

Financial Statements Audit

WFP Finance Seminar
16 May 2007

Annual Accounts 2006

- *Part I* : Financial Statements and Notes
- *Part II* : External Auditor's Report

Part 1 : Financial Statements and Notes

- Executive Summary
- Draft Board Decision on 2006 Annual Accounts
- Certification by the Executive Director
- Financial Statements and Notes for 2006

Part 1 : Financial Statements and Notes



- Changes/Improvements
 - Annual accounts introduced in preparation for the move to IPSAS
 - Preparation of full set of financial statements and notes
 - Change in expenditure accrual policies (from commitments to delivery principle)
 - Improved presentation of Special Accounts and Trust Funds
 - Review by External Auditor

Part 1 : Financial Statements and Notes

- Financial Regulations 13.1 and 13.2 require submission to the Board of biennial accounts and examination and opinion by external auditor
- 2006 Annual Accounts not subject to formal audit as required by Financial Regulation 13.2 but were nonetheless reviewed by both internal and external auditors

**WFP FINANCIAL
STATEMENTS
2006**

Financial Statements

- A. Statement II – Statement of Assets, Liabilities and Reserves and Fund Balances (Balance Sheet) 
 - B. Statement I – Statement of Income and Expenditures and Changes in Fund Balances (Income Statement) 
 - C. Statement III – Statement of Cash Flow
 - D. Notes
- Tells us where we are
- Say how we arrived there

*Statements I and III cover the period between two Balance Sheets

Financial Statements – Presentation by Fund Categories

- Programme Category Funds
- General Fund and Special Accounts
- Bilateral Operations and Trust Funds
- Total WFP Fund

Statement II

Balance Sheet

The balance sheet is a listing of:

- On one part:
all the Programme's assets

- On the other part:
all the liabilities, plus
the reserves and fund balances

Assets

Assets are the resources of the organization that have future economic values. These are presented in order of liquidity

WFP's assets consist of:

- Cash and short -term investments
- Cash held in trust in Country Offices
- Accounts receivable
- Contribution receivable
- Long-term investments

BALANCE SHEET – ASSETS

AS AT 31 DECEMBER 2006

(US\$ thousand)	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminations	Total WFP Fund 31-12-05	31-12-05 (adjusted)
ASSETS						
Cash & short term investments	481,627	432,482	205,601	-	1,119,710	1,130,239
Cash held in trust in Country Offices	-	-	2,840	-	2,840	20,578
Accounts receivable	42,979	138,934	4,258	(14,443)	171,728	219,059
Contributions receivable	1,228,302	20,805	-	-	1,249,107	1,318,788
Long-term investments	-	55,168	-	-	55,168	56,788
TOTAL ASSETS	1,752,908	647,389	212,699	(14,443)	2,598,553	2,745,452

Equals Liabilities,
Reserves and
Fund Balances

Liabilities

Legal liabilities of the Programme to be settled in cash at a future date

WFP's liabilities consist of:

- Accounts payable
- Funds held in trust in Country Offices
- Long-term loan

Reserves and Fund Balances

- Reserves
 - Amounts set aside for specific purposes (restricted usage)
- Fund Balances
 - Unutilised/available resources
 - **Donors:** Programme Category , Bilateral, Trust Funds
 - **Board/ED :** Other General Fund, and Special Accounts

BALANCE SHEET – LIABILITIES, RESERVES & FUND BALANCES

AS AT 31 DECEMBER 2006 (US\$ 000s)

(US\$ thousand)	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminations	Total WFP Fund 31-12-06	31-12-05 (adjusted)
LIABILITIES						
Current Liabilities						
Accounts payable	148,783	132,830	15,523	(14,443)	282,693	296,763
Funds held in trust in Country Offices	-	-	2,840	-	2,840	20,578
Total Current Liabilities	148,783	132,830	18,363	(14,443)	285,533	317,341
Long-Term Loan	-	106,000	-	-	106,000	106,000
TOTAL LIABILITIES	148,783	238,830	18,363	(14,443)	391,533	423,341
RESERVES AND FUND BALANCES						
Reserves	-	203,791	-	-	203,791	259,353
Fund balances	1,604,125	204,768	194,336	-	2,003,229	2,062,758
TOTAL RESERVES AND FUND BALANCES	1,604,125	408,559	194,336	-	2,207,020	2,322,111
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1,752,908	647,389	212,699	(14,443)	2,598,553	2,745,452

Equals Assets

RESERVES

	(US\$ thousand)	
	<u>2006</u>	<u>2005</u>
Operational reserve	51,075	57,000
Immediate response account	67,210	30,768
DSCAF	27,510	49,479
PSA equalization account	57,996	122,106
Staff cost variance equalization account	-	-
Total	<u>203,791</u>	<u>259,353</u>

Statement I

Income and Expenditure Statement

- Reports the movement of funds from one balance sheet date to another.
- Presents income ,expenditure and changes in fund balances
- Expenditure is deducted from income to show the shortfall or excess of income over expenditure
- Presents opening fund balances , fund changes and closing fund balances .

