Executive Council
110th session
Baku, Azerbaijan.16-18 June 2019

FOR DECISION

Agenda item 4(d)
UNWTO financial report and audited Financial Statements for the year ended 31 December 2018

CE/110/4(d)
Madrid, 20 May 2019
Original: English

Executive summary

The Financial Statements of the World Tourism Organization for the year ended 31 December 2018 have been prepared in accordance with the UNWTO Financial Regulations, UNWTO Detailed Financial Rules, the International Public Sector Accounting Standards (IPSAS), and in line with the United Nations (UN) policy that IPSAS be used as the accounting standards by UN system organizations.

The Financial Statements were subjected to external audit in accordance to the Financial Regulations. The unqualified (positive) audit opinion and report of the External Auditor on the Financial Statements is submitted to the Executive Council.

The UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2018 includes the UNWTO Financial Report of the Secretary-General for the year 2018 and the UNWTO Financial Statements for the year ended 2018, including the opinion of the External Auditor and the notes to the Financial Statements. At 31 December 2018 the net equity of the Organization amounts to EUR 468,839, an increase over the previous year (EUR -3,065,961 at 31 December 2017).

The 2018 Financial Report shows that the 2018 Regular Budget budgetary cash balance resulted in a cash surplus of EUR 2,423,634. From this, the amount of EUR 511,202 (2017 budgetary cash deficit advanced by the Working Capital Fund (WCF) to the General Fund in 2017) was returned to the Working Capital Fund (WCF). The Secretary-General proposes the utilization of the remaining available Regular Budget budgetary cash surplus of 2018 amounting to EUR 1,912,432.

A chapter on after-service employee benefits (ASEB) liabilities including the UN ASHI (United Nations After-Service Health Insurance working group (UN ASHI WG) conclusions and the draft UNWTO ASEB liabilities funding strategy is also presented in the 2018 Financial Report. In line with the UN recommendations included the UN ASHI WG final report on managing after-service health insurance (A/73/662) and other factors considered to that end, the Secretary-General includes a proposal on UNWTO ASEB liabilities funding strategy for Members' consideration and approval.

Action by the Executive Council

DRAFT DECISION[1]

The Executive Council,

[1] This is a draft decision. For the final decision adopted by the Council, please refer to the Decisions document issued at the end of the session.

Having examined the UNWTO financial report and audited Financial Statements for the year ended 31 December 2018 (CE/110/4(d)),

1. *Takes note with satisfaction* of the unqualified opinion of the External Auditor that the UNWTO Financial Statements for the year ended 2018 present a true image of the financial position of the UNWTO as at 31 December 2018 and of its performance, its cash flows and changes in equity for the year ended 31 December 2018, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards (IPSAS);

2. *Thanks* the Secretary-General for correcting the deficit of previous years and ensuring the sound financial stability of the Organization within one year of his mandate;

3. *Approves and recommends* the General Assembly to approve the UNWTO Financial Statements for the year ended 2018*;*

4. *Takes note* of the Secretary-General's financial report for the year 2018 and approves, as presented in the document:

   (a) the Secretary-General's proposal to utilize the 2018 remaining available Regular Budget budgetary cash surplus amounting to EUR 1,912,432 (Regular Budget budgetary cash balance less cash returned to the Working Capital Fund),

   (b) the Regular Budget appropriation transfers recommended by the Programme and Budget Committee members through a written consultation in accordance with Financial Regulation 5.3(a) and 5.3(b), and

   (c) the Secretary-General's proposed funding strategy for the UNWTO's after-service employee benefits liabilities;

5. *Requests* the Secretary-General to present the details of the required payroll charge percentage calculated by a professional firm of actuaries to a future session of the Executive Council for approval, prior to incorporating it in forthcoming budget proposals of the Regular Budget;

6. *Recommends* that the Secretary-General continue in 2019 his approaches to Members that owe contributions to the Organization in order to secure their payment; and

7. *Expresses its gratitude* to the Chair of the Programme and Budget Committee (India) and the External Auditor (Spain) for the work carried out.

I. Introduction

1. In accordance with Financial Regulation 14.7, the Financial Statements of the World Tourism Organization for the year ended 31 December 2018 under the mandate of Mr. Zurab Pololikashvili as Secretary-General have been prepared in accordance with the UNWTO Financial Regulations, UNWTO Detailed Financial Rules, the International Public Sector Accounting Standards (IPSAS), and in line with the United Nations (UN) policy that IPSAS be used as the accounting standards by UN system organizations.

2. The Organization has prepared annual Financial Statements compliant with IPSAS. 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.

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 Auditor on the Financial Statements is submitted to the Executive Council in accordance with Financial Regulation 17.2.

4. The UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2018 includes (i) the UNWTO Financial Report of the Secretary-General for the year 2018, (ii) the submission of the UNWTO Financial Statements at 31 December 2018, (iii) the opinion of the External Auditor, (iv) the UNWTO Financial Statements for the year ended 2018 including the notes to the Financial Statements and, (v) unaudited annexes.

II. Financial Report for the year 2018

5. The UNWTO Financial Report of the Secretary-General for the year 2018 includes a discussion and an analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2018.

6. The 2018 financial report includes a chapter on the budgetary performance of the Regular Budget (RB) for the year ended 31 December 2018. The RB budgetary cash balance is dependent on the timing of the payment of the assessed contributions by Members. The 2018 RB was adjusted by transfers recommended by the Programme and Budget Committee members through a written consultation without altering the approved total appropriations.

7. The RB budgetary cash balance resulted in a cash surplus of EUR 2,423,634 out of which EUR 511,202 previously advanced by the Working Capital Fund (WCF) to the General Fund in 2017 were returned to the WCF. The Secretary-General proposes that the 2018 remaining available RB budgetary cash surplus amounting to EUR 1,912,432 be utilized as detailed in the report (see paragraph 24), subject to the approval of the Executive Council.

8. The 2018 financial report also includes a chapter on after-service employee benefits (ASEB) liabilities including the UN ASHI (United Nations After-Service Health Insurance working group (UN ASHI WG) conclusions and the draft UNWTO ASEB liabilities funding strategy.

III. Draft UNWTO ASEB liabilities funding strategy

9. The correlation between the net assets of the Organization and the after-service employee benefits liabilities and the significant impact of the after-service employee benefits liabilities on the net assets is shown in the report. At 31 December 2018, the after-service employee benefits liability amounts to EUR 20,470,629.

10. The External Auditors have consistently recommended that UNWTO prepare a comprehensive plan to meet its after-service employee liabilities (see document CE/98/3(II)(d) presented to the 98th session of the Executive Council in June 2014). In their opinion on the 2018 UNWTO Financial Statements, the External Auditor has advised that the UNWTO strategy to fund the ASEB liabilities would be in line with the UN recommendations through the UN ASHI WG.

11. UNWTO has been closely following the developments in the work of the UN ASHI Working Group as reported in the UNWTO Financial Reports for the years ended since the creation of this working group. The UN ASHI WG ended its mandate in 2018 with a final report submitted to the 73rd session of the UN General Assembly (UNGA). At the time of writing this report, the UN ASHI WG report (A/73/662) is under review by the UN ACABQ (Advisory Committee on Administrative and Budgetary Questions).

12. In line with the UN recommendations included the UN ASHI WG final report on managing after-service health insurance (A/73/662) and other factors considered to that end, the Secretary-General includes in Annex V.1 to this document a proposal on UNWTO ASEB liabilities funding strategy for Members' consideration and approval in principle.

13. The Secretariat will take account Members' comments on the draft ASEB liabilities funding strategy and present a comprehensive proposal on the strategy and details of the required payroll charge percentage calculated by a professional firm of actuaries to upcoming sessions of the EC for approval and subsequent incorporation in budget proposals.

IV. UNWTO Financial Statements for the year ended 31 December 2018 and Audit opinion

14. UNWTO has prepared the 2018 Financial Statements in accordance with IPSAS. By adopting and implementing IPSAS in 2014 and consolidating its implementation in the following years, UNWTO has enhanced its ability to produce relevant and useful financial information, its transparency and visibility using internationally recognized accounting standards. This increase in the quality, consistency and credibility of financial reporting leads to increased confidence of Member States and donors as to the accountability of the Organization and is a major achievement for an organization of the size of UNWTO.

15. The External Auditor has issued an unqualified (positive) opinion on the UNWTO Financial Statements for the year ended 2018. As expressed in the External Auditor's opinion, the UNWTO Financial Statements "present, in all material respects, a true image of the net assets and financial situation of the World Tourism Organization as at 31 December 2018, as well as of its performance, 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 principles and criteria contained therein".

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UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2018

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Financial Report of the Secretary-General for the year 2018

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 2018.

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 Auditor (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 2018.

Overview of the Financial Statements

4. The Financial Statements are prepared in accordance with the UNWTO Financial Regulations, UNWTO Detailed Financial Rules, the International Public Sector Accounting Standards (IPSAS)[1], and in line with the United Nations (UN) policy that IPSAS be used as the accounting standards by UN system organizations.

5. Since 2014, the Organization has prepared annual Financial Statements compliant with IPSAS. The basis of IPSAS is the accrual accounting concept whereby transactions are recorded and reported when they occur and not when they are paid. IPSAS-based Financial Statements provide greater insights into an organization's revenue, expense, assets, liabilities and reserves and improves decision-making, financial management and planning at management and governance levels.

6. The 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

[1] FR 14.1

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.

7. 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 (such as publications store activities, affiliate members programme of work activities, reserves and other non-RB project 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.

8. 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 UNWTO governing bodies.

(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.

9. 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.

10. 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.

11. Under current IPSAS standards, the matching principle of revenue and expense does not apply to non-exchange transactions. Most transactions in the public sector are non-exchange transactions which means that revenues received do not provide equal value in return while the services provided do not receive equal value in return. 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

12. 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".

13. UNWTO's membership includes 158 countries, 6 Associate Members and over 525 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

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

15. The Programme of Work (A/22/10(II))[3] sets out the strategic objectives of UNWTO over the period 2018-2019:

    (a) The first strategic objective aims at improving the competitiveness of the tourism sector of the Member States by promoting quality, innovation and the use of technologies in tourism policy and destination management, product development and marketing, advancing travel facilitation, mitigating seasonality, providing updated and relevant market information and data on (a) trends, (b) forecasts and (c) the contribution of tourism to the economy and employment.

    (b) The second strategic objective aims at promoting sustainability and responsibility in all aspects of tourism development among both private and public sectors. This includes the promotion of ethical policies, behaviour and practices, improving resource management, enhancing accessibility for all, advancing tourism's contribution to peace, development, poverty alleviation and the preservation of cultural heritage and natural environments, fighting against climate change, ensuring (a) full integration of tourism into local economies, (b) a fair distribution of the sector benefits amongst host communities, (c) their full engagement in tourism development, (d) respect for their social and cultural values and (e) an overall contribution to the resilience of the sector.

16. Throughout the current financial period, and in a challenging environment, the Organization has made every effort to carry out programme delivery towards the attainment of strategic objectives.

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

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[2] Articles 9 to 20 of the Statutes

[3] Approved by resolution A/RES/688(XXII)

[4] FR 6, 10.3 and 10.4

Financial Statements highlights

Budgetary performance of the Regular Budget

Budgetary result of the Regular Budget

Table 1 - Comparison of budget and actual amounts and budgetary cash balance - Regular Budget
for the year ended 31 December 2018
Euros

	Approved income / Original budget [1]	Final budget [2]	Actual amounts on comparable basis	Differences budget and actual [3]	Budgetary cash balance (cash-in less expenditure)
Budgetary difference	0.00	0.00	2,206,802.68	-2,206,802.68	2,423,634.07
Budgetary income	*13,609,000.00*	*13,609,000.00*	*13,637,645.50*	*-28,645.50*	*13,854,476.89*
Contributions from Full and Associate Members	12,623,000.00	12,623,000.00	12,623,063.00	-63.00	10,330,101.22
Full Members	12,414,000.00	12,414,000.00	12,414,458.00	-458.00	10,145,597.22
Associate Members	209,000.00	209,000.00	208,605.00	395.00	184,504.00
Other income sources	986,000.00	986,000.00	1,014,582.50	-28,582.50	753,699.84
Allocation from accumulated surplus - Publications store	333,000.00	333,000.00	333,000.00	0.00	333,000.00
Affiliate Members	653,000.00	653,000.00	681,582.50	-28,582.50	420,699.84
Arrear contributions	0.00	0.00	0.00	0.00	2,770,675.83
Budgetary expenditure	*13,609,000.00*	*13,609,000.00*	*11,430,842.82*	*2,178,157.18*	*11,430,842.82*
A Member Relations	2,215,000.00	2,177,596.99	1,924,439.81	253,157.18	1,924,439.81
B Operational	3,070,000.00	3,085,672.95	3,085,672.95	0.00	3,085,672.95
C Support, Direct to Members	3,717,000.00	3,958,724.76	3,958,724.76	0.00	3,958,724.76
D Support, Indirect to Members	4,607,000.00	4,387,005.30	2,462,005.30	1,925,000.00	2,462,005.30

[1] Before transfers. In accordance to Programmes structure and appropriations approved originally by A/RES/688(XXII) of document A/22/10(II) and it's structure update approved by CE/DEC/5(CVIX) of documents CE/109/3(b)ii rev.1 and CE/109/3(b)ii Add.1.

[2] After transfers.

[3] Differences between final and actual budgetary income are due to: (a) EUR -63 rounding difference, and (b) Affiliate members budgetary income was prepared based on an estimated number of Members.

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

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

20. The Regular Budget of the Organization covering the two-year budget period 2018-2019 (A/22/10(II)) was approved by the General Assembly (A/RES/688(XXII)) at EUR 27,603,000 broken down into the 2018 and 2019 annual budgets amounting to EUR 13,609,000 and EUR 13,994,000 respectively. The 2018 annual budget was adjusted by transfers[9] of EUR 577,198 as explained in Annex II on Appropriations transfers - Regular Budget.

21. In 2018, total RB budgetary income and total RB budgetary expenditure amounted to EUR 13,637,646 and EUR 11,430,843 respectively, resulting in an implementation rate of 84% out of the total budgetary income. Therefore, the RB budgetary result (total budgetary income less total budgetary expenditure) shows a surplus of EUR 2,206,803. UNWTO reports bi-annually to the Executive Council on the status of the biennial budget implementation[10] of the Regular Budget.

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

22. The total budgetary income received (cash-in) amounts to EUR 13,854,477, including the Members' arrears received during the year ended 31 December 2018 (EUR 2,770,676), which represents 102% of the approved budgetary income due to the arrears received. Arrears received in 2018 are 129% above the average of the arrears received in the period 2015-2017.

23. The RB budgetary cash balance (total budgetary income received (cash-in) less budgetary expenditure) resulted in a cash surplus of EUR 2,423,634 out of which EUR 511,202 (2017 budgetary cash deficit advanced by the Working Capital Fund (WCF) to the General Fund (GF) in 2017) were returned to the Working Capital Fund (WCF)[11].

24. The Secretary-General proposes that the 2018 remaining available RB budgetary cash surplus amounting to EUR 1,912,432 (RB budgetary cash balance less cash returned to the WCF) be utilized, subject to the approval of the Members, as follows:

(a) EUR 238,396. Following EC decision CE/DEC/5(CVIX), the advance made by the WCF to the GF in 2014, partially returned with the RB budgetary cash surpluses of 2015 and 2016, amounting to EUR 238,396 was returned to the WCF from the Project Support Cost (PSC) balance in 2018. In view that the 2018 RB budgetary cash result would have allowed to return to the WCF the amount advanced in 2014 pending to be returned (EUR 238,396) as per FR 10.2(b), it is proposed to return back to the PSC the amount transferred in 2018 to the GF (EUR 238,396). In consequence, the 2014 pending WCF advance (EUR 238,396) will be returned from the 2018 RB budgetary cash surplus balance;

(b) EUR 600,000.The section "UN ASHI Working Group conclusions and draft UNWTO ASEB liabilities funding strategy" explains in detail the after-service employee benefits (ASEB) liabilities funding gap of the Organization at 31 December 2018. Thus, in order to contribute to reduce that funding gap, it is proposed to allocate EUR 600,000 of the 2018 RB budgetary cash surplus balance to fund the ASEB liabilities;

(c) EUR 1,074,036. In order to increase the RB programme of work operating activities for the years 2020 and 2021, and taking into account that 2018 RB budgetary income included an allocation from the publication store accumulated surplus (EUR 333,000), it is proposed to use EUR 537,017.85 and EUR 537,017.85 as an appropriation for 2020 and 2021 RB budgetary income respectively as presented in the EC document "Draft Programme of Work and Budget for 2020-2021" CE/110/5(a) subject to the Members' approval.

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

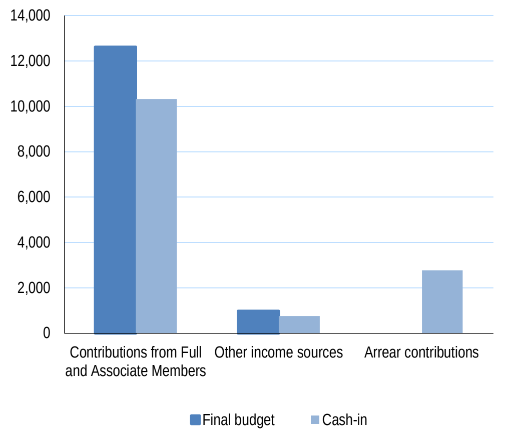
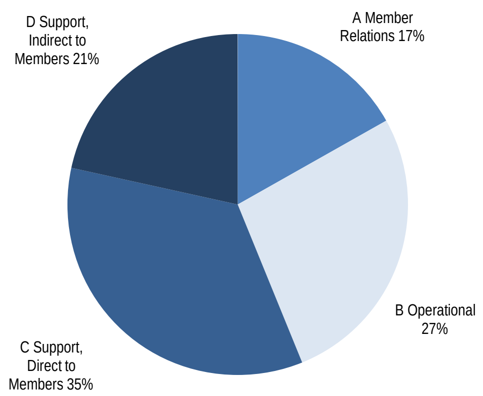


Figure 2 - Budgetary expenditure by programme: actual amounts



[11] FR 10.2(b)

Comparison of financial performance to budgetary result of the Regular Budget

Reconciliation of financial performance with budgetary result of the Regular Budget
for the year ended 31 December 2018
Euros

	31/12/2018
Financial surplus in the Statement of financial performance	*3,484,188.66*
Entity differences	1,551,243.55
Basis differences	-273,857.57
Budgetary result in the Statement of comparison of budget and actual amounts	2,206,802.68

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

(a) Entity differences

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

The General Fund[12] 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 the Regular Budget (such as non-RB projects within the GF, i.e., publications store, Affiliate Members programme of work, reserve and other non-RB projects). 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 (Members' contributions) 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) After-service employee benefits expenses for ASHI and other after-service benefits accrued in accordance with IPSAS but which are in excess of budgetary appropriations, which are based on expected annual disbursements (pay-as-you-go (PAYG) approach);

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

[12] FR 10.1, FR 4.4, FR 2

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

(c) Presentation differences

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

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

Financial performance

Revenue analysis

26. Total revenue amounted to EUR 21,988,066. UNWTO's activities are mainly funded by assessed contributions on its Members. Net revenue of EUR 13,853,263 from Members' assessed contributions represents 63% of the total revenue.

