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International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financial report and audited financial statements

for the year ended 31 December 2016

and

Report of the Board of Auditors

United Nations • New York, 2017

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 21 June 2017 from the Secretary-General to the Chair of the Board of Auditors

In accordance with financial regulation 6.2 of the Financial Regulations and Rules of the United Nations, I have the honour to submit the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2016, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of the financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) António **Guterres**

Letter dated 30 June 2017 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2016, which were submitted by the Secretary-General. The statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above-mentioned accounts, including the audit opinion thereon.

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, which comprise the statement of financial position (statement I) as at 31 December 2016 and the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the 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 International Tribunal for the Former Yugoslavia as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the International Tribunal for the Former Yugoslavia, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

In forming our opinion, which is not qualified, we draw attention to the disclosures made in paragraphs 8 to 13 of the notes to the financial statements concerning the going concern of the International Tribunal for the Former Yugoslavia. The operations of the Tribunal will be completed during 2017, after which the Tribunal will be formally closed. Liquidation activities will take place subsequently, concluding the progressive amalgamation of the Tribunal into the International Residual Mechanism for Criminal Tribunals. Management has stated that it is no longer appropriate to assert a going-concern basis for the financial statements of the Tribunal as at 31 December 2016. Management has conducted a review with the aim of preparing the financial statements on a liquidation basis. The review has determined that there is no material difference between the going-concern basis and the liquidation basis, since the Tribunal is being progressively amalgamated into the Mechanism. Accordingly, the financial statements were presented without adjustment to the liquidation basis.

Information other than the financial statements and the auditor’s report thereon

The Secretary-General is responsible for the other information, which comprises the financial overview report for the year ended 31 December 2016, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be 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 ability of the International Tribunal for the Former Yugoslavia to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate the ICTY or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the reporting process of the International Tribunal for the Former Yugoslavia.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the International Standards on Auditing 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 economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.

- Obtain 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 internal control of the International Tribunal for the Former Yugoslavia.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the International Tribunal for the Former Yugoslavia to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Tribunal to cease to continue as a going concern.
- Evaluate 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 communicate 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

Furthermore, in our opinion, the transactions of the International Tribunal for the Former Yugoslavia that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
Chair of the Board of Auditors

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

30 June 2017

Chapter II
Long-form report of the Board of Auditors

Summary

The Security Council established the International Tribunal for the Former Yugoslavia to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thereby to contribute to the restoration and maintenance of peace in the region.

The Board of Auditors has audited the financial statements and reviewed the operations of the Tribunal for the year ended 31 December 2016. The audit was carried out through the examination of financial transactions and operations at the Tribunal's headquarters in The Hague, the Netherlands.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and has been discussed with the Tribunal's management, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of the Tribunal as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the Tribunal's operations under United Nations financial regulation 7.5, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined key activities of the Tribunal, including implementation of the Tribunal's completion strategy together with the liquidation process, archive and records management and information and communications technology (ICT). The report also includes a brief commentary on the status of implementation of recommendations from previous years.

Audit opinion

The Board has issued an unqualified audit opinion on the financial statements for the period under review as reflected in chapter I.

Overall conclusion

The Board did not identify material misstatements which could affect its opinion on the Tribunal's financial statements. The Board is satisfied with the efforts made by the Tribunal in the implementation of the completion strategy by ensuring that the forecast dates of judgment for the remaining cases are met. However, the Board still considers that it is critical that the Tribunal continue the monitoring activities and the maintenance of the internal controls needed to ensure that the ultimate closure of the Tribunal's operations is achieved by the end of 2017.

Key findings and recommendations

The Board highlights the key finding set out below.

Archives and records management

Pending records retention schedules

Approved records retention schedules[1] for three offices did not include 20 digital records from eight sections and 6 physical records from four sections. Consequently, the disposal of the pertinent records[2] could not be carried out, notwithstanding the fact that the records disposition plan had been approved in 2016. The Board considers that the intervention of management is needed on this matter because there is a risk that, at the time of the winding-up of the Tribunal, some records may be mishandled or not disposed of.

Recommendations

The Board has made several recommendations on the basis of its audit. The main recommendation is that ICTY:

Review the affected records retention schedules and subsequently approve the records retention schedules for more effective and efficient implementation of the records disposition plans.

[1] The records retention schedules for the Office of the Prosecutor and the Registry were approved by the Archives and Records Management Section in August 2012, whereas the records retention schedules for the administrative office and the Chambers were approved in June 2015.

[2] Excluded from the retention schedule.

Key facts	
$95.75 million	Original biennial budget approved by the General Assembly for 2016-2017
$98.06 million	Final budget approved by the Assembly for the biennium 2016-2017
$58.67 million	Original annual budget for 2016
$59.72 million	Final annual budget for 2016
$49.37 million	Total revenue for 2016
$59.47 million	Total expenses for 2016
$98.80 million	Total assets as at 31 December 2016
$79.05 million	Total liabilities as at 31 December 2016
381	Total staff (327 staff on fixed-term contracts and 18 permanent and 36 temporary staff)

A. Mandate, scope and methodology

1. The International Tribunal for the Former Yugoslavia is a United Nations court of law established in 1993 to deal with war crimes that were committed during the conflicts in the former Yugoslavia in the 1990s. It is located in The Hague, the Netherlands, with field offices in Sarajevo and Belgrade. The Tribunal was established by the Security Council in its resolution 827 (1993). It is mandated to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thereby contribute to the restoration and maintenance of peace in the region.

2. The Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers comprise three Trial Chambers and an Appeals Chamber. The Chambers are responsible for trials and appeals, and the Office of the Prosecutor is responsible for investigation and prosecution. The Registry, which services both the Chambers and the Prosecutor, is responsible for the administration and servicing of the Tribunal.

3. The Board of Auditors has audited the financial statements of the International Tribunal for the Former Yugoslavia and reviewed its operations for the year ended 31 December 2016 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. That included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and

internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5, which requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Those matters are addressed in the relevant sections of the present report.

6. The Board coordinates with the Office of Internal Oversight Services of the Secretariat in the audit in order to avoid duplication of efforts and to determine the extent to which the Board could rely on its work.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly; the observations and conclusions were discussed with the Tribunal's management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous years' recommendations

8. Out of the six recommendations up to the year ended 31 December 2015, three (50 per cent) had been fully implemented, while the remaining three (50 per cent) were under implementation. The Board urges the Tribunal to increase the pace of implementing the outstanding recommendations. Details of the implementation status of the recommendations are presented in annex I to the present report.

2. Financial overview

9. The Tribunal's revenue totalled $49.37 million for the year 2016 (2015: $90.99 million). The main source of revenue for 2016 was assessed contributions of $48.54 million (2015: $90.41 million) received from Member States. The revenue from assessed contributions has been recorded for the Tribunal in accordance with the Financial Regulations and the relevant General Assembly resolutions for the biennium 2016-2017 (70/242 and 71/268). Those resolutions decreased the budget for the biennium 2016-2017 by 48.7 per cent compared with the budget for 2014-2015, in line with the downsizing and completion strategy of the Tribunal. Similarly, the comparison of assessed revenue for 2015 and 2016 shows a decrease of 46.3 per cent.

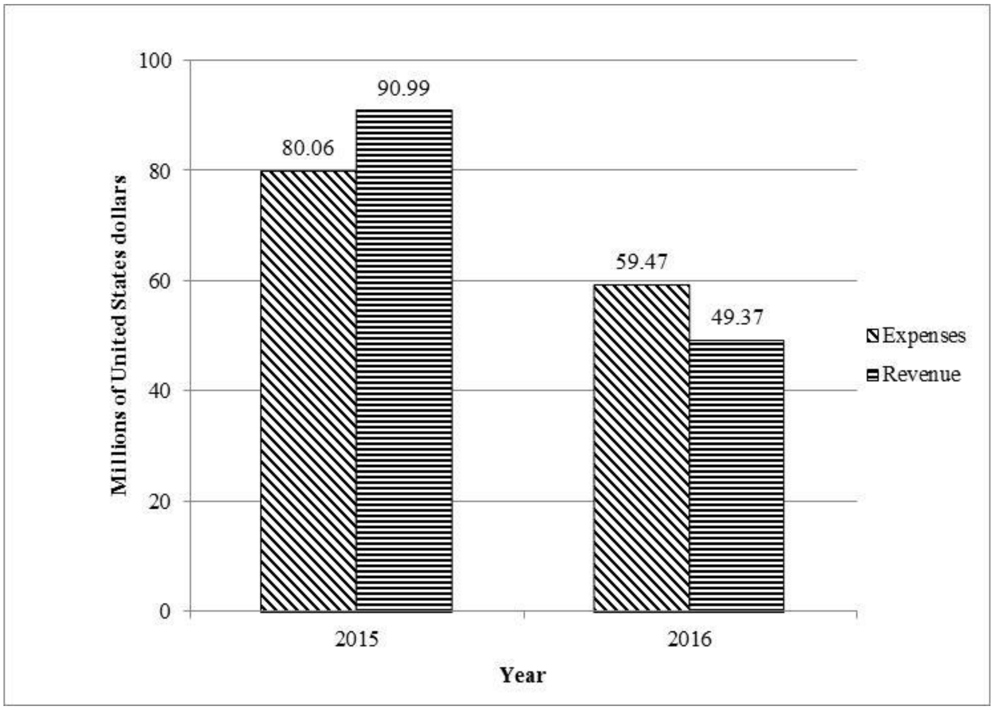
10. For the year ended 31 December 2016, expenses totalled $59.47 million (2015: $80.06 million), representing a decrease of $20.59 million, or 26 per cent. The decrease resulted from the transfer of activities from the Tribunal to the International Residual Mechanism for Criminal Tribunals. The Tribunal had a deficit of revenue against expenses of $10.10 million, compared with a surplus of $10.93 million in 2015. The deficit was due to the fact that the 2016 assessed revenue of $48.54 million was much less than the final budget of $59.72 million allocated for 2016, on which expenditures were authorized.

11. Total assets in 2016 were $98.80 million, representing a reduction of $12.16 million, or 11.0 per cent, compared with 2015. Total liabilities in 2016 amounted to $79.05 million, compared with the balance of $81.85 million as at 31 December 2015. The decrease of $2.80 million was due to the reduced level of staffing in the Tribunal as a result of the winding-up and downsizing strategy.

12. As at the reporting date, 31 December 2016, the Tribunal had liabilities for employee benefits and judges' honorariums and allowances of $69.89 million, which exceeded total cash and cash equivalents and investments of $67.03 million. It should be noted that no amounts were reserved in the accounts to cover the payment of those liabilities in the future.

13. A comparison of revenues and expenses for the financial years 2015 and 2016 is illustrated in the figure below.

Financial performance of the Tribunal



Source: Board analysis of the Tribunal's financial statements for 2016.

Liquidity position

14. The Board notes that the liquidity position of the Tribunal as at 31 December 2016 was healthy; the entity had sufficient liquid assets to settle its obligations. Current assets totalled $81.36 million (2015: $83.44 million), whereas total current liabilities amounted to $15.49 million (2015: $11.74 million). Total current assets included cash and cash equivalents of $18.53 million, short-term investments of $32.74 million and accounts receivable of $30.09 million, which comprised assessed contributions of $29.02 million, other receivables of $0.66 million and other assets of $0.41 million.

Ratio analysis

15. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2016, with comparatives for the year ended 31 December 2015.

Table II.1
Financial ratios

Description of ratio	*31 December 2016*	*31 December 2015 (restated)*
Current ratio[a]		
Current assets: current liabilities	5.25:1	7.11:1
Total assets: total liabilities[b]		
Assets: liabilities	1.25:1	1.36:1
Cash ratio[c]		
Cash + short-term investments: current liabilities	3.31:1	4.26:1
Quick ratio[d]		
Cash + short-term investments + accounts receivable: current liabilities	5.23:1	7.06:1

Source: Board analysis of the Tribunal's financial statements for 2016.
[a] A high ratio indicates an entity's ability to pay off its short-term liabilities.
[b] A high ratio is a good indicator of solvency.
[c] The cash ratio indicates an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.
[d] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

16. The ratio of 5.25:1 indicates that current liabilities are covered in excess of five times by liquid assets, and therefore there are sufficient liquid assets available to fully pay liabilities should the need arise. The decrease in the value of that ratio from 7.11:1 in the prior year resulted primarily from increased current liabilities (due mainly to the payable generated by the transfer of after-service health insurance, repatriation and annual leave benefits to the International Residual Mechanism for Criminal Tribunals). When accounts receivable are excluded from the analysis, the coverage of current obligations is at 3.31 and 4.26 for the years 2016 and 2015, respectively.

3. Archives and records management

Pending records retention schedules

17. Section 4.1 of the Secretary-General's bulletin on record-keeping and the management of United Nations archives (ST/SGB/2007/5) requires that departments and offices develop and implement a policy regarding the retention of their records, including transitory records, through a records retention schedule subject to approval by the Archives and Records Management Section. In addition, section 4.3 of the bulletin states that, with the exception of transitory records, departments and offices may not dispose of records in their possession without specific authorization in a retention schedule or the signed authorization of the Chief of the Archives and Records Management Section.

18. The Board noted that the approved retention schedules for the Office of the Prosecutor, the Registry, the administrative office and the Chambers did not include 20 digital records from eight sections and 6 physical records from four sections (see annex II to the present report) and, consequently, the disposal of the pertinent

records[3] could not be carried out despite the fact that the records disposition plan had been approved in 2016.

19. Management explained that all sections had been instructed not to dispose of records that had not been included in the approved retention schedule while they were initiating the review of the affected retention schedules. The Board is concerned that this anomaly not only affected the offices concerned with respect to the disposition of their records, but also may create a risk of mishandling of the records during the winding-up of the Tribunal's operations.

