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Report of the Secretary-General

Part II. Administrative and statutory matters

(c) IPSAS progress report: UNWTO restated Statement of Financial Position compliant with IPSAS as at 1 January 2014

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I. Introduction

1. The present document updates the Programme and Budget Committee (PBC) and the Executive Council (EC) on the progress made in the implementation of International Public Sector Accounting Standards (IPSAS) in UNWTO and is a follow-up to the reports submitted in 2007 (CBF/48/2), 2009 (CBF/50/1), 2010 (CE/88/5(a)), 2011 (CE/90/5(a) add.1), 2012 (CE/93/5(b) Add.1), 2013 (CE/95/3(II)(a) Add.1 and 2014 (CE/98/3(II)(b) Add.1).

2. In line with the IPSAS work plan (CE/88/5(a)) supported by the EC in its decision CE/DEC/5(LXXXVIII), UNWTO has implemented IPSAS at 1 January 2014. One of the main activities of the IPSAS work plan (CE/88/5(a)) is the calculation, definition and documentation of the restated financial position of the UNWTO including IPSAS adjustments at 1 January 2014.



3. Furthermore, in line with the External Auditors' mandate under the UNWTO Financial Regulations (FR) (FR, Annex I) the External Auditors (EAs) of UNWTO (Germany, India and Spain) have audited the UNWTO restated opening balances compliant with IPSAS as at 1 January 2014 (A/RES/627(XX)).

4. It is worth highlighting that the UNWTO financial position compliant with IPSAS at 1 January 2014 has received an unqualified opinion by the External Auditors as shown in the "Report on the audit of the restated Statement of Financial Position as at 1 January 2014 of the World Tourism Organization (UNWTO)" attached to this document, whose paragraph 7 reads: "In our opinion, the restated statement of financial position presents fairly, in all material respects, the financial position of the UNWTO as at 1st January 2014 in compliance with International Public Sector Accounting Standards."

5. The sources of the UNWTO opening balances under IPSAS are threefold:

(a) The audited consolidated balance sheet and financial reports for UNWTO activities included in the audited administrative accounts as at 31 December 2013,

(b) The assets and liabilities of the RSOAP at 31 December 2013 which, as part of UNWTO as defined by IPSAS, are included in the opening balances and the investment in the Themis jointly funded activity, and

(c) The reclassification of assets and liabilities ((a) above) and inclusion of additional assets and liabilities to reflect IPSAS reporting requirements with the corresponding adjustment to accumulated surpluses.

6. The present document contains as Annexes the UNWTO restated Statement of Financial Position compliant with IPSAS as at 1 January 2014 and the corresponding explanatory notes.

II. Actions to be taken by the Executive Council

7. The Executive Council is requested:

(a) To take note of the progress done within the implementation of IPSAS by UNWTO and of UNWTO's restated opening balance compliant with IPSAS at 1 January 2014 as approved by the External Auditors of the Organization; and

(b) To thank the External Auditors (Germany, India and Spain) for the important work carried out.

Annex I. UNWTO restated SFP under IPSAS as at 1 January 2014 by UNWTO and explanatory notes

Statement of Financial Position**As at 1 January 2014****Euros**

	Note	01/01/2014
Assets		21,365,308.85
<i>Current Assets</i>		<i>18,469,519.31</i>
Cash and cash equivalents	1	15,636,321.06
Investments	2	0.00
Inventories	3	129,872.65
Assessed contributions receivable, net	4	1,704,839.36
Other contributions receivable, net	4	671,808.96
Other receivables, net	5	192,113.12
Other current assets	6	134,564.16
<i>Non-current assets</i>		<i>2,895,789.54</i>
Investments	2	72,500.00
Assessed contributions receivable, net	4	2,465,583.60
Other contributions receivable, net	4	217,500.00
Property, plant & equipment, net	7	137,037.40
Intangible assets, net		0.00
Other non-current assets	6	3,168.54
Liabilities & Net Assets/Equity		21,365,308.85
Liabilities		12,620,263.13
<i>Current Liabilities</i>		<i>1,866,021.19</i>
Loans Payables		0.00
Payables and accruals	8	494,916.81
Transfers Payable	9	53,969.59
Employee benefits	10	79,729.41
Advance receipts	11	1,202,520.46
Provisions	12	18,165.26
Other current liabilities	13	16,719.66
<i>Non-current Liabilities</i>		<i>10,754,241.94</i>
Loans Payables		0.00
Employee benefits	10	10,710,000.00
Advance receipts		0.00
Provisions		0.00
Other non-current liabilities	13	44,241.94
Net Assets/Equity		8,745,045.72
Accumulated surplus/(deficit)	14	3,750,151.94
Reserves	14	4,994,893.78

1. UNWTO's activities are separately distinguishable and are reported to obtain a comprehensive view of the operational activities of UNWTO and its resource position. These activities are distinguishable by: (a) Programme of work services (PoW services (General Fund (GF)), and (b) Other services (Voluntary Contributions Fund (VCF) and Funds in Trust (FIT)).

