

2006-2007 Financial Statements

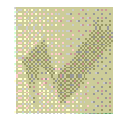


Finance Seminar
April 3, 2008

Audited Biennial Accounts(ABA) 2006-2007

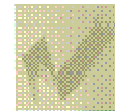
Executive Board – Annual Session

- *Section 1* : Executive Director's Report on Financial Administration
- *Section 2* : Financial Statements
- *Section 3* : External Auditor's Report



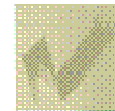
Financial Statements

- Financial Statements and Notes for 2006-2007
- Certification by the Executive Director
- Opinion of the External Auditor
- Board Approval required under Financial Regulation 13.1



2006-2007 Highlights

- Last set of **biennial** financial statements for WFP
- Financial Management (FM) improvements in 2006-2007:
 - Country director FM training in 2006
 - Management oversight reports developed/enhanced
 - Letter of Representation
- Financial Reporting improvements in 2006-07:
 - Annual Financial Statements in 2006
 - Expenditure recognition on delivery principle
 - Recognition of Staff Liabilities
- IPSAS preparedness
- Audit Committee review
- Clean Audit Opinion -NAO



Financial Statements 2006-2007

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

*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

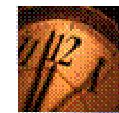
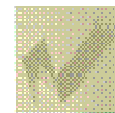


Statement II

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
- Accounts receivable
- Contribution receivable
- Long-term investments



BALANCE SHEET – ASSETS

AS AT 31 DECEMBER 2007

	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminations	Total WFP	Prior Period 2004-2005 (Adjusted)
ASSETS						
Cash and short-term investments	641 452	350 757	229 064	-	1 221 273	1 130 239
Cash held in trust in Country Offices	-	-	-	-	-	20 578
Accounts receivable	60 595	226 385	1 325	(75 259)	213 046	219 059
Contributions receivable	1 247 961	82 212	-	-	1 330 173	1 318 788
Long-term investments	-	53 641	-	-	53 641	56 788
TOTAL ASSETS	1 950 008	712 995	230 389	(75 259)	2 818 133	2 745 452

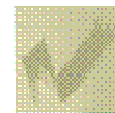
Equals Liabilities, Reserves and
Fund Balances



Liabilities

WFP's liabilities consist of:

- Accounts payable
- Accrued Expenditures
- Deferred contributions
- 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

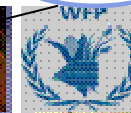
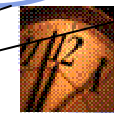
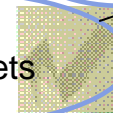


BALANCE SHEET – LIABILITIES, RESERVES & FUND BALANCES

AS AT 31 DECEMBER 2007 (US\$ 000s)

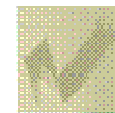
	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminations	Total WFP	Prior Period 2004-2005 (Adjusted)
LIABILITIES						
Current Liabilities						
Accounts payable	162 660	219 220	11 003	(75 259)	317 624	214 899
Accrued expenditures	170 978	44 625	6 996	-	222 599	81 864
Funds held in trust in Country Offices	-	-	-	-	-	20 578
Total Current Liabilities	333 638	263 845	17 999	(75 259)	540 223	317 341
Deferred Contributions	63 204	87 430	-	-	150 634	-
Long-Term Loan	-	106 000	-	-	106 000	106 000
TOTAL LIABILITIES	396 842	457 275	17 999	(75 259)	796 857	423 341
RESERVES AND FUND BALANCES						
Reserves	-	140 137	-	-	140 137	259 353
Fund balances	1 553 166	115 583	212 390	-	1 881 139	2 062 758
TOTAL RESERVES AND FUND BALANCES	1 553 166	255 720	212 390	-	2 021 276	2 322 111
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1 950 008	712 995	230 389	(75 259)	2 818 133	2 745 452

Equals Assets



RESERVES

	(US\$ thousand)	
	2007	2005
Operational Reserve	51 089	57 000
Immediate Response Account	41 495	30 768
DSC Advance Facility	38 964	49 479
PSA Equalization Account	8 589	122 106
Staff Cost Variance Equalization Account	-	-
Total	140 137	259 353



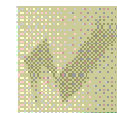
WFP – Fund Balances (US\$ million)