20. **The Tribunal agreed with the Board's recommendation that it review the affected records retention schedules and subsequently approve the records retention schedules for more effective and efficient implementation of the records disposition plan.**

4. Information and communications technology

Inadequate logical access controls

21. Section 15.10 of the ICT technical procedures on access control for the United Nations Secretariat requires that all passwords be composed of at least two out of four character classes, namely, upper-case letters, lower-case letters, numbers and punctuation marks. The procedures also require that passwords not be based on any personal information that is readily available to potential adversaries, such as the names of family members or pets, and that they not be based on words found in the dictionary of any language or on simple patterns such as "aaabbb", "qwerty", "zyxwvuts" and "123321".

22. Furthermore, according to section 6.2 of the ICT policy of the Tribunal, the enforcement of password history and maximum password age for the active directory policies relating to the Association of Defence Counsel, the Registry and the Office of the Prosecutor is summarized as presented below.

Table II.2
Active directory policies

Password policy	*Association of Defence Counsel*	*Registry*	*Office of the Prosecutor*
Enforce password history (maximum number of passwords that the system can remember)	10	10	6
Maximum password age (days)	30	60	21

Source: ICT policy of the Tribunal.

23. However, the Board assessment of The Tribunal's logical access controls revealed the following issues, which are in need of management intervention:

(a) The password complexity requirement for active directory accounts is disabled, and therefore users are not required to create strong passwords of the required complexity;

(b) The Lotus Notes system does not enforce the password complexity specifications, which means that users can create a password such as "12345678" so long as it meets the length requirement of eight characters;

(c) The email system does not enforce password history; therefore, a user can reuse a previous password without any restriction;

[3] Excluded from the retention schedule.

(d) Email passwords do not expire according to the maximum password age specified in the Tribunal's ICT policy (see extract in table II.2);

(e) There is no guideline or procedure for the review of access control rules regarding users of ICT systems and applications as well as network devices (such as firewall rules and controls regarding changes to the configurations of such equipment).

24. Management explained that it used the information security guidelines of the Tribunal and the information security policy directive of the United Nations Secretariat to guide it in the review of ICT systems. However, the Board observed that the directive did not provide guidance for the review of ICT systems, which meant that the Tribunal had no basis for such review and therefore faced an increased risk associated with control over access to ICT systems.

25. **The Tribunal agreed with the Board's recommendation that it review the configurations of all information systems and enforce password specifications in accordance with ICT policy and procedures.**

Inadequate post-implementation review of ICT projects

26. The ICT Project Management Handbook of the United Nations specifies that after a project has been completed, it should be evaluated against delivery and benefits targets and that, immediately after project closure, the project manager and the project board should complete the project post-implementation review[4] questionnaire.

27. However, the Board found that as of December 2016, 27 major ICT projects completed between 2010 and 2016 at ICTY were due for post-implementation review through the coordination of the ICT committee. In addition, the Board noted that the post-implementation review of 16 of the projects completed between June 2010 and December 2014 had been conducted in 2016; 1 project had been identified as not suitable for post-implementation review, while the review of the remaining 10 projects had not been conducted as at the time of the Board's final audit, in May 2017.

28. Management explained that 8 of the 10 unreviewed ICT projects would not be reviewed because the staff members who had been involved in those projects had separated from the Tribunal or would not be in a position to provide a useful summary of the project's implementation, given the amount of time that had elapsed.

29. While the Board acknowledges management's response, it considers that the lack of post-implementation review may make it difficult to measure the expected benefits of ICT projects against their actual benefits, and also that the lessons learned from completed projects cannot be used to improve current and future projects.

30. **The Tribunal agreed with the Board's recommendation that it conduct the post-implementation review of completed projects immediately after their completion or in accordance with timelines contained in business cases.**

[4] Assessment and critique of project processes as well as measurement of the value of the project to the business in question.

C. Disclosures by management

1. Write-offs of losses of cash, receivables and property

31. Pursuant to financial rule 106.7 (a), the Tribunal approved write-offs of property, plant and equipment with an original cost of $358,441.59 during the financial year 2016; those assets were fully depreciated, with no net book value. In addition, the Tribunal wrote off receivables of $1,798.77 during the financial year 2016.

2. Ex gratia payments

32. Management confirmed that the Tribunal had not made any ex gratia payments in 2016.

3. Cases of fraud and presumptive fraud

33. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularities, including those resulting from fraud. Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

34. During the audit, the Board makes enquiries of management regarding their oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management has identified or that have been brought to their attention. It also asks whether management has any knowledge of any actual, suspected or alleged fraud, including addressing such enquiries to the Office of Internal Oversight Services. The additional terms of reference governing external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in the audit report.

35. In 2016, the Board did not identify any cases of fraud and presumptive fraud and the Tribunal reported to the Board that it had no such cases.

D. Acknowledgement

36. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the International Tribunal for the Former Yugoslavia for the cooperation and assistance extended to its staff.

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
Chair of the Board of Auditors

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

30 June 2017

Annex I

Status of implementation of recommendations up to the year ended 31 December 2015

No.	*Financial period in which first made/Board report*	*Paragraph reference*	*Recommendations*	*Tribunal's response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2015 A/71/5/Add.14, chap. II	24	The Tribunal agreed with the Board's recommendation: (a) to continue with its efforts to follow up on the request for pre-approval of asset disposals from the Assistant Secretary-General for Central Support Services; and (b) to finalize updating the assets disposal plan to guide the Tribunal in the write-off and disposal of all equipment and materials in a transparent way towards the end of its mandate.	The Tribunal has continued to follow up with the Assistant Secretary-General for Central Support Services. Once approval of the asset disposal plan has been granted, the Tribunal will be in a position to finalize its asset disposal plan.	The Board has verified that the updated asset disposal plan is in place, and therefore the recommendation is considered to have been implemented.	X			
2	2015 A/71/5/Add.14, chap. II	29	The Tribunal agreed with the Board's recommendation to: (a) liaise with the Umoja security team to determine appropriate ways to reduce the delays in providing access to Umoja users; and (b) ensure timely deprovisioning of user roles in the Umoja system for separated staff.	Recent improvements in the user access provisioning module in Umoja have substantially reduced delays in the assignment of roles for Umoja transactional users. The Tribunal has implemented a change in the human resources workflow with respect to separating staff to ensure the timely deprovisioning of user roles.	The Tribunal has neither provided the Board with evidence of the recent improvement in user access provisioning in Umoja nor submitted evidence to verify the implementation of the change in workflow. Therefore, the Board considers the recommendation to be under implementation.		X		
3	2015 A/71/5/Add.14, chap. II	34	The Tribunal agreed with the Board's recommendation to devise a viable training	The Tribunal is currently devising a training plan to ensure that all transactional users have	The Tribunal has not yet submitted the training plan or reported the progress made so far in		X		

						Status after verification			
No.	*Financial period in which first made/Board report*	*Paragraph reference*	*Recommendations*	*Tribunal's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
			schedule to ensure that all staff complete the appropriate Umoja computer-based training.	completed the required Umoja computer-based training.	training staff for audit verification. Therefore, the recommendation is considered to be under implementation.				
4	2015 A/71/5/Add.14, chap. II	40	The Board recommends that the Tribunal prepare customized disposition targets or plans for individual offices with timelines that can be monitored by the Tribunal and the Mechanism Archives and Records Section through the records and archives working group to ensure that the targets indicated in the road map for the disposal of the archives and records are met.	The Mechanism Archives and Records Section has worked with the Tribunal's offices to prepare customized quarterly targets for the disposition of their records. Offices' actual progress on disposition will be compared with those targets in a quarterly report to the records and archives working group, starting in October 2016 with a report on the period July-September 2016. The Section will also present a monthly overview of offices' disposition activities during the previous month. With that information, the working group will be able to monitor progress and take action to address problems and issues. The Tribunal is confident that the disposition of all records will be completed by 31 December 2017.	The recommendation is considered to have been implemented, because the efforts made by the Mechanism Archives and Records Section to monitor the individual offices' plans and targets for the disposition of records are considered to be adequate.	X			
5	2015 A/71/5/Add.14, chap. II	43	The Tribunal agreed with the Board's recommendation to review ICT-related	The Tribunal will review and update its ICT-related policies and guidelines in the third	The Board considers the recommendation to have been implemented, because the reviewed	X			

No.	Financial period in which first made/Board report	Paragraph reference	Recommendations	Tribunal's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			policies and guidelines on a periodic basis to ensure that they are up to date and reflect the current ICT environment.	trimester of the year as necessary and will be modifying them to incorporate recent changes to its ICT environment.	and updated ICT polices were submitted for audit verification and found to be adequate.				
6	2015 A/71/5/Add.14, chap. II	48	The Tribunal agreed with the Board's recommendation to finalize the process of identifying the best location for the disaster recovery site and to relocate the current off-site data backup to a different location.	The Tribunal has entered into a memorandum of understanding with another organization in The Hague and has relocated its off-site data backup to that location. In the third trimester of the year, the Tribunal's ICT committee will consider a report outlining options for the location of the disaster recovery site.	The Board considers the recommendation to be under implementation, because the Tribunal has not yet submitted the committee resolution for audit verification.		X		
Total number of recommendations						**3**	**3**		
Percentage of total number of recommendations						**50**	**50**		

Annex II

Offices, sections and units of the International Tribunal for the Former Yugoslavia whose records retention schedules are still pending finalization

Office/ section/ unit number	*Office/section/unit*	*Description of records*
Digital records		
1	General Services Section	Records relating to the internal mail operation, postal service, courier and diplomatic pouches
2	United Nations Detention Unit	Weekly reports of prison officers, and individual performance appraisal conversations (IPAC), comparable with the Custodial Institutions Agency (Dienst Justitiële Inrichtingen (DJI)) *functioneringsgesprek* and the Electronic Performance Appraisal System (e-PAS), respectively **Records location** X:\Common\Management\PO (weeklies and IPAC behavioural reports and other records related to sentencing and enforcement of sentences). X:\Common\Operational\Submissions and X:\Common\Management\Enforcement (both for broader coverage)
3	Belgrade Field Office	Inter alia, registry requests for assistance (RFAs), case correspondence, notes verbales and letters, including responses to requests and associated correspondence (2004-2015) *Note*: Some of the correspondence mentioned directly above is highly sensitive **Records location** X:\Goran's Share\Correspondence X:\Goran's Share\PGP Lotus Notes, email account of Goran Georgjiev, RFAs (2008-2015 and pre-2008) Reports on the work of Belgrade Field Office: liaison and outreach activities (excluding activities of the Office of the Prosecutor). Includes war crimes-related issues and updates (2003-2015) **Records location** X:\Goran's Share\Monthly Reports ✓ Important documents on the establishment of Belgrade Field Office, including certificate of registration of Belgrade Office, and decisions on tax exemption **Records location** C:\work\zdjelarg\resenja i vazna dokumenta

Office/ section/ unit number	*Office/section/unit*	*Description of records*
4	Sarajevo Field Office	Copies of requests for assistance submitted to the International Tribunal for the Former Yugoslavia/International Residual Mechanism for Criminal Tribunals from Bosnia and Herzegovina through the Sarajevo Field Office (SFO) Registry Liaison Officer, including responses and associated correspondence (date range: 2006-2016). Copies of various requests for information and assistance from/to local authorities in Bosnia and Herzegovina (date range: 2005-2016) **Records location** Y:\Outreach\SFO Registry Correspondence Log incl RFAs
		Victims and Witnesses Section requests for assistance to witnesses addressed to various parties, local governmental and non-governmental organizations. Includes responses to requests and associated correspondence **Records location** Adisa AGIC's PC Sara Rupert's PC
		Records of transfer of requests and responses from the International Tribunal for the Former Yugoslavia/International Residual Mechanism for Criminal Tribunals Registry to local authorities (including various ministries and government institutions); Pretty Good Privacy (PGP) files (encryption programme: date range 2011-2016) **Records location** C:\sofict\My Documents\UNICTY\The Hague\Registry
5	Human Resources Section	Administration records related to International Tribunal for the Former Yugoslavia staff members assigned in The Hague, e.g., list and memos **Records location** \\icty0\personnel\Common\ICTR
6	Office for Legal Aid and Defence Matters	✓ Office for Legal Aid and Defence Matters (OLAD) correspondence and negotiations with the Association of Defence Counsel Practising Before the International Criminal Tribunal for the Former Yugoslavia (ADC), including minutes of meetings with the Association of Defence Counsel; and talking points and speeches of the Registrar before the Association of Defence Counsel **Records location** M:\OLAD\OLAD NEW\ADC
		Requests for assistance coming from regional courts, sorted by the accused **Records location** M:\OLAD\OLAD NEW\RFA Office for Legal Aid and Defence Matters workplans, OLAD plan for the completion strategy

Office/ section/ unit number	Office/section/unit	Description of records
		Records location M:\OLAD\OLAD NEW\Strategy Planning
7	Chief of Administration	Records related to appointment of members of the liquidation team **Records location** H:\Common\Administration\Boards, Committees and Panels\Liquidation Team **Records location** H:\Common\CAO\Liquidation Team
		Records related to appointment of members of the local salary survey committee and survey committee minutes and related correspondence **Records location** H:\Common\CAO\Local Salary Survey Committee
8	Judicial Records Unit	Compte rendu d'audience processing/working folders for filings received, pending stamping, scanning and filing on the case record. Documents are filed by case. Including electronic versions of reclassified filings prior to stamping with reclassification stamp and original notification of electronic filing (NEF) distribution forms for redistributed documents **Records location** Z:\IT-00-39-ES Z:\IT-02-54 Z:\IT-01-42 Z:\IT-95-11 etc. (there are over 50 cases)
		Transcripts of plenary sessions, and swearing-in ceremonies **Records location** R:\English\Work\Plenary Sessions R:\English\Work\Swearing in ceremonies
		Requests for assistance from non-International Tribunal entities, especially from the Balkans. Including the actual requests (memo or email), letters sent to requesters, copies of records sent to requesters and proof of receipt from requestors. Requests for assistance are classified by type, e.g., under rule 75 (G) or rule 75 (H) of the rules of procedure and evidence **Records location** H:\Common\RFAs H:\Common\ra M:\RFA

