|  |  |
| --- | --- |
| **Plenipotentiary Conference (PP-14) Busan, 20 October – 7 November 2014** |  |
|  |  |
|  |  |
| PLENARY MEETING | **Document 65-E** |
|  | **30 July 2014** |
|  | **Original: English** |
|  | |
| Report by the Council | |
| EXAMINATION OF THE FINANCIAL MANAGEMENT OF THE UNION  BY THE PLENIPOTENTIARY CONFERENCE | |
| (YEARS 2010 TO 2013) | |
|  | |

1 The Constitution and Convention of the International Telecommunication Union stipulate as follows with regard to the examination of the financial management of the Union:

CV/Art. 5, No. 101

The Secretary-General shall

*r)* with the assistance of the Coordination Committee, prepare an annual financial operating report in accordance with the Financial Regulations of the Union and submit it to the Council. A recapitulative financial operating report and accounts shall be prepared and submitted to the next plenipotentiary conference for examination and final approval;

CV/Art. 4, No. 74

The Council shall

8) arrange for the annual audit of the accounts of the Union prepared by the Secretary-General and approve them, if appropriate, for submission to the next plenipotentiary conference;

CS/Art. 8, No. 53

The Plenipotentiary Conference shall

*e)* examine the accounts of the Union and finally approve them, if appropriate;

2 Annexed hereto are the statements of the accounts of the Union for the years 2010 to 2013, as published in the financial operating reports and approved by the Council.

**Annexes:**

A Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2010 financial period

B Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2011 financial period

C Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2012 financial period

D Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2013 financial period

E Financial management of the Union

F Draft resolution

ANNEX A

Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union   
for the 2010 financial period

The financial statements are published in the financial operating report of the Union for the 2010 financial period and approved by the Council.

The 2010 financial statements are the first financial statements to be presented under International Public Sector Accounting Standards (IPSAS).

(Council Resolution 1341 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period from 1 January 2010 to 31 December 2010).

I – Statement of financial position – Balance sheet at 31 December 2010

(in thousands of CHF)

|  |  |  |  |
| --- | --- | --- | --- |
| Assets | Notes | 31/12/2010 | 01/01/2010 |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 7 | 49’249 | 54’701 |
| Investments | 8 | 123’459 | 129’357 |
| Receivables − exchange transactions | 9 | 5’335 | 4’223 |
| Receivables − non-exchange transactions (Contributions) | 9 | 73’500 | 78’453 |
| Inventories | 10 | 1’132 | 1’071 |
| Other receivables | 11 | 10’408 | 4’285 |
| **Total current assets** |  | **263’083** | **272’090** |
| **Non-current assets** |  |  |  |
| Medium- and long-term receivables − exchange transactions | 9 | - | 296 |
| Property, plant and equipment | 12 | 116’808 | 118’674 |
| Intangible assets | 13 | 414 | 195 |
| **Total non-current assets** |  | **117’222** | **119’165** |
|  |  |  |  |
| **TOTAL ASSETS** |  | **380’305** | **391’255** |
|  |  |  |  |
| LIABILITIES | Notes | 31/12/2010 | 01/01/2010 |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 14 | 6’496 | 14’282 |
| Deferred revenue | 15 | 132’103 | 132’711 |
| Borrowings and financial debts | 16 | 1’493 | 1’493 |
| Employee benefits | 17 | 955 | 1’088 |
| Provisions | 18 | 1’273 | 761 |
| Other debts | 19 | 7’070 | 3’094 |
| **Total current liabilities** |  | **149’390** | **153’430** |
| **Non-current liabilities** |  |  |  |
| Borrowings | 16 | 51’259 | 52’753 |
| Employee benefits | 17 | 231’302 | 191’935 |
| Allocated third-party funds | 20 | 40’780 | 40’845 |
| Third-party funds in process of allocation | 20 | 1’869 | 1’399 |
| **Total non-current liabilities** |  | **325’210** | **286’932** |
|  |  |  |  |
| **TOTAL LIABILITIES** |  | **474’600** | **440’362** |
|  |  |  |  |
| **NET ASSETS** |  |  |  |
|  |  |  |  |
| Effect of transition to IPSAS | 6 | −125’100 | −125’100 |
| Unallocated funds | 3 | 15’962 | 16’363 |
| Allocated funds | 3 | 20’269 | 59’631 |
| Surplus/deficit for the period |  | −5’426 |  |
|  |  |  |  |
| **TOTAL NET ASSETS** |  | **−94’295** | **−49’106** |

II – Statement of financial performance for the period which closed on 31 December 2010

(in thousands of CHF)

|  |  |  |
| --- | --- | --- |
|  | Notes | 2010 |
| **REVENUE** |  |  |
| Assessed contributions | 21 | 128’724 |
| Voluntary contributions | 22 | 11’065 |
| Other operating revenue | 23 | 23’982 |
| In-kind contributions | 3 | 1’004 |
| Other revenue | 24 | 1’211 |
| Finance revenue | 25 | 12’199 |
| **Total revenue** |  | **178’185** |
| **EXPENSES** |  |  |
| Employee expenses | 26 | 143’330 |
| Mission expenses | 27 | 8’527 |
| Contractual services | 28 | 12’674 |
| Rental and maintenance of premises and equipment | 29 | 4’994 |
| Equipment and supplies | 30 | 4’563 |
| Depreciation and impairment losses | 12, 13 | 3’990 |
| Shipping, telecommunication and service expenses | 31 | 2’747 |
| Auditing of accounts and inter-organizational contributions | 32 | 643 |
| In-kind contributions | 3 | 1’004 |
| Other expenses | 33 | −2’680 |
| Finance expenses | 34 | 3’819 |
| **Total expenses** |  | **183’611** |
| **Surplus/deficit for the period** |  | **−5’426** |

III – Statement of changes in net assets for the period which closed on 31 December 2010

(in thousands of CHF)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Allocated own funds | |  | | |
|  | Organization's capital | Own funds allocated  to the organiza-tion | Own funds allocated to projects | Non-allocated own funds set aside for projects | Effect of transition to IPSAS | Total net assets |
| **Net assets at 31.12.2009** | 92’895 |  | 100’375 |  | 0 | 193’270 |
| **Change in accounting method** |  |  |  |  |  |  |
| - Valuation of property, plant and equipment (IPSAS 17) |  |  |  |  | 64’428 |  |
| - Valuation of intangible assets |  |  |  |  | 195 |  |
| - Valuation of inventories (IPSAS 12) |  |  |  |  | 1’071 |  |
| - Recognition of the provision for litigation between ITU employees and ITU administration (IPSAS 19) |  |  |  |  | −552 |  |
| - Provision for receivables − non-exchange transactions |  |  |  |  | −1’189 |  |
| - Recognition of ASHI obligation (IPSAS 25) |  |  |  |  | −172’364 |  |
| - Valuation of the accrued leave obligation (IPSAS 25) |  |  |  |  | −9’655 |  |
| - Consideration of deferred SNF revenue (IPSAS 9) |  |  |  |  | −3’385 |  |
| - Adjustment of the free-of-charge SNF provision |  |  |  |  | 491 |  |
| - Adjustment of the provision for debtors |  |  |  |  | −5’185 |  |
| - Adjustment of accounts payable |  |  |  |  | 1’045 |  |
| - Reclassification according to nature of funds (IPSAS 23) | −92’895 | 53’353 | −94’098 | 16’362 |  |  |
| **Total changes in net assets since accounts last published** | −92’895 | 53’353 | −94’098 | 16’362 | −125’100 |  |
|  |  |  |  |  |  |  |
| **Adjustment of opening balance at 1.1.2010** | 0 | 53’353 | 6’277 | 16’362 | −125’100 | −49’108 |
| **Change in own funds for the period relating to projects** |  |  |  |  |  |  |
| Change in allocated own funds |  | −119 | 464 |  |  |  |
| Change in unallocated own funds |  |  |  | −400 |  |  |
| **Other changes in own funds** |  |  |  |  |  |  |
| Actuarial losses |  | −39 706 |  |  |  |  |
| **Subtotal after items directly recognized in net assets/equity** | **0** | **13’528** | **6’741** | **15’962** | **−125’100** | **−88’869** |
|  |  |  |  |  |  |  |
| Surplus (deficit) for the period |  | −3’629 |  | −1’797 |  | −5’426 |
|  |  |  |  |  |  |  |
| **Net assets at end of period** | **0** | **9’899** | **6’741** | **14’165** | **−125’100** | **−94’295** |

IV – Comparison of budgeted amounts and actual amounts

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2010 | 2010 | 2010 | 2010 | 2010 |
| *Assessed contributions* | 129’924 | *-* | 129’924 | 128’724 | −1’200 |
| *Cost recovery* | 27’629 | *-* | 27’629 | 23’030 | −4’599 |
| *Other revenue* | 3’500 | *-* | 3’500 | 1’517 | −1’983 |
| *Withdrawal from Reserve Account* | 8’218 | *-* | 8’218 | 3’730 | −4’488 |
| **Total revenue** | 169’271 | *-* | 169’271 | 157’000 | −12’271 |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2010 | 2010 | 2010 | 2010 | 2010 |
| *General Secretariat* | *93’255* | *110* | *93’365* | *89’690* | *3’675* |
| *Radiocommunication Sector* | *33’094* | *−110* | *32’984* | *30’818* | *2’166* |
| *Telecommunication Standardization Sector* | *12’872* | *-* | *12’872* | *12’884* | *−12* |
| *Telecommunication Development Sector* | *30’050* | *-* | *30’050* | *28’321* | *1’729* |
| *Expenses not foreseen in approved budget* |  |  |  | *881* | *−881* |
| Total expenses | 169 271 | - | 169 271 | 162 595 | 6 676 |
| **Result** | **0** |  | **0** | **−5’595** | **−5’595** |
| *Changes in and use of provision for doubtful debts* |  |  |  | *4’643* |  |
| *Recognition of inventories* |  |  |  | *−78* |  |
| *Capitalization of fixed assets* |  |  |  | *2’342* |  |
| *Depreciation* |  |  |  | *−3’990* |  |
| *Exchange-rate gains and losses* |  |  |  | *7’999* |  |
| *Correction of excess allocations to the provision for repatriation not considered as expenses* |  |  |  | *2’193* |  |
| *ASHI* |  |  |  | *−9’079* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *1’493* |  |
| *In-kind revenue* |  |  |  | *1’004* |  |
| *In-kind expense* |  |  |  | *−1’004* |  |
| *Others* |  |  |  | *72* |  |
| Total IPSAS differences |  |  |  | **5’595** |  |
| *Loss on Fund 1000/1010 covered by withdrawal from Reserve Account* |  |  |  | *−3’730* |  |
| Total losses covered by reserves |  |  |  | **−3’730** |  |
| *Perimeter differences* |  |  |  | −1’696 |  |
| Deficit as shown in the statement of financial performance |  |  |  | **−5’426** |  |

Additional information is provided in Note 36.

V – Table of cash flows for the period closed on 31 December 2010

(in thousands of CHF)

|  |  |
| --- | --- |
|  |  |
| **Surplus (deficit) for the period** | **−5’426** |
| **Non-monetary movements** |  |
| Depreciation | 3’990 |
| ASHI provision | 9’079 |
| Provisions for repatriation (LT) | 442 |
| Provisions for employee benefits (ST) | 729 |
| Provisions for accrued leave (LT) | 376 |
| Other provisions | 792 |
| Unrealized exchange-rate gain ASHI | −9’277 |
| Interest received | −678 |
|  |  |
| **Restated surplus (deficit) from non-monetary movements** | **27** |
|  |  |
| (Increase) decrease in inventories | −61 |
| (Increase) decrease in short-term receivables | 3’841 |
| (Increase) decrease in other short-term receivables | −6’124 |
| (Increase) decrease in long-term receivables | 296 |
| Increase (decrease) in suppliers | −7’786 |
| Increase (decrease) in deferred revenue | −609 |
| Increase (decrease) in other debts | 3’976 |
| Use of provisions for employee benefits (ST) | −863 |
| Use of provision for repatriation (LT) | −945 |
| Use of provision for accrued leave (LT) | −13 |
| Increase (decrease) − Other provisions | −281 |
| Increase (decrease) in third-party funds | 405 |
| Changes in own funds | −55 |
| **Cash flow from operating activities** | **−8’192** |
| **Net cash flows from investment activities** |  |
| (Increase) / decrease − Investments | 5’898 |
| Interest from short-term investments | 678 |
| (Acquisition) / sale of property, plant and equipment | −2’006 |
| (Acquisition) / sale of intangible assets | −337 |
| **Net cash flows from investment activities** | **4’233** |
| **Cash flows from finance activities** |  |
| Repayment of FIPOI loan | −1’493 |
| **Cash flows from finance activities** | **−1’493** |
| **Net increase / (decrease) in cash and cash equivalents** | **−5’452** |
| **Cash and cash equivalents at opening of period** | **54’701** |
| **Cash and cash equivalents at closure of period** | **49’249** |

ANNEX b

Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union   
for the 2011 financial period

The financial statements are published in the financial operating report of the Union for the 2011 financial period and approved by the Council.