UNWTO Statement I
Statement of Financial Position by
UNWTO segments and funds

As at 1 January 2014

Euros

	Note	PoW services (GF)	Other services		Inter-segment eliminations	Total
			VCF	FiT		
Assets		17,299,353.80	5,622,637.06	332,852.96	-1,889,534.97	21,365,308.85
<i>Current Assets</i>		14,621,064.26	5,405,137.06	332,852.96	-1,889,534.97	18,469,519.31
Cash and cash equivalents	1	12,092,000.76	3,273,199.66	271,120.64		15,636,321.06
Investments	2					0.00
Inventories	3	129,872.65				129,872.65
Assessed contributions receivable, net	4	1,704,839.36				1,704,839.36
Other contributions receivable, net	4		671,808.96			671,808.96
Other receivables, net	5	191,393.00	670.84	49.28		192,113.12
Other current assets	6	502,958.49	1,459,457.60	61,683.04	-1,889,534.97	134,564.16
<i>Non-current assets</i>		2,678,289.54	217,500.00			2,895,789.54
Investments	2	72,500.00				72,500.00
Assessed contributions receivable, net	4	2,465,583.60				2,465,583.60
Other contributions receivable, net	4		217,500.00			217,500.00
Property, plant & equip., net	7	137,037.40				137,037.40
Intangible assets, net						0.00
Other non-current assets	6	3,168.54				3,168.54
Liabilities & Net Assets/Equity		17,299,353.80	5,622,637.06	332,852.96	-1,889,534.97	21,365,308.85
Liabilities		14,042,675.95	428,322.61	38,799.54	-1,889,534.97	12,620,263.13
<i>Current Liabilities</i>		3,288,434.01	428,322.61	38,799.54	-1,889,534.97	1,866,021.19
Loans Payables						0.00
Payables and accruals	8	444,541.32	47,055.53	3,319.96		494,916.81
Transfers Payable	9		53,969.59			53,969.59
Employee benefits	10	79,729.41				79,729.41
Advance receipts	11	1,202,520.46				1,202,520.46
Provisions	12	18,165.26				18,165.26
Other current liabilities	13	1,543,477.56	327,297.49	35,479.58	-1,889,534.97	16,719.66
<i>Non-current Liabilities</i>		10,754,241.94				10,754,241.94
Loans Payables						0.00
Employee benefits	10	10,710,000.00				10,710,000.00
Advance receipts						0.00
Provisions						0.00
Other non-current liabilities	13	44,241.94				44,241.94
Net Assets/Equity		3,256,677.85	5,194,314.45	294,053.42		8,745,045.72
Accumulated surplus/(deficit)	14	-1,738,215.93	5,194,314.45	294,053.42		3,750,151.94
Reserves	14	4,994,893.78				4,994,893.78

Explanatory notes

Note 1: Cash and Cash Equivalents

2. Cash and Cash Equivalents is composed of cash on hand and short-term deposits.
3. The cash and cash equivalents opening balances represent the closing petty cash, cash at banks-current account and cash at banks-fixed term deposit account balances at 31 December 2013 adjusted for:
 - (a) the inclusion of cash and deposits not previously included in the consolidated financial statements including the UNWTO Regional Support Office in Japan (RSOAP), the UNWTO/Italy and UNWTO/Spain Trust Funds (TF/Italy and TF/Spain respectively), UNDP Operating Fund (UNDP) and the UN MDTF and JPs (MDTF); and,
 - (b) the reclassification of fixed term deposits as Investments (deposits with maturities of more than 3 months).
4. Details of the development of the opening balances are as follows:

Cash and cash equivalents

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				5,415,715.87
Petty Cash Euros GF	EUR	10,095.79	1.000	10.095,79
Petty Cash USD GF	USD	18,301.74	1.379	13.268,76
Cash at banks-current accounts	EUR	5,015,028.20	1.000	5.015.028,20
Cash at banks-current accounts	USD	520,445.69	1.379	377.323,12
New accounts:				
Short Term deposits	EUR	6,720,639.19	1.000	6.720.639,19
Short Term deposits	USD	4,170,000.00	1.379	3.023.250,00
RSOAP	JPY	4,069,071.00	144.731	28.114,72
TF/Italy	EUR	27,087.25	1.000	27.087,25
TF/Spain	EUR	81,819.19	1.000	81.819,19
UNDP	USD	244,800.89	1.379	177.480,64
MDTF	USD	223,743.73	1.379	162.214,20
1 January 2014 balance				15,636,321.06

5. Details of the resulting opening balances are as follows:

Cash and cash equivalents

As at 1 January 2014

Euros

	PoW services (GF)	Other services		Total
		VCF	FiT	
Cash and cash equivalents	12,092,000.76	3,273,199.66	271,120.64	15,636,321.06
<i>Cash in banks</i>	<i>4,744,872.02</i>	<i>853,074.66</i>	<i>198,620.64</i>	<i>5,796,567.32</i>
EUR accounts	4,518,684.57	496,343.63	108,906.44	5,123,934.64
USD accounts	198,072.73	356,731.03	89,714.20	644,517.96
YEN accounts	28,114.72			28,114.72
<i>Cash on hands</i>	<i>23,364.55</i>			<i>23,364.55</i>
EUR cash on hands	10,095.79			10,095.79
USD cash on hands	13,268.76			13,268.76
<i>Short term deposits < 3 months</i>	<i>7,323,764.19</i>	<i>2,420,125.00</i>	<i>72,500.00</i>	<i>9,816,389.19</i>
EUR short term deposits < 3 months	6,580,639.19	140,000.00		6,720,639.19
USD short term deposits < 3 months	743,125.00	2,280,125.00	72,500.00	3,095,750.00

Note 2: Investments

6. Investments are composed of current assets, being deposits maturing between 3 and 12 months and, non-current assets being deposits maturing later than 12 months and investments in joint ventures.

7. The investments opening balances represent the cash at banks-fixed-term deposit account balances at 31 December 2013 adjusted for:

- (a) the reclassification of fixed-term deposits as cash and cash equivalents (deposits with maturities of less than 3 months); and,
- (b) the inclusion of the account Investments in Joint Ventures in the consolidated financial statements.