Office/ section/ unit number	Office/section/unit	Description of records
		Official International Tribunal (IT) documents ranging from IT 002 to the latest, IT 273, in the various languages in which they exist (English, French, Bosnian/ Croatian/Serbian, Macedonian, Albanian). Confidential IT documents are replaced by surrogate sheets. Includes document distribution lists and instructions **Records location** M:\Archive\BASIC.DOC\ICTY
		Court Management and Support Section (CMSS)-led archives working group: minutes, agendas and other records of the meetings of the group **Records location** H:\Common\1AAACourt Records Assistants\Archives WG Includes requests submitted by the requester, subsequent correspondence (except email) pertaining to the requests, and links to copies of the requested material. Requests are tracked from receipt to response including ownership of activity Requests-for-assistance database
Physical records		
1	General Services Section	Courier and pouch files Host country files, privileges and immunities, taxation, social security. Host country correspondence and files. Notes verbales from ministries of foreign affairs
2	United Nations Detention Unit	Official United Nations Detention Unit staff records for loaned guards (e.g., staff undertakings)
3	Belgrade Field Office	Registry correspondence: requests for assistance, responses to requests for assistance, correspondence related to requests for assistance, case correspondence. Copies are sent to the Registry in The Hague; Registry liaison correspondence is kept in chronological files with no separation of Court Management and Support Section, Court Support Services Section, Immediate Office of the Registrar and Chambers correspondence. Often, the Registry loses its copies and there are requests for copies from the liaison office of the Belgrade Field Office
4	Court Operations Unit	Official International Tribunal documents: IT documents, i.e., minutes of the meetings of the Rules Committee, practice directions, instructions, rules and procedures, manuals

Chapter III
Certification of the financial statements

Letter dated 31 March 2017 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 have been prepared in accordance with financial rule 106.1.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications of the financial activities undertaken by the Tribunal during the period covered by the statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, numbered I to V, are correct in all material respects.

(*Signed*) Bettina Tucci **Bartsiotas**
Assistant Secretary-General
Controller

Chapter IV
Financial report for the year ended 31 December 2016

A. Introduction

1. The Registrar has the honour to submit the financial report on the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2016.

2. The present report is designed to be read in conjunction with the financial statements. The annex includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.

3. On 25 May 1993, the Security Council adopted its resolution 827 (1993), formally establishing the International Tribunal for the Former Yugoslavia. In the same resolution, the Council adopted the statute that determined the Tribunal's jurisdiction and organizational structure, as well as the criminal procedure in general terms.

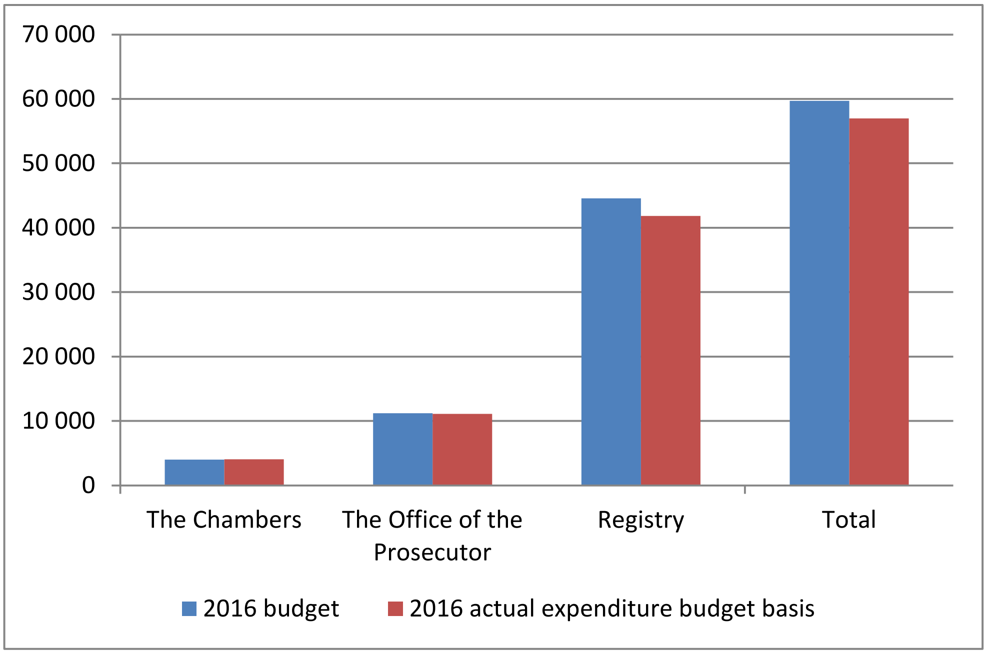
4. The Tribunal consists of three organs: the Chambers, which are organized into three Trial Chambers and an Appeals Chamber; the Office of the Prosecutor; and a Registry, which services both the Chambers and the Prosecutor.

5. In 2016, the Tribunal continued to make significant progress in completing its work. Judgment was delivered in one appeal case, and one trial case was terminated following the death of the accused. At the close of the reporting period, one trial case, involving one individual, and one appeal case, involving six individuals, were ongoing. At the same date, the Tribunal had concluded proceedings against 154 of the 161 individuals it had indicted, as well as contempt proceedings against 25 persons.

6. The year 2017 is the final year of the Tribunal's operations. The Tribunal is therefore continuing to downsize as rapidly as it can, while ensuring that full support is provided to the remaining trial case and appeal case. It has also continued its diligent efforts to complete the smooth transition of functions to the International Residual Mechanism for Criminal Tribunals, in compliance with Security Council resolution 1966 (2010).

7. These outputs were produced using \$56.99 million out of the 2016 annual budget of \$59.72 million. The actual expenditure for 2016 was 4.6 per cent less than the 2016 allocated budget. The comparative budget and actual expenditures for the three organs of the Tribunal are presented in the figure below.

(Thousands of United States dollars)



B. Overview of the financial statements for the year ended 31 December 2016

8. Financial statements I, II, III and IV show the financial results of the Tribunal's activities and its financial position as at 31 December 2016, in compliance with the International Public Sector Accounting Standards (IPSAS), and are described in the overview presented below. Statement V shows the comparison of budget and actual amounts calculated on a budget basis and is described in paragraph 7 above. The notes to the financial statements explain the Tribunal's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Revenue

9. In 2016, revenue totalled $49.37 million (2015: $90.99 million). The main source of revenue for 2016 was the assessed contributions of $48.54 million (2015: $90.41 million) received from Member States. The revenue from assessed contributions has been recorded for the Tribunal in accordance with the Financial Regulations and the relevant resolutions of the General Assembly for the biennium 2016-2017 (70/242 and 71/268). These resolutions decreased the budget for the current biennium by 48.7 per cent compared with the budget for 2014-2015, in line with the downsizing and completion strategy of the Tribunal. Similarly, the comparison of 2015 and 2016 assessed revenue shows a decrease of 46.3 per cent.

10. Other sources of revenue for the year 2016 were investments of $0.56 million (2015: $0.40 million) and other revenue of $0.28 million (2015: $0.18 million), comprising $0.04 million for services rendered, $0.07 million of rental income, $0.06 million from revenue-producing activities and $0.11 million from foreign exchange gains.

Expenses

11. For the year ended 31 December 2016, expenses totalled $59.47 million. The main expense categories were employee salaries, allowances and benefits of $47.78 million (2015: $59.93 million), which constituted 80.3 per cent of total expenses; other operating expenses of $6.97 million (11.7 per cent); judges' honorariums and allowances of $3.38 million (5.7 per cent); depreciation and amortization of $0.70 million (1.2 per cent); and travel of $0.46 million (0.8 per cent).

12. Total personnel costs for the year ended 31 December 2016, which include employee salaries, allowances and benefits and judges' honorariums and allowances, amounted to $51.16 million (2015: $65.98 million) and decreased by 22.5 per cent compared with 2015, in accordance with the winding-down of activities.

Operating results

13. For the year ended 31 December 2016, expenses exceeded revenue by $10.10 million. This deficit can be explained mainly by the fact that the 2016 assessed revenue of $48.54 million under IPSAS was much less than the final budget of $59.72 million allocated to 2016, on which expenditures were authorized.

14. The expenses under IPSAS include expenses relating to long-term employee benefits (such as after-service health insurance benefits, repatriation grant and annual leave) that are accrued as employees' rendered services. These costs are not included in statement V, since the budget basis records such costs as they are paid in cash. This is the primary reason for the higher expenses under IPSAS ($59.47 million) compared with expenditures under budget ($57.0 million), as indicated in paragraph 7 above.

Assets

15. Assets as at 31 December 2016 totalled $98.80 million, compared with $110.96 million as at 31 December 2015.

16. The main assets as at 31 December 2016 were cash and cash equivalents and investments totalling $67.03 million (2015: $75.4 million), equivalent to 67.8 per cent of total assets, and assessed contributions receivable from Member States of $29.02 million (2015: $32.33 million), equivalent to 29.4 per cent.

17. Cash and cash equivalents and investments of $67.03 million as at 31 December 2016 were held in the United Nations main cash pool. This represents a decrease of $8.37 million compared with the balances held as at the end of 2015 and reflects the deficit from operations in 2016.

Liabilities

18. Liabilities as at 31 December 2016 totalled $79.05 million, compared with the balance as at 31 December 2015 of $81.85 million. The largest liability was for employee benefits earned by staff members and retirees of $41.12 million, representing 52.0 per cent of the Tribunal's total liabilities. The other main liability was judges' honorariums and allowances of $28.78 million, equivalent to 36.4 per cent of total liabilities. A provision of $1.55 million has also been recognized to cover the indemnities for the termination of staff granted permanent appointments.

19. The main components of employee benefits liabilities are after-service health insurance, repatriation and annual leave, whose amounts are subject to actuarial valuation. In 2016, an amount of $6.23 million of such liabilities was transferred to the Residual Mechanism, following the transfer of the contracts of the related staff as part of the ongoing transfer of operations from the Tribunal to the Mechanism.

That amount has been recognized in the employee benefits liabilities. In parallel, a payable to the Mechanism of the same amount has been recognized by the Tribunal. This payable is included in accounts payable and accrued liabilities.

20. The judges' honorariums and allowances balance of $28.78 million (2015: $31.27 million) includes primarily the judges' pension and relocation entitlements, which decreased by $2.50 million compared with the previous year, owing primarily to changes in the actuarial valuation and a decrease in accruals for relocation allowances and ad litem judges' ex gratia payments.

Net assets

21. The movement in net assets during the year reflects a decrease of $9.36 million from $29.11 million in 2015 to $19.75 million in 2016, primarily as a result of the operating deficit of $10.10 million.

Liquidity position

22. As at 31 December 2016, the liquidity position of the Tribunal was healthy. The entity had sufficient liquid assets to settle its obligations. Liquid funds totalled $81.36 million (2015: $83.44 million); this included cash and cash equivalents of $18.53 million, short-term investments of $32.74 million and accounts receivable of $30.09 million (comprising assessed contributions of $29.02 million, other receivables of $0.66 million and other assets of $0.41 million), whereas total current liabilities amounted to $15.49 million.

23. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2016, with comparatives for the year ended 31 December 2015.

Key liquidity indicators

	Year ended 31 December	
Liquidity indicator	*2016*	*2015 (restated)*
Ratio of liquid assets to current liabilities	5.25:1	7.11:1
Ratio of liquid assets less accounts receivable to current liabilities	3.31:1	4.26:1
Ratio of liquid assets to total assets	0.82:1	0.75:1
Average months of cash, cash equivalents and investments on hand	13.7	11.4

24. The ratio of liquid assets to current liabilities indicates the ability of the Tribunal to pay its short-term obligations from its liquid resources. The ratio of 5.25:1 indicates that current liabilities are covered in excess of 5 times by liquid assets, and therefore that there are sufficient liquid assets available to fully pay liabilities should the need arise. A decrease in the value of that ratio from 7.11:1 in the prior year resulted primarily from increased current liabilities (due mainly to the payable generated by the transfer of after-service health insurance, repatriation and annual leave benefits to the Residual Mechanism). When accounts receivable are excluded from the analysis, the coverage of current obligations is at 3.31 for the year 2016 and 4.26 for the year 2015.

25. As at 31 December 2016, the Tribunal's total liquid assets constituted 82 per cent of its total assets and the Tribunal held sufficient cash and cash equivalents and investments to cover its estimated average monthly expenses (less depreciation and amortization) of $4.90 million for about 14 months.

26. However, as at the reporting date, the Tribunal had liabilities for employee benefits and judges' honorariums and allowances of $69.893 million that were more

than total cash and cash equivalents and investments of $67.033 million. It should be noted that no amounts were reserved in the accounts to cover those liabilities to be paid in the future.

Going concern

27. Taken into consideration that the two remaining cases will be completed during 2017, after which the Tribunal will be formally closed, management has asserted that it is no longer appropriate to assert a going-concern basis for the financial statements of the Tribunal as at 31 December 2016. Accordingly, a review was conducted with the aim of preparing the financial statements on a liquidation basis. The review determined, however, that there is no material difference between the going-concern basis and the liquidation basis, since the Tribunal is to be progressively amalgamated into the Residual Mechanism.