The 2011 financial statements are the second financial statements to be presented under International Public Sector Accounting Standards (IPSAS).

(Council Resolution 1350 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2011 to 31 December 2011).

I – Statement of financial position – Balance sheet at 31 December 2011 with comparative figures as at 31 December 2010

(in thousands of CHF)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2011 | 31.12.2010 |
| ASSETS |  |  |  |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 6 | 62'002 | 49'249 |
| Investments | 7 | 104'715 | 123'459 |
| Receivables − exchange transactions | 8 | 5'971 | 5'335 |
| Receivables − non-exchange transactions (Contributions) | 8 | 70'344 | 73'500 |
| Inventories | 9 | 1'129 | 1'132 |
| Other receivables | 10 | 7'384 | 10'408 |
| **Total current assets** |  | **251'545** | **263'083** |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 11 | 120'700 | 116'808 |
| Intangible assets | 12 | 1'045 | 413 |
| **Total non-current assets** |  | **121'745** | **117'221** |
|  |  |  |  |
| **TOTAL ASSETS** |  | **373'290** | **380'304** |
|  |  |  |  |
| LIABILITIES |  |  |  |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 13 | 11'397 | 7'125 |
| Deferred revenue | 14 | 128'774 | 131'474 |
| Borrowings and financial debts | 15 | 1'493 | 1'493 |
| Employee benefits | 16 | 707 | 954 |
| Provisions | 17 | 1'166 | 1'273 |
| Other debts | 18 | 2'556 | 7'070 |
| **Total current liabilities** |  | **146'093** | **149'389** |
| **Non-current liabilities** |  |  |  |
| Borrowings | 15 | 49'766 | 51'259 |
| Employee benefits | 16 | 299'779 | 231'302 |
| Allocated third-party funds | 19 | 39'127 | 40'780 |
| Third-party funds in process of allocation | 19 | 4'507 | 1'869 |
| **Total non-current liabilities** |  | **393'179** | **325'210** |
|  |  |  |  |
| **TOTAL LIABILITIES** |  | **539'272** | **474'599** |
|  |  |  |  |
| **NET ASSETS** |  |  |  |
|  |  |  |  |
| Organization's capital |  |  |  |
| Effect of transition to IPSAS |  | −125'100 | −125'100 |
| Balance of unallocated funds | 19 | 13'913 | 15'962 |
| Balance of allocated funds | 19 | −49'664 | 20'269 |
| Surplus/deficit for the period |  | −5'131 | −5'426 |
| **TOTAL NET ASSETS** |  | **−165'982** | **−94'295** |

II – Statement of financial performance for the period which closed on 31 December 2011 with comparative figures as at 31 December 2010

(in thousands of CHF)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2011 | 31.12.2010 |
| **REVENUE** |  |  |  |
| Assessed contributions | 20 | 128'145 | 128'724 |
| Voluntary contributions | 21 | 10'318 | 11'065 |
| Other operating revenue | 22 | 42'563 | 25'193 |
| In-kind contributions | 3 | 988 | 1'004 |
| Finance revenue | 23 | 8'942 | 12'199 |
| **Total revenue** |  | **190'956** | **178'185** |
| **EXPENSES** |  |  |  |
| Employee expenses | 24 | 142'542 | 143'330 |
| Mission expenses | 25 | 9'197 | 8'527 |
| Contractual services | 26 | 15'799 | 12'674 |
| Rental and maintenance of premises and equipment | 27 | 8'120 | 4'994 |
| Equipment and supplies | 28 | 5'578 | 4'563 |
| Depreciation and impairment losses | 11.12 | 4'557 | 3'990 |
| Shipping, telecommunication and service expenses | 29 | 2'463 | 2'747 |
| Other expenses | 30 | 5'233 | −2'037 |
| In-kind expenses | 3 | 988 | 1'004 |
| Finance expenses | 31 | 1'610 | 3'819 |
| **Total expenses** |  | 196'087 | 183'611 |
| **Surplus/deficit for the period** |  | −5'131 | −5'426 |

III – Statement of changes in net assets for the period which closed on 31 December 2011

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Allocated own funds | |  | | |
|  | Own funds allocated  to the organiza-tion | Own funds allocated to projects | Non-allocated own funds set aside for projects | Effect of transition to IPSAS | Total net assets |
| **Net assets at 31.12.2010** | 9'899 | 6'741 | 14'165 | −125'100 | −94'295 |
| **Change in own funds for the period relating to projects** |  |  |  |  |  |
| Change in allocated own funds | 116 | −216 | −252 | 0 | −352 |
| Change in unallocated own funds |  |  |  |  | 0 |
| **Other changes in own funds** |  |  |  |  | 0 |
| Actuarial losses | −66'204 |  |  |  | −66'204 |
| **Subtotal after items directly recognized in net assets/equity** | **−56'189** | **6'525** | **13'913** | **−125'100** | **−160'851** |
|  |  |  |  |  |  |
| Deficit for the period | −1'134 | −1'941 | −2'056 |  | −5'131 |
|  |  |  |  |  |  |
| **Net assets at end of period** | **−57'323** | **4'584** | **11'857** | **−125'100** | **−165'982** |

Situation at 31.12.2010

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | Allocated own funds | |  | | |
|  | Notes | Organiza-tion's capital | Own funds allocated  to the organiza-tion | Own funds allocated to projects | Non-allocated own funds set aside for projects | Effect of transition to IPSAS | Total net assets |
| **Opening balance at 1.1.2010** |  | 0 | 53'353 | 6'277 | 16'362 | −125'100 | **−49'108** |
| **Change in own funds for the period relating to projects** |  |  |  |  |  |  |  |
| Change in allocated own funds |  |  | −119 | 464 |  |  |  |
| Change in unallocated own funds |  |  |  |  | −400 |  |  |
| **Other changes in own funds** |  |  |  |  |  |  |  |
| Actuarial losses |  |  | −39'706 |  |  |  |  |
| **Subtotal after items directly recognized in net assets/equity** |  |  |  |  |  |  |  |
|  |  | **0** | **13'528** | **6'741** | **15'962** | **−125'100** | **−88'869** |
| Deficit for the period |  |  |  |  |  |  |  |
|  |  |  | −3'629 |  | −1'797 |  | **−5'426** |
| **Net assets at end of period** |  |  |  |  |  |  |  |
|  |  | **0** | **9'899** | **6'741** | **14'165** | **−125'100** | **−94'295** |

IV – Comparison of budgeted amounts and actual amounts for the 2011 financial period

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2011 | 2011 | 2011 | 2011 | 2011 |
| *Assessed contributions* | 129'924 | - | 129'924 | 128'144 | −1'780 |
| *Cost recovery* | 28'054 | - | 28'054 | 31'267 | 3'213 |
| *Other revenue* | 3'500 | - | 3'500 | 1'144 | −2'356 |
| *Withdrawal from Reserve Account* | 1'890 | - | 1'890 | −109 | −1'999 |
| **Total revenue** | **163'368** | **-** | **163'368** | **160'446** | **−2'922** |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2011 | 2011 | 2011 | 2011 | 2011 |
| *General Secretariat* | *88'089* | *121* | *88'210* | *88'761* | *−551* |
| *Radiocommunication Sector* | *32'909* | *−121* | *32'788* | *29'847* | *2'941* |
| *Telecommunication Standardization Sector* | *13'298* |  | *13'298* | *13'031* | *267* |
| *Telecommunication Development Sector* | *29'072* |  | *29'072* | *27'735* | *1'337* |
| *Expenses not foreseen in approved budget* |  |  |  | *214* | *−214* |
| Total expenses | **163'368** | **-** | **163'368** | **159'588** | **3'780** |
| **Result** | **0** |  | **0** | **858** | **858** |
| *ASHI* |  |  |  | *−7'777* |  |
| *Recognition of inventories* |  |  |  | *134* |  |
| *Capitalization of fixed assets* |  |  |  | *2'810* |  |
| *Depreciation* |  |  |  | *−4'477* |  |
| *Exchange-rate gains and losses* |  |  |  | *6'700* |  |
| *Provision for doubtful debts* |  |  |  | *267* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *1'493* |  |
| *Sale of assets* |  |  |  | *18* |  |
| *In-kind revenue* |  |  |  | *989* |  |
| *In-kind expense* |  |  |  | *−989* |  |
| *Others* |  |  |  | *−26* |  |
| *Correction of excess allocations to the provision for repatriation not considered as expenses* |  |  |  |  |  |
| Total IPSAS differences |  |  |  | **−858** |  |
| *Loss on Fund 1000/1010 covered by withdrawal from Reserve Account* |  |  |  | *−1'199* |  |
| Total losses covered by reserves |  |  |  | **−1'199** |  |
| *Perimeter differences* |  |  |  | *−3'932* |  |
| Deficit as shown in the statement of financial performance |  |  |  | **−5'131** |  |

For further information, see Note 33.**Comparison 2010/2011**

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2010-2011 | 2010-2011 | 2010-2011 | 2010-2011 | 2010-2011 |
| *Assessed contributions* | 259'848 | - | 259'848 | 256'868 | −2'980 |
| *Cost recovery* | 55'683 | - | 55'683 | 54'297 | −1'386 |
| *Other revenue* | 7'000 | - | 7'000 | 2'661 | −4'339 |
| *Withdrawal from Reserve Account* | 10'108 | - | 10'108 | 3'621 | −6'487 |
| **Total revenue** | **332'639** | **-** | **332'639** | **317'447** | **−15'192** |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2010-2011 | 2010-2011 | 2010-2011 | 2010-2011 | 2010-2011 |
| *General Secretariat* | *181'344* | *231* | *181'575* | *178'451* | *3'124* |
| *Radiocommunication Sector* | *66'003* | *−231* | *65'772* | *60'666* | *5'106* |
| *Telecommunication Standardization Sector* | *26'170* |  | *26'170* | *25'915* | *255* |
| *Telecommunication Development Sector* | *59'122* |  | *59'122* | *56'056* | *3'066* |
| *Expenses not foreseen in approved budget* |  |  |  | *1'095* | *−1'095* |
| Total expenses | **332'639** | **-** | **332'639** | **322'183** | **10'456** |
| **Result** | **0** |  | **0** | **−4'736** | **−4'736** |
| *ASHI* |  |  |  | *−16'856* |  |
| *Recognition of inventories* |  |  |  | *56* |  |
| *Capitalization of fixed assets* |  |  |  | *5'152* |  |
| *Depreciation* |  |  |  | *−8'468* |  |
| *Exchange-rate gains and losses* |  |  |  | *14'699* |  |
| *Provision for doubtful debts* |  |  |  | *4'911* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *2'987* |  |
| *Sale of assets* |  |  |  | *18* |  |
| *In-kind revenue* |  |  |  | *1'993* |  |
| *In-kind expense* |  |  |  | *−1'993* |  |
| *Others* |  |  |  | *45* |  |
| *Correction of excess allocations to the provision for repatriation not considered as expenses* |  |  |  | *2'192* |  |
| Total IPSAS differences |  |  |  | **4'736** |  |
| *Loss on Fund 1000/1010 covered by withdrawal from Reserve Account* |  |  |  | *−3'621* |  |
| *Use of Fund 1010 reserves* |  |  |  | *−1'308* |  |
| Total losses covered by reserves |  |  |  | **−4'929** |  |
| *Perimeter differences* |  |  |  | *−5'628* |  |
| Deficit as shown in the statement of financial performance |  |  |  | **−10'557** |  |