27. The remaining 37% of the revenue came from other contributions (Voluntary Contributions and Funds In Trust) of EUR 3,586,765 and other revenue amounting to EUR 4,548,038. Other revenue mainly includes publication sales (EUR 396,955) and in-kind contributions (EUR 1,996,579).

28. In-kind donations have been recognized in respect of donated premises and conference facilities (EUR 1,344,983) and donated travel (EUR 651,596).

29. All of the amounts recorded as revenues may not ultimately be received. For this reason, UNWTO recognizes allowances for doubtful accounts and provisions for returns to donors for donor-based projects.

Figure 3 - Revenue by source

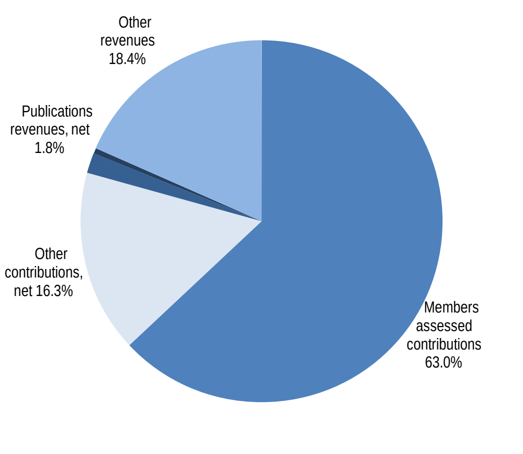
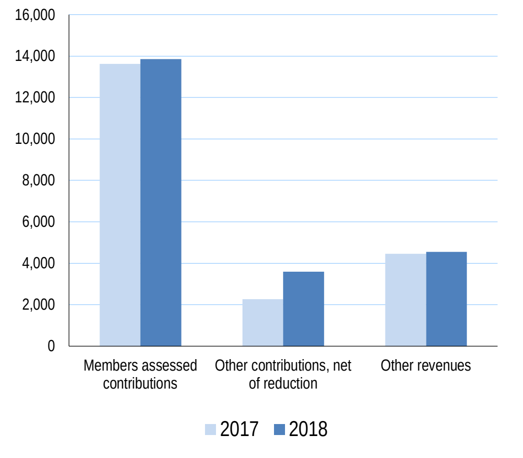


Figure 4 - Revenue by source (EUR thousands)



Expense analysis

30. Total expense amounted to EUR 18,503,877. Wages, salaries and employee benefits, the main category of expenditure, represent 66% of the total expenses (EUR 12,221,575). Salaries of staff

[13] DFR VI 21-23
[14] FR 4.3

amounted to EUR 7,994,232 (65% of wages, salaries and employee benefits). A further EUR 3,031,434 (25%) was spent on other personnel and consultants to support the delivery of the projects. The remaining EUR 1,195,909 (10%) relate to accrual of after-service employee benefits for current and retired staff.

31. Supplies, consumables and other running costs amounts to EUR 2,943,764 and represent 16% of total expenses. This category mainly includes supplies and consumables (EUR 382,189), rental expenses, including in-kind rental (EUR 1,435,461), contractual services (EUR 1,017,851), publishing expenses (EUR 36,395) and expendables (EUR 71,867).

Figure 5 - Expenses by nature

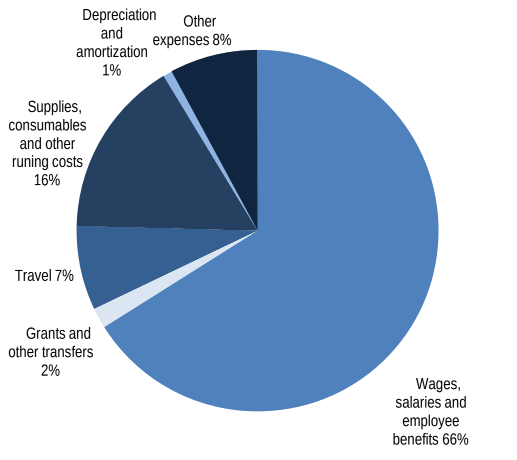
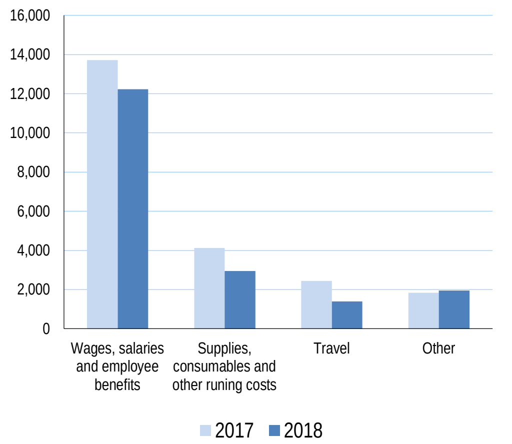


Figure 6 - Expenses by nature (EUR thousands)



Performance segment analysis

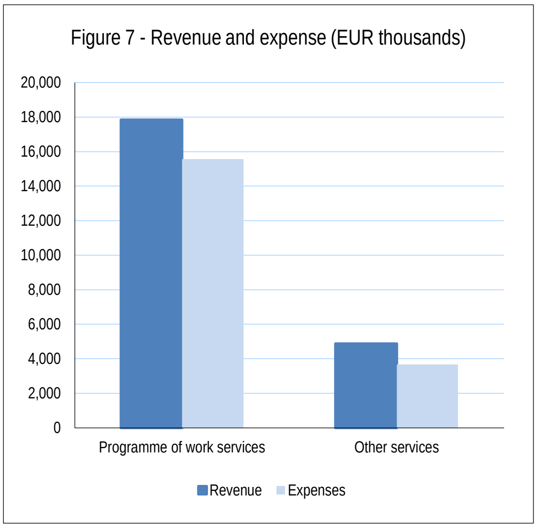
Table 3 - Summary financial performance by segment
for the year ended 31 December 2018
Euros

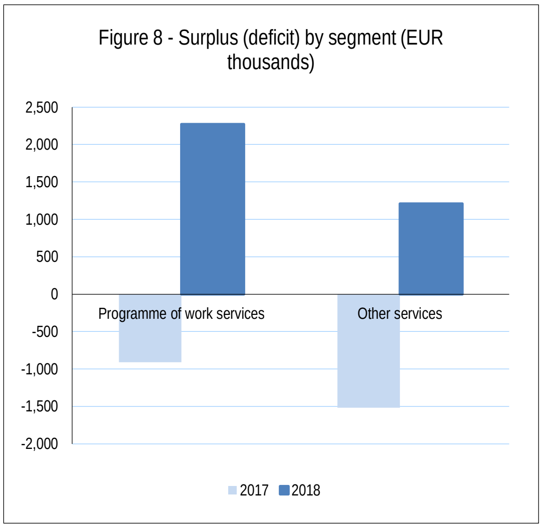
	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenue	17,844,095.16	4,878,094.57	-734,123.79	21,988,065.94
Expenses	15,570,377.23	3,667,623.84	-734,123.79	18,503,877.28
Surplus/(deficit) for the year	2,273,717.93	1,210,470.73	0.00	3,484,188.66

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

32. The Programme of Work Services segment recorded a surplus of EUR 2,273,718. The surplus is mainly due to the improved effectiveness and efficiency of new Travel Policy of 2018 based on considerations the recommendations of the Joint Inspection Unit (JIU) detailed in their report "Review of Air Travel Policies in the United Nations System: Achieving efficiency Gains and Cost Savings and Enhancing Harmonization" (JIU/REP/2017) (travel EUR -740,039) and the optimization in the expenses of wages, salaries and employee benefits (EUR -1,030,801).

33. The Other Services segment recorded a surplus of EUR 1,210,471. This surplus is mainly explained by the increase in other contributions revenue (EUR 1,329,837) and the decrease in the expenses mainly of supplies, consumables and running costs (EUR 1,001,441), other expenses (EUR 599,192) and wages, salaries and employee benefits (EUR 455,496). The result shows current year expenses for which revenue has been recognized in current and previous years. This meets 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

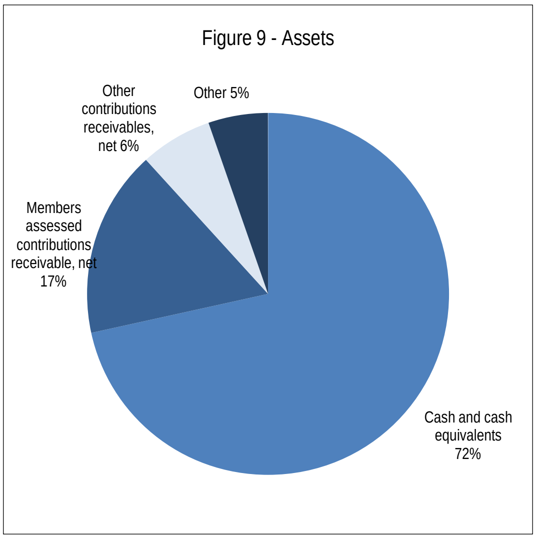
Assets, liabilities and net equity analysis

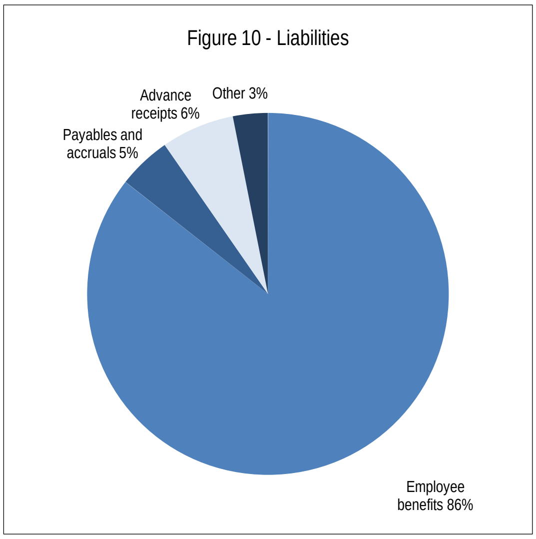
34. Assets as at 31 December 2018 totalled EUR 24,385,792 (EUR 20,314,020 as at 31 December 2017). The Organization has cash and cash equivalent balances of EUR 17,449,084, representing 72% of total assets. Net outstanding contributions amount to EUR 5,636,753 representing 23% of total assets. Property, plant and equipment and intangible assets have a total net book value of EUR 677,563.

35. Liabilities as at 31 December 2018 totalled EUR 23,916,953 (EUR 23,379,981 as at 31 December 2017). Payables and accruals and advance receipts amount to EUR 1,137,022 and EUR 1,565,243 respectively, together representing 11% of total liabilities. 86% of total liabilities of the Organization are attributable to employee benefits most of which are non-current after-service employee benefits liabilities. Of the total employee benefits liabilities (current and non-current) of EUR 20,470,629, EUR 487,354 (2%) are current.

36. An overall working capital (current assets less current liabilities) of EUR 19,483,904 indicates a strong liquidity position. However, the Organization's ability to meet budgetary expenditures and short-term obligations could be impacted if delays are encountered in the collection of Members' contributions.

37. The impact of the non-current after-service employee benefit liabilities results in a non-current position (non-current assets less non-current liabilities) of EUR -19,015,065 which will be met as they become payable from future contributions or reserves.





38. At 31 December 2018 the net equity of the Organization amounts to EUR 468,839, an increase over the previous year (EUR -3,065,961 at 31 December 2017), represented by:

Table 4 - Net assets/equity
at 31 December 2018
Euros

	31/12/2018
Net assets/equity	468,839.12
Reserves	4,442,583.94
Unrestricted accumulated deficit	-11,222,028.13
Unbudgeted after-service employee benefits	-19,294,125.28
General Fund and Publications Store	8,072,097.15
Restricted accumulated surplus	7,248,283.31

39. 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 utilized 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 on their future use.

Figure 11 - Net assets/equity (EUR thousands)

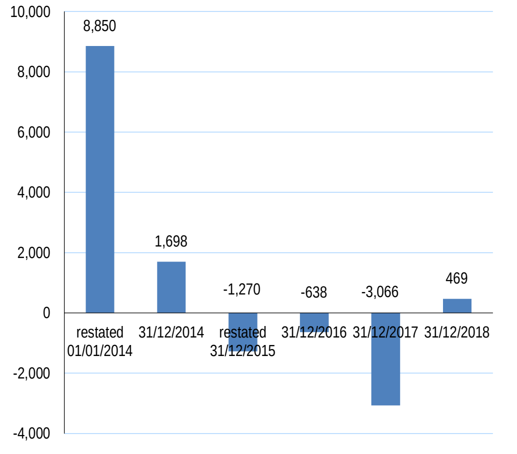
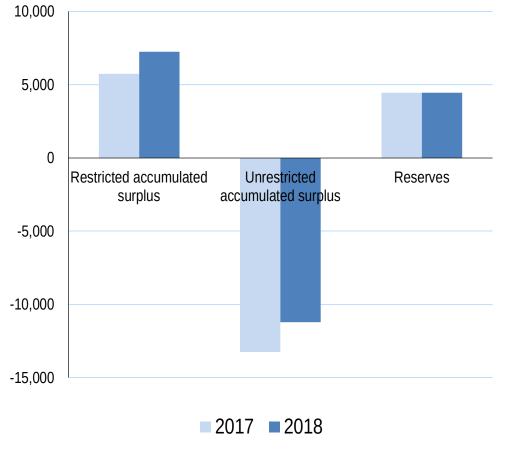


Figure 12 - Net assets (EUR thousands)



Assessed contributions

40. Gross outstanding assessed contributions amounted to EUR 17,574,582 (EUR 17,908,797 at 31 December 2017). In accordance with UNWTO accounting policies, an allowance of EUR -13,505,563 was made against the amount outstanding, bringing the net assessed contributions in the Statement of Financial Position to EUR 4,069,018. The gross assessed contributions are due and payable to the Organization in accordance with the Statutes[15] and Financial Regulations[16] of the Organization and none of the balance is written off.

41. The collection rate of assessed contributions at the end of 2018 represented 80% of contributions, which is six and four percentage points below the average of the last ten and five years (86% and 84% respectively). 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.

[15] Statutes/Financing Rules Annex, para. 12

[16] FR 7.2

42. The list of Members' outstanding assessed contributions as at 31 December 2018 is shown under Annex III on the Statement of contributions due to the General Fund and the Working Capital Fund.

43. At 31 December 2018, 22 Members have payment plans to settle their outstanding contributions.

Figure 13 - Gross outstanding contributions vs allowance (EUR thousands)

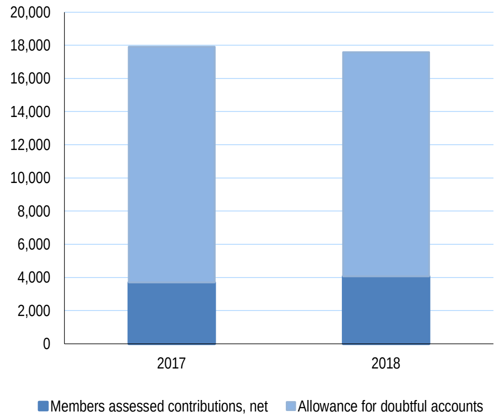
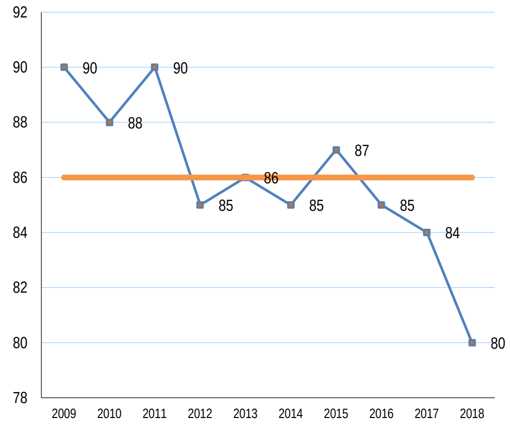


Figure 14 - Assessed contributions collection rate (%) and period average



Cash and cash equivalents

44. The Organization's cash and cash equivalents as at 31 December 2018 is EUR 17,449,084 (EUR 14,363,506 at 31 December 2017). This level is above the average of the period 2014-2018 mainly due to increase in the levels of Members' contributions arrears and voluntary contributions received. Annex IV "Voluntary contributions received for the period ended 31 December 2018" shows a list of voluntary contributions received (cash-in) by project in this period.

After-service employee benefits liabilities

45. At UNWTO after-service employee benefits (ASEB) 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 actuarial valuation carried out by UNWTO is dated 31 December 2016. Valuation at 31 December 2018 is a roll-forward of the 2016 valuation as calculated by professional actuaries. In 2018, due to administrative reasons and financial deficit, the Organization was unable to engage a professional firm of actuaries and therefore the ASEB liabilities at 31 December 2018 are based on the earlier actuarial calculation.

46. 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.

47. The ASHI liability reflects the total future costs associated with providing health insurance benefits to existing retirees and current staff upon retirement. The ASHI liability valuation is a point-in-time estimate based on the staff and retiree profile as well as on actuarial assumptions as at the date of valuation. Variances in the valuation can be significant, as the liability is highly sensitive to the values determined for the key actuarial factors: discount rate, medical trend rate, life expectancy, and length of service.

48. At 31 December 2018, after-service employee benefits liability amounts to EUR 20.4 million (M) representing an increase of EUR 0.7M from 2017 liability and EUR 1.3M from 2016 liability. This liability has been increasing steadily over the last six years. Out of total ASEB liability, the total ASHI liability as at 31 December 2018 amounted to EUR 18.4M, an increase of 5% over the 2017 level.

49. At UNWTO, the active population (current regular staff) has decreased 14% since 2013 while the number of retirees who benefit from ASHI has increased by 50% since 2013.