28. Management asserts that these financial statements, which are presented without adjustment to the liquidation basis, represent a materially correct view of the liquidation value of the Tribunal.

Annex

Supplementary information

1. The present annex provides supplementary information that the Registrar is required to report.

Write-off of losses of cash and receivables

2. Pursuant to the financial rule 106.7 (a), receivables of $1,798.77 were approved for write-off during 2016.

Write-off of losses of property

3. Pursuant to financial rule 106.7 (a), write-offs of property, plant and equipment were of fully depreciated assets during the year 2016. The original cost of these assets was $0.358 million.

Ex gratia payments

4. There were no ex gratia payments by the Tribunal during 2016.

Chapter V

Financial statements for the year ended 31 December 2016

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

I. Statement of financial position as at 31 December 2016

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Assets			
Current assets			
Cash and cash equivalents	7	18 527	12 277
Investments	7	32 741	37 774
Assessed contributions receivable	7 and 8	29 019	32 333
Other receivables	7 and 8	663	500
Other assets	9	406	551
Total current assets		**81 356**	**83 435**
Non-current assets			
Investments	7	15 765	25 346
Property, plant and equipment	10	1 599	2 095
Intangible assets	11	57	81
Other assets	9	24	–
Total non-current assets		**17 445**	**27 522**
Total assets		**98 801**	**110 957**
Current liabilities			
Accounts payable and accrued liabilities	12	7 176	3 582
Advance receipts	13	3	16
Employee benefits liabilities	14	4 841	5 418
Judges' benefits liabilities	15	1 745	1 715
Provisions	16	1 550	837
Other liabilities	17	173	172
Total current liabilities		**15 488**	**11 740**
Non-current liabilities			
Employee benefits liabilities	14	36 275	40 121
Judges' benefits liabilities	15	27 032	29 558
Other liabilities	17	258	430
Total non-current liabilities		**63 565**	**70 109**
Total liabilities		**79 053**	**81 849**
Net of total assets and total liabilities		**19 748**	**29 108**
Net assets			
Accumulated surpluses/(deficits)	18	19 749	29 108
Total net assets		**19 749**	**29 108**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

II. Statement of financial performance for the year ended 31 December 2016

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Revenue			
Assessed contributions	19	48 542	90 406
Other revenue	19	276	184
Investment revenue	7	555	397
Total revenue		**49 373**	**90 987**
Expenses			
Employee salaries, allowances and benefits	20	47 781	59 929
Judges’ honorariums and allowances	20	3 378	6 054
Non-employee compensation and allowances	20	67	146
Supplies and consumables	20	93	362
Depreciation	10 and 11	702	711
Travel	20	463	831
Other operating expenses	20	6 972	12 012
Other expenses	20	13	14
Total expenses		**59 469**	**80 059**
Surplus/(deficit) for the year		**(10 096)**	**10 928**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

III. Statement of changes in net assets for the year ended 31 December 2016

(Thousands of United States dollars)

	Total net assets
Net assets as at opening 1 January 2015	**6 287**
Changes in net assets in 2015	
Actuarial gain/(loss) on employee benefits liabilities	11 196
Actuarial gain/(loss) on judges' honorariums and allowances liabilities	697
Surplus/(deficit) for the year	10 928
Total for 31 December 2015	**29 108**
Changes in net assets in 2016	
Actuarial gain/(loss) on employee benefits liabilities	(1 063)
Actuarial gain/(loss) on judges' honorariums and allowances liabilities	1 800
Surplus/(deficit) for the year	(10 096)
Total for 31 December 2016	**19 749**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

IV. Statement of cash flows for the year ended 31 December 2016

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Cash flows from operating activities			
Surplus/(deficit) for the year		**(10 096)**	**10 928**
Non-cash movements			
Depreciation and amortization	10, 11	702	711
Actuarial gains on employee benefits liabilities	14	(1 063)	11 196
Actuarial gains on judges' honorariums and allowances liabilities	15	1 800	697
Net gain/loss on disposal of property, plant and equipment			(15)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	7, 8	3 314	(6 331)
(Increase)/decrease in other accounts receivable	7, 8	(163)	183
(Increase)/decrease in other assets	9	121	876
Changes in liabilities			
Increase/(decrease) in accounts payable, other	12	3 594	(6 367)
Increase/(decrease) in employee benefits payable	14	(4 423)	(8 716)
Increase/(decrease) in judges' benefits liabilities	15	(2 496)	695
Increase/(decrease) in provisions	16	713	815
Increase/(decrease) in advance receipts	13	(13)	(355)
Increase/(decrease) in other liabilities	17	(171)	(174)
Investment revenue presented as investing activities	7	(555)	(397)
Net cash flows from/(used in) operating activities		**(8 736)**	**3 746**
Cash flows from investing activities			
Pro rata share of net increases in the cash pool	7	14 614	(9 460)
Investment revenue presented as investing activities	7	555	397
Acquisitions of property, plant and equipment	10	(183)	(125)
Proceeds from disposal of property, plant and equipment			15
Net cash flows from/(used in) investing activities		**14 986**	**(9 173)**
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**6 250**	**(5 427)**
Cash and cash equivalents, beginning of year		12 277	17 704
Cash and cash equivalents, end of year		**18 527**	**12 277**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2016

(Thousands of United States dollars)

	2016 budget (appropriation)[a]				*Actual expenditure (budget basis)*	*Difference*[b] *(percentage)*
	Original biennium	*Final biennium*	*Original annual*	*Final annual*		
Chambers	7 671	7 510	4 080	3 987	4 056	1.7
Office of the Prosecutor	15 964	16 144	11 155	11 184	11 084	-0.9
Registry	72 112	74 410	43 437	44 545	41 853	-6.0
Total	**95 747**	**98 064**	**58 672**	**59 716**	**56 993**	**-4.6**

[a] The original budget for the biennium 2016-2017 is the appropriation approved by the General Assembly for the biennium in its resolution 70/242. The final budget for the biennium reflects the original budget plus any adjustments reflected in the revised appropriation approved by the Assembly in its resolution 71/268. The original annual budget is the portion of the original appropriation allocated to 2016. The final annual budget reflects the original budget plus any adjustments reflected in the revised appropriation. The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium.

[b] Actual expenditure (budget basis) less final budget. Differences greater than 10 per cent are considered in note 6.

(Thousands of United States dollars)

	2015 budget (appropriation)[c]				*Actual expenditure (budget basis)*	*Difference (percentage)*
	Original biennium	*Final biennium*	*Original annual*	*Final annual*		
Chambers	10 988	10 240	5 366	4 859	4 727	(2.7)
Office of the Prosecutor	40 368	41 170	16 154	20 751	15 970	(23.0)
Registry	150 332	139 697	68 441	64 828	57 068	(12.0)
Total	**201 688**	**191 107**	**89 961**	**90 438**	**77 765**	**(14.0)**

[c] The original budget for the biennium 2014-2015 is the appropriation approved by the General Assembly for the biennium in its resolution 68/256. The final budget for the biennium reflects the original budget plus any adjustments reflected in the revised and final appropriations approved by the Assembly in its resolutions 69/255 and 70/242. The original annual budget is the portion of the revised appropriation allocated to 2015 plus any unencumbered balance at the end of 2014. The final annual budget reflects the original budget plus any adjustments reflected in the final appropriation. The relevant element of assessed contributions is recognized as revenue at the beginning of each year of the biennium and adjusted at the end of the biennium to match the final appropriation.

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Notes to the 2016 financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations, which was signed on 26 June 1945 and became effective on 24 October 1945, sets out the primary objectives of the United Nations, as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through the major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacebuilding, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations has its headquarters in New York. It has major offices in Geneva, Vienna and Nairobi, and peacekeeping and political missions, economic commissions, tribunals, training institutes and other centres around the world.

4. The International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 was established by the Security Council in its resolutions 808 (1993) and 827 (1993). The Tribunal consists of three organs:

(a) The Chambers are organized into three Trial Chambers and an Appeals Chamber. Each Trial Chamber is composed of three permanent judges and a maximum of six ad litem judges. Ad litem judges are appointed by the Secretary-General at the request of the President of the Tribunal to sit on one or more specific trials, allowing for efficient use of resources in accordance with the court's changing caseload. Article 12 (1) of the Tribunal's statute allows the appointment of a maximum of 12 ad litem judges. Three judges are assigned to hear each case, and at least one judge per case must be a permanent judge. The Trial Chambers must ensure that each trial is fair, expeditious and conducted in compliance with the Rules of Procedure and Evidence of the Tribunal, with full respect accorded to the rights of the accused and appropriate consideration given to the protection of victims and witnesses. The Appeals Chamber consists of five permanent judges of the Tribunal and one judge of the Tribunal assigned on an ad hoc and temporary basis to the Appeals Chamber. Each appeal is heard and decided by a bench of five judges of the Appeals Chamber;

(b) The Office of the Prosecutor, responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991, acts independently as a separate organ of the Tribunal;

(c) A Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

5. The seat of the Tribunal is located in The Hague, the Netherlands.

6. The Tribunal is regarded as an autonomous financial reporting entity which neither controls nor is controlled by any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the Tribunal is not deemed to be subject to common control. Therefore, the financial statements include only the operations of the Tribunal.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

7. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). The accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Tribunal, consist of the following:

(a) Statement of financial position (statement I);

(b) Statement of financial performance (statement II);

(c) Statement of changes in net assets (statement III);

(d) Statement of cash flows (using the indirect method) (statement IV);

(e) Statement of comparison of budget and actual amounts (statement V);

(f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

Going concern

8. IPSAS 1: Presentation of financial statements, in its paragraph 38, states that financial statements shall be prepared on a going-concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so.

9. By its resolution 1966 (2010), the Security Council, inter alia, decided to establish the International Residual Mechanism for Criminal Tribunals to continue

the jurisdiction, rights and obligations and essential functions of the Tribunal and requested the Tribunal to complete all its remaining work as provided by the resolution no later than 31 December 2014, to prepare for its closure and to ensure a smooth transition to the Residual Mechanism.

10. The operations of the Tribunal went beyond 31 December 2014, and the delivery of the last two remaining cases will be completed during 2017, after which the Tribunal will be formally closed. Liquidation activities will take place subsequently, concluding the progressive amalgamation of the Tribunal into the Residual Mechanism.

11. The Tribunal is therefore focused on wind-down activities, including the orderly finalization of its activities and the transfer of the functions, assets and liabilities that will outlive it to the Residual Mechanism. This process is taking place in accordance with the Tribunal's completion strategy (for the latest report on the completion strategy, see S/2016/976) and in accordance with Security Council resolution 1966 (2010).

12. Taking into consideration the date of the last judicial action of the Tribunal, management has asserted that it is no longer appropriate to assert a going-concern basis for the financial statements of the Tribunal as at 31 December 2016. Accordingly, a review was conducted with the aim of preparing the financial statements on a liquidation basis. The review has determined, however, that there is no material difference between the going-concern basis and the liquidation basis, since the Tribunal is to be progressively amalgamated into the Residual Mechanism, noting the following:

(a) The costs associated with the closure process are funded in the 2016 and 2017 budgets, and, where necessary, normal IPSAS accounting rules have been applied for the recognition of expenses such as termination benefits and costs to bring leased premises back into original condition where required in the lease arrangement; as a result, no further provisions are required for these costs;

(b) The property, plant and equipment of the Tribunal that are to be utilized by the Residual Mechanism will be transferred at their carrying value in the course of 2017 as part of the progressive amalgamation process; some of the remaining assets that are no longer required, with a carrying value that is not material, are being disposed of at sale prices comparable to their carrying values. As at 31 December 2016, management has therefore assessed that there is no requirement to impair property, plant and equipment, as fair value is consistent with carrying value for the assets being disposed of;

(c) Investments are classified as fair value through surplus or deficit and are therefore valued at fair value and presented as current and non-current based on remaining maturity; the continued presentation as current and non-current reflects the decision to apply amalgamation accounting principles to merge the balances of the Tribunal with those of the Residual Mechanism; accounts receivable are already subject to impairment, and management has not identified any further impairment that would be associated with the liquidation of the Tribunal;

(d) Employee benefits liabilities with respect to after-service health insurance, annual leave and repatriation benefits have been actuarially valued and reported as current and non-current liabilities accordingly; the continued presentation as current and non-current reflects the decision to apply amalgamation accounting principles to merge the balances of the Tribunal with those of the Residual Mechanism; these accrued liabilities will not be immediately payable on termination of operations but will be managed, on a pay-as-you-go basis, by the Residual Mechanism pursuant to General Assembly resolution 70/243;

(e) For the same reasons, the accrued liabilities of the Tribunal for the after-service health insurance benefits of former staff and the pensions of retired judges, and their surviving spouses, have been actuarially valued and reported as current and non-current liabilities accordingly.

13. Management does not consider that there is a material difference between a statement of financial position presented on a liquidation basis and one presented on a going-concern basis, and asserts that these financial statements presented without adjustment represent a materially correct view of the liquidation value of the Tribunal.

Authorization for issue

14. The financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2, the Secretary-General transmitted the financial statements as at 31 December 2016 to the Board of Auditors by 31 March 2017. In accordance with financial regulation 7.12, the reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements authorized for issue on 30 July 2017.

Measurement basis

15. These financial statements are prepared using the historical-cost convention, except for real estate assets that are recorded at depreciated replacement cost and financial assets recorded at fair value through surplus or deficit.

Functional and presentation currency

16. The functional currency and the presentation currency of the Tribunal is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

17. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency-denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year-end.

18. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

19. Materiality is central to the preparation and presentation of the Tribunal's financial statements, and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and the retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its

aggregation would affect the conclusions or decisions of the users of the financial statements.

20. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

21. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future accounting pronouncements

22. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Organization's financial statements continues to be monitored:

(a) Public sector-specific financial instruments: to develop this accounting guidance, the project will focus on issues related to public sector-specific financial instruments which are outside the scope of IPSAS 28: Financial instruments: presentation, IPSAS 29: Financial instruments: recognition and measurement, and IPSAS 30: Financial instruments: disclosures;

(b) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(c) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(d) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede that currently located in IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts, and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(e) Consequential amendments arising from chapters 1-4 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: this project's objective is to make revisions to IPSAS standards that reflect concepts from these chapters of the Framework, in particular the objectives of financial reporting and the qualitative characteristics and constraints on information;

(f) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standards. The project will result in a new IPSAS that will replace IPSAS 13. The approval of a new IPSAS on leases is projected for June 2018, with publication in July 2018.

Future requirements

23. On 30 January 2015, the IPSAS Board published five new standards: IPSAS 34: Separate financial statements, IPSAS 35: Consolidated financial statements, IPSAS 36: Investments in associates and joint ventures, IPSAS 37: Joint arrangements, and IPSAS 38: Disclosure of interests in other entities. Initial

application of those standards is required for periods beginning on or after 1 January 2017. These standards do not affect the Tribunal's financial statements, as the Tribunal's activities do not come under their scope.

24. In July 2016, the IPSAS Board issued IPSAS 39, repealing IPSAS 25: Employee benefits, to align it with the underlying International Accounting Standard, IAS 19: Employee benefits, and on 31 January 2017 the IPSAS Board published IPSAS 40: Public sector combinations, which prescribes the accounting treatment for public sector combinations and sets out the classification and measurement of public sector combinations, i.e., transactions or other events that bring two or more separate operations into a single public sector entity. At the moment, IPSAS 39 will not have any impact on the Tribunal, since the "corridor method" on actuarial gains or losses, which is being eliminated, was never applied from the inception of IPSAS adoption in 2014. The Tribunal does not have any plan assets; therefore, there is no impact from the application of the net interest approach prescribed by the standard. Further analysis will be carried out in the future should the Tribunal procure plan assets. IPSAS 40 will be relevant to the Tribunal when the Tribunal is amalgamated into the Residual Mechanism. As of the amalgamation date, the Mechanism shall recognize and consolidate identifiable remaining assets and liabilities of the Tribunal in the Mechanism financial statements at their carrying amount.

Note 3
Significant accounting policies

Financial assets: classification

25. The Tribunal classifies its financial assets at initial recognition and re-evaluates the classification at each reporting date (see the table below for the categories of financial assets). The classification of financial assets depends primarily on the purpose for which the financial assets are acquired.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in main cash pool
Loans and receivables	Cash and cash equivalents and receivables

26. All financial assets are initially measured at fair value. The Tribunal initially recognizes financial assets classified as loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date the Tribunal becomes party to the contractual provisions of the instrument.

27. Financial assets with maturities in excess of 12 months as at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rate of exchange prevailing on the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

28. Financial assets at fair value through surplus or deficit are those that either have been designated in that category at initial recognition or are held for trading or are acquired principally for the purpose of selling in the short term. The assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

29. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective-interest method. Interest revenue is recognized on a time-proportion basis applying the effective interest rate method to the respective financial asset.

30. Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

31. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Tribunal has transferred substantially all risks and rewards of the financial asset.

32. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in the main cash pool

33. The United Nations Treasury invests funds pooled from the United Nations Secretariat entities and other participating entities. The pooled funds are combined in two internally managed cash pools. Participation in the cash pools implies sharing the risk and returns on investments with the other participants. Since the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

34. The Tribunal's investment in the main cash pool (the main pool) is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity of the investments.

Financial assets: cash and cash equivalents

35. Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables from non-exchange transactions, contributions

36. Contributions receivable represent uncollected revenue from assessed contributions committed to the Tribunal by Member States and non-member States. These non-exchange receivables are stated at nominal value, less impairment for estimated irrecoverable amounts (the allowance for doubtful receivables). For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables of Member States that are subject to Article 19 of the Charter of the United Nations on the restriction of General Assembly voting rights owing to arrears equalling or exceeding the amount of the contributions due from it for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the Assembly has granted special treatment with regard to payment: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance;

(d) For receivables with approved payment plans, no allowance for doubtful debt will be established; rather, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions, other receivables

37. Other receivables include primarily amounts receivable for goods or services provided to other entities and receivables from staff. Receivables from other United Nations reporting entities are also included in that category. Material balances of other receivables are subject to specific review, and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing.

Other assets

38. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Heritage assets

39. Heritage assets are not recognized in the financial statements, but significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

40. Property, plant and equipment are classified into different groupings of similar nature, functions, useful life and valuation methodologies, such as: vehicles; temporary and mobile buildings; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (buildings, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of $5,000, or $100,000 for buildings, leasehold improvements, infrastructure assets and self-constructed assets;

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs;

(c) Owing to the absence of historical cost information, real estate assets are initially recognized at fair value using a depreciated replacement cost methodology. Baseline costs per baseline quantity have been calculated by collecting construction cost data, utilizing in-house cost data (where it exists) or using external cost estimators for each catalogue of real estate assets. The baseline costs per baseline quantity adjusted for price escalation factor, size factor and location factor are applied to value the real estate asset and determine the replacement cost;

(d) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value as at the date of acquisition is deemed to be the cost to acquire equivalent assets.

41. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Significant components of major owned buildings with different useful lives are depreciated using the components approach. Depreciation commences in the month when the Tribunal gains control over an asset in accordance with international commercial terms, and no depreciation is charged in the month of retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out in the table below.

Estimated useful lives of property, plant and equipment classes

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light wheeled vehicles	6 years
	Heavy wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6-12 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	Up to 50 years
	Finance lease or donated-right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

42. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

43. The Tribunal elected to use the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Tribunal and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

44. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance within other revenue or other expenses.

45. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than $500,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets

46. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value as at the date of acquisition is deemed to be the cost to acquire. The threshold for recognition is $100,000 for internally generated intangible assets and $5,000 per unit for externally acquired intangible assets.

47. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with the development of software for use by the Tribunal are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

48. Intangible assets with definite useful lives are amortized on a straight-line method over their estimated useful lives starting from the month of acquisition or when the intangible assets become operational. The useful lives of major classes of intangible assets are estimated in the table below.

Estimates of useful lives of major classes of intangible assets

Class	*Range of estimated useful life*
Software acquired externally	3-10 years
Software and websites developed internally	3-10 years
Licences and rights	2-6 years (period of licence/right)
Copyrights	3-10 years
Assets under development	Not amortized

49. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

50. Financial liabilities are classified as "other financial liabilities". They include accounts payable, judges' benefits liabilities, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The Tribunal re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

51. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoiced amounts, less discounts as at the reporting date. Payables are recognized and subsequently measured at their nominal value, as they are generally due within 12 months.

Financial liabilities: judges' honorariums and allowances liabilities

52. *Judges' honorariums and allowances.* These liabilities comprise judges' pensions, judges' relocation allowances and ad litem judges' ex gratia payments:

(a) *Judges' pensions.* Upon retirement, judges who have met certain eligibility requirements are entitled to a pension which is not payable by the United Nations Joint Staff Pension Fund. As the nature of the pension is consistent with a post-employment benefit, the liability is valued using the same basis as post-employment employee benefits. The valuation represents the present value of pension costs for retired judges and the post-retirement costs for active judges. Actuarial gains/losses on the valuation are recognized through the statement of changes in net assets;

(b) *Judges' relocation allowances.* Pursuant to General Assembly resolution 65/258, Tribunal judges are entitled to a relocation allowance equal to that of judges of the International Court of Justice. The liability is calculated on the basis of the rate applicable to each judge, and the time value of money is not material;

(c) *Ad litem judges' ex gratia payments.* Ad litem judges are entitled to a one-time ex gratia payment upon completion of service for a continuous period of more than three years. The liability is calculated on the basis of the monthly rate applicable to each eligible ad litem judge, and the time value of money is not material.

Advance receipts and other liabilities

53. Other liabilities consist of advance receipts relating to contributions or payments received in advance, liabilities for conditional funding arrangements, assessed contributions received for future years and other deferred revenue.

Leases: the Tribunal as lessee

54. Leases of property, plant and equipment where the Tribunal has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present

value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

55. Leases where all of the risks and rewards of ownership are not substantially transferred to the Tribunal are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Donated right to use

56. The Tribunal occupies land and buildings and uses infrastructure assets, machinery and equipment through donated-right-to-use agreements granted primarily by host Governments at nil or nominal cost. Based on the term of the agreement and the clauses on transfer of control and termination contained therein, the donated-right-to-use arrangement is accounted for as an operating lease or finance lease.

57. In the case of operating leases, an expense and a corresponding revenue equal to the annual market rent of similar properties is recognized in the financial statements. In the case of a finance lease (principally with respect to a lease term of more than 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the term period.

58. Long-term donated-right-to-use building and land arrangements are accounted for as operating leases where the Tribunal does not have exclusive control over the building and title to the land is not granted.

59. The threshold for the recognition of revenue and expense is a yearly rental value equivalent of $5,000 for each donated-right-to-use premises, land, infrastructure and item of machinery or equipment.

Employee benefits

60. Employees comprise staff members, as described in Article 97 of the Charter of the United Nations, whose employment and contractual relationship is defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

61. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grant), regular daily/weekly/monthly benefits (wages, salaries, allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, home leave) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position.

Post-employment benefits

62. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and annual leave that are accounted for as defined benefit plans in addition to the United Nations Joint Staff Pension Fund.

Defined benefit plans

63. Defined benefit plans are those where the Tribunal's obligation is to provide agreed benefits and therefore the Tribunal bears the actuarial risks. The liability for defined benefit plans is measured at the present value of the defined benefit obligation. Changes in the liability for defined benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The Tribunal has elected to recognize changes in the liability for defined benefit plans from actuarial gains and losses directly through the statement of changes in net assets. As at the end of the reporting year, the Tribunal did not hold any plan assets as defined by IPSAS 25: Employee benefits.

64. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

65. After-service health insurance provides worldwide coverage for necessary medical expenses of eligible former staff members and their dependants. Upon the end of their service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the Tribunal's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the valuation is to consider contributions by all plan participants in determining the Tribunal's residual liability. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Tribunal's residual liability, in accordance with cost-sharing ratios authorized by the General Assembly.

66. *Repatriation benefits.* Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the Tribunal and is measured as the present value of the estimated liability for settling those entitlements.

67. *Annual leave.* The liabilities for annual leave represent unused accumulating compensated absence up to a maximum of 60 days, whereby an employee is entitled to monetary settlement of that balance upon separation from service. Therefore, the Tribunal recognizes as a liability the actuarial value of the total accumulated leave days of all staff members as at the date of statement of financial position. Annual leave benefits are considered to be a post-employment defined benefit and, as such, are recognized on the same actuarial basis as other defined benefit plans.

Pension plan: United Nations Joint Staff Pension Fund

68. The Tribunal is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the 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 Pension Fund, membership of 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.

69. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension 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 Fund. The Tribunal, in line with other participating organizations, is not in a position to identify the Tribunal's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Therefore, the Tribunal has treated the plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. The Tribunal's contributions to the Pension Fund during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

70. Termination benefits are recognized as an expense only when the Tribunal is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

71. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service.

Provisions

72. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Tribunal has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation as at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

73. Uncommitted balances of the appropriations at the end of the budget period and expired balances of appropriations retained from prior periods are to be reported as provisions for credits to Member States. These provisions will remain until the General Assembly decides the manner of their disposal.

Contingent liabilities

74. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Tribunal; or present obligations that arise from past events but are not recognized because it is

not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or because the amount of the obligation cannot be reliably measured.

75. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the financial statements for the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

76. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

77. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the Tribunal.

Commitments

78. Commitments are future expenses to be incurred by the Tribunal on contracts entered into by the reporting date and that the Tribunal has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the Tribunal in future years, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

79. Assessed contributions for the Tribunal are assessed and approved for a two-year budget period. The relevant portion of assessed contributions is recognized as revenue at the beginning of the year. Assessed contributions include the amounts assessed on the Member States to finance the activities of the Tribunal in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: other

80. In-kind contributions of goods, above a recognition threshold of $5,000 per discrete contribution, are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the Tribunal and the fair value of those assets can be measured reliably. Contributions in kind are initially measured at their fair value as at the date of receipt determined by reference to observable market values or by independent appraisals. The Tribunal has elected not to recognize in-kind contributions of service above a threshold of $5,000, but to disclose them in the notes to the financial statements.

Exchange revenue

81. Exchange transactions are those in which the Tribunal sells goods or services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured,

when the inflow of future economic benefits is probable and when specific criteria have been met.

82. Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities or other partners is recognized when the service is performed. Exchange revenue also includes income from the rental of premises, the sale of used or surplus property, services to visitors from guided tours and income from net gains resulting from currency exchange adjustments.

Investment revenue

83. Investment revenue includes the Tribunal's share of net main pool income and other interest income. The net main pool income includes any gains and losses on the sale of investments, which are calculated as the difference between the sales proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against income, and the net income is distributed proportionately to all main pool participants on the basis of their daily balances. The main pool income also includes unrealized market gains and losses on securities, which is distributed proportionately to participants on the basis of their year-end balances.

Expenses

84. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets, and are recognized on an accrual basis when goods are delivered and services are rendered regardless of the terms of payment.

85. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance and assignment, repatriation, hardship and other allowances.

86. Other operating expenses include acquisition of goods and intangible assets under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for bad debt and foreign exchange losses. Other expenses relate to contributions in kind, hospitality and official functions, donations and transfers of assets.

