A/73/5/Add.14

United Nations

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 2017

and

Report of the Board of Auditors

General Assembly
Official Records
Seventy-third Session
Supplement No. 5N

General Assembly
Official Records
Seventy-third Session
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Report of the Board of Auditors

United Nations • New York, 2018

* Reissued for technical reasons on 24 August 2018.

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.

Contents

Letters of transmittal

Letter dated 29 March 2018 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 2017, 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 24 July 2018 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 2017, 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*) Rajiv **Mehrishi**
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 2017 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 2017 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 of the International Tribunal for the Former Yugoslavia for the year ended 31 December 2017, concerning the going concern. With the successful conclusion of its mandate, the Tribunal was formally closed on 31 December 2017. Management concluded in 2016 that the going-concern assertion for the financial statements of the Tribunal as at 31 December 2017 is not appropriate. However, a review was conducted with the aim of preparing the financial statements on a liquidation basis, which determined that there is no material difference between the going-concern basis and the liquidation basis, since the Tribunal was to be progressively amalgamated into the International Residual Mechanism for Criminal Tribunals. On 1 January 2018, the Tribunal was formally amalgamated administratively by way of transfer of its identifiable remaining assets and liabilities to the Residual Mechanism.

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 2017, 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 Tribunal 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.
- 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*) Rajiv **Mehrishi**
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

24 July 2018

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 2017. 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 2017 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

On 1 January 2018, the Tribunal was formally amalgamated administratively by way of transfer of its identifiable remaining assets and liabilities to the International Residual Mechanism for Criminal Tribunals. The Board is satisfied with the efforts made by the Tribunal to ensure successful completion of its mandate and closure on 31 December 2017. The Board considers that, the residual liquidation activities, such as processing of staff separations and final entitlements, the settlement of remaining liabilities and the recovery of residual receivables, need to be effectively monitored and concluded by the Residual Mechanism.

Key findings and recommendations

In particular, the Board highlights the following key finding:

Unresolved staff-related litigation and disputes

The Board noted six pending cases related to staff litigations and disputes as of 5 May 2018. Four of them are related to disciplinary action, involving staff disputing and contesting decisions not to pay them additional salary. Those cases have yet to be concluded by the Disciplinary Unit at United Nations Headquarters and the United Nations Dispute Tribunal (UNDT). The other two cases have been disclosed in the Tribunal financial statements as at 31 December 2017 as a provision of $420,000 related to a contested decision on conversion of fixed appointment to permanent appointment. The Board considers that close monitoring is necessary to ensure that the cases are concluded promptly considering that the Tribunal has already been closed.

Recommendation

The Board's main recommendation is that:

The Residual Mechanism closely monitor progress of the six pending cases to ensure that they are resolved promptly.

Key facts

$95.75 million	Original biennial budget approved by the General Assembly for 2016–2017
$105.78 million	Final budget approved by the Assembly for the biennium 2016–2017
$41.07 million	Original annual budget for 2017
$48.79 million	Final annual budget for 2017
$57.95 million	Total revenue for 2017
$37.45 million	Total expenses for 2017
$116.13 million	Total assets as at 31 December 2017
$85.11 million	Total liabilities as at 31 December 2017
–	All staff separated by 31 December 2017 following expiration of the Tribunal's mandate and closure of its operations.

A. Mandate, scope and methodology

1. The Tribunal was 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 was 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 was mandated to bring to justice persons 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 consisted of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers was comprised of one Trial Chamber and

an Appeals Chamber. The Chambers were responsible for trials and appeals and the Office of the Prosecutor was responsible for investigation and prosecution, while the Registry, which was serving both the Chambers and the Prosecutor, was responsible for the administration and servicing of the Tribunal.

3. The Board of Auditors has audited the financial statements of the Tribunal and reviewed its operations for the year ended 31 December 2017 in accordance with General Assembly resolution 74 (I). The audit was conducted in accordance 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 2017 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 revenues 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. Of the six recommendations outstanding as at 31 December 2016, one (17 per cent) was fully implemented, while the remaining five (83 per cent) were overtaken by events because their implementation would have gone beyond the official mandate end-date of 31 December 2017. Details of the implementation status of the recommendations are presented in the annex.

2. Financial overview

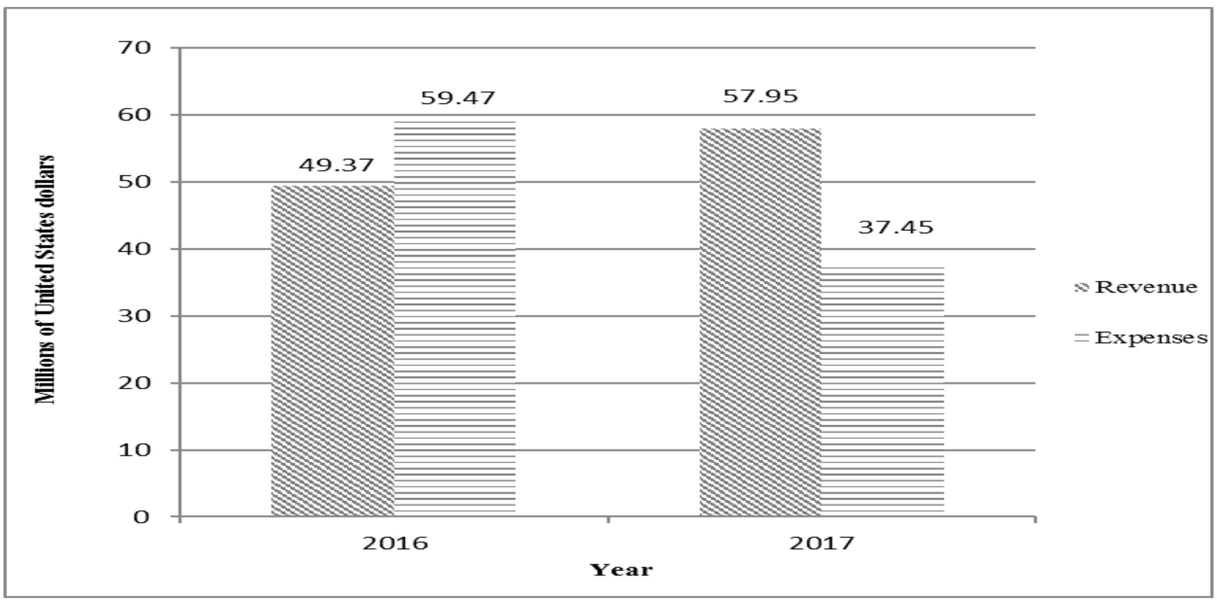
9. In 2017, the total revenue of the Tribunal was $57.95 million (2016: $49.37 million) against total expenses of $37.45 million (2016: $59.47 million) resulting in a surplus of $20.50 million (2016: deficit $10.10 million). The surplus is mainly attributed to the increase in assessed contributions from $48.54 million in

