



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Seventy-third Session

Rome, 12 - 16 November 2018

Audited Accounts - FAO Commissary 2017

Queries on the substantive content of this document may be addressed to:

Ms. Dilek Macit
Assistant Director-General
Corporate Services Department
Tel: + 3906 5705 0459

*This document can be accessed using the Quick Response Code on this page;
an FAO initiative to minimize its environmental impact and promote greener communications.
Other documents can be consulted at www.fao.org*



EXECUTIVE SUMMARY

- The FAO Staff Commissary was established under Article XII, Section 27(j) (ii) of the Headquarters Agreement between the Government of the Italian Republic and the FAO, and administered through Manual Section 103, Annex D. The Commissary is part of the FAO and preparation of its financial statements is the responsibility of the management of the Staff Commissary on behalf of the Director-General FAO.
- The accounts of the FAO Commissary are audited by the External Auditor on an annual basis, and the attached 2017 Audited Accounts are presented herewith with an unqualified opinion from the External Auditor.
- The annual Audited Accounts of the FAO Commissary are submitted to the Finance Committee for approval in line with Resolution 16/97 adopted by the FAO Conference at its 29th Session in November 1997.
- Management wishes to note that on 30 September 2017, the Commissary's commercial operations were permanently closed based on the decision made by FAO management and endorsed by the FAO governing bodies. The management undertook all necessary procedures to close the headquarter's-based Commissary while mitigating the loss during the closure. Accordingly, the 2017 annual report is the last financial statement for the Commissary.
- Using a liquidation basis of accounting, FAO Commissary closed with a net loss of EUR 484,774 (mainly staff and other costs related to liquidation process following commercial closure) after the one percent statutory deduction of gross sales revenue to the Staff Welfare Fund.
- The Commissary's net working capital closed at EUR 2.8 million, with EUR 3.0 million in cash and cash equivalents, all financed by a EUR 1.3 million working capital fund and EUR 1.5 million in retained earnings.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is requested to review, and approve, the 2017 Audited Accounts of the FAO Commissary

Draft Advice

- **The Finance Committee hereby approves the 2017 Audited Accounts of the FAO Commissary.**



**Republic of the Philippines COMMISSION
ON AUDIT Commonwealth Avenue,
Quezon City, Philippines**

INDEPENDENT AUDITOR'S REPORT

Ms. Dilek Macit

Assistant Director-General
Corporate Services Department (CS)
Food and Agriculture Organization of the United Nations
Viale delle Terme di Caracalla – 00153 Rome, Italy

Opinion

We have audited the accompanying financial statements of the FAO Staff Commissary Fund (FAOSCF), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, statement of changes in equity, and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the FAOSCF as at 31 December 2017, and the results of its operations, changes in equity, and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles (GAAP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the FAOSCF in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in Note 21 of the financial statements, FAO Management decided to close the FAOSCF's commercial operations on 30 September 2017. As a result, the FAOSCF changed its basis of accounting on 30 September 2017 from the going concern basis to a liquidation basis. Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the FAOSCF's inability to continue as a going concern, disclosing, as applicable, matters related to the closure of its operations and using the liquidation basis of accounting.

Those charged with governance are responsible for overseeing the FAOSCF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economics decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

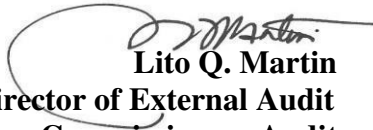
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FAOSCF's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, in our opinion, the transactions of the FAOSCF that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the FAO Financial Regulations.


