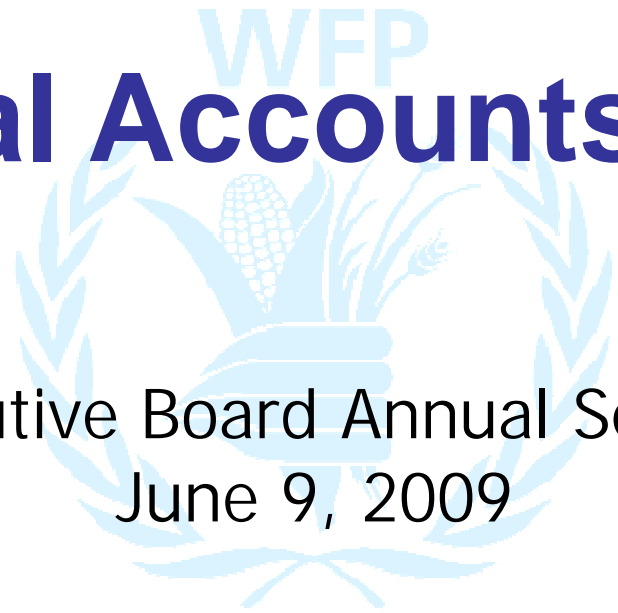


Annual Accounts 2008

Executive Board Annual Session
June 9, 2009





Introduction

Why IPSAS?

- To improve **comparability, harmonization, transparency and accountability** of UN system organizations financial reporting leading to better decision making and enhanced governance

Prior to IPSAS

- United Nations System Accounting Standards (UNSAS)
 - Based on Generally Accepted Accounting Standards and modifications specific to UN organizations
 - Developed internally within the UN
 - Still used by UN organizations prior to IPSAS adoption



The Road to IPSAS

2005

- External auditors recommended international accounting standards adoption

2006

- EB approval of IPSAS adoption as of 1st January 2008
- IPSAS Implementation Team established to address requirements

2007



- Risk assessment
- Internal audit review of the process
- Policy guidance manual developed

2008

- **Adoption of IPSAS January 1st 2008**
- June dry run / first complete set of financial statements and notes
- September closure / internal audit / external audit review
- **FIRST IPSAS COMPLIANT FINANCIAL STATEMENTS IN THE UN SYSTEM**



