

# 2014 Financial Statements

*Annual Session of the Executive Board*

26 May 2015



**World Food Programme**

# Structure of WFP Financial Statements

## 1. Executive Director's Statement provides overview of:

- ❖ Financial and Budget Highlights
- ❖ Enhancing Transparency and Accountability
- ❖ Financial Framework Review and Financial Risk Management

## 2. Statement on Internal Control

- ❖ The Internal Control Framework and Enterprise Risk Management
- ❖ Review of the Effectiveness of Internal Control
- ❖ Significant Risk and Internal Control Matters

## 3. Financial Statements I to V provide financial views on WFP's operations.

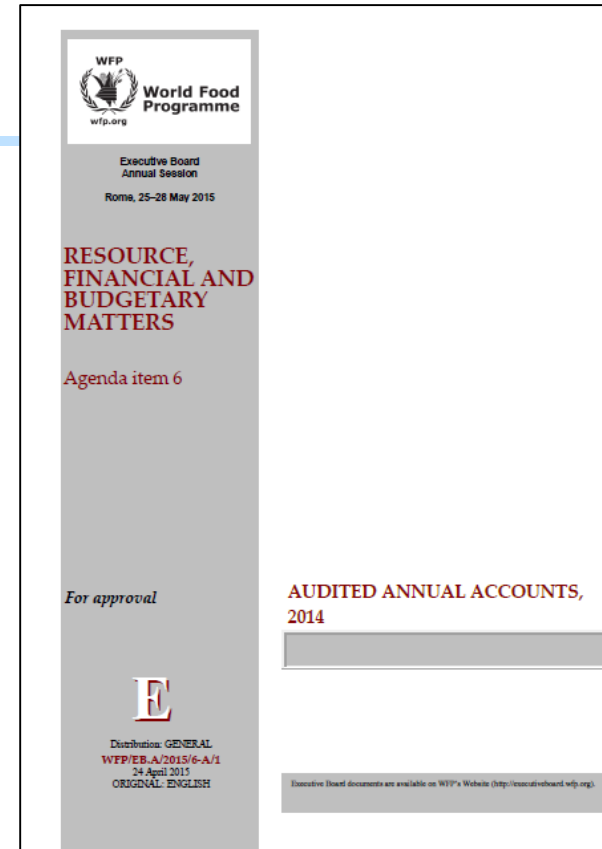
Key statements are:

- ❖ Statement I – states the financial position of WFP as of 31 December 2014
- ❖ Statement II – states the financial performance of WFP for 2014
- ❖ Statement V – compares WFP's Actual performance against Budget

## 4. Notes to the Financial Statements

- ❖ Disclose WFP's accounting policies (Note 1)
- ❖ Provide explanatory detail to elements of the Financial Statements (Notes 2 – 12)

## 5. External Audit Opinion and Report



# Review of 2014 IPSAS Accounting Policies

No Accounting Policy changes:

- No new IPSAS standards were issued in 2014
- No WFP accounting policies were changed

Disclosure refinements:

- Update of tables in Note 2.7 Property, Plant and Equipment and Note 2.8 Intangible Assets to include disclosure of depreciation/amortization expense per asset class
- Additional disclosure in Note 2.6 Long-term Investments related to assets set aside for funding of post-employment benefits

## **New paragraph 77:**

The investments in bonds and equities have been designated as being held for funding of WFP's post-employment benefits liabilities and are not expected to be used in support of WFP's current operations. Although these investments are designated for this purpose, and are not available for funding current operations, the investments are not subject to separate legal restrictions and do not qualify as Plan Assets as defined in IPSAS 25, Employee Benefits.

# Statement II - Statement of Financial Performance

(Financial Statements 2014, Statement II, page 24)

(USD million)	2014	2013
<b>REVENUE</b>		
Monetary contributions	4,877.8	3,868.4
In-Kind contributions	503.3	511.2
Other revenue	69.3	156.2
<b>TOTAL REVENUE</b>	<b>5,450.4</b>	<b>4,535.8</b>
<b>EXPENSES</b>		
Cash and vouchers distributed	845.6	498.1
Food commodities distributed	1,988.5	2,053.4
Distribution and related services	650.4	578.6
Wages, salaries, employee benefits & other staff costs	850.6	718.1
Supplies, consumables and other running costs	183.5	159.0
Contracted and other services	572.8	405.3
Finance Costs	2.4	2.5
Depreciation and amortization	50.3	49.0
Other expenses	70.5	50.8
<b>TOTAL EXPENSES</b>	<b>5,214.6</b>	<b>4,514.8</b>
<b>SURPLUS FOR THE YEAR</b>	<b>235.8</b>	<b>21.0</b>