V – Table of cash flows for the period closed on 31 December 2011

(in thousands of CHF)

|  |  |  |
| --- | --- | --- |
|  | **31.12.2011** | **31.12.2010** |
| Surplus (deficit) for the period | −5'131 | −5'426 |
| **Non-monetary movements** |  |  |
| Depreciation | 4'557 | 3'990 |
| ASHI provision | 7'777 | 9'079 |
| Provisions for repatriation (LT) | 2'085 | 442 |
| Provisions for employee benefits (ST) | 708 | 729 |
| Provisions for accrued leave (LT) | 410 | 376 |
| Other provisions | 957 | 792 |
| Unrealized exchange-rate gains | −7'169 | −9'277 |
| Interest received | −1'235 | −678 |
|  |  |  |
| **Restated surplus (deficit) from non-monetary movements** | **2'959** | **27** |
|  |  |  |
| (Increase) decrease in inventories | 3 | −61 |
| (Increase) decrease in short-term receivables | 2'520 | 3'841 |
| (Increase) decrease in other short-term receivables | 3'024 | −6'124 |
| (Increase) decrease in long-term receivables | − | 296 |
| Increase (decrease) in suppliers | 4'272 | −7'786 |
| Increase (decrease) in deferred revenue | −2'700 | −609 |
| Increase (decrease) in other debts | −4'514 | 3'976 |
| Use of provisions for employee benefits (ST) | −954 | −863 |
| Use of provision for repatriation (LT) | −540 | −945 |
| Use of provision for accrued leave (LT) | −289 | −13 |
| Increase (decrease) − Other provisions | −1'063 | −281 |
| Increase (decrease) in third-party funds | 981 | 405 |
| Changes in own funds | −352 | −55 |
| **Cash flow from operating activities** | **3'348** | **−8'192** |
| **Net cash flows from investment activities** |  |  |
| (Increase) / decrease − Investments | 18'744 | 5'898 |
| Interest from short-term investments | 1'235 | 678 |
| (Acquisition) / sale of property, plant and equipment | −8'198 | −2'006 |
| (Acquisition) / sale of intangible assets | −883 | −337 |
| **Net cash flows from investment activities** | **10'898** | **4'233** |
| **Cash flows from finance activities** |  |  |
| Repayment of FIPOI loan | −1'493 | −1'493 |
| **Cash flows from finance activities** | **−1'493** | **−1'493** |
|  |  |  |
| **Net increase / (decrease) in cash and cash equivalents** | **12'753** | **−5'452** |
| **Cash and cash equivalents at opening of period** | **49'249** | **54'701** |
| **Cash and cash equivalents at closure of period** | **62'002** | **49'249** |

ANNEX C

Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union   
for the 2012 financial period

The financial statements are published in the financial operating report of the Union for the 2012 financial period and approved by the Council.

The 2012 financial statements are the third financial statements to be presented under International Public Sector Accounting Standards (IPSAS).

(Council Resolution 1361 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2012 to 31 December 2012).

I – Statement of financial position – Balance sheet at 31 December 2012 with comparative figures as at 31 December 2011

**(in thousands of CHF)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2012 | 31.12.2011 |
| ASSETS |  |  |  |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 6 | 79’785 | 62'002 |
| Investments | 7 | 72’043 | 104'715 |
| Receivables − exchange transactions | 8 | 4’214 | 5'971 |
| Receivables − non-exchange transactions (Contributions) | 8 | 78’281 | 70'344 |
| Inventories | 9 | 733 | 1'129 |
| Other receivables | 10 | 7’954 | 7'384 |
| **Total current assets** |  | **243’010** | **251'545** |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 11 | 116’133 | 120'700 |
| Intangible assets | 12 | 1’153 | 1'045 |
| **Total non-current assets** |  | **117’286** | **121'745** |
|  |  |  |  |
| **TOTAL ASSETS** |  | **360’296** | **373'290** |
|  |  |  |  |
| LIABILITIES |  |  |  |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 13 | 7’082 | 11'397 |
| Deferred revenue | 14 | 132’240 | 128'774 |
| Borrowings and financial debts | 15 | 1’493 | 1'493 |
| Employee benefits | 16 | 1’152 | 707 |
| Provisions | 17 | 1’190 | 1'166 |
| Other debts | 18 | 1’796 | 2'556 |
| **Total current liabilities** |  | **144’953** | **146'093** |
| **Non-current liabilities** |  |  |  |
| Borrowings | 15 | 48’273 | 49'766 |
| Employee benefits | 16 | 356’227 | 299'779 |
| Allocated third-party funds | 19 | 35’830 | 39'127 |
| Third-party funds in process of allocation | 19 | 2’753 | 4'507 |
| **Total non-current liabilities** |  | **443’083** | **393'179** |
|  |  |  |  |
| **TOTAL LIABILITIES** |  | **588’036** | **539'272** |
|  |  |  |  |
| **NET ASSETS** |  |  |  |
|  |  |  |  |
| Organization's capital |  |  |  |
| Effect of transition to IPSAS |  | -125’100 | −125'100 |
| Balance of unallocated funds | 19 | 11’934 | 13'913 |
| Balance of allocated funds | 4 and 19 | -96’560 | −49'664 |
| Surplus/deficit for the period |  | -18’014 | −5'131 |
| **TOTAL NET ASSETS** |  | **-227’740** | **−165'982** |

II – Statement of financial performance for the period which closed on  
31 December 2012 with comparative figures as at 31 December 2011

(in thousands of CHF)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2012 | 31.12.2011 |
| **REVENUE** |  |  |  |
| Assessed contributions | 20 | 126’566 | 128'145 |
| Voluntary contributions | 21 | 10’044 | 10'318 |
| Other operating revenue | 22 | 39’530 | 42'563 |
| In-kind contributions | 3 | 972 | 988 |
| Finance revenue | 23 | 1’148 | 8'942 |
| **Total revenue** |  | **178’260** | **190'956** |
| **EXPENSES** |  |  |  |
| Employee expenses | 24 | 148’414 | 142'542 |
| Mission expenses | 25 | 9’280 | 9'197 |
| Contractual services | 26 | 16’226 | 15'799 |
| Rental and maintenance of premises and equipment | 27 | 6’622 | 8'120 |
| Equipment and supplies | 28 | 3’961 | 5'578 |
| Depreciation and impairment losses | 11 and12 | 5’800 | 4'557 |
| Shipping, telecommunication and service expenses | 29 | 2’470 | 2'463 |
| Other expenses | 30 | 947 | 5’233 |
| In-kind expenses | 3 | 972 | 988 |
| Finance expenses | 31 | 1’583 | 1'610 |
| **Total expenses** |  | **196’274** | **196'087** |
| **Surplus (deficit) for the period** |  | **-18’014** | **−5'131** |

III – Statement of changes in net assets for the period which closed on  
31 December 2012

(in thousands of CHF)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Allocated own funds | | |  |  | | |
|  | Own funds allocated  to the organiza-tion | Own funds allocated to projects | Total own funds | Non-allocated own funds set aside for projects | Effect of transition to IPSAS | IPSAS statistical result | Total net assets |
| **Net assets at 31.12.2011** | -57’323 | 4’584 | **-52’739** | 11’857 | −125'100 | - | **−165’982** |
| **Transfer** |  | 150 | 150 | -150 |  |  |  |
| **Net assets at 01.01.2012** | -57’323 | 4’734 | **-52’589** | 11’707 |  |  |  |
| **Change in own funds for the period relating to projects** |  |  |  |  |  |  |  |
| Change in allocated own funds | 1’092 | 788 | 1’880 | - | - | - | 1’880 |
| Change in unallocated own funds | - | - | **-** | 227 | - | - | 227 |
| **Other changes in own funds** |  |  |  |  |  |  |  |
| Actuarial losses | -45’851 | - | -45’851 | - | - | - | -45’851 |
| **Subtotal after items directly recognized in net assets/equity, before surplus or deficit of the period** | **-102’082** | **5’522** | **-96’560** | **11’934** | **-125’100** | **-** | **-209’726** |
|  |  |  |  |  |  |  |  |
| 2012 Deficit on a budgetary basis (fund 1000)  2012 Surplus on a budgetary basis (fund 1010)  **2012 Deficit on a budgetary basis (Regular budget)**  2012 Deficit fund 2000  **2012 Deficit captured in Reserves** | -5’663  1’902  **-3’761**  -4  **-3’765** | -  -  -  -  - | -5’663  1’902  **-3’761**  -4  **-3’765** | -  - | -  - | -  -  -  -  - | -5’663  1’902  **-3’761**  -4  **-3’765** |
| 2012 IPSAS result (statistical) |  |  |  |  |  | -12’720 | -12’720 |
| 3012 Extra-budgetary deficit |  | -1’449 | **-1’449** | -80 | - | - | -1’529 |
| **Total Deficit for the period** |  |  |  |  |  |  | **-18’014** |
| **Net assets at end of period** | **-105’847** | **4’073** | **-101’774** | **11’854** | **-125’100** | **-12’720** | **-227’740** |

IV – Comparison of budgeted amounts and actual amounts for the 2012 financial period

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2012 | 2012 | 2012 | 2012 | 2012 |
| *Assessed contributions* | 128’260 |  | 128’260 | 126’566 | -1’694 |
| *Cost recovery* | 28’550 |  | 28’550 | 32’812 | 4’262 |
| *Other revenue* | 1’800 |  | 1’800 | 370 | -1’429 |
| *Withdrawal from Reserve Account* | 7’974 |  | 7’974 | 5’663 | -2’313 |
| **Total revenue** | **166’584** |  | **166’584** | **165’411** | **-1’174** |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2012 | 2012 | 2012 | 2012 | 2012 |
| *General Secretariat* | *92’472* |  | *92’472* | *92’327* | *146* |
| *Radiocommunication Sector* | *32’593* |  | *32’593* | *30’733* | *1’860* |
| *Telecommunication Standardization Sector* | *13’599* |  | *13’599* | *14’166* | *-567* |
| *Telecommunication Development Sector* | *27’920* |  | *27’920* | *28’185* | *-265* |
| *Expenses not foreseen in approved budget* |  |  |  |  |  |
| Total expenses | **166’584** |  | **166’584** | **165’411** | **1’174** |
| **Result** |  |  |  |  |  |
| *ASHI* |  |  |  | *-9’777* |  |
| *Recognition of inventories* |  |  |  | *1’117* |  |
| *Capitalization of fixed assets* |  |  |  | *-126* |  |
| *Depreciation* |  |  |  | *-4’825* |  |
| *Exchange-rate gains and losses* |  |  |  | *-684* |  |
| *Provision for doubtful debts release*  *Inventory impairment* |  |  |  | *321*  *-241* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *1’493* |  |
| *Sale of assets* |  |  |  | *1* |  |
| *In-kind revenue* |  |  |  | *989* |  |
| *In-kind expense* |  |  |  | *-989* |  |
| Total IPSAS differences |  |  |  | **-12’720** |  |
| *Loss on Fund 1000 covered by withdrawal from Reserve Account*  *Increase in fund 1010 Reserve* |  |  |  | *-5’663*  *1’902* |  |
| Total losses covered by reserves |  |  |  | **-16’481** |  |
| *Perimeter differences* |  |  |  | *-1’533* |  |
| Deficit as shown in the statement of financial performance |  |  |  | **-18’014** |  |

For further information, see Note 33.