2016 to $56.86 million in 2017, while expenses decreased by $22.02 million (37 per cent) compared to the amount reported in 2016. The decrease in expenses resulted from staff downsizing and transfer of activities from the Tribunal to the Residual Mechanism.

10. Total liabilities increased from $79.05 million in 2016 to $85.11 million in 2017. A substantial part of the reported liability related to employee benefits for staff members and retirees in the amount of $38.97 million, representing 45.8 per cent of the Tribunal's total liabilities. Judges' benefits liabilities amounted to $29.89 million, equivalent to 35.12 per cent of the total liabilities. The Tribunal also reported accounts payable and accrued liabilities of $15.82 million as at 31 December 2017, of which $14.73 million is payable to the Residual Mechanism for employee benefits liabilities relating to staff who were transferred to the Residual Mechanism.

11. A comparison of revenues and expenses for the financial years 2016 and 2017 is illustrated below.

Figure
Financial performance of the Tribunal



Source: Board analysis of the Tribunal's financial statements for 2017.

Ratio analysis

12. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2017, in comparison with those for the year ended 31 December 2016.

Table II.1
Financial ratios

Description of ratio	*31 December 2017*	*31 December 2016 (restated)*
Total assets: total liabilities[a]		
Assets: liabilities	1.36	1.25
Current ratio[b]		
Current assets: current liabilities	3.72	5.25
Cash ratio[c]		
Cash + short-term investments: current liabilities	2.16	3.31
Quick ratio[d]		
Cash + short-term investments + accounts receivable: current liabilities	3.71	5.23

Source: Board analysis of the Tribunal's financial statements for 2017.

[a] A high ratio is a good indicator of solvency.

[b] A high ratio indicates an entity's ability to pay off its short-term liabilities.

[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.

13. The current ratio of 3.72 indicates that current liabilities are covered in excess of three times by liquid assets, and therefore there are sufficient liquid assets available to fully pay liabilities should the need arise. The decrease in the current ratio from 5.25 in the prior year was due to increase in payables from end-of-service/post-employment liabilities (after-service health insurance, repatriation and annual leave) related to staff separations and transfers to the Residual Mechanism during 2017. The solvency of the Tribunal was sound as of end-2017 as shown by the total assets to total liabilities ratio. Together, these ratios indicate that the Tribunal was in sound financial position when the assets and liabilities were to be transferred to the Residual Mechanism as at 1 January 2018.

3. Closure of the Tribunal

14. During the reporting period, the Tribunal achieved the successful conclusion of its mandate and the ultimate implementation of its completion strategy, as endorsed by the Security Council in its resolution 1503 (2003) and 1534 (2004). In 2017, the Tribunal issued judgements in the final trial case of *Prosecutor v. Ratko Mladić* and the final appeal case of *Prosecutor v. Jadranko Prlić et al.*, whereby both judgments were pronounced as scheduled in November 2017. With these two judgments, the Tribunal has now concluded proceedings against all 161 of the individuals that it indicted for serious violations of international humanitarian law. The Tribunal also concluded contempt proceedings against 25 persons, and it transferred the remaining contempt case of *Prosecutor v. Petar Jojić and Vjerica Radeta* to the Residual Mechanism.

15. The Tribunal was formally closed on 31 December 2017, following the transfer of remaining functions, assets and liabilities that will outlive it to the Residual Mechanism. As part of residual liquidation activities; the Residual Mechanism took over the repatriation of staff members and their families, the processing of their final entitlements, the settlement of remaining liabilities and the recovery of residual receivables and other administrative, financial and budgetary matters.

4. Remaining Tribunal's functions

Receivables

16. Note 6 and 7 to the Tribunal financial statements for the year ended 31 December 2017 showed accounts receivables of $41.65 million (2016: $29.68 million). This balance consisted of $41.36 million assessed contribution receivables and $288,000 in respect of other receivables. Of the outstanding assessed contribution receivables of $41.36 million, $33.61 million related to periods up to 31 December 2017, while $7.75 million (gross basis) related to an additional assessment by the General Assembly to member States on 24 December 2017 for the period starting January 2018. The amount of $33.61 million comprised $17.11 million related to 2017 (within 12 months), $2.23 million related to 2016 (within 24 months), $3.13 million related to 2015, $3.02 million related to 2014 and $8.11 million related to 2013 and prior years.