Lito Q. Martin
Director of External Audit
Commission on Audit
Republic of the Philippines

Quezon City, Philippines
22 June 2018

FAO STAFF COMMISSARY FUND
STATEMENT OF FINANCIAL POSITION

As at 31 December 2017
(With Corresponding Figures for 2016)
(Expressed in Euro)

	Note	2017	2016 As Restated
ASSETS			
Current Assets			
Cash and Cash Equivalents	2(d), 3	2,999,852	2,539,789
Inventory	2(e), 4	-	1,890,798
Accounts Receivable	5	-	36,831
		2,999,852	4,467,418
Non-Current Assets			
Property, Plant and Equipment (PPE) - net	2(f), 6	-	6,071
Intangible Asset – net	7	-	53,736
		-	59,807
TOTAL ASSETS		2,999,852	4,527,225
LIABILITIES AND EQUITY			
Current Liabilities			
Trade Payables	8	-	982,127
Accruals and Provisions	9	-	(26,870)
Payable to Staff Welfare Fund	10	-	35,841
FAO Commissary Account	11	239,340	270,677
Other Current Liabilities	12	-	12,917
		239,340	1,274,692
Non-Current Liability			
Deposit Guaranty	13	-	9,560
		-	9,560
Equity			
Working Capital Fund	14	1,325,573	1,325,573
Retained Earnings		1,434,939	1,917,400
		2,760,512	3,242,973
TOTAL LIABILITIES AND EQUITY		2,999,852	4,527,225

The accompanying Notes are integral parts of the Financial Statements.



Aiman Hija
Director and Treasurer, CSFD, CS



Khaled Al Khashram
FAO Commissary Accounts





Richard Nichols

FAO STAFF COMMISSARY FUND
STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2017
(With Corresponding Figures for 2016)
(Expressed in Euro)

	Note	2017	2016 As Restated
INCOME			
Sales Revenue	15	6,813,414	10,196,719
Cost of Sales	2(e), 4, 16	5,561,407	8,015,968
Gross Profit		1,252,007	2,180,751
Other Income	17	27,113	162,943
Gain on Foreign Exchange	2(c)	21,246	42,099
		1,300,366	2,385,793
EXPENSES			
Personnel	18	956,934	1,257,796
General Operating Expenses	19	614,554	849,038
Support Cost Reimbursement to FAO	20	85,711	64,566
Depreciation and Amortization	2(f), 6, 7	19,863	25,302
Loss on Disposal of Intangible Asset and PPE	2(f), 6, 7	39,944	-
		1,717,006	2,196,702
NET (LOSS)/PROFIT BEFORE CONTRIBUTION TO STAFF WELFARE FUND			
Contribution to Staff Welfare Fund	10	(416,640)	189,091
		(68,134)	(101,967)
NET (LOSS)/PROFIT AFTER CONTRIBUTION TO STAFF WELFARE FUND			
		(484,774)	87,124

The accompanying Notes are integral parts of the Financial Statements.


Aiman Hija
Director and Treasurer, CSFD, CS


Khaled Al Khashram
FAO Commissary Accounts


Richard Nichols

FAO STAFF COMMISSARY FUND
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2017
(With Corresponding Figures for 2016)
(Expressed in Euro)

	Note	2017	2016 As restated
Working Capital Fund			
Balance as at beginning of the year		1,325,573	1,392,438
Adjustment to 13 percent level	14	-	(66,865)
Balance as at end of the year		1,325,573	1,325,573
Retained Earnings			
Balance as at beginning of the year		1,917,400	1,628,243
Add: Prior period errors/adjustments:		2,313	135,169
Restated balance as at beginning of the year		1,919,713	1,763,412
Add/(Deduct): Changes in equity for the year:			
Net (loss)/profit after contribution to Staff Welfare Fund		(484,774)	87,124
Transfer from working capital fund	15	-	66,864
		(484,774)	153,988
Balance as at end of the year		1,434,939	1,917,400
Equity as at end of the year		2,760,512	3,242,973

The accompanying Notes are integral parts of the Financial Statements.



