania	-	0.00	0.00	0.00
Kazakhstan-Kazajstán	-	0.00	0.00	0.00
Kenya	-	0.00	1,534.09	1,534.09
Kyrgyzstan-Kirghizistan-Kirguistan	95-10,12-13	419,802.89	26,050.00	445,852.89
Kuwait-Koweït	98	34,309.21	0.00	34,309.21
Lao People'S Dem.Rep. - République Pop. Dém. Lao - Rep.Dem.Pop. Lao	89-95,04	175,020.94	0.00	175,020.94
Lebanon-Liban-Libano	-	0.00	90,722.00	90,722.00
Lesotho [2]	-	0.00	15,907.97	15,907.97
Liberia-Libéria	12-13	50,183.00	26,050.00	76,233.00
Libya - Libye - Libia	-	0.00	34,518.00	34,518.00
Lithuania-Lituanie-Lituania	-	0.00	0.00	0.00
Macedonia, Former Yugoslave Rep. - Macédoine, Ex-Rép. Yougoslave de - Macedonia, Ex Rep. Yugoslava de	12-13	60,218.00	32,688.00	92,906.00
Madagascar	11,12-13	50,250.30	26,050.00	76,300.30
Malaysia-Malaisie-Malasia	-	0.00	0.00	0.00
Malawi [4]	11-13	72,957.99	26,050.00	99,007.99
Maldives-Maldivas	-	0.00	0.00	0.00
Mali	13	25,340.00	26,050.00	51,390.00
Malta-Malte	-	0.00	0.00	0.00
Mauritania-Mauritanie	77-05,13	659,263.10	26,050.00	685,313.10
Mauritius-Maurice-Mauricio[5]	-	0.00	0.00	0.00
Mexico-Mexique	-	0.00	0.00	0.00
Monaco-Mónaco	-	0.00	0.00	0.00
Mongolia-Mongolie	13	25,340.00	0.00	25,340.00
Montenegro - Monténégro	-	0.00	0.00	0.00
Morocco-Maroc-Marruecos	-	0.00	88,759.33	88,759.33
Mozambique	-	0.00	0.00	0.00
Myanmar	-	0.00	0.00	0.00
Namibia-Namibie	08	44,358.00	0.00	44,358.00
Nepal - Népal	13	25,340.00	172.01	25,512.01
Netherlands - Pays-Bas - Paises Bajos	-	0.00	0.00	0.00
Nicaragua	98-02,08	119,721.04	0.00	119,721.04
Niger	83-87, 90-07,10-11	573,745.81	26,050.00	599,795.81
Nigeria - Nigéria	13	1,581.88	0.00	1,581.88
Norway - Norvège - Noruega	-	0.00	0.00	0.00
Oman - Omán	-	0.00	0.00	0.00
Pakistan [5]	10,12-13	37,137.75	32,688.00	69,825.75
Panama	-	0.00	0.00	0.00
Papua New Guinea - Papouasie-Nouvelle-Guinée - Papua Nueva Guinea	08-13	143,788.00	26,050.00	169,838.00
Paraguay	-	0.00	0.00	0.00
Péru-Perou	-	0.00	2,530.51	2,530.51
Philippines-Filipinas	-	0.00	0.00	0.00

