UNITED NATIONS SYSTEM ACCOUNTING STANDARDS

REVISION VIII

- Based on revision 1, ACC/1995/20, Annex III;
- Updated for changes to paragraphs 32, 34 and 57 as given in Annex III of ACC/1997/14;
- Updated for changes to paragraphs 31, 32, 35, 48iii and 57 as given in Annex III of ACC/1999/14;
- Updated for changes to paragraph 49 and addition of new paragraph 58, as given in Annex III of ACC/2000/6
- Updated for changes to paragraphs 7 and 21 as given in the report of the Working Party on Accounting Standards, June 2001;
- Updated for changes to paragraphs 1, 28, 29, 31, 46, 48, Appendices III and IV, as

Contents

Foreword

1. The accounting standards agreed for application in organizations of the United Nations system are based to a large extent on relevant International Accounting Standards promulgated by the International Accounting Standards Committee, to which appreciation is expressed for its permission to draw upon its texts, as listed in appendix I. Where differences from the International Accounting Standards exist, it is mainly because of the essentially non-commercial nature of the organizations' activities. Further important factors are the primacy of the regulations, and the central place of approved budgets in the organizations' operations, which make it necessary to focus the accounting within the framework of these mechanisms.

2. By their nature, the standards have to be open to modification, development and refinement as accounting principles evolve and new needs emerge in the system itself. They will accordingly continue to be reviewed on a periodic basis through the same procedures as those through which they have been established.

3. Where individual organizations find it necessary to depart from the practice set out in the standards they should disclose the reasons for doing so in the statement of significant accounting policies included in their financial statements. Where an organization departs from the practices set out below in order to apply:

(a) An IPSAS standard(s); and/or

(b) An IFRS/IAS standard(s) applicable to a topic, when no IPSAS exists for a topic,

the organization is deemed to comply with UNSAS, so long as the organization complies with:

(a) The IPSAS individual standard(s) in its entirety; and/or IFRS/IAS individual standard(s) in its entirety; and

(b) All remaining UNSAS requirements.

This allows organizations to gradually adopt IPSAS by 2010.

General Framework

4. Going concern, consistency and accrual are fundamental accounting assumptions, which are described below as they apply in the United Nations system. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If these fundamental accounting assumptions are not followed, that fact should be disclosed together with the reasons.

(i) Going concern - The organization is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the organization has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations;

(ii) Consistency - It is assumed that accounting policies are consistent from one financial period to another;

(iii) Accrual - The accrual basis of accounting for revenue in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditure in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.

5. Prudence, substance over form and materiality, as described below, should govern the selection and application of accounting policies:

(i) Prudence - Uncertainties inevitably surround many transactions. This should be recognized by exercising prudence in preparing financial statements. Prudence does not, however, justify the creation of secret or hidden reserves;

(ii) Substance over form - Transactions and other events should be accounted for and presented in accordance with their substance and financial reality and not merely with their legal form;

(iii) Materiality - Financial statements should disclose all items which are material enough to affect evaluations or decisions and all material information which is necessary to make the statements clear and understandable.

6. Where an organization has activities which are of a commercial nature, it may be appropriate to apply international accounting standards (e.g. IAS 18, on income recognition), in which case that should be specified.

Financial Statements

7. The objective of financial statements is to provide information about the financial position and performance of the organization, changes in its financial position, and compliance with legislative and other authorities. Notes to the financial statements are an integral part thereof and should be grouped together in one place. A complete set of financial statements1 subject to audit should in all cases include: a statement of income and expenditure and changes in reserves and fund balances (Statement I), a statement of assets, liabilities, and reserves and fund balances (Statement II), a statement of cash flow, (Statement III), using either the indirect (Option A) or direct (Option B) method. Note 1 to the financial statements comprising a statement of the organization's objectives, and Note 2 to the financial statements comprising a statement of significant accounting policies. For organizations with assessed budgets, the audited financial statements should also include a statement or schedule of appropriations (Statement IV or Schedule 1.1) and a detailed schedule of assessed contributions outstanding for the regular budget. Individual organizations might wish to present additional information in the financial statements or schedules or in information annexes, but should maintain the principle that information subject to audit should be presented in statements or schedules while information not subject to audit should be presented in annexes.

8. The complete set of financial statements referred to in paragraph 7 above should be presented in the formats shown in:

(i) Appendix II[1] (statement of income and expenditure and changes in reserves and

[1] Excluding the first two columns on the left of the appendix which refer to the relevant paragraph in these standards (column 1); and to the further explanations attached to the formats (column 2).

either by disclosure of accounting policies used or by notes or explanatory material.