Aiman Hija
Director and Treasurer, CSFD, CS



Khaled Al Khashram
FAO Commissary Accounts




Richard Nichols


FAO STAFF COMMISSARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2017
(With Corresponding Figures for 2016)
(Expressed in Euro)

	Note	2017	2016
Cash flows from operating activities:			
Net (Loss)/Profit after contribution to Staff Welfare Fund		(484,774)	87,124
Add/(Deduct): Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation and Amortization	2(f), 6, & 7	16,437	25,302
Loss on disposal of Intangible Asset and PPE	2(f), 6, & 7	43,370	-
Decrease/(Increase) in Inventory	2(e) & 4	1,893,111	(20,735)
Decrease/(Increase) in Accounts Receivable	5	36,831	(12,914)
(Decrease)/Increase in Trade Payables	8	(982,127)	703,292
Increase/(Decrease) in Accruals and Provisions	9	26,870	(318,562)
(Decrease) in Other Current Liabilities	12	(12,917)	(174,004)
(Decrease)/Increase in Payable to Staff Welfare Fund	10	(35,841)	2,016
(Decrease)/Increase in FAO Commissary Account	11	(31,337)	180,282
(Decrease) in Terminal Emoluments Reserve	14	-	(137,987)
(Decrease) in Deposit Guaranty	13	(9,560)	-
Net cash provided by operating activities		460,063	333,814
Cash flows provided by/(used in) investing activities:			
Proceeds from the termination of one-year bank deposit	3	-	1,000,000
Acquisition of equipment	2(f)	-	(5,002)
Net cash provided by investing activities		-	994,998
Increase in cash and cash equivalents		460,063	1,328,812
Cash and cash equivalents as at beginning of the year		2,539,789	1,210,977
Cash and cash equivalents as at end of the year	3	2,999,852	2,539,789

The accompanying Notes are integral parts of the Financial Statements.


Aiman Hija
Director and Treasurer, CSFD, CS


Khaled Al Khashram


Richard Nichols
FAO Commissary Accounts

FAO STAFF COMMISSARY FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2017

1. The Reporting Entity

The Food and Agriculture Organization [FAO] Staff Commissary Fund (FAOSCF) was established in 1951 to facilitate duty free importation of goods by international staff under Article XII, Section 27(j) (ii), and Annex D of the Headquarters' Agreement between the Government of the Italian Republic and the FAO. Access to the Commissary was given to all FAO staff members as of 1 December 1971, following an exchange of letters with the Italian Government, which stated that the agreed quantities of goods to be imported would be computed according to the total number of FAO staff.

The FAOSCF closed its outlets at the World Food Programme (WFP) and FAO on 30 August 2017 and 30 September 2017, respectively, the latter being the formal end date of all FAOSCF commercial operations. The closure process itself continued beyond that date and into 2018 to ensure, inter alia, the orderly disposal of the limited stock of unsold items and liquidation of existing assets. As a result of the closure, the FAOSCF's financial statements have been prepared using a liquidation basis of accounting.

The FAOSCF is part of the FAO and preparation of its financial statements is the responsibility of the management of the Commissary on behalf of the Director General of FAO.

The FAOSCF's reporting date is 31 December 2017 for the 2017 financial statements. These financial statements were authorized for issue on 11 June 2018, the date at which they were submitted to the External Auditor by the Director and Treasurer, CSFD, CS.

2. Significant Accounting Policies

(a) Basis of Preparation of the Financial Statements

These financial statements have been prepared on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles and using a liquidation basis of accounting, as noted in Note 1.

(b) Functional Currency

The Financial Statements are expressed in euros, the functional currency of the FAOSCF.

(c) Foreign Currency Transactions

Foreign currency transactions are translated into Euros using the United Nations Operational Rate of Exchange (UNORE), which approximated the exchange rates prevailing at the dates of the transactions. The UNORE are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Monetary assets and liabilities denominated in foreign currencies are translated into EURO using the closing rate of the UNORE as at the end of the reporting period. Non-monetary items carried at historical cost using the historical exchange rate that existed at the date when item was recognized.

Realized and unrealized foreign exchanges gains and losses, from the settlement of foreign currency transactions and from the translation at year-end are reflected under the statement of profit or loss.

(d) Cash and Cash Equivalents

The Cash and Cash equivalents account includes cash on hand and deposits held at call with banks.

(e) Inventory

The Inventory was stated at landed cost. The cost of inventory was determined using the first-in, first-out (FIFO) method and measured at the lower of cost and net realisable value (NRV). The amount of any write-down of inventory to NRV and all losses of inventory were recognized as an expense in the period the write-down or loss occurred.