V – Table of cash flows for the period closed on 31 December 2012

(in thousands of CHF)

|  |  |  |
| --- | --- | --- |
|  | **31.12.2012** | **31.12.2011** |
| Surplus (deficit) for the period | -18’014 | −5'131 |
| **Non-monetary movements** |  |  |
| Depreciation | 4’825 | 4'557 |
| ASHI provision | 9’777 | 7'777 |
| Provisions for repatriation (LT) | 942 | 2'085 |
| Provisions for employee benefits (ST) | 387 | 708 |
| Provisions for accrued leave (LT) | 961 | 410 |
| Other provisions | 384 | 957 |
| Provision for doubtful receivable release | -321 |  |
| Inventory depreciation | 241 | - |
| Unrealized exchange-rate losses (gains) | 732 | −7'169 |
| Interest received | -564 | −1'235 |
|  |  |  |
| **Restated surplus (deficit) from non-monetary movements** | **-650** | **2'959** |
|  |  |  |
| (Increase) decrease in inventories | 396 | 3 |
| (Increase) decrease in short-term receivables | -6’180 | 2'520 |
| (Increase) decrease in other short-term receivables | -570 | 3'024 |
| (Increase) decrease in long-term receivables | - | − |
| Increase (decrease) in suppliers | -4’315 | 4'272 |
| Increase (decrease) in deferred revenue | 3’466 | −2'700 |
| Increase (decrease) in other debts | -760 | −4'514 |
| Use of provisions for employee benefits (ST) | -707 | −954 |
| Use of provision for repatriation (LT) | -963 | −540 |
| Use of provision for accrued leave (LT) | -249 | −289 |
| Increase (decrease) − Other provisions | -360 | −1'063 |
| Increase (decrease) in third-party funds | -4’213 | 981 |
| Changes in own funds | 2’107 | −352 |
| **Cash flow from operating activities** | **-12’347** | **3'348** |
| **Net cash flows from investment activities** |  |  |
| (Increase) / decrease − Investments | 32’672 | 18'744 |
| Interest from short-term investments | 564 | 1'235 |
| (Acquisition) / sale of property, plant and equipment | -763 | −8'198 |
| (Acquisition) / sale of intangible assets | -200 | −883 |
| **Net cash flows from investment activities** | **32’273** | **10'898** |
| **Cash flows from finance activities** |  |  |
| Repayment of FIPOI loan | -1’493 | −1'493 |
| **Cash flows from finance activities** | **-1’493** | **−1'493** |
|  |  |  |
| **Net increase / (decrease) in cash and cash equivalents** | **17’783** | **12'753** |
| **Cash and cash equivalents at opening of period** | **62’002** | **49'249** |
| **Cash and cash equivalents at closure of period** | **79’785** | **62'002** |

ANNEX D

Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union   
for the 2013 financial period

The financial statements are published in the financial operating report of the Union for the 2013 financial period to be approved by the Council 2014 at its final meeting.

The 2013 financial statements are the fourth financial statements to be presented under International Public Sector Accounting Standards (IPSAS).

(Resolution xxxx relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2013 to 31 December 2013.)

I – Statement of financial position – Balance sheet at 31 December 2013 with comparative figures as at 31 December 2012

**(in thousands of CHF)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2013 | 31.12.2012 |
| ASSETS |  |  |  |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 6 | 59’616 | 79’785 |
| Investments | 8 | 88’244 | 72’043 |
| Receivables − exchange transactions | 9 | 6’385 | 4’214 |
| Receivables − non-exchange transactions (Contributions) | 9 | 77’046 | 78’281 |
| Inventories | 10 | 815 | 733 |
| Other receivables | 11 | 8’974 | 7’954 |
| **Total current assets** |  | **241’080** | **243’010** |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 12 | 112’098 | 116’133 |
| Intangible assets | 13 | 2’862 | 1’153 |
| **Total non-current assets** |  | **114’960** | **117’286** |
| **TOTAL ASSETS** |  | **356’040** | **360’296** |
| LIABILITIES |  |  |  |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 14 | 9’686 | 7’082 |
| Deferred revenue | 15 | 127’951 | 132’240 |
| Borrowings and financial debts | 16 | 1’493 | 1’493 |
| Employee benefits | 17 | 481 | 1’152 |
| Provisions | 18 | 897 | 1’190 |
| Other debts | 19 | 1’614 | 1’796 |
| **Total current liabilities** |  | **142’122** | **144’953** |
| **Non-current liabilities** |  |  |  |
| Borrowings | 16 | 46’779 | 48’273 |
| Employee benefits | 17 | 335’096 | 356’227 |
| Allocated third-party funds | 20 | 26’114 | 35’830 |
| Third-party funds in process of allocation | 20 | 2’097 | 2’753 |
| **Total non-current liabilities** |  | **410’086** | **443’083** |
| **TOTAL LIABILITIES** |  | **552’208** | **588’036** |
| **NET ASSETS** |  |  |  |
| Effect of transition to IPSAS |  | -125’100 | -125’100 |
| Reserve Account before reallocation of the surplus/Deficit of the period | 4 | 28’221 | 33’884 |
| Other allocated reserves | 4 | 24’408 | 22’560 |
| Extra-budgetary funds | 4 | 11’469 | 10’691 |
| ASHI actuarial losses | 17 | -125’263 | -151’761 |
| Cumulated non budgetary result |  | -12’720 |  |
| Surplus/Deficit for the period |  | 2’817 | -18’014 |
| **TOTAL NET ASSETS** |  | **-196’168** | **-227’740** |

II – Statement of financial performance for the period which closed on  
31 December 2013 with comparative figures as at 31 December 2012

(in thousands of CHF)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31.12.2013 | 31.12.2012 |
| **REVENUE** | 22 |  |  |
| Assessed contributions |  | 126’949 | 126’566 |
| Voluntary contributions |  | 17’295 | 10’044 |
| Other operating revenue |  | 44’623 | 39’530 |
| In-kind contributions |  | 955 | 972 |
| Finance revenue |  | 7’178 | 1’148 |
| **Total revenue** |  | **197’000** | **178’260** |
| **EXPENSES** | 23 |  |  |
| Employee expenses |  | 146’299 | 148’414 |
| Mission expenses |  | 8’028 | 9’280 |
| Contractual services |  | 20’834 | 16’226 |
| Rental and maintenance of premises and equipment |  | 6’422 | 6’622 |
| Equipment and supplies |  | 3’805 | 3’961 |
| Depreciation and impairment losses |  | 6’138 | 5’800 |
| Shipping, telecommunication and service expenses |  | 2’191 | 2’470 |
| Other expenses |  | -1’015 | 947 |
| In-kind expenses |  | 955 | 972 |
| Finance expenses |  | 526 | 1’583 |
| **Total expenses** |  | **194’183** | **196’274** |
| **Surplus (deficit) for the period** |  | **2’817** | **-18’014** |

III – Statement of changes in net assets for the period which closed  
on 31 December 2013

(in thousands of CHF)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31.12.2013 | Surplus deficit 2013 | Other adjustments | 01.01.2013 |
| **IPSAS transition** | -125’100 | - | **-** | **-125’100** |
| **Reserve Account** | **30’325** | **2’104** | **-** | **28’221** |
| **Other allocated reserves** | **26’908** | **2’500** | **1’399** | **23’009** |
| Investment fund | 6’314 | -3006 | 431 | 8’889 |
| Welfare fund | 521 | - | -8 | 529 |
| Centenary fund | 318 | **-** | -2 | 320 |
| SS&B Complement fund | 6’266 | 14 | - | 6’252 |
| SS&B Provident fund | 1’513 | 1 | - | 1’512 |
| SS&B Assistence fund | 182 | -9 | - | 191 |
| Ashi fund | 2’000 | 2’000 | - | - |
| Health Insurance fund  Extra budgetary allocated reserves | 2’000  6’691 | 2’000  1’500 | -  1’118 | -  4’073 |
| **Currency exchange translation** | 1’103 | - | -140 | 1’243 |
| **Extra-budgetary activities related funds** | **11’779** | **310** | **858** | **10’611** |
| **ASHI actuarial losses** | -125’263 | - | 26’498 | -151’761 |
| **IPSAS cumulated deficit (statistical)** | -14’817 | -2’097 | - | -12’720 |
| **Total net assets** | **-196’168** | **2’817** | **28’755** | **-227’740** |

IV – Table of cash flows for the period closed on 31 December 2013

**(in thousands of CHF)**

|  |  |  |
| --- | --- | --- |
|  | **31.12.2013** | **31.12.2012** |
| Surplus (deficit) for the period | 2’817 | -18’014 |
| **Non-monetary movements** |  |  |
| Depreciation | 6’136 | 4’825 |
| ASHI provision | 11’967 | 9’777 |
| Provisions for repatriation (LT) | 742 | 942 |
| Provisions for employee benefits (ST) | 463 | 387 |
| Provisions for accrued leave (LT) | 200 | 961 |
| Other provisions | 351 | 384 |
| Provision for doubtful receivable release | -5'635 | -321 |
| Net loss on sales of fixed assets | 2 | - |
| Inventory depreciation | -36 | 241 |
| Unrealized exchange-rate losses (gains) | -6’548 | 732 |
| Interest received | -423 | -564 |
|  |  |  |
| **Restated surplus (deficit) from non-monetary movements** | **10’036** | **-650** |
|  |  |  |
| (Increase) decrease in inventories | -46 | 396 |
| (Increase) decrease in short-term receivables | 4’699 | -6’180 |
| (Increase) decrease in other short-term receivables | -1’020 | -570 |
| Increase (decrease) in suppliers | 2’604 | -4’315 |
| Increase (decrease) in deferred revenue | -4’289 | 3’466 |
| Increase (decrease) in other debts | -182 | -760 |
| Use of provisions for employee benefits (ST) | -1’134 | -707 |
| Use of provision for repatriation (LT) | -685 | -963 |
| Use of provision for accrued leave (LT) | -309 | -249 |
| Increase (decrease) − Other provisions | -644 | -360 |
| Increase (decrease) in third-party funds | -10’372 | -4’213 |
| Changes in own funds | 2’257 | 2’107 |
| **Cash flow from operating activities** | **-9’121** | **-12’347** |
| **Net cash flows from investment activities** |  |  |
| (Increase) / decrease − Investments | -16’201 | 32’672 |
| Interest from short-term investments | 423 | 564 |
| (Acquisition) / sale of property, plant and equipment | -3’578 | -763 |
| (Acquisition) / sale of intangible assets | -235 | -200 |
| **Net cash flows from investment activities** | **-19’591** | **32’273** |
| **Cash flows from finance activities** |  |  |
| Repayment of FIPOI loan | -1’493 | -1’493 |
| **Cash flows from finance activities** | **-1’493** | **-1’493** |
|  |  |  |
| **Net increase / (decrease) in cash and cash equivalents** | **-20’169** | **17’783** |
| **Cash and cash equivalents at opening of period** | **79’785** | **62’002** |
| **Cash and cash equivalents at closure of period** | **59’616** | **79’785** |

V – Comparison of budgeted amounts and actual amounts for the 2013 financial period

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2013 | 2013 | 2013 | 2013 | 2013 |
| *Assessed contributions* | 128’260 | - | 128’260 | 126’949 | -1’311 |
| *Cost recovery* | 28’550 | - | 28’550 | 36’129 | 7’579 |
| *Other revenue* | 1’800 | - | 1’800 | 338 | -1’462 |
| *Withdrawal from Reserve Account* | -1’360 | - | -1’360 | - | 1’360 |
| **Total revenue** | **157’250** | **-** | **157’250** | **163’416** | **6’166** |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2013 | 2013 | 2013 | 2013 | 2013 |
| *General Secretariat* | *86’750* | *-53* | *86’697* | *85’995* | *-702* |
| *Radiocommunication Sector* | *29’207* | *53* | *29’260* | *28’402* | *-858* |
| *Telecommunication Standardization Sector* | *12’601* | *-* | *12’601* | *12’803* | *202* |
| *Telecommunication Development Sector* | *28’692* | *-* | *28’692* | *28’612* | *-80* |
| *Expenses not foreseen in approved budget* | *-* | *-* | *-* | *-* | *-* |
| Total expenses | **157’250** | **-** | **157’250** | **155’812** | **-1’438** |
| **Result** |  |  |  | **7’604** |  |
| *ASHI* |  |  |  | *-11’967* |  |
| *Recognition of inventories* |  |  |  | *153* |  |
| *Capitalization of fixed assets* |  |  |  | *3’812* |  |
| *Depreciation* |  |  |  | *-5’035* |  |
| *Exchange-rate gains/losses* |  |  |  | *6’398* |  |
| *Provision for doubtful debts release*  *Inventory impairment* |  |  |  | *3’006*  *36* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *1’493* |  |
| *Sale of assets* |  |  |  | *2* |  |
| *In-kind revenue* |  |  |  | *955* |  |
| *In-kind expense* |  |  |  | *-955* |  |
| *Other expenses* |  |  |  | *-9* |  |
| Total IPSAS differences |  |  |  | **-2’111** |  |
| *Surplus/Deficit on Fund 1000 covered by withdrawal from Reserve Account*  *Increase in fund 1010 Reserve* |  |  |  | *7’604* |  |
| *-3’006* |
| Total losses covered by reserves |  |  |  | **2’487** |  |
| *Perimeter differences* |  |  |  | *330* |  |
| Surplus/Deficit as shown in the statement of financial performance |  |  |  | **2’817** |  |