Fund Balances	31 December 2007	31 December 2005
Development Rehabilitation and Disaster preparedness	209.4	296.0
Emergency Operations	640.3	457.0
Protracted Relief and Recovery Operation	548.1	744.2
Special Operations	155.3	159.4
Total Programme Category Funds	1553.1	1656.6
Bilateral Operations and Trust Funds	212.4	220.3
General Fund	(20.7)	70.7
Special Accounts	136.3	115.2
Total WFP Fund	1881.1	2062.8



General Fund Balances

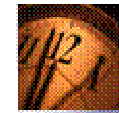
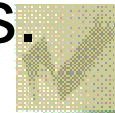
	Dec-2007	Dec-2005
Multilateral – Unallocated	26.9	29.1
GCCC, IPSAS, CAF	8.0	11.2
Other General Fund	52.8	30.4
Unfunded Staff Liabilities	(108.4)	-
Total General Fund	(20.7)	70.7



Statement I

Income and Expenditure Statement

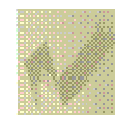
- Reports the movement of funds from one balance sheet date to another.
- Presents income ,expenditure and changes in fund balances
- Expenditure is deducted from income to show the shortfall or excess of income over expenditure
- Presents opening fund balances , fund changes and closing fund balances.



INCOME AND EXPENDITURE STATEMENT – INCOME

FOR THE BIENNIUM ENDED 31 DECEMBER 2007(US\$000s)

	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminatio ns	Total WFP Fund	Prior Period 2004-2005 (Adjusted)
INCOME						
Cash contributions	4 408 254	33 921	294 254	-	4 736 429	5 155 311
Commodity in-kind contributions	826 182	-	-	-	826 182	969 089
Services-in-kind contributions	21 030	985	-	-	22 015	70 182
Government counterpart cash contributions	-	3 647	-	-	3 647	3 243
Interest	-	86 957	7 892	-	94 849	54 785
Currency exchange adjustments	63 802	25 587	(610)	-	88 779	(37 946)
Miscellaneous income	73 785	179 677	-	(63 942)	189 520	95 463
Transfer of indirect support cost contributions to General Fund	(319 039)	325 392	(6 353)	-	-	-
TOTAL INCOME INCLUDING TRANSFER	5 074 014	656 166	295 183	(63 942)	5 961 421	6 310 126



INCOME AND EXPENDITURE STATEMENT – EXPENDITURE

FOR THE BIENNIUM 31 DECEMBER 2007(US\$000s)

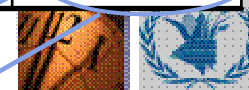
	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminatio ns	Total WFP Fund	Prior Period 2004-2005 (Adjusted)
EXPENDITURE						
Commodities purchased	1 254 698	239	121 285	-	1 376 222	1 773 344
Commodities in-kind	861 837	-	2 585	-	864 422	990 894
Ocean transport and related costs	459 876	25	2 976	-	462 877	627 740
Landside transport, storage and handling	1 320 501	353	11 749	(14 490)	1 318 113	1 232 495
Other direct operational costs	465 076	111 063	30 214	(27 277)	579 076	402 121
Direct support costs	586 084	172 290	79 519	(20 302)	817 591	654 484
Programme support and administration	-	425 513	-	(1 873)	423 640	393 036
TOTAL EXPENDITURE	4 948 072	709 483	248 328	(63 942)	5 841 941	6 074 114



INCOME AND EXPENDITURE STATEMENT – FUND CHANGES

	Programme Category Funds	General Fund and Special Accounts	Bilateral Operations and Trust Funds	Eliminatio ns	Total WFP Fund	Prior Period 2004-2005 (Adjusted)
TOTAL INCOME	5 074 014	656 166	295 183	(63 942)	5 961 421	6 310 126
TOTAL EXPENDITURE	4 948 072	709 483	248 328	(63 942)	5 841 941	6 074 114
Excess/(shortfall) of income over expenditure	125 942	(53 317)	46 855	-	119 480	236 012
Fund balances, beginning of period	1 656 591	185 901	220 266	-	2 062 758	2 317 031
Contribution adjustments	(242 247)	(1 156)	(55 739)	-	(299 142)	(445 633)
Write-off of accounts receivable	-	(4 509)	-	-	(4 509)	(4 713)
Prior period adjustments	5 236	752	(5 006)	-	982	(89 155)
Savings on cancellation of prior period obligations	-	-	-	-	-	1 004
Unfunded staff liability	-	(108 372)	-	-	(108 372)	-
Transfers between funds and accounts	3 394	(9 408)	6 014	-	-	-
Transfers from reserves	4 250	105 692	-	-	109 942	48 213
					-	-
FUND BALANCES, END OF PERIOD	1 553 166	115 583	212 390	-	1 881 139	2 062 758