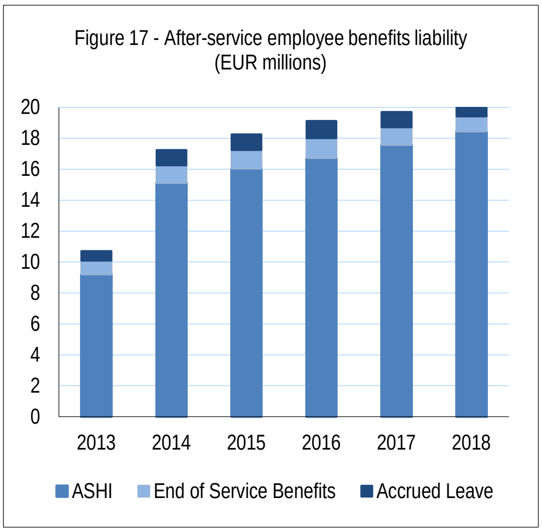


Figure 17 - After-service employee benefits liability (EUR millions)

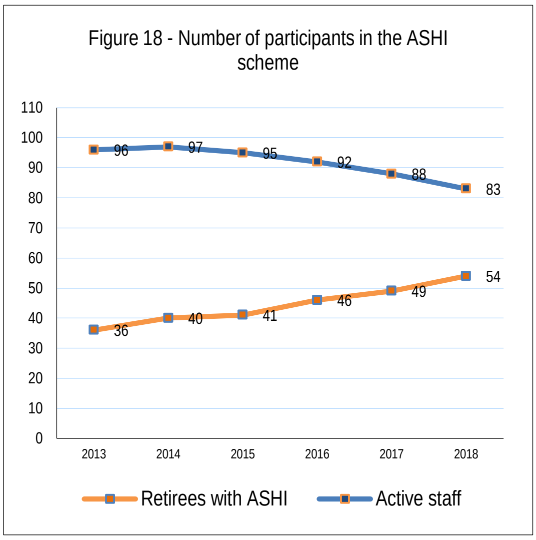


Figure 18 - Number of participants in the ASHI scheme

50. 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:

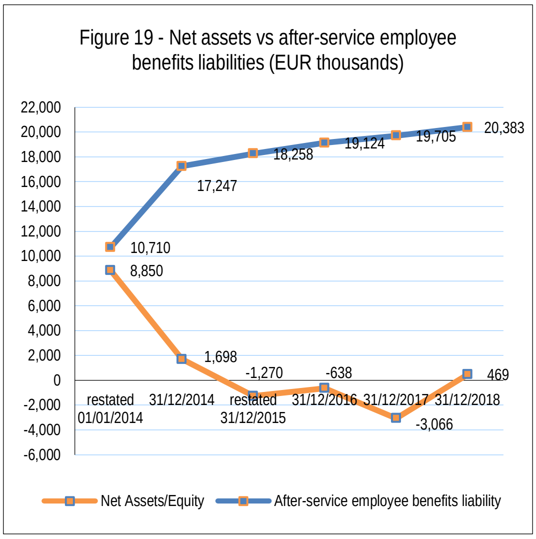


Figure 19 - Net assets vs after-service employee benefits liabilities (EUR thousands)

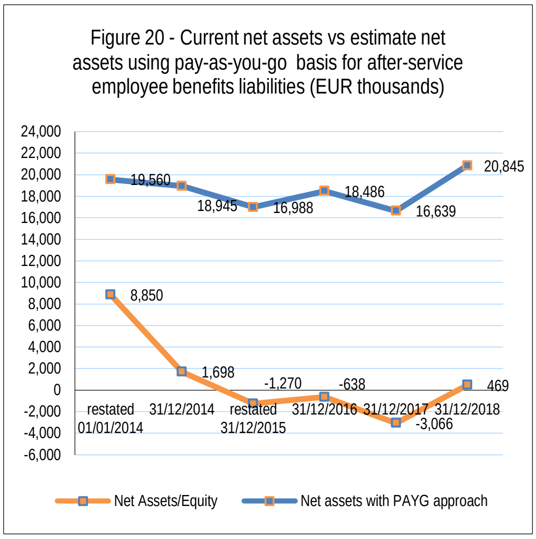


Figure 20 - Current net assets vs estimate net assets using pay-as-you-go basis for after-service employee benefits liabilities (EUR thousands)

UN ASHI Working Group conclusions and draft UNWTO ASEB liabilities funding strategy

51. The subject of management of ASHI liabilities within the United Nations system was analysed by the ASHI Working Group (UN ASHI WG) of the UN Finance and Budget Network (UNFBN) under the auspices of the Chief Executives Board (CEB) with a view to identifying actions to be taken and developing common approaches by United Nations system organizations.

52. UNWTO has been closely following the developments in the work of the UN ASHI Working Group. Annex V to this document shows the conclusions of the UN ASHI Working Group as a continuation of the background and conclusions in Annex V of document CE/108/7(b) (UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2017).

53. The UN ASHI WG ended its mandate in 2018 with a final report submitted to the 73rd session of the UN General Assembly (UNGA) in the form of a report of the UN Secretary-General (A/73/662). At the time of writing this report, the UN ASHI WG report (A/73/662) is under review by the UN ACABQ (Advisory Committee on Administrative and Budgetary Questions) following which, it will be submitted to the UN GA for UN Member States' deliberations.

54. In line with the UN recommendations included the UN ASHI WG final report on managing after-service health insurance (A/73/662) and other factors considered to that end, Annex V.1 includes a proposal on UNWTO ASEB liabilities funding strategy for Members' consideration and approval in principle.

55. The Secretariat will take account Members' comments on the draft ASEB liabilities funding strategy and present a comprehensive proposal on the strategy and details of the required payroll charge percentage to upcoming sessions of the EC for approval and subsequent incorporation in budget proposals.

Working Capital Fund

56. The purpose of the Working Capital Fund (WCF) is to provide the financing of budgetary expenditures pending the receipt of contributions from Members[17].

57. As at 31 December 2018 the nominal level and the available balance of the WCF were both EUR 2,800,264. Following EC decision CE/DEC/5(CVIX) the advance made by the WCF to the General Fund in 2014, partially returned with the RB budgetary cash surpluses of 2015 and 2016, amounting to EUR 238,396, was returned from the Project Support Cost (PSC) available balance in 2018. The movements of the WCF during the year 2018 are shown under Annex VI on Working Capital Fund available balance and advance to the Regular Budget.

Position segment analysis

Table 5 - Summary financial position by segment
at 31 December 2018
Euros

	Programme of Work Services	Other Services	Inter-segment elimination*	Total UNWTO
Assets	17,933,596.34	8,006,522.53	-1,554,326.82	24,385,792.05
Liabilities	24,042,786.94	1,428,492.81	-1,554,326.82	23,916,952.93
Net Assets/Equity	-6,109,190.60	6,578,029.72	0.00	468,839.12

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

58. The net assets/equity of the Programme of Work Services segment has recuperated from a negative balance of EUR -8,327,301 in 2017 to EUR -6,109,191 as at 31 December 2018 mainly due to increases in the cash and cash equivalent position (EUR 1,420,127) and Members assessed contributions receivable (net) (EUR 616,601) and the decrease in other current liabilities (EUR 1,098,758).

59. The Other Services segment's overall position remains positive with net assets of EUR 6,578,030 (EUR 5,264,340 in 2017) mainly corresponding to the restricted balances of extra-budgetary projects funded by voluntary contributions and funds in trust. Other Services segment's net assets also include project support costs (PSC)[18] and initiative projects (also named project reserve fund (PRF))[19]. Annex VII shows PSC and Initiative projects (PRF) movements for the period ended 31 December 2018.

[17] FR10.2(b)
[18] DRF Annex III

[19] PRF groups unused balances on completion of voluntary contributions projects which remain at UNWTO for aims of the Organization following stipulations of the agreement or subsequent agreement with the donor (CE/DEC/8(CIV) of document CE/104/7(a) rev.1).

Financial risk management

60. UNWTO financial risk management policies are set out in the UNWTO Detailed Financial Rules[20] of the Organization.

61. 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

62. 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).

63. 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.

64. At 31 December 2018, 78% of cash and cash equivalents were denominated in EUR currency.

Interest risk

65. 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

66. 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. In addition, credit risk on receivables related to the payment of donor-based projects contributions is managed, as expenditures cannot commence until the respective cash resources have been received.

67. 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

68. 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.

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

[20] DFR Annex V

Financial transparency and accountability

70. UNWTO has prepared the 2018 Financial Statements in accordance with IPSAS. By adopting and implementing IPSAS in 2014 and consolidating its implementation in the following years, UNWTO has enhanced its ability to produce relevant and useful financial information, its transparency and visibility using internationally recognized accounting standards. This increase in the quality, consistency and credibility of financial reporting leads to increased confidence of Member States and donors as to the accountability of the Organization and is a major achievement for an organization of the size of UNWTO.

71. During 2018, UNWTO continued to focus on accountability and financial management improvements including:

    (a) In order to identify possible improvements in the management of UNWTO's resources, main arising financial and budgetary issues and the cash situation is presented to UNWTO's management on a periodical basis. Management is thereby better informed in making decisions having regard to identified financial risks;

    (b) UNWTO's quarterly financial position and performance reports are being produced;

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

    (d) Implementation of phase II of Athena modules, consisting of purchase management and accounts payable modules from 1 January 2018. Enhanced IT systems reduce manual intervention and increase the efficiency of the organization's processes, extending well beyond accounting and finance matters and affecting all operations.

72. Following a review of internal control mechanisms conducted in 2018 by KPMG, UNWTO is in the process of strengthening internal control. UNWTO is currently holding discussions with the United Nations Office for Internal Oversight Services (OIOS) regarding the possibility of outsourcing the internal audit to OIOS.

73. In order to strengthen control mechanisms on voluntary contributions, a new policy has been developed on Initiatives financed through extra-budgetary funds.

74. In line with the Executive Council's decision CE/DEC/6(CVIX) regarding the Progress on the Joint Inspection Unit (JIU) recommendations, notably those of the JIU Report on Fraud Prevention, Detection and Response in United Nations System Organizations (JIU/REP/2016/4), calling upon the Executive Heads to adopt the United Nations Anti- Fraud and Anti-Corruption Framework, the Secretary-General adopted the anti-fraud and anti-corruption framework policy of the United Nations and that therefore, the Secretariat adopted a zero tolerance approach with regard to fraud and corruption, as defined in the United Nations Framework.

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

76. 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 2018

77. 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.

78. The statement on going concern is based on (i) the approved budget for 2019[21] and (ii) continued Member and donor support through the payment of assessed contributions and voluntary contributions.

79. 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 2018 and position of UNWTO at 31 December 2018.

Statement I – Statement of Financial Position at 31 December 2018

Statement II – Statement of Financial Performance for the year ended 31 December 2018

Statement III – Statement of Changes in Net Assets/Equity for the year ended 31 December 2018

Statement IV – Cash Flow Statement for the year ended 31 December 2018

Statement V – Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2018 – Regular Budget

Signed

Zurab Pololikashvili

Secretary-General

Jaime Alberto Cabal Sanclemente

Deputy Secretary-General

Madrid, 9 May 2019

[21] A/RES/688(XXII)

Opinion of the External Auditor[22]

[Official logotype of the Kingdom of Spain]
MINISTRY OF FINANCE

GOVERNMENT COMPTROLLER'S OFFICE

WORLD TOURISM ORGANIZATION

Audit Report on the Annual Accounts

Financial Year 2018

National Audit Office

[22] The Opinion of the External Auditor has been translated into English from the original Spanish

SIGNED

[Official logotype of the Kingdom of Spain]
MINISTRY OF FINANCE

GOVERNMENT COMPTROLLER'S OFFICE

Contents

[Official logotype of the Kingdom of Spain]

Introduction

The General Assembly of the World Tourism Organization (hereinafter, UNWTO), at its twenty-second session, decided to appoint Spain as external auditor for the period 2018-2019 (resolution A/RES/693(XXII)). 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.

Pursuant to this, the annual accounts of 2018 have been audited, comprising the statement of financial position at 31 December 2018, the statement of financial performance, the statement of changes in equity, the cash flow statement and the 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—as stipulated in Article 23 of the Statutes of the UNWTO and Article 14 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. He is also responsible for the internal control he considers necessary to enable the preparation of such financial statements free of material misstatements.

The Secretary-General initially prepared his annual accounts on 4 April 2019 and they were made available to the National Audit Office (ONA) on 5 April 2019. These accounts were modified on 9 May 2019 and were made available to the (ONA) on 10 May 2019.

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Purpose and Scope of Work: Auditors' Responsibility

Our responsibility is to issue an opinion on whether the attached annual 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. Additionally, in matters not covered in the aforementioned standards, the International Standards on Auditing (ISA) approved by the IAASB of IFAC are applicable. The aforementioned standards require that we plan and perform the audit with the aim of obtaining reasonable, though not absolute, assurance that the annual accounts 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 our audit opinion.

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Opinion

In our opinion, the accompanying annual accounts present, in all material respects, a true image of the net assets and financial situation of the World Tourism Organization as at 31 December 2018, as well as of its performance, its cash flows and changes in equity for the financial year then ended, in accordance with the applicable regulatory framework for financial reporting, and in particular, with the accounting principles and criteria contained therein.

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Matters not affecting the opinion

Emphasis of Matter paragraph 1

We draw attention to what is indicated in Notes 2.6, 2.12 and 20 of the attached Notes, which state that the UNWTO recognizes voluntary contributions as revenue at the time when written confirmation of the contribution is received or when the agreement signed becomes binding, unless such agreement establishes a condition regarding the use of the funds, in which case an asset and a liability are recognized, in accordance with IPSAS 23.

It was found that, in practice, these revenues have been recognized upon the signature of the agreement, and it has been considered that there were no conditions of use of such funds. Such consideration implies a value judgment and results in the non-correlation of the voluntary contributions with the expenses deriving from them.

Emphasis of Matter paragraph 2

Despite the fact that, as noted in Note 19 of the attached Notes, the UNWTO has recognized a positive Equity amounting to 468,839.12 euros (thus recovering from the deficit situation that it had been in during the previous years), it is pointed out that this figure comes from the accumulation of the deficit of -6,109,191 euros in the *Programme of Work Services* and the surplus of 6,578,029.72 euros in *Other Services.*

The Programme of Work Services has recovered from the negative balance of 2017 (-8,327,301 in 2017) due to cash increases, as well as contributions from Member States.

This negative equity is highly correlated with the impact of unbudgeted after-service employee benefits liabilities.

The UN ASHI Working Group recommends partial funding of post-service health insurance liability to ensure the avoidance of the transfer of the burden. To this end it proposes:

- That the after-service health insurance obligation in respect of staff members recruited before 1 January 2022 be maintained;

- That the funding of the obligation in respect of officials recruited from 1 January 2022 be achieved through the implementation of a payroll charge corresponding to a level 5.35 per cent of salary mass and the establishment of a dedicated financial reserve;

- That the payroll charge be reviewed every three years and adjusted to accommodate variances against the projected accumulation of the dedicated reserve.

Madrid, 13 May 2019

Signed: Rosa Naranjo Martínez,

External Auditor

National Audit Office of the Government Comptroller's Office

Financial Statements

I. Statement of Financial Position at 31 December 2018

Statement of financial position
at 31 December 2018
Euros

	Note	31/12/2018	31/12/2017
Assets		24,385,792.05	20,314,019.94
Current Assets		*23,403,401.76*	*18,980,199.56*
Cash and cash equivalents	5	17,449,084.41	14,363,506.07
Inventories	7	20,896.26	52,349.78
Members assessed contributions receivable, net	8	3,899,273.05	3,282,672.23
Other contributions receivables, net	8	1,567,734.02	793,381.60
Other receivables, net	9	362,082.87	462,140.19
Other current assets	10	104,331.15	26,149.69
Non-current assets		*982,390.29*	*1,333,820.38*
Investments	6	128,409.60	125,715.91
Members assessed contributions receivable, net	8	169,745.44	411,173.72
Property, plant and equipment	11	246,724.85	321,557.76
Intangible assets, net	12	430,837.86	468,856.45
Other non-current assets	10	6,672.54	6,516.54
Liabilities and Net Assets/Equity		24,385,792.05	20,314,019.94
Liabilities		23,916,952.93	23,379,981.18
Current Liabilities		*3,919,497.43*	*4,020,327.96*
Payables and accruals	13	1,137,021.70	1,270,040.71
Transfers payable	14	358,494.96	284,963.98
Employee benefits	15	487,354.04	803,158.28
Advance receipts	16	1,560,325.30	1,498,664.77
Provisions	17	372,110.42	125,545.04
Other current liabilities	18	4,191.01	37,955.18
Non-current Liabilities		*19,997,455.50*	*19,359,653.22*
Employee benefits	15	19,983,275.23	19,339,984.20
Advance receipts	16	4,918.00	7,200.00
Other non-current liabilities	18	9,262.27	12,469.02
Net Assets/Equity	19	468,839.12	-3,065,961.24
Accumulated surplus/(deficit)		-3,973,744.82	-7,513,198.23
Reserves		4,442,583.94	4,447,236.99

The accompanying notes form an integral part of these financial statements

II. Statement of Financial Performance for the year ended 31 December 2018

Statement of financial performance
for the year ended 31 December 2018
Euros

	Note	31/12/2018	31/12/2017
Revenue	20	21,988,065.94	20,340,587.71
Members assessed contributions		13,853,263.00	13,627,323.00
Other contributions (VC and FIT), net of reduction		3,586,764.89	2,256,928.00
Publications revenue, net of discounts and returns		396,954.74	432,997.69
Changes in currency exchange differences		105,460.80	0.00
Other revenues		4,045,622.51	4,023,339.02
Expenses	21	18,503,877.28	22,767,958.02
Wages, salaries and employee benefits		12,221,575.24	13,707,872.49
Grants and other transfers		341,186.61	423,748.12
Travel		1,392,421.23	2,442,336.85
Supplies, consumables and running costs		2,943,763.66	4,127,539.25
Changes in currency exchange differences		0.00	658,766.34
Depreciation, amortization and impairment		150,606.96	79,416.44
Other expenses		1,454,323.58	1,328,278.53
Surplus/(deficit) for the year		3,484,188.66	-2,427,370.31

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 2018

Changes in net assets/equity
for the year ended 31 December 2018
Euros

	Note	Total accumulated surplus	Surplus	Reserves	Total net assets
Net assets, 31/12/2017		-7,513,198.23		4,447,236.99	-3,065,961.24
Total directly recognized revenue/expenses		*205,264.75*		*-154,653.05*	*50,611.70*
Net change WCF		0.00		2,142.30	2,142.30
Net change in reserves		123,585.11		-123,585.11	0.00
Other adjustments		81,679.64		-33,210.24	48,469.40
Total recognized surplus for the period		*3,334,188.66*	*0.00*	*150,000.00*	*3,484,188.66*
Result for the period			3,484,188.66	0.00	3,484,188.66
Direct transfers from result		3,334,188.66	-3,484,188.66	150,000.00	0.00
Other adjustments in accumulated surplus		0.00		0.00	0.00
Net assets, 31/12/2018	19	-3,973,744.82	0.00	4,442,583.94	468,839.12

The accompanying notes form an integral part of these financial statements

IV. Cash Flow Statement for the year ended 31 December 2018

Cash flow statement
for the year ended 31 December 2018
Euros

	Note	31/12/2018	31/12/2017
Surplus / (Deficit) for the period		3,484,188.66	-2,427,370.31
Cash flows from operating activities		*-331,190.54*	*859,307.63*
Depreciation, amortization and impairment, net of impairment recovery	11, 12	150,606.96	73,480.93
(Increase) decrease in inventories	7	31,453.52	1,478.82
(Increase) decrease in contribution receivables, net	8	-1,149,524.96	-379,573.43
(Increase) decrease in other receivables, net	9	98,557.32	-4,139.53
(Increase) decrease in other assets	10	-78,337.46	160,398.93
Increase (decrease) in payables and accruals	13, 14, 16	-109.50	93,788.31
Increase (decrease) in employee benefits payable	15	327,486.79	907,166.57
Increase (decrease) in provisions	17	246,565.38	-7,689.54
Increase (decrease) in other liabilities	18	-36,970.92	14,816.57
Adjustments Acumulated Surplus	19	79,082.33	-420.00
Cash flows from investing activities		*-69,562.08*	*-295,213.33*
(Purchases of property, plant and equipment)	11		-127,634.31
(Purchases of intangible assets)	12	-68,368.39	-167,579.02
Proceeds from sale of property, plant and equipment	20	1,500.00	0.00
Change on investments	6	-2,693.69	0.00
Cash flows from financing activities		*2,142.30*	*0.00*
Increase (decrease) in working capital fund	19	2,142.30	0.00
Net increase (decrease) in cash and cash equivalents		3,085,578.34	-1,863,276.01
Cash and cash equivalents, beginning of the year	5	14,363,506.07	16,226,782.08
Cash and cash equivalents, end of the year	5	17,449,084.41	14,363,506.07