Note 4
Segment reporting

87. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

88. The financial statements represent the activities of the Tribunal, which comprise one activity which was established under a single Security Council resolution. While the budgetary process includes a breakdown that reflects the organizational structure of the Chambers, the Prosecutor and the Registry, none of those organs meet the definition of a segment, as they do not represent different activities for which financial information is reported separately in order to evaluate past performance in achieving their objectives and making decisions about the future allocation of resources. Therefore, for segment reporting purposes, the Tribunal has one segment.

Note 5
Prior-period restatement

89. Several presentation changes have been made in accordance with the United Nations Policy Framework for International Public Sector Accounting Standards to enhance comparability with other United Nations reporting entities.

90. The statement of financial position has been restated as follows:

(a) Balances payable to staff members of $0.08 million, formerly classified as accounts payable and accrued liabilities, have been reclassified as employee benefits liabilities;

(b) Advances to vendors and other accounts payable of $0.01 million, formerly classified as other liabilities, have been reclassified as other assets.

91. The statement of financial performance has been restated as follows:

(a) In the 2015 certified financial statements, judges' honorariums and allowances included an amount of $0.09 million related to after-service health insurance charges for employees; this amount has been reclassified as employee salaries, allowances and benefits. In addition, $0.18 million was allocated to other operating expenses in the 2015 certified financial statements; this has also been reclassified as employee salaries, allowances and benefits;

(b) In the 2015 certified financial statements, contractual services included consultants and contracted services. In 2016, contractual services include only consultants; all other contracted services are included in the category of other operating expenses. Accordingly, the amount of $4.52 million, formerly classified as contractual services, has been reclassified as other operating expenses;

(c) In the 2015 certified financial statements, $0.36 million in supplies and consumables was shown as part of other operating expenses. In the restated presentation, this amount is shown as a separate line of the statement of financial performance;

(d) In the 2015 certified financial statements, other expenses included a foreign exchange loss in the amount of $0.61 million. This amount, formerly classified as other expenses, has been reclassified as other operating expenses.

(i) Statement of financial position

(Thousands of United States dollars)

	Note	*31 December 2015*	*Presentation changes*	*31 December 2015 (restated)*
Assets				
Current assets				
Other assets	9	543	8	551
Total current assets		**83 427**	**8**	**83 435**
Total non-current assets		**27 522**	–	**27 522**
Total assets		**110 949**	**8**	**110 957**

	Note	*31 December 2015*	*Presentation changes*	*31 December 2015 (restated)*
Current liabilities				
Accounts payable and accrued liabilities	12	3 665	(83)	3 582
Employee benefits liabilities	14	5 335	83	5 418
Other liabilities	17	164	8	172
Total current liabilities		**11 732**	**8**	**11 740**
Total non-current liabilities		**70 109**	**–**	**70 109**
Total liabilities		**81 841**	**8**	**81 849**
Net of total assets and total liabilities		**29 108**	**–**	**29 108**
Net assets				
Accumulated surpluses/(deficits)	18	29 108	–	29 108
Total net assets		**29 108**	**–**	**29 108**

(ii) Statement of financial performance

(Thousands of United States dollars)

	Note	*31 December 2015*	*Presentation changes*	*31 December 2015 (restated)*
Total revenues		**90 987**	**–**	**90 987**
Expenses				
Employee salaries, allowances and benefits	20	59 656	273	59 929
Judges’ honorariums and allowances	20	6 140	(86)	6 054
Contractual services	20	4 665	(4 519)	146
Supplies and consumables	20	–	362	362
Other operating expenses	20	7 437	4 575	12 012
Other expenses	20	619	(605)	14
Total expenses		**80 059**	**–**	**80 059**
Surplus/(deficit) for the year		**10 928**	**–**	**10 928**

(iii) Statement of cash flows

(Thousands of United States dollars)

	Note	*31 December 2015*	*Presentation changes*	*31 December 2015 (restated)*
Cash flows from operating activities				
Surplus for the year		10 928	–	10 928
Changes in assets				
Decrease in other assets		884	(8)	876

	Note	31 December 2015	Presentation changes	31 December 2015 (restated)
Changes in liabilities				
Decrease in accounts payable, other		(6 284)	(83)	(6 367)
Decrease in employee benefits payable		(8 799)	83	(8 716)
Decrease in other liabilities		(182)	8	(174)
Net cash flows used in operating activities		**3 746**	–	**3 746**
Net cash flows from investing activities		**(9 173)**	–	**(9 173)**
Net cash flows from financing activities		–	–	–
Net increase in cash and cash equivalents		**(5 427)**	–	**(5 427)**
Cash and cash equivalents: beginning of year		17 704	–	17 704
Cash and cash equivalents: end of year	**7**	**12 277**	–	**12 277**

Note 6
Comparison to budget

92. The statement of comparison of budget and actual amounts (statement V) presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

93. Approved budgets are those that authorize expenses to be incurred and have been approved by the General Assembly. The Assembly, in its resolution 70/242, approved the Tribunal budget appropriations for the biennium 2016-2017. Annual budget apportionments are funded by assessments on Member States: 50 per cent in accordance with the scale of assessments applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations.

94. The original annual budget is the proportion of the biennial budget allocated to 2016. The final annual budget reflects the original budget plus any adjustments reflected in the revised appropriation. Explanations for material differences (i.e., those greater than 10 per cent) between (a) the original and final budget amounts, and (b) the final budget amounts and actual expenditure on a modified cash basis are considered in the table below.

	Material differences greater than 10 per cent	
Budget area	*Original versus final budget*	*Final budget versus actual expenses on a budget basis*
Chambers	Variance of less than 10 per cent	Variance of less than 10 per cent
Office of the Prosecutor	Variance of less than 10 per cent	Variance of less than 10 per cent
Registry	Variance of less than 10 per cent	Variance of less than 10 per cent

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

95. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is set out in the table below.

(Thousands of United States dollars)

2016

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(56 810)**	**(183)**	**–**	**(56 993)**
Basis differences	(938)	–	–	(938)
Entity differences	–	–	–	–
Presentation differences	49 012	15 169	–	64 181
Actual amounts in statement of cash flows (statement IV)	**(8 736)**	**14 986**	**–**	**6 250**

2015

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(77 639)**	**(126)**	**–**	**(77 765)**
Basis differences	(9 190)	–	–	(9 190)
Entity differences	–	–	–	–
Presentation differences	90 605	(9 077)	–	81 528
Actual amounts in statement of cash flows (statement IV)	**3 746**	**(9 173)**	**–**	**(5 427)**

96. Basis differences comprise the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the modified cash elements, such as unliquidated obligations that are commitments against the budget but do not represent a cash flow, outstanding assessed contributions and payments against prior-year obligations that do not apply to the current year, must be eliminated. Similarly, IPSAS-specific differences, such as cash flows relating to the acquisition of property, plant and equipment or intangibles, indirect cash flows relating to changes in receivables due to movements in the allowance for doubtful receivables, and accrued liabilities, are included as basis differences in order to reconcile those differences to the statement of cash flows.

97. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which include the latter not presenting income and the net changes in main pool balances. Another presentation difference is that the amounts included in the statement of comparison of budget and actual amounts are not segregated into operating, investing and financing activities.

Status of appropriations

98. In accordance with General Assembly resolutions 70/242 and 71/268 on the financing of the Tribunal, gross appropriations for the biennium 2016-2017 and gross assessments for 2016 are set out in the table below.

Gross appropriations

(Thousands of United States dollars)

	Gross appropriation
Initial appropriation for the biennium 2016-2017 (General Assembly resolution 70/242)	95 747
Add: revised appropriations for the biennium	
General Assembly resolution 71/268	2 317
Total revised appropriation for the biennium 2016-2017	**98 064**
Assessment for 2016 (resolution 70/242)	47 784

Note 7
Financial instruments

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Financial assets		
Fair value through surplus or deficit		
Short-term investments — main pool	32 741	37 774
Total short-term investments	**32 741**	**37 774**
Long-term investments — main pool	15 765	25 346
Total long-term investments	**15 765**	**25 346**
Total fair value through surplus or deficit investments	**48 506**	**63 120**
Loans and receivables		
Cash and cash equivalents — main pool	18 492	12 250
Cash and cash equivalents — other	35	27
Cash and cash equivalents	**18 527**	**12 277**
Assessed contributions	29 019	32 333
Other receivables	663	500
Other assets	430	551
Total loans and receivables	**48 639**	**45 661**
Total carrying amount of financial assets	**97 145**	**108 781**
of which relates to financial assets held in the main pool	66 998	75 369
Financial liabilities at amortized cost		
Accounts payable and accrued payables (excluding deferred payables)	7 176	3 582
Tax equalization fund liability		
Other liabilities	431	602
Total carrying amount of financial liabilities	**7 607**	**4 184**
Summary of net income from financial assets		
Net cash pools income	555	396
Other investment revenue	–	1
Total net income from financial assets	**555**	**397**

Note 8
Accounts receivable

Assessed contributions receivable

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Assessed contributions	29 072	32 475
Allowance for doubtful receivables — assessed	(53)	(142)
Total assessed contributions receivable	**29 019**	**32 333**

Movements in allowances for doubtful receivables

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Opening allowance for doubtful receivables	142	49
Doubtful receivables adjustment for current year	(89)	93
Closing allowance for doubtful receivables	**53**	**142**

Other accounts receivable: receivables from exchange transactions

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Current other receivables		
Other accounts receivable	663	500
Total other receivables (current)	**663**	**500**

99. Material balances of other receivables were subject to specific review, and it was determined that no allowance for doubtful debt will be established on the basis of recoverability and ageing of the existing receivables balances.

Note 9
Other assets

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Advances to vendor	93	7
Advances to staff	279	220
Advances to military and other personnel	10	1
Deferred charges	30	543
Other	(6)	(220)
Other assets (current)	**406**	**551**
Other assets (non-current)	**24**	**–**
Total other assets	**430**	**551**

100. "Other assets" refers to deferred expenditure, namely, prepayments of $0.4 million. The items are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Note 10
Property, plant and equipment

(Thousands of United States dollars)

	Furniture and fixtures	*Communications and IT equipment*	*Vehicles*	*Machinery and equipment*	*Total*
Cost as at 1 January 2016					
Opening at 1 January 2016	253	7 126	714	286	8 379
Additions	38	119	26	0	183
Disposals	(37)	(193)	(93)	(35)	(358)
Transfers		(29)			(29)
Cost as at 31 December 2016	**255**	**7 023**	**647**	**251**	**8 175**
Accumulated depreciation and impairment					
Opening at 1 January 2016	159	5 316	550	259	6 284
Depreciation	19	605	52	2	678
Disposal	(37)	(193)	(93)	(36)	(359)
Transfers	0	(29)	0	0	(29)
Accumulated depreciation and impairment as at 31 December 2016	**142**	**5 700**	**509**	**225**	**6 576**
Net carrying amount					
Opening at 1 January 2016	94	1 810	164	27	2 095
Closing at 31 December 2016	**113**	**1 323**	**138**	**25**	**1 599**

Abbreviation: IT, information technology.

101. During 2016, the Tribunal did not write down any property, plant or equipment. As at the reporting date, the Tribunal did not identify any additional impairments. The Tribunal had no significant heritage assets as at the reporting date.

Prior-year comparative

	Furniture and fixtures	*Communications and IT equipment*	*Vehicles*	*Machinery and equipment*	*Total*
Cost as at 1 January 2015					
Opening at 1 January 2015	188	7 066	1 041	286	8 581
Additions	65	60			125
Disposals			(327)		(327)
Cost as at 31 December 2015	**253**	**7 126**	**714**	**286**	**8 379**
Accumulated depreciation and impairment					
Opening at 1 January 2015	150	4 717	800	257	5 924
Depreciation	9	599	77	2	687
Disposal			(327)		(327)

	Furniture and fixtures	*Communications and IT equipment*	*Vehicles*	*Machinery and equipment*	*Total*
Transfers					
Impairment and write-offs in year		(14)			(14)
Accumulated depreciation and impairment as at 31 December 2015	**159**	**5 316**	**550**	**259**	**6 284**
Net carrying amount					
Opening at 1 January 2015	38	2 349	241	29	2 656
Closing at 31 December 2015	**94**	**1 810**	**164**	**27**	**2 095**

Abbreviation: IT, information technology.

Note 11
Intangibles

(Thousands of United States dollars)

	Software acquired externally	
	2016	*2015*
Cost as at 1 January	**122**	**122**
Accumulated amortization as at 1 January	41	17
Amortization	24	24
Accumulated amortization as at 31 December	**65**	**41**
Net carrying amount		
1 January	81	105
31 December	**57**	**81**

Note 12
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Vendor payables (accounts payable)	228	1 071
Transfers payable	–	–
Payables to other United Nations entities	6 333	185
Accruals for goods and services	528	1 668
Accounts payable — other	87	658
Total accounts payable and accrued liabilities	**7 176**	**3 582**

102. Accounts payable to other United Nations entities represent primarily employee benefits liabilities (after-service health insurance, repatriation grant, annual leave) of $6.23 million transferred to the Residual Mechanism.

Note 13
Advance receipts

103. Advance receipts represent contributions or payments received in advance; these amounted to $0.003 million in 2016 (2015: $0.016 million).

Note 14
Employee benefits liabilities

(Thousands of United States dollars)

Year ended 31 December 2016

	Current	*Non-current*	*Total*
After-service health insurance	684	28 890	29 574
Annual leave	333	2 868	3 201
Repatriation benefits	501	4 517	5 018
Subtotal: defined benefit liabilities	**1 518**	**36 275**	**37 793**
Accrued salaries and allowances	3 323	–	3 323
Total employee benefits liabilities	**4 841**	**36 275**	**41 116**

Year ended 31 December 2015

	Current	*Non-current*	*Total*
After-service health insurance	627	30 700	31 327
Annual leave	387	3 532	3 919
Repatriation benefits	726	5 889	6 615
Subtotal: defined benefit liabilities	**1 740**	**40 121**	**41 861**
Accrued salaries and allowances	3 678	–	3 678
Total employee benefits liabilities	**5 418**	**40 121**	**45 539**

104. The liabilities arising from post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. The most recent actuarial valuation was conducted as at 31 December 2016.