For further information, see Note 25.Comparison of budgeted amounts and actual amounts for the 2012-2013 biennium

(in thousands of CHF)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Revenue | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 |
| *Assessed contributions* | 256’520 | - | 256’520 | 253’515 | -3’005 |
| *Cost recovery* | 57’100 | - | 57’100 | 68’941 | 11’841 |
| *Other revenue* | 3’600 | - | 3’600 | 708 | -2’892 |
| *Withdrawal from Reserve Account* | 6’614 | - | 6’614 | 5’663 | -951 |
| **Total revenue** | **323’834** |  | **323’834** | **328’827** | **4’993** |
| Expenses | Budgeted amounts | | | Actual  amounts on a comparable basis | Difference between final budget and actual amounts |
| Initial budget | Budget transfers | Final budget |
| 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 | 2012-2013 |
| *General Secretariat* | *179’222* | *-53* | *179’169* | *178’322* | *847* |
| *Radiocommunication Sector* | *61’800* | *53* | *61’853* | *59’135* | *2’718* |
| *Telecommunication Standardization Sector* | *26’200* | *-* | *26’200* | *26’969* | *-769* |
| *Telecommunication Development Sector* | *56’612* | *-* | *56’612* | *56’797* | *-185* |
| *Expenses not foreseen in approved budget* | *-* | *-* | *-* | *-* | *-* |
| Total expenses | **323’834** | **-** | **323’834** | **321’223** | **2’611** |
| **Result** |  |  |  | **7’604** |  |
| *ASHI* |  |  |  | *-21’744* |  |
| *Recognition of inventories* |  |  |  | *1’270* |  |
| *Capitalization of fixed assets* |  |  |  | *3’686* |  |
| *Depreciation* |  |  |  | *-9’860* |  |
| *Exchange-rate gains and losses* |  |  |  | *5’714* |  |
| *Provision for doubtful debts* |  |  |  | *3’327* |  |
| *Inventory impairment* |  |  |  | *-205* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  | *2’986* |  |
| *Sale of assets* |  |  |  | *3* |  |
| *In-kind revenue* |  |  |  | *1’944* |  |
| *In-kind expense* |  |  |  | *-1’944* |  |
| *Others* |  |  |  | *-9* |  |
|  |  |  |  |  |  |
| Total IPSAS differences |  |  |  | **-14’832** |  |
| *Loss on Fund 1000/1010 covered by withdrawal from Reserve Account* |  |  |  | *1’941* |  |
| *Use of Fund 1010 reserves* |  |  |  | *-1’104* |  |
| Total losses covered by reserves |  |  |  | **-13’995** |  |
| *Perimeter differences* |  |  |  | *-1’202* |  |
| Deficit as shown in the statement of financial performance |  |  |  | **-15’197** |  |

ANNEX E

Financial management of the Union

Table of contents

1 Implementation of the decisions and resolutions of the Plenipotentiary Conference (Guadalajara, 2010) concerning the finances of the Union (CS/Article 28, Decision 5, Resolutions 38, 45, 91 and 94)

2 IPSAS implementation

3 Budget of the Union

4 Assets, liabilities and net assets at 31 December 2013

5 Reserve Account and net assets

6 Exhibition Working Capital Fund and Telecom events

7 Cash and cash equivalent

8 Receivable

9 Fixed assets

10 Employee benefits

11 Special accounts

12 Voluntary contributions

13 Funds in trust

14 Information and Communication Technology Development Fund (ICTDF)

15 Other financial management questions

FINANCIAL MANAGEMENT OF THE UNION

The finances of the Union are governed by the relevant provisions of the Constitution and the Convention of the International Telecommunication Union (Geneva, 1992), as amended in Kyoto in 1994, Minneapolis in 1998, Marrakesh in 2002, Antalya in 2006 and Guadalajara 2010, the Financial Regulations and Financial Rules adopted by the Council and the decisions and resolutions adopted by the Council in accordance with such provisions.

# 1 Implementation of the decisions and resolutions of the Plenipotentiary Conference (Guadalajara, 2010) concerning the finances of the Union (CS/Article 28, Decision 5, Resolutions 38, 45, 91 and 94)

CS/Article 28: Finances of the Union: Procedure for choosing classes of contribution

1.1 Pursuant to Article 28 of the Constitution, Member States, upon invitation by the Secretary-General, shall announce their definitive choice of class of contribution by the date set by the plenipotentiary conference, which shall be a date within the penultimate week of the conference. Member States which have failed to notify the Secretary-General of their decision by the date set by the plenipotentiary conference shall retain the class of contribution previously chosen. The Secretary-General shall inform the Sector Members of the definitive upper limit of the amount of the contributory unit and invite them to notify, within three months from the closing date of the plenipotentiary conference, the class of contribution they have chosen. Sector Members which have failed to notify the Secretary-General of their decision within this three-month period shall retain the class of contribution previously chosen. Details of the evolution of the number of contributory units is given in § 3.8, Regular *budget – Revenue*.

Article 28, No. 165B:

1.2 Pursuant to this provision, in 2010, Timor Leste became Member State with a class of contribution from 1/16 unit.

1.3 In 2011, Romania increased its class of contribution from 1/2 to 1 unit, Marshall Islands reduced theirs from 1/4 to 1/16 and Somalia from 1/8 to 1/16. South Soudan became Member State with effect from 1 October 2011.

1.4 In 2012, China increased its class of contribution from 10 to 12 units, Russia from 10 to 15 units, Saudi Arabia from 10 to 13 units, Rwanda increased from 1/16 to 1/4, Serbia from 1/16 to 1/4, Tanzania from 1/8 to 1/4 and Zambia from 1/16 to 1/8 of unit. Cape Verde reduced its class of contribution from 1/8 to 1/16, Finland from 4 to 3 units, France from 30 to 25 units, Germany from 30 to 25 units, Spain from 10 to 8 units, Pakistan from 2 to 1 unit, Lithuania from 1/2 to 1/4 unit, Yemen from 1/4 to 1/8, Kiribati from 1/8 to 1/16 unit and Micronesia from 1/4 to 1/16 unit.

1.5 In 2013, Azerbaijan increased its class of contribution from 1/4 to 1 unit.

Decision 5 (Rev. Antalya, 2006 and Guadalajara, 2010): Income and expenditures of the Union for the period 2010-2013

1.6 Pursuant to this decision, the Plenipotentiary Conference (Antalya, 2006 and Guadalajara, 2010) set the upper limit of the amount of the contributory unit of Member States for the years2010-2013. Details of the limits and the arrangements for implementation of Decision 5 (Rev. Antalya, 2006 and Guadalajara, 2010) are given in § 3.2: *Regular budget – Expenses.*

Resolution 38 (Kyoto, 1994): Contributory shares in Union expenses

1.7 Resolution 38 (Kyoto, 1994) instructs the Council to review, on request, the situation of countries not included in the United Nations list of the least developed countries in order to decide which of them may be considered as being entitled to contribute to defraying Union expenses in the 1/8 or 1/16 unit class.

Resolution 45 (Rev. Minneapolis, 1998): Assistance given by the Government of the Swiss Confederation in connection with the finances of the Union

1.8 By this resolution, the Plenipotentiary Conference expressed its appreciation to the Government of the Swiss Confederation for its generous assistance in financial matters and also expressed the hope that these arrangements might be renewed. The resolution was brought to the notice of the Government of the Swiss Confederation.

Resolution 91 (Rev. Guadalajara, 2010): Cost recovery for some ITU products and services

1.9 The implementation of this resolution is examined by the Secretary‑General from an administrative and accounting standpoint in Document PP-14/20.

Resolution 94 (Rev. Guadalajara, 2010): Auditing of the accounts of the Union

1.10 This resolution was brought to the notice of the Government of the Swiss Confederation, which informed the Secretary-General of ITU that the existing arrangements for the auditing of the Union's accounts would be renewed in the short term. By this resolution, the Plenipotentiary Conference (Antalya, 2006) expressed its warmest thanks to the Government of the Swiss Confederation for the services rendered for the auditing of the Union's accounts.

1.11 The Plenipotentiary Conference instructed the Secretary-General to initiate, when considered appropriate by the Council, tendering arrangements for the selection of the external auditor consistent with the best practice.

# 2 IPSAS implementation

2.1 Pursuant to the United Nations General Assembly approbation of the adoption of the International Public Sector Accounting Standards (IPSAS) at its sixtieth session in July 2006 (Resolution A/RES/60/283 (IV) 1), ITU decided to implement IPSAS and to produce its first financial statements under IPSAS for the 2010 financial period (Decision 550, adopted by the Council at its 2008 session).

2.2 ITU's financial statements for the period closed on 31 December 2010 have been the first to have been prepared under the IPSAS standards, which were elaborated by the International Public Sector Accounting Standards Board (IPSASB) and based on the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) defined by the International Accounting Standards Board (IASB). Adoption of the standards has necessitated changes to the accounting methods previously followed by ITU. Thus, since 2010, the financial statements have been drawn up on an annual rather than a biennial basis. The adoption of new accounting and reporting methods has required changes with respect to the assets and liabilities shown in the statement of ITU's financial position.

2.3 The IPSAS compliant financial statements present a comprehensive view of ITU’s activities including regular budget as well as extra-budgetary related activities. In accordance with IPSAS requirements all assets and liabilities of the Union have been recorded in the statement of financial situation and there are no extraordinary liabilities (recorded as “below-the-line liabilities” prior to the IPSAS implementation).

2.4 Thus, the last audited statement of ITU's financial position, dated 31 December 2009, was restated, and the overall impact on the organization's net assets of the accounting reclassifications and restatements necessitated by the adoption of IPSAS resulted in a reduction of CHF 125.1 million at 1 January 2010.

2.5 The impact of the conversion to IPSAS on the Union’s net assets is presented in Annexe A, Statement of changes in net assets for the period which closed on 31 December 2010. Among the IPSAS adjustments, the recognition of the After-Service Health Insurance (ASHI) actuarial obligation according to IPSAS 25 amounting to CHF 172 million constituted the main negative impact on the net assets (see 10.5), counterbalanced mainly by the revaluation of ITU’s buildings amounting to CHF 64 million.

# 3 Budget of the Union

3.1 The budget of the Union covered a budgetary period of two consecutive calendar years beginning on 1 January of an even-numbered year. Since the implementation of IPSAS in 2010, the budget of the Union has been allocated on an annual basis in order to enable the presentation of budget information in financial statements according to IPSAS 24. The ordinary budget comprises appropriations and expenses for the:

– General Secretariat;

– Radiocommunication Sector;

– Telecommunication Standardization Sector;

– Telecommunication Development Sector.

Regular budget

**Expenses**

3.2 By its Decision 5 (Rev. Guadalajara, 2010), the Plenipotentiary Conference authorized the Council to draw up the budgets for 2012 to 2015 in respect of the total expenses of the General Secretariat and the three Sectors. It decided that expenses on translation and text processing in respect of the official and working languages of the Union shall not exceed CHF 85 million for the years 2012 to 2015. It also decided that the Council may authorize expenses in excess of the limits for conferences, meetings and seminars if the excess can be offset by sums within expenses limits accrued from previous years or charged to the following year.

3.3 The Union’s budget and financial statements are established on different bases. The budget is established on a mixed basis, with a number of specific items that are not dealt with on an accrual basis. Furthermore, the ITU budget deals solely with the Union’s core activity and not with activities financed by voluntary contributions, projects and funds. The Union’s financial statements are drawn up on an accrual basis using a classification based on the nature of the expenses recorded in the statement of financial performance.

3.4 The perimeter differences are due to the extra-budgetary funds, which are not part of the regular budget. In order to reconcile the final result for budgetary control of the net result of the period after IPSAS adjustments, account has to be taken of the differences between the budget presentation and the accrual accounting.

3.5 According to IPSAS 24, presentation of budget information in financial statements, a reconciliation between the budgeted and the IPSAS figures is presented in the Comparison of budgeted and actual amounts in each financial operating report.

