



## Executive Council

103rd session

Málaga, Spain, 9-11 May 2016

Provisional agenda item 7(b)

CE/103/7(b)  
Madrid, 21 April 2016  
Original: English

### Report of the Secretary-General

#### Part III: Administrative and statutory matters

#### (b) UNWTO financial report and audited Financial Statements for the year ended 31 December 2015

##### I. Introduction

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1. In accordance with Financial Regulation 14.7, the Financial Statements of the World Tourism Organization for the year ended 31 December 2015 are submitted by the Secretary-General to the Executive Council.
2. 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 2015.
3. 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.
4. This document also contains the Secretary-General's proposal to update the Detailed Financial Rules (DFR) IV.1 and include a new DFR IV.6 on the application of collection of contributions as per the current practice of the Organization following recommendation of the External Auditors during the external audit of the 2014 UNWTO Financial Statements CE/100/5(b) and CE/DEC/6(CI).

##### II. Audit opinion

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5. The opinion of the External Auditors on the UNWTO Financial Statements for the year ended 2015 is favourable with one exception regarding the timing difference in the presentation of audit reports of the Themis Foundation. Therefore, based on the External Auditors' opinion, except for the exception described below, the UNWTO Financial Statements present fairly, in all material respects, a true and fair view of the assets and financial situation of the World Tourism Organization as at 31 December 2015,



and of its results, its cash flows and changes in equity for the year then ended, in accordance with the applicable regulatory framework for financial reporting, and in particular, with the accounting and budgetary principles and criteria contained therein.

6. The Themis Foundation is jointly controlled by the UNWTO and the Government of Andorra. Being a public foundation based in Andorra, it is subject to external audit by the Court of Audit of Andorra. According to IPSAS, it is required that UNWTO include in its accounts the financial impact of such relation with Themis. As in previous years, this was done through the recognition of an investment following the equity method. This participation amounted to EUR 244,454 in 2015 compared with EUR 204,540 in 2014 based on the 2015 Themis Foundation Financial Statements approved by its trustees. Due to timing constraints, these had not yet been audited at the time of preparing the 2015 UNWTO Financial Statements. The exception regarding the timing difference in the presentation of audit reports of the Themis Foundation was reported by the External Auditors for the first time in the audit of the 2015 UNWTO Financial Statements. In previous years, the current External Auditors had not raised any exception on this matter.

7. The UNWTO and the Themis Foundation are subject to different laws, regulations and deadlines. As both institutions have different processes and timelines to meet their legal obligations, it has not been possible to incorporate the audited financial statements of Themis for 2015 in those of the UNWTO. By March 2015, Themis had not yet carried out the audit of its financial statements for 2015. The last audit performed on Themis corresponds to the financial statements of 2014, still pending the issuance of the Court of Audit's final report taking into account the response of the Themis Foundation to the observations of the Court of Audit.

8. In order to prevent the described exception from being repeated every year in the UNWTO audit report, the Secretary-General proposes to discuss this matter further with the External Auditors and the Government of Andorra to find a solution to the timing differences in the auditing of the Financial Statements of the Themis Foundation.

9. In view of the favourable opinion reported by the External Auditors, it is proposed to the Executive Council to approve the 2015 UNWTO Financial Statements taking note of the provisional nature of the 2015 Financial Statements of the Themis Foundation. The Executive Council will be informed on the 2015 audited Financial Statements of the Themis Foundation once available.

### **III. Actions to be taken by the Executive Council**

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10. The Executive Council is invited:

(a) To take note of the favourable opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2015 fairly present the financial position of the UNWTO as at 31 December 2015 and the results of the operations for this period, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards with one exception regarding the timing difference in the presentation of audit reports of the Themis Foundation;

(b) To request the Secretary-General to continue discussions with the External Auditors and the Government of Andorra to find a solution to the timing differences in the auditing of the Financial Statements of the Themis Foundation;

(c) To recommend the General Assembly to approve the UNWTO Financial Statements for the

year ended 2015;

(d) To note that in the financial year 2015 the level of budgetary expenditure was maintained within the limit of approved appropriations, resulting in an implementation rate of 97 per cent out of the total budgetary income and to observe that the level of budgetary income received (cash-in) in 2015, including Members' arrears, represents 99.6 per cent of the approved budget income, resulting in a cash surplus which was returned to the Working Capital Fund (WCF) to partially cover the advance made from the WCF in previous years;

(e) To recommend that the Secretary-General continue in 2016 his approaches to Members that owe contributions to the Organization in order to secure their payment;

(f) To approve the adjustments made by the Secretary-General to the 2015 programme staff appropriations and the transfers of appropriations indicated in the document 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);

(g) To take note of the Secretary-General's intention to amend Detailed Financial Rule (DFR) IV.1 to read "...This contribution shall be considered miscellaneous revenue for the current financial period...." and to include a new DFR (DFR IV.6) on the application of collection of contributions to read "The application of collection of contributions is done from the oldest arrear to the most recent one except if otherwise indicated by the Member" as recommended by the External Auditors during the external audit of the 2014 UNWTO Financial Statements; and

(h) To express its gratitude to the Chair of the Programme and Budget Committee (Argentina) and the External Auditor (Spain) for the work carried out.



# **UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2015**



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## Report of the Secretary-General on the Financial Statements of UNWTO for the year ended 31 December 2015

### Introduction

1. In accordance with Financial Regulation (FR) 14.7 I have the honour to submit to the Executive Council (EC) the Financial Statements (FS) of the World Tourism Organization (UNWTO) for the year ended 31 December 2015.
2. The Financial Statements were subjected to external audit in accordance with Annex I to the Financial Regulations. The audit opinion and report of the External Auditors (EA) on the Financial Statements are 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 2015.

### 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)<sup>1</sup>.
5. The present Financial Statements are the second prepared by UNWTO under IPSAS following the approval by the UNWTO General Assembly (GA) at its 17th session of IPSAS as the UNWTO accounting standards (A/RES/519(XVII)). 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. In March 2015, the Secretariat issued the UNWTO financial report and audited Financial Statements (FS) for the year ended 2014 (CE/100/5(b)). These FS were prepared in accordance with the UNWTO Financial Regulations and Rules (FRR) and were the first prepared by UNWTO under IPSAS. In March 2015, these statements received an unqualified (clean) opinion from the External Auditors.
7. In July 2015, the JIU sent a management letter to the UNWTO Secretary-General on the "UNWTO efforts towards IPSAS compliance". The following paragraphs summarizes the content of that letter:

Para. 1: "(...) the Inspector was impressed by the quality, the quantity and the diversity of the preparatory work undertaken and achieved in order to prepare the UNWTO for the implementation of IPSAS..."

Para. 34: "The Inspector is of the opinion that (...) taking into account the limitations imposed on the financial and human resources for the IPSAS project and the limited time span (...) UNWTO secretariat applied the best possible strategy to ensure "unqualified and compliance of FS with IPSAS."

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<sup>1</sup> FR 14.1

8. 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.

(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.

9. 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 (i) 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, (ii) 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.

10. 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 IPSAS 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 prepared on an accrual basis and the Statement of Comparison of Budget and Actual Amounts 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.
  - (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.
11. 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.
  - (h) **Surplus for the period** is the excess of all items of revenue over expense recognized in a period.
12. 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.
13. Under IPSAS, the matching principle of revenue and expense does not apply to 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

14. 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".
15. UNWTO's membership includes 157 countries, 6 Associate Members and over 470 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.
16. The Organization's governance, through the General Assembly and the Executive Council, is defined in the UNWTO Statutes<sup>2</sup>.
17. The current Programme of Work (A/20/5(I)(c))<sup>3</sup> 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.
  - (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

<sup>2</sup> Statutes 9 to 20

<sup>3</sup> Approved by resolution A/RES/619(XX)

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.

18. 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.
19. Funding of UNWTO is mainly through Regular Budget assessments on Members and through voluntary and trust fund contributions in support of the strategic objectives<sup>4</sup>.

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<sup>4</sup> 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 2015**

Euros

	Approved income / Original budget <sup>1</sup>	Final budget <sup>2</sup>	Actual amounts on comparable basis	Differences budget and actual <sup>3</sup>	Budgetary cash balance (cash-in less expenditure)
<b>Budgetary difference</b>	<b>0.00</b>	<b>0.00</b>	<b>421,570.14</b>	<b>-421,570.14</b>	<b>372,645.87</b>
<i>Budgetary income</i>	<i>13,492,000.00</i>	<i>13,492,000.00</i>	<i>13,482,858.09</i>	<i>9,141.91</i>	<i>13,433,933.82</i>
Contributions from Full and Associate Members	12,406,000.00	12,406,000.00	12,347,441.75	58,558.25	10,981,291.00
Other income sources	1,086,000.00	1,086,000.00	1,135,416.34	-49,416.34	901,965.17
Allocation from accumulated surplus - RB	293,000.00	293,000.00	293,000.00	0.00	293,000.00
Allocation from accumulated 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	592,416.34	-49,416.34	358,965.17
Arrear contributions	0.00	0.00	0.00	0.00	1,550,677.65
<i>Budgetary expenditure</i>	<i>13,492,000.00</i>	<i>13,492,000.00</i>	<i>13,061,287.95</i>	<i>430,712.05</i>	<i>13,061,287.95</i>
A Member Relations	2,441,000.00	2,441,000.00	2,252,833.23	188,166.77	2,252,833.23
B Operational	3,854,000.00	3,854,000.01	3,781,462.10	72,537.91	3,781,462.10
C Support, Direct to Members	3,771,000.00	3,935,885.34	3,934,060.88	1,824.46	3,934,060.88
D Support, Indirect to Members	3,426,000.00	3,261,114.65	3,092,931.74	168,182.91	3,092,931.74

<sup>1</sup> In accordance to Programmes structure and appropriations approved originally by A/RES/619(XX) and its modification approved by CE/DEC/10(C) and A/RES/658(XXI) and the Secretary-General proposal of structure modification as presented in this document.

<sup>2</sup> After transfers

<sup>3</sup> Differences between final and actual budgetary income are due to (a) EUR 53,557.25 due to withdrawal of Norway on 9 October 2015, (b) EUR 5,097 deduction applied to Seychelles as per FR 4(c), (c) EUR 96 rounding difference and (d) Affiliate Members budgetary income was prepared based on an estimated number of Members.

20. 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<sup>5</sup>. 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<sup>6</sup>.
21. The Regular Budget is financed from assessed contributions from Members<sup>7</sup> and budgetary allocations. Appropriations are available for budgetary commitments during the financial period to which they relate and for a further twelve months<sup>8</sup>.
22. 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 into the 2014 and 2015 annual budgets which amounted to EUR 13,124,000 and EUR 13,492,000 respectively. The 2015 annual budget was adjusted by transfers<sup>9</sup> of EUR 882,198 as explained in Annex II on Revised appropriations in accordance to programmes structure and appropriations transfers - Regular Budget.
23. In 2015, total budgetary income and total budgetary expenditure amounts to EUR 13,482,858 and EUR 13,061,288 respectively, resulting in an implementation rate of 97% out of the total budgetary income. Therefore, the budgetary result (total budgetary income less total budgetary expenditure) shows a

<sup>5</sup> FR 2, FR 4.4

<sup>6</sup> FR 3, DFR IV.4

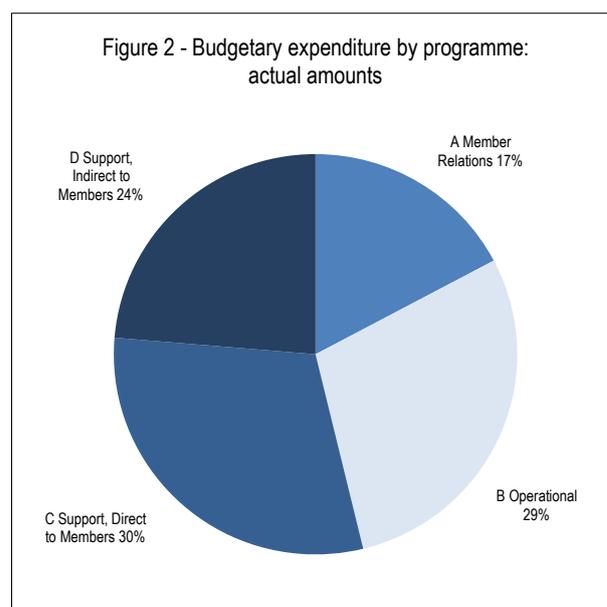
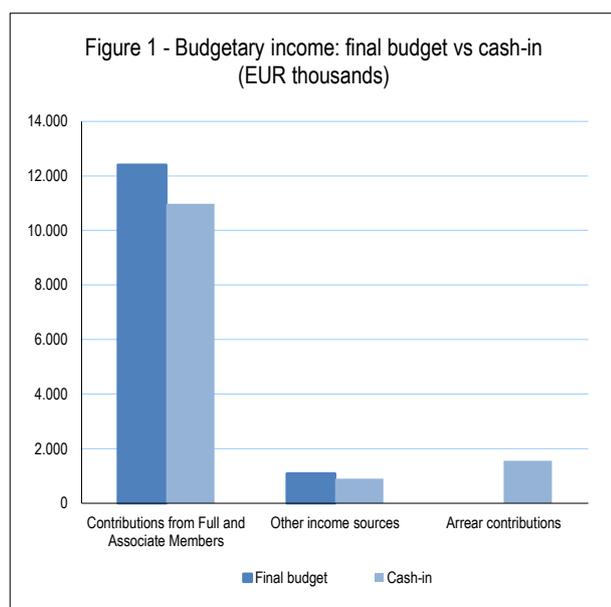
<sup>7</sup> FR 6

<sup>8</sup> FR 5.1(a), FR 5.2 (a)

<sup>9</sup> FR 5.3 (b)

surplus of EUR 421,570. UNWTO reports bi-annually to the Executive Council on the status of the budget implementation<sup>10</sup> of the Regular Budget.

24. The total budgetary income received (cash-in) amounts to EUR 13,433,934, including the Members' arrears received during the year ended 31 December 2015 (EUR 1,550,678), which represents 99.6% of the approved budgetary income.
25. The budgetary cash balance (total budgetary income received (cash-in) less budgetary expenditure) resulted in a cash surplus of EUR 372,646 which was returned to the Working Capital Fund<sup>11</sup> (see Annex III on Working Capital Fund available balance and advance to the Regular Budget).



### 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 2015**

Euros

	31/12/2015
<i>Financial result in the Statement of financial performance</i>	-3,005,511.74
Entity differences	72,607.50
Basis differences	-3,499,689.38
<b>Budgetary result in the Statement of comparison of budget and actual amounts</b>	<b>421,570.14</b>

26. 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.

The General Fund<sup>12</sup> of the Organization is established for the purpose of accounting: (i) financial transactions in relation to the Regular Budget and (ii) other financial transactions not related to

<sup>10</sup> DFR III.4

<sup>11</sup> FR 10.2(b)

the Regular Budget (such as, miscellaneous revenues). The latter transactions (ii) as well as the VCF 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, which are based on expected annual disbursements;
- (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<sup>13</sup> 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 Member Relations (Major Programmes A), Operational (Major Programmes B), Support – Direct to Members (Major Programmes C) and Support – Indirect to Members (Major Programmes D)<sup>14</sup>. The financial impact of the presentation differences is zero.

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<sup>12</sup> FR 10.1, FR 4.4, FR 2

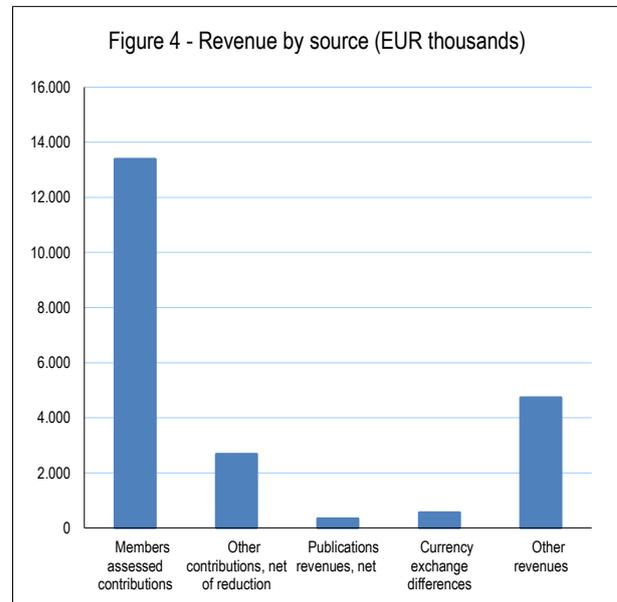
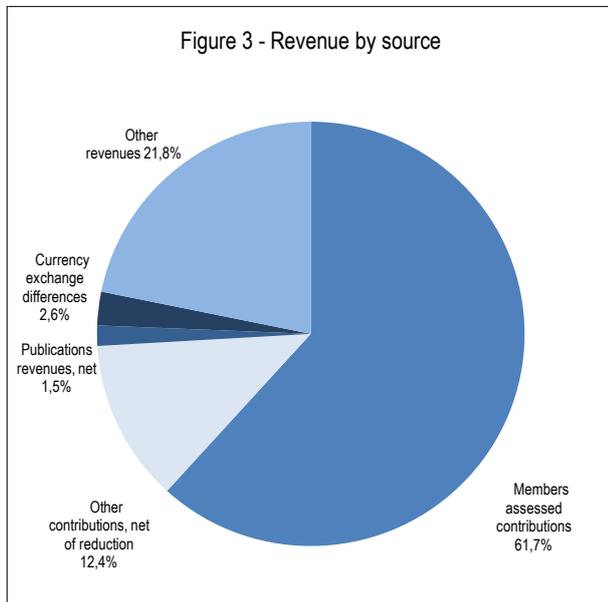
<sup>13</sup> DFR VI 21-23

<sup>14</sup> FR 4.3

## Financial performance

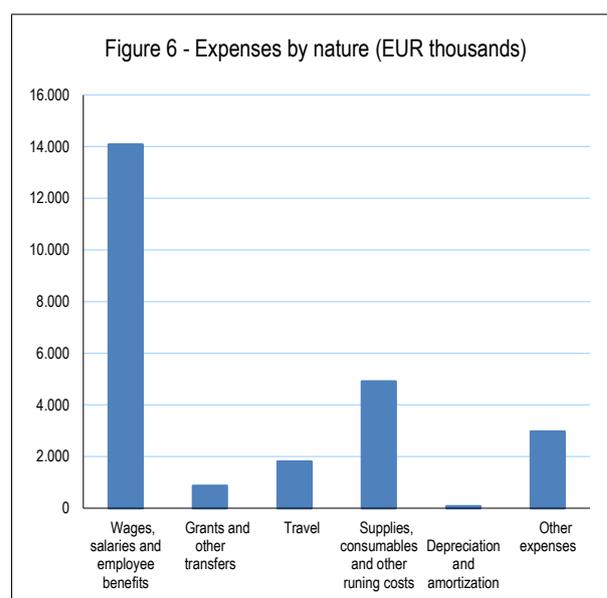
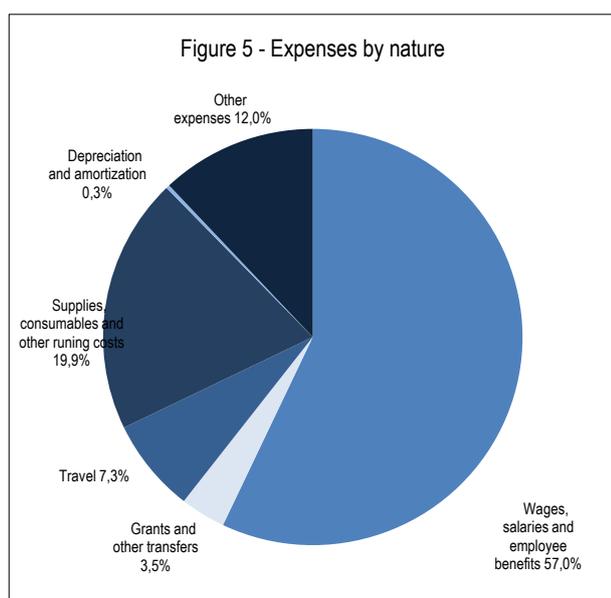
### Revenue analysis

27. Total revenue amounted to EUR 21,684,976. UNWTO's activities are mainly funded by assessed contributions on its Members. Net revenue from Members' assessed contributions represents 62% of the total revenue amounting to EUR 13,387,842.
28. The remaining 38% of the revenue came from other contributions (Voluntary Contributions and Funds In Trust) of EUR 2,678,314 and other revenue amounting to EUR 5,618,820. Among others, other revenue includes publication sales (EUR 335,077) and in-kind contributions (EUR 3,887,976).
29. In-kind donations have been recognized in respect of donated premises and conference facilities (EUR 3,094,612) and donated travel (EUR 793,363).
30. All of the amounts recorded as revenues may not ultimately be received. For this reason, UNWTO recognizes allowances for doubtful accounts.