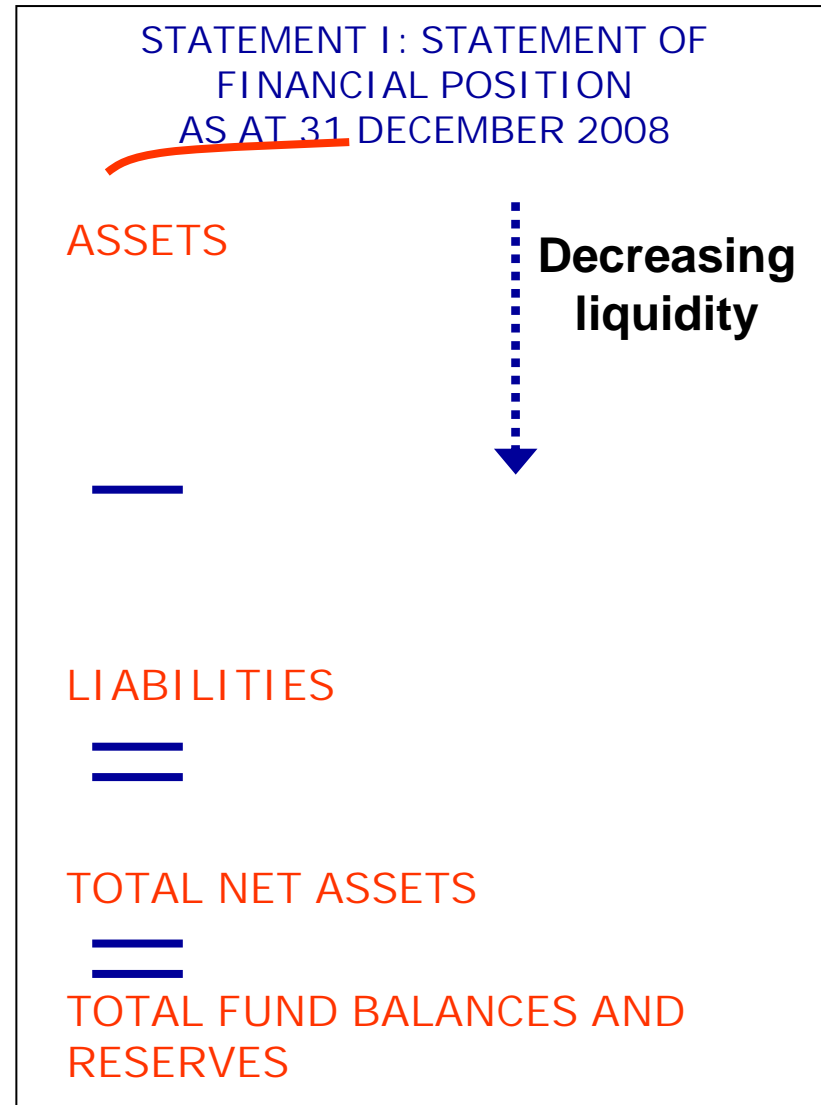
Overview of the Document

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|------|-------|-----|------|--------------|--------------|-------|------|------|--------------|-------|-------|--------------|-------|--------------|-------|-------|--------------|---|----|------------|-----|-----------------|------------|-------------|------|------|-------------|-------------|--|-----|-------|-------|-----|------|-----|-----|--------------|-------|-----|--------|--------|--------|---------------|-------|-------|-------|-------|-------|--------------|---|-------|-------|-------|-------|-------|---------------|------|------|-------------|---------------|--|--|
| <p>  Programme Alimentaire Mondial World Food Programme Programa Mundial de Alimentos </p> <p> Executive Board Annual Session Rome, 8-12 June 2008 </p> <p> RESOURCE, FINANCIAL AND BUDGETARY MATTERS </p> <p> Agenda item 6 </p> <p> For approval </p> <p>  </p> <p> Distribution: GENERAL WFP/EB.A/2009/6-A/1 11 May 2009 ORIGINAL: ENGLISH </p> | <p> AUDITED ANNUAL ACCOUNTS, 2008 </p> | <p> ED STATEMENT </p> <table border="1"> <tr><td>57.5</td></tr> <tr><td>177.4</td></tr> <tr><td>2.1</td></tr> <tr><td>14.0</td></tr> <tr><td>251.0</td></tr> <tr><td>336.7</td></tr> <tr><td>462.6</td></tr> <tr><td>19.4</td></tr> <tr><td>20.8</td></tr> <tr><td>502.8</td></tr> <tr><td>207.3</td></tr> <tr><td>110.6</td></tr> <tr><td>317.9</td></tr> <tr><td>820.7</td></tr> <tr><td>516.0</td></tr> <tr><td>375.9</td></tr> <tr><td>140.1</td></tr> <tr><td>516.0</td></tr> </table> | 57.5 | 177.4 | 2.1 | 14.0 | 251.0 | 336.7 | 462.6 | 19.4 | 20.8 | 502.8 | 207.3 | 110.6 | 317.9 | 820.7 | 516.0 | 375.9 | 140.1 | 516.0 | <p> Statement I </p> <table border="1"> <tr><td>21</td></tr> <tr><td>140</td></tr> <tr><td>559</td></tr> <tr><td>(37)</td></tr> <tr><td>447</td></tr> <tr><td>2560</td></tr> <tr><td>(56)</td></tr> <tr><td>1397</td></tr> <tr><td>1361</td></tr> <tr><td>3901</td></tr> </table> | 21 | 140 | 559 | (37) | 447 | 2560 | (56) | 1397 | 1361 | 3901 | <p> Statement III </p> <table border="1"> <tr><td>2.4</td></tr> <tr><td>(0.5)</td></tr> <tr><td>105.2</td></tr> <tr><td>9.6</td></tr> <tr><td>12.4</td></tr> <tr><td>0.6</td></tr> <tr><td>2.1</td></tr> <tr><td>314.2</td></tr> <tr><td>161.6</td></tr> <tr><td>0.1</td></tr> <tr><td>(14.8)</td></tr> <tr><td>(18.5)</td></tr> <tr><td>(16.9)</td></tr> <tr><td>1228.2</td></tr> <tr><td>111.5</td></tr> <tr><td>(2.1)</td></tr> <tr><td>(2.1)</td></tr> <tr><td>423.6</td></tr> <tr><td>548.7</td></tr> <tr><td>972.3</td></tr> </table> | 2.4 | (0.5) | 105.2 | 9.6 | 12.4 | 0.6 | 2.1 | 314.2 | 161.6 | 0.1 | (14.8) | (18.5) | (16.9) | 1228.2 | 111.5 | (2.1) | (2.1) | 423.6 | 548.7 | 972.3 | <p> Statement IV </p> <table border="1"> <tr><td>482.6</td></tr> <tr><td>203.3</td></tr> <tr><td>277.2</td></tr> <tr><td>109.8</td></tr> <tr><td>155.3</td></tr> <tr><td>1228.2</td></tr> <tr><td>13.8</td></tr> <tr><td>13.9</td></tr> <tr><td>27.7</td></tr> <tr><td>1255.9</td></tr> </table> | 482.6 | 203.3 | 277.2 | 109.8 | 155.3 | 1228.2 | 13.8 | 13.9 | 27.7 | 1255.9 | <p> Statement V </p> | <p> Notes </p> |
| 57.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 177.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 251.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 336.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 462.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 502.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 207.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 110.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 317.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 820.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 516.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 375.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 140.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 516.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 140 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 559 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (37) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 447 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2560 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (56) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1397 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1361 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3901 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (0.5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 105.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 314.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 161.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (14.8) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (18.5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (16.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1228.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 111.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2.1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2.1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 423.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 548.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 972.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 482.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 203.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 277.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 109.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 155.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1228.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1255.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