17. Unusual items or prior period items should be disclosed if they have a material effect on the financial statements or schedules. Such items should be either:

(i) Reported by adjusting opening balances in the financial statements for the current period and amending the comparative information in respect of prior years which is included in the financial statements; or

(ii) Separately disclosed in the current financial statements.

In either case the disclosure relating to these items should be adequate to facilitate comparisons of the figures for the periods presented.

18. A change in accounting policy should be made only if the adoption of a different accounting policy is required by resolution of the competent legislative authority or by the present accounting standards (endorsed as necessary by legislative authority), or if it is considered that the changes would result in a more appropriate presentation of the financial statements .

19. If there is a change in accounting policy that has a material effect in the current period, or may have a material effect in subsequent periods, the effect of the changes should be disclosed and quantified, together with the reason for the changes.

20. A change in an accounting estimate should be accounted for as part of income or expenditure relating to the ordinary activities of the organization in:

(i) The period of change if the change affects that period only; or

(ii) The period of change and future periods if the change affects both.

Revision of an estimate that relates to an item that was treated as an unusual item should itself be reported as unusual.

21. Contingent gains or losses, or events occurring after the end of the financial period, should be disclosed in the financial statements if they are considered to be of such importance that non-disclosure would affect the ability of users of the financial statements to make

reporting date, requires the organization, to the extent required by its financial policies, to make a provision or recognize a contingent liability or to adjust a provision or contingent liability already recognized.

Non-adjusting events:

An organization should not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting date, i.e. those events that are indicative of conditions that arose after the reporting date.

An example of a non-adjusting event after the reporting date would be the decline in market value of an investment between the reporting date and the date when the financial statements are authorized for issue. The fall in market value does not normally relate to the condition of investments at the reporting date but reflects circumstances that have arisen in the following period. If disclosure is necessary, the following information should be provided: (i) The nature of the contingency or event and factors that may affect any future outcome; (ii) An estimate of the financial effect, or a statement that such an estimate cannot be made.

22. For organizations with assessed budgets, the statement or schedule of appropriations (Statement IV or Schedule 1.1) should relate actual expenditure to budgeted expenditure for the period. At the summary level, the statement of income and expenditure and changes in reserves and fund balances (Statement I), the statement of assets, liabilities, and reserves and fund balances (Statement II), and the statement of cash flow (Statement III) should show corresponding figures for the preceding period[2].

23. The name of the organization, the date of the end of the financial period, and the period covered by financial statements and the currency in terms of which they are expressed, should be stated.

24. The amounts and classifications of items should be supplemented by any additional information required to make their meanings clear. Significant items should not be included with, or offset against, other items, without separate identification (see also the further explanations attached to the formats in appendices II to V, for guidance on disclosure).

25. All income and expenditure of the organization, whatever the source of funds, should be reported. The extent of combination, whatever the source of funds, should be reported. The extent of combination of income and expenditure in respect of different sources of funds (regular budget, extrabudgetary and any other resources) is a matter of judgement and depends on the extent to which it is meaningful and useful (see also paragraph 9 above).

Currency Questions

26. The accounts of the organizations are maintained, and their financial statement oir finanlAut T*c5 np Tv
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recorded during the period, or reported in previous financial statements, should be recognized as revenue or as expenses in the period in which they arise.

Income and Expenditure

(a) Income

32. Income for a financial period is defined in the United Nations system as money or

37. Other/miscellaneous income is defined in the United Nations system as income other than (i) the value of assessed or voluntary contributions and (ii) such other income items as may be excluded under the organization's financial regulations and rules. Other/miscellaneous income includes inter alia those items shown under that title in appendix II (statement of income and expenditure and changes in reserves and fund balances - Statement I). Other/miscellaneous income should be recorded on an accrual basis.

(b) Expenditure

38. Expenditure for a financial period is the sum of the disbursements and valid unliquidated obligations made against the appropriation/allocation of the period. The main types of expenditure incurred by the organizations are (i) expenditure under assessed regular or special budgets, which is governed by organizations' financial regulations, and (ii) expenditure under voluntary contributions, which may be governed either by the organizations' financial regulations or by separate rules established in accordance with those regulations.

39. Obligations are amounts of orders placed, contracts awarded, services received and other transactions which involve a charge against the resources of the current financial period and which will require payment during the same or a future period. Obligations under assessed regular or special budgets are maintained for the period specified in the organizations' financial regulations. Obligations charged to voluntary contributions may be maintained either for that period or until liquidated or cancelled.