### Expense analysis

31. Total expense amounted to EUR 24,690,488. Wages, salaries and employee benefits, the main category of expenditure, represent 57% of the total expenses (EUR 14,085,230). Salaries of regular staff amounted to EUR 9,295,592 (66% of wages salaries and employee benefits). A further EUR 3,552,205 (25%) was spent on temporary personnel and consultants to support the delivery of the programmes and projects. The remaining EUR 1,237,433 (9%) relate to accrual of after-service employee benefits for current and retired staff.
32. Supplies, consumables and other running costs amounts to EUR 4,907,531 and represent 20% of total expenses. This category mainly includes supplies and consumables (EUR 657,482), rental expenses, including in-kind rental (EUR 3,123,496), contractual services (EUR 946,012), expendables and publishing expenses.



## Performance segment analysis

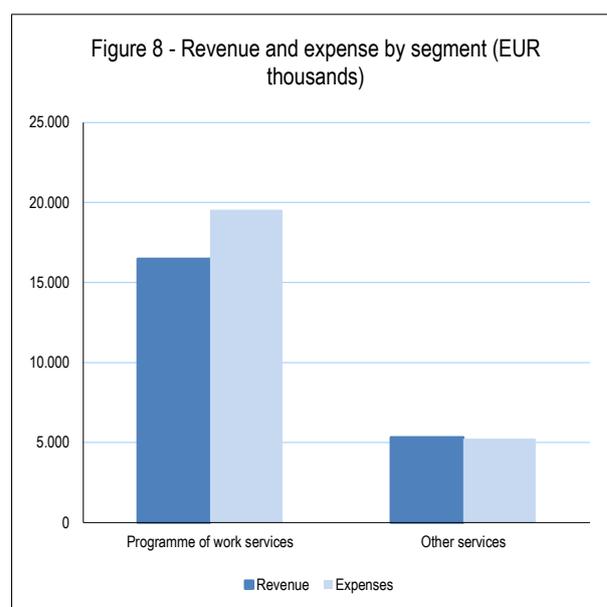
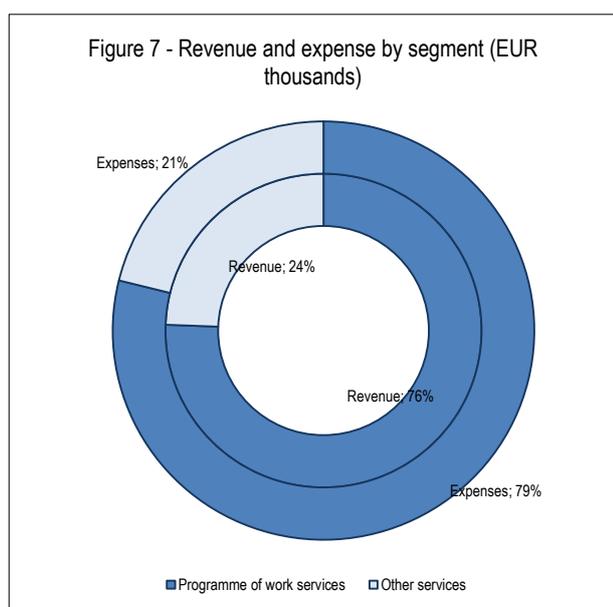
**Table 3 - Summary financial performance by segment for the year ended 31 December 2015**

Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenue	16,469,502.31	5,318,190.74	-102,717.21	21,684,975.84
Expenses	19,550,244.22	5,242,960.57	-102,717.21	24,690,487.58
<b>Surplus/(deficit) for the year</b>	<b>-3,080,741.91</b>	<b>75,230.17</b>	<b>0.00</b>	<b>-3,005,511.74</b>

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

33. The Programme of Work Services segment recorded a deficit of EUR -3,080,742. The deficit is mainly due to the impact of allowances on doubtful accounts (EUR 2,910,477) and of the unbudgeted interest costs and service costs for after-service employee benefits (EUR 952,433).
34. The Other Services segment recorded a surplus of EUR 75,230 reflects IPSAS requirements and UNWTO accounting policies for unconditional 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

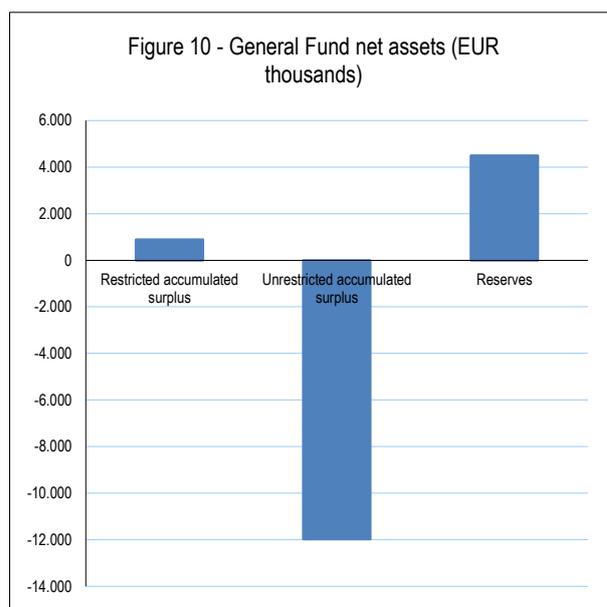
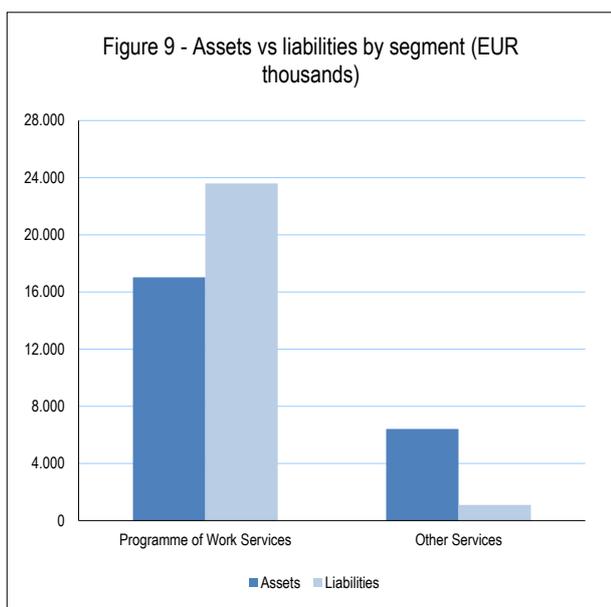
**Table 4 - Summary financial position by segment at 31 December 2015**

Euros

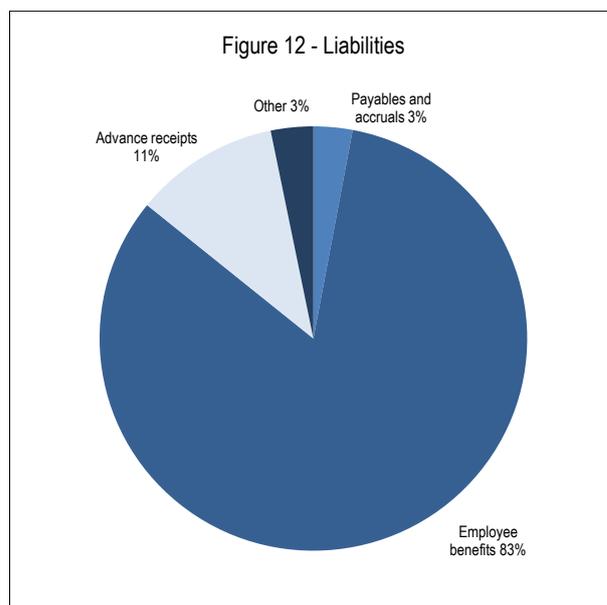
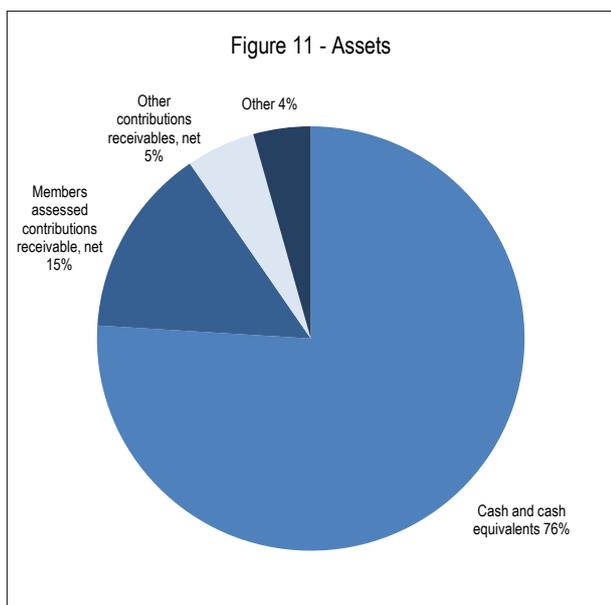
	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Assets	17,014,277.28	6,408,012.87	-2,531,907.55	20,890,382.60
Liabilities	23,604,108.64	1,088,500.55	-2,531,907.55	22,160,701.64
<b>Net Assets/Equity</b>	<b>-6,589,831.36</b>	<b>5,319,512.32</b>	<b>0.00</b>	<b>-1,270,319.04</b>

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

35. The net assets/equity of the Programme of Work Services segment amounts to EUR -6,589,831. 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 4,493,568), (b) the restricted accumulated surplus corresponding to non-RB projects within the GF (EUR 886,156), and (c) an unrestricted accumulated deficit of EUR -11,969,555 mainly explained by the unbudgeted after-service employee benefits liability (EUR -12,839,186) and the publications store unrestricted accumulated surplus (EUR 869,631).
36. Other Services segment net assets/equity amounts to EUR 5,319,512 mainly corresponding to the restricted balances of extra-budgetary projects funded by voluntary contributions and funds in trust.
37. 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.



38. An overall working capital (current assets less current liabilities) of EUR 16,227,513 with 79% of current assets in cash and cash equivalents (EUR 15,871,874) 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.
39. The impact of the after-service employee benefit liabilities results in non-current position (non-current assets less non-current liabilities) of EUR -17,497,832 which will be met from future payments of contributions or reserves.
40. Of the total employee benefits liabilities (current and non-current) of EUR 18,365,782, EUR 107,795 (0.6%) are current employee benefits liabilities. 83% of total liabilities of the Organization are attributable to employee benefits most of which are non-current liabilities.

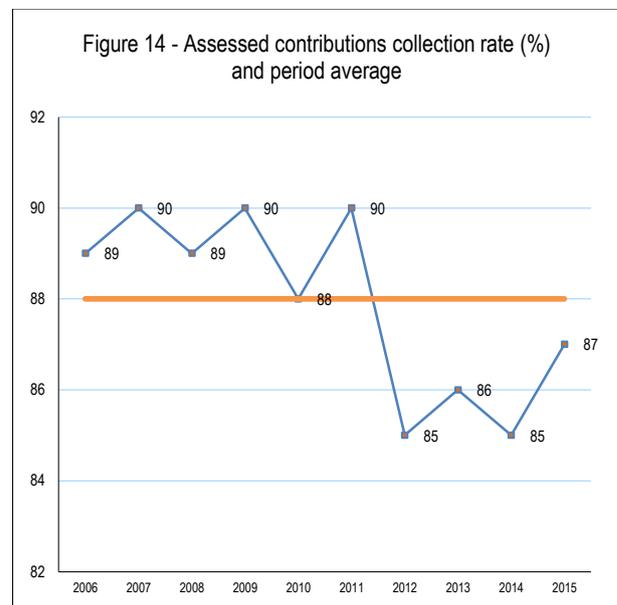
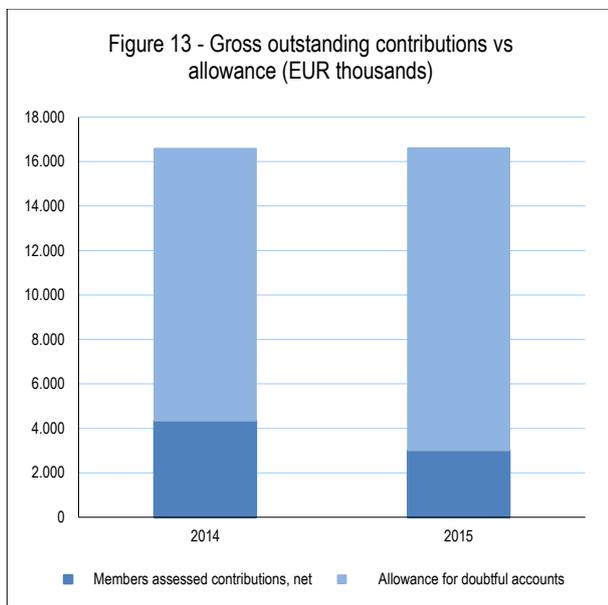


## Working Capital Fund

41. The purpose of the Working Capital Fund (WCF) is to provide the financing of budgetary expenditures pending the receipt of contributions from Members<sup>15</sup>.
42. As at 31 December 2015 the nominal level of the WCF was EUR 2,804,006 while the available balance was EUR 2,270,053. The movements of the WCF during the year 2015 are shown under Annex III on Working Capital Fund available balance and advance to the Regular Budget.

## Assessed contributions

43. Gross outstanding assessed contributions amounted to EUR 16,598,761 and are very similar to the level at 31 December 2014. In accordance with UNWTO accounting policies, an allowance of EUR - 13,579,624 was made against the amount outstanding, bringing the net assessed contributions in the Statement of Financial Position to EUR 3,019,136.71. The gross assessed contributions are due and payable to the Organization in accordance with the Statutes<sup>16</sup> and Financial Regulations<sup>17</sup> of the Organization.
44. Although the collection rate of assessed contributions has deteriorated in recent years there was a two-percentage-point improvement in 2015 to 87% of contributions, which is one percentage point below the average of the last ten years (88%). The General Fund cash balance, and ability of the organization to meet its day-to-day and short-term obligations, is dependent on the timing of the payment of assessed contributions by Members. The list of Members' outstanding assessed contributions as at 31 December 2015 is shown under Annex IV on the Statement of contributions due to the General Fund and the Working Capital Fund
45. At 31 December 2015, 23 Members have payment plans to settle their outstanding contributions for a total of EUR 5,635,522.



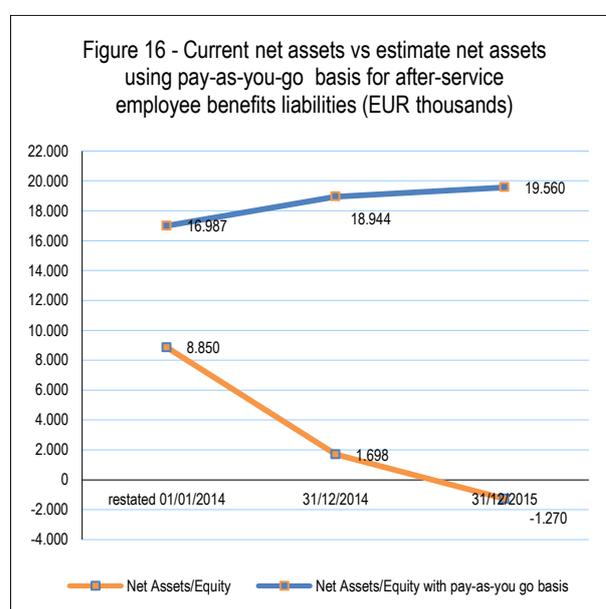
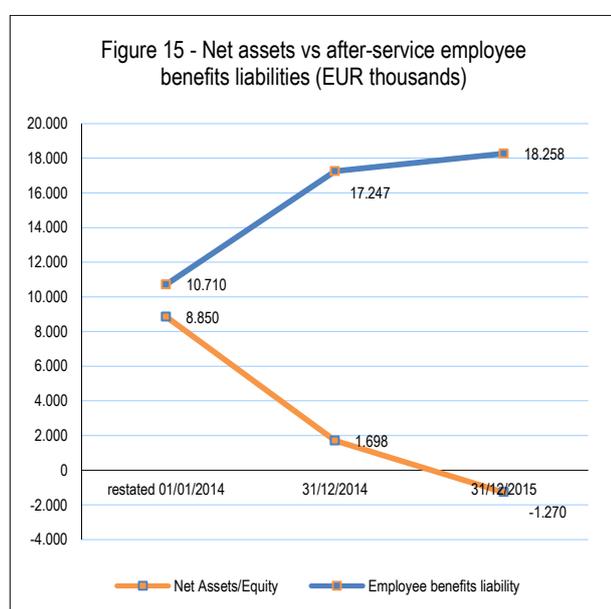
<sup>15</sup> FR10.2(b)

<sup>16</sup> Statutes/Financing Rules Annex, para. 12

<sup>17</sup> FR 7.2

### After-service employee benefits liabilities

46. At UNWTO after-service employee benefits liabilities (non-current employee benefits liabilities) 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.
47. At 31 December 2015, after-service employee benefits liabilities amount to EUR 18.26 million (M) representing an increase of EUR 1.01M resulting from the interest costs and service costs for 2015 net of payments made.
48. The change in net assets from EUR 1,698,211 in 2014 to a negative EUR -1,270,319 in 2015 includes the impact of unbudgeted after-service employee benefits liabilities. The correlation between net assets and after-service employee benefits liabilities and the impact of the after-service employee benefits liabilities on the net assets are shown in the figures of below:



### Funding of the liabilities

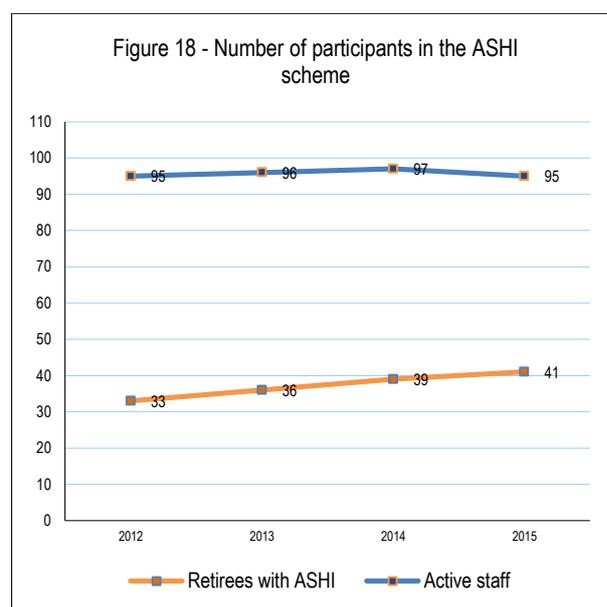
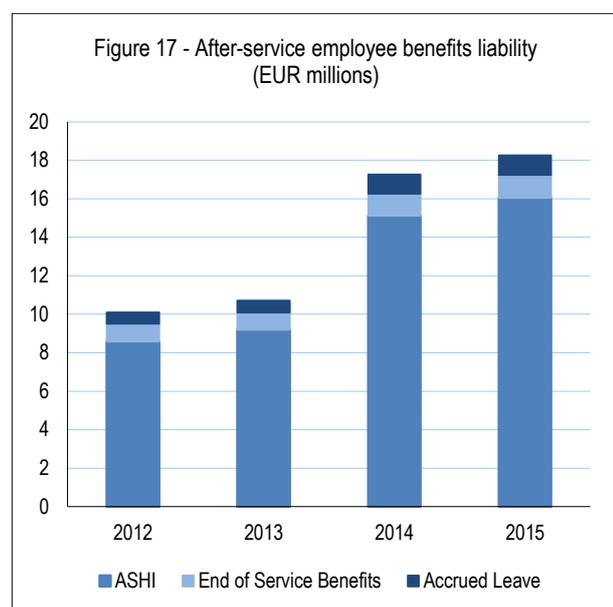
49. While IPSAS requires the recognition of after-service employee benefit liabilities on an accrual basis in an organization's Financial Statements, the question of the funding of such liabilities is a matter for the individual organization to decide upon. There is no obligation on an organization reporting 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.
50. The subject of the definition, funding and management of employee benefit liabilities and in particular ASHI within the United Nations system is being analysed by the ASHI Working Group of the UN Finance and Budget Network (UNFBN) under the auspices of the Chief Executives Board (CEB) with a view to identify actions to be taken developing common approaches by United Nations system organizations.
51. UNWTO is therefore closely following 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<sup>18</sup>. Pending the development of proposals for the funding of after-service employee benefit liabilities, UNWTO will continue meet the liabilities from assessed contributions revenues on a pay-as-you-go basis.