I: Statement of Financial Position

| STATEMENT I: STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008 | | |
|---|----------------|----------------|
| ASSETS | 31.12.2008 | 01.01.2008 |
| Cash and cash equivalents | 972.3 | 548.7 |
| Short-term investments | 460.1 | 673.1 |
| Contribution receivables | 1,991.2 | 1,185.5 |
| Inventories | 1,021.8 | 515.9 |
| Other receivables | 127.9 | 162.5 |
| TOTAL Current Assets | 4,573.3 | 3,085.7 |
| TOTAL Non-current Assets | 275.3 | 251.0 |
| TOTAL Current Liabilities | 613.0 | 502.8 |
| TOTAL Non-current Liabilities | 335.5 | 317.9 |
| TOTAL NET ASSETS | 3,900.1 | 2,516.0 |
| Fund balances | 3,621.6 | 2,375.9 |
| Reserves | 278.5 | 140.1 |
| TOTAL FUND BALANCES & RESERVES | 3,900.1 | 2,516.0 |





Assets

STATEMENT I: STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008

| ASSETS | 31.12.2008 | 01.01.2008 | |
|---|----------------|----------------|-------------|
| Cash and cash equivalents | 972.3 | 548.7 | |
| Cash and marketable securities that can be turned into cash on demand and at a certain value | | | +424 |
| Short-term investments | 460.1 | 673.1 | |
| Government bonds, corporate bonds... | | | -213 |
| Contribution receivables | 1,991.2 | 1,185.5 | |
| Donor contributions confirmed but not yet received | | | +806 |
| Inventories | 1,021.8 | 515.9 | |
| Food (97%) and non-food (3%) assets in-transit, on the high seas and in-country storage | | | +506 |
| Other receivables | 127.9 | 162.5 | |
| Total Non-current Assets | 275.3 | 251.0 | |
| TOTAL ASSETS | 4 848.6 | 3 336.7 | |



Net Assets

| Statement of Financial Position (summarized) (US\$ million) | 31.12.2008 | 01.01.2008 | |
|--|----------------|----------------|---------------|
| ASSETS | 4 848.6 | 3 336.7 | |
| LIABILITES | 948.5 | 820.7 | |
| NET ASSETS | 3 900.1 | 2 516.0 | +1.4 b |
| • Fund balances | 3 621.6 | 2 375.9 | |
| • Reserves | 278.5 | 140.1 | |
| TOTAL FUND BALANCES & RESERVES | 3 900.1 | 2 516.0 | +1.4 b |

Increase in assets funded by:

- Donor Fund Balances
- Increase in reserves (Operational, IRA, DSC/ODOC, PSA Eq Account)