8. The account Investments in Joint Venture is attributable to the IPSAS implementation and refers to the value of the Organization's investment in its joint venture with Themis. In accordance with the UNWTO IPSAS Policy Guidance Manual (PGM) I.6, the investment is accounted for using the equity method, i.e., the initial investment in Themis is recognized as an asset which will be adjusted at the end of the year, to increase or decrease it up to the Organization's share in the surplus or deficit, respectively, of the joint venture.

9. Details of the development of the opening balances are as follows:

Investments, current

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				9,743,889.19
Short Term deposits	EUR	-9,743,889.19	1.000	-9,743,889.19
1 January 2014 balance				0.00

Investments, non-current

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0,00
New Accounts:				
Investments in Joint Ventures (Themis)	USD	100,000.00	1.379	72,500.00
1 January 2014 balance				72,500.00

10. Details of the resulting opening balances are as follows:

UNWTO

Investments

As at 1 January 2014

Euros

	PoW services (GF)
Investments	72,500.00
<i>Non current Investments</i>	<i>72,500.00</i>
Equity investments	72,500.00
Investments in Joint Venture	72,500.00

Note 3: Inventories

11. Inventory balances and any impairment are an opening IPSAS adjustment to the financial statements at 31 December 2013.

12. The account is attributable to the IPSAS implementation and represents the net realizable value of unsold publications in inventory, including publications in the custody of consignees.

13. In accordance with the UNWTO IPSAS PGM IV.3, the carrying cost of inventories was valued using the weighted average cost method. A weighted average cost per page was determined and multiplied with the total number of pages of unsold publications in inventory. The cost per page used was for publications produced in 2013 since the details of cost per page for prior years' could not be accurately computed. In view of the small quantity and value of inventories, any possible fluctuations in the cost would be immaterial. There was no impairment on inventories at 31 December 2013.

14. Inventories are part of the General Fund.

15. Details of the development of the opening balances and the resulting opening balance are as follows:

Inventories

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
New Accounts:				
Publications for Sale - on Hand	EUR	122,964.31	1.000	122,964.31
Publications for Sale - on Consignment	EUR	6,908.34	1.000	6,908.34
1 January 2014 balance				129,872.65

Note 4: Contributions receivable

16. There is no change in the balances of outstanding receivables for contributions (previously called debtors) except that, in accordance with IPSAS, part of the balance shall be classified as current receivables and part as non-current receivables. Falling under non-current receivables are installment payments not expected to be received within 12 months from 31 December 2013 from members with payment plans.

17. Included in the contribution receivables as at 1 January 2014 are the debtors for the UNDP activities which were shown separately in the 2013 administrative accounts.

18. In accordance with IPSAS, receivables are reported at their carrying amount reduced by an allowance for doubtful accounts. Previously, the receivables were reduced by the provisions account outstanding and they were not shown net in the balance. At 1 January 2014 the allowance is computed based on the established percentages per the IPSAS PGM V.3, instead of 100% which was the basis of the provisions outstanding as of 31 December 2013.

19. Details of the development of the opening balances are as follows:

Assessed contributions receivable, net

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				16,311,024.73
Contributions to the GF	EUR	15,561,779.31	1.000	15,561,779.31
Contributions to the WCF	EUR	11,864.95	1.000	11,864.95
Reclasifications:				
Other Contributions VC	EUR	737,380.47	1.000	-737,380.47
Payment plans long term	EUR	-6,002,629.06	1.000	-6,002,629.06
New Accounts:				
Allowances short term	EUR	-7,863,939.99	1.000	-7,863,939.99
Allowances short term WCF	EUR	-2,235.85	1.000	-2,235.85
1 January 2014 balance				1,704,839.36

Other Current contributions receivable, net

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Other Contributions VC	EUR	737,380.47	1.000	737,380.47
Receivables VC long term	EUR	-217,500.00	1.000	-217,500.00
New Accounts:				
Allowances short term VC	EUR	-91,161.51	1.000	-91,161.51
Contributions receivable UNDP	USD	335,221.10	1.379	243,089.99
Rounding difference	EUR	0.01	1.000	0.01
1 January 2014 balance				671,808.96

Non-Current assessed contributions receivable, net

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Payment plans long term	EUR	6,002,629.06	1.000	6,002,629.06
New Accounts:				
Allowances long term	EUR	-3,537,045.46	1.000	-3,537,045.46
1 January 2014 balance				2,465,583.60

Other Non-Current contributions receivable, net

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Receivables VC long term	EUR	217,500.00	1.000	217,500.00
1 January 2014 balance				217,500.00

20. Details of the resulting opening balances are as follows:

UNWTO

Contributions receivable

As at 1 January 2014

Euros

	PoW services	Other services	Total
	(GF)	VCF	
Contributions receivable, net	4,170,422.96	889,308.96	5,059,731.92
<i>Assessed contributions receivable. net</i>	1,704,839.36	0.00	1,704,839.36
Assessed contributions receivable. net	1,695,210.26		1,695,210.26
Assessed contributions receivable	9,559,150.25		9,559,150.25
Allowance for doubtful accounts	-7,863,939.99		-7,863,939.99
Working Capital Fund contributions receivable. net	9,629.10		9,629.10
Working Capital Fund contributions receivable	11,864.95		11,864.95
Allowance for doubtful accounts	-2,235.85		-2,235.85
<i>Other Current contributions receivable. net</i>	0.00	671,808.96	671,808.96
Voluntary contributions receivable. net		671,808.96	671,808.96
Voluntary contributions receivable		762,970.47	762,970.47
Allowance for doubtful accounts		-91,161.51	-91,161.51
<i>Non-Current assessed contributions receivable. net</i>	2,465,583.60	0.00	2,465,583.60
Ass, contrib, receivable under payment plan. net	2,465,583.60		2,465,583.60
Ass, contrib, receivable under payment plan	6,002,629.06		6,002,629.06
Allowance for doubtful accounts	-3,537,045.46		-3,537,045.46
<i>Other Non-Current contributions receivable. net</i>	0.00	217,500.00	217,500.00
Voluntary contributions receivable. net		217,500.00	217,500.00