52. UNWTO has made annual budgetary appropriations<sup>19</sup> (provisions for after-service employee benefits) since 2010 for the payment of current after-service employee liabilities and has set aside additional allocations from surplus<sup>20</sup>. Of the total employee liabilities (EUR 18.26M) an amount of EUR 1.65M has been earmarked for this purpose. However, taking into account the overall unrestricted net assets of the Regular Budget, a further EUR 5.46M is available to cover after-service employee benefits liabilities, leaving a funding a gap of EUR 12.8 M as at 31 December 2015.

#### After-Service Health Insurance (ASHI)

53. 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.
54. The total ASHI liability as at 31 December 2015 based on the 2014 actuarial study and movements in 2015 amounted to EUR 16.0 M, an increase of 6% over the 2014 level.
55. 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 22% since 2012.



<sup>18</sup> CE/DEC/9(XCVIII).9

<sup>19</sup> EUR 600,000 for the biennia 2010-2011, 2012-2013 and 2014-2015

<sup>20</sup> 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)

## Financial risk management

56. UNWTO financial risk management policies are set out in the UNWTO Detailed Financial Rules<sup>22</sup> of the Organization.
57. 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

58. 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).
59. 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 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.
60. At 31 December 2015, 69% of cash and cash equivalents were denominated in EUR currency.

### Interest risk

61. 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

62. 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.
63. 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

64. 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.
65. Investments are made with due consideration to the Organization's cash requirements for operating purposes.

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<sup>22</sup> DFR Annex V

## Financial transparency and accountability

66. As a significant improvement in financial reporting, UNWTO has prepared the 2015 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.
67. 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.
68. During 2015, UNWTO carried out a number of measures 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.
  - (c) Continued the enhancement of Athena (Athena II plan) to develop modules on: (i) purchase management, and (ii) accounts payable. It is forecast that these modules will go live in 2017. Enhanced IT systems reduce manual intervention and increase the efficiency of the organizations processes, extending well beyond accounting and finance matters and affecting all operations.
  - (d) Publication of the second edition of the UNWTO IPSAS Policy Guidance Manual to provide guidance on the policies and accounting practices established by UNWTO in the application of IPSAS.
  - (e) Implementation of the procurement function to centralize procurement contracts for the purchase of services, goods and/or works with a value of more than EUR 2,500 (VAT inclusive) per year as per the first edition of the UNWTO Procurement Manual.
  - (f) Proposed voluntary contributions projects are evaluated by a Review Panel and the corresponding draft agreements are reviewed from the legal and financial perspective to improve the quality and consistency of project agreements and reduce risk.
69. UNWTO's framework of external review includes the External Auditors and the UN Joint Inspection Unit (JIU).
70. 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 2015

71. 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.
72. The statement on going concern is based on (i) the approved budget for 2016<sup>23</sup> and (ii) continued Member and donor support through the payment of assessed contributions and voluntary contributions.
73. 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 2015 and position of UNWTO at 31 December 2015.

Statement I – Statement of Financial Position at 31 December 2015

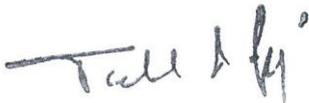
Statement II – Statement of Financial Performance for the year ended 31 December 2015

Statement III – Statement of Changes in Net Assets/Equity for the year ended 31 December 2015

Statement IV – Cash Flow Statement for the year ended 31 December 2015

Statement V – Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2015 – Regular Budget

Signed



Taleb Rifai

Secretary-General



José García-Blanch

Director of Administration

Madrid, 23 February 2016

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<sup>23</sup> A/RES/619(XX)



## Opinion of the External Auditors<sup>24</sup>

[Official Logotype]  
MINISTRY OF THE TREASURY  
AND PUBLIC  
ADMINISTRATIONS

GOVERNMENT COMPTROLLER'S OFFICE  
NATIONAL AUDIT OFFICE  
ORGANIZATIONAL DIVISION,  
COORDINATION AND SUPERVISION

AUDIT REPORT ON THE ANNUAL ACCOUNTS  
OF THE  
WORLD TOURISM ORGANIZATION  
FINANCIAL YEAR 2015  
ISSUED BY THE GOVERNMENT COMPTROLLER'S  
OFFICE

MARÍA DE MOLINA, 50 28006 MADRID  
TEL.: 91 536 70 10  
Fax: 91 536 70 98

<sup>24</sup> The Opinion of the External Auditors has been translated from Spanish into English and electronically signed in its original language [VIÑAYO FERNANDEZ SOFIA - 2016-03-31 10:18:32 CET VEGA GARCIA MARIA MERCEDES - 2016-03-31 10:27:21 CET, National Auditor Division Chief Min. of the Treasury and Public Adm. The authenticity of this document can be verified using the electronic code: M4INY94M8PLRXDR8 on <http://www.pap.minhap.gob.>]

## I. INTRODUCTION

The General Assembly of the World Tourism Organization (hereinafter, UNWTO), at its twenty-first session, decided to appoint Spain as external auditor for the period 2016-2017 (resolution A/RES/661(XXI)). The UNWTO requested through the Ministry of Foreign Affairs and Cooperation the appointment of external auditors for the said period. In response to that request the Government Comptroller's Office agreed to take charge of the audit of the period 2016-2017 and proceeded to appoint two auditors from the National Audit Office to conduct the audit of the annual accounts UNWTO corresponding to the financial year 2015.

Pursuant to this, the Government Comptroller's Office, through the National Audit Office, has audited the financial statements of 2015 which comprise the statement of financial position at 31 December 2015, the statement of financial performance, the statement of changes in equity, the cash flow statement and statement of comparison of budgeted amounts and actual amounts, as well as the notes to the financial statements for the year ended on that date.

The Secretary-General is responsible for the preparation of the annual accounts, according to Article 23(2) of the Statutes of the UNWTO and article 14.1 of the Financial Regulations, which are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Detailed Financial Rules of the UNWTO. This applicable framework for financial reporting is referred to in paragraph 4 of the Report of the Secretary-General on the Financial Statements accompanying such statements, and in paragraph 80 of Note 2 to the financial statements. He is also responsible for the internal control he considers necessary to enable the preparation of such financial statements free of material misstatements.

The annual accounts referred to in this report were formulated by the Secretary-General on February 29 together with the Report of the Secretary-General on the Financial Statements.

## II. PURPOSE AND SCOPE OF WORK: AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the attached financial accounts provide a true image, based on the work performed in accordance with Public Sector Auditing Standards approved by the Resolution of the Government Comptroller's Office of 1 September 1998, as well as the various technical auditing standards approved by resolutions of the Government Comptroller's Office elaborating on the aforementioned standards. Additionally, in matters not covered in the aforementioned standards, and insofar as they are not in contradiction with them, also applicable are the auditing standards published by the Institute of Accounting and Auditing and international auditing standards. The aforementioned standards require that we plan and perform the audit with the aim of obtaining reasonable, though not absolute, assurance that the financial statements are free of material misstatements.

An audit involves performing procedures to obtain appropriate and sufficient evidence about the amounts and the information contained in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements in the annual accounts. In making such risk assessments, the auditor takes into consideration the internal control relevant to the preparation and fair presentation on the part of the manager of the annual accounts in order to design the appropriate audit procedures depending on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control of the entity.

An audit also includes evaluating the appropriateness of accounting criteria and the reasonableness of accounting estimates made by the manager, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for us to issue a favourable audit opinion with exceptions.

## II. FINDINGS OF THE WORK: BASIS OF THE FAVOURABLE OPINION WITH EXCEPTIONS

As detailed in section 2.2 of Note 2 and in Note 6 to the financial statements, the Themis Foundation is a joint venture of the UNWTO and the Government of Andorra domiciled in the Principality of Andorra, which UNWTO recognizes in its

balance sheet as an asset using the equity method. The UNWTO's interest in this foundation is reflected in the balance sheet under "Investments" amounting to €244,453.85. The UNWTO has provided us with the financial statements of the Themis Foundation for the year 2015 approved by the trustees, although these financial statements have not been audited as of the date of issuance of this report. Therefore, the audited 2015 financial statements are unavailable. Considering this fact, it has not been possible for us to apply the planned audit procedures or other alternatives due to legal and management reasons in order to obtain appropriate and sufficient evidence of the valuation of the interest of the UNWTO in the Themis Foundation as stated and described in the audited annual statements. This constitutes a limitation of scope of our work.

### III. OPINION

In our opinion, except for the effects of the exception described in the section "Findings of the Work: Basis of the Favourable Opinion with Exceptions", the accompanying annual accounts present, in all material respects, a true and fair view of the assets and financial situation of the World Tourism Organization as at 31 December 2015, and of its results, its cash flows and changes in equity for the year then ended, in accordance with the applicable regulatory framework for financial reporting, and in particular, with the accounting and budgetary principles and criteria contained therein.

### IV. MATTERS NOT AFFECTING THE OPINION

#### IV.1 Other matters paragraph

The external auditors have produced, in addition to this report, an additional report in which more detailed information is provided on the exception described in section "Findings of the Work: Basis of the Favourable Opinion with Exceptions", as well as on other matters brought to light in the audit of the financial statements of the UNWTO, which do not affect our opinion on them.

Madrid, 29 March 2016

Electronically signed by Mercedes Vega García and Sofía Viñayo Fernández, auditors of the National Audit Office of the Government Comptroller's Office.



## Financial Statements

### I. Statement of Financial Position at 31 December 2015

#### Statement of financial position at 31 December 2015

Euros

	Note	31/12/2015	31/12/2014
<b>Assets</b>		<b>20,890,382.60</b>	<b>22,448,632.86</b>
<i>Current assets</i>		<i>20,110,886.64</i>	<i>19,616,470.52</i>
Cash and cash equivalents	5	15,871,873.95	14,730,414.89
Inventories	7	54,452.65	69,770.00
Members assessed contributions receivable, net	8	2,970,744.71	3,110,725.61
Other contributions receivables, net	8	941,473.32	1,383,122.27
Other receivables, net	9	209,299.37	235,596.96
Other current assets	10	63,042.64	86,840.79
<i>Non-current assets</i>		<i>779,495.96</i>	<i>2,832,162.34</i>
Investments	6	244,453.85	204,540.43
Members assessed contributions receivable, net	8	48,392.00	2,099,054.97
Other contributions receivable, net	8	151,400.00	246,000.00
Property, plant and equipment	11	177,594.81	204,328.50
Intangible assets, net	12	153,917.64	75,069.90
Other non-current assets	10	3,737.66	3,168.54
<b>Liabilities and Net Assets/Equity</b>		<b>20,890,382.60</b>	<b>22,448,632.86</b>
<b>Liabilities</b>		<b>22,160,701.64</b>	<b>20,750,422.12</b>
<i>Current liabilities</i>		<i>3,883,373.93</i>	<i>3,476,120.59</i>
Payables and accruals	13	652,373.25	684,030.00
Transfers payable	14	478,301.47	415,702.83
Employee benefits	15	107,794.79	144,605.78
Advance receipts	16	2,418,800.33	2,027,349.27
Provisions	17	73,607.42	45,516.91
Other current liabilities	18	152,496.67	158,915.80
<i>Non-current liabilities</i>		<i>18,277,327.71</i>	<i>17,274,301.53</i>
Employee benefits	15	18,257,986.80	17,246,581.96
Advance receipts	16	12,858.29	1,600.00
Other non-current liabilities	18	6,482.62	26,119.57
<b>Net Assets/Equity</b>	19	<b>-1,270,319.04</b>	<b>1,698,210.74</b>
Accumulated surplus/(deficit)		-5,763,886.78	-2,899,729.23
Reserves		4,493,567.74	4,597,939.97

The accompanying notes form an integral part of these financial statements

## II. Statement of Financial Performance for the year ended 31 December 2015

### Statement of financial performance for the year ended 31 December 2015

Euros

	Note	31/12/2015	31/12/2014
<b>Revenues</b>	20	<b>21,684,975.84</b>	<b>18,323,649.08</b>
Members assessed contributions		13,387,841.75	12,928,222.00
Other contributions (VC and FIT), net of reduction		2,678,314.31	2,023,349.16
Publications revenue, net of discounts and returns		335,077.21	345,174.69
Currency exchange differences		555,055.20	522,676.14
Other revenues		4,728,687.37	2,504,227.09
<b>Expenses</b>	21	<b>24,690,487.58</b>	<b>20,306,890.20</b>
Wages, salaries and employee benefits		14,085,230.11	13,801,400.82
Grants and other transfers		862,883.82	1,083,439.60
Travel		1,800,359.62	1,737,462.71
Supplies, consumables and running costs		4,907,531.24	2,626,331.58
Depreciation, amortization and impairment		69,030.52	105,143.70
Other expenses		2,965,452.27	953,111.79
<b>Deficit for the year</b>		<b>-3,005,511.74</b>	<b>-1,983,241.12</b>
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 2015

#### Statement of changes in net assets/equity

for the year ended 31 December 2015

Euros

	Note	Restricted Accumulated Surplus	Unrestricted accumulated surplus	Total accumulated surplus	Surplus	Working capital fund	Replacement reserve	Special reserve for contingency	Total net assets
<b>Net assets, 31/12/2015</b>		<b>6,735,068.85</b>	<b>-9,634,798.08</b>	<b>-2,899,729.23</b>		<b>2,814,015.92</b>	<b>1,298,504.09</b>	<b>485,419.96</b>	<b>1,698,210.74</b>
Prior years' adjustments		44,221.35	0.00	44,221.35					44,221.35
<i>Restated balance, 01/01/2015</i>		<i>6,779,290.20</i>	<i>-9,634,798.08</i>	<i>-2,855,507.88</i>		<i>2,814,015.92</i>	<i>1,298,504.09</i>	<i>485,419.96</i>	<i>1,742,432.09</i>
Directly recognized revenues and expenses									0.00
Net change WCF				0.00		-10,009.50			-10,009.50
Net change in reserves			194,362.73	194,362.73			-194,362.73	0.00	0.00
Other adjustments		-62,712.23	65,482.34	2,770.11					2,770.11
<i>Net rev/exp recognized directly in net assets</i>		<i>-62,712.23</i>	<i>259,845.07</i>	<i>197,132.84</i>	<i>0.00</i>	<i>-10,009.50</i>	<i>-194,362.73</i>	<i>0.00</i>	<i>-7,239.39</i>
Result for the period				0.00	-3,005,511.74				-3,005,511.74
Direct transfers from result		32,090.45	-3,137,602.19	-3,105,511.74	3,005,511.74	0.00	100,000.00	0.00	0.00
Other adjustments in accumulated surplus		-543,000.00	543,000.00	0.00					0.00
<i>Total recognized surplus for the period</i>		<i>-510,909.55</i>	<i>-2,594,602.19</i>	<i>-3,105,511.74</i>	<i>0.00</i>	<i>0.00</i>	<i>100,000.00</i>	<i>0.00</i>	<i>-3,005,511.74</i>
<b>Net assets, 31/12/2015</b>	<b>19</b>	<b>6,205,668.42</b>	<b>-11,969,555.20</b>	<b>-5,763,886.78</b>	<b>0.00</b>	<b>2,804,006.42</b>	<b>1,204,141.36</b>	<b>485,419.96</b>	<b>-1,270,319.04</b>

The accompanying notes form an integral part of these financial statements

## IV. Cash Flow Statement for the year ended 31 December 2015

### Cash flow statement

for the year ended 31 December 2015

Euros

	Note	31/12/2015	31/12/2014
<b>Deficit for the period</b>		<b>-3,005,511.74</b>	<b>-1,983,241.12</b>
<i>Cash flows from operating activities</i>		4,270,865.82	1,297,993.26
Depreciation, amortization and impairment, net of impairment recovery	11	68,849.51	52,487.62
(Increase) decrease in inventories	7	15,317.35	60,102.65
(Increase) decrease in contribution receivables, net	8	2,726,892.82	-1,779,170.93
(Increase) decrease in other receivables, net	9	26,297.59	-43,483.84
(Increase) decrease in other assets	10	23,229.03	47,723.37
Increase (decrease) in payables and accruals	13, 14, 16	433,651.24	1,377,275.24
Increase (decrease) in employee benefits payable	15	974,593.85	6,601,458.33
Actuarial valuation	15	0.00	-5,168,961.00
Increase (decrease) in provisions	17	28,090.51	27,351.65
Increase (decrease) in other liabilities	18	-26,056.08	124,073.77
Finance lease adjustment initial balance		0.00	-863.60
<i>Cash flows from investing activities</i>		-113,885.52	-220,658.31
(Purchases of property, plant and equipment)	11	-40,053.62	-119,778.72
(Purchases of intangible assets)	12	-80,909.94	-75,069.90
Loss (gain) on sale of property, plant and equipment		0.00	-270.00
Proceeds from sale of property, plant and equipment		0.00	270.00
Change on investments	6	-39,913.42	-25,809.69
Prior year adjustments	19	44,232.45	0.00
Direct adjustments in accumulated surplus	19	2,759.01	0.00
<i>Cash flows from financing activities</i>		-10,009.50	0.00
Increase (decrease) in working capital fund	19	-10,009.50	0.00
Net increase (decrease) in cash and cash equivalents		1,141,459.06	-905,906.17
Cash and cash equivalents, beginning of the year	5	14,730,414.89	15,636,321.06
<b>Cash and cash equivalents, end of the year</b>	<b>5</b>	<b>15,871,873.95</b>	<b>14,730,414.89</b>
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 2015 – Regular Budget