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 2018 – Regular Budget

Statement of comparison of budget and actual amounts - Regular Budget
for the year ended 31 December 2018
Euros

	Note	Approved income / Original budget[1]	Final budget[2]	Actual amounts on comparable basis	Differences budget and actual[3]
Budgetary difference	22	0.00	0.00	2,206,802.68	-2,206,802.68
Budgetary income		*13,609,000.00*	*13,609,000.00*	*13,637,645.50*	*-28,645.50*
Contributions from Full and Associate Members		12,623,000.00	12,623,000.00	12,623,063.00	-63.00
Full Members		12,414,000.00	12,414,000.00	12,414,458.00	-458.00
Associate Members		209,000.00	209,000.00	208,605.00	395.00
Other income sources		986,000.00	986,000.00	1,014,582.50	-28,582.50
Allocation from accumulated surplus - Publications store		333,000.00	333,000.00	333,000.00	0.00
Affiliate Members		653,000.00	653,000.00	681,582.50	-28,582.50
Budgetary expenditure		*13,609,000.00*	*13,609,000.00*	*11,430,842.82*	*2,178,157.18*
A Member Relations		2,215,000.00	2,177,596.99	1,924,439.81	253,157.18
A01 Regional Department, Africa		462,000.00	462,000.00	419,794.75	42,205.25
A02 Regional Department, Americas		351,000.00	335,327.05	261,589.87	73,737.18
A03 Regional Department, Asia and the Pacific		522,000.00	522,000.00	494,203.99	27,796.01
A04 Regional Department, Europe		356,000.00	368,014.52	368,014.52	0.00
A05 Regional Department, Middle East		241,000.00	207,255.42	150,525.92	56,729.50
A06 Affiliate Members		283,000.00	283,000.00	230,310.76	52,689.24
B Operational		3,070,000.00	3,085,672.95	3,085,672.95	0.00
B01 Sustainable Development of Tourism		573,000.00	571,768.63	571,768.63	0.00
B02 Technical Cooperation and Silk Road		460,000.00	440,724.77	440,724.77	0.00
B03 Statistics		518,000.00	566,338.51	566,338.51	0.00
B04 Tourism Market Intelligence and Competitiveness		529,000.00	394,846.73	394,846.73	0.00
B05 Ethics, Culture and Social Responsibility		278,000.00	264,506.13	264,506.13	0.00
B06 Education and Training (THEMIS)		117,000.00	109,740.90	109,740.90	0.00
B07 Institutional Relations and Partnerships		595,000.00	714,808.90	714,808.90	0.00
B08 Innovation, Investments and Digital Transformation		0.00	22,938.38	22,938.38	0.00
C Support, Direct to Members		3,717,000.00	3,958,724.76	3,958,724.76	0.00
C01 Conferences Services		680,000.00	700,091.66	700,091.66	0.00
C02 Management		2,616,000.00	2,697,932.11	2,697,932.11	0.00
C03 Communications		421,000.00	560,700.99	560,700.99	0.00
D Support, Indirect to Members		4,607,000.00	4,387,005.30	2,462,005.30	1,925,000.00
D01 Budget and Finance		511,000.00	572,829.17	572,829.17	0.00
D02 Human Resources		278,000.00	348,544.20	348,544.20	0.00
D03 Information and Communication Technologies		635,000.00	559,397.90	559,397.90	0.00
D04 General Services		958,000.00	681,234.03	681,234.03	0.00
D05 Staff Vacancies & ASEB Provisions		2,225,000.00	2,225,000.00	300,000.00	1,925,000.00

The accompanying notes form an integral part of these financial statements

1 Before transfers. In accordance to Programmes structure and appropriations approved originally by A/RES/688(XXII) of document A/22/10(II) and it's structure update approved by CE/DEC/5(CVIX) of documents CE/109/3(b)ii rev.1 and CE/109/3(b)ii Add.1.

2 After transfers.

3 Differences between final and actual budgetary income are due to: (a) EUR -63 rounding difference, and (b) Affiliate members budgetary income was prepared based on an estimated number of Members.

VI. Notes to the Financial Statements

Note 1 – Reporting organization

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

81. 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.

82. 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.

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

84. UNWTO is not a controlled organization as defined under IPSAS 34 and 35.

Note 2 – Significant accounting policies

2.1. Basis of preparation

85. 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).

86. The Financial Statements cover the period from 1 January to 31 December 2018 and are presented rounded off to two decimal places.

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

88. The functional and reporting currency of UNWTO is the euro[23] (EUR). Transactions in currencies other than EUR are converted 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 converted 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.

89. The accounting policies set out below are in accordance with the 2018 edition of the UNWTO IPSAS Policy Guidance Manual and have been applied consistently in the preparation and presentation of these Financial Statements.

[23] UNWTO FR 14.4

2.2. Jointly controlled entity and other entities

Jointly controlled entity

90. The Themis Foundation is jointly controlled by UNWTO and the Government of Andorra. Both UNWTO and the Government of Andorra have similar voting rights over the Themis Foundation.

91. The Themis Foundation's mission is to devise and implement education and training policies, plans and tools that fully harness the employment potential of the tourism sector and effectively enhance its competitiveness and sustainability. It is based in Andorra and its functional currency is the euro.

92. UNWTO uses the equity method to recognize its interest in the Themis Foundation. UNWTO has used the UN Framework for Control, Joint Control and Influence (CJI) in determining the joint control of the Themis Foundation.

Other entities

93. The STEP Foundation is an international foundation established under the auspices of UNWTO through an agreement between UNWTO and the Government of the Republic of Korea with the provision of a seed fund of USD 5M by the Government of the Republic of Korea.

94. The STEP Foundation's aim is to promote poverty elimination through sustainable tourism development programmes and projects that can be carried out, while preserving culture and the natural environment, thus contributing contribute to the UN Millennium Development Goals.

95. The STEP Foundation does not meet definitions of controlled entity, joint arrangement or associate entity under IPSAS 34-38. The STEP Foundation is governed by its Board of Directors which UNWTO representation with a voting capacity of 18%. UNWTO has used the UN Framework for Control, Joint Control and Influence (CJI) in determining the status of the STEP Foundation.

2.3. Cash and cash equivalents

96. 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.

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

98. 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

99. 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.

100. 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.

101. 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

102. 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.

103. 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.

104. 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.

105. 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.

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

107. 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

108. 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.

109. 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.

110. 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.

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

2.7. Property, plant and equipment

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

Additions

113. 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

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

Subsequent costs

115. 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 premised are capitalized if the cost exceeds EUR 50,000 and comply with some conditions.

Depreciation

116. 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

117. 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.

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

Heritage assets

119. 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

120. 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

121. 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 or period of licence/right

2.9. Leases

Finance leases

122. 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.

123. 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.

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

125. 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

126. 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.

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

2.10. Employee benefits

128. 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 (the UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The 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 Fund 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 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 Fund 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

129. 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.

130. 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.

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

132. 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.

133. 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

134. 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.

135. 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

136. 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.

137. 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.

138. 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.

139. 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.

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

Exchange revenue

141. 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.

142. The IPSAS Board (IPSASB) is currently working on revising IPSAS standards on revenue and non-exchange transactions, which could have an impact on UNWTO's future financial statements. This project's progress and impact is being monitored by the UN Task Force on Accounting Standards (UNTFAS) of the UN Finance and Budget Network (UNFBN) under the auspices of the UN Chief Executives Board (CEB).

2.13. Expense recognition

143. 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

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

145. 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

146. 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

147. 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.

148. 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, Affiliate Members programme of work activities, reserves activities and other non-RB project activities within the GF). 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 and the Trust Funds.

Statement of financial position by segment
at 31 December 2018
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Assets	17,933,596.34	8,006,522.53	-1,554,326.82	24,385,792.05
Current assets	*17,020,200.15*	*7,937,528.43*	*-1,554,326.82*	*23,403,401.76*
Cash and cash equivalents	11,432,183.14	6,016,901.27	0.00	17,449,084.41
Inventories	20,896.26	0.00	0.00	20,896.26
Members assessed contributions receivable, net	3,899,273.05	0.00	0.00	3,899,273.05
Other contributions receivables, net	0.00	1,567,734.02	0.00	1,567,734.02
Other receivables, net	329,747.28	32,335.59	0.00	362,082.87
Other current assets	1,338,100.42	320,557.55	-1,554,326.82	104,331.15
Non-current assets	*913,396.19*	*68,994.10*	*0.00*	*982,390.29*
Investments	128,409.60	0.00	0.00	128,409.60
Members assessed contributions receivable, net	169,745.44	0.00	0.00	169,745.44
Property, plant and equipment	246,724.85	0.00	0.00	246,724.85
Intangible assets, net	361,843.76	68,994.10	0.00	430,837.86
Other non-current assets	6,672.54	0.00	0.00	6,672.54
Liabilities and Net Assets/Equity	17,933,596.34	8,006,522.53	-1,554,326.82	24,385,792.05
Liabilities	24,042,786.94	1,428,492.81	-1,554,326.82	23,916,952.93
Current liabilities	*4,045,331.44*	*1,428,492.81*	*-1,554,326.82*	*3,919,497.43*
Payables and accruals	812,695.09	324,326.61	0.00	1,137,021.70
Transfers payable	20,368.66	338,126.30	0.00	358,494.96
Employee benefits	487,354.04	0.00	0.00	487,354.04
Advance receipts	1,560,325.30	0.00	0.00	1,560,325.30
Provisions	194,612.14	177,498.28	0.00	372,110.42
Other current liabilities	969,976.21	588,541.62	-1,554,326.82	4,191.01
Non-current liabilities	*19,997,455.50*	*0.00*	*0.00*	*19,997,455.50*
Employee benefits	19,983,275.23	0.00	0.00	19,983,275.23
Advance receipts	4,918.00	0.00	0.00	4,918.00
Other non-current liabilities	9,262.27	0.00	0.00	9,262.27
Net Assets/Equity	-6,109,190.60	6,578,029.72	0.00	468,839.12
Accumulated surplus/(deficit)	-10,551,774.54	6,578,029.72	0.00	-3,973,744.82
Reserves	4,442,583.94	0.00	0.00	4,442,583.94

*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 2018 Euros				
	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenues	17,844,095.16	4,878,094.57	-734,123.79	21,988,065.94
Members assessed contributions	13,853,263.00	0.00	0.00	13,853,263.00
Other contributions (VC and FIT), net of reduction	0.00	3,586,764.89	0.00	3,586,764.89
Publications revenue, net of discounts and returns	396,954.74	0.00	0.00	396,954.74
Currency exchange differences	-59,836.01	165,296.81	0.00	105,460.80
Other revenues	3,653,713.43	1,126,032.87	-734,123.79	4,045,622.51
Expenses	15,570,377.23	3,667,623.84	-734,123.79	18,503,877.28
Wages, salaries and employee benefits	10,938,510.37	1,283,064.87	0.00	12,221,575.24
Grants and other transfers	186,841.11	154,345.50	0.00	341,186.61
Travel	1,018,016.74	374,404.49	0.00	1,392,421.23
Supplies, consumables and running costs	1,893,575.45	1,050,188.21	0.00	2,943,763.66
Depreciation, amortization and impairment	148,635.36	1,971.60	0.00	150,606.96
Other expenses	1,384,798.20	803,649.17	-734,123.79	1,454,323.58
Surplus/(deficit) for the year	2,273,717.93	1,210,470.73	0.00	3,484,188.66

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

149. 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		
	31/12/2018	31/12/2017
Cash and cash equivalents	17,449,084.41	14,363,506.07
Cash in banks	15,067,164.34	9,566,915.53
Cash on hand	8,720.07	30,835.66
Imprest funds	5,000.00	5,000.00
Short term deposits	2,368,200.00	4,760,754.88

150. 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		
	31/12/2018	31/12/2017
Investments	128,409.60	125,715.91
Non-current investments	*128,409.60*	*125,715.91*
Investments in Joint Venture	128,409.60	125,715.91

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

152. 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

Publications inventory
Euros

	31/12/2018	31/12/2017
Publications inventory, net realizable value	20,896.26	52,349.78
Publications inventory, carrying cost	34,702.64	87,796.03
Publications on hand	32,844.28	82,157.04
Publications on consignment	1,858.36	5,638.99
Impairment	-13,806.38	-35,446.25

153. Publication inventories are publications held for sale.

154. 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.

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

Note 8 – Contribution receivables

Contributions receivable
Euros

	31/12/2018	31/12/2017
Contributions receivable, net	5,636,752.51	4,487,227.55
Current contributions receivable, net	*5,467,007.07*	*4,076,053.83*
Members assessed contributions, net	3,899,273.05	3,282,672.23
Other contributions, net	1,567,734.02	793,381.60
Non-current contributions receivable, net	*169,745.44*	*411,173.72*
Members assessed contributions, net	169,745.44	411,173.72
Other contributions, net	0.00	0.00

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

157. 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).

158. 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.

159. 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 over two years.

160. Write-offs of contributions receivables from Full and Associate Members are approved on a case-to-case basis by the General Assembly.

161. 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[24].

162. The allowance for doubtful accounts of contributions receivable from donors of 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 over two years.

163. Write-offs of Other contributions receivable (Voluntary Contributions and Funds In Trust) are on a case-by-case basis.

Contributions receivable by type
Euros

	31/12/2018	31/12/2017
Contributions receivable, net	5,636,752.51	4,487,227.55
Members assessed contributions, net	4,069,018.49	3,693,845.95
Members assessed contributions receivable	17,574,581.60	17,908,797.33
Allowance for doubtful accounts	-13,505,563.11	-14,214,951.38
Voluntary contributions, net	1,567,734.02	793,381.60
Voluntary contributions receivable	1,694,080.19	1,131,469.50
Allowance for doubtful accounts	-126,346.17	-338,087.90

164. 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.

165. 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	31/12/2018	%	31/12/2017	%
Members assessed contributions receivable	17,574,581.60	100.00%	17,908,797.33	100.00%
2015 and earlier	12,563,292.53	71.49%	14,214,951.38	79.37%
2016	942,270.58	5.36%	1,391,729.22	7.77%
2017	1,282,801.75	7.30%	2,302,116.73	12.85%
2018	2,786,216.74	15.85%	0.00	0.00%

166. The movements of the allowance for doubtful accounts during 2018 are as follows:

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

Allowance for doubtful accounts movements Euros				
	01/01/2018	Utilization	Increase/ (decrease)	31/12/2018
Allowance for doubtful accounts movements	14,553,039.28	1,469,702.21	548,572.21	13,631,909.28
Members assessed contribution	14,214,951.38	1,469,702.21	760,313.94	13,505,563.11
Voluntary contributions	338,087.90	0.00	-211,741.73	126,346.17

Note 9 – Other receivables

Other receivables Euros		
	31/12/2018	31/12/2017
Other receivables	362,082.87	462,140.19
VAT receivable	127,262.24	189,315.86
Receivables from exchange transactions	234,820.63	272,824.33
Publications sales receivables, net	39,334.34	35,983.71
Publications sales receivables	44,575.34	41,224.71
Allowance for doubful accounts	-5,241.00	-5,241.00
Employee receivables	43,118.83	56,275.90
Accrued interest receivable	0.00	153.79
Miscellaneous receivables	152,367.46	180,410.93

167. 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 and services from the government of the host country (Spain) under the terms of the relevant host country agreement[25].

168. 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.

169. 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;

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

170. 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.

171. An updated calculation of the allowance for doubtful accounts for publications sales receivables has also been applied in 2018.

[25] 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 10 – Other assets

Other assets Euros		
	31/12/2018	31/12/2017
Other assets	111,003.69	32,666.23
Other current assets	*104,331.15*	*26,149.69*
Advances	73,917.26	26,149.69
Miscellaneous assets	30,413.89	0.00
Other non-current assets	*6,672.54*	*6,516.54*

172. Other current assets are composed of advances, prepaid expenses and miscellaneous assets.

173. 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.

174. 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 2018 Euros	Communication and IT equipment	Vehicles	Furnitures and fixtures	Other equipment	Leasehold	Communication and IT equipment under development	Total
01/01/2018							
Historical cost / fair value	484,678.11	60,773.00	18,324.60	442,563.34	201,625.31	9,656.41	1,217,620.77
Accumulated depreciation and impairment	-382,993.45	-60,773.00	-18,270.32	-422,913.43	-11,112.81	0.00	-896,063.01
Opening carrying amount	101,684.66	0.00	54.28	19,649.91	190,512.50	9,656.41	321,557.76
Movement for the year							
Additions	9,656.41	0.00	0.00	0.00	0.00	0.00	9,656.41
Disposals	-63,005.00	0.00	0.00	-230,463.12	0.00	-9,656.41	-303,124.53
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	11,996.62	0.00	-54.28	225,903.23	-19,210.36	0.00	218,635.21
Total movements for year	-41,351.97	0.00	-54.28	-4,559.89	-19,210.36	-9,656.41	-74,832.91
31/12/2018							
Historical cost / fair value	431,329.52	60,773.00	18,324.60	212,100.22	201,625.31	0.00	924,152.65
Accumulated depreciation and impairment	-370,996.83	-60,773.00	-18,324.60	-197,010.20	-30,323.17	0.00	-677,427.80
Closing carrying amount	60,332.69	0.00	0.00	15,090.02	171,302.14	0.00	246,724.85

175. At 31 December 2018, UNWTO holds fully depreciated PPE which is still in use.

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

177. 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 2018
Euros

	Software acquired externally	Software developed internally	Licences and rights	Software under development	Total
01/01/2018					
Historical cost / fair value	21,213.20	421,601.69	6,301.31	33,210.24	482,326.44
Accumulated amortization and impairment	-7,168.68	0.00	-6,301.31	0.00	-13,469.99
Opening carrying amount	14,044.52	421,601.69	0.00	33,210.24	468,856.45
Movements for year					
Additions	0.00	70,965.70	0.00	0.00	70,965.70
Disposals	0.00	0.00	-6,301.31	-33,210.24	-39,511.55
Impairment	0.00	0.00	0.00	0.00	0.00
Amortization	-3,535.56	-72,238.49	6,301.31	0.00	-69,472.74
Total movements for year	-3,535.56	-1,272.79	0.00	-33,210.24	-38,018.59
31/12/2018					
Historical cost / fair value	21,213.20	492,567.39	0.00	0.00	513,780.59
Accumulated amortization and impairment	-10,704.24	-72,238.49	0.00	0.00	-82,942.73
Closing carrying amount	10,508.96	420,328.90	0.00	0.00	430,837.86

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

Note 13 – Payables and accruals

Payables and accruals
Euros

	31/12/2018	31/12/2017
Payables and accruals	1,137,021.70	1,270,040.71
Accounts payable - personnel	187,071.59	176,109.51
Accounts payable - others	837,111.03	1,042,567.94
Accrued expenses	112,839.08	51,363.26

179. 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

	31/12/2018	31/12/2017
Transfers payable (TP)	358,494.96	284,963.98
TP for technical cooperation and grants	269,252.68	284,931.85
TP to donors	89,126.43	0.00
Miscellaneous TP	115.85	32.13

180. 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 by valuation type Euros	30/12/2018	31/12/2017
Employee benefits	20,470,629.27	20,143,142.48
UNWTO valuation	*87,498.08*	*438,268.26*
Actuarial valuation	*20,383,131.19*	*19,704,874.22*
After Service Health Insurance (ASHI)	18,439,648.38	17,584,293.53
Accumulated annual leave (AAL)	963,898.39	997,167.04
End of service benefits (EoSB)	979,584.42	1,123,413.65

181. Employee benefit liabilities are based on calculations by professional actuaries and by UNWTO based on personnel data and past experience.