Actuarial valuation: assumptions

105. The Tribunal reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations in the 31 December 2016 full valuation are set out in the table below.

Principal actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates, 31 December 2015	4.32	3.79	3.76
Discount rates, 31 December 2016	4.09	3.63	3.70
Inflation, 31 December 2015	4.00-6.40	2.25	–
Inflation, 31 December 2016	4.00-6.00	2.25	–

106. Discount rates are established using a weighted blend of three discount rate assumptions based on the currency denomination of the different cash flows: United States dollars (Citigroup Pension Discount Curve), euros (Eurozone corporate yield curve) and Swiss francs (Federation bond yield curve, plus the spread observed between government rates and high-grade corporate bond rates). The slightly lower discount rates were assumed for the 31 December 2016 valuation owing to a slight variation in the inflation rates from 31 December 2015.

107. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption reflects the current short-term expectations of after-service health insurance plan cost increases and the economic environment. The medical cost trend rate assumptions that were used for the valuation as at 31 December 2016 reflected the current short-term expectations of after-service health insurance plan cost increases and the economic environment through a benchmark of market expectations. As at 31 December 2016, these escalation rates were a flat health-care yearly escalation rate of 4.0 per cent (2015: 4.0 percent) for non-United States medical plans and 6.0 per cent (2015: 6.4 per cent) for all other medical plans (except 5.7 per cent (2015: 5.9 per cent) for the United States Medicare plan and 4.9 per cent (2015: 4.9. per cent) for the United States dental plan), grading down to 4.5 per cent over eight years.

108. With regard to valuation of repatriation benefits as at 31 December 2016, inflation in travel costs was assumed at 2.22 per cent on the basis of the projected United States inflation rate over the next 10 years.

109. Annual leave balances were assumed to increase at the following annual rates during the staff member’s projected years of service: 1-3 years, 9.1 per cent; 4-8 years, 1.0 per cent; and 9 years and over, 0.1 per cent.

110. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. The current mortality rates underlying the valuation of the liabilities for after-service health insurance and repatriation calculations are set out below.

Mortality rate — active employees

	At age 20	*At age 69*
Male	0.00065	0.00906
Female	0.00034	0.00645

Mortality rate — retired employees

	At age 20	*At age 70*
Male	0.00072	0.01176
Female	0.00037	0.00860

Movement in employee benefits liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	After-service health insurance	*Repatriation grant*	*Annual leave*	*Total*
Net defined benefit obligation as at 31 December 2015	**31 327**	**6 615**	**3 919**	**41 861**
Service cost	161	322	192	675
Interest on obligation	1 339	237	140	1 716
Transfers from other agencies	351	111	56	518
Total cost recognized in the statement of financial performance	**1 851**	**670**	**388**	**2 909**
Benefits paid	(654)	(754)	(402)	(1 810)
Transfer to International Residual Mechanism for Criminal Tribunals	(4 509)	(807)	(914)	(6 230)
Actuarial (gain)/losses recognized directly in the statement of changes in net assets	1 559	(706)	210	1 063
Net defined benefit liability at 31 December 2016	**29 574**	**5 018**	**3 201**	**37 793**

	After-service health insurance	*Repatriation grant*	*Annual leave*	*Total*
Net defined benefit obligation as at 31 December 2014	**36 684**	**8 229**	**6 586**	**51 499**
Service cost	529	531	403	1 463
Interest on obligation	1 478	277	225	1 980
Total cost recognized in the statement of financial performance	**2 007**	**808**	**628**	**3 443**
Benefits paid	(545)	(813)	(527)	(1 885)
Actuarial (gain)/losses recognized directly in the statement of changes in net assets	(6 819)	(1 609)	(2 768)	(11 196)
Net defined benefit liability at 31 December 2015	**31 327**	**6 615**	**3 919**	**41 861**

Discount rate sensitivity analysis

111. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets vary during the reporting year, and the volatility affects the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as shown in the table below.

Impact on obligations of changes in discount rate

(Thousands of United States dollars)

Discount rate sensitivity to end-of-year employee benefits liabilities	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
31 December 2016			
Increase of discount rate by 1 per cent	(4 102)	(457)	(268)
Decrease of discount rate by 1 per cent	5 151	530	311
31 December 2015			
Increase of discount rate by 1 per cent	(4 754)	(659)	(349)
Decrease of discount rate by 1 per cent	5 866	743	409

Medical cost sensitivity analysis

112. The principal assumption in the valuation of after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability owing to changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 1 per cent, it would affect the measurement of the defined benefit obligations as shown in the table below.

One per cent movement in the assumed medical cost trend rates

(Thousands of United States dollars)

	Increase	*Decrease*
31 December 2016		
Effect on defined benefit obligation	5 518	(4 445)
Effect on aggregate of the current service cost and interest cost	225	(182)
31 December 2015		
Effect on defined benefit obligation	6 351	(4 867)
Effect on aggregate of the current service cost and interest cost	333	(241)

Accrued salaries and allowances

113. Accrued salaries and allowances as at year-end consist mainly of accruals for repatriation grants ($2.2 million), termination indemnity ($0.6 million), home leave ($0.2 million) and other accruals for salary ($0.3 million).

United Nations Joint Staff Pension Fund

114. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine

whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

115. The Tribunal's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization contributes to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

116. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent (a deficit of 1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared with the actual contribution rate of 23.70 per cent. The next actuarial valuation will be conducted as at 31 December 2017.

117. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5 per cent (130.0 per cent in the 2011 valuation). The funded ratio was 91.2 per cent (86.2 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

118. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

119. During 2016, the Tribunal's contributions paid to the Pension Fund amounted to $9.103 million (2015: $8.802 million).

120. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Fund publishes quarterly reports on its investments; these can be viewed by visiting the website of the Fund at www.unjspf.org.

Impact of General Assembly resolutions on staff benefits

121. On 23 December 2015, the General Assembly adopted its resolution 70/244, by which it approved certain changes to the conditions of service and entitlements for all staff serving in the organizations of the United Nations common system, as recommended by the International Civil Service Commission. Some of the changes that may affect the calculation of other long-term and end-of-service employee benefits liabilities are described in the table below.

Change	*Details*
Increase in mandatory age of separation	The mandatory age of separation for staff who joined the United Nations on or after 1 January 2014 is 65; for those who joined before 1 January 2014, it is 60 or 62. The General Assembly decided to extend the mandatory age of separation for staff recruited before 1 January 2014 by organizations of the United Nations common system to 65 years, at the latest by 1 January 2018, taking into account the acquired rights of staff. Once implemented on 1 January 2018 for the United Nations Secretariat, this change is expected to affect future calculations of employee benefits liabilities.
Unified salary structure	The salary scales for internationally recruited staff (Professional and Field Service) as at 31 December 2016 were based on single or dependency rates. Those rates affected staff assessment and post adjustment amounts. The General Assembly approved a unified salary scale that resulted in the elimination of single and dependency rates as from 1 January 2017. The dependency rate was replaced by allowances for staff members who have recognized dependants in accordance with the Staff Regulations of the United Nations and Staff Rules. A revised staff assessment scale and pensionable remuneration scale was implemented along with the unified salary structure. The implementation of the unified salary scale was not designed to result in reduced payments for staff members. However, it is expected that the unified salary scale will affect the calculation and valuation of the repatriation benefit and the commuted annual leave benefit. Currently, the repatriation benefit is calculated on the basis of gross salary and staff assessment at the date of separation, whereas commuted annual leave is calculated on the basis of gross salary, post adjustment and staff assessment at the date of separation.
Repatriation benefit	Staff members are eligible to receive a repatriation grant upon separation provided they have been in service for at least one year in a duty station outside their country of nationality. The General Assembly has since revised eligibility for the repatriation grant from one year to five years for prospective employees, while current employees retain the one-year eligibility. This change is expected to affect future calculations of employee benefits liabilities.

122. The impact of the changes will be fully reflected in the actuarial valuation to be conducted in 2017.

Note 15
Judges' honorariums and allowances liabilities

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Judges' pensions (defined benefit valuation)	28 296	29 882
Judges' relocation allowances	481	920
Ad litem judges' ex gratia payments	–	471
Total	**28 777**	**31 273**
Current	1 745	1 715
Non-current	27 032	29 558
Total	**28 777**	**31 273**

123. The key assumption for the valuation of judges' pension benefit liabilities is the discount rate of 3.50 per cent (2015: 3.71 per cent). In 2015 and 2016, no inflation assumption was applied to judges' relocation allowances in view of the low materiality of the allowances and the fact that, materially, all of the amounts would be settled within one or two years of the balance sheet date.

Movement in judges' benefits liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	2016	*2015*
Net defined benefit liability at 1 January	29 882	29 236
Current service cost	421	1 029
Interest cost	1 100	1 067
Total costs recognized in the statement of financial performance	**1 521**	**2 096**
Benefits paid	(1 307)	(753)
Actuarial(gain)/losses recognized directly in the statement of changes in net assets	(1 800)	(697)
Net recognized liability at 31 December	**28 296**	**29 882**

Note 16
Provisions

Movement in provisions

(Thousands of United States dollars)

	Litigation and claims
Provisions as at 1 January 2015	22
Additional provisions made	837
Amounts reversed	(22)
Provisions as at 31 December 2015 (current)	**837**
Provisions as at 1 January 2016	837
Additional provisions made	1 550
Amounts reversed	(837)
Provisions as at 31 December 2016 (current)	**1 550**

124. In 2015, the Tribunal had three pending cases before the United Nations Appeals Tribunal. Those cases related to the appeal of the judgment of the United Nations Dispute Tribunal to award damages of €3,000 to 255 staff owing to process violations in the consideration of the conversion of their appointments from fixed term to permanent contract. In 2016, this provision for $0.8 million was reversed after the Appeals Tribunal's judgment, which ordered the Office of Human Resources Management at Headquarters to consider the appellants for conversion but vacated the €3,000 award from the Dispute Tribunal. In 2016, the main provision for $1.5 million relates to staff granted permanent appointments whose posts are scheduled to be terminated in 2017 and who will be entitled to termination indemnities.

Note 17
Other liabilities

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Liabilities under finance lease arrangements	173	171
Total other liabilities (current)	**173**	**171**
Liabilities under finance lease arrangements	258	430
Total other liabilities (non-current)	**258**	**430**
Total other liabilities	**431**	**601**

Note 18
Net assets

125. Net assets comprise the accumulated surpluses/deficits that represent the residual interest in the assets of the Tribunal after all its liabilities are deducted.

Note 19
Revenue

Assessed contributions

(Thousands of United States dollars)

	2016
Assessment for 2016 (resolution 70/242) (note 6)	47 784
Add: share of revised appropriations for the biennium attributable to 2016 (resolution 71/268)	1 044
Less: adjustment for estimated other income (resolution 69/255)	(284)
Revenue from assessed contributions	**48 542**

126. Assessed contributions of $48.5 million (2015: $90.4 million) have been recorded for the Tribunal in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policies of the United Nations.

Other revenue

127. Other revenue comprises rental income and other revenue, including revenue for services rendered, revenue-producing activities, exchange gains and other miscellaneous revenue.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Revenue from services rendered	39	73
Rental income	66	40
Revenue-producing activities and other miscellaneous revenue	64	71
Foreign exchange gains	107	–
Total other exchange revenue	**276**	**184**

Note 20
Expenses

Employee salaries, allowances and benefits

128. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment; allowances and benefits include other staff entitlements, including pension and insurance and staff assignment, repatriation, hardship and other allowances, as set out in the table below.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Salary and wages	38 077	48 980
Pension and insurance benefits	8 027	8 538
Other benefits	1 677	2 411
Total employee salaries, allowances and benefits	**47 781**	**59 929**

Judges' honorariums and allowances

129. Judges' honorariums and allowances include pensions of former judges of the Tribunal. Judges' honorariums include relocation and other allowances.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Honorariums	2 582	4 953
Pensions of former judges	796	1 101
Total	**3 378**	**6 054**

Non-employee compensation and allowances

130. "Non-employee compensation and allowances" refers to consulting fees of $0.067 million (2015: $0.146 million).

Supplies and consumables

131. Supplies and consumables include consumables, spare parts and fuel, as shown in the table below.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Fuel and lubricants	9	21
Spare parts	13	25
Consumables	71	316
Total supplies and consumables	**93**	**362**

Travel

132. Travel expenses include all staff and non-staff travel that is not considered to be an employee allowance or benefit, as shown in the table below.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Staff travel	410	822
Representative travel	53	10
Total travel	**463**	**832**

Other operating expenses

133. Other operating expenses include other contracted services, maintenance, utilities, shared services, rental, insurance, allowance for bad debt and write-off expenses, as shown in the table below.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Ground transport	7	36
Communications and information technology	366	337
Facilities	608	901
Other contracted services	3 161	5 196
Acquisitions of goods	96	(94)
Acquisitions of intangible assets	23	74
Rent — offices and premises	1 858	3 826
Rental — equipment	51	54
Maintenance and repair	119	27
Bad debt expenses	(85)	93
Net foreign exchange losses		615
Other/miscellaneous operating expenses	768	947
Total other operating expenses	**6 972**	**12 012**

134. Bad debt expenses include the reduction in allowances for doubtful receivables on assessed member contributions of $0.089 million, offset in part by the write-off of other receivables of $0.004 million.