### Statement of comparison of budget and actual amounts - Regular Budget

for the year ended 31 December 2015

Euros

	Note	Approved income / Original budget <sup>1</sup>	Final budget <sup>2</sup>	Actual amounts on comparable basis	Differences budget and actual <sup>3</sup>
<b>Budgetary difference</b>		<b>0.00</b>	<b>0.00</b>	<b>421,570.14</b>	<b>-421,570.14</b>
<i>Budgetary income</i>		<i>13,492,000.00</i>	<i>13,492,000.00</i>	<i>13,482,858.09</i>	<i>9,141.91</i>
Contributions from Full and Associate Members		12,406,000.00	12,406,000.00	12,347,441.75	58,558.25
Other income sources		1,086,000.00	1,086,000.00	1,135,416.34	-49,416.34
Allocation from accumulated surplus - RB		293,000.00	293,000.00	293,000.00	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	592,416.34	-49,416.34
<i>Budgetary expenditure</i>		<i>13,492,000.00</i>	<i>13,492,000.00</i>	<i>13,061,287.95</i>	<i>430,712.05</i>
A Member Relations		2,441,000.00	2,441,000.00	2,252,833.23	188,166.77
A01 Regional Programme, Africa		493,000.00	493,000.00	340,602.92	152,397.08
A02 Regional Programme, Americas		493,000.00	507,812.30	507,812.30	0.00
A03 Regional Programme, Asia and the Pacific		493,000.00	518,658.71	518,658.71	0.00
A04 Regional Programme, Europe		312,000.00	415,637.69	415,637.69	0.00
A05 Regional Programme, Middle East		312,000.00	312,000.00	305,868.16	6,131.84
A06 Affiliate Members (Knowledge Network)		338,000.00	193,891.30	164,253.45	29,637.85
B Operational		3,854,000.00	3,854,000.01	3,781,462.10	72,537.91
B01 Sustainable Development of Tourism		597,000.00	546,779.18	538,451.00	8,328.18
B02 Technical Cooperation		441,000.00	574,923.74	574,923.74	0.00
B03 Statistics and Tourism Satellite Account		555,000.00	529,834.98	529,834.98	0.00
B04 Tourism Market Trends		564,000.00	430,076.26	396,900.07	33,176.19
B05 Destination Management and Quality		334,000.00	334,000.00	305,178.50	28,821.50
B06 Ethics and Social Responsibility		226,000.00	276,220.82	276,220.82	0.00
B07 Themis		155,000.00	109,557.37	109,557.37	0.00
B08 Institutional Relations and Resource Mobilization		480,000.00	438,080.61	438,080.60	0.01
B09 Fairs and Special Field Projects		369,000.00	350,552.33	348,340.30	2,212.03
B10 UNWTO Liaison Offices		133,000.00	263,974.72	263,974.72	0.00
C Support, Direct to Members		3,771,000.00	3,935,885.34	3,934,060.88	1,824.46
C01 Conferences Services		882,000.00	930,393.35	930,393.35	0.00
C02 Management		2,364,000.00	2,528,885.34	2,531,775.37	-2,890.03
C03 Communications and Publications		525,000.00	476,606.65	471,892.16	4,714.49
D Support, Indirect to Members		3,426,000.00	3,261,114.65	3,092,931.74	168,182.91
D01 Budget and Finance		1,004,000.00	829,775.98	685,574.95	144,201.03
D02 Human Resources		725,000.00	527,697.73	518,555.00	9,142.73
D03 Information and Communication Technologies		704,000.00	713,338.67	713,499.52	-160.85
D04 General Services		693,000.00	890,302.27	890,302.27	0.00
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

<sup>1</sup> In accordance to Programmes structure and appropriations approved originally by A/RES/619(XX) and its modification approved by CE/DEC/10(C) and A/RES/658(XI) and the Secretary-General proposal of structure modification as presented in this document.

<sup>2</sup> After transfers

<sup>3</sup> Differences between final and actual budgetary income are due to (a) EUR 53,557.25 due to withdrawal of Norway on 9 October 2015, (b) EUR 5,097 deduction applied to Seychelles as per FR 4(c), (c) EUR 96 rounding difference and (d) Affiliate Members budgetary income was prepared based on an estimated number of Members.

## VI. Notes to the Financial Statements

### Note 1 – Reporting organization

75. 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 replaced 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.
76. 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.
77. 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.
78. The Headquarters of the Organization is in Madrid, Spain. It also maintains an office in Japan (Regional Support Office for Asia and the Pacific).
79. UNWTO is not a controlled organization as defined under IPSAS 7.

### Note 2 – Significant accounting policies

#### 2.1. Basis of preparation

80. 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).
81. The Financial Statements cover the period from 1 January to 31 December 2015 and are presented rounded off to two decimal places.
82. The Cash Flow Statement is prepared using the indirect method.
83. The functional and reporting currency of UNWTO is the euro<sup>25</sup> (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.
84. The accounting policies set out below are unchanged from those applied in the previous period and have been applied consistently in the preparation and presentation of these Financial Statements.

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<sup>25</sup> UNWTO FR 14.4

## 2.2. Jointly controlled entity

85. 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.
86. UNWTO uses the equity method to recognize its interest in the Themis Foundation.

## 2.3. Cash and cash equivalents

87. 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.
88. Revenues earned on cash and cash equivalent holdings are recognized in the period in which they accrue.
89. 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

90. 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.
91. UNWTO financial assets are largely short-term deposit instruments and receivables. These assets require 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.
92. 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

93. 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.
94. 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.

95. 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.
96. 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.
97. Publication inventories are reviewed at the end of each financial year and titles seven years old or older are written off.
98. 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**

99. 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.
100. 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.
101. 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.
102. Pre-payments of less than EUR 5,000 are expensed in the year of purchase.

## **2.7. Property, plant and equipment**

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

### **Additions**

104. 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**

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

### **Subsequent costs**

106. 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, the cost of the item can be measured reliably exceeding the cost threshold applicable to the class of assets (except for leased premises), and the relevant PPE must have a remaining estimated useful life of more than one

year. Subsequent expenditures on leased premises are capitalized if the cost exceeds EUR 50,000 and comply with some conditions,

### Depreciation

107. 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

108. 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.

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

### Heritage assets

110. 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

111. 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

112. Amortization of 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

113. 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.
114. 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.
115. Lease payments made under a finance lease are apportioned between payment of finance charges and reduction of the balance of the liability.
116. 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

117. 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.
118. Expenditure incurred under an operating lease is charged on a straight-line basis over the life of the lease.

## 2.10. Employee benefits

119. 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**

120. 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.
121. 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.
122. Provision for refunds to donors is based on past experience of refunds.
123. 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.
124. 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

125. 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.
126. 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

127. 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.
128. 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.
129. 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.
130. 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.
131. Revenue from in-kind contributions is matched by a corresponding expense in the Financial Statements except for PPE which is capitalized.

### Exchange revenue

132. 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. Revenues from exchange transactions mainly arise from the sale of publications.

## 2.13. Expense recognition

133. 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

134. UNWTO prepares the Regular Budget on a modified accrual basis, which is the same basis as prior to IPSAS adoption.
135. 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 (modified accrual basis and accrual basis respectively), a disclosure note provides reconciliation between the Statement of Comparison of Budget and the Statement of Financial Performance.

### Note 3 – Accounting estimates

136. 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 have been made to the estimates of the allowances for doubtful debts as set out under Notes on Contributions receivable. Changes in estimates are reflected in the period in which they are applied.

### Note 4 – Segment reporting

137. 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 VCF and FIT represent the unspent portion of contributions that are intended for utilization for future operations.
138. 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 (i) the main operations of the Organization for which programme appropriations for the financial period are voted by the General Assembly and, (ii) 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 2015**

Euros

	<b>Programme of work services</b>	<b>Other services</b>	<b>Inter-segment elimination*</b>	<b>Total UNWTO</b>
<b>Assets</b>	<b>17,014,277.28</b>	<b>6,408,012.87</b>	<b>-2,531,907.55</b>	<b>20,890,382.60</b>
<i>Current assets</i>	<i>16,386,181.32</i>	<i>6,256,612.87</i>	<i>-2,531,907.55</i>	<i>20,110,886.64</i>
Cash and cash equivalents	10,768,903.24	5,102,970.71	0.00	15,871,873.95
Inventories	54,452.65	0.00	0.00	54,452.65
Members assessed contributions receivable, net	2,970,744.71	0.00	0.00	2,970,744.71
Other contributions receivables, net	0.00	941,473.32	0.00	941,473.32
Other receivables, net	209,291.03	8.34	0.00	209,299.37
Other current assets	2,382,789.69	212,160.50	-2,531,907.55	63,042.64
<i>Non-current assets</i>	<i>628,095.96</i>	<i>151,400.00</i>	<i>0.00</i>	<i>779,495.96</i>
Investments	244,453.85	0.00	0.00	244,453.85
Members assessed contributions receivable, net	48,392.00	0.00	0.00	48,392.00
Other contributions receivable, net	0.00	151,400.00	0.00	151,400.00
Property, plant and equipment	177,594.81	0.00	0.00	177,594.81
Intangible assets, net	153,917.64	0.00	0.00	153,917.64
Other non-current assets	3,737.66	0.00	0.00	3,737.66
<b>Liabilities and Net Assets/Equity</b>	<b>17,014,277.28</b>	<b>6,408,012.87</b>	<b>-2,531,907.55</b>	<b>20,890,382.60</b>
<b>Liabilities</b>	<b>23,604,108.64</b>	<b>1,088,500.55</b>	<b>-2,531,907.55</b>	<b>22,160,701.64</b>
<i>Current liabilities</i>	<i>5,326,780.93</i>	<i>1,088,500.55</i>	<i>-2,531,907.55</i>	<i>3,883,373.93</i>
Payables and accruals	503,536.67	148,836.58	0.00	652,373.25
Transfers payable	21,850.00	456,451.47	0.00	478,301.47
Employee benefits	107,794.79	0.00	0.00	107,794.79
Advance receipts	2,418,800.33	0.00	0.00	2,418,800.33
Provisions	26,205.01	47,402.41	0.00	73,607.42
Other current liabilities	2,248,594.13	435,810.09	-2,531,907.55	152,496.67
<i>Non-current liabilities</i>	<i>18,277,327.71</i>	<i>0.00</i>	<i>0.00</i>	<i>18,277,327.71</i>
Employee benefits	18,257,986.80	0.00	0.00	18,257,986.80
Advance receipts	12,858.29	0.00	0.00	12,858.29
Other non-current liabilities	6,482.62	0.00	0.00	6,482.62
<b>Net Assets/Equity</b>	<b>-6,589,831.36</b>	<b>5,319,512.32</b>	<b>0.00</b>	<b>-1,270,319.04</b>
Accumulated surplus/(deficit)	-11,083,399.10	5,319,512.32	0.00	-5,763,886.78
Reserves	4,493,567.74	0.00	0.00	4,493,567.74

\*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 2015**

Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
<b>Revenues</b>	<b>16,469,502.31</b>	<b>5,318,190.74</b>	<b>-102,717.21</b>	<b>21,684,975.84</b>
Members assessed contributions	13,387,841.75	0.00	0.00	13,387,841.75
Other contributions (VC and FIT), net of reduction	465,006.13	2,213,308.18	0.00	2,678,314.31
Publications revenue, net of discounts and returns	335,077.21	0.00	0.00	335,077.21
Currency exchange differences	9,431.34	545,623.86	0.00	555,055.20
Other revenues	2,272,145.88	2,559,258.70	-102,717.21	4,728,687.37
<b>Expenses</b>	<b>19,550,244.22</b>	<b>5,242,960.57</b>	<b>-102,717.21</b>	<b>24,690,487.58</b>
Wages, salaries and employee benefits	12,351,855.23	1,733,374.88	0.00	14,085,230.11
Grants and other transfers	368,309.77	494,574.05	0.00	862,883.82
Travel	1,517,849.28	282,510.34	0.00	1,800,359.62
Supplies, consumables and running costs	2,234,664.37	2,672,866.87	0.00	4,907,531.24
Depreciation, amortization and impairment	69,030.52	0.00	0.00	69,030.52
Other expenses	3,008,535.05	59,634.43	-102,717.21	2,965,452.27
<b>Deficit for the year</b>	<b>-3,080,741.91</b>	<b>75,230.17</b>	<b>0.00</b>	<b>-3,005,511.74</b>

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

139. 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

	31/12/2015	31/12/2014
<b>Cash and cash equivalents</b>	<b>15,871,873.95</b>	<b>14,730,414.89</b>
Cash in banks	10,303,557.52	8,522,776.10
Cash on hand	13,152.96	14,134.34
Imprest funds	5,000.00	5,000.00
Short term deposits	5,550,163.47	6,188,504.45

140. 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

	31/12/2015	31/12/2014
<b>Investments</b>	<b>244,453.85</b>	<b>204,540.43</b>
Non current Investments	244,453.85	204,540.43
Investments in Joint Venture	244,453.85	204,540.43

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

142. 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.

## Note 7 – Inventories

<b>Publications inventory</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Publications inventory, net realizable value</b>	<b>54,452.65</b>	<b>69,770.00</b>
Publications inventory, carrying cost	95,962.30	111,098.64
Publications on hand	90,763.82	105,112.08
Publications on consignment	5,198.48	5,986.56
Impairment	-41,509.65	-41,328.64

143. Publication inventories are publications held for sale.
144. 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 current year's cost per page is derived from the division of the total of the carrying cost of the beginning inventory and the production cost of pages produced during the year by the total of the number of pages in the beginning inventory and the number of pages produced during the year. 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.
145. 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

<b>Contributions receivable</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Contributions receivable, net</b>	<b>4,112,010.03</b>	<b>6,838,902.85</b>
Current contributions receivable, net	3,912,218.03	4,493,847.88
Members assessed contributions, net	2,970,744.71	3,110,725.61
Other contributions, net	941,473.32	1,383,122.27
Non-Current contributions receivable, net	199,792.00	2,345,054.97
Members assessed contributions, net	48,392.00	2,099,054.97
Other contributions, net	151,400.00	246,000.00

146. All contributions receivable, whether assessed or voluntary relate to non-exchange transactions.
147. 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).
148. 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.
149. The allowance for doubtful accounts of assessed contributions receivable from Full, Associate and Affiliate Members and of the WCF is estimated as follows:
- (a) No allowance is applied to those receivables outstanding for two years or less;

- (b) An allowance of 100% is applied to receivables outstanding for three years and over.
150. Write-offs of contributions receivables from Full and Associate Members are approved on a case-to-case basis by the General Assembly.
151. Affiliate Members unpaid receivables for more than five years and without an approved payment plan are written off upon recommendation of the Secretary-General in accordance with Detailed Financial Rules<sup>26</sup>.
152. The allowance for doubtful accounts of assessed contributions receivable from Other contributions receivable (Voluntary Contributions and Funds In Trust) is calculated as follows:
- (a) No allowance is applied to receivables outstanding for two years or less.
- (b) An allowance of 100% is applied to receivables outstanding for three years and over.
153. Write-offs of Other contributions receivable (Voluntary Contributions and Funds In Trust) are on a case-by-case basis.

**Contributions receivable by type**

Euros

	31/12/2015	31/12/2014
<b>Contributions receivable, net</b>	<b>4,112,010.03</b>	<b>6,838,902.85</b>
Members assessed contributions, net	3,019,136.71	5,209,780.58
Members assessed contributions receivable	16,598,760.74	16,570,942.91
Allowance for doubtful accounts	-13,579,624.03	-11,361,162.33
Voluntary contributions, net	1,092,587.25	1,629,122.27
Voluntary contributions receivable	1,151,415.01	1,697,026.13
Allowance for doubtful accounts	-58,827.76	-67,903.86

154. 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 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.
155. 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	31/12/2015	%	31/12/2014	%
<b>Members assessed contributions receivable</b>	<b>16,598,760.74</b>	<b>100.00%</b>	<b>16,570,942.91</b>	<b>100.00%</b>
2012 and earlier	12,846,664.77	77.40%	13,525,040.67	81.62%
2013	732,959.26	4.42%	1,040,064.80	6.28%
2014	1,251,442.31	7.54%	2,005,837.44	12.10%
2015	1,767,694.40	10.65%		

<sup>26</sup> DFR IV.2 and DFR IV.3

156. The movements of the allowance for doubtful accounts during 2015 are as follows:

<b>Allowance for doubtful accounts movements</b>				
Euros				
	<b>01/01/2015</b>	<b>Utilization</b>	<b>Increase/ (decrease)</b>	<b>31/12/2015</b>
<b>Allowance for doubtful accounts movements</b>	<b>11,429,066.19</b>	<b>506,866.86</b>	<b>2,716,252.46</b>	<b>13,638,451.79</b>
Members assessed contributions	11,361,162.33	497,790.76	2,716,252.46	13,579,624.03
Voluntary contributions	67,903.86	9,076.10	0.00	58,827.76

157. An updated estimation of the allowances for doubtful accounts of receivables from assessed contributions, voluntary contributions and sales of publications has been applied for the year 2015 as approved by the Secretary-General<sup>28</sup> based on a recommendation made by External Auditors during the external audit of the UNWTO Financial Statements for the year ended 31 December 2014<sup>29</sup>. The updated estimation is based on new information and more experience regarding an evaluation regarding the settlement of unpaid receivables.

## Note 9 – Other receivables

<b>Other receivables</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Other receivables</b>	<b>209,299.37</b>	<b>235,596.96</b>
VAT receivable	76,573.48	72,956.76
Receivables from exchange transactions	132,725.89	162,640.20
Publications sales receivables, net	10,415.21	7,507.64
Publications sales receivables	15,335.21	14,483.62
Allowance for doubtful accounts	-4,920.00	-6,975.98
Employee receivables	24,998.34	21,778.37
Accrued interest receivable	386.50	693.73
Miscellaneous receivables	96,925.84	132,660.46

158. 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 of goods above a certain threshold from the government of the host country (Spain) under the terms of the relevant host country agreement<sup>30</sup>.

159. 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.

160. The allowance for doubtful accounts for publications sales receivables is estimated as follows:

- (a) No allowance is applied to receivables outstanding for two years or less;

<sup>28</sup> UNWTO IPSAS Policy Guidance Manual, Edition II – 2015 (IPSAS 28, 29 & 30 and Annex) and NI/17/15 of 22 December 2015.

<sup>29</sup> CE/100/5(b)

<sup>30</sup> 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, applicable up to 24 June 2015. Headquarters agreement between the Kingdom of Spain and the World Tourism Organization / Article 10, and BOE of Spain no. 182 of 31 July 2015 / Article 10, applicable since 25 June 2015.

(b) An allowance of 100% is applied to receivables outstanding for three years and over.

161. Receivables from sales of publications which have been fully provided for shall be written-off after being outstanding for five years, although, a write-off may be made earlier upon approval of the Secretary General.
162. An updated calculation of the allowance for doubtful accounts for publications sales receivables has also been applied in 2015.