Employee benefits Euros	30/12/2018	31/12/2017
Employee benefits	20,470,629.27	20,143,142.48
Current employee benefits	*487,354.04*	*803,158.28*
Short-term and other current employee benefits	87,498.08	438,268.26
After-service employee benefits	399,855.96	364,890.02
Non-current employee benefits	*19,983,275.23*	*19,339,984.20*
After-service employee benefits	19,983,275.23	19,339,984.20
After Service Health Insurance (ASHI)	18,287,683.27	17,442,624.10
Accumulated annual leave (AAL)	853,547.58	889,354.76
End of service benefits (EoSB)	842,044.38	1,008,005.34

Employee benefits – current

182. Current employee benefits mainly include accrued employee benefits (salary, post adjustment, family allowance and language allowance), overtime, education grant, home leave travel and after-service employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service.

Employee benefits – non-current

183. 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).

184. 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 periodical actuarial valuation of the ASHI scheme to measure its employee benefits obligation.

185. 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.

186. 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

187. Liabilities arising from ASHI, accrued annual leave and end of service benefits 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 2016 and movements in 2017 and 2018:

<table>
<tr><td colspan="2">Measurement date</td><td colspan="3">31 December 2016</td></tr>
<tr><td colspan="2">Actuarial method</td><td colspan="3">Projected unit credit</td></tr>
<tr><td colspan="2" rowspan="3">Discount rate</td><td>ASHI</td><td>2.56%</td><td rowspan="3">Based on the Defined Benefit Obligation cash flows from the 31 December 2016 valuations and the interest rates from a custom Spanish government bond yield curve as of 31 December 2016.</td></tr>
<tr><td>AAL</td><td>1.88%</td></tr>
<tr><td>EoSB</td><td>1.88%</td></tr>
<tr><td colspan="2">Expected rate of return of assets</td><td colspan="3">Not applicable</td></tr>
<tr><td colspan="2">General inflation rate</td><td colspan="3">1.6%</td></tr>
<tr><td colspan="2">Salary growth</td><td colspan="3">2.1% (1.6% inflation rate plus 0.5% productivity growth rate plus merit component).</td></tr>
<tr><td colspan="2">Future exchange rates</td><td colspan="3">Equal to United Nations spot rates at 31 December 2016.</td></tr>
<tr><td colspan="2">Mortality rates</td><td colspan="3">Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.</td></tr>
<tr><td colspan="2">Disability rates</td><td colspan="3">Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.</td></tr>
<tr><td colspan="2">Withdrawal rates</td><td colspan="3">Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.</td></tr>
<tr><td colspan="2">Retirement rates</td><td colspan="3">It was assumed that all participants hired prior to 2014 retire at age 62 and that those hired after retire at age 65.</td></tr>
<tr><td colspan="2">Advance payments</td><td colspan="3">No future advance payments are assumed.</td></tr>
<tr><td colspan="2">New hires</td><td colspan="3">It is assumed to maintain a level headcount and stable demographics for the active staff population.</td></tr>
<tr><td rowspan="6">ASHI</td><td rowspan="2">Medical costs increases</td><td>Initial</td><td>Ultimate</td><td>Year ultimate increase reached</td></tr>
<tr><td>5.1%</td><td>3.1%</td><td>2037</td></tr>
<tr><td>Average annual medical claim cost</td><td colspan="3">EUR 3,423 per adult in 2016</td></tr>
<tr><td>Future participants contributions</td><td colspan="3">In the long run, premiums will be adjusted if needed to stabilize the percentage of retiree claims and administrative expenses covered by retiree contributions.</td></tr>
<tr><td>Participation and lapse rates</td><td colspan="3">90% of future retirees will elect coverage and retain coverage for life.</td></tr>
<tr><td>Coverage of adult dependents for future retirees</td><td colspan="3">85% of male and 55% of female retirees have an adult dependent who elects coverage in the plan.</td></tr>
<tr><td rowspan="2">AAL</td><td>Accumulated balance</td><td colspan="3">As the accumulation of annual leave by employee historically remains stable year on year, it is assumed that the total accumulated balance is a long-term employee benefit taken by staff members on separation from UNWTO.</td></tr>
<tr><td>Annual leave days</td><td colspan="3">It is assumed to accrue (up to the 60-day cap) at rates of 10.0 days per year for the first four years of service, 0.8 days per year for the next 26 years, and 0.0 days per year thereafter.</td></tr>
<tr><td rowspan="2">EoSB</td><td>Members receiving benefits</td><td colspan="3">It is assumed that 100% of eligible members claim the repatriation grant. Repatriation travel and removal expenses are assumed to be payable to 80% of eligible staff members upon separation.</td></tr>
<tr><td>Repatriation travel and removal costs</td><td colspan="3">It is assumed at EUR 4,500 per staff member in 2016, reflecting the impact of expected inflation over the average expected future working years by staff members.</td></tr>
</table>

188. UNWTO conducts actuarial valuation of after-service liabilities on a periodical basis.

189. The following table provide additional information and analysis on employee benefit liabilities based on calculations by actuaries:

After service employee benefits actuarial valuation Euros				
	ASHI	AAL	EoSB	Total
Defined benefit obligation at 01/01/2018	17,584,293.53	997,167.04	1,123,413.65	19,704,874.22
Movements for period ended 31/12/2018	*855,354.85*	*-33,268.65*	*-143,829.23*	*678,256.97*
Service costs	593,188.00	60,272.00	59,100.00	712,560.00
Interest costs	445,019.00	19,015.00	19,315.00	483,349.00
Recognition of (gain) / loss	0.00	0.00	0.00	0.00
(Benefit payments UNWTO)	-182,852.15	-112,555.65	-222,244.23	-517,652.03
Defined benefit obligation at 31/12/2018	18,439,648.38	963,898.39	979,584.42	20,383,131.19

190. The actuarial valuation of the defined benefit 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.

191. 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.

192. 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 recognized through the Statement of Financial Performance. No actuarial gains and losses (ASHI, AAL or EoSB) have been calculated for 2018.

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

After service employee benefits recognized in the Statement of financial performance Euros				
	ASHI	AAL	EoSB	Total
Total expenses recognized at 31/12/2018	1,038,207.00	79,287.00	78,415.00	1,195,909.00
Service costs	593,188.00	60,272.00	59,100.00	712,560.00
Interest costs	445,019.00	19,015.00	19,315.00	483,349.00

194. 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.

195. Two of the principal assumptions in the valuation of the ASHI are the rate of future medical cost increases (3.1%) and the discount rate (2.56%). The table below shows the estimated impact of unfavourable 1% per year changes in these assumptions on the liability at 31 December 2016:

ASHI sensitive analysis Euros		
	Long-term medical inflation rate	
Discount rate	*3.10% per year*	*4.10% per year*
2.56%	16,736,939	20,630,393
1.56%	20,841,468	26,071,974

196. One of the principal assumptions in the valuation of accrued leave and end of service benefits is the discount rate (1.88%). The table below shows the estimated impact of unfavourable 1% per year in that rate on the liability at 31 December 2016:

AAL and EoSB sensitive analysis Euros		
Discount rate	Accumulated Annual Leave	End of Service Benefits
1.88%	1,281,210	1,105,445
0.88%	1,381,041	1,236,492

United Nations Joint Staff Pension Fund

197. 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 in 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.

198. 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, 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 the UNWTO's 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 39 Employee Benefits. UNWTO's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

199. The 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.

200. UNWTO's 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 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 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.

201. During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biannual cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for their 2016 financial statements.

202. The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The

funded ratio was 102.7% (101.4% in the 2016 roll forward) when the current system of pension adjustments was taken into account.

203. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, 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 plan. 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.

204. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2015, 2016 and 2017) amounted to USD 6,931.39 million, of which 0.06% was contributed by UNWTO.

205. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

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

Contributions paid to UNJSPF
Euros

	31/12/2018	Estimated 2019
Contributions paid to UNJSPF	1,308,305.17	1,335,800.00

Note 16 – Advance receipts

Advance receipts
Euros

	31/12/2018	31/12/2017
Advance receipts	1,565,243.30	1,505,864.77
Current defered liabilities	*1,560,325.30*	*1,498,664.77*
Advance receipts - Contributions	1,560,325.30	1,498,664.77
Non-current defered liabilities	*4,918.00*	*7,200.00*
Advance receipts - Contributions	4,918.00	7,200.00

207. 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.

208. At 31 December 2018 there are no liabilities related to conditional contributions.

Note 17 – Provisions

Provisions Euros		
	31/12/2018	31/12/2017
Provisions	372,110.42	125,545.04
Current provisions	*372,110.42*	*125,545.04*
Provisions for refunds to donors	177,498.28	102,820.01
Provisions for sales return	2,717.91	2,548.01
Provisions for litigations	90,000.00	0.00
Other current provisions	101,894.23	20,177.02

209. UNWTO mainly recognizes a provision for probable liabilities that would result from return of sold publications to distributors, from obligations on the Organization where there is probability of outflow of resources, from refunds of unspent balances of closed projects to donors and from litigations. The level of the provisions is based on past experience and best estimates.

Note 18 – Other liabilities

Other liabilities Euros		
	31/12/2018	31/12/2017
Other liabilities	13,453.28	50,424.20
Other current liabilities	*4,191.01*	*37,955.18*
Finance lease liabilities	4,043.44	3,789.18
Miscellaneous other current liabilities	147.57	34,166.00
Other non-current liabilities	*9,262.27*	*12,469.02*
Finance lease liabilities	9,262.27	12,469.02

210. Falling under other liabilities UNWTO recognizes miscellaneous liabilities (inter-segment payables) and financial lease liabilities.

Finance leases

211. 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:

Finance leases at 31 December 2018 Euros			
	Minimum payments due	Finance charges	Present value of minimum payments
Finance lease liabilities	13,305.71	0.00	13,305.71
< 1 year	4,043.44	0.00	4,043.44
> 1 year and < 5 years	9,262.27	0.00	9,262.27

212. 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

Changes in net assets/equity - detailed
for the year ended 31 December 2018
Euros

	Note	Restricted Accumulated Surplus	Unrestricted accumulated surplus	Total accumulated surplus	Surplus	Working capital fund	Replacement reserve	Special reserve for contingency	Total net assets
Net assets, 31/12/2017		5,749,483.89	-13,262,682.12	-7,513,198.23		2,798,121.37	1,178,779.86	470,335.76	-3,065,961.24
Total directly recognized revenue/expenses		*79,219.12*	*126,045.63*	*205,264.75*		*2,142.30*	*-147,280.83*	*-9,514.52*	*50,611.70*
Net change WCF				0.00		2,142.30			2,142.30
Net change in reserves		0.00	123,585.11	123,585.11			-114,070.59	-9,514.52	0.00
Other adjustments		79,219.12	2,460.52	81,679.64			-33,210.24		48,469.40
Total recognized surplus for the period		*1,419,580.30*	*1,914,608.36*	*3,334,188.66*	*0.00*	*0.00*	*150,000.00*	*0.00*	*3,484,188.66*
Result for the period					3,484,188.66				3,484,188.66
Direct transfers from result		1,275,580.30	2,058,608.36	3,334,188.66	-3,484,188.66	0.00	150,000.00	0.00	0.00
Other adjustments in accumulated surplus		144,000.00	-144,000.00	0.00					0.00
Net assets, 31/12/2018	19	7,248,283.31	-11,222,028.13	-3,973,744.82	0.00	2,800,263.67	1,181,499.03	460,821.24	468,839.12

The accompanying notes form an integral part of these financial statements

213. UNWTO accumulated surplus consists of: (a) Unrestricted accumulated surplus (deficit), and (b) Restricted accumulated surplus. The latter are mainly balances relating to projects funded by donors held for use on specific identified projects, project support costs (PSC) and project reserve fund (PRF).

214. The Working Capital Fund (WCF) has been established in an amount and for the purposes to be fixed by the General Assembly[26]. 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[27].

215. In addition to the WCF the statutory reserves comprise the Replacement Reserve[28] and the Special Contingency Reserve[29] which have been established in accordance with the UNWTO Financial Rules and Regulations.

216. UNWTO recognizes actuarial gain and losses for ASHI directly in Statement of Changes in Net Assets/Equity. Actuarial valuations are made periodically and actuarial gains and losses are recorded accordingly.

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

Note 20 – Revenues

Revenues Euros		
	31/12/2018	31/12/2017
Revenues	21,988,065.94	20,340,587.71
Members assessed contributions	*13,853,263.00*	*13,627,323.00*
Other contributions, net of reduction	*3,586,764.89*	*2,256,928.00*
Voluntary contributions	3,462,400.58	2,482,982.36
Funds in trust contributions	0.00	92,000.00
Project support cost	260,011.54	178,806.57
Reduction in contribution revenues	-135,647.23	-496,860.93
Publications revenues, net of discounts and returns	*396,954.74*	*432,997.69*
Publications revenues	450,544.59	513,372.95
Discounts and returns	-53,589.85	-80,375.26
Currency exchange differences	*105,460.80*	*0.00*
Other revenues	*4,045,622.51*	*4,023,339.02*
In-kind contributions	1,996,579.18	3,358,470.03
Donated use of premises/equipment	1,344,983.05	2,185,528.41
Donated travel	651,596.13	1,172,941.62
Miscellaneous revenues	2,049,043.33	664,868.99
Revenue from deposits and investments	16,349.21	21,041.46
Other miscellaneous	2,032,694.12	643,827.53

217. Assessed contributions are recognized as revenue at the beginning of the year to which they are apportioned in the relevant two-year budget period[30].

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

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

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

221. Other revenues are composed by miscellaneous revenues, which include application of Members' allowance and in-kind contributions. 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.

222. Donated use of premises also includes:

(a) The UNWTO Headquarters building located at Madrid, Spain, in accordance with the agreements between UNWTO and the Government of Spain[31]. The commercial rate of renting the UNWTO Headquarters building was calculated by an independent appraisal at 31 December 2018.

[30] FR Annex II. 1

[31] "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".

(b) The UNWTO liaison office located at Geneva whose commercial rate of renting is calculated based on the rental level in Geneva.

Note 21 – Expenses

Expenses Euros	31/12/2018	31/12/2017
Expenses	18,503,877.28	22,767,958.02
Wages, salaries and employee benefits	*12,221,575.24*	*13,707,872.49*
Salaries and benefits - regular staff	7,994,232.15	8,965,659.95
After-services benefits - regular staff	1,195,909.00	1,159,143.00
Salaries and benefits - non-regular staff	3,031,434.09	3,583,069.54
Grants and other transfers	*341,186.61*	*423,748.12*
Travel	*1,392,421.23*	*2,442,336.85*
Non-donated travel	740,825.10	1,269,395.23
Donated travel expenses	651,596.13	1,172,941.62
Supplies, consumables and other runing costs	*2,943,763.66*	*4,127,539.25*
Expendables	71,867.30	76,959.24
Supplies, consumables and others	382,188.88	610,884.29
Publishing expenses	36,395.37	65,719.83
Rental expense (included in-kind rental expense)	1,435,460.89	2,277,298.06
Rental expense	90,477.84	91,769.65
Rental expense in-kind	454,421.05	1,261,053.39
Rental Headquarters	890,562.00	924,475.02
Contractual services	1,017,851.22	1,096,677.83
Currency exchange differences	*0.00*	*658,766.34*
Depreciation and amortization	*150,606.96*	*79,416.44*
Depreciation and impairment - PPE	74,832.91	65,395.61
Amortization and impairment - Intangible Assets	75,774.05	8,085.32
Impairment - Publications	0.00	5,935.51
Other expenses	*1,454,323.58*	*1,328,278.53*
Doubtful accounts expense	1,201,916.46	1,204,843.26
Bank costs	13,436.60	12,681.44
Other miscellaneous	238,970.52	110,753.83

Wages, salaries and employee benefits

223. 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

224. 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

225. Travel costs are for UNWTO personnel and consultants and other temporary service providers relate principally, to transportation and DSA expenses.

Supplies, consumables and other running costs

226. 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) as well as items of expendable software and licences which do not meet the criteria for capitalization as intangible assets.

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

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

229. 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.

230. 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

231. Depreciation is the annual expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment 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.

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

Other expenses

233. 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.

234. The other expenses are largely composed of provisions, 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 2018
Euros

	31/12/2018
Financial surplus/(deficit) in the Statement of financial performance	3,484,188.66
Entity differences	1,551,243.55
Add: Revenues of	*6,189,926.94*
Other funds than the GF (VC and FIT)	4,878,094.57
Other projects within GF	1,311,832.37
Less: Expenses of	*4,638,683.39*
Other funds than the GF (VC and FIT)	3,667,623.84
Other projects within GF	971,059.55
Basis differences	-273,857.57
Add:	*3,534,863.97*
(a) Unbudgeted revenues under Regular Budget	3,385,250.27
(b) Budgeted transfer to the Replacement Reserves	150,000.00
(c) Budgeted PPE, IA and finance lease liabilities	-386.30
Less:	3,808,721.54
(a) Unbudgeted expenses under Regular Budget	3,475,721.54
(b) Budgeted transfers from net assets	333,000.00
Budgetary result in the Statement of comparison of budget and actual amounts	2,206,802.68

235. 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.

236. 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, plant 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 parts/sections. The financial impact of this presentation is zero.

Note 23 – Commitments and contingencies

Legal commitments

237. UNWTO has outstanding commitments related to operating costs mainly in the form of issued contracts and purchase orders which will be expensed in the Financial Statements upon delivery in the forthcoming financial years and recorded against the corresponding annual budget. At 31 December 2018, legal commitments amount to some:

Legal commitments
Euros

	31/12/2018
Legal commitments	845,736.34

Operating lease commitments

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

Operating leases
Euros

	31/12/2018	31/12/2017
Operating lease commitments	38,344.98	113,547.27
< 1 year	36,228.98	72,015.15
> 1 year and < 5 years	2,116.00	41,532.12

Contingent liabilities

239. The Organization is subject to claims that have arisen in the ordinary course of its operations which may result in a significant liability to UNWTO.

240. As at 31 December 2018, two claims on the same matter were pending: one before a national jurisdiction and another one before the ILOAT (International Labour Organization Administrative Tribunal). The estimated amount claimed is approximately EUR 25,000. As of the date of issuance of this document, only that before a national court in Spain remains pending, being the other one dismissed by the ILOAT. The Organization at this time, considers improbable that it would incur financial liabilities for this case and has requested the cooperation of the Member State to assert its immunities before the national jurisdiction in accordance with the Host Country Agreement.