	Years	Arrear Contributions	Contributions due	Total
Poland-Pologne-Polonia	-	0.00	0.00	0.00
Portugal	-	0.00	0.00	0.00
Quatar - Qatar	-	0.00	0.00	0.00
Republic of Korea - République de Corée - Republica de Corea	-	0.00	14,227.63	14,227.63
Republic of Moldova - République de Moldova - Republica de Moldova	-	0.00	0.00	0.00
Romania-Roumanie-Rumania	-	0.00	0.00	0.00
Russian Federation -Federation de Russie - Federacion de Rusia	-	0.00	0.00	0.00
Rwanda	12	2,523.04	0.00	2,523.04
San Marino - Saint-Marin	-	0.00	0.00	0.00
Sao Tome-and-Principe - Sao Tomé-et-Principe - Santo Tome y Principe	86-13	580,562.65	18,751.00	599,313.65
Saudi Arabia-Arabie Saoudite -Arabia Saudita	03	101,628.00	0.00	101,628.00
Sénégal-Senegal	12-13	50,183.00	27,241.00	77,424.00
Serbia - Serbie	-	0.00	0.00	0.00
Seychelles	-	0.00	0.00	0.00
Sierra Leone - Sierra Leona	80-00,03-13	718,540.12	26,050.00	744,590.12
Slovakia - Slovaquie -Eslovaquia	-	0.00	0.00	0.00
Slovenia-Slovénie-Eslovenia	-	0.00	0.00	0.00
South Africa - Afrique du Sud-Sudafrica (2)	-	0.00	0.00	0.00
Spain-Espagne-España	-	0.00	0.00	0.00
Sri Lanka	-	0.00	0.00	0.00
Sudan-Soudan	84-86,89-03,06-08,13	470,846.92	27,241.00	498,087.92
Swaziland - Swazilandia	-	0.00	0.00	0.00
Switzerland-Suisse-Suiza	-	0.00	0.00	0.00
Syrian Arab Republic - République Arabe Syrienne - Republica Arabe Siria	12-13	120,438.00	62,518.00	182,956.00
Tajikistan - Tayikistán - Tadjikistan	13	450.00	0.00	450.00
Thailand-Thaïlande-Tailandia	-	0.00	0.00	0.00
Timor-Leste	-	0.00	133.49	133.49
Togo	03-06	72,289.23	26,050.00	98,339.23
Tunisia-Tunisie-Tunez	13	327.00	5,406.48	5,733.48
Turkey-Turquie-Turquia (1)	-	0.00	0.00	0.00
Turkmenistan - Tukménistan	95-98,00-12	504,066.40	32,688.00	536,754.40
Ucrania - Ukraine	-	0.00	70,854.00	70,854.00
Uganda-Ouganda (5)	95-00,02-04,10-12	221,402.31	10,044.97	231,447.28
United Arab Emirates - Emirats Arabes Unis - Emiratos Arabes Unidos	81-87	518,247.76	0.00	518,247.76
United Rep. of Tanzania - République-Unie de Tanzanie -Republica Unida de Tanzania (5)	13	27,278.31	31,258.00	58,536.31
Uruguay	02-03,11	130,577.22	0.00	130,577.22
Uzbekistan-Ouzbékistan	-	0.00	0.00	0.00
Vanuatu	10-13	79,893.00	20,839.00	100,732.00
Venezuela	13	28,058.84	74,093.00	102,151.84
Viet Nam	-	0.00	0.00	0.00
Yemen - Yémen	79-89,95	233,603.44	27,241.00	260,844.44
Zambia-Zambie	13	402.11	26,050.00	26,452.11
Zimbabwe	0	0.00	26,050.00	26,050.00
Associate Members - Membres Associés - Miembros Asociados		*67,524.00*	*23,445.00*	*90,969.00*
Aruba	11-13	67,524.00	23,445.00	90,969.00
Macao	-	0.00	0.00	0.00
Madeira - Madere	-	0.00	0.00	0.00
Flemish Comm. of Belgium, Comm. Flamande de Belgique, Comunidad Flamenca Belga		0.00	0.00	0.00
Hong Kong, China	-	0.00	0.00	0.00
Puerto Rico, Porto Rico	-	0.00	0.00	0.00
Affiliate Members - Membres Affiliés - Miembros Afiliados	*01-12*	*239,565.37*	*229,788.45*	*469,353.82*
Former Full Members - Anciens Membres effectifs - Ex-Miembros Efectivos	*79-99*	*1,095,836.54*	*0.00*	*1,095,836.54*
Former Associate Members - Anciens Membres associés - Ex-Miembros Asociados	*86*	*1,947.90*	*0.00*	*1,947.90*
Former Affiliate Members - Anciens Membres affiliés - Ex-Miembros Afiliados	*09-12*	*48,616.02*	*7,933.04*	*56,549.06*

	Years	Arrear Contributions	Contributions due	Total
Extra-budgetary contributions		**210,828.12**	**171,941.23**	**382,769.35**
Full Members - Membres effectifs - Miembros Efectivos	-	*0.00*	*0.00*	*0.00*
Associate Members - Membres associés - Miembros Asociados	-	*0.00*	*0.00*	*0.00*
Affiliate Members - Membres affiliés - Miembros Afiliados	*09-13*	*175,244.14*	*166,274.27*	*341,518.41*
Former Full Members - Anciens Membres effectifs - Ex-Miembros Efectivos	-	*0.00*	*0.00*	*0.00*
Former Associate Members - Anciens Membres associés - Ex-Miembros Asociados	-	*0.00*	*0.00*	*0.00*
Former Affiliate Members - Anciens Membres affiliés - Ex-Miembros Afiliados	*05-07*	*35,583.98*	*5,666.96*	*41,250.94*