17. Management explained that the collection of Member States' contributions is managed at Headquarters by the Contributions Service, and management was therefore unable to influence that collection. Management also stated that, while the Board had observed other receivables of $288,000 at time of its audit in April 2018, only $115,676 (40 per cent) remained outstanding as of June 2018, which amount referred to VAT receivables. Therefore, management is in the course of clearing the outstanding balance. The Board acknowledges the explanations of management and considers that efforts should continue to ensure that the remaining receivables are fully recovered and cleared.

Payables

18. The Board noted that, as at 31 December 2017, the Tribunal had short-term payables of $26.39 million (2016: $13.77 million), which comprised accounts payable and accrued liabilities of $15.81 million (2016: $7.18 million); advance receipts of $3,000 (2016: $3,000); short-term employee benefits of $8.27 million (2016: $4.84 million) and judges' benefits liabilities of $2.31 million (2016: $1.75 million).

19. Of the outstanding short-term payables of $26.39 million, $2.07 million had been outstanding for more than two years, $6.30 million had been outstanding for more than one year and $18.02 million had been outstanding within 12 months.

20. The management explained that the main component of the outstanding payables consisted of accounts payables and accrued liabilities of $15.81 million. This balance primarily represented employee benefits liabilities (after service health insurance, repatriation grant, annual leave) of $14.79 million corresponding to staff transferred to the Residual Mechanism during 2017.

21. However, the Board noted that, of the accounts payables and accrued liabilities of $15.81 million, the payable of $427,000 related to vendors, while the amount of $518,000 related to accruals for goods and services and other accruals of $79,000 and payables to other United Nations entities amounted to $14.79 million. Management further informed the Board that, subsequent to audit, it had cleared most of the payables so that, as of 26 June 2018, only $4,612 remained outstanding. While acknowledging management efforts, the Board looks forward to clearance of the remaining balance.

22. **While the Board understands the position regarding the management of outstanding receivables from Member States, it recommends that the Residual Mechanism closely monitor the outstanding receivables and payables which are within its capacity to ensure that they are fully recovered and cleared.**

Unresolved staff-related litigation and disputes

23. The Board noted six pending cases related to staff litigations and disputes as of 5 May 2018. Four of them were related to disciplinary action, involving staff disputing and contesting decisions, and had yet to be concluded by the Disciplinary Unit and UNDT. The other two cases had been disclosed in the financial statements as a provision of $420,000 related to a contested decision on conversion of fixed appointment to permanent appointment.

24. Management informed the Board that these cases were pending because they were before the Management Evaluation Unit, the Disciplinary Unit, UNDT and the United Nations Appeal Tribunals and accordingly, management was not in a position to influence either the progress of, or the decision on, those cases. However, their monitoring would be taken over by the Residual Mechanism as the successor of the Tribunal.

25. The Board is of the view that these cases need to be concluded promptly considering that the Tribunal has been liquidated.

26. **The Board recommends that the Residual Mechanism closely monitor the progress of these cases to ensure that they are resolved promptly.**

C. Disclosures by management

1. Write-off of losses of cash and receivables

27. Pursuant to financial rule 106.7 (a), the Tribunal approved write-offs of receivables of $23,090 during the financial year 2017.

2. Write-off of losses of property, plant and equipment

28. Pursuant to financial rule 106.7 (a), during the financial year 2017 the Tribunal approved write-offs of property, plant and equipment with a total depreciated amount of $3,595. The original cost of those assets was $570,756.

3. Ex-gratia payments

29. Management confirmed that the Tribunal did not make any ex gratia payments in 2017.

4. Cases of fraud and presumptive fraud

30. 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.

31. 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.

32. In 2017, 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

33. 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*) Rajiv **Mehrishi**
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

24 July 2018

Annex

Status of implementation of recommendations up to the year ended 31 December 2016

						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*
1	2015	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 was closed on 31 December 2017. Since the recommendation was to be implemented by the Tribunal, the Board considers the recommendation has been overtaken by events.				X
2	2015	34	The Tribunal agreed with the Board's recommendation to devise a viable training schedule to ensure that all staff complete the appropriate Umoja computer-based training.	The Tribunal is currently devising a training plan to ensure that all transactional users have completed the required Umoja computer-based training.	The Tribunal was closed on 31 December 2017. Since this training schedule was devised for Tribunal staff, the Board considers the recommendation has been overtaken by events.				X
3	2015	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 Tribunal has finalized the process of identifying the location of the disaster recovery site, which is at International Court of Justice, and therefore the data backup has been relocated there. The Board considers the recommendation to be implemented.	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*
4	2006	20	The Tribunal agreed with the Board's recommendation that it review the affected records retention schedules and subsequently approve them for more effective and efficient implementation of the records disposition plan.	The Tribunal noted that most of its record retention schedules had already been completed and approved and were in effect. As at August 2017, over 70 per cent of all physical records and over 60 per cent of all digital records had been disposed of in accordance with the approved schedules, either by being transferred to the archives or the active offices of the Residual Mechanism or by being destroyed. The remaining schedules have been drafted and are awaiting approval from the Archives and Records Management Section of the Office of Central Support Services of the Secretariat.	The Tribunal was closed on 31 December 2017. The Board therefore considers the recommendation to be overtaken by events.				X
5	2006	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.	The Tribunal noted that the ICT policy on password specifications had been applied to all active directory accounts and that it would be applied to the Tribunal's email accounts when they were migrated to the Residual Mechanism's servers in November 2017.	The Tribunal closed its operations on 31 December 2017. The review on the configurations of information systems and enforcement of password specifications were meant for the Tribunal. Therefore, the Board considers the recommendation to have been overtaken by events.				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*
6	2006	30	The Tribunal agreed with the Board's recommendation that it conduct a post-implementation review of completed projects immediately after their completion or in accordance with timelines contained in the business cases.	The Tribunal noted that post-project implementation review had been submitted for all completed projects and that they would continue to be completed in accordance with the timelines outlined in the high-level business cases.	The Tribunal closed its operations on 31 December 2017. The assessment of post-implementation review of the completed project is no longer feasible. Therefore, the Board considers the recommendation has been overtaken by events.				X
	Total number of recommendations					**1**	**0**	**0**	**5**
	Percentage of total number of recommendations					**17**	**0**	**0**	**83**

Chapter III
Certification of the financial statements

Letter dated 23 March 2018 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 Tribunal, 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 2017

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 2017.