#### Note 10 – Other assets

<b>Other assets</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Other assets</b>	<b>66,780.30</b>	<b>90,009.33</b>
<i>Other current assets</i>	<i>63,042.64</i>	<i>86,840.79</i>
Advances	54,316.31	78,639.54
Pre-paid expenses	8,726.33	7,954.97
Miscellaneous assets	0.00	246.28
<i>Other non-current assets</i>	<i>3,737.66</i>	<i>3,168.54</i>

163. Other current assets are composed of advances, prepaid expenses and miscellaneous assets.
164. 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.
165. 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 2015**

Euros

	Communication and IT equipment	Vehicles	Furnitures and fixtures	Other equipment	Total
<i>01/01/2015</i>					
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
<b>Opening carrying amount</b>	<b>162,036.58</b>	<b>0.00</b>	<b>542.80</b>	<b>41,749.12</b>	<b>204,328.50</b>
<b>Movement for the year</b>					
Additions	40,053.62	0.00	0.00	0.00	40,053.62
Disposals	-30,977.11	0.00	0.00	0.00	-30,977.11
Impairment	0.00	0.00	0.00	0.00	0.00
Depreciation	-17,655.88	0.00	-162.84	-17,991.48	-35,810.20
<b>Total movements for year</b>	<b>-8,579.37</b>	<b>0.00</b>	<b>-162.84</b>	<b>-17,991.48</b>	<b>-26,733.69</b>
<i>31/12/2015</i>					
Historical cost / fair value	557,380.62	94,855.00	18,324.60	420,542.57	1,091,102.79
Accumulated depreciation and impairment	-403,923.41	-94,855.00	-17,944.64	-396,784.93	-913,507.98
<b>Closing carrying amount</b>	<b>153,457.21</b>	<b>0.00</b>	<b>379.96</b>	<b>23,757.64</b>	<b>177,594.81</b>

166. At 31 December 2015, UNWTO holds fully depreciated PPE which is still in use.

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

168. 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 2015**

Euros

	Software acquired externally	Software internally developed	Total
<i>01/01/2015</i>			
Historical cost / fair value	12,373.20	62,696.70	75,069.90
Accumulated amortization and impairment	0.00	0.00	0.00
<b>Opening carrying amount</b>	<b>12,373.20</b>	<b>62,696.70</b>	<b>75,069.90</b>
<b>Movements for year</b>			
Additions	0.00	80,909.94	80,909.94
Disposals	0.00	0.00	0.00
Impairment	0.00	0.00	0.00
Amortization	-2,062.20	0.00	-2,062.20
<b>Total movements for year</b>	<b>-2,062.20</b>	<b>80,909.94</b>	<b>78,847.74</b>
<i>31/12/2015</i>			
Historical cost / fair value	12,373.20	143,606.64	155,979.84
Accumulated amortization and impairment	-2,062.20	0.00	-2,062.20
<b>Closing carrying amount</b>	<b>10,311.00</b>	<b>143,606.64</b>	<b>153,917.64</b>

169. The capitalized value of the internally developed software excludes those costs related to research and maintenance.
170. 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		
	31/12/2015	31/12/2014
<b>Payables and accruals</b>	<b>652,373.25</b>	<b>684,030.00</b>
Accounts payable - personnel	129,182.49	129,909.85
Accounts payable - others	357,840.30	426,638.42
Accrued expenses	165,350.46	127,481.73

171. Accounts payable – others 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		
	31/12/2015	31/12/2014
<b>Transfers payable (TP)</b>	<b>478,301.47</b>	<b>415,702.83</b>
TP for technical cooperation and grants	387,658.94	327,068.24
TP to donors	73,997.53	88,634.59

172. 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		
	31/12/2015	31/12/2014
<b>Employee benefits</b>	<b>18,365,781.59</b>	<b>17,391,187.74</b>
<i>Current Employee benefits (UNWTO valuation)</i>	<i>107,794.79</i>	<i>144,605.78</i>
<i>Non-current employee benefits (Actuarial valuation)</i>	<i>18,257,986.80</i>	<i>17,246,581.96</i>
ASHI	16,039,488.97	15,104,412.81
Accumulated annual leave (AAL)	1,012,507.81	1,000,112.89
End of service benefits (EoSB)	1,205,990.02	1,142,056.26

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

### Employee benefits – current

174. 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

175. 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).
176. **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.
177. **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.
178. **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

179. 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 and movements in 2015:

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		

Retirement rates		It was assumed that all participants hired prior to 2014 retire at age 62 and that those hired after retire at age 65.		
Advance payments		No future advance payments are assumed.		
New hires		It is assumed to maintain a level headcount and stable demographics for the active staff population.		
ASHI	Medical costs increases	Initial 2.0%	Ultimate 3.5%	Year ultimate increase reached 2021
	Average annual medical claim cost	EUR 3,744 per adult in 2015		
	Future participants contributions	In the long run, premiums will be adjusted if needed to stabilize the percentage of retiree claims and administrative expenses covered by retiree contributions.		
	Participation and lapse rates	90% of future retirees will elect coverage and retain coverage for life		
	Coverage of adult dependents for future retirees	85% of male and 55% of female retirees have an adult dependent who elects coverage in the plan		
AAL	Accumulated balance	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.		
	Annual leave days	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.		
EoSB	Members receiving benefits	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.		
	Repatriation travel and removal costs	It is assumed at EUR 11,000 per staff member, including her/his dependents, in 2013, growing with inflation thereafter.		

180. UNWTO conducts actuarial valuation of after-service liabilities on a periodical basis longer than annually.
181. The following tables and text provide additional information and analysis on employee benefit liabilities calculated by actuaries (2014 study):

#### After service employee benefits actuarial valuation

Euros

	ASHI	AAL	EoSB	Total
<b>Defined benefit obligation at 01/01/2015</b>	<b>15,104,412.81</b>	<b>1,000,112.89</b>	<b>1,142,056.26</b>	<b>17,246,581.96</b>
<i>Movements for year ended 31/12/2015</i>	<i>935,076.16</i>	<i>12,394.92</i>	<i>63,933.76</i>	<i>1,011,404.84</i>
Service costs	614,836.00	68,700.00	68,515.00	752,051.00
Interest costs	438,922.00	21,306.00	25,154.00	485,382.00
Recognition of (gain) / loss	0.00	0.00	0.00	0.00
(Benefit payments UNWTO)	-118,681.84	-77,611.08	-29,735.24	-226,028.16
<b>Defined benefit obligation at 31/12/2015</b>	<b>16,039,488.97</b>	<b>1,012,507.81</b>	<b>1,205,990.02</b>	<b>18,257,986.80</b>

182. 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.
183. 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.
184. 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. No actuarial gains or losses have been calculated for 2015.

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

<b>After service employee benefits recognized in the Statement of financial performance</b>				
Euros				
	<b>ASHI</b>	<b>AAL</b>	<b>EoSB</b>	<b>Total</b>
<b>Total expenses recognized at 31/12/2015</b>	<b>1,053,758.00</b>	<b>90,006.00</b>	<b>93,669.00</b>	<b>1,237,433.00</b>
Service costs	614,836.00	68,700.00	68,515.00	752,051.00
Interest costs	438,922.00	21,306.00	25,154.00	485,382.00
Loss on actuarial valuation	0.00	0.00	0.00	0.00

186. Current service cost is the increase in the present value of the defined benefit 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.

187. 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:

<b>ASHI sensitive analysis</b>		
Euros		
	<b>Long-term medical inflation rate</b>	
<b>Discount rate</b>	<i>3.50% per year</i>	<i>4.50% per year</i>
2.92%	15,141,376.00	18,713,538.00
1.92%	18,859,771.00	23,668,406.00

188. 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:

<b>AAL and EoSB sensitive analysis</b>		
Euros		
<b>Discount rate</b>	<b>Accumulated Annual Leave</b>	<b>End of Service Benefits</b>
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)

189. 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.

190. 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.

191. 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<sup>31</sup>.
192. 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.
193. 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.
194. 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.
195. 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](http://www.unjspf.org).

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**Contributions paid to UNJSPF**

Euros

	<b>31/12/2015</b>
Contributions paid to UNJSPF	1,530,976.84

**Note 16 – Advance receipts**


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**Advance receipts**

Euros

	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Advance receipts</b>	<b>2,431,658.62</b>	<b>2,028,949.27</b>
<i>Current deferred liabilities</i>	<i>2,418,800.33</i>	<i>2,027,349.27</i>
Advance receipts - Contributions	2,417,996.98	2,006,224.47
Miscellaneous advance receipts	803.35	21,124.80
<i>Non-current deferred liabilities</i>	<i>12,858.29</i>	<i>1,600.00</i>
Advance receipts - Contributions	12,858.29	1,600.00

196. 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.
197. At 31 December 2015 there are no liabilities related to conditional contributions.

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<sup>31</sup> At the time of the preparation of this document, UNJSPF has not received the actuarial valuation dated 31 December 2015.

**Note 17 – Provisions**

<b>Provisions</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Provisions</b>	<b>73,607.42</b>	<b>45,516.91</b>
<i>Current provisions</i>	73,607.42	45,516.91
Provisions for refunds to donors	47,402.41	18,395.11
Provisions for sales return	131.07	1,047.86
Other current provisions	26,073.94	26,073.94

198. 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**

<b>Other liabilities</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Other liabilities</b>	<b>158,979.29</b>	<b>185,035.37</b>
<i>Other current liabilities</i>	152,496.67	158,915.80
Finance lease liabilities	20,025.09	18,524.45
Miscellaneous liabilities	132,471.58	140,391.35
<i>Other non-current liabilities</i>	6,482.62	26,119.57
Finance lease liabilities	6,482.62	26,119.57

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

**Finance leases**

200. The Organization has finance leases in place for high-volume photocopiers. The difference between the minimum lease payments due and the present value of such payments is analysed in the table below:

<b>Finance leases</b>			
<b>at 31 December 2015</b>			
Euros			
	<b>Minimum payments due</b>	<b>Finance charges</b>	<b>Present value of minimum payments</b>
<b>Finance lease liabilities</b>	<b>28,632.28</b>	<b>2,124.54</b>	<b>26,507.72</b>
< 1 year	21,791.27	1,766.16	20,025.09
> 1 year and < 5 years	6,841.01	358.39	6,482.62

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<sup>32</sup>. 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<sup>33</sup>.
204. In addition to the WCF the statutory reserves comprise the Replacement Reserve<sup>34</sup> and the Special Contingency Reserve<sup>35</sup> 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**

<b>Revenues</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Revenues</b>	<b>21,684,975.84</b>	<b>18,323,649.08</b>
<i>Members assessed contributions</i>	13,387,841.75	12,928,222.00
<i>Other contributions, net of reduction</i>	2,678,314.31	2,023,349.16
Voluntary contributions	2,623,002.61	2,200,871.50
Funds in trust contributions	92,000.00	92,000.00
Reduction in contribution revenues	-36,688.30	-269,522.34
<i>Publications revenues, net of discounts and returns</i>	335,077.21	345,174.69
Publications revenues	401,836.10	412,236.30
Discounts and returns	-66,758.89	-67,061.61
<i>Currency exchange differences</i>	555,055.20	522,676.14
<i>Other revenues</i>	4,728,687.37	2,504,227.09
In-kind contributions	3,887,975.59	1,390,036.45
Donated goods	0.00	2,714.99
Donated use of premises/equipment	3,094,612.32	809,685.24
Donated travel	793,363.27	577,636.22
Miscellaneous revenues	840,711.78	1,114,190.64
Revenue from deposits and investments	85,753.83	151,994.17
Other miscellaneous	754,957.95	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<sup>36</sup>.
207. Voluntary Contributions and Funds In Trust 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).

<sup>32</sup> FR10.2(a) and FR 10.2(b)

<sup>33</sup> FR 10.2(c)

<sup>34</sup> DFR VI21 to VI.23

<sup>35</sup> DFR VI24 to VI.28

<sup>36</sup> FR Annex II. 1

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 (a) at the fair market value of the donated airfare and, (b) 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 agreements between UNWTO and the Government of Spain<sup>37</sup>. 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<sup>38</sup>.
  - The UNWTO liaison office located at New York whose commercial rate of renting is calculated based on the rental level in New York.

## Note 21 – Expenses

<b>Expenses</b>	<b>Euros</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Expenses</b>	<b>24,690,487.58</b>	<b>20,306,890.20</b>
<i>Wages, salaries and employee benefits</i>	<i>14,085,230.11</i>	<i>13,801,400.82</i>
Salaries and benefits - regular staff	9,295,592.09	9,104,742.67
Long-term benefits - regular staff	1,237,433.00	1,601,595.00
Salaries and benefits - non-regular staff	3,552,205.02	3,095,063.15
<i>Grants and other transfers</i>	<i>862,883.82</i>	<i>1,083,439.60</i>
<i>Travel</i>	<i>1,800,359.62</i>	<i>1,737,462.71</i>
Non-donated travel	1,006,996.35	1,159,826.49
Donated travel expenses	793,363.27	577,636.22
<i>Supplies, consumables and other running costs</i>	<i>4,907,531.24</i>	<i>2,626,331.58</i>
Expendables	88,879.92	101,341.56
Supplies, consumables and others	657,481.83	614,256.04
Publishing expenses	91,658.61	98,765.79
Rental expense (included in-kind rental expense)	3,123,498.60	827,073.28
Rental expense	28,886.28	17,388.04
Rental expense in-kind	2,316,107.04	86,787.48
Rental headquarter in-kind	778,505.28	722,897.76
Contractual services	946,012.28	984,894.91
<i>Depreciation and amortization</i>	<i>69,030.52</i>	<i>105,143.70</i>
Depreciation and impairment - PPE	66,787.31	52,487.62
Amortization and impairment - Intangible Assets	2,062.20	0.00
Impairment - Publications	181.01	52,656.08
<i>Other expenses</i>	<i>2,965,452.27</i>	<i>953,111.79</i>
Allowances on doubtful accounts	2,914,209.85	887,463.04
Bank costs	16,550.15	15,225.42
Other miscellaneous	34,692.27	50,423.33

<sup>37</sup> "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".

<sup>38</sup> See "Office Market Snapshot" Madrid/Spain by Cushman & Wakefield of third quarter 2015 ([www.cushmanwakefield.es](http://www.cushmanwakefield.es)).

### 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 – Regular Budget****Reconciliation of financial performance with budgetary result of the Regular Budget  
for the year ended 31 December 2015**

Euros

	<b>31/12/2015</b>
<b>Financial result in the Statement of financial performance</b>	<b>-3,005,511.74</b>
<b>Entity differences</b>	<b>72,607.50</b>
<i>Add: Revenues of</i>	<i>6,704,039.43</i>
Other funds than the GF (VCF and FIT)	5,318,190.74
Other projects within GF	1,385,848.69
<i>Less: Expenses of</i>	<i>6,631,431.93</i>
Other funds than the GF (VCF and FIT)	5,242,960.57
Other projects within GF	1,388,471.36
<b>Basis differences</b>	<b>-3,499,689.38</b>
<i>Add:</i>	<i>2,484,238.69</i>
(a) Unbudgeted revenues of the Regular Budget	2,350,563.50
(b) Budgeted transfer to the Replacement Reserve	100,000.00
(c) Budgeted PPE, IA and finance lease liabilities	33,675.19
<i>Less:</i>	<i>5,983,928.07</i>
(a) Unbudgeted expenses of the Regular Budget	5,440,928.07
(b) Budgeted transfers from net assets	543,000.00
<b>Budgetary result in the Statement of comparison of budget and actual amounts</b>	<b>421,570.14</b>

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 to the Statement of Financial Performance, the following differences have to be taken into account.

**(a) Entity differences**

These occur when the approved Regular 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 Regular Budget is prepared on a basis other than the accounting basis. At UNWTO, the Regular 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 (Statement of Comparison of Budget and Actual Amounts) to the financial performance (Statement of Financial Performance), the non-accrual elements of the Regular Budget (e.g., property plan and equipment is budgeted when it is planned that the payments will be made) are removed as basis differences.

**(c) Timing differences**

These occur when the budget period differs from the reporting period reflected in the Financial Statements. At UNWTO, there are no timing differences.

**(d) Presentation differences**

These are due to differences in the format and classification schemes adopted for the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts. At UNWTO, the Statement of Financial Performance is classified by nature while the Statement of Comparison of Budget and Actual Amounts is classified by groups of programmes. Yet, the financial impact of this presentation is zero.

**Note 23 – Commitments and contingencies****Legal commitments**

226. At 31 December 2015, 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 years and recorded against the corresponding annual budget as follows:

<b>Legal commitments</b>	<b>31/12/2015</b>
Euros	
Legal commitments	895,160.34

**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:

<b>Operating leases</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
Euros		
<b>Operating lease commitments</b>	<b>58,508.27</b>	<b>188,042.60</b>
< 1 year	41,899.60	67,129.35
> 1 year and < 5 years	16,608.67	120,913.24

**Contingent liabilities**

228. On 31 December 2015, there are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to UNWTO.

**Contingent assets**

229. On 31 December 2015, there are contingent assets amounting to EUR 67,374 due to the probability of recovering the VAT of services and goods below a certain threshold from the government of the host country (Spain) under the terms of the relevant host country agreement<sup>39</sup>. The application of this agreement is not wholly under the control of UNWTO.

<sup>39</sup> Headquarters agreement between the Kingdom of Spain and the World Tourism Organization / Article 10, and BOE of Spain no. 182 of 31 July 2015 / Article 10, applicable since 25 June 2015.

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

<b>Losses, ex-gratia payments and write-offs</b>		
Euros		
	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Losses, ex-gratia payments and write-offs</b>	<b>3,059.39</b>	<b>0.00</b>
Losses and write-offs	3,059.39	0.00

230. 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 2015, no ex-gratia payments were made.
231. 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”.
232. During the period 1 January to 31 December 2015, UNWTO did not incur any losses and ex-gratia payments. Write-offs correspond to approved uncollectible receivables analysed on a case-by-case basis.
233. There were no reported cases of fraud or presumptive fraud in 2015.

**Note 25 – Related party and key management disclosures****Governing bodies**

234. 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.
235. 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 pay for travel costs or any other costs incurred by the representatives of the Full Members in the execution of their duties as Members.
236. 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**

237. 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.
238. 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.

<b>Key management personnel</b>						
<b>at 31 December 2015</b>						
Euros						
	<b>Number of individuals</b>	<b>Salary &amp; post adjustment</b>	<b>Benefits &amp; allowances</b>	<b>Pension and health plans</b>	<b>Total remuneration</b>	<b>Outstanding advances</b>
Key management personnel	5	832,496.50	112,489.13	267,003.81	1,211,989.44	0.00

239. 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.
240. Advances are those made against salary, benefits and allowances in accordance with financial rules and regulations<sup>40</sup>. Advances against salary, benefits and allowances are available to all UNWTO staff.

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<sup>40</sup> DFR VI.13



## Report of the External Auditors<sup>41</sup>

[Official Logotype]  
MINISTRY OF THE TREASURY  
AND PUBLIC  
ADMINISTRATIONS

GOVERNMENT COMPTROLLER'S OFFICE  
NATIONAL AUDIT OFFICE  
ORGANIZATIONAL DIVISION,  
COORDINATION AND SUPERVISION

ADDITIONAL REPORT TO THE AUDIT REPORT ON THE  
ANNUAL ACCOUNTS  
OF THE  
WORLD TOURISM ORGANIZATION  
FINANCIAL YEAR 2015  
ISSUED BY THE GOVERNMENT COMPTROLLER'S  
OFFICE

MARÍA DE MOLINA, 50  
28006 MADRID  
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<sup>41</sup> The Report of the External Auditors has been translated from Spanish into English and electronically signed in its original language [VIÑAYO FERNANDEZ SOFIA - 2016-03-31 10:18:31 CET VEGA GARCIA MARIA MERCEDES - 2016-03-31 10:27:21 CET, National Auditor Division Chief Min. of the Treasury and Public Adm. The authenticity of this document can be verified using the electronic code: AM6YY00G8PLRXDRS on <http://www.pap.minhap.gob.>]

## I. INTRODUCTION

The General Assembly of the World Tourism Organization (hereinafter, UNWTO), at its twenty-first session, decided to appoint Spain as external auditor for the period 2016-2017 (resolution A/RES/661(XXI)). The UNWTO requested through the Ministry of Foreign Affairs and Cooperation the appointment of external auditors for the said period. In response to that request the Government Comptroller's Office agreed to take charge of the audit of the period 2016-2017 and proceeded to appoint two auditors from the National Audit Office to conduct the audit of the annual accounts UNWTO corresponding to the financial year 2015.

Pursuant to this, the Government Comptroller's Office, through the National Audit Office, has audited the financial statements of 2015 which comprise the statement of financial position at 31 December 2015, the statement of financial performance, the statement of changes in equity, the cash flow statement and statement of comparison of budgeted amounts and actual amounts, as well as the notes to the financial statements for the year ended on that date.

The Secretary-General is responsible for the preparation of the annual accounts, according to Article 23(2) of the Statutes of the UNWTO and article 14.1 of the Financial Regulations, which are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Detailed Financial Rules of the UNWTO. This applicable framework for financial reporting is referred to in paragraph 4 of the Report of the Secretary-General on the Financial Statements accompanying such statements, and in paragraph 80 of Note 2 to the financial statements. He is also responsible for the internal control he considers necessary to enable the preparation of such financial statements free of material misstatements.