(f) Property, Plant and Equipment

The cost of equipment was calculated based on historical cost. Depreciation was calculated using the straight-line method to allocate the cost of fixed assets over their estimated useful life of five years. The first year's depreciation of new assets was based on the actual number of months the asset had been in service.

Recognizing that the Organization estimates a useful life of four years for all computer equipment, all of the computer equipment of FAOSCF had been depreciated using a four-year straight-line method.

3. Cash and Cash Equivalents

This account is composed of the following:

	2017	2016
Cash in bank	2,999,852	2,529,984
Cash on hand	-	9,805
Balance as at 31 December	2,999,852	2,539,789

The FAOSCF had not been investing any amount in 2017. In 2016, FAOSCF terminated its one-year bank deposit investment of €1,000,000, and the proceeds were deposited to its regular bank account. The Cash and Cash Equivalents account balance of €2,999,852, as presented in the financial statements as at 31 December 2017, is the accounted cash in bank balance per books as at 11 June 2018.

4. Inventory

Inventory is composed of the following:

	2017	2016
Tobacco	-	356,005
Spirits and Liqueurs	-	86,404
Beer, Wine, and Champagne	-	170,398
Non-alcoholic Drinks	-	70,344
Cosmetics and Perfumery	-	482,074
Food, Groceries, and Assortments	-	725,573
Balance as at 31 December	-	1,890,798

The loss incurred on write-down of slow moving stocks to net realizable value was absorbed directly to cost of goods sold. Year-end inventory count discrepancy plus operational discrepancies of broken/lost/expired aggregated to €39,423, of which suppliers reimbursed the amount of €3,667. The resultant net amount of €35,756 was recognized as part of cost of sales. Refer to Note 16.

	2017	2016
Operational and year-end discrepancies	39,423	142,201
Less: Actual reimbursements by supplier	-	(57,572)
To be claimed/actual recovery from contractors	(3,667)	(48,435)
Charged to cost of sales	35,756	36,194

After the operation of FAOSCF was permanently ceased on 30 September 2017, the final inventory count took place on 12 October 2017 with the participation of FAOSCF staff, and the representatives from Commissary's Working group and Office of Inspector General. In its Office Memorandum dated 21 November 2017, FAO donated the remaining physical inventory valued at €8,288.98 to Caritas Roma Foundation based on the management decision and agreement with the Foundation. The same was duly accepted by the Foundation on 26 November 2017.

As at 31 December 2017, the Inventory account has a zero balance in the financial statements.

5. Accounts Receivable

Accounts receivable is composed of the following:

	2017	2016
Trade Receivable	-	29,958
Intercompany Receivable	-	6,873
Balance as at 31 December	-	36,831

This account represents receivables due from the various debtors of FAOSCF. As at 31 December 2017, the FAOSCF has a zero Accounts Receivable account balance in the financial statements.

6. Property, Plant and Equipment

This account consists of the following:

	Machinery & Equipment	Furniture & Fixtures	IT Equipment	Motor Vehicles	Total
Cost					
1 January	69,940	383,903	83,450	103,298	640,591
Additions	-	-	-	-	-
Disposals	(69,940)	(383,903)	(83,450)	(103,298)	(640,591)
31 December 2017	-	-	-	-	-
Accumulated Depreciation					
1 January	69,940	383,292	77,990	103,298	634,520
Charges for the year	-	266	2,379	-	2,645
Disposals	(69,940)	(383,558)	(80,369)	(103,298)	(637,165)
31 December 2017	-	-	-	-	-
Carrying Amount					
31 December 2017	-	-	-	-	-
31 December 2016	-	611	5,460	-	6,071

As per Office Memorandum dated 7 November 2017, a request was approved for the transfer of Property, Plant and Equipment (PPE) items to Finance Division (CSF) for disposal. In accordance with manual section 504.1413, the aforesaid PPE items, which are already considered obsolete, would be included in the Bulk sale of Surplus Property. The total loss on disposal of PPE amounting to €3,426 represents the carrying amount of PPE as at 31 October 2017. As at 31 December 2017, the FAOSCF has a zero PPE account balance in the financial statements.