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 22 February and 25 May 1993, the Security Council adopted its resolutions 808 (1993) and 827 (1993), formally establishing the Tribunal. In the latter resolution, the Council adopted the statute (S/25704, annex) that determined the Tribunal's jurisdiction and organizational structure, as well as the criminal procedure in general terms.

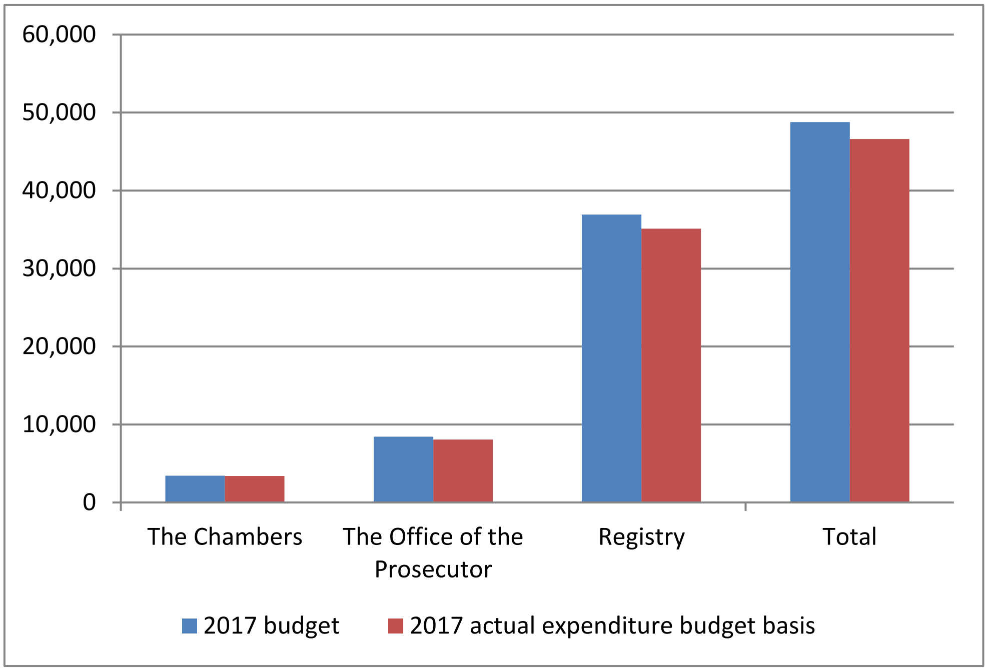
4. The Tribunal consists of three organs: the Chambers, including one Trial Chamber and an Appeals Chamber; the Office of the Prosecutor; and a Registry, which services both the Chambers and the Prosecutor.

5. During the reporting period, the Tribunal achieved the successful conclusion of its mandate and the ultimate implementation of its completion strategy, as endorsed by the Security Council in its resolutions 1503 (2003) and 1534 (2004). In 2017, the Tribunal issued judgments in the final trial case of *Prosecutor v. Ratko Mladić* and the final appeal case of *Prosecutor v. Jadranko Prlić et al.*, whereby both judgments were pronounced as scheduled in November 2017. With these two judgments, the Tribunal has now concluded proceedings against all 161 of the individuals that it indicted for serious violations of international humanitarian law. The Tribunal has also concluded contempt proceedings against 25 persons, and has now transferred the remaining contempt case of *Prosecutor v. Petar Jojić and Vjerica Radeta* to the International Residual Mechanism for Criminal Tribunals.

6. These outputs were produced using $46.59 million out of the 2017 annual budget of $48.78 million. The actual expenditure for 2017 was 4.5 per cent less than the 2017 allocated budget. The comparative budget and actual expenditures (budget basis) for the three organs of the Tribunal are presented in the figure below.

Comparison of budget and expenditure

(Thousands of United States dollars)



B. Overview of the financial statements for the year ended 31 December 2017

7. The financial statements of the Tribunal comprise the statement of financial position (statement I), the statement of financial performance (statement II), the statement of changes in net assets (statement III) and the statement of cash flows (statement IV), which show the financial results of the Tribunal's activities and its financial position as at 31 December 2017, 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 6 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

8. In 2017, revenue totalled $57.95 million (2016: $49.37 million). The main source of revenue for 2017 was the assessed contributions of $56.86 million (2016: $48.54 million) assessed to 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, 71/268, and 72/257). These resolutions decreased the budget for the current biennium by 44.6 per cent compared with the budget for 2014–2015, in line with the downsizing and completion strategy of the Tribunal. The comparison of 2016 and 2017 assessed revenue shows an increase of 17.14 per cent, which reflects the increase in the final appropriation in resolution 72/257 at the end of the biennium due to requirements for staff separation costs.

9. Other sources of revenue for the year 2017 were investments of $0.92 million (2016: $0.56 million) and other revenue of $0.17 million (2016: $0.28 million), comprising $0.13 million for services rendered and $0.03 million from foreign exchange gains.