Note 5: Other Receivables

21. Other receivables is composed by publications sales receivable, interest accrued receivable, employee receivables and other receivables from exchange transactions.

22. Reclassification included sales credits for returns which were previously recorded as a payable and were reclassified to receivables, employee receivable which was previously accounted for as a liability under "assets pending classification" and other current liabilities for employee parking fees which were previously accounted for as an asset with negative balance. Miscellaneous receivables refers to travel costs to be reimbursed by donors.

23. The difference between the Interfunds/Other receivables and the Interfunds/Payables and accruals is due to those accounts under UNDP and MDTF which were not included in the previous consolidated GF and VC.

24. Other receivable also includes the the VAT receivables from the host government.

25. Details of the development of the opening balances are as follows:

Other receivables, net

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				855,556.32
Reclassifications:				
Interfunds	EUR	-621,624.35	1.000	-621,624.35
Pre-paid expenses	EUR	-54,342.53	1.000	-54,342.53
Employee advances	EUR	-3,083.30	1.000	-3,083.30
Other current liabilities (Parking fees)	EUR	1,449.00	1.000	1,449.00
Employee receivables	EUR	167.50	1.000	167.50
Publications sales receivables	EUR	-2,709.37	1.000	-2,709.37
New Accounts:				
Receivables from depositary libraries	EUR	13,317.41	1.000	13,317.41
Allowance doubtful sales (PBST)	EUR	-43.75	1.000	-43.75
Accrued interest TFs, MDTF and UNDP	EUR	120.39	1.000	120.39
Miscellaneous rec-exch. Transactions	EUR	3,305.80	1.000	3,305.80
1 January 2014 balance				192,113.12

26. Details of the resulting opening balances are as follows:

UNWTO

Other receivables

As at 1 January 2014

Euros

	PoW services (GF)	Other services		Total
		VCF	FiT	
Other receivables	191,393.00	670.84	49.28	192,113.12
<i>Publications sales receivables. net</i>	18,025.79			18,025.79
Publications sales receivables	18,069.54			18,069.54
Allowance for doubtful accounts	(43.75)			(43.75)
<i>Other receivables from exchange transactions</i>	146,682.46			146,682.46
<i>Accrued interest receivable (AIR)</i>	4,958.34	670.84	49.28	5,678.46
AIR Cash in banks - EUR			19.03	19.03
AIR Cash in banks - USD		71.11	30.25	101,36
AIR EUR short term deposits < 3 months	4,941.28	599.73		5,541,01
AIR USD short term deposits < 3 months	17.06			17,06
<i>Employee receivables</i>	21,726.41			21,726.41

Note 6: Other Assets

27. Other current assets is composed of advances, prepaid expenses and inter-segment receivables. The closing balance at 31 December 2013 for other assets corresponds to guarantees and deposits (non-current).

28. Part of the pre-paid expenses was reclassified as employee benefit advances and staff advances.

29. Details of the development of the opening balances are as follows:

Other current assets

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclassifications:				
Pre-paid expenses	EUR	54,342.53	1.000	54,342.53
Employee advances	EUR	3,083.30	1.000	3,083.30
New Accounts:				
Advances TF/Italy	EUR	378.05	1.000	378.05
Advances MDTF	EUR	60,578.99	1.000	60,578.99
Advance UNDP SCA	USD	22,284.60	1.379	16,156.34
Miscellaneous assets UNDP	USD	35.31	1.379	25.60
Exchange rate difference	EUR		1.000	-0.65
1 January 2014 balance				134,564.16

Other non-current assets

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				3,168.54
1 January 2014 balance				3,168.54

30. Details of the resulting opening balances are as follows:

UNWTO

Other assets

As at 1 January 2014

Euros

	PoW services	Other services		Total
	(GF)	VCF	FiT	
Other assets	60,593.72	16,181.94	60,957.04	137,732.70
<i>Other current assets</i>	<i>57,425.18</i>	<i>16,181.94</i>	<i>60,957.04</i>	<i>134,564.16</i>
Advances	35,896.85	16,156.34	60,957.04	113,010.23
Prepaid expenses	21,528.33			21,528.33
Miscellaneous assets (current)		25.60		25.60
<i>Other non-current assets</i>	<i>3,168.54</i>			<i>3,168.54</i>
Miscellaneous assets (non-current)	3,168.54			3,168.54

Note 7: Property, Plant and Equipment

31. In accordance with IPSAS, items classifiable as property, plant and equipment are recorded as assets. While the Organization already recognized property, plant and equipment as assets prior to IPSAS implementation, the capitalization criteria for recording these items is different under the IPSAS PGM IV.1. Because of the difference in the criteria, the balance of the account as of 31 December 2013 differs from the balance as of 1 January 2014.