Balance Sheet



Statement of Cash Flow

For the Biennium ended 31.12.2007

US\$ thousands

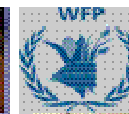
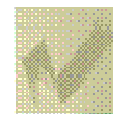
Opening Balance 31.12.2005		1,130,239
+ Net Cash Flow		
From Operating Activities	413,352	
From Investments	97,996	+ 511,348
<hr/>		
- Net Cash Flow		
From Other Sources		- 420,315
Closing Balance 31.12.2007		1,221,273

91,033



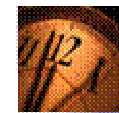
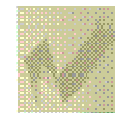
NOTES TO THE FINANCIAL STATEMENTS

- 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
- Contingent Liabilities



Staff Liabilities

	<u>(US\$ million)</u>	
	<u>31.12.07</u>	<u>31.12.05</u>
<u>A. ACTUARIAL VALUATION</u>		
Staff Benefit Funds (SBF)	173.2	111.2
Other Separation-related Staff Liabilities	20.1	-
	<u>193.3</u>	<u>111.2</u>
<u>B. WFP VALUATION</u>		
Other Staff Liabilities	26.0	-
TOTAL STAFF LIABILITIES	<u>219.3</u>	<u>111.2</u>



Staff Benefit Funds

A. Actuarial Valuation (2007):

		(US\$ million)			
		ASMP*	SPS*	SCP*	Total
Actuarial Valuation	31.12.05	94.6	13.7	2.9	111.2
Increase 2006		17.0	3.1	0.8	20.9
Actuarial Valuation	31.12.06	111.6	16.8	3.7	132.1
Increase/(Decrease) 2007		38.9	2.9	(0.7)	41.1
Actuarial Valuation	31.12.07	150.5	19.7	3.0	173.2

*ASMP = After service Medical Plan

*SPS = Separation Payments Scheme

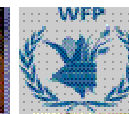
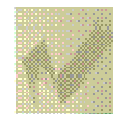
*SCP = Staff Compensation Plan



Staff Benefit Funds

B. Actuarial Assumption (2007):

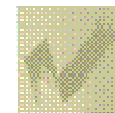
- Attribution of liability up to an active staff member's full eligibility (later of age 55 and 10 years of service for ASM; 12 years of service for repatriation grant and 9 years of service for death grant)
- Accrued leave earned uniformly over staff member's expected employment
- Medical claims calculated using 2 year average
- Eur 1 = US\$1.46
- Adoption of mortality table expected to be used in the 31.12.07 UNJSPF valuation
- Increase in discount rate from 5.0% to 5.5%



Staff Benefit Funds

C. Analysis of Increase (Decrease) in Actuarial Liability (2007)

	US\$ Million			
	ASMP*	SPS*	SCP*	Total
Expected change based on 2006 Valuation	11.8			11.8
Higher than expected increase in medical claim costs	6.6			6.6
Change in Mortality Assumption	9.9	-	0.2	10.1
Increase in discount rate from 5.0% to 5.5%	(13.7)	(0.9)	(0.2)	(14.8)
Decrease in Attribution Period	14.1	-	-	14.1
Change in Claims Cost Methodology	13.0	1.7	-	14.7
Other	(2.8)	2.1	(0.7)	(1.4)
Total	38.9	2.9	(0.7)	41.1



Staff Liabilities – Funded & Unfunded

(US\$ million)

31.12.07

TOTAL STAFF LIABILITIES

219.3

Funded Amounts:

Due from WFP

10.2

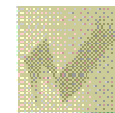
Investments

100.7

110.9

Unfunded Staff Liabilities

108.4



THANK YOU