Contribution revenue increased by USD 1,001.5m mainly in response to L3 emergencies

Total expenses increased by USD 699.8m

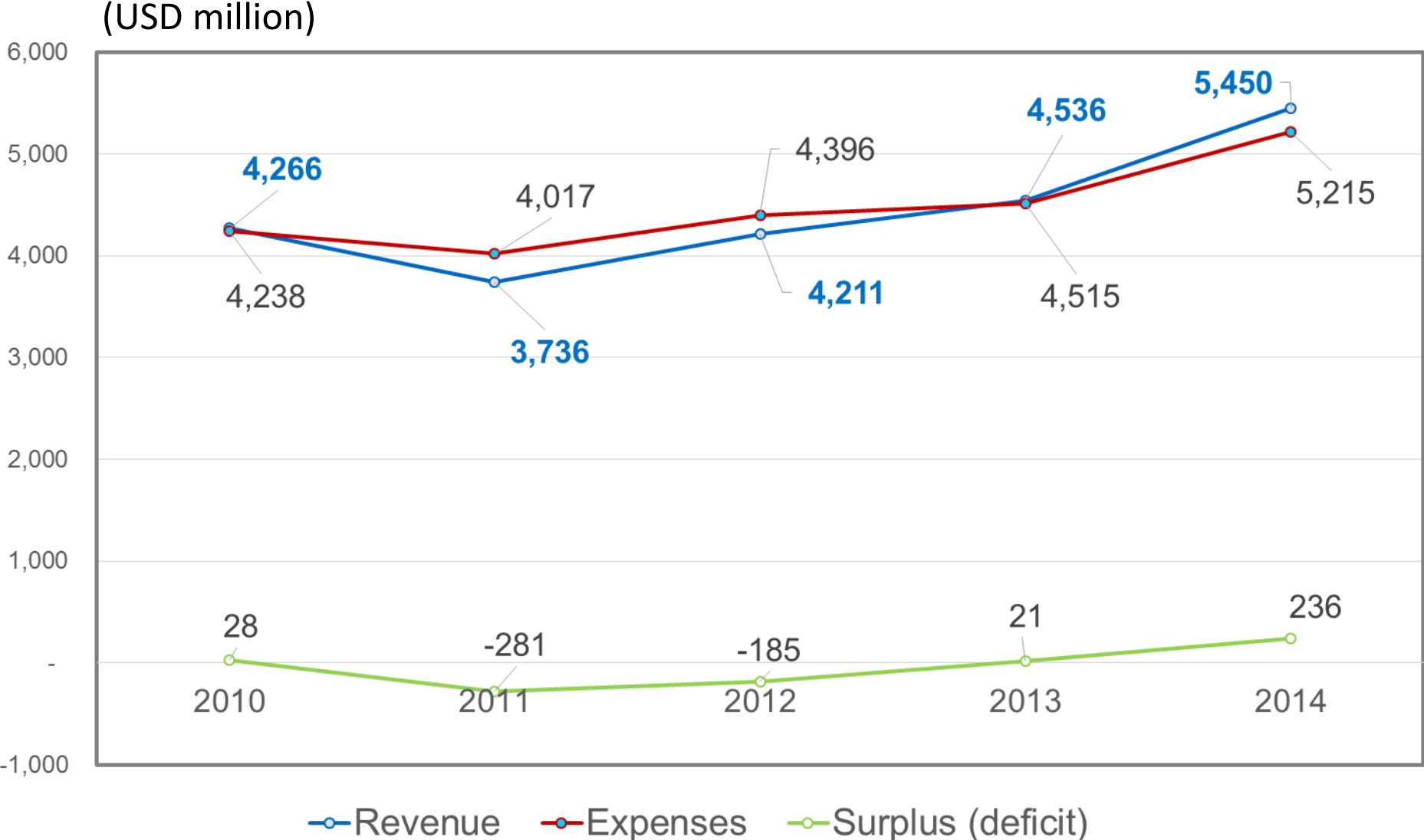
Cash and vouchers distributed increased by USD 347.5m reflecting increased use of this food assistance tool

Cost of food commodities distributed decreased by USD 64.9m reflecting approx. the same food tonnage distributed in 2014 as in 2013

Staff costs line increased by USD 132.5m reflecting primarily the incremental expense (USD 101.9m) related to employee benefits valuation of locally recruited staff

Contracted and other services increased by USD 167.5M mainly due to increased air operations in emergencies (South Sudan)

# Surplus (Deficit) Evolution 2010-2014: Revenue less Expenses



# Statement I - Statement of Financial Position

(Financial Statements 2014, Statement I, page 23)