32. As with the asset account, Property, Plant and Equipment, the balance of the contra-asset account, Accumulated Depreciation, as of 31 December 2013 will differ from that of 1 January 2014 due to the change in the capitalization criteria and the change in the estimated life of property, plant and equipment (refer to the IPSAS PGM).

33. The criteria adjustment is due to a change to the useful life criteria used previously as well as to rounding difference. The PPE adjustment to both PP&E and accumulated depreciation reflects the deletion of assets which had been fully depreciated and disposed of prior to 31 December 2013 but which had not been written off.

34. The UNWTO headquarters building in Capitan Haya, Madrid previously shown in the financial statements with a zero value is treated under IPSAS as a service in-kind donated by the Kingdom of Spain according IPSAS 23. UNWTO will recognize the corresponding revenue in-kind and expense in the Statement of Financial Performance. Therefore, no opening adjustment is required.

35. Details of the development of the opening balances are as follows:

PPE

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				1,071,243.30
PPE < threshold	EUR	-315,637.31	1.000	-315,637.31
PPE > threshold	EUR	173,310.46	1.000	173,310.46
PPE adjustment	EUR	-39,509.00	1.000	-39,509.00
PPE RSOAP	JPY	2,128,575.00	144.731	14,707.11
PPE Financial Lease	EUR	65,200.00	1.000	65,200.00
1 January 2014 balance				969,314.56

Depreciation PPE

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				879,286.01
PPE < threshold	EUR	-175,128.82	1.000	-175,128.82
PPE > threshold	EUR	146,004.50	1.000	146,004.50
Criteria difference	EUR	1,458.01	1.000	1,458.01
PPE adjustment	EUR	-39,509.00	1.000	-39,509.00
PPE RSOAP	JPY	1,149,375.00	144.731	7,941.46
PPE Financial Lease	EUR	12,225.00	1.000	12,225.00
1 January 2014 balance				832,277.16

36. Below is the composition of the account Property, Plant and Equipment and the corresponding accumulated depreciation:

UNWTO**Property, Plant and Equipment (PPE)****As at 1 January 2014****Euros**

	PoW services (GF)
Property, Plant and Equipment, net	137,037.40
Vehicles. net	0.00
Vehicles	94,855.00
Accumulated depreciation	(94,855.00)
IT & communication equipment. net	136,331.76
IT & communication equipment	509,249.46
Accumulated depreciation	(372,917.70)
Furnitures & fixtures. net	705.64
Furnitures & fixtures	18,324.60
Accumulated depreciation	(17,618.96)
Other equipment. net	0.00
Other equipment	346,885.50
Accumulated depreciation	(346,885.50)

* No data available on donated PPE as at 1 January 2014

Note 8: Payables and Accruals

37. Payables and Accruals account is composed of accounts payable and accrued expenses payable.

38. Refer to Note 6 for Publications sales receivables and employee receivable accounts and to Note 10 for LTEB payable.

39. Details of the development of the opening balances are as follows:

Payables and accruals

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				1,132,231.68
Reclasifications:				
Interfunds	EUR	-515,460.09	1.000	-515,460.09
LTEB payable	EUR	-20,093.88	1.000	-20,093.88
Employee benefits payable	EUR	-79,729.41	1.000	-79,729.41
Unspent funds refundable to donors	EUR	-53,969.59	1.000	-53,969.59
Miscellaneous advance receipts	EUR	-4,051.82	1.000	-4,051.82
Publications sales receivables	EUR	-2,709.37	1.000	-2,709.37
Employee receivables	EUR	167.50	1.000	167.50
New Accounts:				
MDTF	USD	4,579.26	1.379	3,319.96
Accrual - Travel Authorizations (TA)	EUR	4,772.01	1.000	4,772.01
RSOAP	JPY	925,022.00	144.731	6,391.32
UNDP	USD	33,169.70	1.379	24,048.03
Exchange rate difference	EUR	0.47	1.000	0.47
1 January 2014 balance				494,916.81

40. Details of the resulting opening balances are as follows:

UNWTO

Payables and accruals

As at 1 January 2014

Euros

	PoW services	Other services		Total
	(GF)	VCF	TiF	
Payables and accruals	444,541.32	47,055.53	3,319.96	494,916.81
Accounts payable	378,784.98	47,055.53	3,319.96	429,160.47
Accrued expenses payable	65,756.34			65,756.34

Note 9: Transfers Payables

41. The account transfers payables is composed of transfers payable to Members and technical cooperation grants, unspent funds and interest payable to donors and contributions payable to UN joint activities as well as others.

42. Details of the development of the opening balances are as follows:

Transfers Payable				
	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Unspent Funds Refundable to Donors	EUR	53,969.59	1.000	53,969.59
1 January 2014 balance				53,969.59

43. Details of the resulting opening balances are as follows:

UNWTO**Transfers payable****As at 1 January 2014****Euros**

	Other services VC
Transfers payable (TP)	53,969.59
Unspent funds refundable to donors	53,969.59

Note 10: Employee Benefits

44. Under IPSAS the following employee benefits are recognized:

- (a) Short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service;
- (b) Post employment benefits; and
- (c) Other long-term employee benefits.

45. In accordance with the IPSAS PGM III.3, the liabilities are classified as either current liabilities or non-current liabilities.

46. While the Organization has already made a budgetary provision for employee benefits as of 31 December 2013, there is a difference between the amounts recognised and those outstanding as of 1 January 2014 due largely to the liabilities related to post-employment benefits.