INCOME AND EXPENDITURE STATEMENT – INCOME

FOR THE YEAR ENDED 31 DECEMBER 2006 (US\$000s)

(US\$ thousand)	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminations	Total WFP Fund	2004- 2005 (adjusted)
INCOME						
Commodity in-kind contributions	376,279	-	-	-	376,279	969,089
Services in-kind contributions	10,578	553	-	-	11,131	70,182
Other contributions	2,196,003	29,294	126,965	-	2,352,262	5,155,311
Government cash contributions for local costs	-	1,327	-	-	1,327	3,242
Interest	-	43,399	3,323	-	46,722	54,785
Currency exchange adjustments	40,991	7,400	(509)	-	47,882	(37,946)
Miscellaneous income	39,747	82,030	-	(25,207)	96,570	95,463
Transfer of indirect support cost contributions to Gen Fund	(157,864)	159,277	(1,413)	-	-	-
TOTAL INCOME	2,505,734	323,280	128,366	(25,207)	2,932,173	6,310,126

INCOME AND EXPENDITURE STATEMENT – EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2006 (US\$000s)

	Programme Category Funds	General Fund and Special Accounts	Bilaterals and Trust Funds	Elimination s	Total WFP Fund	2004-2005 (adjusted)
EXPENDITURE						
Commodities in-kind	410,001	-	2,538	-	412,539	990,894
Commodities purchased	533,578	62	32,621	-	566,261	1,773,344
Ocean transport and related costs	242,121	10	310	-	242,441	627,740
Landside transport storage and handling	720,345	219	4,179	(3,406)	721,337	1,232,495
Other direct operational costs	262,078	65,590	16,197	(16,766)	327,099	402,121
Direct support costs	298,730	62,597	38,111	(4,120)	395,318	654,484
Programme support and administration	-	211,573	-	(915)	210,658	393,037
TOTAL EXPENDITURE	2,466,853	340,051	93,956	(25,207)	2,875,653	6,074,115

INCOME AND EXPENDITURE STATEMENT –FUND CHANGES

FOR THE YEAR ENDED 31 DECEMBER 2006 (US\$ 000s)

	Programme Category Funds	General Fund and Special Accounts	Bilaterals and Trust Funds	Eliminations	Total WFP Fund	2004-2005 (adjusted)
TOTAL INCOME	2,505,734	323,280	128,366	(25,207)	2,932,173	6,310,126
TOTAL EXPENDITURE	2,466,853	340,051	93,956	(25,207)	2,875,653	6,074,115
(Shortfall) Excess of income over expenditure	38,881	(16,771)	34,410	-	56,520	236,011
Fund balances, beginning of period	1,656,591	185,901	220,266	-	2,062,758	2,317,031
Contribution adjustments	(131,899)	(1,156)	(52,791)	-	(185,846)	(445,633)
Write-off of accounts receivable	-	(3,380)	-	-	(3,380)	(4,713)
Prior period adjustments	6,551	2,637	(8,015)	-	1,173	(89,155)
Savings on cancellation of prior period obligations	-	-	-	-	-	1,004
Transfers between funds and accounts	6,107	(6,573)	466	-	-	-
Transfers from reserves	27,894	44,110	-	-	72,004	48,213
FUND BALANCES, END OF PERIOD	1,604,125	204,768	194,336	-	2,003,229	2,062,758

Balance Sheet

Statement III

Statement of Cash Flow (indirect method)

The statement of cash flows presents gross cash flows, both positive and negative.

Cash flows are usually classified under :

- operating activities
- investing and financing activities
- other sources (reprogramming, refunds, reserve changes)

NOTES TO THE FINANCIAL STATEMENTS

- Significant accounting policies/changes in presentation
- Detail of balance sheet items
- Staff benefit funds/investments
- Detail of income & expenditures
- Detail of reserve balances
- Breakdown of GF/SA and Bilat/TF
- Commodity Loans and Borrowings

NOTES TO THE FINANCIAL STATEMENTS (cont.)

- Seizure of commodities and other assets
- Legal or contingent obligation

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