The audited financial statements were prepared by the Secretary-General dated 23 February 2015 and were made available to the external auditors on 29 February together with the Report of the Secretary General on the Financial Statements.

As a result of the audit the external auditors have issued an audit report on the annual accounts of the World Tourism Organization for financial year 2015, dated 31 March 2016, in which our opinion thereon is expressed.

This report is additional to the audit report of annual accounts mentioned in the previous paragraph and is issued by the same auditors on the same date in accordance with the Public Sector Auditing Standards, and pursuant to Financial Regulation 17 of the Financial Regulations of the UNWTO and paragraphs 5 and 6 of Annex I thereto.

## II. GENERAL CONSIDERATIONS

The World Tourism Organization is an international intergovernmental organization that is a specialized agency of the United Nations whose main objective is 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.

In 2015 its members include 157 countries, 6 associate members and more than 470 affiliate members representing the private sector, educational institutions, tourism associations and local tourism authorities.

The UNWTO decided to change its modified cash-basis accounting policy (UNSAS) and to implement the International Public Sector Accounting Standards (IPSAS) by resolution A/RES/519(XVII) of the General Assembly.

IPSAS was applied for the first time on 1 January 2014. The financial statements at 31 December 2015 are the second set of such statements prepared by the UNWTO in accordance with IPSAS.

Adaptation to IPSAS has brought significant improvements and changes in the accounting policies and procedures of the UNWTO. The UNWTO developed overall guidelines, manuals and procedures for its implementation. With regard to internal control, although there are internal control procedures in place, no handbook setting them out has been produced.

### III. PURPOSE AND SCOPE OF WORK

While the audit procedures were designed exclusively for the issuance of an opinion on the accounts, their application has brought to light significant findings in terms of internal control, legality, and economic and financial management. These findings are reflected in this additional report, from which no judgment may be inferred regarding any facts or situations other than those described herein.

In the performance of the audit work a limitation of scope occurred, which is referred to in the audit report of the annual accounts. Such limitation relates to the unavailability of audited financial statements for the year 2015 of the UNWTO·Themis Foundation, in which UNWTO has a 50% interest, reflected on its balance sheet as an asset under the "Investments" account, using the equity method. The absence of an audit report on the aforementioned financial statements prevents us from obtaining appropriate and sufficient evidence of the valuation of the interest of the UNWTO in the UNWTO·Themis Foundation as stated and described in the audited financial statements, thus giving rise to an exception in our opinion.

### IV. FINDINGS

#### IV.1. UNWTO·Themis Foundation

During the audit, the UNWTO provided to the auditors regarding the UNWTO·Themis Foundation:

- Themis annual accounts to 31/11/2015, prepared in accordance with the accounting principles and standards applicable in Andorra, approved by the Board.
- Themis annual accounts at 31/12/2015 adapted to IPSAS (signed by the executive director of the Foundation).
- Interim report of the Court of Audit of Andorra on the audit work for the financial year 2014 signed in May 2014 (name of signatory does not appear) together with the note of reversion of the report to the Foundation for comments dated 2 July 2015 signed by the President of the Court of Audit).
- Comments by Themis to the Court of Auditors for the financial year 2014.

The UNWTO told us that:

"The UNWTO and the Themis Foundation are subject to different laws, regulations and deadlines. Neither of them should neglect their legal obligations, which makes it inviable to incorporate the audited financial statements of Themis in those of the UNWTO. For example, the 2013 audit report, including responses to the observations, is dated 21 April 2015, with approval by the General Council on 7 October 2015.

In March 2015, Themis had not carried out the audit of the financial statements for 2015. The last audit performed on Themis corresponds to the financial statements of 2014, still pending the issuance of the Court of Audit's final report taking into account the response of the Themis Foundation to the observations of the Court of Audit."

The financial statements of the UNWTO·Themis Foundation for financial year 2015 have therefore not been audited, which constitutes a limitation of scope of our work, which has prevented us from obtaining sufficient and appropriate evidence regarding the "Investments" item amounting to €244,453.85.

Given this limitation in the procedures envisaged for the valuation of the investment in Themis that appears in the balance sheet of the UNWTO, in considering alternative procedures that would allow us to overcome it, the circumstances listed below should be taken into account.

The report of the Court of Audit for the year 2014, although of provisional nature as it is prior to the responses of Themis, contains a number of observations and recommendations relative to the internal control of the UNWTO·Themis Foundation, which are, among others, the following:

- The Foundation has not implemented or followed hiring procedures that ensure the principles of publicity, competition and objectivity to which it must hold in accordance with the requirements of Article 41(d) of the Law on Foundations.
- Some confusion is observed regarding the list of contracts, operations and transactions involving the Foundation and the UNWTO itself, resulting in a failure to clearly define matters related to the hiring of persons and the procurement of goods.
- Contrary to what is established in Themis' statutes, the Board has not approved the salary scales governing the staff members and their salary increases.
- The Foundation has not been subjected to budgetary controls provided for in Article 36 of the Public Finance Act. Nor has it been subject to external audit as provided for in Article 27 of the Law on Foundations.
- The Foundation does not have, in general terms, the tools (indicators) to make it possible to determine in sufficient detail the costs of the activities performed. Moreover, in the budget approved by the Foundation, the objectives it is to achieve are not established. This fact makes it impossible to carry out assessments of the effectiveness and efficiency of its operations.
- In general, it appears that the UNWTO-Themis Foundation has not adjusted its procedures to comply with the basic legislation on the administration and control of public funds that is applicable to it for the year ended 31 December 2014.

In view of the above, the internal control of the UNWTO-Themis Foundation presents many weaknesses and therefore offers little confidence. Consequently, the only possible alternative procedure, in the absence of the audit report of the financial statements of Themis issued by the Court of Auditors, would be to have an audit of the financial statements of the Themis Foundation issued by another auditor.

In any case, the Government Comptroller's Office, as external auditor of the UNWTO, cannot carry out such an audit for the following reasons:

1. The Themis Foundation is domiciled in the Principality of Andorra and is subject to the regulations in force in Andorra.
2. The Themis Foundation is subject to the oversight of the Court of Audit of Andorra.

The Court of Audit's report on the financial statements of the Foundation is made under Article 8 of the Law on the Court of Audit of 13 April 2000, which states: "For the purposes of this law, autonomous bodies or semi-public or public entities and any entity managing public funds or receiving grants from the Public Administration are entities subject to the Court of Audit".

As indicated in the report of the Court of Audit for the financial year 2014, paragraph 1.1: "The audit of the Foundation is part of the audit work for the year 2014 in accordance with the powers conferred upon this Court. This action involves an audit of the regularity (financial and compliance) of the financial and economic activity of the entity carried out in the financial year 2014".

3. The Agreement (or MOU) between the UNWTO and the Government of the Principality of Andorra on the operation of the UNWTO-Themis Foundation of 4 July 2014, states in section 4.5 of Clause IV: "Annually, the Director of the Foundation shall present its annual financial statements (from January 1 to December 31) to the Board for approval. The financial statements shall follow the rules of the Law of Foundations and other legislation in force of the Principality of Andorra. The auditing of accounts shall be conducted annually by the Court of Audit of Andorra, or failing that, by the auditors previously appointed by the Board".
4. What is more, Article 30 of the Founding Statute of the UNWTO-Themis Foundation points out: "On an annual basis, the Board must approve the annual report, which should include the activities of the Themis Foundation and the financial statements (...) The Board may submit financial statements to external audit to be carried out in accordance with the accounting standards that apply to the Foundation itself".

From the foregoing, it is concluded that the audit of the UNWTO·Themis Foundation can only be carried out validly either by the Court of Audit of Andorra or by an auditor appointed by the Board of Themis to verify its accounts.

To this it must be added that, as indicated in paragraph 2.5 of the report of the Court of Audit for the financial year 2014: "The Foundation has not been subjected to external audit as provided for in Article 27 of the Law on Foundations". Article 27 of Law 11/2008 of 12 June on Foundations stipulates that foundations must submit their annual accounts to external audit when any of the following circumstances exist:

- The total amount of assets exceeds one million euros
- The total amount of ordinary revenue exceeds half a million euros.

Taking into account the dates on which the audit of the Foundation has been carried out by the Court of Audit to date, and to prevent the exception expressed in our audit report from being perpetuated and invariably repeated in each audit report of the UNWTO, it would be advisable that the Board of the UNWTO·Themis Foundation submit its financial statements to external audit, for which it is not only authorized, but also obliged it seems, in view of the provisions of Article 27 of Law 11/2008 on Foundations.

## **IV.2. Funds**

The UNWTO, in addition to the General Fund largely financed by contributions from members, for which the General Assembly approves an annual budget, and which is devoted to the main activities of the organization (programme of work of the regular budget), has other funds which are financed by voluntary contributions for specific objectives or activities specified by the donor and not forming part of the budget of the UNWTO.

There are five such funds or facilities: General Fund, Voluntary Contribution Fund, the United Nations Development Programme Fund, the Funds-in-Trust, and the Multi-Donor Trust Fund which was cancelled in 2015.

All these funds or facilities appear consolidated in the financial statements of the UNWTO, although the UNWTO has a separate accounting thereof, and they are included in the annual accounts reported by segment. The UNWTO classifies these funds along with all its programmes, projects, operations and activities into two segments: Programme of Work Services, and Other Services, as indicated in Note 4 to the financial statements.

### **IV.2.1. Voluntary Contributions Fund**

#### Revenue and accounts receivable

Paragraph 129 of section 2.12 of Note 2 "Significant accounting policies" states the criteria for recognition of revenue from voluntary contributions, other contributions and trust funds: revenue is recognized 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. Voluntary contributions which are not supported by written confirmation or binding agreement are recognized as revenue when received.

It has been found that, as a general rule, the revenue is recognized on the signing of the agreement and the invoice is issued by the UNWTO.

Notwithstanding the foregoing, anomalies have been detected in the supporting documentation, since in some cases the UNWTO does not issue an invoice, with the revenue being recorded based on collection and receipt.

In addition, accrual errors were detected, with an invoice from 2014 having been recorded as 2015 income, amounting to 256,468 euros.

On the other hand, activities generally take place within the year, but if the agreement is signed in last months of the year and the project to which the funds are allocated has not been carried out, revenue is recognized in one year and the corresponding expense is imputed to the following year. There is no correlation between revenue and expense.

While UNWTO maintains in paragraph 126 of the notes to the financial statements that accrual accounting for non-exchange transactions under IPSAS does not require the matching of revenue to related expenses, we understand that this is an interpretation of IPSAS 23 and that revenue should be accounted for as advances in these cases because it affects the deficit/surplus for the year.

#### Expenditures and accounts payable

Regarding the expenditure of projects of the Voluntary Contribution Fund, the following anomalies were observed:

1. Account 821201 "Transport expenses for collaborators" and account 821101 "Transport expenses for UNWTO staff": In this account the provision of expenditure for airline tickets is recorded at the time of authorization, charged to account 321201 "Accounts payable". Subsequently, travel expenses settled with the American Express card are reconciled with the invoice received. While the outcome of the review has been satisfactory, given the volume of trips made by the UNWTO and in order to facilitate reconciliation and the correct imputation to each Fund, separate invoices should be issued for each of the Funds.
2. Account 831102 "Technical Cooperation Grants". The total amount of this account is €404,160, and a sample was selected amounting to €289,748 (71.69%):
  - (a) An error in accrual was detected: An expense corresponding to some courses held in 2014 was recorded in 2015. The amount is 67,379 euros.
  - (b) Insufficient supporting documentation of expenditure reflected in this account. The UNWTO recorded the expenditure on the basis of the Agreement signed. There is no invoice or other supporting documentation, so it has not been possible to verify the actual realization of the expenditure.
3. Account 831103 "Contribution to Joint Activities of the United Nations": An accrual error has been detected as the contribution of the UNWTO to United Nation Development Group for the year 2014, amounting to 41,000 euros, was recorded in 2015.

With regard to accounts payable, the following anomaly was observed:

1. Account 322101 "Payables - Other goods and services", whose balance at 31/12/2015 was €40,719, corresponds to a liability for the amount to be paid to the UNWTO-Themis Foundation based on an annex of a contract for the holding of courses related to project-322 Saudi Commission For Tourism. According to the annex of the contract, the courses would be held in October and November 2015. Further documentation is not provided so it has not been possible to verify the reasonability of the amount recorded.

#### **IV.2.2. United Nations Development Programme Fund**

The only revenue accounted for in this fund in 2015, aside from exchange rate differences, relate to a project signed with Morocco. The revenue was recorded upon the signature of the contract, with no invoice being issued.

With regard to the expenses, the two main accounts that show the expenses of this fund were reviewed in addition to the staff costs discussed in a separate section. The findings are:

- (a) Account 861107 "Other contractual services". Two items were selected amounting to €83,352 (50% of the total amount of the account) and their corresponding invoice and payment were verified. However, the item description contained in the invoice is "partial payments" based on an agreement or a contract signed, without any other additional information being provided.
- (b) Account 861108 "Technical contractual services". Of the two selected items, amounting to €33,353.10 (59% of the total amount of the account), one case is similar to that indicated in the preceding paragraph, whereas in the other, no invoice is attached: UNWTO accounts for expenses according to the agreement signed with the

creditor and based on an internal document with the approval of the project manager (Delivery Note & Payment Request).

For the purpose of having appropriate internal control procedures, it would be advisable for the UNWTO to issue an invoice in the case of revenues, and in the case of expenses, to have invoices issued by third parties or other supporting documents detailing the good or service which they correspond to, thus accrediting the effective realization of the expenditure.

#### **IV.2.3. Transactions between funds - Inter-segment elimination**

The UNWTO carries out numerous movements between different Funds and between different projects, for which it uses multiple accounts.

Accounts 351101 "Due to" and 163101 "Due from" are accounts receivable or payable between the different Funds and even between projects of the same fund, which reflect transfers between them, mostly related with bank transfers, whose settlement is subsequently charged against the corresponding Fund or project.

The UNWTO also uses income and expenditure accounts (among others, account 642702 "Income between segments" and account 891501 "Expenditure between segments") to reflect movements of income and expenditure and transfers of results between funds and between projects within the same Fund. The movements are very numerous and it is not possible to verify their reasonableness for lack of supporting documentation.

These transactions or movements between funds are eliminated in preparing the consolidated financial statements of the UNWTO, so their impact on the figures presented by the consolidated financial statements is nil. However, the financial statements by segment or by fund do include all these internal transactions, which can distort the financial information at the segment and fund levels appearing in the financial statements.

It would be advisable to make settlements between the different Funds more frequently and at least before the close of the financial year. In this way, greater clarity would be achieved in the information, and possible problems of financing from one Fund or project to another would be avoided.

The UNWTO should implement a system of economic and budgetary management of projects that makes it possible to monitor each project as a whole and to relate all income and expenses that are part of the project, which would facilitate monitoring and control.

#### **IV.3 Personnel expenses**

The UNWTO, in addition to staff members falling under the provisions of the Staff Regulations, has non-staff personnel. Such personnel shall be subject, in accordance with Regulation 2 of Staff Regulations, to conditions of service determined by the Secretary-General in consultation with the Executive Council.

In relation to the non-staff personnel expenses of the UNWTO several anomalies have been detected:

- Account 811101 Collaborators and & Consultants - Fees and salaries. Expenses have been recorded on a cash basis. Several cases were found, all referring to the Voluntary Contribution Fund and the United Nations Development (UNDP) Fund, in which the expense accrued in 2014 was accounted for in 2015. In the case of UNDP, two consultants were selected for detailed testing. Of the total payments made to them in 2015 (€97,391, which accounts for 52.17% of the amount recorded in this account corresponding to the facility), €32,391 (3 payments) correspond to services accrued in 2014. In the case of Voluntary Contribution Fund, a sample of 8 consultants was selected whose payments during the financial year amounted to €125,136.51 (8.60% of the amount recorded in this account corresponding to this facility). From the sample selected, 5 payments to 3 consultants amounting to €37,961.60 present this anomaly.

According to the policy of the UNWTO this type of collaborators and consultants do not present invoices and the expense is recognized when the department responsible for managing the project sends to the

Administration and Finance Department an internal document (Delivery Note & Payment Request) certifying that the service has been rendered satisfactorily.

When this happens towards the end of a financial year, we often find a problem in the period of attribution of the expense, since the service was provided in one year and its accounting occurs in the following year.

Moreover, there is also a problem of insufficient supporting documentation for the expense and a lack of an audit trail, as the expense is recorded based on an internal document of the UNWTO.

- Account 812101 Temporary services - Salaries/fees. The UNWTO makes payments to translators and to the legal adviser without invoices or contracts, and there is only an internal payment order for the jobs done by the translators and a memorandum indicating the activities carried out and fees, signed by the legal adviser in the latter case.

The UNWTO has informed the external auditors that the legal department is preparing a model contract for the hiring of translators, which it intends to implement in 2016.

Again, this is a case of insufficient supporting documentation for expenses and lack of an audit trail.

Moreover, although the UNWTO has procurement procedures for contracting with companies, the contracting of individuals is only governed by the provisions set out in DFR VI.38 of the Detailed Financial Rules, which stipulates that when the total value of a contract exceeds €50,000 per year, a selection process will be conducted unless otherwise authorized by the Secretary-General Exceptions under article VI.35(b).

## V. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

- Taking into account the dates on which the audit of the Foundation has been carried out by the Court of Audit to date, and to prevent the exception expressed in our audit report from being perpetuated and invariably repeated in each audit report of the UNWTO, it would be advisable that the Board of the UNWTO-Themis Foundation submit its financial statements to external audit, under the provisions of Article 30 of Statute of the UNWTO-Themis Foundation and in section 4.5 Clause IV of the Agreement (or memorandum of understanding) between the UNWTO and the Government of the Principality of Andorra on the functioning of the UNWTO-Themis Foundation, taking into account the provisions set forth in Article 27 of Law 11/2008 on Foundations.
- While UNWTO maintains in paragraph 126 of the notes to the financial statements that accrual accounting for non-exchange transactions under IPSAS does not require the matching of revenue to related expenses, we understand that this is an interpretation of IPSAS 23 and that revenue should be accounted for as advances in cases where the contribution for carrying out a project is received in one financial year and the expenses corresponding to the execution of the project are realized in the following year(s), because this affects the deficit/surplus for the year.
- Given the high volume of travel expenses of the UNWTO, in order to facilitate reconciliation with the invoice received for the travel and transportation expenses settled using the American Express card, as well as to ensure the correct attribution to each Fund, separate invoices should be issued for each of the Funds.
- Strict application of the accrual principle is recommended since several cases have been found where income and expenses accrued in 2014 were recorded in 2015, which may in the future have a significant financial impact and alter the economic result for the year.
- With the objective of having appropriate internal control procedures, it would be advisable for the UNWTO to issue an invoice for all contributions it receives.

- The procedure followed by the UNWTO to document expenses presents significant deficiencies, since it considers the effective realization of an expense or the rendering of a service to be sufficiently accredited based on an internal document signed by the official responsible for the management of the project (Delivery Note & Payment Request). Aside from being a weakness of internal control, this is also a case of insufficient supporting documentation and a lack of an audit trail, which could generate financial implications for the organization in the future. It is recommended that the UNWTO review its internal control procedures and require the submission of detailed invoices from third parties that provide goods or render services to the organization.
- In the case of translators and the legal adviser, the UNWTO makes payments without any contract or invoice. It is recommended that the UNWTO contract this type of services in a formal and legal manner, and that it demand the issuance of a detailed invoice to establish the effective delivery of contracted services.
- Although the UNWTO has procurement procedures for contracting with companies, the contracting of individuals is only governed by the provisions set out in article VI.38 of the Detailed Financial Rules, which stipulates that when the total value of a contract exceeds €50,000 per year, a selection process will be conducted unless otherwise authorized by the Secretary-General under article VI.35(b). A review of the contracting procedures followed by UNWTO to contract with individuals is recommended to ensure transparency, competition and compliance with legal requirements.
- Regarding internal transactions between funds (or facilities), although their effect on the consolidated financial statements is eliminated, these internal movements do form part of the information provided at the segment and fund levels, which can distort the financial information at the segment and fund levels appearing in the financial statements.
- It would be advisable to perform the settlements of the internal transactions between the different Funds more frequently and at least before the close of the financial year. In this way, greater clarity would be achieved in the information, and possible problems of financing from one Fund or project to another would be avoided.
- The UNWTO should implement a system of economic and budgetary management of projects that makes it possible to monitor each project as a whole and to relate all income and expenses that are part of the project, which would facilitate its monitoring and control. This is particularly important in the case of projects financed with conditional contributions, in which an accounting must be given to the donors regarding how their contribution has been spent.