47. These post-employment benefits – accumulated compensated vacation leaves, end of service benefits and after-service health insurance, which are reported as Long Term Employee Benefits Liability (LTEB), were not recognized prior to 1 January 2014, although budgetary allocations were made to partially fund said liability. The amount recognized for the LTEB is based on the recommendation of the actuaries (refer to Actuarial report of AON-Hewitt as of November 2013). The budgetary allocations made for these liabilities are currently maintained in a separate bank account and will be utilized exclusively to pay for these liabilities.

48. Details of the development of the opening balances are as follows:

Employee benefits, current

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Employee Benefits Payable	EUR	79,729.41	1.000	79,729.41
1 January 2014 balance				79,729.41

Employee benefits, non current

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
New Accounts:				
Acc Annual Leave Payable	EUR	616,000.00	1.000	616,000.00
Acc End of Service Payable	EUR	900,000.00	1.000	900,000.00
Acc ASHI Payable	EUR	9,194,000.00	1.000	9,194,000.00
1 January 2014 balance				10,710,000.00

49. Details of the resulting opening balances are as follows:

UNWTO

Employee benefits

As at 1 January 2014

Euros

	PoW services (GF)
Employee benefits payable	10,789,729.41
<i>Current employee benefits</i>	79,729.41
Monthly employee benefits	79,729.41
<i>Non-current employee benefits</i>	10,710,000.00
Accrued annual leave payable	616,000.00
Accrued end of service payable	900,000.00
Accrued ASHI payable	9,194,000.00

Note 11: Advance Receipts

50. Advance Receipts account is composed of advance receipts due to contributions, deferred liabilities from agreements with conditions and other advance receipts.

51. There is no change in the balances of outstanding advance receipts reported as of 31 December 2013 except that, in accordance with IPSAS, part of the balance shall be classified as current advance receipts and part as non-current advance receipts. Falling under non-current advance receipts are the payments received for assessed contributions which are actually due after 12 months or more, i.e., in 2016 and later.

52. The account deferred Liabilities from Agreements with Conditions is attributable to the implementation of IPSAS. In accordance with the IPSAS PGM II.1, a liability is recognized upon signing an agreement with conditions covering donations. At 31 December 2013 UNWTO did not have any agreement with conditions in place.

53. Details of the development of the opening balances are as follows:

Advance receipts				
	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				1,198,468.64
Reclasifications:				
Miscellaneous advance receipts	EUR	4,051.82	1.000	4,051.82
1 January 2014 balance				1,202,520.46

54. Details of the resulting opening balances are as follows:

UNWTO**Advance receipts****As at 1 January 2014****Euros**

	PoW services (GF)
Advance receipts	1,202,520.46
<i>Current defered liabilities</i>	<i>1,202,520.46</i>
Advance receipts - Contributions	1,198,468.64
Assessed contributions - Members (including New members)	1,198,468.64
Miscellaneous advance receipts	4,051.82

Note 12: Provisions

55. In accordance with the IPSAS PGM III.2, a provision is recognized for probable liabilities that would result from return of sold publications to distributors, as provided for in the contract with the distributors. A liability should also be recognized for litigations against the Organization where there is probability of outflow of resources. However, according to the UNWTO Legal and Contracts Programme, there are no litigations pending against the Organization at 31 December 2013.

56. None of the so called provisions at 31 December 2013 (except for the provision for waste management of EUR 18,074) are provisions under IPSAS and have been reclassified under Accumulated Surplus at 1 January 2014. This does not place any restriction on their use for future expenditures for the purposes intended and as approved.

57. Details of the development of the opening balances are as follows:

Provisions				
	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				1,782,693.92
Reclasifications:				
Provision-Security	EUR	-121,067.17	1.000	-121,067.17
Provision-Risk & crisis	EUR	-23,178.70	1.000	-23,178.70
Provision-HES	EUR	-6,401.65	1.000	-6,401.65
Provision-Themis	EUR	-94,442.65	1.000	-94,442.65
Provision-ASHI	EUR	-1,155,177.98	1.000	-1,155,177.98
Provisión-OSGR	EUR	-364,351.83	1.000	-364,351.83
New Accounts:				
Provisions for sales returns	EUR	91.32	1.000	91.32
1 January 2014 balance				18,165.26

58. Details of the resulting opening balances are as follows:

UNWTO

Provisions

As at 1 January 2014

Euros

	PoW services (GF)
Provisions	18,165.26
<i>Current provisions</i>	18,165.26
Provisions for sales return	91.32
Other current provisions	18,073.94

Note 13: Other Liabilities

59. Other non-current liabilities includes the financial leases of the Organization.

60. Details of the development of the opening balances are as follows:

Other current liabilities

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Other current liabilities (Parking fees)	EUR	1,449.00	1.000	1,449.00
Financial lease GF	EUR	15,270.66	1.000	15,270.66
1 January 2014 balance				16,719.66

Other non-current liabilities

	Curr	Local Amount	UNORE Curr/EUR	Euro
31 December 2013 balance				0.00
Reclasifications:				
Financial lease RSOAP	JPY	734,400.00	144.731	5,074.24
Financial lease GF	EUR	39,167.70	1.000	39,167.70
1 January 2014 balance				44,241.94

61. Details of the resulting opening balances are as follows:

UNWTO

Other liabilities

As at 1 January 2014

Euros

	PoW services (GF)
Other liabilities	60,961.60
Other current liabilities	16,719.66
Other non-current liabilities	44,241.94

Note 14: Accumulated Surplus, IPSAS adjustments and Reserves

62. The IPSAS opening balance adjustments have a major impact on the accumulated surpluses of UNWTO which had previously been reported in line with UNSAS. The impact is mainly due to the reclassification of provisions and inclusion and adjustment of assets and liabilities not previously reported in the financial statements, including UNWTO financial activities separately reported in the administrative accounts.