241. Employment related complaints have been lodged through internal mechanisms before the UNWTO Joint Appeals Committee (JAC), out of which, only two remain pending as at 31 December 2018. Two appeals have been lodged with the ILOAT, after referral to the JAC. The Organization, at this time, can neither determine the likelihood or the estimated liability associated with the outcome of these cases. For prudent financial management, a provision of funds is being made to cover potential liability and fixed costs of the Tribunal.

242. A potential liability due since 2017 relating to inter-UN organizational services is estimated at USD 100,000. To date no claim has been made against UNWTO and it is highly unlikely that UNWTO will incur any liability. The matter was presented by the Secretary-General to the Executive Council at its 109th session, as it had never been presented before, and a decision is pending by UNWTO's General Assembly.

Contingent assets

243. At 31 December 2018, there are no contingent assets depending upon future events.

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

Losses, ex-gratia payments and write-offs Euros		
	31/12/2018	31/12/2017
Losses, ex-gratia payments and write-offs	33,537.58	103,037.21
Losses and write-offs	33,537.58	103,037.21

244. 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".

245. 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".

246. During the period 1 January to 31 December 2018, UNWTO did not incur any ex-gratia payments. Losses correspond to the loss in the value of the investment in the joint venture and write-offs correspond to approved uncollectible receivables analysed on a case-by-case basis.

247. There were no reported cases of fraud or presumptive fraud in 2018.

Note 25 – Related party and key management disclosures

Governing bodies and related parties

248. 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.

249. 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.

250. 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.

251. The Organization's only related party within the meaning of IPSAS 20 (Related party disclosures) is the Themis Foundation. During 2018, UNWTO provided EUR 109,000 as annual grant to the Themis Foundation.

Key management personnel

252. 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 Deputy Secretary-General, the Executive Directors and the Director of Administration and Finance.

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

Key management personnel
at 31 December 2018
Euros

	Number of individuals	Salary & post adjustment	Benefits & allowances	Pension & health plans	Total remuneration	Outstanding advances
Key mangement personnel	5	556,942.28	150,657.04	190,739.27	898,338.59	0.00

254. 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.

255. Advances are those made against salary, benefits and allowances in accordance with financial rules and regulations[32]. Advances against salary, benefits and allowances are available to all UNWTO staff.

[32] DFR VI.13

Unaudited Annexes

Annex I: Contact information

Name		Address
UNWTO	World Tourism Organization	Poeta Joan Maragall 42. Madrid, Spain
Actuary	Aon	100 Half Day Road. Lincolnshire, Illinois 60069, United States of America
Principal banker	Banco Sabadell	Pº de la Castellana 135. Madrid, Spain
External Auditor	Intervención General de la Administración del Estado, Spain	Mateo Inurria 15. 28006 Madrid, Spain

Annex II: Appropriations transfers for the year ended 31 December 2018 - Regular Budget

Estimated appropriation transfers - Regular Budget [1]
for the year ended 31 December 2018
Euros

			Approved appropiations			Actual expenditure			Transfer of appropiations				
Major parts / sections	P	G	Staff	Non-staff	Total	Staff	Non-staff	Total	Budget deviation	From:	To:	Revised appropiations	Balance
	106												
Total	55	51	10,050,000	3,559,000	13,609,000	7,994,232	3,436,611	11,430,843	2,178,157	-577,198	577,198	13,609,000	2,178,157
A Member Relations	11	7	1,692,000	523,000	2,215,000	1,518,006	406,434	1,924,440	290,560	-49,418	12,015	2,177,597	253,157
A01 Regional Department for Africa	3	0	347,000	115,000	462,000	359,172	60,623	419,795	42,205	0	0	462,000	42,205
A02 Regional Department for the Americas	1	2	236,000	115,000	351,000	181,213	80,377	261,590	89,410	-15,673	0	335,327	73,737
A03 Regional Department for Asia and the Pacific	3	1	407,000	115,000	522,000	396,272	97,932	494,204	27,796	0	0	522,000	27,796
A04 Regional Department for Europe	2	1	290,000	66,000	356,000	251,084	116,930	368,015	-12,015	0	12,015	368,015	0
A05 Regional Department for the Middle East	1	1	175,000	66,000	241,000	99,954	50,572	150,526	90,474	-33,745	0	207,255	56,730
A06 Affiliate Members	1	2	237,000	46,000	283,000	230,311	0	230,311	52,689	0	0	283,000	52,689
B Operational	13	12	2,224,000	846,000	3,070,000	2,216,007	869,666	3,085,673	-15,673	-175,413	191,086	3,085,673	0
B01 Sustainable Development of Tourism	3	2	467,000	106,000	573,000	515,039	56,730	571,769	1,231	-1,231	0	571,769	0
B02 Technical Cooperation and Silk Road	2	2	352,000	108,000	460,000	388,637	52,088	440,725	19,275	-19,275	0	440,725	0
B03 Statistics	2	2	353,000	165,000	518,000	418,230	148,108	566,339	-48,339	0	48,339	566,339	0
B04 Tourism Market Intelligence and Competitiveness	2	3	410,000	119,000	529,000	242,939	151,908	394,847	134,153	-134,153	0	394,847	0
B05 Ethics, Culture and Social Responsibility	1	2	236,000	42,000	278,000	203,654	60,852	264,506	13,494	-13,494	0	264,506	0
B06 Education and Training (THEMIS)	0	0	0	117,000	117,000	0	109,741	109,741	7,259	-7,259	0	109,741	0
B07 Institutional Relations and Partnerships	3	1	406,000	189,000	595,000	447,509	267,300	714,809	-119,809	0	119,809	714,809	0
B08 Innovation, Investments and Digital Transformation	0	0	0	0	0	0	22,938	22,938	-22,938	0	22,938	22,938	0
C Support - Direct to Members	16	9	3,024,000	693,000	3,717,000	3,025,634	933,091	3,958,725	-241,725	0	241,725	3,958,725	0
C01 Conference Services	4	1	523,000	157,000	680,000	565,045	135,046	700,092	-20,092	0	20,092	700,092	0
C02 Management	11	6	2,265,000	351,000	2,616,000	2,118,798	579,135	2,697,932	-81,932	0	81,932	2,697,932	0
C03 Communications	1	2	236,000	185,000	421,000	341,791	218,910	560,701	-139,701	0	139,701	560,701	0
D Support - Indirect to Members	15	23	3,110,000	1,497,000	4,607,000	1,234,585	1,227,421	2,462,005	2,144,995	-352,368	132,373	4,387,005	1,925,000
D01 Budget and Finance	2	2	351,000	160,000	511,000	337,697	235,132	572,829	-61,829	0	61,829	572,829	0
D02 Human Resources	1	1	176,000	102,000	278,000	205,144	143,400	348,544	-70,544	0	70,544	348,544	0
D03 Information and Communication Technologies	1	3	296,000	339,000	635,000	328,921	230,477	559,398	75,602	-75,602	0	559,398	0
D04 General Services	0	6	362,000	596,000	958,000	362,823	318,411	681,234	276,766	-276,766	0	681,234	0
D05 Staff vacancies & ASEB Provisions	11	11	1,925,000	300,000	2,225,000	0	300,000	300,000	1,925,000	0	0	2,225,000	1,925,000

Remark:

[1] In accordance to parts and sections structure and appropriations approved originally by A/RES/688(XXII) of document A/22/10(II) and it's structure update approved by CE/DEC/5(CVIX) of documents CE/109/3(b)ii rev.1 and CE/109/3(b)ii Add.1.

Appropriation transfers - Regular Budget
at 31 December 2018
Euros

Transfer	EUR	Description	Part	Section
Appropriation transfers between sections within the same part of the budget [1]				
1	-33,744.58	From	A Member Relations	A05 Regional Department for the Middle East
	12,014.52	To	A Member Relations	A04 Regional Department for Europe
Transfer needed to cover the excess in expenditure due to the increase in the activities carried out.				
2	-1,231.37	From	B Operational	B01 Sustainable Development of Tourism
	-19,275.23	From	B Operational	B02 Technical Cooperation and Silk Road
	-7,078.94	From	B Operational	B04 Tourism Market Intelligence and Competitiveness
	-13,493.87	From	B Operational	B05 Ethics, Culture and Social Responsibility
	-7,259.10	From	B Operational	B06 Education and Training (Themis)
	48,338.51	To	B Operational	B03 Statistics
Transfer needed to cover excess expenditure due to the difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department.				
4	-119,808.90	From	B Operational	B04 Tourism Market Intelligence and Competitiveness
	119,808.90	To	B Operational	B07 Institutional Relations and Partnerships
Transfer needed to cover excess expenditure due to both the existing difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department as well as to the increase in the activities carried out.				
	-7,265.43	To	B Operational	B04 Tourism Market Intelligence and Competitiveness
	7,265.43		B Operational	B08 Innovation, Investments and Digital Transformation
Transfer needed to cover the excess in expenditure due to the increase in the activities carried out.				
5	-75,602.10	From	D Support - Indirect to Members	D03 Information and Communication Technologies
	61,829.17	To	D Support - Indirect to Members	D01 Budget and Finance
Transfer needed to cover the excess in expenditure due to the increase in the activities carried out.				
6	-13,772.93	From	D Support - Indirect to Members	D03 Information and Communication Technologies
	-35,041.21	From	D Support - Indirect to Members	D04 General Services
	48,814.14	To	D Support - Indirect to Members	D02 Human Resources
Transfer needed to cover excess expenditure due both to the existing difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department as well as to the increase in the activities carried out.				
Appropriation transfers from one part of the budget to another [2]				
2	-15,672.95	From	A Member Relations	A02 Regional Department for the Americas
	15,672.95	To	B Operational	B08 Innovation, Investments and Digital Transformation
Transfer needed to cover the excess in expenditure due to the increase in the activities carried out.				
3	-20,091.66	From	D Support - Indirect to Members	D04 General Services
	20,091.66	To	C Support - Direct to Members	C01 Conference Services
Transfer needed to cover excess expenditure due to the difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department.				
4	-81,932.11	From	D Support - Indirect to Members	D04 General Services
	81,932.11	To	C Support - Direct to Members	C02 Management
Transfer needed to cover the excess in expenditure due to the increase in the activities carried out.				
5	-139,700.99	From	D Support - Indirect to Members	D04 General Services
	139,700.99	To	C Support - Direct to Members	C03 Communications
Transfer needed to cover excess expenditure due both to the existing difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department as well as to the increase in the activities carried out.				
5	-21,730.06	From	A Member Relations	A05 Regional Department for the Middle East
	21,730.06	To	D Support - Indirect to Members	D02 Human Resources
Transfer needed to cover excess expenditure due both to the existing difference between the average cost per post used in calculating the budget of each department and the actual staff costs in the department as well as to the increase in the activities carried out.				

[1] 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))

[2] 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))

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

Statement of contributions due to the General Fund at 31 December 2018

Statement of contributions due to the General Fund
at 31 December 2018
Euros

Members	Years	Arrear Contributions	Contributions due 2018	Total
Total		14,786,129.01	2,784,074.44	17,570,203.45
Full Members		*13,323,724.05*	*2,311,706.78*	*15,635,430.83*
Budgetary Contributions		*13,323,724.05*	*2,268,860.78*	*15,592,584.83*
Afghanistan	81-87, 89-08, 10, 12, 14	703,795.66	0.00	703,795.66
Albania	-	0.00	0.00	0.00
Algeria	-	0.00	0.00	0.00
Andorra	-	0.00	0.00	0.00
Angola	-	0.00	0.00	0.00
Argentina	-	0.00	0.00	0.00
Armenia	-	0.00	0.00	0.00
Austria	-	0.00	0.00	0.00
Azerbaijan	-	0.00	0.00	0.00
Bahamas	-	0.00	0.00	0.00
Bahrain	-	0.00	0.00	0.00
Bangladesh	18	0.00	34,544.00	34,544.00
Barbados	18	0.00	32,134.00	32,134.00
Belarus	-	0.00	0.00	0.00
Benin	18	0.00	26,779.00	26,779.00
Bhutan	-	0.00	0.00	0.00
Bolivia	81-87, 89-98	413,180.57	0.00	413,180.57
Bosnia and Herzegovina	-	0.00	0.00	0.00
Botswana	18	0.00	53,558.00	53,558.00
Brazil	18	0.00	276,476.00	276,476.00
Brunei Darussalam	-	0.00	0.00	0.00
Bulgaria	-	0.00	0.00	0.00
Burkina Faso	12,16-18	78,401.00	26,779.00	105,180.00
Burundi	77-07,11-13,15-18	786,702.78	26,779.00	813,481.78
Cambodia	83-92	255,212.82	0.00	255,212.82
Cameroon	17-18	23,758.33	32,134.00	55,892.33
Cape Verde	-	0.00	0.00	0.00
Central African Republic	07-18	253,685.20	26,779.00	280,464.20
Chad	12-18	156,563.56	26,779.00	183,342.56
Chile	-	0.00	0.00	0.00
China	-	0.00	0.00	0.00
Colombia	18	0.00	25,450.16	25,450.16
Congo	16-18	32,576.38	32,134.00	64,710.38
Costa Rica	-	0.00	0.00	0.00
Côte d'Ivoire	17-18	7,887.85	26,779.00	34,666.85
Croatia	-	0.00	0.00	0.00
Cuba	-	0.00	0.00	0.00
Cyprus	-	0.00	0.00	0.00
Czech Republic	-	0.00	0.00	0.00
Democratic People's Republic of Korea	18	0.00	26,779.00	26,779.00
Democratic Republic of the Congo	-	0.00	0.00	0.00
Djibouti	03-18	331,054.00	24,101.00	355,155.00
Dominican Republic	18	0.00	64,269.00	64,269.00
Ecuador	16	1,568.84	0.00	1,568.84
Egypt	18	0.00	118,898.00	118,898.00
El Salvador	-	0.00	0.00	0.00
Equatorial Guinea	13-15, 17-18	114,874.00	36,180.00	151,054.00

Members	Years	Arrear Contributions	Contributions due 2018	Total
Eritrea	-	0.00	0.00	0.00
Ethiopia	17-18	26,779.00	28,787.00	55,566.00
Fiji	-	0.00	0.00	0.00
France	-	0.00	0.00	0.00
Gabon	15-18	160,311.56	53,558.00	213,869.56
Gambia	98-05,08-10,13	242,500.92	0.00	242,500.92
Georgia	-	0.00	0.00	0.00
Germany	-	0.00	0.00	0.00
Ghana	17-18	31,902.00	32,134.00	64,036.00
Greece	-	0.00	0.00	0.00
Guatemala	-	0.00	0.00	0.00
Guinea	96,98-00,07-09,14-18	239,286.01	26,779.00	266,065.01
Guinea-Bissau	92-96,99-18	530,363.55	26,779.00	557,142.55
Haiti	18	0.00	596.67	596.67
Honduras	-	0.00	0.00	0.00
Hungary	-	0.00	0.00	0.00
India	-	0.00	0.00	0.00
Indonesia	-	0.00	0.00	0.00
Iran, Islamic Republic of	17-18	81,217.00	18,025.00	99,242.00
Iraq	91-06,12, 18	1,750,627.70	43,654.00	1,794,281.70
Israel	-	0.00	0.00	0.00
Italy	-	0.00	0.00	0.00
Jamaica	-	0.00	0.00	0.00
Japan	-	0.00	0.00	0.00
Jordan	-	0.00	0.00	0.00
Kazakhstan	-	0.00	0.00	0.00
Kenya	16	465.79	0.00	465.79
Kuwait	98, 18	34,309.21	160,671.00	194,980.21
Kyrgyzstan	96-10,12-15	425,368.71	0.00	425,368.71
Lao People's Democratic Republic	90-95,04	128,663.06	0.00	128,663.06
Lebanon	18	0.00	99,080.00	99,080.00
Lesotho	18	0.00	26,779.00	26,779.00
Liberia	12-18	156,570.00	26,779.00	183,349.00
Libya	14-18	227,322.00	64,269.00	291,591.00
Lithuania	-	0.00	0.00	0.00
Madagascar	16-18	43,909.26	26,779.00	70,688.26
Malawi	11-18	179,344.99	26,779.00	206,123.99
Malaysia	-	0.00	0.00	0.00
Maldives	-	0.00	0.00	0.00
Mali	-	0.00	0.00	0.00
Malta	-	0.00	0.00	0.00
Mauritania	78-05,15-18	709,963.16	26,779.00	736,742.16
Mauritius	-	0.00	0.00	0.00
Mexico	-	0.00	0.00	0.00
Monaco	-	0.00	0.00	0.00
Mongolia	16-18	31,480.00	15,134.00	46,614.00
Montenegro	-	0.00	0.00	0.00
Morocco	-	0.00	0.00	0.00
Mozambique	-	0.00	0.00	0.00
Myanmar	-	0.00	0.00	0.00
Namibia	08	44,358.00	0.00	44,358.00
Nepal	-	0.00	0.00	0.00
Netherlands	-	0.00	0.00	0.00
Nicaragua	02,08,09	51,309.04	0.00	51,309.04
Niger	83-87, 90-07,10-11,14-18	680,132.81	26,779.00	706,911.81

Members	Years	Arrear Contributions	Contributions due 2018	Total
Nigeria	15-18	80,907.74	43,654.00	124,561.74
Oman	18	0.00	78,301.00	78,301.00
Pakistan	15-18	7,506.26	43,654.00	51,160.26
Panama	-	0.00	0.00	0.00
Papua New Guinea	08-16	208,503.00	0.00	208,503.00
Paraguay	-	0.00	0.00	0.00
Peru	15, 17-18	9,409.78	28,291.74	37,701.52
Philippines	-	0.00	0.00	0.00
Poland	-	0.00	0.00	0.00
Portugal	-	0.00	0.00	0.00
Qatar	-	0.00	0.00	0.00
Republic of Korea	-	0.00	0.00	0.00
Republic of Moldova	-	0.00	0.00	0.00
Romania	-	0.00	0.00	0.00
Russian Federation	-	0.00	0.00	0.00
Rwanda	12,15-18	82,860.04	26,779.00	109,639.04
Samoa	-	0.00	0.00	0.00
San Marino	-	0.00	0.00	0.00
Sao Tome and Principe	86-14, 18	594,813.65	16,067.00	610,880.65
Saudi Arabia	03	101,628.00	0.00	101,628.00
Senegal	15, 17-18	30,014.46	29,724.00	59,738.46
Serbia	-	0.00	0.00	0.00
Seychelles	-	0.00	0.00	0.00
Sierra Leone	80-00,03-18	824,927.12	26,779.00	851,706.12
Slovakia	-	0.00	0.00	0.00
Slovenia	-	0.00	0.00	0.00
South Africa	-	0.00	0.00	0.00
Spain	-	0.00	0.00	0.00
Sri Lanka	-	0.00	0.00	0.00
Sudan	89-03,06-08,13,14, 18	455,898.18	32,134.00	488,032.18
Switzerland	-	0.00	0.00	0.00
Syrian Arab Republic	12-18	375,760.00	1,434.21	377,194.21
Tajikistan	-	0.00	0.00	0.00
Thailand	-	0.00	0.00	0.00
The former Yugoslav Republic of Macedonia	-	0.00	0.00	0.00
Timor-Leste	15-18	28,202.70	28,787.00	56,989.70
Togo	05-06, 18	39,973.83	26,779.00	66,752.83
Trinidad and Tobago	-	0.00	0.00	0.00
Tunisia	-	0.00	0.00	0.00
Turkey	-	0.00	0.00	0.00
Turkmenistan	95-98,00-12,16-18	582,449.40	43,654.00	626,103.40
Uganda	96-00,02-04,10-12,15-18	301,491.05	32,134.00	333,625.05
Ukraine	-	0.00	0.00	0.00
United Arab Emirates	-	0.00	0.00	0.00
United Republic of Tanzania	17-18	3,552.57	32,134.00	35,686.57
Uruguay	02-03	96,577.22	0.00	96,577.22
Uzbekistan	-	0.00	0.00	0.00
Vanuatu	10-17	164,998.00	0.00	164,998.00
Venezuela	16, 18	10,400.27	98,949.00	109,349.27
Viet Nam	-	0.00	0.00	0.00
Yemen	79-89,95,14-18	353,742.45	32,134.00	385,876.45
Zambia	14, 17	34,663.57	0.00	34,663.57
Zimbabwe	-	0.00	0.00	0.00