135. Other/miscellaneous operating expenses include primarily movements on accrual for provisions (see note 16).

136. Other contracted services include legal services, training, utilities and other contracted services such as translation and verbatim reporting.

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Legal Service defence counsel	625	1 491
Legal Service detention service	1 733	1 688
Other legal	33	95
Total legal/audit	**2 391**	**3 274**
Security services	14	6
Training	116	409
Utilities	212	486
Freight	2	5
Other	426	1 016
Total other contracted services	**3 161**	**5 196**

Other expenses

137. Other expenses relate to hospitality and official functions ($0.007 million) as well as contributions in kind ($0.006 million).

Note 21
Financial instruments and financial risk management

Main pool

138. In addition to directly held cash and cash equivalents and investments, the Tribunal participates in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars.

139. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale and the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity's principal balance.

140. As at 31 December 2016, the main pool held total assets of $9,033.6 million (2015: $7,783.9 million), of which $67.0 million was due to the Organization (2015: $75.4 million), and the Tribunal's share of revenue from the main pool was $0.6 million (2015: $0.4 million).

Summary of assets and liabilities of the main pool

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Fair value through surplus or deficit		
Short-term investments	4 389 616	3 888 712
Long-term investments	2 125 718	2 617 626
Total	**6 515 334**	**6 506 338**
Loans and receivables		
Cash and cash equivalents, main pool	2 493 332	1 265 068
Accrued investment income	24 961	12 462
Total loans and receivables	**2 518 293**	**1 277 530**
Total carrying amount of financial assets	**9 033 627**	**7 783 868**
Main pool liabilities		
Payable to the Tribunal	66 998	75 368
Payable to other main pool participants	8 966 629	7 708 500
Total carrying amount of financial liabilities	**9 033 627**	**7 783 868**
Main pool net assets	**–**	**–**

Summary of net income and expenses of the main pool

	31 December 2016	*31 December 2015*
Investment revenue	73 903	51 944
Unrealized losses	(13 474)	(10 824)
Investment revenue from main pool	**60 429**	**41 120**
Foreign exchange losses	(5 105)	(11 720)
Bank fees	(646)	(525)
Operating expenses from main pool	**(5 751)**	**(12 245)**
Revenue and expenses from main pool	**54 678**	**28 875**

Financial risk management

141. The United Nations Treasury is responsible for investment and risk management for the main pool, including conducting investment activities in accordance with the Investment Management Guidelines.

142. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

143. An investment committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

144. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

145. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

146. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor's, Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year-end, the credit ratings were as shown below.

Credit risk: assessed contributions

147. The ageing of assessed contributions receivable and the associated allowances are set out in the table below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	31 December 2016		*31 December 2015*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	13 389	–	14 048	–
One to two years	4 138	–	5 228	–
More than two years	11 544	(53)	13 199	(142)
Total	**29 071**	**(53)**	**32 475**	**(142)**

148. Countries subject to Article 19 are considered to be those for which the General Assembly has decided that failure to pay the minimum amount under Article 19 was due to conditions beyond their control and which are permitted to vote despite their accumulated arrears (see resolutions 69/4 and 70/2). In accordance with past practice, it is considered that there are no Member States with valid multi-year payment plans.

Credit risk: cash and cash equivalents

149. The Tribunal held cash and cash equivalents of $18.5 million at 31 December 2016 (2015: $12.28 million), which is the maximum credit exposure on these assets.

Investments of the main cash pool, by credit ratings

	Ratings as at 31 December 2016				*Ratings as at 31 December 2015*			
Bonds (long-term ratings)								
	AAA	**AA+/AA/AA-**	**BBB**	**NR**		**AAA**	**AA+/AA/AA-**	**NR**
S&P	33.6%	55.1%	5.6%	5.7%	S&P	37.7%	54.2%	8.1%
Fitch	62.4%	28.3%		9.3%	Fitch	61.9%	26.5%	11.6%
	Aaa	**Aa1/Aa2/Aa3**				**Aaa**	**Aa1/Aa2/Aa3**	
Moody's	50.3%	49.7%			Moody's	65.8%	34.2%	
Commercial papers (short-term ratings)								
	A-1					**A-1+/A-1**		
S&P	100.0%				S&P	100.0%		
	F1					**F1+**		
Fitch	100.0%				Fitch	100.0%		
	P-1					**P-1**		
Moody's	100.0%				Moody's	100.0%		
Reverse repurchase agreement (short-term ratings)								
	A-1+					**A-1+**		
S&P	100.0%				S&P	100.0%		
	F1+					**F1+**		
Fitch	100.0%				Fitch	100.0%		
	P-1					**P-1**		
Moody's	100.0%				Moody's	100.0%		
Term deposits (Fitch viability ratings)								
	aaa	**aa/aa-**	**a+/a**			**aaa**	**aa/aa-**	**a+/a**
Fitch	–	48.1%	51.9%		Fitch	–	53.6%	46.4%

150. The United Nations Treasury actively monitors credit ratings, and, because the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for impaired investments.

Financial risk management: liquidity risk

151. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The main pool liquidity risk is therefore considered to be low.

Financial risk management: interest rate risk

152. The main pool comprises the Organization's main exposure to interest rate risk, with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the main pool had invested primarily in securities with shorter terms to maturity, with the maximum being less than five years (2015: five years). The average duration of the main pool was 0.71 years (2015: 0.86 years), which is considered to be an indicator of low risk.

Main pool interest rate risk sensitivity analysis

153. This analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. The investments being accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown in the table below (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis as at 31 December 2016

	Shift in yield curve (basis points)								
	-200	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (millions of United States dollars)**:**									
Main pool total	124.35	93.26	62.17	31.08	–	(31.08)	(62.14)	(93.21)	(124.27)

Main pool interest rate risk sensitivity analysis as at 31 December 2015

	Shift in yield curve (basis points)								
	-200	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (millions of United States dollars)**:**									
Main pool total	128.99	96.74	64.48	32.24	–	(32.23)	(64.46)	(96.69)	(128.91)

Other market price risk

154. The main pool is not exposed to other significant price risks, because it does not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value hierarchy

155. All investments are reported at fair value through surplus and deficit. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

156. The levels of the fair value hierarchy are defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

157. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian on the basis of the valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency,

and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held in the main pool is the current bid price.

158. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

159. The fair value hierarchy shown in the table below presents the main pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets or liabilities carried at fair value; nor were there any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: main pool

(Thousands of United States dollars)

	31 December 2016			*31 December 2015*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds — corporates	697 676	–	697 676	149 682	–	149 682
Bonds — non-United States agencies	1 903 557	–	1 903 557	2 190 965	–	2 190 965
Bonds — non-United States sovereigns	124 854	–	124 854	124 612	–	124 612
Bonds — supranational	213 224	–	213 224	139 828	–	139 828
Bonds — United States treasuries	586 739	–	586 739	1 092 139	–	1 092 139
Main pool — commercial papers	149 284	–	149 284	949 112	–	949 112
Main pool — term deposits	–	2 840 000	2 840 000	–	1 860 000	1 860 000
Main pool total	**3 675 334**	**2 840 000**	**6 515 334**	**4 646 338**	**1 860 000**	**6 506 338**

Note 22
Related parties

Key management personnel

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Salary and post adjustment	928	923
Other monetary entitlements	20	26
Total remuneration for the period	**948**	**949**

160. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions. For the Tribunal, key management personnel comprise the President and Prosecutor at the level of Under-Secretary-General and the Registrar at the level of Assistant Secretary-General (who together constitute the Coordination Council of the Tribunal) and the Tribunal Registry's Chiefs of Administration. These individuals have the relevant authority and responsibility for planning, directing and controlling the Tribunal's activities.

161. As at 31 December 2016, after-service health insurance, repatriation and leave benefits for key management personnel included in employee benefits liabilities amounted to $0.7 million (2015: $0.7 million), as determined by actuarial valuation.

162. No close family members of key management personnel were employed by the Tribunal at the management level. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Staff Rules; any such advances against entitlements are widely available to all staff of the Tribunal.

Related entity transactions

163. In the ordinary course of business, to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled.

Trust fund activities

164. The following fund, which supports the activities of the Tribunal, is structured as a trust fund and, accordingly, appears in the financial report and audited financial statements and report of the Board of Auditors, volume I, United Nations (A/72/5 (Vol. I)). The reserves and fund balances of the related trust fund as at year-end were as shown in the table below.

(Thousands of United States dollars)

	Reserves and fund balance	
	31 December 2016	*31 December 2015*
Voluntary fund to support the activities of the international tribunal established by Security Council resolution 827 (1993)	443	1 035

Balances reflected in the Tax Equalization Fund

165. The financial statements report employee benefits expenses on a net of tax basis. The tax liabilities relating to operations are reported separately as part of the Tax Equalization Fund in the financial statements of volume I, United Nations, which also has a financial reporting date of 31 December.

166. The Tax Equalization Fund was established under the provisions of the General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members, whatever their national tax obligations. The Fund operationally reports as income staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations, the International Tribunals for Rwanda and the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals.

167. The Tax Equalization Fund includes, as expenditure credits against the regular budget, peacekeeping, the Residual Mechanism and the Tribunals' assessments on Member States that do not levy taxes on the United Nations income of their nationals. Member States that levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members financed by the regular budget, peacekeeping, the Residual Mechanism and the Tribunals for taxes paid on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Since the Organization acts as an agent in this arrangement, the net of the related revenue and expenses is reported as a payable in these financial statements.

168. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2016 amounts to $46.9 million (2015: $67.6 million), consisting of

payables at year-end to the United States of America of $13.1 million (2015: $30.4 million) and to other Member States of $33.8 million (2015: $37.2 million). The overall payables of the Fund are $74.8 million (2015: $96.0 million), which includes an estimated tax liability of $27.9 million relating to the 2016 and prior tax years (2015: $28.4 million), of which approximately $15.1 million was disbursed in January 2017 and approximately $12.8 million is expected to be settled in April 2017.

Note 23
Leases and commitments

Finance leases

169. In 2014, the Tribunal entered into a finance lease with a value of $1.2 million for the use of equipment. Total finance lease payments for the year were $0.2 million (2015: $0.2 million). The net year-end carrying value included in property, plant and equipment is $0.4 million (2015: $0.6 million). Future minimum finance lease payments under non-cancellable arrangements are set out in the table below.

Obligations for finance leases: minimum lease payments

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Due in less than 1 year	172	172
Due in 1 to 5 years	258	430
Total minimum finance lease obligations	**430**	**602**

Operating leases

170. The Tribunal enters into operating leases for the use of premises and equipment. The total operating lease payments recognized in expenditure for 2016 were $3.58 million (2015: $4.3 million) for premises and $0.06 million (2015: $1 million) for equipment. Future minimum lease payments under non-cancellable arrangements are set out in the table below.

Obligations for operating leases: minimum lease payments

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Due in less than 1 year	6 076	5 167
Due in 1 to 5 years	–	3 633
Total minimum operating lease obligations	**6 076**	**8 800**

Note: Fifty per cent of the above lease payments will be cost-shared by the International Residual Mechanism for Criminal Tribunals in 2017.

171. The Tribunal is the lessee of contract for its main building, the United Nations Detention Unit, and for field offices in Sarajevo and Belgrade. These contractual leases typically have a duration of between one to seven years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

Contractual commitments

172. The commitments for property, plant and equipment (including contractual commitments for assets under construction) and goods and services contracted but not delivered as at the reporting date are set out in the table below.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Property, plant and equipment	–	91
Goods and services	611	291
Total contractual commitments	**611**	**382**

Note 24
Contingent liabilities and contingent assets

173. In the normal course of operations, the Tribunal is subject to claims which can be categorized as corporate and commercial, administrative law, and other, such as guarantees. As at the reporting date, there were no contingent assets or liabilities.

Note 25
Future operations

174. The Security Council decided, in its resolution 1966 (2010), to establish the International Residual Mechanism for Criminal Tribunals, with two branches, to carry out a number of essential functions, such as the trial of fugitives, after the closure of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia. The Arusha branch commenced operations on 1 July 2012 and The Hague branch on 1 July 2013 for an initial period of four years. During the initial period of the Residual Mechanism's work, there has been a temporary overlap with the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia as those institutions complete the remaining work on any trial or appeal proceedings that are pending as at the commencement dates of the respective branches of the Mechanism. The Mechanism coexisted with both Tribunals during 2015 and shared resources and provided mutual support and coordination.

175. The President of the International Criminal Tribunal for Rwanda submitted a letter to the Security Council on 17 November 2015 (S/2015/884) transmitting the final report by the President and the Prosecutor on the completion of the mandate of the International Criminal Tribunal for Rwanda. On 16 November 2015, the President of the International Tribunal for the Former Yugoslavia submitted a letter (S/2015/874) transmitting the assessments of the President and the Prosecutor on the implementation of that Tribunal's completion strategy, the support for the Residual Mechanism and the completion of the trials and appeals procedures.

176. On 18 December 2014, the Security Council requested, in its resolutions 2193 (2014) and 2194 (2014), that the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, respectively, take all possible measures to expeditiously complete all their remaining work, to prepare their closure and to ensure a smooth transition to the Residual Mechanism.

177. The International Tribunal for the Former Yugoslavia continues to make every effort to meet the targets of its completion strategy and the forecast judgment delivery dates. Unfortunately, some limited delays will affect two ongoing trials, although the Tribunal's judicial work will still be completed by the end of 2017.

178. The Tribunal is continuing to downsize as rapidly as it can, while ensuring that full support is provided to the remaining trials and appeals. The Tribunal has also continued its diligent efforts to complete the smooth transition of functions to the Residual Mechanism in compliance with Security Council resolution 1966 (2010). The latest report on the completion strategy is annexed to document S/2016/976.

Note 26
Events after the reporting date

179. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

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