63. IPSAS Adjustments in Accumulated Surplus refer to the effects on Accumulated Surplus of the items included or excluded from the accounts attributable to the implementation of IPSAS, as stated in the Notes above.

64. Regarding the statutory reserves, there is only a change in the balance of the WCF reserve attributable to IPSAS. The ending balances of the other statutory reserve accounts as of 31 December 2013 are the same as that in the opening balances of 1 January 2014.

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

66. Details of the resulting opening balances are as follows:

UNWTO**Accumulated surplus and IPSAS adjustments****As at 1 January 2014****Euros**

	PoW services (GF)	Other services		Total
		VCF	FiT	
Accumulated surplus, net	-1,738,215.93	5,194,314.45	294,053.42	3,750,151.94
<i>Unrestricted Acc, Surplus. net</i>	<i>8,060,277.17</i>			
Unrestricted Acc Surplus	19,102,314.69			19,102,314.69
IPSAS adj, - Unrestricted Acc, Surplus	-11,042,037.52			-11,042,037.52
<i>Restricted Accumulated Surplus. net</i>	<i>-9,798,493.10</i>	<i>5,194,314.45</i>	<i>294,053.42</i>	<i>-4,310,125.23</i>
Restricted Accumulated Surplus	957,117.83	4,305,005.49	294,053.42	5,556,176.74
IPSAS adj, - Restricted Acc, Surplus	-10,755,610.93	889,308.96		-9,866,301.97

UNWTO**Reserves****As at 1 January 2014****Euros**

	PoW services (GF)
Statutory reserves	4,994,893.78
Working Capital Fund	2,814,015.92
Special Contingency reserve	485,419.96
Replacement reserve	1,695,457.90

Annex II. Report on the audit of the restated Statement of Financial Position as at 1 January 2014 of the World Tourism Organization (UNWTO)

Executive Summary

1. The World Tourism Organization (UNWTO) has decided to implement International Public Sector Accounting Standards (IPSAS). UNWTO changed its accounting policy, which was based on modified cash accounting (UNSAS) and produced a draft of the restated statement of financial position as at 1st January 2014 under IPSAS (hereafter referred to as the “financial position”). It provides the UNWTO’s opening balance for IPSAS accounting during 2014.
2. The efforts of UNWTO in moving to an internationally recognized accounting framework will provide Member States and management with better financial information to use in managing the business of the Organization. The benefits that IPSAS can now bring should be utilized to ensure that the efforts made contribute towards more efficient and effective use of resources as a result of the improved management information.
3. The financial position has been examined for IPSAS compliance by the External Auditors under a resolution of the General Assembly. One audit objective was to find out whether UNWTO’s accounting methods conform to the officially established new accounting standards and whether the financial position complies with IPSAS requirements. Another goal was to assure that all audited figures as at 31st December 2013 have been fully and correctly transferred to the restated financial position as at 1st January 2014.
4. During the examination the following issues were also kept in mind:
 - (a) Completeness of the financial position and
 - (b) Appropriate valuation and estimation, where applicable.
5. The External Auditors have received all the cooperation from UNWTO that they needed. The comprehensive guidance, manuals and other procedures have been elaborated and prepared well.
6. Overall, the External Auditors have been impressed with the level of enthusiasm and energy with which the UNWTO tackled the implementation project of IPSAS. We have outlined some of the key aspects which we think UNWTO has handled particularly well:
 - (a) Clear project planning with establishment of working groups addressing the individual key themes;
 - (b) The project was not just restricted to key finance staff, its fundamental principles were communicated to all staff across the Organization;
 - (c) Open engagement with the External Auditors and consulting on matters of accounting principles.

Audit Opinion

7. In our opinion, the restated statement of financial position presents fairly, in all material respects, the financial position of the UNWTO as at 1st January 2014 in compliance with International Public Sector Accounting Standards.
8. The External Auditors gave recommendations for improved procedures, necessary adjustments or more comprehensive disclosures in a separate letter to the management of UNWTO in order to bring about further improvement in the financial statements in general and the financial position in particular.

Madrid, 30 May 2014

External Auditors, UNWTO

German Federal Court of Auditors

Office of the Comptroller and Auditor General of India

Intervención General de la Administración del Estado, Spain

Annex III. List of supporting documentation provided to the EAs

A. Introduction**1. General**

1. UNWTO Financial Rules and Regulations
2. UNWTO IPSAS Policy Guidance Manual
3. UNWTO IPSAS Accounting Manual
4. UNWTO IPSAS-related procedures
5. UNWTO 2014 COA
6. UNWTO 2013 COA
7. 2013 closing balance (trial balance) of all companies
8. 2014 opening balance (trial balance) of all centres
9. Correlation table
10. Journal opening book entry
11. 2014 List of projects by type and subtype
12. 2014 List of projects by centres
13. 2014 List of third parties

2. Satellites

14. Analysis document
15. Themis
 - (a) Work plan
 - (b) Agreement & Statutes of Themis
 - (c) Other documents relevant to the analysis
16. Regional Support Office for Asia & Pacific
 - (a) Work plan
 - (b) Agreement & Statutes of Themis
 - (c) Other documents relevant to the analysis
17. ST-EP

- (a) Genral Assembly decision
- (b) Agreement & Statutes of Themis
- (c) Other documents relevant to the analysis

18. Other Satellites

- (a) List of Satellites
- (b) Agreement & Statutes
- (c) Other documentation relevant to the analysis