Members	Years	Arrear Contributions	Contributions due 2018	Total
Extrabudgetary Contributions		*0.00*	*42,846.00*	*42,846.00*
Comoros	18	0.00	16,067.00	16,067.00
Somalia	18	0.00	26,779.00	26,779.00
Associate Members		*0.00*	*24,101.00*	*24,101.00*
Aruba	-	0.00	0.00	0.00
Flemish Community of Belgium	-	0.00	0.00	0.00
Hong Kong, China	-	0.00	0.00	0.00
Macao, China	-	0.00	0.00	0.00
Madeira	-	0.00	0.00	0.00
Puerto Rico	18	0.00	24,101.00	24,101.00
Affiliate Members		*465,868.89*	*413,636.13*	*879,505.02*
Former Full Members		*918,478.93*	*0.00*	*918,478.93*
Former Associate Members		*1,947.90*	*0.00*	*1,947.90*
Former Affiliate Members		*76,109.24*	*34,630.53*	*110,739.77*

Remarks:

Full Members	Financial year start month
United Republic of Tanzania	July
Malawi	June
Bangladesh	July
Gambia	July
Uganda	July
Colombia	May
South Africa	April
Egypt	July
Iran, Islamic Republic of	March
Japan	April
Botswana	April
Indonesia	April
Lesotho	April
Mauritius	July
Turkey	March
Gabon	June
Pakistan	July

Statement of contributions due to the Working Capital Fund at 31 December 2018

Statement of contributions due to the Working Capital Fund
at 31 December 2018
Euros

	31/12/2018
Total	4,378.15
Comoros	803.35
Liberia	1,242.15
Somalia	1,338.95
Vanuatu	993.70

Annex IV: Voluntary contributions received for the period ended 31 December 2018

Voluntary contributions received
for the period ended 31 December 2018
Euros

Project	Donor	Curr.	Amount	EUR
Total				3,330,212.93
Tourism Plan for Ice and Snow industry	Heilongjiang Provincial Tourism Administration		712,400.00	712,400.00
Morocco Hotel Classification	UNDP	USD	497,989.96	430,263.15
Regional Support Office of Asia Pacific - NARA	Japan Tourism Agency	JPY	31,080,000.00	243,411.17
UNWTO Tourism Tech Adventure Forum	Argentina	USD	277,505.00	244,204.40
Formulation of the Hainan International Tourism Marketing Strategy	Hainan Provincial Tourism Development Commission	EUR	207,532.08	207,532.08
Prototipo OMT Desarrollo de un Producto Turístico de Compras	Secretaría de Turismo de Guanajuato	EUR	151,141.36	151,141.36
Formulation of The Nanxun Tourism Development Strategy	Nanxun District Government	EUR	126,400.00	126,400.00
Implementation of the New Tourism Strategy and Action Plan in Qatar	Qatar Tourism Authority	USD	143,748.90	121,796.14
DG Grow	European Commission	EUR	119,073.46	119,073.46
For the Empowering Young Women	Estonia	EUR	100,000.00	100,000.00
Study on Buddhist Tourism in Asia and Pacific-Towards Sustainable Develepment	China Chamber of Tourism	EUR	100,000.00	100,000.00
UNWTO Awards for Excellence and Innovation in Tourism				106,000.00
Macao Government Tourist Office		*EUR*	*30,000.00*	
ITAIPU		*EUR*	*15,000.00*	
Instituto Nacional de Promoción Turistica		*EUR*	*10,000.00*	
Indonesia		*EUR*	*10,000.00*	
Ras Al Khaimah Tourism Development Authority		*EUR*	*10,000.00*	
Patrimonio Autonomo FONTUR		*EUR*	*10,000.00*	
Ayuntamiento de S. Bartolome de Tirajana		*EUR*	*3,500.00*	
Ministry of Tourism of Ecuador		*EUR*	*10,000.00*	
National Geographic Partners		*EUR*	*7,500.00*	
Asia Activity Fund	Republic of Korea	EUR	75,257.01	75,257.01
Développement d'une Stratégie et Formation en Communication de Crise dans Le Secteur Tourisme à Madagascar	Madagascar	USD	81,273.00	66,788.29
Devel. Strengthened system of tourism Myanmar	International Trade Centre	USD	66,650.00	58,652.00
Global Report on Women and Tourism, 2nd Edition	International Bank for Reconstruction & Development	USD	50,000.00	44,000.00
Formulation d'une Stratégie de marketing et de promotion de l'image de l'Algérie	UNDP	USD	49,862.00	40,138.91
Strengthening the Coordination Desk of the 10YFP Sustainable Tourism Programme	United Nations Enviroment Programme	USD	48,246.00	39,947.69
Stengthening the National System of Tourism Statistics and Developing a TSA	Seychelles	USD	45,428.00	39,976.64
Development of a UNWTO Prototype on Gastronomy Tourism	Indonesia	EUR	36,510.00	36,510.00
Tourism for SDGs Platform (Pilot Phase)	Secretariat for Economic Affairs of The Swiss Confederation	EUR	34,356.41	34,356.41
Elaboration de la strategie Nationales de promotion du tourisme en Guinee	UNDP	USD	39,269.00	33,967.68
Updating the Botswana Tourism Organization Strategy	Botswana Tourism Organization	USD	37,450.00	30,334.50
Study on Buddhist Tourism in Asia and The Pacific	JTB Tourism Research & Consulting Co.	EUR	25,000.00	25,000.00
Cultural Heritage Framework, Uzbekistan	European Bank for Reconstruction and Development	EUR	23,010.00	23,010.00
Updating 2009 TSA	The Peace Parks Foundation (PPF)	EUR	21,505.65	21,505.65
Global Report on Women in Tourism	Amadeus It Group	EUR	20,000.00	20,000.00
Gambia - Design and implementation of Tourist Statist.Surveys	UNDP	USD	13,988.00	11,959.74

Project	Donor	Curr.	Amount	EUR
Investour				11,000.00
Institución Ferial de Canarias (INFECAR)		*EUR*	*3,000.00*	
Quantum Solutions Emerging Markets		*EUR*	*3,000.00*	
Horwath HTL		*EUR*	*5,000.00*	
Hotel Classification Scheme, Botswana	Botswana Tourism Organization	USD	12,840.00	10,747.08
Capacity-Building Programme on the Development of Multi-Destination Tourism (MDT)	Gesellschaft für Internationale Zusammenarbeit	EUR	10,000.00	10,000.00
3rd UNWTO/UNESCO World Conference on Tourism and Culture	Turkey	EUR	8,000.00	8,000.00
National Tourism Statistical System and TSA, Nigeria	Nigerian Tourism Development Corporation	USD	9,758.40	7,855.52
Donors with contributions equal or below EUR 5,000		EUR		18,984.05

Annex V: UN ASHI Working Group conclusions and draft UNWTO ASEB liabilities funding strategy

UN ASHI Working Group conclusions

257. The UN ASHI WG of the Finance and Budget Network (UNFBN) has previously submitted reports to the 70th and the 71st sessions of the UNGA, both in the form of reports of the UN Secretary-General (UNSG).

258. The report to the 70th session (A/70/590) focused on the health-insurance management and ASHI liabilities across the system and presented eight (1-8) recommendations.

259. The report to the 71st session (A/71/698 and A/71/698/Corr.1) covered the following topics: (a) collective negotiations with the third-party administrators of the health insurance plans of agencies of the United Nations system; (b) underwriting reviews and negotiations with insurers; (c) the incorporation into agencies' health insurance plans of provisions related to primary coverage under national health insurance schemes; (d) the standardization of the after-service health insurance liability valuation methodology and of key valuation factors across the system; and (e) the funding of the United Nations after-service health insurance liability, and included a further seven recommendations (A-G) in respect of the existing eight recommendations made in A/70/590. Recommendations from both reports were provided in Annex V of document CE/108/7(b) (UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2017)[33].

260. In December 2018, the UN ASHI WG presented a final report in the form of UN SG report on Managing after-service health insurance (A/73/662 of 19 December 2018) providing updates regarding the main topics covered in the UN SG report (A/71/698 and A/71/698/Corr.1), the work of the UN ASHI WG and expanding on cost containment and after-service health insurance liability funding options and addresses the issue of portability of health insurance benefits and entitlements.

261. The UN ASHI WG considers that it has provided impetus for ongoing coordinated efforts to contain health insurance-related costs and control after-service health insurance liabilities and has run its course. The UN ASHI WG considers that the establishment of a specialized body to provide UN system entities with a forum for cooperation in addressing complex insurance-related issues may be discussed in the future.

262. Annex VI.1 "UN ASHI WG final report, UN recommendation and UNWTO proposed approach" shows the conclusions and recommendations included in the UN ASHI WG final report (A/73/662) and the UNWTO proposed approach in line with the UN ASHI WG proposal. The report has been endorsed by the UN High-level Committee on Management (UN HLCM) but still to be considered by the ACABQ and the UN GA. All recommendations of the reports except the one on the funding of the UN ASHI liability are relevant to many agencies of the United Nations system; that recommendation is specific to the United Nations Secretariat.

Draft UNWTO ASEB liabilities funding strategy

263. 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 interest of sound financial management the Organization should develop a plan to ensure funding in the future. The need to address the issue of funding in the UN was one the reasons the UN ASHI WG was established. The UN SG recommendation on funding of

[33] Recommendations 1-8 presented in UN SG report (A/70/590), related ACABQ recommendations (A/70/7/Add.42) and endorsed by the UN GA (A/70/248B). New recommendations A-G presented in UN SG report (A/71/698 and Corr.1), related ACABQ recommendations (A/71/815) and endorsed by the UN GA (A/71/272B Annex V).

the ASHI liability of the United Nations Secretariat included in the last UN ASHI WG report may be considered as a good guidance for other UN system organizations that are also significantly underfunded as is the case of UNWTO.

264. The UN and a number of other UN system organizations including UNWTO have unfunded or only partially funded ASHI liabilities. While these liabilities are properly reported under IPSAS the issue of funding has in many instances not been addressed with many organizations meeting these liabilities on a pay-as-you go basis.

265. IPSAS is not prescriptive with regard to an organization's approach to ensuring that adequate resources are available to meet its after-service health insurance obligations. A number of UN system organizations do not have the employee liabilities fully funded but others have adopted or are considering a range of options to achieve full funding over time or alternatives to full funding.

266. UNWTO has made annual budgetary appropriations from the Regular Budget[34] (provisions for after-service employee benefits) since 2010 and set aside additional allocations from surpluses[35] intended to cover the expected annual disbursement of after-service employee liabilities (PAYG basis).

267. In 2017 and 2018 the amounts allocated from the Regular Budget to cover the disbursement of after-service employee liabilities, EUR 270,000 and EUR 300,000 respectively, was insufficient to cover the realized ASEB liabilities during these years amounting to EUR 578,519 in 2017 and EUR 509,794 in 2018. In order to mitigate deficits between budgetary allocations and actual expenditures in forthcoming years, UNWTO GA approved to increase the RB appropriation for the provision for ASEB from EUR 300,000 in 2017 and 2018 to EUR 400,000 from 2019[36].

268. Of the total ASEB liabilities (EUR 20.5M), the amount of EUR 1.1M is earmarked for this purpose leaving a funding gap of EUR 19.4M as at 31 December 2018. The need of funding strategies aimed at fully funding the ASEB liabilities with asset bases aligned to the movements in those liabilities in order to reduce the effects of increases has been raised to the UNWTO Members since 2010 CE/88/5(a). In 2014, document CE/98/3(II)(b) Add.1 included a detailed annex on "Recognition and funding of after-service employee benefit liabilities" (Annex I). Additionally, updates on the work of the UN ASHI WG are shown in the UNWTO financial reports for the years ended 2014 (CE/100/5(b)), 2015 (CE/103/7(b)), 2016 (CE/105/7(b)) and 2017 CE/108/7(b).

269. Before presenting a draft funding strategy for the ASEB liabilities at UNWTO, the following factors will be taken into account:

(a) The UN SG proposal on "Funding of the after-service health insurance liability for the UN Secretariat" which recommends: (a) That the pay-as-you-go funding of the United Nations after-service health insurance obligation in respect of staff members recruited before 1 January 2022 be maintained; (b) That the funding of the obligation in respect of officials recruited from 1 January 2022 be achieved through the implementation of a payroll charge corresponding to a level 5.35 per cent of salary mass and the establishment of a dedicated financial reserve; (c) That the payroll charge be reviewed every three years and adjusted to accommodate variances against the projected accumulation of the dedicated reserve (UN document A/73/662 part VII referred above).

[34] Since 2010, UNWTO EUR 600,000 for the biennia 2010-2011 (A/18/15), 2012-2013 (A/19/12), 2014-2015 (A/20/5(I)(c)) and 2016-2017 (A/21/8(I)(b)).

[35] 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)

[36] A/22/10(II) approved by resolution A/RES/688(XXII).

(b) UNWTO previous years' efficient practice of: i) allocating Regular budget budgetary surpluses mainly to funding the ASEB liability b) including an annual allocation in the Regular Budget to cover the disbursement of after-service employee liabilities which ideally should be similar to the service costs, and c) the practice of other UN entities with respect to increasing the eligibility requirements for ASHI and the pension basis on which premium contributions are calculated, and;

(c) Avoiding: i) any negative impact on the programme of work of the organization, ii) introducing significant new resource request to Member states through the budgetary processes, iii) the introduction of a cumbersome and onerous procedure in terms of administrative costs for an organization of the size of UNWTO, and iv) affecting staff acquired rights.

270. In consequence, and in line with the strategy proposed by the UN SG in respect to the UN Secretariat (UN document A/73/662 part VII referred above) and the other factors referred above, a combination of measures will be proposed to define the draft UNWTO ASEB liabilities funding strategy until ASEB liability is fully funded:

(a) Allocating Regular budget budgetary surpluses with view to increasing the funding of the ASEB liability;

(b) For budgetary periods until 2022, including an annual separate allocation in the Regular Budget to cover the disbursement of after-service employee liabilities which will, at a minimum, cover the ASEB on a pay-as-you-go basis and ideally should be similar to most updated service costs calculated by professional actuary at the time of preparing the budget;

(c) From 2022 and in addition to (a) above, implementing a payroll charge to all UNWTO staff to fund the annual liability obligations of qualifying staff members having regard to the expected date of their retirement. The payroll charge percentage required to fund this accrual will be calculated by professional actuaries and will be reviewed periodically; and

(d) Explore the possibility to increase ASHI´s eligibility requirements and the pension basis on which premium contributions are calculated and submit further proposals to the Governing Bodies as necessary.

Annex V.1: UN ASHI WG final report, UN recommendations and UNWTO proposed approach

UN ASHI WG final report, UN recommendations and UNWTO proposed approach
Pending ACABQ recommendations and UN GA endorsement
at 31 December 2018

	Topics	UN ASHI WG final report - UN SG report on Managing after-service health insurance (A/73/662 of 19 December 2018)	UN recommendation	UNWTO proposed approach
1	Standardization of the valuation methodology and actuarial assumptions with regard to the after-service health insurance liability	The UN Task Force on Accounting Standards (UNTFAS) of the UNFBN has reached agreement with regard to the harmonization of a number of after-service health insurance liability valuation assumptions. These common actuarial assumptions are to be applied by organizations and thus ensure a more harmonized approach. These assumptions included yield curves for use in establishing discount rates.	It is recommended that the Task Force on Accounting Standards undertake discussions to determine which assets should be considered eligible for use as after-service health insurance liability offsets.	It is proposed that UNWTO would follow the UN recommendation. It is proposed that UNWTO would apply the UN common actuarial assumptions to its next actuarial valuation of the ASHI liability.
2	National health insurance schemes	The ASHI WG was tasked to obtain information with regard to the the value of national health insurance schemes in the context of UN system health insurance plans. Incorporating these schemes into the UN system would envisage the national health insurance scheme acting as a primary plan for care covered under its design, with the organization's plan automatically acting as a supplementary plan to ensure coverage afforded to participants would remain unchanged. The Working Group has now completed a cost, benefit and opportunity analysis for the nine countries (United States, France, Switzerland, Italy, Austria, United Kingdom, Canada, India, Thailand) with the largest populations of UNJSPF retirees and beneficiaries, covering 50.5 per cent of the total population. Given the additional administrative load, participation in national health insurance schemes requires a relevant population of ASHI participants in the country if any cost benefit is to be achieved.The Working Group has determined that no material financial benefit can be achieved by any single agency rendering mandatory the enrolment for after-service health insurance coverage under the national health insurance schemes of those countries.		
3	Negotiations with third-party administrators	The UN ASHI WG had also found that agencies would benefit from strengthening the terms of their contracts with third-party administration service providers in critical areas, such as key performance indicators; development of health-care provider networks; pricing methodology; reporting structure and frequency; and controls and audit. To promote completeness and consistency in the provisions of contracts governing the services and obligations of third-party administrators, the UN ASHI WG developed a template agreement for third-party administrators for use across the system.	It is recommended that the agencies of the United Nations system consider aligning their requirements for third-party administrators to best practice.	It is proposed that UNWTO would follow the UN recommendation.