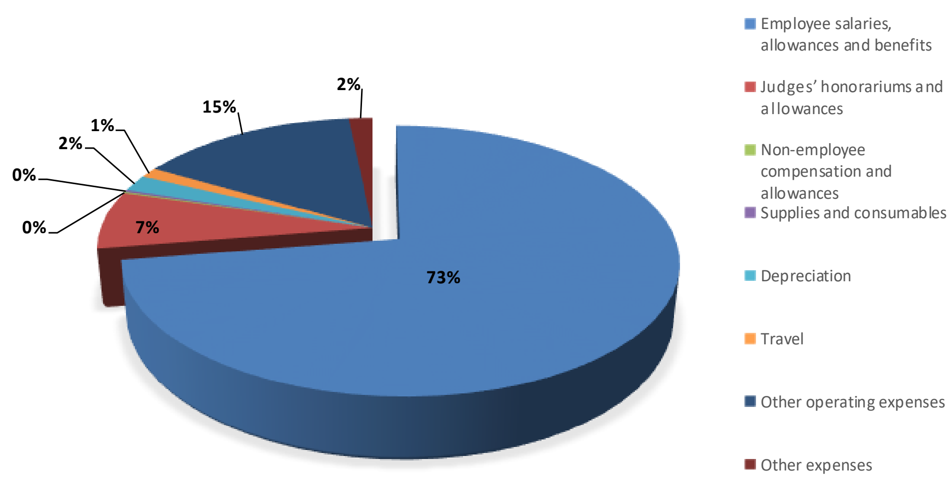
Expenses

10. For the year ended 31 December 2017, expenses totalled $37.45 million. The main expense categories were employee salaries, allowances and benefits of $27.15 million (2016: $47.78 million), which constituted 72.5 per cent of total expenses; other operating expenses of $5.65 million (15.1 per cent); judges' honorariums and allowances of $2.66 million (7.1 per cent); depreciation and amortization of $0.75 million (2.0 per cent); and other expenses of $0.60 million (1.6 per cent). Expenses incurred during 2017 are presented by nature in the figure below.

11. Employee salaries, allowances and benefits and judges' honorariums and allowances decreased by 43.2 per cent and 21.3 per cent, respectively, compared with 2016, in accordance with the winding down of activities.

Expenses by nature

(Percentage)



Operating results

12. For the year ended 31 December 2017, revenue exceeded expenses by $20.50 million. This surplus can be explained mainly by the fact that the 2017 assessed revenue of $56.86 million under IPSAS was much more than the final budget of $48.78 million allocated to 2017, on which expenditures were authorized.

13. The expenses under IPSAS include expenses relating to long-term employee benefits, such as after-service health insurance benefits, that are accrued as employees render services. These costs are not included in statement V, since the budget basis records such costs on a pay-as-you-go basis. With the closure of the Tribunal as of 31 December 2017, the actuarial valuation of such liabilities as at the end of the year was conducted only for retirees, significantly decreasing the expenses under IPSAS. This is the primary reason for the lower expenses under IPSAS ($37.45 million) compared with expenditures under budget ($46.59 million), as indicated in paragraph 6 above.

Assets

14. Assets as at 31 December 2017 totalled $116.13 million, compared with $98.80 million as at 31 December 2016.

15. The main assets as at 31 December 2017 were cash and cash equivalents and investments totalling $74.25 million (2016: $67.03 million), equivalent to 63.9 per cent of total assets, and assessed contributions receivable from Member States of $41.36 million (2016: $29.02 million), equivalent to 35.6 per cent.

16. Cash and cash equivalents and investments of $74.24 million as at 31 December 2017 were held in the United Nations main cash pool. This represents an increase of $7.21 million compared with the balances held as at the end of 2016 and reflects the surplus from operations in 2017.

Liabilities

17. Liabilities as at 31 December 2017 totalled $85.11 million, compared with the balance as at 31 December 2016 of $79.05 million. The largest liability was for employee benefits earned by staff members and retirees of $38.97 million, representing 45.8 per cent of the Tribunal's total liabilities. The other main liability was judges' benefits liabilities of $29.89 million, equivalent to 35.1 per cent of total liabilities. In addition, accounts payable and accrued liabilities in the amount of $15.82 million is outstanding as at 31 December, of which $14.73 million is payable to the Residual Mechanism for employee benefits liabilities related to staff who were transferred to the Residual Mechanism. A provision of $0.42 million has also been recognized for cases pending before the United Nations Dispute Tribunal.

18. The main components of employee benefits liabilities are after-service health insurance for retirees and accrued salaries and allowances for staff separating from the organization upon closure of the International Tribunal as of 31 December 2017. Liabilities for after-service health insurance, whose amounts are subject to actuarial valuation, was $30.81 million (2016: $37.79 million) or 79.0 per cent of the total employee benefit liabilities. Accrued salaries and allowances amounted to $8.12 million, which includes mainly repatriation benefits and accrued commutation of annual leaves.

19. The judges' benefits liabilities balance of $29.89 million (2016: $28.78 million), or 35.1 per cent of the total liabilities as at 31 December 2017, includes primarily the judges' pension and relocation entitlements, which increased by $1.11 million compared with the previous year, primarily due to actuarial losses and a decrease in liabilities arising from the transfer of one judge to the Residual Mechanism.

20. Employee benefits liabilities amount to $38.97 million or 45.8 per cent of total liabilities as at 31 December 2017. It consists largely of liabilities related to after-service health insurance ($30.81 million) valued by independent actuaries and accrued salaries and allowances ($8.17 million).

Net assets

21. The movement in net assets during the year reflects an increase of $11.28 million from $19.75 million in 2016 to $31.03 million in 2017, as a result of the operating income of $20.50 million and $9.22 million of actuarial losses on employee benefits liabilities as well as judges' benefits liabilities.