40. Obligations may be increased during the financial period to which they relate according to the same rules as those applying to their establishment. During their period of validity they should be reduced as soon as they come to represent a decreased charge against the resources of the organization, and cancelled as soon as they no longer represent such a charge; in these cases the accounts should be adjusted in accordance with the organization's financial regulations and rules.

41. Obligations unliquidated at the end of a financial period which continue to represent a charge against the resources of the organization should be maintained if the relevant regulations or rules so permit, and shown as a liability in the accounts. Any other remaining unliquidated obligations should be cancelled. Where obligations remain a valid charge but are required to be cancelled because of time limits under the relevant regulations or rules, corresponding new obligations should be established against the resources of the current financial period.

42. Where commitments are incurred against future financial periods, they should be recorded in the organization's accounts or disclosed in a note to the financial statements. Disbursements against such commitments should be recorded as deferred expenditure.

43. The costs of non-expendable equipment, furniture and motor vehicles should be charged to expenditure on purchase.

44. Losses represent other items that meet the definition of expenses and may, or may not, arise in the course of the ordinary activities of the organization. Losses, which include for example losses or thefts of cash, stores or other assets, are not different in nature from other expenses.

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(v) Land and buildings. The value of such property should be disclosed, and the method of valuation (cost, valuation or nominal) should be clearly stated.

50. At the end of the financial period the inventory value at the beginning and end of the financial period of non-expendable equipment, furniture and motor vehicles should be disclosed and the method of valuation (cost or valuation) should be clearly stated in a note to the financial statements. Where possible and to the extent required by the financial policies of the organization, additions and disposals made during the financial period should also be disclosed.

51. The costs incurred during construction or major long-term acquisitions which extend over more than one financial period should be accumulated and disclosed in a separate account. The sources of financing of the operation should be disclosed separately. On completion the construction or acquisition should be brought to account at final cost, and any remaining liability for the financing thereof should be separately shown.

52. Separate disclosure should be made of the amounts and timing of commitments for acquisition of land or buildings.

(b) Liabilities

53. Liabilities to be disclosed include, amongst others, the items mentioned below. They should be listed in the order of increasingly distant due dates, and any security given in respect of them should be disclosed.

(i) Contributions or payments received in advance;

(ii) Borrowings payable within one year;

(iii) Unliquidated obligations;

(iv) Accounts payable including inter-fund balances payable and other accounts payable;

(v) Other funds and special accounts;

(vi) Other liabilities;

(vii) Borrowings payable after one year.

54. Separate disclosure should be made of any secured or unsecured borrowings, and a summary of the interest rates and repayment terms should be provided.

(c) Reserves and Fund Balances

55. Reserves and fund balances include, amongst others, the following items:

(i) Operating reserves;

(ii) Other reserves;

v)j 100.2 3218 Tw ( ) To TD8 TD 0

iv)j 100.5 3218 Tw ( ) To TD8 TD 0 UNIWorkingcapitalfunds;j 206103TD0Tc0.32118TD 0

iii)j 100.60 TD 0 Tc 0.32118 TD 0 UNIBalances relating to projects funded by donors;j 206.11 TD 0 Tc 0.32118 TD 0

APPENDIX I

Accounting Standards of the International Accounting Standards Committee drawn upon in developing the United Nations system accounting standards

Framework for the Preparation and Presentation of Financial Statements

IAS 1	Disclosure of Accounting Policies
IAS 5	Information to be Disclosed in Financial Statements
IAS 7	Statement of Changes in Financial Position
IAS 8	Unusual and Prior Period Items and Changes in Accounting Policies
IAS 10	Contingencies and Events Occurring after the Balance Sheet Date
IAS 13	Presentation of Current Assets and Current Liabilities
IAS 16	Accounting for Property, Plant and Equipment
IAS 17	Accounting for Leases
IAS 18	Revenue Recognition
IAS 21	Accounting for the Effects of Changes in Foreign Exchange Rates
IAS 27	Consolidated Financial Statements and Accounting for Investments in Subsidiaries
E 44	The Effects of Changes in Foreign Exchange Rates (Exposure Draft)

APPENDIX IIA (option A)
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES (Statement I)
for the period ending [date]
(Expressed in [currency of account])