Madrid, 29 March 2016

Electronically signed by Mercedes Vega García and Sofía Viñayo Fernández, auditors of the National Audit Office of the Government Comptroller's Office.



## 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	Intervención General de la Administración del Estado, Spain	Maria de Molina 50. 28006 Madrid, Spain

## Annex II: Revised appropriations in accordance to programmes structure and appropriations transfers - Regular Budget

Revised appropriations for the year ended 2015 as approved by A/RES/658 (XXI) and in accordance to the new programmes structure made by the Secretary-General

2015 revised appropriations approved by A/RES/658 (XXI)						2015 revised appropriations in accordance to the new structure made by the Secretary-General					
Major programmes / programmes	P	G	Appropriations <sup>1</sup> (EUR)			Major programmes / programmes	P	G	Appropriations <sup>2</sup> (EUR)		
			Staff	Non-staff	Total				Staff	Non-staff	Total
<b>Total</b>	<b>106</b>					<b>Total</b>	<b>106</b>				
	51	55	9,302,000.00	4,190,000.00	13,492,000.00		55	51	9,302,000.00	4,190,000.00	13,492,000.00
<b>A Member Relations</b>	<b>9</b>	<b>13</b>	<b>1,749,000.00</b>	<b>692,000.00</b>	<b>2,441,000.00</b>	<b>A Member Relations</b>	<b>13</b>	<b>9</b>	<b>1,749,000.00</b>	<b>692,000.00</b>	<b>2,441,000.00</b>
A01 Regional Programme, Africa	2	2	341,000.00	152,000.00	493,000.00	A01 Regional Programme, Africa	3	1	341,000.00	152,000.00	493,000.00
A02 Regional Programme, Americas	2	2	341,000.00	152,000.00	493,000.00	A02 Regional Programme, Americas	2	2	341,000.00	152,000.00	493,000.00
A03 Regional Programme, Asia and the Pacific	2	2	341,000.00	152,000.00	493,000.00	A03 Regional Programme, Asia and the Pacific	3	1	341,000.00	152,000.00	493,000.00
A04 Regional Programme, Europe	1	2	224,000.00	88,000.00	312,000.00	A04 Regional Programme, Europe	2	1	224,000.00	88,000.00	312,000.00
A05 Regional Programme, Middle East	1	2	224,000.00	88,000.00	312,000.00	A05 Regional Programme, Middle East	2	1	224,000.00	88,000.00	312,000.00
A06 Affiliate Members (Knowledge Network)	1	3	278,000.00	60,000.00	338,000.00	A06 Affiliate Members (Knowledge Network)	1	3	278,000.00	60,000.00	338,000.00
<b>B Operational</b>	<b>18</b>	<b>14</b>	<b>2,730,000.00</b>	<b>1,241,000.00</b>	<b>3,971,000.00</b>	<b>B Operational</b>	<b>17</b>	<b>14</b>	<b>2,613,000.00</b>	<b>1,241,000.00</b>	<b>3,854,000.00</b>
B01 Sustainable Development of Tourism	3	2	457,000.00	140,000.00	597,000.00	B01 Sustainable Development of Tourism	3	2	457,000.00	140,000.00	597,000.00
B02 Technical Cooperation	3	2	458,000.00	100,000.00	558,000.00	B02 Technical Cooperation	2	2	341,000.00	100,000.00	441,000.00
B03 Statistics and Tourism Satellite Account	2	3	395,000.00	160,000.00	555,000.00	B03 Statistics and Tourism Satellite Account	2	3	395,000.00	160,000.00	555,000.00
B04 Tourism Market Trends	3	1	404,000.00	160,000.00	564,000.00	B04 Tourism Market Trends	3	1	404,000.00	160,000.00	564,000.00
B05 Destination Management and Quality	2	2	279,000.00	55,000.00	334,000.00	B05 Destination Management and Quality	2	2	279,000.00	55,000.00	334,000.00
B06 Ethics and Social Responsibility	1	1	171,000.00	55,000.00	226,000.00	B06 Ethics and Social Responsibility	1	1	171,000.00	55,000.00	226,000.00
B07 Themis	0	0	0.00	155,000.00	155,000.00	B07 Themis	0	0	0.00	155,000.00	155,000.00
B08 Institutional Relations and Resource Mobilization	2	1	288,000.00	192,000.00	480,000.00	B08 Institutional Relations and Resource Mobilization	2	1	288,000.00	192,000.00	480,000.00
B09 Fairs and Special Field Projects	1	2	224,000.00	145,000.00	369,000.00	B09 Fairs and Special Field Projects	1	2	224,000.00	145,000.00	369,000.00
B10 UNWTO Liaison Offices	1	0	54,000.00	79,000.00	133,000.00	B10 UNWTO Liaison Offices	1	0	54,000.00	79,000.00	133,000.00
<b>C Support - Direct to Members</b>	<b>16</b>	<b>14</b>	<b>3,135,000.00</b>	<b>636,000.00</b>	<b>3,771,000.00</b>	<b>C Support - Direct to Members</b>	<b>16</b>	<b>14</b>	<b>3,135,000.00</b>	<b>636,000.00</b>	<b>3,771,000.00</b>
C01 Conferences Services	5	2	692,000.00	190,000.00	882,000.00	C01 Conferences Services	5	2	692,000.00	190,000.00	882,000.00
C02 Management	9	9	2,048,000.00	316,000.00	2,364,000.00	C02 Management	9	9	2,048,000.00	316,000.00	2,364,000.00
C03 Communications, Publications and Archives	2	3	395,000.00	130,000.00	525,000.00	C03 Communications and Publications	2	3	395,000.00	130,000.00	525,000.00
<b>D Support - Indirect to Members</b>	<b>8</b>	<b>14</b>	<b>1,688,000.00</b>	<b>1,621,000.00</b>	<b>3,309,000.00</b>	<b>D Support - Indirect to Members</b>	<b>9</b>	<b>14</b>	<b>1,805,000.00</b>	<b>1,621,000.00</b>	<b>3,426,000.00</b>
D01 Budget and Finance	4	3	629,000.00	492,000.00	1,121,000.00	D01 Budget and Finance	3	3	512,000.00	492,000.00	1,004,000.00
D02 Human Resources	2	2	341,000.00	267,000.00	608,000.00	D02 Human Resources	3	2	458,000.00	267,000.00	725,000.00
D03 Information and Communication Technology	2	3	395,000.00	309,000.00	704,000.00	D03 Information and Communication Technology	2	3	395,000.00	309,000.00	704,000.00
D04 General Services	0	6	323,000.00	253,000.00	576,000.00	D04 General Services	1	6	440,000.00	253,000.00	693,000.00
D05 Provisions	0	0	0.00	300,000.00	300,000.00	D05 Provisions	0	0	0.00	300,000.00	300,000.00

Remarks:

<sup>1</sup> In accordance to programmes structure and appropriations approved originally by A/RES/619(XX), its structure modification approved by CE/DEC/10(C) and A/RES/658 (XXI)

<sup>2</sup> In accordance to programmes structure and appropriations approved originally by A/RES/619(XX), its structure modification approved by CE/DEC/10(C) and A/RES/658 (XXI) and the Secretary-General proposal of structure modification as presented in this document. On 15 December 2015, the Secretariat submitted the required budget transfers as per UNWTO data at 30 November 2015 through a written communication to the Programme and Budget Committee Members. The Members have not expressed any objection to this written procedure.

## Appropriation transfers for the year ended 2015 – Regular Budget

Appropriation transfers - Regular Budget <sup>1</sup>  
for the year ended 31 December 2015

Euros

	Approved appropriations			Actual expenditure			Budget deviation	Transfer of appropriations		Revised appropriations	Balance
	Staff cost	Non-staff cost	Total	Staff cost	Non-staff cost	Total		From:	To:		
<b>Total</b>	<b>9,302,000.00</b>	<b>4,190,000.00</b>	<b>13,492,000.00</b>	<b>9,246,295.87</b>	<b>3,814,992.08</b>	<b>13,061,287.95</b>	<b>430,712.05</b>	<b>-882,198.49</b>	<b>882,198.49</b>	<b>13,492,000.00</b>	<b>430,712.05</b>
<b>A Member Relations</b>	<b>1,749,000.00</b>	<b>692,000.00</b>	<b>2,441,000.00</b>	<b>1,662,507.68</b>	<b>590,325.55</b>	<b>2,252,833.23</b>	<b>188,166.77</b>	<b>-144,108.70</b>	<b>144,108.70</b>	<b>2,441,000.00</b>	<b>188,166.77</b>
A01 Regional Programme, Africa	341,000.00	152,000.00	493,000.00	244,448.26	96,154.66	340,602.92	152,397.08	0.00	0.00	493,000.00	152,397.08
A02 Regional Programme, Americas	341,000.00	152,000.00	493,000.00	375,517.87	132,294.43	507,812.30	-14,812.30	0.00	14,812.30	507,812.30	0.00
A03 Regional Programme, Asia and the Pacific	341,000.00	152,000.00	493,000.00	402,822.40	115,836.31	518,658.71	-25,658.71	0.00	25,658.71	518,658.71	0.00
A04 Regional Programme, Europe	224,000.00	88,000.00	312,000.00	232,501.64	183,136.05	415,637.69	-103,637.69	0.00	103,637.69	415,637.69	0.00
A05 Regional Programme, Middle East	224,000.00	88,000.00	312,000.00	242,964.06	62,904.10	305,868.16	6,131.84	0.00	0.00	312,000.00	6,131.84
A06 Affiliate Members (Knowledge Network)	278,000.00	60,000.00	338,000.00	164,253.45	0.00	164,253.45	173,746.55	-144,108.70	0.00	193,891.30	29,637.85
<b>B Operational</b>	<b>2,613,000.00</b>	<b>1,241,000.00</b>	<b>3,854,000.00</b>	<b>2,724,925.22</b>	<b>1,056,536.88</b>	<b>3,781,462.10</b>	<b>72,537.90</b>	<b>-315,119.28</b>	<b>315,119.28</b>	<b>3,854,000.00</b>	<b>72,537.90</b>
B01 Sustainable Development of Tourism	457,000.00	140,000.00	597,000.00	416,151.87	122,299.13	538,451.00	58,549.00	-50,220.82	0.00	546,779.18	8,328.18
B02 Technical Cooperation	341,000.00	100,000.00	441,000.00	516,459.73	58,464.01	574,923.74	-133,923.74	0.00	133,923.74	574,923.74	0.00
B03 Statistics and Tourism Satellite Account	395,000.00	160,000.00	555,000.00	410,661.98	119,173.00	529,834.98	25,165.02	-25,165.02	0.00	529,834.98	0.00
B04 Tourism Market Trends	404,000.00	160,000.00	564,000.00	290,651.51	106,248.56	396,900.07	167,099.93	-133,923.74	0.00	430,076.26	33,176.19
B05 Destination Management and Quality	279,000.00	55,000.00	334,000.00	264,167.30	41,011.20	305,178.50	28,821.50	0.00	0.00	334,000.00	28,821.50
B06 Ethics and Social Responsibility	171,000.00	55,000.00	226,000.00	175,086.39	101,134.43	276,220.82	-50,220.82	0.00	50,220.82	276,220.82	0.00
B07 Themis	0.00	155,000.00	155,000.00	0.00	109,557.37	109,557.37	45,442.63	-45,442.63	0.00	109,557.37	0.00
B08 Institutional Relations and Resource Mobilization	288,000.00	192,000.00	480,000.00	280,964.03	157,116.57	438,080.60	41,919.40	-41,919.40	0.00	438,080.60	0.00
B09 Fairs and Special Field Projects	224,000.00	145,000.00	369,000.00	220,130.52	128,209.78	348,340.30	20,659.70	-18,447.67	0.00	350,552.33	2,212.03
B10 UNWTO Liaison Offices	54,000.00	79,000.00	133,000.00	150,651.89	113,322.83	263,974.72	-130,974.72	0.00	130,974.72	263,974.72	0.00
<b>C Support - Direct to Members</b>	<b>3,135,000.00</b>	<b>636,000.00</b>	<b>3,771,000.00</b>	<b>3,306,617.71</b>	<b>627,443.17</b>	<b>3,934,060.88</b>	<b>-163,060.88</b>	<b>-48,393.35</b>	<b>216,168.72</b>	<b>3,938,775.37</b>	<b>4,714.49</b>
C01 Conferences Services	692,000.00	190,000.00	882,000.00	782,981.28	147,412.07	930,393.35	-48,393.35	0.00	48,393.35	930,393.35	0.00
C02 Management	2,048,000.00	316,000.00	2,364,000.00	2,180,781.86	350,993.51	2,531,775.37	-167,775.37	0.00	167,775.37	2,531,775.37	0.00
C03 Communications and Publications	395,000.00	130,000.00	525,000.00	342,854.57	129,037.59	471,892.16	53,107.84	-48,393.35	0.00	476,606.65	4,714.49
<b>D Support - Indirect to Members</b>	<b>1,805,000.00</b>	<b>1,621,000.00</b>	<b>3,426,000.00</b>	<b>1,552,245.26</b>	<b>1,540,686.48</b>	<b>3,092,931.74</b>	<b>333,068.26</b>	<b>-374,577.16</b>	<b>206,801.79</b>	<b>3,258,224.63</b>	<b>165,292.89</b>
D01 Budget and Finance	512,000.00	492,000.00	1,004,000.00	477,534.28	208,040.67	685,574.95	318,425.05	-177,274.89	0.00	826,725.11	141,150.16
D02 Human Resources	458,000.00	267,000.00	725,000.00	351,970.54	166,584.46	518,555.00	206,445.00	-197,302.27	0.00	527,697.73	9,142.73
D03 Information and Communication Technology	395,000.00	309,000.00	704,000.00	377,788.10	335,711.42	713,499.52	-9,499.52	0.00	9,499.52	713,499.52	0.00
D04 General Services	440,000.00	253,000.00	693,000.00	344,952.34	545,349.93	890,302.27	-197,302.27	0.00	197,302.27	890,302.27	0.00
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

## Remarks:

<sup>1</sup> This information is presented in accordance to the programmes structure and appropriations approved originally by the 20th UNWTO General Assembly (A/RES/619 (XX)), its structure modification approved by CE/DEC/10(C) and A/RES/658 (XXI) and the Secretary-General proposal of structure modification as presented in this document. On 15 December 2015, the Secretariat submitted the required budget transfers as per UNWTO data at 30 November 2015 through a written communication to the Programme and Budget Committee Members. The Members have not expressed any objection to this written procedure.

**Appropriation transfers between programmes within the same part of the budget and from one part of the budget to another<sup>3</sup>**

Transfer	EUR	Description		Programme
		Major programmes		
<i>Appropriation transfers between programmes within the same part of the budget<sup>1</sup></i>				
1	-144,108.70	From	A Member Relations	A06 Affiliate Members (Knowledge Network)
	14,812.30	To	A Member Relations	A02 Regional Programme, Americas
	25,658.71	To	A Member Relations	A03 Regional Programme, Asia and the Pacific
	103,637.69	To	A Member Relations	A04 Regional Programme, Europe
Transfer needed to cover excess expenditure on staff of programmes A02 and A03 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.				
Transfer needed to cover the excess in expenditure of programme A04 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.				
2	-50,220.82	From	B Operational	B01 Sustainable Development of Tourism
	50,220.82	To	B Operational	B06 Ethics and Social Responsibility
Transfer needed to cover the excess in expenditure 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.				
3	-25,165.02	From	B Operational	B03 Statistics and Tourism Satellite Account
	-45,442.63	From	B Operational	B07 Themis
	-41,919.40	From	B Operational	B09 Fairs and Special Field Projects
	-18,447.67	From	B Operational	B09 Fairs and Special Field Projects
	130,974.72	To	B Operational	B10 UNWTO Liaison Offices
Transfer needed to cover the excess in expenditure 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.				
4	-133,923.74	From	B Operational	B04 Tourism Market Trends
	133,923.74	To	B Operational	B02 Technical Cooperation
Transfers needed to cover excess expenditure on staff 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.				
5	-48,393.35	From	C Support - Direct to Members	C03 Communications and Publications
	48,393.35	To	C Support - Direct to Members	C01 Conferences Services
Transfers needed to cover excess expenditure on staff 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.				
6	-9,499.52	From	D Support - Indirect to Members	D01 Budget and Finance
	9,499.52	To	D Support - Indirect to Members	D03 Information and Communication Technology
Transfer needed to mainly cover the excess in expenditure due to the increase in the activities carried out.				
7	-197,302.27	From	D Support - Indirect to Members	D02 Human Resources
	197,302.27	To	D Support - Indirect to Members	D04 General Services
Transfer needed to mainly cover the excess in expenditure due to the increase in the activities carried out.				
<i>Appropriation transfers from one part of the budget to another<sup>2</sup></i>				
8	-167,775.37	From	D Support - Indirect to Members	D01 Budget and Finance
	167,775.37	To	C Support - Direct to Members	C02 Management
Transfer needed to cover the excess in expenditure 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.				

## Remarks:

<sup>1</sup> 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 and the Executive Council (FR5.3(a) and CE/DEC/6(LIII)).

<sup>2</sup> 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 (FR5.3(b) and decision CE/DEC/6(LIII)).

<sup>3</sup> On 15 December 2015, the Secretariat submitted the required budget transfers as per UNWTO data at 30 November 2015 through a written communication to the Programme and Budget Committee Members. The Members have not expressed any objection to this written procedure.