Liquidity position

22. As at 31 December 2017, the liquidity position of the Tribunal was healthy. The entity had sufficient liquid assets to settle its obligations. Liquid funds totalled \$99.79 million (2016: \$81.36 million), including cash and cash equivalents of \$5.85 million (2016: \$18.53 million), short-term investments of \$52.06 million (2016: \$32.74 million) and accounts receivable of \$41.89 million (2016: \$30.09 million), comprising assessed contributions of \$41.36 million, other receivables of \$0.29 million and other assets of \$0.24 million, while total current liabilities amounted to \$26.81 million (2016: \$15.49 million).

23. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2017, with comparatives for the year ended 31 December 2016.

Key liquidity indicators

	Year ended 31 December	
Liquidity indicator	*2017*	*2016*
Ratio of liquid assets to current liabilities	3.72:1	5.25:1
Ratio of liquid assets less accounts receivable to current liabilities	2.16:1	3.31:1
Ratio of liquid assets to total assets	0.86:1	0.82:1
Average months of cash, cash equivalents and investments on hand	24.4	13.7

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 3.72:1 indicates that current liabilities are covered more than 3 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 5.25:1 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, as well as increases in employee benefit liabilities and judges' benefits liabilities). When accounts receivables are excluded from the analysis, the coverage of current obligations is at 2.16:1 for the year 2017 and 3.31:1 for the year 2016.

25. At the reporting date, the Tribunal had liabilities for employee and judges' benefits of \$68.86 million that can be fully covered by the total cash and cash equivalents and investments of \$74.25 million. However, it should be noted that no amounts were reserved in the accounts for those liabilities to be paid in the future. Upon the Tribunal's closure and subsequent amalgamation to the Residual Mechanism, it is expected that the liquid assets brought forward by the Tribunal will be restricted for use pending any decisions to be made by the General Assembly.

Going concern

26. Management maintained its assertion that it is no longer appropriate to assert a going concern basis for the financial statements of the Tribunal as at 31 December 2017. Accordingly, a review was conducted with regards to 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 will be amalgamated into the Residual Mechanism on 1 January 2018, noting that based on IPSAS 40: Public sector combinations, as of the amalgamation date, the Residual Mechanism shall recognize and consolidate in its financial statements the identifiable remaining assets and liabilities of the Tribunal at their carrying amount.

27. 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 financial rule 106.7 (a), receivables of $23,090.64 were approved for write-off during 2017.

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 with no net book value, except for one item with net book value of $3,595.38. The original cost of these assets was $570,756.93.

Ex gratia payments

4. There were no ex gratia payments by the Tribunal during 2017.

Chapter V

Financial statements for the year ended 31 December 2017

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 2017

(Thousands of United States dollars)

	Note	*31 December 2017*	*31 December 2016*
Assets			
Current assets			
Cash and cash equivalents	6	5 846	18 527
Investments	6	52 060	32 741
Assessed contributions receivable	6 and 7	41 357	29 019
Other receivables	6 and 7	288	663
Other assets	8	242	406
Total current assets		**99 793**	**81 356**
Non-current assets			
Investments	6	16 341	15 765
Property, plant and equipment	9	–	1 599
Intangible assets	10	–	57
Other assets	8	–	24
Total non-current assets		**16 341**	**17 445**
Total assets		**116 134**	**98 801**
Current liabilities			
Accounts payable and accrued liabilities	11	15 816	7 176
Advance receipts	12	3	3
Employee benefits liabilities	13	8 265	4 841
Judges’ benefits liabilities	14	2 305	1 745
Provisions	15	420	1 550
Other liabilities	16	–	173
Total current liabilities		**26 809**	**15 488**
Non-current liabilities			
Employee benefits liabilities	13	30 708	36 275
Judges’ benefits liabilities	14	27 589	27 032
Other liabilities	16	–	258
Total non-current liabilities		**58 297**	**63 565**
Total liabilities		**85 106**	**79 053**
Net of total assets and total liabilities		**31 028**	**19 748**
Net assets			
Accumulated surpluses/(deficits)	17	31 028	19 749
Total net assets		**31 028**	**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

II. Statement of financial performance for the year ended 31 December 2017

(Thousands of United States dollars)

	Note	*31 December 2017*	*31 December 2016*
Revenue			
Assessed contributions	18	56 862	48 542
Other revenue	18	165	276
Investment revenue	6	923	555
Total revenue		**57 950**	**49 373**
Expenses			
Employee salaries, allowances and benefits	19	27 151	47 781
Judges' honorariums and allowances	19	2 656	3 378
Non-employee compensation and allowances	19	66	67
Supplies and consumables	19	97	93
Depreciation	9 and 10	753	702
Travel	19	467	463
Other operating expenses	19	5 654	6 972
Other expenses	19	606	13
Total expenses		**37 450**	**59 469**
Surplus/(deficit) for the year		**20 500**	**(10 096)**

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 2017

(Thousands of United States dollars)

		Total net assets
Net assets as at opening 1 January 2016	**Note**	**29 108**
Changes in net assets in 2016		
Actuarial gain/(loss) on employee benefits liabilities	13	(1 063)
Actuarial gain/(loss) on judges' honorariums and allowances liabilities	14	1 800
Surplus/(deficit) for the year		(10 096)
Total for 31 December 2016		**19 749**
Changes in net assets in 2017		
Actuarial gain/(loss) on employee benefits liabilities	13	(7 033)
Actuarial gain/(loss) on judges' honorariums and allowances liabilities	14	(2 188)
Surplus/(deficit) for the year		20 500
Total for 31 December 2017		**31 028**

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 2017

(Thousands of United States dollars)