II: Statement of Financial Performance

| | 2008 |
|---|---------------|
| REVENUE | |
| Monetary Contributions | 4150.9 |
| In-Kind Contributions | 887.1 |
| Other revenue | 70.7 |
| TOTAL REVENUE | 5114.7 |
| EXPENSES | |
| Commodities distributed | 2198.1 |
| Distribution and related services | 551.1 |
| Wages, salaries and employee benefits | 555.1 |
| Supplies and consumables used | 114.6 |
| Contracted services | 232.4 |
| Currency exchange differences | 21.9 |
| Interest | 9.6 |
| Finance Costs | 2.7 |
| Depreciation and amortization | 2.1 |
| Other expenses | 32.1 |
| TOTAL EXPENSES | 3725.0 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | 1389.7 |

| | |
|-----------------|------------------|
| REVENUE | + 5 114.7 |
| EXPENSES | - 3 725.0 |
| SURPLUS | = 1 389.7 |

↓

To Statement I & III:
Increase in Net Assets

Timing of revenue and expense recognition: WFP business model results in a time lag between the confirmation of contribution and its utilization

REVENUE:

- Categories unchanged
- 'Cash contributions' now called 'Monetary contributions'

EXPENSES:

- Classification and timing of expense recognition changed
 - Commodities distributed: expense recognized when commodities leave WFP possession (before distribution: Inventory)
 - Distribution and related services: movement of commodities in-country
 - Wages, salaries and employee benefits: previously under several WFP 'cost components' (DSC, ODOC, LTSH etc.)



Statement III – Statement of Changes in Net Assets

| | US\$ million | TOTAL NET ASSETS | |
|-------------------------------------|--------------|------------------|---|
| 31 December 2007 | | 2,021.3 | |
| Allocation of surplus for 2007 | | - | |
| Change in accounting policy | | 494.7 | IPSAS related changes: Initial recognition of fixed assets, inventories, other adjustments... |
| Adjusted opening balance 1 Jan 2008 | | 2,516.0 | |
| Transfer from/to reserves | | - | |
| Unrealized losses | | (5.6) | |
| Surplus for the period | | 1,389.7 | Surplus from Statement II |
| Total movement during the year | | 1,384.1 | |
| TOTAL NET ASSETS | | 3,900.1 | Final closing balance 2008 Statement I |



Statement IV – Statement of Cash Flow

| US\$ million | 2008 |
|--|------------------|
| Cash flows from operating activities: | |
| Surplus for the period | 1,389.7 |
| Non-cash movements | <u>(1,075.5)</u> |
| Net cash flows from operating activities | 314.2 |
| Net cash flows from investing & financing activities | 109.4 |
| Net increase in cash and cash equivalents | <u>423.6</u> |
| Cash and cash equivalents at beginning of the year | 548.7 |
| Cash and cash equivalents at end of the year | <u>972.3</u> |

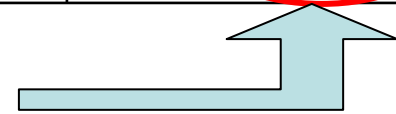


Statement V – Comparison of Budget and Actual Amounts

- Financial Statement II made on an accrual basis
- Programme of Work budget made on a 'commitment' basis
- Statement V reconciles budget and actual expenditures on a budget basis

| US\$ million | Budget Amount | | Actual amounts on comparable basis | Difference: final budget and actual |
|-----------------------|---------------|---------|------------------------------------|-------------------------------------|
| | Original | Final | | |
| Food | 1 284.7 | 2 815.2 | 2 332.6 | 482.6 |
| Other Direct Costs | 1 618.2 | 2 609.8 | 1 864.2 | 745.6 |
| Subtotal direct costs | 2 902.9 | 5 425.0 | 4 196.8 | 1 228.2 |
| Indirect costs | 199.3 | 217.6 | 189.9 | 27.7 |
| TOTAL | 3 102.2 | 5 642.6 | 4 386.7 | 1 255.9 |

Difference due to: 1) Funding Gap 2) Implementation lag





Conclusion

- First IPSAS compliant Annual Accounts for 2008 received an unqualified opinion from the External Auditor
- WFP is the first agency in the UN system to implement IPSAS
- IPSAS implementation will help WFP in its continuing efforts towards accountability, transparency and performance measurement
- The success of IPSAS project was possible due to excellent collaboration between all WFP business units, Internal and External Auditors and the Executive Board