**Annex III: Working Capital Fund available balance and advance to the Regular Budget**

## Working Capital Fund (WCF) available balance at 31 December 2015

<b>Working Capital Fund available balance at 31 December 2015</b>	
Euros	
<b>Balance at 01/01/2015</b>	<b>1,907,416.76</b>
Additions:	372,645.87
New Members	0.00
Arrear contributions applied to reimburse the advance made during the previous year	372,645.87
Less:	-10,009.50
Members which have left the Organization	-10,009.50
Advance made to the GF to cover budgetary expenditure pending receipt of unpaid contributions <sup>1</sup>	0.00
<b>Balance at 31/12/2015</b>	<b>2,270,053.13</b>

<sup>1</sup> Part of intersegment transactions

## Budgetary cash balance of the Regular Budget and WCF advance at 31 December 2015

**Budgetary cash balance of the Regular Budget and WCF advance  
at 31 December 2015**

Euro

	2015	%	2014	%
<b>Approved budget</b>	<b>13,492,000.00</b>	<b>100.00</b>	<b>13,124,000.00</b>	<b>100.00</b>
<i>Budgetary income</i>	11,883,256.17	88.08	11,303,175.41	86.13
Assessed contributions	11,340,256.17	84.05	10,659,175.41	81.22
Amount spent from the allocations approved by the GA	543,000.00	4.02	644,000.00	4.91
Allocation from accumulated surplus - RB	293,000.00	2.17	394,000.00	3.00
Allocation from accumulated surplus - Publications store	250,000.00	1.85	250,000.00	1.90
<i>Budgetary expenditure</i>	-13,061,287.95	-96.81	-12,973,017.16	-98.85
Cash deficit/advance made from the WCF (FR 10.2(b))	-1,178,031.78		-1,669,841.75	
<i>Arrear contributions receipts in the financial year</i>	1,550,677.65	11.49	763,242.59	5.82
<b>WCF accumulated balance, after reimbursing WCF with arrears</b>	<b>-533,953.29</b>		<b>-906,599.16</b>	

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

### Statement of contributions due to the General Fund at 31 December 2015

#### Statement of contributions due to the General Fund at 31 December 2015

Euros

	Years	Arrear Contributions	Contributions due	Total
<b>Total contributions due</b>		<b>14,828,830.49</b>	<b>1,767,694.40</b>	<b>16,596,524.89</b>
<b>Budgetary contributions</b>		<b>14,828,830.49</b>	<b>1,767,694.40</b>	<b>16,596,524.89</b>
<i>Full Members - Membres Effectifs - Miembros Efectivos</i>		<i>13,123,792.06</i>	<i>1,366,150.75</i>	<i>14,489,942.81</i>
Afghanistan - Afganistan	81-87,89-08,10,12,14	703,988.77	0.00	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 - Azerbaïdján - Azerbaïjan	-	0.00	0.00	0.00
Bahamas	-	0.00	0.00	0.00
Bangladesh <sup>(5)</sup>	-	0.00	0.00	0.00
Bahrain - Bahrein - Bahreïn	78-84,02,10	331,715.05	57,460.00	389,175.05
Belarus - Bélarus - Belarus	-	0.00	0.00	0.00
Benin - Bénin	12,14	50,893.00	26,779.00	77,672.00
Bhutan - Bhoutan - Bhután	-	0.00	0.00	0.00
Bolivia - Bolivie	81-87, 89-98	422,180.57	0.00	422,180.57
Bosnia And Herzegovina - Bosnie-Herzégovine - Bosnia y Herzegovina	-	0.00	0.00	0.00
Botswana <sup>(2)</sup>	-	0.00	0.00	0.00
Brazil - Brésil - Brasil	-	0.00	66,238.82	66,238.82
Brunei Darussalam - Brunéi Darussalam	-	0.00	0.00	0.00
Bulgaria - Bulgarie	-	0.00	0.00	0.00
Burkina Faso	12	24,843.00	0.00	24,843.00
Burundi	77-07,11-14	706,365.78	26,779.00	733,144.78
Cambodia - Cambodge - Camboya	81-92	300,250.53	0.00	300,250.53
Cameroon - Cameroun - Camerun	-	0.00	0.00	0.00
Cape Verde - Cap-Vert - Cabo Verde	-	0.00	0.00	0.00
Central African Republic - République Centrafricaine - Republica Centrafricana	06-14	203,838.00	26,779.00	230,617.00
Chad - Tchad	12-14	76,226.56	26,779.00	103,005.56
Chile - Chili	-	0.00	0.00	0.00
China - Chine	-	0.00	0.00	0.00
Colombia - Colombie <sup>(3)</sup>	-	0.00	0.00	0.00
Congo	-	0.00	0.00	0.00
Costa Rica	-	0.00	0.00	0.00
Côte D'Ivoire	-	0.00	4,128.87	4,128.87
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	14	5,717.86	26,779.00	32,496.86
Dem. Republic of The Congo - République Dém. du Congo - Republica Dem. del Congo	98-00,02-06,08	259,396.26	0.00	259,396.26
Djibouti	03-14	258,751.00	24,101.00	282,852.00
Dominican Rep. - Rép. Dominicaine - Republica Dominicana	-	0.00	0.00	0.00
Ecuador - Équateur	14	831.09	0.00	831.09
Egypt - Égypte - Egipto <sup>(5)</sup>	-	0.00	0.00	0.00
El Salvador	96	8,591.42	0.00	8,591.42
Eritrea - Érythrée	-	0.00	26,779.00	26,779.00
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		Total
		Contributions	Contributions due	
Gabon <sup>(4)</sup>	14	52,099.00	53,558.00	105,657.00
Gambia - Gambie <sup>(5)</sup>	95-05,08-10,13,14	303,126.15	0.00	303,126.15
Georgia - Géorgie	-	0.00	0.00	0.00
Germany - Allemagne - Alemania	-	0.00	0.00	0.00
Ghana	-	0.00	32,134.00	32,134.00
Greece - Grèce - Grecia	-	0.00	0.00	0.00
Guatemala	-	0.00	0.00	0.00
Guinea - Guinée	96,98-00,07,14	179,221.75	26,779.00	206,000.75
Guinea-Bissau - Guinée-Bissau	92-96,99-14	450,026.55	26,779.00	476,805.55
Equatorial Guinea - Guinée Équatoriale - Guinea Ecuatorial	13-14	52,094.00	29,124.00	81,218.00
Haiti - Haïti	-	0.00	0.00	0.00
Honduras	-	0.00	137.91	137.91
Hungary - Hongrie - Hungria	-	0.00	0.00	0.00
India - Inde	-	0.00	0.00	0.00
Indonesia - Indonésie <sup>(2)</sup>	-	0.00	0.00	0.00
Iran, Islamic Rep. of - Iran, République Islamique d' - Iran, Republica Islamica de <sup>(1)</sup>	14	65,376.00	70,279.00	135,655.00
Iraq	85-87, 91-06,12,14	1,919,297.34	35,139.00	1,954,436.34
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 <sup>(2)</sup>	-	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	0.00	0.00
Kyrgyzstan - Kirghizistan - Kirguistan	95-10,12-14	445,852.89	26,779.00	472,631.89
Kuwait - Koweït	98	34,309.21	0.00	34,309.21
Lao People's Dem.Rep. - République Pop. Dém. Lao - Rep.Dem.Pop. Lao	90-95,04	151,842.00	0.00	151,842.00
Lebanon - Liban - Libano	14	90,722.00	97,527.00	188,249.00
Lesotho <sup>(2)</sup>	14	15,907.97	0.00	15,907.97
Liberia - Libéria	12-14	76,233.00	26,779.00	103,012.00
Libya - Libye - Libia	-	34,518.00	64,268.00	98,786.00
Lithuania - Lituanie - Lituania	-	0.00	0.00	0.00
Macedonia, Former Yugoslave Rep. - Macédoine, Ex-Rép. Yougoslave de - Macedonia, Ex Rep. Yugoslava de	-	0.00	0.00	0.00
Madagascar	12-14	63,995.94	26,779.00	90,774.94
Malaysia - Malaisie - Malasia	-	0.00	0.00	0.00
Malawi <sup>(4)</sup>	11-14	99,007.99	26,779.00	125,786.99
Maldives - Maldives	-	0.00	0.00	0.00
Mali	13-14	51,390.00	139.28	51,529.28
Malta - Malte	-	0.00	0.00	0.00
Mauritania - Mauritanie	77-05,13,14	685,313.10	26,779.00	712,092.10
Mauritius - Maurice - Mauricio <sup>(5)</sup>	-	0.00	0.00	0.00
Mexico - Mexique	-	0.00	0.00	0.00
Monaco - Monaco	-	0.00	0.00	0.00
Mongolia - Mongolie	-	0.00	29,284.00	29,284.00
Montenegro - Monténégro	-	0.00	0.00	0.00
Morocco - Maroc - Marruecos	-	0.00	0.00	0.00
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	13-14	25,512.01	26,779.00	52,291.01
Netherlands - Pays-Bas - Paises Bajos	-	0.00	0.00	0.00
Nicaragua	00-02,08,09	102,618.04	0.00	102,618.04
Niger	83-87, 90-07,10-11,14	599,795.81	26,779.00	626,574.81
Nigeria - Nigéria	-	0.00	2,524.74	2,524.74
Norway - Norvège - Noruega	-	0.00	0.00	0.00
Oman - Omán	-	0.00	0.00	0.00
Pakistan <sup>(5)</sup>	10,12	37,137.75	2,261.14	39,398.89
Panama	-	0.00	0.00	0.00
Papua New Guinea - Papouasie-Nouvelle-Guinée - Papua Nueva Guinea	08-14	169,838.00	26,779.00	196,617.00
Paraguay	-	0.00	0.00	0.00
Péru - Perou	-	0.00	1,667.77	1,667.77
Philippines - Filipinas	-	0.00	2,093.73	2,093.73
Poland - Pologne - Polonia	-	0.00	0.00	0.00
Portugal	-	0.00	0.00	0.00
Qatar - Qatar	-	0.00	0.00	0.00
Republic of Korea - République de Corée - Republica de Corea	-	0.00	0.00	0.00

	Years	Arrear		Total
		Contributions	Contributions due	
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	26,779.00	29,302.04
San Marino - Saint-Marin	-	0.00	0.00	0.00
Sao Tome-and-Principe - Sao Tomé-et-Príncipe - Santo Tome y Principe	86-14	597,813.65	0.00	597,813.65
Saudi Arabia - Arabie Saoudite - Arabia Saudita	03	101,628.00	0.00	101,628.00
Sénégal - Senegal	-	0.00	29,284.00	29,284.00
Serbia - Serbie	-	0.00	0.00	0.00
Seychelles	-	0.00	0.00	0.00
Sierra Leone - Sierra Leona	80-00,03-14	744,590.12	26,779.00	771,369.12
Slovakia - Slovaquie - Eslovaquia	-	0.00	0.00	0.00
Slovenia - Slovénie - Eslovenia	-	0.00	0.00	0.00
South Africa - Afrique du Sud - Sudafrica <sup>(2)</sup>	-	0.00	0.00	0.00
Spain - Espagne - España	-	0.00	0.00	0.00
Sri Lanka	-	0.00	0.00	0.00
	84-86,89-03,06-			
Sudan - Soudan	08,13,14	498,087.92	0.00	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	12-14	182,956.00	64,268.00	247,224.00
Tajikistan - Tayikistán - Tadjikistan	13	450.00	0.00	450.00
Thailand - Thaïlande - Tailandia	-	0.00	0.00	0.00
Timor-Leste	-	0.00	659.76	659.76
Togo	03-06	56,131.53	0.00	56,131.53
Tunisia - Tunisie - Tunes	13-14	5,733.48	0.00	5,733.48
Turkey - Turquie - Turquia <sup>(1)</sup>	-	0.00	0.00	0.00
Turkmenistan - Tadjikistán - Turkmenistan	95-98,00-12	504,066.40	0.00	504,066.40
Ucrania - Ukraine	-	0.00	0.00	0.00
Uganda - Ouganda <sup>(5)</sup>	96-00,02-04,10-12	208,593.05	29,284.00	237,877.05
United Arab Emirates - Emirats Arabes Unis - Emiratos Arabes Unidos	81-87	518,247.76	0.00	518,247.76
United Rep. of Tanzania <sup>(5)</sup> - République-Unie de Tanzanie - Republica Unida de Tanzania	13-14	58,536.31	32,134.00	90,670.31
Uruguay	02-03,11	125,577.22	0.00	125,577.22
Uzbekistan - Ouzbékistan	-	0.00	0.00	0.00
Vanuatu	10-14	100,732.00	21,422.00	122,154.00
Venezuela	13	28,058.84	79,650.00	107,708.84
Viet Nam	-	0.00	0.00	0.00
Yemen - Yémen	79-89,95,14	260,844.45	29,284.00	290,128.45
Zambia - Zambie	14	26,040.90	0.00	26,040.90
Zimbabwe	-	0.00	26,076.73	26,076.73
<i>Associate Members - Membres Associés - Miembros Asociados</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Aruba	-	0.00	0.00	0.00
Macao	-	0.00	0.00	0.00
Madeira - Madere	-	0.00	0.00	0.00
Flanders - Flandre - Flandes	-	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
<i>Affiliate Members - Membres Affiliés - Miembros Afiliados</i>	<i>01-14</i>	<i>520,253.99</i>	<i>390,543.65</i>	<i>910,797.64</i>
<i>Former Full Members - Anciens Membres effectifs - Ex-Miembros Efectivos</i>	<i>79-99</i>	<i>1,095,836.54</i>	<i>0.00</i>	<i>1,095,836.54</i>
<i>Former Associate Members - Anciens Membres associés - Ex-Miembros Asociados</i>	<i>86</i>	<i>1,947.90</i>	<i>0.00</i>	<i>1,947.90</i>
<i>Former Affiliate Members - Anciens Membres affiliés - Ex-Miembros Afiliados</i>	<i>12-14</i>	<i>87,000.00</i>	<i>11,000.00</i>	<i>98,000.00</i>
Financial year starts				
(1) March				
(2) April				
(3) May				
(4) June				
(5) July				

## Statement of contributions due to the Working Capital Fund at 31 December 2015

**Statement of contributions due to the Working Capital Fund****at 31 December 2015**

Euros

**31/12/2015****Total****2,235.85**

Liberia

1,242.15

Vanuatu

993.70

## Annex V: Sub-funds reporting

## Statement of financial position by sub-fund at 31 December 2015

## Statement of financial position by sub-funds

at 31 December 2015

Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	MDTF	Inter-segment elimination*	Total UNWTO
<b>Assets</b>	<b>17,017,336.67</b>	<b>5,982,750.40</b>	<b>286,742.75</b>	<b>138,519.72</b>	<b>0.00</b>	<b>-2,534,966.94</b>	<b>20,890,382.60</b>
<i>Current assets</i>	<i>16,389,240.71</i>	<i>5,831,350.40</i>	<i>286,742.75</i>	<i>138,519.72</i>	<i>0.00</i>	<i>-2,534,966.94</i>	<i>20,110,886.64</i>
Cash and cash equivalents	10,768,903.24	4,718,701.04	245,749.95	138,519.72	0.00	0.00	15,871,873.95
Inventories	54,452.65	0.00	0.00	0.00	0.00	0.00	54,452.65
Members assessed contributions receivable, net	2,970,744.71	0.00	0.00	0.00	0.00	0.00	2,970,744.71
Other contributions receivables, net	0.00	938,286.51	3,186.81	0.00	0.00	0.00	941,473.32
Other receivables, net	209,291.03	8.34	0.00	0.00	0.00	0.00	209,299.37
Other current assets	2,385,849.08	174,354.51	37,805.99	0.00	0.00	-2,534,966.94	63,042.64
<i>Non-current assets</i>	<i>628,095.96</i>	<i>151,400.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>779,495.96</i>
Investments	244,453.85	0.00	0.00	0.00	0.00	0.00	244,453.85
Members assessed contributions receivable, net	48,392.00	0.00	0.00	0.00	0.00	0.00	48,392.00
Other contributions receivable, net	0.00	151,400.00	0.00	0.00	0.00	0.00	151,400.00
Property, plant and equipment	177,594.81	0.00	0.00	0.00	0.00	0.00	177,594.81
Intangible assets, net	153,917.64	0.00	0.00	0.00	0.00	0.00	153,917.64
Other non-current assets	3,737.66	0.00	0.00	0.00	0.00	0.00	3,737.66
<b>Liabilities and Net Assets/Equity</b>	<b>17,017,336.67</b>	<b>5,982,750.40</b>	<b>286,742.75</b>	<b>138,519.72</b>	<b>0.00</b>	<b>-2,534,966.94</b>	<b>20,890,382.60</b>
<b>Liabilities</b>	<b>23,607,168.03</b>	<b>971,550.73</b>	<b>114,494.82</b>	<b>2,455.00</b>	<b>0.00</b>	<b>-2,534,966.94</b>	<b>22,160,701.64</b>
<i>Current liabilities</i>	<i>5,329,840.32</i>	<i>971,550.73</i>	<i>114,494.82</i>	<i>2,455.00</i>	<i>0.00</i>	<i>-2,534,966.94</i>	<i>3,883,373.93</i>
Payables and accruals	503,536.67	148,449.14	387.44	0.00	0.00	0.00	652,373.25
Transfers payable	21,850.00	450,724.07	3,747.40	1,980.00	0.00	0.00	478,301.47
Employee benefits	107,794.79	0.00	0.00	0.00	0.00	0.00	107,794.79
Advance receipts	2,418,800.33	0.00	0.00	0.00	0.00	0.00	2,418,800.33
Provisions	26,205.01	47,402.41	0.00	0.00	0.00	0.00	73,607.42
Other current liabilities	2,251,653.52	324,975.11	110,359.98	475.00	0.00	-2,534,966.94	152,496.67
<i>Non-current liabilities</i>	<i>18,277,327.71</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>18,277,327.71</i>
Employee benefits	18,257,986.80	0.00	0.00	0.00	0.00	0.00	18,257,986.80
Advance receipts	12,858.29	0.00	0.00	0.00	0.00	0.00	12,858.29
Other non-current liabilities	6,482.62	0.00	0.00	0.00	0.00	0.00	6,482.62
<b>Net Assets/Equity</b>	<b>-6,589,831.36</b>	<b>5,011,199.67</b>	<b>172,247.93</b>	<b>136,064.72</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,270,319.04</b>
Accumulated surplus/(deficit)	-11,083,399.10	5,011,199.67	172,247.93	136,064.72	0.00	0.00	-5,763,886.78
Reserves	4,493,567.74	0.00	0.00	0.00	0.00	0.00	4,493,567.74

\* 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 2015

Statement of financial performance by sub-funds  
for the year ended 31 December 2015

Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	MDTF	Inter-segment elimination*	Total UNWTO
<b>Revenues</b>	<b>16,469,502.31</b>	<b>4,872,166.38</b>	<b>355,512.72</b>	<b>92,416.49</b>	<b>50.42</b>	<b>-102,717.21</b>	<b>21,686,931.11</b>
Members assessed contributions	13,387,841.75	0.00	0.00	0.00	0.00	0.00	13,387,841.75
Other contributions (VC and FIT), net of reduction	465,006.13	1,803,443.59	317,864.59	92,000.00	0.00	0.00	2,678,314.31
Publications revenue, net of discounts and returns	335,077.21	0.00	0.00	0.00	0.00	0.00	335,077.21
Currency exchange differences	9,431.34	532,302.64	15,276.49	0.00	0.00	0.00	557,010.47
Other revenues	2,272,145.88	2,536,420.15	22,371.64	416.49	50.42	-102,717.21	4,728,687.37
<b>Expenses</b>	<b>19,550,244.22</b>	<b>4,741,785.54</b>	<b>421,953.55</b>	<b>79,221.48</b>	<b>1,955.27</b>	<b>-102,717.21</b>	<b>24,692,442.85</b>
Wages, salaries and employee benefits	12,351,855.23	1,468,973.25	186,680.15	77,721.48	0.00	0.00	14,085,230.11
Grants and other transfers	368,309.77	492,471.85	2,102.20	0.00	0.00	0.00	862,883.82
Travel	1,517,849.28	272,911.30	9,599.04	0.00	0.00	0.00	1,800,359.62
Supplies, consumables and running costs	2,234,664.37	2,448,093.03	223,273.84	1,500.00	0.00	0.00	4,907,531.24
Currency exchange differences	0.00	0.00	0.00	0.00	1,955.27	0.00	1,955.27
Depreciation, amortization and impairment	69,030.52	0.00	0.00	0.00	0.00	0.00	69,030.52
Other expenses	3,008,535.05	59,336.11	298.32	0.00	0.00	-102,717.21	2,965,452.27
<b>Surplus/(deficit) for the year</b>	<b>-3,080,741.91</b>	<b>130,380.84</b>	<b>-66,440.83</b>	<b>13,195.01</b>	<b>-1,904.85</b>	<b>0.00</b>	<b>-3,005,511.74</b>

\* 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

DFR: Detailed Financial Rules

DSA: Daily Subsistence Allowance

EA: External Auditors

EC: Executive Council

EoSB: End of Service Benefits

EUR: Euro

FIT: Fund In Trust

FR: Financial Regulations

FRR: Financial Regulations and Rules

FS: Financial Statements

GA: General Assembly

GF: General Fund

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

M: Million

MDF: 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: Transfers 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

UNWTO: World Tourism Organization

USD: United States dollar

VAT: Value Added Tax

VC: Voluntary Contributions

VCF: Voluntary Contributions Fund

WCF: Working Capital Fund

WTO: World Tourism Organization