	Note	*31 December 2017*	*31 December 2016*
Cash flows from operating activities			
Surplus/(deficit) for the year		**20 500**	**(10 096)**
Non-cash movements			
Depreciation and amortization	9, 10	754	702
Actuarial gains on employee benefits liabilities	13	(7 033)	(1 063)
Actuarial gains on judges’ honorariums and allowances liabilities	14	(2 188)	1 800
Transfers and donated property, plant and equipment and intangibles	9,10	967	–
Net gain/loss on disposal of property, plant and equipment	9,10	4	–
Changes in assets			
(Increase)/decrease in assessed contributions receivable	6, 7	(12 338)	3 314
(Increase)/decrease in other accounts receivable	6, 7	375	(163)
(Increase)/decrease in other assets	8	188	121
Changes in liabilities			
Increase/(decrease) in accounts payable, other	11	8 640	3 594
Increase/(decrease) in employee benefits payable	13	(2 143)	(4 423)
Increase/(decrease) in judges’ benefits liabilities	14	1 117	(2 496)
Increase/(decrease) in provisions	15	(1 130)	713
Increase/(decrease) in advance receipts	12	–	(13)
Increase/(decrease) in other liabilities	16	(431)	(171)
Investment revenue presented as investing activities	6	(923)	(555)
Net cash flows from/(used in) operating activities		**6 359**	**(8 736)**
Cash flows from investing activities			
Pro rata share of net increases in the cash pool	6	(19 895)	14 614
Investment revenue presented as investing activities	6	923	555
Acquisitions of property, plant and equipment	9	(68)	(183)
Proceeds from disposal of property, plant and equipment		–	–
Net cash flows from/(used in) investing activities		**(19 040)**	**14 986**
Cash flows from financing activities		–	–
Net cash flows from/(used in) financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**(12 681)**	**6 250**
Cash and cash equivalents, beginning of year		18 527	12 277
Cash and cash equivalents, end of year		**5 846**	**18 527**

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 2017

(Thousands of United States dollars)

	2017 budget (appropriation)[a]					
	Original biennium	*Final biennium*	*Original annual*	*Final annual*	*Actual expenditure[b] (budget basis)*	*Difference[c] (percentage)*
Chambers	7 671	7 487	3 454	3 431	3 408	(0.7)
Office of the Prosecutor	15 964	19 506	5 059	8 422	8 056	(4.3)
Registry	72 112	78 786	32 557	36 934	35 126	(4.9)
Total	**95 747**	**105 779**	**41 070**	**48 787**	**46 590**	**(4.5)**

[a] The original budget for the biennium 2016–2017 is the budget approved by the General Assembly for the biennium on 23 December 2015 in resolution 70/242. The final budget represents final amounts authorized for the biennium 2016–2017, after incorporating all changes arising from General Assembly resolutions 71/268 and 72/257. The original 2017 annual budget represents the 2017 revised appropriations, plus the unencumbered balance of 2016. The final 2017 annual budget represents the original budget for 2017 and incorporates the authorized final amounts and changes for the biennium 2016–2017. The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium and is adjusted at the end of the biennium to match the final appropriation.

[b] Total expenditure (budget basis) includes both commitments and actual amounts incurred in the period.

[c] Total expenditure (budget basis) less final budget; differences greater than 10 per cent are considered in note 5.

(Thousands of United States dollars)

	2016 budget (appropriation)[d]					
	Original biennium	*Final biennium*	*Original annual*	*Final annual*	*Actual expenditure (budget basis)*	*Difference (percentage)*
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)**

[d] 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.

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 2017 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) During the reporting period there remained only one Trial Chamber and an Appeals Chamber. The 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 Chamber 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;

(g) Comparative information in respect of all amounts presented in the financial statements listed in subparagraphs (a) to (e) above and, where relevant, comparative information in respect of the narrative and descriptive data presented in the notes to those financial statements.

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. The management had already decided, as at 31 December

2016, that it was no longer appropriate to assert a going concern basis for the financial statements, taking into consideration the date of the last judicial action of the Tribunal and the completion of its mandate in 2017.

9. By its resolution 1966 (2010), the Security Council, inter alia, decided to establish the International Residual Mechanism for Criminal Tribunals to continue the Tribunal's jurisdiction, rights and obligations and essential functions and requested the Tribunal to complete all its remaining work, as provided in the resolution, no later than 31 December 2014, in order to prepare for its closure and ensure a smooth transition to the Residual Mechanism.

10. The operations of the Tribunal went beyond 31 December 2014; however, the issuance of the judgements in the final trial case of *Prosecutor v. Ratko Mladić* and the final appeal case of *Prosecutor v. Jadranko Prlić et al.* in 2017 marked the completion of the mandate of the Tribunal. With these two judgments, the Tribunal has concluded proceedings against all 161 of the individuals that it indicted for serious violations of international humanitarian law. The Tribunal has also concluded contempt proceedings against 25 persons and has transferred the remaining contempt case of *Prosecutor v. Petar Jojić and Vjerica Radeta* to the Residual Mechanism.

11. With the successful conclusion of its mandate, the Tribunal was formally closed on 31 December 2017. During its final year of operations, the Tribunal implemented its completion strategy (for the latest reports on the completion strategy, see S/2017/436 and S/2017/1001) in accordance with Security Council resolution 1966 (2010). The Tribunal focused on the completion of mandated activities, including the orderly finalization of its judicial work by the previously forecasted dates, and on the transfer of the remaining functions, assets and liabilities that would outlive it to the Residual Mechanism. The liquidation-related activities of the Tribunal during 2017 included, but were not limited to, the disposal of assets of the Tribunal, the repatriation or transfer of staff members and their families, the processing of staff separation and final entitlements, the settlement of liabilities and the recovery of receivables. On 1 January 2018, the Tribunal will formally amalgamate administratively by way of transfer of its identifiable remaining assets and liabilities to the Residual Mechanism.