3.6 Pursuant to its terms of reference as laid down by the Plenipotentiary Conference, the Council approved the following ordinary biennium budgets for the years 2010-2011 by Resolution 1308 and, 2012-2013 by Resolution 1337:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | General Secretariat | Radiocommunication Sector | Telecommunication Standardization Sector | Telecommunication Development Sector | TOTAL |
| *- Thousands of CHF -* | | | | | |
| **2010** | 93’255 | 33’094 | 12’872 | 30’050 | 169’271 |
| **2011** | 88’089 | 32’909 | 12’298 | 29’072 | 163’368 |
| **2012** | 92’472 | 32’593 | 13’599 | 27’920 | 166’584 |
| **2013** | 86’750 | 29’207 | 12’601 | 28’692 | 157’250 |

3.7 The table below compares the expenses approved by the Council with actual expenses on a comparable basis for the 2010, 2011, 2012 and 2013 financial periods.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Period | 2010 | 2011 | 2012 | 2013 | Total 2010-2013 |
|  |  |  |  |  |  |
| **Regular budget** | 169’271 | 163’368 | 166’584 | 157’250 | 656’473 |
| **Actual expenses** | 162’595 | 159’588 | 165’411 | 155’812 | 643’406 |
| **Unused appropriations** | 6’676 | 3’780 | 1’173 | 1’438 | 13’067 |
| **%** | 3.9% | 2.3% | 0.7% | 0.9% | 1.99% |

**Revenue**

3.8 Regular budget revenue was calculated to balance expenses by means of the contributions by Member States, Sector Members and Associates, Cost Recovery and withdrawals from the Reserve Account. Details of regular budget revenue are given below.

Contributions by Member States

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | Number of Member States\* | Number of contributory units\* | Amount of contributory unit | Revenue entered in the budget | Revenue posted to account\*\* |
|  |  |  | Thousands of CHF | Thousands of CHF | Thousands of CHF |
| **2010** | 192 | 348 1/16 | 318 | 110’664 | 110’672 |
| **2011** | 193 | 348 3/8 | 318 | 110’664 | 110’768 |
| **2012** | 193 | 344 1/4 | 318 | 109’491 | 109’471 |
| **2013** | 193 | 345 | 318 | 109’491 | 109’710 |
| \* At the time of establishment of the budget.  \*\* These amounts include invoiced contributions and also unpaid contributions at 31 December. | | | | | |

Contributions by Sector Members

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Radiocommunication Sector\*** | **Telecommunication Standardization Sector\*** | **Telecommunication Development Sector\*** | **Total units\*** | **Amount of contributory unit** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  | Units | Units | Units |  | Thousands of CHF | Thousands of CHF | Thousands of CHF |
| **2010** | 111 1/2 | 138 1/2 | 26 7/16 | 276 7/16 | 63.6 | 17’581 | 16’340 |
| **2011** | 111 1/2 | 138 1/2 | 26 7/16 | 276 7/16 | 63.6 | 17’581 | 15’724 |
| **2012** | 107 1/2 | 124 1/2 | 28 5/16 | 260 11/16 | 63.6 | 16’564 | 15’170 |
| **2013** | 107 1/2 | 124 1/2 | 28 5/16 | 260 11/16 | 63.6 | 16’563 | 15’384 |
| \* At the time of establishment of the budget.  \*\* These amounts include invoiced contributions and also unpaid contributions at 31 December. | | | | | | | |

Contributions by Associates

3.9 The annual contribution for Associates amounts to CHF 10’600 for Radio communication and Telecommunication Standardization Sectors and CHF 3’975 for Telecommunication Development Sector. The contribution for Associates from Developing countries amounts to CHF 1’987.50.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Radiocommunication Sector\*** | **Telecommunication Standardization Sector\*** | **Telecommunication Development Sector\*** | **Total units\*** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  | Units | Units | Units |  | Thousands of CHF | Thousands of CHF |
| **2010** | 27 | 128 | 9 | 164 | 1’679 | 1’612 |
| **2011** | 27 | 128 | 9 | 164 | 1’679 | 1’587 |
| **2012** | 24 | 144 | 8 | 176 | 1’704 | 1’687 |
| **2013** | 24 | 144 | 8 | 176 | 1’704 | 1’675 |
| \* At the time of establishment of the budget.  \*\* These amounts include invoiced contributions and also unpaid contributions at 31 December. | | | | | | |

Contributions by Academia

3.10 As per Resolution 169 (Guadalajara, 2010), Academia, Universities and their related research establishments (designated as Academia) have been admitted as a new member category to participate in the work of the three Sectors for a trial period until the present plenipotentiary conference.

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Total units\*** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  |  | Thousands of CHF | Thousands of CHF |
| **2010** | 0 | 0 | 0 |
| **2011** | 0 | 0 | 65 |
| **2012** | 126 | 501 | 139 |
| **2013** | 126 | 501 | 180 |
| \* At the time of establishment of the budget.  \*\* These amounts include invoiced contributions and also unpaid contributions at 31 December. | | | |

3.11 The table below provides a summary of revenue in the regular budget for the years 2010 to 2013 in thousands of CHF.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Contributions by Member States** | **Contributions by Sector Members** | **Contributions by Associates** | **Contributions by Academia** | **Contributions - regional conferences** | **Project support cost revenue** | **Publication sales** | **Cost recovery** | **Interest revenue** | **Other revenue** | **Withdrawal form Reserve Account** | **Total** | **Revenue posted to account** |
| **2010** | 110’664 | 17’581 | 1’679 | 0 | 0 | 1’350 | 15’000 | 11’279 | 2’500 | 1’000 | 8’218 | 169’271 | 188’499 |
| **2011** | 110’664 | 17’581 | 1’679 | 0 | 0 | 1’350 | 15’000 | 11’704 | 2’500 | 1’000 | 1’890 | 163’368 | 170’073 |
| **2012** | 109’491 | 16’564 | 1’704 | 501 | 0 | 1’750 | 15’550 | 11’250 | 1’000 | 800 | 7’974 | 166’584 | 179’394 |
| **2013** | 109’491 | 16’564 | 1’705 | 500 | 0 | 1’750 | 15’550 | 11’250 | 1’000 | 800 | -1’360 | 157’250 | 163’532 |

# 4 Assets, liabilities and net assets at 31 December 2013

4.1 In order to assess the financial state of the Union, the Plenipotentiary Conference may wish to take note of the position of the assets and liabilities of the Union at 31 December 2013. The Statements of financial situation for the four financial periods are included in Annexes A, B, C and D. The statements of financial situation are presenting a comprehensive view of ITU activities.

4.2 IPSAS mandatory information related to each Statement of financial situation and statement of financial performance position are included in the financial operating reports presented to Council (C10/31 (Rev.1), C11/4, C12/3 and C13/26 (Rev.1)). This Document focuses on specific significant positions of ITU financial operating reports.

# 5 Reserve Account and net assets

5.1 Unlike other United Nations specialized agencies, ITU does not have a working capital fund to ensure the financing of its activities. In accordance with No. 485 of the Convention and Article 27 of the Financial Regulations, the Reserve Account is maintained mainly from unused appropriations. Variations in the Reserve Account are detailed in the statement of changes in the net assets of the Union. It is made up of:

a) the positive or negative net balance from the regular budget implementation for each financial year;

b) transfers from other reserves/funds as decided by the Council;

c) any amounts to be credited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.

5.2 By its Decision 5 (Rev. Guadalajara, 2010), the Plenipotentiary Conference requested the Council to aim under normal circumstances at keeping the Reserve Account (after integration of unused appropriations) at a level above six per cent of the total budget.

5.3 In accordance with Resolution 1308, adopted by the Council at its 2009 session, a withdrawal of CHF 10.108 million was included in the proposed budget for the biennium 2010-2011. The execution of the budget resulted in a withdrawal of CHF 3.730 million in 2010 and a payment of kCHF 109 in 2011.

5.4 In accordance with Resolution 1337, adopted by the Council at its 2011 session, the Secretary-General was authorized to adjust the appropriations in relation to the items of expenses in a) and b) below in accordance with the incurred changes through the use of the Reserve Account, and provided that the Reserve Account is kept at the level prescribed in Decision 5 (Rev. Guadalajara, 2010):

a) Increases in salary scales, pension contributions and allowances, including post adjustments, applicable to Geneva, as adopted by the United Nations common system;

b) Fluctuations in the exchange rate between the US dollar and the Swiss franc in so far as this affects the staff costs for those staff members on United Nations scales.

5.5 Resolution 1337, completed by Resolution 1349 adopted by the Council at its 2012 session, provided for a withdrawal of CHF 8.614 million for the biennium 2012-2013. The breakdown of the approved withdrawal over the biennium resulted in a withdrawal of CHF 5.663 million in 2012. As 2013 closed with a budgetary surplus amounting to CHF 2.104 million after allocations for ASHI, the Health Insurance Guaranty Fund and WSIS+10, no further amount had to be withdrawn from the Reserve Account.

5.6 In accordance with Resolution 1349, the Secretary-General was granted, on an exceptional basis for the 2012-2013 biennium timeframe, the necessary flexibility to compensate overspend on categories 1 (staff costs: salaries and allowances) and 2 (other staff costs: pensions, heath insurance, etc.) from savings on categories 3 to 9 (travel on duty, contractual services, rental and maintenance of premises and equipment, materials and supplies, acquisition of premises, furniture and equipment, public and internal service utilities, audit and inter-agency fees and miscellaneous) and make the necessary transfers, if so needed, while respecting the decision taken by the Council concerning the overall amount to be withdrawn from the Reserve Account.

5.7 The tables below summarize the movement of the funds in the Reserve Account for 2010 to 2013:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Reserve Account  (in thousands of CHF). | 2010 | 2011 | 2012 | 2013 |
| Opening balance | 37’505 | 33’775 | 33’884 | 28’221 |
| Payments | 0 | 109 | 0 | 2’104 |
| Withdrawals | -3’730 | 0 | -5’663 | 0 |
| Closing balance | 33’775 | 33’884 | 28’221 | 30’325 |
| % of annual budget | 20.0% | 20.6% | 16.9% | 19.3% |

5.8 The table below shows the details of the Union’s own funds allocated to the organization according to the statement of changes in ITU’s net assets and the Reserve Account at 31 December 2013 after allocation of the surplus of the year:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands CHF** | **31.12.2010** | **31.12.2011** | **31.12.2012** | **31.12.2013** |
| **Reserve Account (Fund 1000)** | **33’775** | **33’884** | **28’221** | **30’325** |
| **Other allocated reserves** | **15’595** | **14’701** | **17’693** | **19’114** |
| Investment Fund | 6’815 | 5’882 | 8’889 | 6’314 |
| Welfare Fund | 533 | 528 | 529 | 521 |
| Centenary Fund | 354 | 333 | 320 | 318 |
| ASHI fund | - | - | - | 2’000 |
| Health Insurance guaranty fund | - | - | - | 2’000 |
| Staff Superannuation & Benevolent Complement Fund | 6’195 | 6’249 | 6’252 | 6’266 |
| Staff Superannuation & Benevolent Provident Fund | 1’503 | 1’514 | 1’512 | 1’513 |
| Staff Superannuation & Benevolent Assistance Fund | 195 | 195 | 191 | 182 |
| **Own funds allocated to the organization according to the statement of changes in net assets** | **49’370** | **48’585** | **45’914** | **49’439** |

5.9 In order to meet the requirements of certain functions or activities, the Union operates a number of special funds, which are described briefly below.

5.10 The ASHI fund was established in 2013 in order to constitute a reserve dedicated to the long-term funding of the ASHI liability. This fund will be credited with revenue from future budgetary surpluses and monitored in order to take into account future variations of ITU obligations due to changes in actuarial assumptions.

5.11 The Health Insurance guaranty fund also established in 2013 will be dedicated to the financing of ITU’s new Health Insurance scheme on a pay-as-you-go basis and will be credited with surpluses of contributions over claims.

5.12 The total net assets of the Union presented in the statement of financial situation are including the positions disclosed here above as well as the effects of transition to IPSAS and the extra-budgetary reserves.

5.13 The presentation of the net assets of the Union has been amended in 2013 in order to enhance the transparency of the financial information and to disclose separately the Reserve Account on the face of the Statement of financial position.