USD million	31.12.2014	31.12.2013
Cash and cash equivalents	822.0	652.7
Short-term investments	854.0	783.5
Contributions receivable	2,099.8	1,774.1
Inventories	578.6	664.9
Other receivables	122.2	137.4
<b>TOTAL Current Assets</b>	<b>4,476.6</b>	<b>4,012.6</b>
Contributions receivable	93.1	165.7
Long-term investments	448.9	427.5
Property, plant and equipment	125.2	110.7
Intangible assets	8.9	15.9
<b>TOTAL Non-current Assets</b>	<b>676.1</b>	<b>719.8</b>
<b>TOTAL Assets</b>	<b>5,152.7</b>	<b>4,732.4</b>
Payables and accruals	535.9	499.0
Provisions	6.2	10.7
Employee benefits	10.4	23.7
Loans	32.8	32.8
<b>Total Current Liabilities</b>	<b>585.3</b>	<b>566.2</b>
Employee benefits	555.1	398.1
Long-term loan	89.6	95.4
<b>Total Non-current Liabilities</b>	<b>644.7</b>	<b>493.5</b>
<b>Total Liabilities</b>	<b>1,230.0</b>	<b>1,059.7</b>
<b>TOTAL NET ASSETS</b>	<b>3,922.7</b>	<b>3,672.7</b>
Fund Balances	3,591.3	3,400.2
Reserves	331.4	272.5
<b>TOTAL FUND BALANCES AND RESERVES</b>	<b>3,922.7</b>	<b>3,672.7</b>

Cash and Short Term Investments increased USD 239.8m (17%) mainly from operational activities (increase in contribution revenue)

Contributions Receivable increased USD 253.1m (13%) due to increase in contribution revenue

Inventory decreased USD 86.3m (13%) due to reduction in tonnage held from 1.1m mt in 2013 to 0.9m mt in 2014.

Employee Benefits Liabilities increased USD 143.7m primarily due to:

- 1) actuarially determined liability for locally recruited staff, increase of USD 101.9m
- 2) increase in earned benefit entitlement

Funding status – 64%

# Statement V – Comparison of Budget and Actual Amounts

(Financial Statements 2014, Statement V, page 27)

USD million	Budget Amount		Actual on comparable basis	Difference: final budget and actual
	Original	Final		
<b>Cost components</b>				
Food and related direct operational costs (DOC)	3,698.8	4,978.3	2,830.2	2,148.1
Cash and vouchers and related DOC	1,127.0	1,493.3	816.2	677.1
Capacity augmentation	333.7	552.9	302.7	250.2
Direct support costs	697.3	879.9	579.6	300.3
<b>Subtotal direct project costs</b>	<b>5,856.8</b>	<b>7,904.4</b>	<b>4,528.7</b>	<b>3,375.7</b>
Regular PSA	281.8	281.8	280.5	1.3
Capital and capacity funds	9.2	9.2	8.7	0.5
<b>Subtotal indirect costs</b>	<b>291.0</b>	<b>291.0</b>	<b>289.2</b>	<b>1.8</b>
<b>TOTAL</b>	<b>6,147.8</b>	<b>8,195.4</b>	<b>4,817.9</b>	<b>3,377.5</b>

In 2015, a new format to Statement V will be introduced. Additional info on actual funds available during the year will be disclosed in order to distinguish WFP's funding performance vs its operational performance.

Prepared on a Commitment basis – 'Actual' includes goods and services received and commitments outstanding at year end

# Overview of Statement on Internal Control

## **2014 is the fourth year for which a ‘Statement on Internal Control’ is produced**

- Global best practice to assure stakeholders and demonstrate accountability
- To be signed by the ED and published with Annual Financial Statements

## **Directors were required to complete an “Assurance Statement” on internal control for their Office/Division to form the primary basis of ED Statement**

- Directors of WFP offices and HQ divisions submitted to RDs and DED/AEDs
- DED/AEDs and RDs reviewed and cleared submissions by Departments/Offices reporting to them
- Other evidences were considered from other sources

## **100% of Directors managing 135 HQ and field offices within WFP submitted their Assurance Statement along with LoR**

## **Analysis indicates progress in strengthening internal control systems within WFP compared to last year but there are still areas of improvement**

- Areas related to implementation of the enterprise risk management strategy and emergency preparedness strengthening are closed
- Other two areas previously reported on (PACE and Monitoring & Review) will need further improvement actions
- A new area highlighted in 2014 – the impact of increased number of Emergencies - will require monitoring and remedial action, as required



**Thank you!**