7. Intangible Asset

This account pertains to the cost of software, which carrying amount is shown below:

	2017	2016
Cost		
1 January	91,648	45,000
Additions	-	46,648
Disposal	(91,648)	-
31 December	-	91,648
Accumulated Amortization		
1 January	37,912	16,500
Charges for the year	17,218	21,412
Disposal	(55,130)	-
31 December	-	37,912
Carrying Amount	-	53,736

As per Office Memorandum dated 14 November 2017, a request was approved for the transfer of intangible asset to CSF for disposal, in accordance with manual section 504.1413. The total loss on disposal of intangible asset amounting to €36,518 represents the carrying amount as at 31 October 2017. As at 31 December 2017, the FAOSCF has a zero Intangible Asset account balance in the financial statements.

8. Trade Payables

This account represents balances of payables (goods received & invoiced but still unpaid) due to the Commissary's various creditors. Identified errors/adjustments of prior periods had been aptly corrected during the year.

In conformity with IAS 8, the Trade Payables account is restated as follows:

Understated amount as at 31 December 2016	980,957
Prior period errors	1,170
Trade Payables as at 31 December 2016	982,127

As at 31 December 2017, FAOSCF has a zero Trade Payable account balance in the financial statements.

9. Accruals and Provisions

These accounts represent the respective accruals and provisions of expenses incurred but not yet paid. These accounts include accrued inventory costs (goods received but not yet invoiced). As at 31 December 2017, the FAOSCF has a zero Accruals and Provisions account balance in the financial statements.

10. Payable to Staff Welfare Fund

In accordance with Conference Resolution 18/93, effective with the year ending 31 December 1992, the equivalent of one per cent of total sales shall be transferred to the Staff Welfare Fund (SWF) and that the Director-General decide whether any net profits of the Commissary are to be carried forward to the next year or transferred to the SWF.

A revised funding mechanism was, however, developed and became effective on 6 July 2017 when the FAO Conference adopted a resolution (19/2017) abolishing the 1% contribution related to sales. The Conference authorized the Director-General to transfer part of the Commissary's annual net profits to the SWF.

Payments were, however, made to the SWF the amounts of €30,728.43 and €15,636.80 representing 1% of its sales for the respective 2nd and 3rd quarters of CY 2017 on 19 September 2017 and 19 December 2017. Said payments were made to honor the commitment of FAO to provide financial support to the FAO Staff Coop, being an independent legal entity established under the Italian law.

The Payable to SWF account is classified as an intercompany payable account. As at 31 December 2017, the FAOSCF has a zero Payable to SWF account balance in the financial statements.

11. FAO Commissary Account

This account represents the balance payable to FAO for support cost reimbursements and other inter-company transactions with the FAO such as staff costs, supplies, fixed assets, and Brand Centre. The FAO Commissary Account is classified as an intercompany payable account. As at 31 December 2017, the FAO Commissary Account has an outstanding balance of €239,340 in the financial statements.

12. Other Current Liabilities

This account represents any other payable liabilities.

In conformity with IAS 8, the Other Current Liabilities account is restated as follows:

Understated amount as at 31 December 2016	178,861
Prior period errors	165,944
Other Current Liabilities as at 31 December 2016	12,917

As at 31 December 2017, the FAOSCF has a zero Other Current Liabilities account balance in the financial statements.

13. Deposit Guaranty

This account pertains to deposit made by the concessionaire, refundable upon expiry of the contracts. As at 31 December 2017, the FAOSCF has a zero Deposit Guaranty account balance in the financial statements.

14. Working Capital Fund

At the Sixth session of the FAO Conference held from 19th November to the 6th December 1951, it was decided that the Commissary should establish a fund for the purchase of stocks for the Commissary, the fund to be reimbursed from the proceeds of sale of such stocks.

At the Ninety-second session of the Council held in November 1987, it was decided that the Working Capital Fund should be maintained at a level of 12 per cent of annual turnover. Subsequently at the Seventy-second session of the Finance Committee held from 16th to the 26th September 1991, it was decided that the level of the Working Capital Fund should be increased from 12 per cent to 13 per cent of turnover.