Other special funds

**ITU Centenary Prize Fund**

5.14 The Council decided in 1978 to institute an "ITU Centenary Prize Fund" intended to reward an individual or a group of individuals who have contributed to the development of international telecommunications. Centenary prizes were awarded in 1979 and 1983. In 1992, the Council resolved to use the Centenary Prize Fund for the modernization and upgrading of the ITU Central Library. At 31 December 2013, the balance of the fund stood at CHF 318 thousand.

**Staff Welfare Fund**

5.15 The Staff Welfare Fund is administered by the Secretary-General in consultation with the ITU Staff Council. The revenue of the fund is the Union's share of the caterer's profits and the expenses correspond to the sums used for the welfare of the staff. The balance of the fund stood at CHF 521 thousand at 31 December 2013.

**Capital Budget Fund**

5.16 Revenue in the Capital Budget Fund dedicated to buildings maintenance consists of the annual payments debited to the ordinary budget and annual payments by the caterer and the bank (UNFCU). Expenses consist of the costs of maintaining the Union's buildings. The balance of the Capital Budget Fund dedicated to buildings maintenance stood at CHF 3’217 thousand at 31 December 2013.

5.17 The Capital Budget Fund also serves to finance the purchase and development of the main computer systems and cover the new systems and the replacement and upgrading of existing ones. Budgetary allocations are decided by the Council. The balance of the Capital Budget Fund dedicated to purchase and development of computer systems amounted to CHF 3’097 thousand at 31 December 2013.

## 6 Exhibition Working Capital Fund and Telecom events

6.1 According to the Financial Regulations of the Union, any surplus revenue or excess expenses resulting from world and regional TELECOM exhibitions and related activities shall be transferred to an Exhibition Working Capital Fund. Resolution 11 (Rev. Antalya, 2006) stipulates that a significant part of any surplus derived from TELECOM activities should be used for specific telecommunication development projects, primarily in the least developed countries. In view of the commercial risks of exhibitions and related activities, the Council has set the minimum level of the Exhibition Working Capital Fund at CHF 5 000 000.

6.2 The Exhibition Working Capital Fund has evolved as follows since 31 December 2009:

|  |  |  |  |
| --- | --- | --- | --- |
| Year |  | Thousands of CHF | |
|  | **Balance at 31.12 2009** |  | **14’906** |
| **2010** | Withdrawal related to TELECOM World 2009 deficit after the closure of accounts of the event in 2010  Residual revenue from past events | -4’381  31 |  |
|  | **Balance at 31.12 2010** |  | **10’556** |
| **2011** | Withdrawal related to TELECOM World 2011 deficit after the closure of accounts | -2’056 |  |
|  | Withdrawal to finance technical cooperation projects according to Resolution 1338 | -1’000 |  |
|  | Residual revenue from past events | 7 |  |
|  | **Balance at 31.12 2011** |  | **7’507** |
| **2012** | Payment related to TELECOM World 2012 surplus after the closure of accounts | 504 |  |
|  | Residual revenue from past events | 23 |  |
|  | **Balance at 31.12 2012** |  | **8’034** |
| **2013** | Payment related to TELECOM World 2013 surplus after the closure of accounts | 1’855 |  |
|  | Residual revenue from past events | 133 |  |
|  | **Balance at 31.12.2013** |  | **10’022** |

**ITU TELECOM events**

6.3 In accordance with Resolution 11 (Rev. Guadalajara, 2010), ITU, in collaboration with its membership, has continued to organize telecommunication exhibitions and forums on a regular basis. Due to the implementation of IPSAS, World Telecom 2009 (Geneva) was the last event which closing was finalized in the following year with an impact on the 2010 financial statements. The accounting for the following events was finalized on 31 December of the year in which the event took place in order to ensure a comprehensive view of the Union’s activity at 31 December of the year. From 2010 to 2013, TELECOM organized ITU TELECOM World 2011 (Geneva); ITU TELECOM World 2012 (Dubai) and ITU TELECOM World 2013 (Bangkok).

6.4 The accounts of the different TELECOM events and those of the TELECOM secretariat responsible for organizing these activities are kept in strict accordance with the Financial Regulations of the Union. Services provided by the ITU General Secretariat to TELECOM are subject to partial cost recovery. Like all the Union's accounts, the TELECOM accounts are audited by the External Auditor of the Union. The surplus of revenue over expenses resulting from TELECOM activities has been transferred to the Exhibition Working Capital Fund (see under *Exhibition Working Capital Fund* in § 6, *Special funds*). In 2011, with Resolution 1338, the Council approved the transfer of CHF 1 million from the Exhibition Working Capital Fund to the Information and Communication Technology Development Fund (ICTDF).

6.5 The ITU Telecom events results are included in the table in 6.2.

# 7 Cash and cash equivalent

7.1 The cash resources of the Union are drawn mainly from the assessed contributions of Member States, Sector Members and Associates. If these contributions, payable in advance by 1 January each year, are not sufficient to cover the Union's cash requirements, the Secretary-General may resort to advances from the Government of the Swiss Confederation under the prevailing arrangements. From 2010 to 2013, no funds had to be sought from this source. The Plenipotentiary Conference may wish to express its gratitude to the Government of the Swiss Confederation, and the hope that the current arrangements will be maintained in the future.

7.2 The satisfactory inflow of contributions has made it possible to invest available funds. As from 1 January 1998, interest revenue is entered as revenue in the budget of the Union (the interest account having been abolished by Council-97 in Resolution 1100).

7.3 Cash is managed separately for ordinary budget and special accounts activities, for telecommunication exhibitions, for technical cooperation projects funded by UNDP, for technical cooperation projects funded by trust funds and for voluntary contributions. Amounts due between these separate funds are settled regularly as far as possible.

7.4 Deposits in convertible currencies with Swiss and foreign banks are converted at the United Nations rate.

# 8 Receivables

8.1 Receivables represent as yet uncollected revenue that Member States, Sector Members and Associates have committed to pay to ITU in respect of annual contributions, purchase of publications, satellite network filings or other invoices. Amounts due on contributions bear interest from the beginning of the fourth month of each financial year of the Union at three per cent per annum during the following three months, and at six per cent per annum as from the beginning of the seventh month. Interest is credited to the Reserve for debtors’ accounts in accordance with Article 24 of the Financial Regulations.

8.2 Non-current, non-exchange receivables represent receivables from the debt repayment schedules applicable to members having undertaken to repay such debts under an agreement spanning several financial periods.

8.3 A 100 per cent provision is constituted for Member States, Sector members, Associates and Academia having arrears of over two years. The provision is including interests on arrears.

8.4 SNF invoices are payable within six months. A 100 per cent provision is constituted for SNF invoices at 31 December of the year following their presentation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of CHF | 31.12.2010 | 31.12.2011 | 31.12.2012 | 31.12.2013 |
| Current receivables – exchange transactions | 6’345 | 7’372 | 5’272 | 7’367 |
| Provision for losses on current receivables – exchange transactions | -1’010 | -1’401 | -1’058 | -982 |
| **Current receivables** – **exchange transactions: net value** | **5’335** | **5’971** | **4’214** | **6’385** |
| Current receivables – non-exchange transactions | 125’378 | 123’543 | 124’955 | 123’916 |
| Provision for losses on current receivables – non-exchange transactions | -51’878 | -53’199 | -46’674 | -46’870 |
| **Current receivables** – **non-exchange transactions: net value** | **73’500** | **70’344** | **78’281** | **77’046** |
| Non-current receivables – exchange transactions | 548 | - | - | 32 |
| Provision for losses on non-current receivables – exchange transactions | -548 | - | - | -32 |
| **Non-current receivables** – **exchange transactions: net value** | - | - | - | - |
| Non-current receivables – non-exchange transactions | 9’633 | 8’542 | 15’181 | 9’394 |
| Provision for losses on non-current receivables – non-exchange transactions | -9’633 | -8’542 | -15’181 | -9’394 |
| **Non-current receivables** – **non-exchange transactions: net value** | **-** | **-** | - | **-** |

8.5 The Member State, Sector Member and Associate contributions invoiced and representing revenue associated with the following financial period according to budget adopted by Council are included in the receivables of the financial period and the related revenues are deferred.

8.6 The table below gives the evolution of deferred revenue:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of CHF | 31.12.2010 | 31.12.2011 | 31.12.2012 | 31.12.2013 |
| Contributions – Member States | 110’604 | 109’472 | 112’572 | 109’750 |
| Contributions – Sector Members | 15’618 | 15’128 | 15’159 | 15’186 |
| Contributions – Associates | 1’540 | 1’584 | 1’651 | 1’596 |
| Contributions – Academia | - | 121 | 155 | 198 |
| Publications & miscellaneous | 712 | 62 | 45 | 34 |
| SNF | 3’628 | 2’407 | 2’658 | 1’187 |
| **Deferred revenue** | **132’103** | **128’774** | **132’240** | **127’951** |

**Settlement of arrears**

8.7 The evolution of arrears and the slow settlement of arrears and special arrears accounts continue to be of great concern to the Council. In addition to the regular reminders regarding outstanding amounts, each debtor has been requested to submit a repayment schedule and to settle the debt as quickly as possible. Details on arrears, special arrears accounts and cancelled special arrears accounts as well as proposed measures to speed up the settlement of arrears are given in Document PP-14/64 – *Arrears and special arrears.*

# 9 Fixed Assets

9.1 Property, plant and equipment held by ITU are valued at historical cost less accumulated depreciation and accumulated impairment losses. Buildings were recognized in the opening statement of financial position under IPSAS on 1 January 2010 at their intrinsic value, on the basis of the study conducted by an external consultancy. Recognition of the buildings value was carried out using the component-based approach. Land is not taken into account when calculating the intrinsic value of the buildings. The land rights (right of superficies) concerning the land areas made available by the State of Geneva is without cost to the Union.

9.2 In-kind gifts are measured at fair value estimated at the date of receipt of the movable assets. Recognition of revenue associated with in-kind gifts intended for the creation or purchase of a specific asset is spread over a period equal to the depreciation time of the concerned asset as from the date of its bringing into use.

9.3 Goods with a value equal to or higher than CHF 5’000 are capitalized at the time of receipt and subsequently depreciated on a straight-line basis.

9.4 Goods with a cost lower than CHF 5’000 (low-value goods) are capitalized during the month of acquisition and fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition.

9.5 Subsequent costs related to fixed assets are capitalized and depreciated when they bring about an increase in service potential associated with use of the fixed asset and do not concern maintenance or repair costs for the concerned fixed asset, these being recognized in the statement of financial performance.

9.6 Where a fixed asset comprises several significant components having different useful lives, each component is recognized separately. Depreciation is calculated on a straight-line basis according to the estimated useful life of each item, with a final residual period, if applicable. The residual values and useful lives of assets, as well as the depreciation methods, are reviewed, and adjusted if necessary, at each annual closure.

9.7 The net book value of fixed assets as of 31 December 2013 is shown in the table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Categories of asset**  **(in thousands of CHF)** | Buildings | Mach. & equip. | Furniture & fixtures | Computer equipment | Vehicles | Under constr. | Total |
| **Net carrying amount at 1 January 2010** | **117’974** | **252** | **72** | **263** | **113** | **-** | **118’674** |
| **Net carrying amount at 31 December 2010** | **115’091** | **222** | **54** | **260** | **114** | **1’066** | **116’807** |
| **Net carrying amount at 31 December 2011** | **115’285** | **234** | **927** | **3’881** | **148** | **225** | **120’700** |
| **Net carrying amount at 31 December 2012** | **112’028** | **224** | **731** | **3’059** | **91** | **-** | **116’133** |
| **Net carrying amount at 31 December 2013** | **108’646** | **188** | **537** | **1’890** | **58** | **779** | **112’098** |

9.8 Buildings constitute the most significant position in ITU fixed assets. A detail table of fixed assets movements is included in each financial operating report.

9.9 The Property Foundation for International Organizations (FIPOI) has advanced to the Union CHF 2’500 000 for the extension of the Union's buildings, reimbursable in 31 instalments as from 1996, and CHF 18’560’000, reimbursable in 50 instalments on new terms as from 1 January 1996.