UN ASHI WG final report - UN SG report on Managing after-service health insurance (A/73/662 of 19 December 2018)				
	Topics		UN recommendation	UNWTO proposed approach
4	Cost containment	In-network care and Prevention.The UN ASHI WG continues to review other potential cost containment measures having considered the following ones: a) promotion of in-network care, b) promotion of preventive medical care with full reimbursement of costs associated with preventive examinations and screenings and promotion of healthy living. After-service health insurance premium apportionment. The UN SG considers that the current apportionment of the health insurance contributions between employer and employee (UN GA 69/251) shall be maintained. Altering the current apportionment with the objective of reducing the United Nations obligation in respect of after-service health insurance represents an inappropriate transfer to the staff members of that obligation. Terms and conditions of insurance. The UN ASHI WG considers that amendments to the after-service health insurance provisions can only be implemented prospectively to apply to newly recruited staff. The prospective implementation of changes is consistent with the principles of non-retroactivity and respect for acquired rights. Entitlement accrual mechanism. The UN ASHI WG has considered an entitlement accrual mechanism whereby the part of after-service health insurance premiums paid by the agency on behalf of a retired staff member would increase along with the staff member's time in service within the United Nations system. Staff associations have marked their opposition to this approach which applicability depends on each agency. HLCM is tasked to further explore cost containent measures.	It is recommended that all avenues of health insurance cost containment continue to be explored in the context of inter-agency discussions under the auspices of the High-level Committee on Management.	It is proposed that UNWTO would follow the UN recommendation.
5	Portability of health insurance benefits and entitlements	The UN ASHI WG is of the view that agencies of the United Nations system should accept the transfer of certain accrued health insurance benefits and entitlements, as well as of the after-service health insurance liability, without the administratively onerous transfer of funding.	It is recommended that United Nations system organizations continue to give consideration to all insurance-related harmonization opportunities in support of inter-agency mobility.	It is proposed that UNWTO would follow the UN recommendation.

UN ASHI WG final report - UN SG report on Managing after-service health insurance (A/73/662 of 19 December 2018)

	Topics		UN recommendation	UNWTO proposed approach
6	Funding of the after-service health insurance liability	The UN SG and UN Board of Auditors' (UNBoA) considers the pay-as-you-go approach imprudent and strongly believes that the after-service health insurance liability should be funded on a pay-as-you-accrue basis. The UN SG proposes partial funding of the after-service health insurance liability to ensuring prudential control and avoiding the displacement of the burden of addressing budgetary issues associated with the fulfilment of the after-service health insurance obligation to future sessions of the UN GA. For the UN Secretariat, it is proposed that the after-service health insurance liability constituted in relation to newly recruited staff, that is, staff recruited from 1 January 2022, be fully funded while maintaining the pay-as-you-go approach for the existing liability (including the liability in respect of staff already recruited but not yet entitled to after-service health insurance). Newly constituted liability would be funded on an annual service cost-plus-interest cost basis. The existing liability would remain unfunded and, after an initial period of continued growth, would begin to decline through attrition. The independent actuary was requested to prepare projections of the long-term cash flows associated with the development of the after-service health insurance liabilities. The budgetary impacts are projected over the 90-year period corresponding to the extinguishment period of the after-service health insurance obligation in respect of staff members recruited before 1 January 2022. The independent actuary was requested to determine the payroll charge required to achieve full funding of the after-service health insurance liability constituted as from 1 January 2022 (service cost), as well as its projected growth (interest cost). The document shows detailed data and explanations on the actuarial analysis and presents two scenarios with and without application of the entitlement accrual mechanism. The payroll charge has an immediate positive effect on the after-service health insurance liability calculated on a closed group basis, first by curtailing its growth, then by reducing its amount once the unfunded liability constituted as at 31 December 2021 begins to decline. The UN would continue the pay-as-you-go funding of after-service health insurance corresponding to the liability constituted before 1 January 2022. A reduction in that liability calculated on a closed group basis would be reflected in valuations once the unfunded liability constituted as at 31 December 2021 begins to decline in 2048.	Recommendations with respect to funding the after-service health insurance liability, pertaining only to the United Nations Secretariat, are as follows: (a) That the pay-as-you-go funding of the United Nations after-service health insurance obligation in respect of staff members recruited before 1 January 2022 be maintained; (b) That the funding of the obligation in respect of officials recruited from 1 January 2022 be achieved through the implementation of a payroll charge corresponding to a level 5.35 per cent of salary mass and the establishment of a dedicated financial reserve; (c) That the payroll charge be reviewed every three years and adjusted to accommodate variances against the projected accumulation of the dedicated reserve.	It is proposed that UNWTO applies a funding strategy of the after-service employee benefits (ASHI, end of service benefits and accummulated annual leave) in line with the UN as refered in the "Draft UNWTO ASEB liabilities funding strategy" section. If the strategy would be approved by Members, proposals to this effect will be included in future programme budget proposals.

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

Working Capital Fund (WCF) available balance at 31 December 2018

Working Capital Fund available balance at 31 December 2018 Euros	
Balance at 01/01/2018	2,048,523.00
Additions:	751,740.67
New Members	2,142.30
Arrear contributions applied to reimburse the advance made during previous years[1]	511,201.98
PSC net assets applied to reimburse the advance made during previous years [1, 2, 3]	238,396.39
Less:	0.00
Members which have left the Organization	0.00
Advance made to the GF to cover budgetary expenditure pending receipt of unpaid contributions [1]	0.00
Balance at 31/12/2018	2,800,263.67

[1] Part of intersegment transactions

[2] CE/DEC/5(CVIX)

[3] UNWTO Financial Report for the year ended 31 December 2018, Budgetary result of the Regular Budget section, includes the Secretary-General's proposal of returning back to the PSC net assets the amount transferred in 2018 to WCF to cover the advance made by the WCF to the GF (EUR 238,396) in 2014. In consequence, the 2014 pending WCF advance (EUR 238,396) will be returned from the 2018 RB budgetary cash surplus balance subject to Members' approval.

Budgetary cash balance of the Regular Budget and WCF advance at 31 December 2018

Budgetary cash balance of the Regular Budget and WCF advance at 31 December 2018 Euro	2018	%	2017	%
Approved budget	13,609,000.00	100.00	13,492,000.00	100.00
Budgetary income	*11,083,801.06*	*81.44*	*11,091,150.96*	*82.21*
Assessed contributions	10,750,801.06	*79.00*	10,947,150.96	*81.14*
Amount spent from the allocations approved by the GA	333,000.00	*2.45*	144,000.00	*1.07*
Allocation from accumulated surplus - Publications store	333,000.00	*2.45*	144,000.00	*1.07*
Budgetary expenditure	*-11,430,842.82*	*-83.99*	*-12,601,387.43*	*-93.40*
Cash deficit/advance made from the WCF (FR 10.2(b))	-347,041.76		-1,510,236.47	
Arrear contributions receipts in the financial year	*2,770,675.83*	*20.36*	*999,034.49*	*7.40*
PSC transfer to WCF in the financial year [1, 2]	*238,396.39*	*1.75*		
WCF advance to the RB	-		-749,598.37	

[1] CE/DEC/5(CVIX)

[2] UNWTO Financial Report for the year ended 31 December 2018, Budgetary result of the Regular Budget section, includes the Secretary-General's proposal of returning back to the PSC net assets the amount transferred in 2018 to WCF to cover the advance made by the WCF to the GF (EUR 238,396) in 2014. In consequence, the 2014 pending WCF advance (EUR 238,396) will be returned from the 2018 RB budgetary cash surplus balance subject to Members' approval.

Annex VII: Project support cost (PSC) and Initiative projects (PRF) movements for the period ended 31 December 2018

Project support costs (PSC) and Initiative projects (PRF) movements
for the period ended 31 December 2018
Euros

Description	Net assets 01/01/2018	Movements	Net assets 31/12/2018	*Assets & reconciling items*	*Actual amounts 31/12/2018*
Project support cost projects	*730,212.16*	*-139,339.40*	*590,872.76*	*0.00*	*590,872.76*
Initiative projects	*439,741.30*	*-128,464.59*	*311,276.71*	*0.00*	*311,276.71*
Project Reserve Fund Pool	19,791.68	83,782.53	103,574.21	*0.00*	*103,574.21*
PRF-OFTS	137,193.79	-102,810.84	34,382.95	*0.00*	*34,382.95*
PRF-EU Horizon 2020	3,000.00	0.00	3,000.00	*0.00*	*3,000.00*
China Initiative Fund - Asia	76,821.45	-20,680.05	56,141.40	*0.00*	*56,141.40*
PRF-RPAM	1,967.67	-1,967.67	0.00	*0.00*	*0.00*
PRF-RPEU	77,228.80	-77,228.80	0.00	*0.00*	*0.00*
PRF-UN-BONN	3,042.76	-3,042.76	0.00	*0.00*	*0.00*
Technical Cooperation Initiative	*120,695.15*	*-6,517.00*	*114,178.15*	*0.00*	*114,178.15*
PRF-TECO	79,500.00	-6,517.00	72,983.00	*0.00*	*72,983.00*
China-Initiative-Funds-TECO	41,195.15	0.00	41,195.15	*0.00*	*41,195.15*

Leyend:

PRF-OFTS (Project reserve fund - office of tourism and sports), PRF-EU Horizon 2020 (Project reserve fund - European Union Horizon 2020), PRF-RPAM (Project reserve fund - Regional programme of the Americas), RF-RPEU (Project reserve fund - Regional programme of Europe), PRF-UN-BONN (Project reserve fund - United Nations office of Bonn), RF-TECO (Project reserve fund - Technical Cooperation)

Remarks:

Actual amounts includes basis differences (assets & reconciling items column) as detailed in chapter Financial Statements Highlights/Budgetary performance of the Regular Budget/Comparison of financial perdormance to budgetary result of the Regular Budget.

Annex VIII: Sub-funds reporting

Statement of financial position by sub-funds at 31 December 2018

Statement of financial position by sub-funds
at 31 December 2018
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	Inter-segment elimination*	Total UNWTO
Assets	17,933,596.34	7,319,438.67	543,333.91	143,749.95	-1,554,326.82	24,385,792.05
Current assets	*17,020,200.15*	*7,250,444.57*	*543,333.91*	*143,749.95*	*-1,554,326.82*	*23,403,401.76*
Cash and cash equivalents	11,432,183.14	5,924,918.74	5,007.66	86,974.87	0.00	17,449,084.41
Inventories	20,896.26	0.00	0.00	0.00	0.00	20,896.26
Members assessed contributions receivable, net	3,899,273.05	0.00	0.00	0.00	0.00	3,899,273.05
Other contributions receivables, net	0.00	1,118,610.90	449,123.12	0.00	0.00	1,567,734.02
Other receivables, net	329,747.28	32,335.59	0.00	0.00	0.00	362,082.87
Other current assets	1,338,100.42	174,579.34	89,203.13	56,775.08	-1,554,326.82	104,331.15
Non-current assets	*913,396.19*	*68,994.10*	*0.00*	*0.00*	*0.00*	*982,390.29*
Investments	128,409.60	0.00	0.00	0.00	0.00	128,409.60
Members assessed contributions receivable, net	169,745.44	0.00	0.00	0.00	0.00	169,745.44
Property, plant and equipment	246,724.85	0.00	0.00	0.00	0.00	246,724.85
Intangible assets, net	361,843.76	68,994.10	0.00	0.00	0.00	430,837.86
Other non-current assets	6,672.54	0.00	0.00	0.00	0.00	6,672.54
Liabilities and Net Assets/Equity	17,933,596.34	7,319,438.67	543,333.91	143,749.95	-1,554,326.82	24,385,792.05
Liabilities	24,042,786.94	1,034,835.58	277,505.82	116,151.41	-1,554,326.82	23,916,952.93
Current liabilities	*4,045,331.44*	*1,034,835.58*	*277,505.82*	*116,151.41*	*-1,554,326.82*	*3,919,497.43*
Payables and accruals	812,695.09	211,840.91	112,485.70	0.00	0.00	1,137,021.70
Transfers payable	20,368.66	248,999.87	0.00	89,126.43	0.00	358,494.96
Employee benefits	487,354.04	0.00	0.00	0.00	0.00	487,354.04
Advance receipts	1,560,325.30	0.00	0.00	0.00	0.00	1,560,325.30
Provisions	194,612.14	150,498.28	0.00	27,000.00	0.00	372,110.42
Other current liabilities	969,976.21	423,496.52	165,020.12	24.98	-1,554,326.82	4,191.01
Non-current liabilities	*19,997,455.50*	*0.00*	*0.00*	*0.00*	*0.00*	*19,997,455.50*
Employee benefits	19,983,275.23	0.00	0.00	0.00	0.00	19,983,275.23
Advance receipts	4,918.00	0.00	0.00	0.00	0.00	4,918.00
Other non-current liabilities	9,262.27	0.00	0.00	0.00	0.00	9,262.27
Net Assets/Equity	-6,109,190.60	6,284,603.09	265,828.09	27,598.54	0.00	468,839.12
Accumulated surplus/(deficit)	-10,551,774.54	6,284,603.09	265,828.09	27,598.54	0.00	-3,973,744.82
Reserves	4,442,583.94	0.00	0.00	0.00	0.00	4,442,583.94

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

Statement of financial performance by sub-funds for the year ended 31 December 2018

Statement of financial performance by sub-funds
for the year ended 31 December 2018
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	Inter-segment elimination*	Total UNWTO
Revenues	17,844,095.16	4,409,602.53	557,618.47	-89,126.43	-734,123.79	21,988,065.94
Members assessed contributions	13,853,263.00	0.00	0.00	0.00	0.00	13,853,263.00
Other contributions (VC and FIT), net of reduction	0.00	3,162,900.56	512,990.76	-89,126.43	0.00	3,586,764.89
Publications revenue, net of discounts and returns	396,954.74	0.00	0.00	0.00	0.00	396,954.74
Currency exchange differences	-59,836.01	120,728.25	44,568.56	0.00	0.00	105,460.80
Other revenues	3,653,713.43	1,125,973.72	59.15	0.00	-734,123.79	4,045,622.51
Expenses	15,570,377.23	3,232,077.85	408,521.01	27,024.98	-734,123.79	18,503,877.28
Wages, salaries and employee benefits	10,938,510.37	1,241,279.41	41,785.46	0.00	0.00	12,221,575.24
Grants and other transfers	186,841.11	154,345.50	0.00	0.00	0.00	341,186.61
Travel	1,018,016.74	372,200.55	2,203.94	0.00	0.00	1,392,421.23
Supplies, consumables and running costs	1,893,575.45	685,700.33	364,462.90	24.98	0.00	2,943,763.66
Currency exchange differences	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation, amortization and impairment	148,635.36	1,971.60	0.00	0.00	0.00	150,606.96
Other expenses	1,384,798.20	776,580.46	68.71	27,000.00	-734,123.79	1,454,323.58
Surplus/(deficit) for the year	2,273,717.93	1,177,524.68	149,097.46	-116,151.41	0.00	3,484,188.66

Annex IX: Replacement Reserve (RR) and Special reserve for contingency (SRC) movements for the period ended 31 December 2018

Replacement reserve (RR) and Special reserve for contingency (SRC) movements
for the period ended 31 December 2018
Euros

Description	Net assets 01/01/2018	Movements	Net assets 31/12/2018	*Assets & reconciling items*	*Actual amounts 31/12/2018*
Replacement reserve projects	*1,178,779.86*	*2,719.17*	*1,181,499.03*	*393,259.24*	*788,239.79*
Electronic Communication E-Comm	4,817.22	-4,759.97	57.25	*0.00*	*57.25*
Infrastructure ICT	225,983.32	-27,095.47	198,887.85	*41,924.44*	*156,963.41*
IPSAS	925,591.32	56,962.61	982,553.93	*351,334.80*	*631,219.13*
STAT	22,388.00	-22,388.00	0.00		
Special reserve for contingency project	470,335.76	-9,514.52	460,821.24	*135,401.28*	*325,419.96*
All Special Contingency Reserve	194,419.96	0.00	194,419.96	*0.00*	*194,419.96*
Lobby Reform	53,665.80	-5,429.16	48,236.64	*48,236.64*	*0.00*
Floor Reform	91,250.00	-4,085.36	87,164.64	*87,164.64*	*0.00*
New Website & CRM	131,000.00	0.00	131,000.00	*0.00*	*131,000.00*

Remarks:

Actual amounts includes basis differences (assets & reconciling items column) as detailed in chapter Financial Statements Highlights/Budgetary performance of the Regular Budget/Comparison of financial perdormance to budgetary result of the Regular Budget.

Lobby and floor reforms were capitalized (registered as assets) in 2016 and 2017 respectively; these assets remain in books until full depreciation (not fully depreciated in 2018) though the “funds” of the projects would have been already utilised.

Annex X: Non Regular Budget (RB) projects within the General Fund movements for the period ended 31 December 2018

Non Regular Budget projects within the General Fund movements
for the period ended 31 December 2018
Euros

Description	Net assets 01/01/2018	Movements	Net assets 31/12/2018	*Assets & reconciling items*	*Actual amounts 31/12/2018*
Non-Regular Budget projects	*1,557,560.77*	*-39,701.60*	*1,517,859.17*	*62,719.47*	*1,455,139.70*
Publications Store	1,069,416.75	-77,811.17	991,605.58	*0.00*	*991,605.58*
Affiliate Members Programme of Work	335,744.82	53,394.10	389,138.92	*6,384.56*	*382,754.36*
Security at HQ - allocation	107,428.36	-6,426.84	101,001.52	*42,506.63*	*58,494.89*
Risk and Crisis Management - allocation	4,484.04	-4,484.04	0.00	*0.00*	*0.00*
Themis - allocation	177.96	-177.96	0.00	*0.00*	*0.00*
Regional Support Office of Asia Pacific (RSOAP)	40,308.84	-4,195.69	36,113.15	*13,828.28*	*22,284.87*

Remarks:
Actual amounts includes basis differences (assets & reconciling items column) as detailed in chapter Financial Statements Highlights/Budgetary performance of the Regular Budget/Comparison of financial perdormance to budgetary result of the Regular Budget.

Acronyms

A/RES: General Assembly Resolution

AAL: Accumulated Annual Leave

ACABQ: Advisory Committee on Administrative and Budgetary Questions

ASEB: After-Service Employee Benefits

ASHI: After Service Health Insurance

BOE: Boletín Oficial de Estado

CE/DEC: Executive Council Decision

CEB: Chief Executives Board

CJI: Control, Joint Control and Influence

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

FS: Financial Statements

GA: General Assembly

GF: General Fund

HLCM: the UN High-level Committee on Management

IA: Intangible Assets

ILOAT: International Labour Organization Administrative Tribunal

IPSAS: International Public Sector Accounting Standards

IPSASB: International Public Sector Accounting Standards Board

IT: Information Technology

IUOTO: International Union of Official Travel Organizations

IUOTPO: International Union of Official Tourist Propaganda Organizations

JAC: Joint Appeals Committee

JIU: Joint Inspection Unit

JPY: Japanese yen

M: Million

OS: Other Services

PAYG: Pay-as-you-go approach

PoWS: Programme of Work Services

PPE: Property, Plant and Equipment

PSC: Project Support Costs

PRF: Project Reserve Fund

RB: Regular Budget

RSOAP: UNWTO Regional Support Office for Asia and the Pacific

SG: Secretary-General

STEP: Sustainable Tourism-Eliminating Poverty

TP: Transfers Payable

UN: United Nations

UNBoA: United Nation Board of Auditors

UNDP: United Nations Development Programme

UNFBN: United Nations Finance and Budget Network

UNJSPF: United Nations Joint Staff Pension Fund

UNORE: UN Operational Exchange Rate

UNTFAS: UN Task Force Accounting Standards

UNWTO: World Tourism Organization

USD: United States dollar

VAT: Value Added Tax

VC / VCF: Voluntary Contributions / Voluntary Contributions Fund

WCF: Working Capital Fund

WG: Working Group

WTO: World Tourism Organization