References		Heading	Schedule or Note Reference[2]	General Fund (and related funds)		Other Activities					
Accounting Standards	Comments and further disclosure[1]					1		2		3 etc.	
				[Financial Period]		[Financial Period]		[Financial Period]		[Financial Period]	
				[Current]	[Prior]	[Current]	[Prior]	[Current]	[Prior]	[Current]	[Prior]
		INCOME:									
32(i), 33	1	Assessed contributions									
32(ii),(iii), 34 - 36	2	Voluntary contributions									
32(iv), 37	3	Other/Miscellaneous income									
	4	Revenue producing activities									
	5	Funds received under inter-organization arrangements									
	6	Allocations from other funds									
	7	Jointly-financed activities									
	8	Income for services rendered									
		Interest income									
	9	Currency exchange adjustments									
		Other/Miscellaneous									
		TOTAL INCOME									
38 - 41,		**EXPENDITURE**									
43 - 44											
45	10	Expenditure									
		TOTAL EXPENDITURE									
		EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE									
	11	Prior period adjustments									
	12	Provision for delays in the collection of contributions									
		NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE									

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APPENDIX IIB (option B)
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES (Statement I)
for the period ending [date]
(Expressed in [currency of account])

References		Heading	Schedule or Note Reference[2]	General Fund (and related funds)	Other Activities			Eliminations	Total	
		INCOME:							[Financial Period]	
Accounting Standards	**Comments and further disclcsosure[1]**				**1**	**2**	**3 etc.**		[Current]	[Prior]
		INCOME:								
32(i), 33	1	Assessed contributions								
32(ii),(iii), 34 - 36	2	Voluntary contributions								
32(iv),37	3	Other/Miscellaneous income								
	4	Revenue producing activities								
	5	Funds received under inter-								
	6									
	7									
	8									
	9									

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES (Statement I)

COMMENTS AND FURTHER DISCLOSURE

Number	Comments	Disclosure by schedule or note or on the financial statements	
		Obligatory	**Optional**
General	In accordance with paragraph 5(iii) of the Accounting Standards, all items which are material enough to effect evaluations or decisions should be disclosed in footnotes.		
1/2	Contributions may be broken down by main components to meet Organization's reporting requirements (e.g. Government/non-Government, cash/in kind, pledged/voluntary contributions).		For regular budgets, disclose income from member States (together with contributions outstanding - see obligatory disclosure for contributions receivable). For voluntary contributions, disclose amounts brought to account (together with expenditure where appropriate).
3	Other income items may be shown separately or grouped under the major heading "other/miscellaneous" as prescribed by the basic texts or resolutions, or depending on materiality.		Where such income is shown only in total, disclose breakdown by component.
4	Shown on gross basis unless otherwise indicated.	Where exceptionally shown on net basis, disclose gross income and related costs.	
5	Funds received from UNDP/UNFPA etc. to meet expenditure.		
6	Income received from other funds managed by the organization.		
7	Cost-sharing contributions to meet expenditure provided for on a gross basis in the appropriation (otherwise such items should be handled through the receivable accounts).		

APPENDIX IIIA (option A)
STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES (Statement II)
as at [date]
(Expressed in [currency of account])

References					Other Activities		
Accounting Standards	Comments and further disclosure[1]	Heading	Schedule or Note Reference[2]	General Fund (and related funds)	1	2	3 etc.

APPENDIX IIIB (option B)

STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES (Statement II)

COMMENTS AND FURTHER DISCLOSURE

Number	Comments	Disclosure by schedule or note or on the financial statements

APPENDIX IV A (Option A)

STATEMENT OF CASH FLOW (Statement III)
[Indirect method]
for the period ending [date]
(Expressed in [currency of account])

	[Financial Period]	
	[Current]	[Prior]

CASH FLOWS FROM OPE

APPENDIX IV B (Option B)

STATEMENT OF CASH FLOW (Statement III)
[direct method]
for the period ending [date]
(Expressed in [currency of account])

	[Financial Period]	
	[Current]	[Prior]

APPENDIX V

STATEMENT/SCHEDULE OF APPROPRIATIONS
for the period ending [date]
(Expressed in [currency of account])

Description of appropriation section or programme[1]	Appropriations				Expenditure			Balance[5]
	Original	Supplementary/ Other adjustments[2]	Transfers[3]	Revised	Disbursements	Unliquidated obligations[4]	Total[4]	

[1] To be presented in same detail as approved budgets.

[2] For use according to the requirements of the organization. “Other adjustments” could include such items as other credits, tax equalization transfers, etc.

[3] Provide explanatory notes.

[4] For use according to the requirements of the organization. “Unliquidated obligations” should include accounts payable amounts which have been expensed.

[5] For use according to the requirements of the organization.