9.10 With respect to the new Montbrillant building, the Parliament of the Swiss Confederation authorized FIPOI to advance CHF 49 million, reimbursable in 50 instalments starting from 2002. It is to be noted that an amount of CHF 2 million was granted for the construction of the new cafeteria.

9.11 At 31 December 2013, the balance still owed to FIPOI stood at CHF 48.3 million.

9.12 It should also be noted that, as from 1 January 1996, outstanding and new advances bear no interest.

9.13 The table below displays the net book value for each building as well as of 31 December 2013, as well as the residual amount of the related loans to be reimbursed to the FIPOI:

|  |  |  |  |
| --- | --- | --- | --- |
| **Building** | **Net book value**  **at 31.12.2013**  **In thousands of CHF** | **Balance of FIPOI loans**  **at 31.12.2013**  **In thousands of CHF** | **FIPOI loans final repayment date** |
| **Varembé** | 12’996 | - | - |
| **Tour et Sous-sols** | 41’494 | 12’227 | 2039 |
| **Montbrillant** | 45’221 | 34’525 | 2051 |
| **New Cafeteria and Extension C** | 8’935 | 1’520 | 2051 |
| **Total** | 108’646 | 48’273 |  |

9.14 The Extension C consists in a building linking the Montbrillant and Varembé buildings.

10 Employee benefits

10.1 The following employee benefits are recognized:

– Short-term benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;

– Long-term benefits resulting from the possible deferral of benefits acquired during the prior period or periods;

– Long-term post-employment benefits;

– Other long-term employee benefits.

10.2 Long-term benefits cover:

– Obligations associated with the possibility of accruing unused leave days and having them taken into account when establishing the date of retirement;

– Obligations associated with repatriation;

– Obligations associated with the pension plan of the United Nations Joint Staff Pension Fund;

– Obligations concerning the After-Service Health Insurance (ASHI), as specified under the United Nations ASHI programme;

– Obligations relating to the former pension plan in order to define ITU’s obligations at the date of closure of the period.

10.3 These last two benefits come under the heading of defined-benefit plans and, as is also the case for repatriation obligations, are the subjects of actuarial studies.

10.4 ITU is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

10.5 The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. ITU and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify ITU’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence ITU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. ITU’s contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

10.6 ASHI obligations are the subject of an actuarial study pursuant to IPSAS 25 in order to identify and recognize the amount of ITU’s future liability in relation to the corresponding benefits. This actuarial estimate is organized by the International Labour Organization (ILO) within the framework of the long-term health insurance benefit obligations covering ILO employees as well as those of the International Social Security Association (ISSA), the Turin Centre and ITU. Recognition of the actuarial gains and losses of this plan follows the OCI method, which calls for recognition of actuarial gains and losses during the period as net assets in the statement of financial position.

10.7 The actuarial assumptions are described in the Notes relating to employee benefits in each financial period reflected in the financial operating report.

10.8 The implementation of IPSAS 25, Employee Benefits, resulted in the increase of the provision for accrued leave for a total of CHF 9’655 Thousand impacting the short-term and long-term obligation.

10.9 The following table shows the balance of short and long term employee benefits at 31.12.2013

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | Employee benefits – short term | | |
| Overtime | Accrued leave | Total employee benefits − short term |
| Opening balance 1.1.2010 | 69 | 1’019 | 1’088 |
| Closing balance 31.12.2010 | 206 | 748 | 955 |
| Closing balance 31.12.2011 | 119 | 588 | 707 |
| Closing balance 31.12.2012 | 387 | 765 | 1’152 |
| Closing balance 31.12.2013 | 39 | 442 | 481 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| In thousands of CHF | Employee benefits – long term | | | | |
| ASHI | Pensions | Installation/ repatriation | Accrued leave | Total employee benefits – long term |
| Opening balance 1.1.2010 | 172’364 | 90 | 10’727 | 8’753 | 191’934 |
| Closing balance 31.12.2010 | 211’872 | 90 | 10’223 | 9’116 | 231’302 |
| Closing balance 31.12.2011 | 278’684 | 90 | 11’768 | 9’237 | 299’779 |
| Closing balance 31.12.2012 | 335’206 | 90 | 11’747 | 9’184 | 356’227 |
| Closing balance 31.12.2013 | 314’127 | 90 | 11’804 | 9’075 | 335’096 |

10.10 The ASHI related obligation constitutes the most significant liability for ITU. The table below shows the evolution of the obligation and its impact on ITU net assets since the IPSAS implementation.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **In thousands of CHF** | **1.1.2010** | **31.12.2010** | **31.12.2011** | **31.12.2012** | **31.12.2013** |
| **Present value of unfunded obligation recognized as liability in the statement of financial position** | -172’364 | -211’872 | -278’684 | -335’206 | - |
| **Opening amount recognized under Effect of transition to IPSAs** | -172’364 |  |  |  |  |
| **Actuarial losses/gains recognized in net assets** |  | -39’706 | -66’204 | -45’851 | +26’498 |
| **Cumulated ASHI actuarial gains and losses in net asses** |  | -39’706 | -105’910 | -151’761 | -125’263 |

10.11 Whereas the decrease of discount rate used to calculate ITU’s obligation related to ASHI from 2010 to 2012 resulted in significant actuarial losses, impacting negatively the net assets and increasing the ASHI related liability, the increase of 0.52 basis point of the discount rate in 2013 (2.76% in 2013, 2.24% in 2012) resulted in CHF 26.5 million actuarial gains, impacting positively ITU net assets.

# 11 Special accounts

11.1 By decision of the Council, the following special accounts were opened in 1996: "Universal international freephone number (UIFN)", "Telecom information exchange services (TIES)", "GMPCS Memorandum of Understanding (GMPCS‑MoU)" and "Geneva diplomatic community network (GDCNet)". It should be noted that GDCNet special activity was closed at 31 December 2004 and that the TIES account was closed on 31 December 2008.

# 12 Voluntary contributions

12.1 In accordance with No. 486 of the Convention, the Secretary‑General may accept voluntary contributions in cash or kind provided that the conditions attached to such contributions are consistent with the purposes of the Union and in conformity with the Financial Regulations. The Secretary-General may equally accept trust funds for the execution of specific programmes or projects.

12.2 Voluntary contributions are received from donors for specific regular budget activities such as for example seminars, working groups, study groups, training and fellowships. Voluntary contributions can finance long-term activities. Voluntary contributions do not generate any support costs.

12.3 The table below shows the evolution of voluntary contributions between 2010 and 2013:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Voluntary contributions  (in thousands of CHF) | **Balance at 1.January 2010** | **Balance at 31.December 2010** | **Balance at 31.December 2011** | **Balance at 31.December 2012** | **Balance at 31.December 2013** |
| **General Secretariat** | **946** | **2’550** | **7’276** | **692** | **634** |
| **Radiocommunication Sector** | **434** | **493** | **272** | **373** | **332** |
| **Telecommunication Standardization Sector** | **581** | **510** | **554** | **413** | **576** |
| **Telecommunication Development Sector** | **435** | **508** | **543** | **619** | **696** |
| **Post WSIS** | **1** | **0** | **0** | **0** | **0** |
| **GOS voluntary contributions** | **100** | **100** | **79** | **46** | **37** |
|  | **2’497** | **4’161** | **8’724** | **2’143** | **2’275** |

12.4 The significant increase in the General Secretariat’s voluntary contributions balance in 2010 and 2011 is due to the financing of the ICT museum and of the Popov room renovation.

# 13 Funds in trust

13.1 Trust funds are used to execute projects financed by earmarked contributions, by the ICT Development Fund (ICTDF) or by governments. In all cases the funds have to be credited to the projects before the expenses are committed. Trust funds are voluntary contributions with specific and restrictive utilization. These contributions generate support costs during the execution and implementation of the projects. Since 2011, the detail of the Funds in trust balances annexed to the financial operating report is disclosed in the currency of management of the project.

13.2 The table below shows the evolution of Funds in Trust, unused appropriations between 2010 and 2013:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Funds in trust  (in thousands  **of CHF, USD or EUR)** |  | **Balance at 31.December 2010** | **Balance at 31.December 2011** | **Balance at 31.December 2012** | **Balance at 31.December 2013** |
|  |  |  |  |  |  |
| **ICTDF** | **CHF** | **6’024** |  |  |  |
|  | **USD** |  | **4’383** | **4’417** | **5’223** |
| **Development Action Plan** | **USD** |  | **358** | **170** | **113** |
|  | **CHF** | **717** | **359** | **242** | **397** |
| **Other FIT** | **CHF** | **36’619** | **695** | **471** | **1’113** |
|  | **USD** |  | **31’553** | **29’723** | **20’005** |
|  | **EUR** |  | **525** | **306** | **144** |

# 14 Information and Communication Technology Development Fund (ICTDF)

14.1 The Council approved the establishment of a TELECOM surplus development programme. During the period 2010-2013, the Council in 2011 adopted Resolution 1338 approving the payment of CHF 1 000 000 into the ICTDF by means of a withdrawal from the Exhibition Working Capital Fund. No other payments were made into the ICTDF from the Exhibition Working Capital Fund during this period.

14.2 The ICTDF has evolved as follows since 31 December 2009:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year |  | Revenue | | Expenses | Balance of fund at 31 December |
|  | Contributions | Interest | Other |  |  |
|  | *CHF in thousand* | | | | |
| **2009** |  |  |  |  | 5’578 |
| **2010** |  | 68 | 10 | 2’316 | 3’340 |
| **2011** | 1’000 | 43 | 44 | 437 | 3’990 |
| **2012** |  | 63 | 150 | 1’909 | 2’294 |
| **2013** |  | 42 | 163 | 2’110 | 389 |

# 15 Other financial management questions

External audit of the Union's accounts

15.1 Under Article 4, No. 74, of the Convention, the Council is instructed to arrange for the audit of the accounts of the Union drawn up by the Secretary-General and to approve them so that they can be submitted to the next plenipotentiary conference for final adoption. Pursuant to Resolution 94 (Rev. Guadalajara, 2010) to consider the rotation of the External Auditor, the Secretary-General was instructed to bring the resolution to the notice of the Government of the Confederation of Switzerland and to initiate the tendering arrangement for the Selection of the External Auditor. The Auditors from the Swiss Federal Audit Office were appointed as external auditors of the Union's accounts until the audit of the 2011 Union accounts. Warmest thanks were addressed to the Government of the Confederation of Switzerland for the work performed. Accordingly, on 20 September 2011, the resignation of the Swiss Federal Audit Office as external auditor of the Union’s accounts with effect from June 2012 was transmitted to the Chair of Council. Following the tendering process, the Corte dei Conti, Italy, was selected as the external auditor of the Union accounts with effect from 1 July 2012.

15.2 The detailed reports of the external auditor have been examined each year by the Council, which has taken note of the audit certificates issued confirming the correctness of the financial statements.

Cost attribution and cost recovery

15.3 In accordance with Resolution 91 (Rev. Guadalajara, 2010), the Council has established the methodology for cost attribution in order to identify the costs of the various ITU activities and services provided. The Council has also identified possible areas of cost recovery in addition to those where the cost‑recovery principle is already applied, for example universal international freephone number (UIFN). Currently, cost recovery applies to UIPRN/UISCN, GMPCS‑MoU, TELECOM, publications and satellite network filings.

Revision of the Financial Regulations

15.4 At its 2013 session, the Council approved amendments to the Financial Regulations and Financial Rules of the Union in conformity with the IPSAS standards. These amendments came into force on 21 June 2013.

Approval of the accounts of the Union for the years 2010 to 2013

15.5 In accordance with No. 53 of Article 8 of the Constitution, the Plenipotentiary Conference gives final approval to the accounts of the Union.

ANNEX F

ADD CL/65/1

Draft New Resolution [CL-2]

Approval of the accounts of the Union for the years 2010 to 2013

The Plenipotentiary Conference of the International Telecommunication Union (Busan, 2014),

considering

*a)* the provisions of No. 53 of the ITU Constitution;

*b)* the report of the Council to the Plenipotentiary Conference in Document PP-14/65 relating to the financial management of the Union during the years 2010 to 2013, and the report of the Finance Committee of this conference (Document [PP-14/XX]),

resolves

to give its final approval of the accounts of the Union for the years 2010 to 2013.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_