B. Cash and Cash Equivalents

3. Bank Accounts

- 19. Breakdown of bank accounts
- 20. Bank reconciliation of all bank accounts
- 21. Documentation regarding the RSOAP bank account:
 - (a) the opening of the RSOAP new bank account
 - (b) the closing of RSOAP old bank
 - (c) reconciliation between both

4. Cash on Hand

- 22. Cash count conducted on Dec 31, 2013

5. Short Term Deposits

- 23. Breakdown of short term deposits (less than 3 mos & more than 3 mos)
- 24. Supporting documents – Bank Certificates of Term Deposits (less than 3 months and more than three months)
- 25. Supporting Ledgers

C. Investments – Current and Non-Current

- 26. Refer to Satellites (Themis)

D. Inventories

- 27. Computation of cost per page
 - (a) Pages produced in 2013
 - (b) Production expenses in 2013

28. Inventory count
 - (a) Publications On Hand
 - (b) Publications on Consignment
 - (c) Communication from Amazon re: publications on consignment
29. Publications out of catalogue
30. Memo re: Inventory Count
31. Memo re: depository libraries

E. Contributions Receivable

6. Assessed Contributions

32. Breakdown of Assessed Contributions per year

7. Voluntary Contributions

33. Breakdown of Voluntary Contributions per year

8. Allowance for Doubtful Accounts

34. Computation of Allowance
35. Aging of Receivables for VC

9. Allowance for Reduction of Contributions

36. Computation of 2012 & 2013 Returns to Donors

F. Other Receivables – Current and Non- Current

10. Sales Receivables –Publications

37. Aging/Schedule of O/S Sales Receivables per Invoice– Distributors
38. Aging/Schedule of O/S Sales Receivables per Invoice– Depository Libraries
39. Ledgers (for 2013) & supporting invoices

G. Other Assets – Current and Non-Current

11. Due To/From

40. Breakdown/reconciliation of Due To/From
41. Ledgers or documents supporting the outstanding items

12. Prepaid Expenses

42. Breakdown of prepayments
43. Ledgers or documents supporting the outstanding items

13. Miscellaneous Assets

- 44. Breakdown of composition
- 45. Ledgers or supporting document

H. Property, Plant & Equipment

- 46. Valuation building
 - (a) Valuation Report
 - (b) Rationale for Accounting Treatment of Building
- 47. Schedule of PPE
- 48. Supporting schedule and invoices for PPE of RSOAP
- 49. Reconciliation of PPE 2013 vs 2014
- 50. Memo re: impairment & disposals
- 51. Memo re: Leasehold Improvements

I. Leases

- 52. Table of lease contracts (broken down by financial leases and operational leases)
- 53. Lease contract documents

J. Payable & Accruals

- 54. Breakdown of composition
- 55. Supporting documents & ledgers (in the case of RSOAP, the schedule and the supporting documents)

K. Employee Benefits – Current & Non-Current

- 56. Breakdown of composition
- 57. Valuation report of AON-Hewitt
- 58. Resolutions/memos/budget re: ASHI & Repatriation expenses

L. Advance Receipts – Current & Non-current

- 59. Breakdown of composition
- 60. Supporting documents & ledgers

M. Provisions – Current & Non-current

- 61. Breakdown of composition

- 62. Supporting documents & ledgers
- 63. Memo from Legal on contingent assets and liabilities

N. Other Liabilities – Current & Non-Current

- 64. Breakdown of composition
- 65. Supporting documents & ledgers

O. Reserves

- 66. Breakdown & composition
- 67. Supporting documents (GA/EC resolutions, memos, budget, etc) & ledgers

P. Accumulated Surplus

14. Restricted Accumulated Surplus

- 68. Breakdown & composition
- 69. Supporting documents (GA/EC resolutions, memos, budget, etc) & ledgers

15. Unrestricted Accumulated Surplus

- 70. Breakdown & composition
- 71. Reconciliation of Jan 1 2014 accum surplus (beg balance) vs Dec 31, 2014 accum surplus per center
- 72. Supporting documents (GA/EC resolutions, memos, budget, etc) & ledgers

Annex IV. Acronyms

1. ASHI: After Service Health Insurance
2. COA: Chart of Accounts
3. EAs: External Auditors
4. EC: Executive Council
5. EUR: Euro
6. FIT: Fund in Trust
7. FR: Financial Regulations
8. FRR: Financial Regulations and Rules
9. FMIS: Financial Management Information System
10. GA: General Assembly
11. GF: General Fund
12. IPSAS: International Public Sector Accounting Standards
13. ISIS: Integrated Support Information System
14. JP: Joint Programmes
15. LTEB: Long Term Employee Benefits
16. MDTF: Multi Donor Trust Fund
17. OF: Other Funds
18. PBC: UNWTO Programme and Budget Committee
19. PBST: Publications Store
20. PGM: UNWTO Policy Guidance Manual
21. PoW: Programme of Work
22. PPE: Property, Plant and Equipment
23. RSOAP: UNWTO Regional Support Office of Asia and the Pacific
24. SFP: Statement of Financial Position
25. ST-EP: Sustainable Tourism Elimination of Poverty
26. TA: Travel Authorization

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27. TF: Trust Fund
 28. TP: Transfer payables
 29. UNDP: United Nations Development Programme
 30. UNSAS: United Nations System Accounting Standards
 31. USD: United States Dollar
 32. VC: Voluntary contribution
 33. VCF: Voluntary Contributions Fund
 34. WCF: Working Capital Fund