Financial year starts

(1) March

(2) April

(3) May

(4) June

(5) July

Statement of advance contributions owed to the Working Capital Fund as at 31 December 2014

Statement of advance contributions owed to the Working Capital Fund
as at 31 December 2014
Euros

	31/12/2014
Total	**2,235.85**
Liberia	1,242.15
Vanuatu	993.70

Annex V: Sub-funds reporting

Statement of financial position by sub-fund as at 31 December 2014

Statement of financial position by sub-funds
at 31 December 2014
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	MDTF	Inter-segment elimination*	Total UNWTO
Assets	**21,028,880.60**	**6,049,207.82**	**354,124.42**	**126,363.57**	**13,851.00**	**-5,123,794.55**	**22,448,632.86**
Current assets	*18,442,718.26*	*5,803,207.82*	*354,124.42*	*126,363.57*	*13,851.00*	*-5,123,794.55*	*19,616,470.52*
Cash and cash equivalents	11,055,056.78	3,435,128.23	100,152.15	126,363.57	13,714.16	0.00	14,730,414.89
Inventories	69,770.00	0.00	0.00	0.00	0.00	0.00	69,770.00
Members assessed contributions receivable, net	3,110,725.61	0.00	0.00	0.00	0.00	0.00	3,110,725.61
Other contributions receivables, net	201,700.84	1,000,746.19	180,675.24	0.00	0.00	0.00	1,383,122.27
Other receivables, net	232,918.56	2,620.68	41.99	0.00	15.73	0.00	235,596.96
Other current assets	3,772,546.47	1,364,712.72	73,255.04	0.00	121.11	-5,123,794.55	86,840.79
Non-current assets	*2,586,162.34*	*246,000.00*	*0.00*	*0.00*	*0.00*	*0.00*	*2,832,162.34*
Investments	204,540.43	0.00	0.00	0.00	0.00	0.00	204,540.43
Members assessed contributions receivable, net	2,099,054.97	0.00	0.00	0.00	0.00	0.00	2,099,054.97
Other contributions receivable, net	0.00	246,000.00	0.00	0.00	0.00	0.00	246,000.00
Property, plant and equipment	204,328.50	0.00	0.00	0.00	0.00	0.00	204,328.50
Intangible assets, net	75,069.90	0.00	0.00	0.00	0.00	0.00	75,069.90
Other non-current assets	3,168.54	0.00	0.00	0.00	0.00	0.00	3,168.54
Liabilities and Net Assets/Equity	**21,028,880.60**	**6,049,207.82**	**354,124.42**	**126,363.57**	**13,851.00**	**-5,123,794.55**	**22,448,632.86**
Liabilities	**24,612,237.64**	**1,140,348.52**	**104,240.42**	**3,493.86**	**13,896.23**	**-5,123,794.55**	**20,750,422.12**
Current liabilities	*7,337,936.11*	*1,140,348.52*	*104,240.42*	*3,493.86*	*13,896.23*	*-5,123,794.55*	*3,476,120.59*
Payables and accruals	614,446.61	66,194.37	3,389.02	0.00	0.00	0.00	684,030.00
Transfers payable	820.00	398,212.54	1,476.00	1,980.00	13,214.29	0.00	415,702.83
Employee benefits	144,605.78	0.00	0.00	0.00	0.00	0.00	144,605.78
Advance receipts	2,027,349.27	0.00	0.00	0.00	0.00	0.00	2,027,349.27
Provisions	27,121.80	18,395.11	0.00	0.00	0.00	0.00	45,516.91
Other current liabilities	4,523,592.65	657,546.50	99,375.40	1,513.86	681.94	-5,123,794.55	158,915.80
Non-current liabilities	*17,274,301.53*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*17,274,301.53*
Employee benefits	17,246,581.96	0.00	0.00	0.00	0.00	0.00	17,246,581.96
Advance receipts	1,600.00	0.00	0.00	0.00	0.00	0.00	1,600.00
Other non-current liabilities	26,119.57	0.00	0.00	0.00	0.00	0.00	26,119.57
Net Assets/Equity	**-3,583,357.04**	**4,908,859.30**	**249,884.00**	**122,869.71**	**-45.23**	**0.00**	**1,698,210.74**
Accumulated surplus/(deficit)	-8,181,297.01	4,908,859.30	249,884.00	122,869.71	-45.23	0.00	-2,899,729.23
Reserves	4,597,939.97	0.00	0.00	0.00	0.00	0.00	4,597,939.97

* Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Statement of financial performance by sub-fund for the year ended 31 December 2014

Statement of financial performance by sub-funds
for the year ended 31 December 2014
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	MDTF	Inter-segment elimination*	Total UNWTO
Revenues	**15,788,435.24**	**2,265,799.37**	**501,597.38**	**92,521.43**	**-127,659.57**	**-197,044.77**	**18,323,649.08**
Members assessed contributions	12,928,222.00	0.00	0.00	0.00	0.00	0.00	12,928,222.00
Other contributions (VC and FIT), net of reduction	223,448.71	1,417,295.40	421,892.07	92,000.00	-131,287.02	0.00	2,023,349.16
Publications revenue, net of discounts and returns	345,174.69	0.00	0.00	0.00	0.00	0.00	345,174.69
Currency exchange differences	12,473.24	460,097.59	46,477.86	0.00	3,627.45	0.00	522,676.14
Other revenues	2,279,116.60	388,406.38	33,227.45	521.43	0.00	-197,044.77	2,504,227.09
Expenses	**17,564,876.27**	**2,209,904.88**	**593,063.02**	**78,942.68**	**57,148.12**	**-197,044.77**	**20,306,890.20**
Wages, salaries and employee benefits	12,444,781.04	793,549.52	477,430.42	75,457.68	10,182.16	0.00	13,801,400.82
Grants and other transfers	233,865.07	806,875.11	23,211.79	1,980.00	17,507.63	0.00	1,083,439.60
Travel	1,481,319.31	214,314.13	37,950.14	0.00	3,879.13	0.00	1,737,462.71
Supplies, consumables and running costs	2,384,384.51	169,713.25	53,861.79	1,500.00	16,872.03	0.00	2,626,331.58
Currency exchange differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation, amortization and impairment	105,143.70	0.00	0.00	0.00	0.00	0.00	105,143.70
Other expenses	915,382.64	225,452.87	608.88	5.00	8,707.17	-197,044.77	953,111.79
Surplus/(deficit) for the year	**-1,776,441.03**	**55,894.49**	**-91,465.64**	**13,578.75**	**-184,807.69**	**0.00**	**-1,983,241.12**

* Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Acronyms

A/RES: General Assembly Resolution

AAL: Accumulated Annual Leave

ASHI: After Service Health Insurance

BOE: Boletín Oficial de Estado

CE/DEC: Executive Council Decision

CEB: Chief Executives Board

DBO: Defined Benefit Obligation

DFR: Detailed Financial Rules

DSA: Daily Subsistence Allowance

EA(s): External Auditor(s)

EC: Executive Council

EoSB: End of Service Benefits

EUR: Euro

FIT: Fund in Trust

FR: Financial Regulations

GA: General Assembly

GF: General Fund

HLCM: High-level Committee on Management

IA: Intangible Assets

IPSAS: International Public Sector Accounting Standards

IT: Information Technology

IUOTO: International Union of Official Travel Organizations

IUOTPO: International Union of Official Tourist Propaganda Organizations

JIU: Joint Inspection Unit

JPY: Japanese yen

MDTF: Multi-Donor Trust Fund

OS: Other Services

PoWS: Programme of Work Services

PPE: Property, Plant and Equipment

PSC: Project Support Costs

RB: Regular Budget

RSOAP: UNWTO Regional Support Office for Asia and the Pacific

TP: Transfer Payable

UN: United Nations

UNDP: United Nations Development Programme

UNFBN: United Nations Finance and Budget Network

UNJSPF: United Nations Joint Staff Pension Fund

UNORE: UN Operational Exchange Rate

UNSAS: United Nations System Accounting Standards

UNWTO: World Tourism Organization

USD: United States dollar

VAT: Value Added Tax

VC: Voluntary contribution

VCF: Voluntary Contributions Fund

WCF: Working Capital Fund

WTO: World Tourism Organization