In 2017, Commissary did not compute for and maintain the 13 per cent level of turnover for the Working Capital Fund as the same was no longer necessary for the purchases of stocks due to the closure of the Commissary.

15. Sales Revenue

Sales account is composed of the following:

	2017	2016
Cash Sales	6,787,378	10,172,555
Credit Sales	26,036	24,164
Total	6,813,414	10,196,719

In order to dispose the remaining inventory, major markdowns of selling prices were imposed gradually on available inventory from 10 July to 29 September 2017 based on sales strategy approved by the Director-General.

16. Cost of Sales

	2017	2016
Inventory as at 1st January	1,890,798	1,871,127
Purchases	3,634,853	7,999,445
Inventory Available for Sale	5,525,651	9,870,572
Less: Inventory as at 31 December (at NRV)	-	1,890,798
Cost of Sales before Inventory Discrepancy	5,525,651	7,979,774
Add: Inventory Discrepancy – net	35,756	36,194
Cost of Sales after Inventory Discrepancy	5,561,407	8,015,968

17. Other Income

This account is composed of the following:

	2017	2016
Concessionaire Management Fees	15,529	15,946
Advertisement and Publicity	-	6,580
Interest Income	169	2,430
Miscellaneous Income	11,415	137,987
Total	27,113	162,943

18. Personnel

The account reflects payroll cost as charged by FAO. Payroll cost includes compensation for three Professionals and thirteen General Service staff members.

	2017	2016
Staff Salaries – Professional Category	193,283	344,704
Staff Salaries – General Service Category	719,545	840,741
Consultants	44,106	72,351
Total	956,934	1,257,796

19. General Operating Expenses

This account is composed of the following:

	2017	2016
Contractor	449,508	704,034
Donations	8,289	-
Bank Charges	63,383	73,324
Supplies	1,667	3,042
Insurance	10,944	11,639
Communications	10,969	9,413
Travel	4,872	7,528
Truck Maintenance and Fuel	1,236	3,551
Stationery	573	1,577
Software License	17,576	17,331
Data Equipment Rentals	12,939	10,405
Renovations	29,689	6,960
Advertising and Publicity	204	-
Cash Differences	2,705	234
Total	614,554	849,038

20. Support Cost Reimbursement to FAO

At the Twenty-fifth session of the FAO Conference held from 11th to the 30th November 1989, it was decided that the Commissary should reimburse FAO in respect of services provided to the Commissary and that the related actual costs should be charged to the Commissary on an estimated basis henceforward. The Support Cost Reimbursement to FAO is composed of the following:

	2017	2016
Utilities and Maintenance	21,452	29,112
Deposit Guaranty Refund	28,804	-
External and Internal Audit Fees	35,454	35,454
Total	85,711	64,566

21. Cease of Commissary Operations

Following a comprehensive special review of the Commissary by FAO's Office of Inspector General (issued in November 2016) and the ban (announced in May 2017) on the sale on FAO premises of tobacco (i.e. about 41 percent of the Commissary gross margin), it became clear that the business model of the Commissary needed to be fundamentally revised to guarantee the financial viability of the facility. The need to move to a new business model was accelerated by the decision of the external contractor, A.T.I Sanital, not to renew its contract with FAO beyond its expiration date of 30 June 2017.

While a preferred business model is at present under consideration, it needs to be further analyzed in terms of its feasibility as well as discussed with the Italian authorities to ensure full compliance with the Headquarters Agreement (31 October 1950) between FAO and the Italian Government, including as regards the privileges and immunities of FAO's officers.

On 30 September 2017, Commissary's operation was permanently ceased based on the decision made by FAO management. The management undertook all necessary procedures to wind up the Commissary. Accordingly, these are the last financial statements for the Commissary.



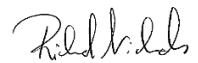
Aiman Hija

Director and Treasurer, CSFD, CS



Khaled Al Khashram

FAO Commissary Accounts



Richard Nichols