12. As in 2016, management has concluded that the going concern assertion for the financial statements of the Tribunal as at 31 December 2017 is not appropriate. A review conducted with the aim of preparing the financial statements on a liquidation basis had determined that there is no material difference between the going concern basis and the liquidation basis, since the Tribunal was 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 were 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, were disposed of at sale prices comparable to their carrying values;

(c) Investments were 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, 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 pensions of retired judges, and their surviving spouses, have been actuarially valued and reported as current and non-current liabilities accordingly.

13. It was noted that, on the basis of IPSAS 40: Public sector combinations, issued on 31 January 2017, as at the amalgamation date of 1 January 2018, the Residual Mechanism shall recognize and consolidate in its financial statements the identifiable remaining assets and liabilities of the Tribunal at their carrying amount. Thus, 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 2017 to the Board of Auditors by 31 March 2018. 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 2018.

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 impact of the following significant future IPSAS Board accounting pronouncements on the Organization's financial statements were considered to have no impact on the Tribunal's financial statements due to the liquidation of the Tribunal as of 31 December 2017:

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

(b) 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;

(c) 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);

(d) 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 Standard. The project will result in a new IPSAS that will replace IPSAS 13. Approval of a new IPSAS on leases is projected for June 2019;

(e) Public sector measurement: the objectives of this project include to (i) issue amended IPSASs with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure, (ii) provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used and (iii) address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify issues faced by preparers in applying IPSAS 17 to infrastructure assets with a view to providing additional guidance on accounting for infrastructure assets.

Recent and future requirements of the International Public Sector Accounting Standards

23. The following standards were recently issued: IPSAS 34 to 38 in 2015, effective 1 January 2017; IPSAS 39 in 2016, effective 1 January 2018; and IPSAS 40 in 2017, effective 1 January 2018. These standards will have no impact on the Tribunal's financial statements for 2017 as the Tribunal's activities do not come under the scope of these standards:

Standard	*Anticipated impact in the year of adoption*
IPSAS 34	The requirements for separate financial statements in IPSAS 34 are very similar to the requirements of the repealed IPSAS 6: Consolidated and separate financial statements.
IPSAS 35	IPSAS 35 still requires that control be assessed having regard to benefits and power, but the definition of control has changed and the standard now provides considerably more guidance on assessing control. The other key change introduced by IPSAS 35 is the elimination of the IPSAS 6 exemption from consolidation of temporarily controlled entities.
IPSAS 36	A key change introduced by IPSAS 36 is the elimination of the IPSAS 7 exemption from application of the equity method where joint control or significant influence is temporary. The scope of IPSAS 36 is limited to entities that are investors with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.
IPSAS 37	IPSAS 37 introduces new definitions and has a significant impact on the way joint arrangements are classified and accounted for. These financial statements include joint venture arrangements accounted for using the equity method.
IPSAS 38	IPSAS 38 increases the extent of disclosures required for interest in other entities.
IPSAS 39	IPSAS 39 has no impact on the Tribunal since the "corridor approach" to actuarial gains or losses, which is being eliminated, has never been applied since the inception of IPSAS adoption in 2014. The Tribunal does not have any plan assets; therefore there is no impact from application of the net interest approach prescribed by the standard. IPSAS 39 will be effective from 1 January 2018. Further analysis will be carried out in the future by the Residual Mechanism after amalgamation.

Standard	*Anticipated impact in the year of adoption*
IPSAS 40	There is no impact on the Tribunal financial statements from the application of IPSAS 40 for 2017. Upon the amalgamation of the Tribunal with the Residual Mechanism on 1 January 2018, the Residual Mechanism will reflect the impact of public sector combination in its financial statements.

Note 3
Significant accounting policies

Financial assets: classification

24. 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

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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

32. 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.

33. 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

34. 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

35. 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

36. 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

37. 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

38. 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

39. 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.

40. 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

41. 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.

42. 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.

43. 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.

44. 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

45. 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.

46. 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.

47. 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

48. 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

49. 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

50. 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

51. *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

52. Advance receipts and other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the Tribunal as lessee

53. 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.

54. 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

55. 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.

56. 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.

57. 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.

58. 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

59. 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

60. 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

61. 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

62. 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.

63. 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.

64. 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.

65. *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.

66. *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

67. 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 in article 3(b) of its Regulations, 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.

68. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Tribunal and the Pension Fund, in line with the other participating organizations in the Fund, are 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. Hence, the Tribunal has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25: Employee benefits. The Tribunal's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

Termination benefits

69. 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

70. 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

71. 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.

72. 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

73. 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.

74. 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.

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

Contingent assets

76. 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

77. 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

78. 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

79. 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

80. 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.

81. 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

82. 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

83. 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.

84. 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.

85 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

86. 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.

87. 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
Comparison to budget

88. 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.

89. 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.

90. The original annual budget is the proportion of the biennial budget allocated to 2017. 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	The variance reflects the closure of the Tribunal in December 2017 and the resulting higher than normal staff separation payments	Variance of less than 10 per cent
Registry	The variance reflects the closure of the Tribunal in December 2017 and the resulting higher than normal staff separation payments	Variance of less than 10 per cent

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

91. 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)

2017

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(46 532)**	**(58)**	**–**	**(46 590)**
Basis differences	(4 118)	(10)	–	(4 128)
Entity differences	(18)	–	–	(18)
Presentation differences	57 027	(18 972)	–	38 055
Actual amounts in statement of cash flows (statement IV)	**6 359**	**(19 040)**	**–**	**(12 681)**

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**

92. 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.

93. 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.

94. Entity differences arise when the actual amounts on the budget basis omit programmes or funds that are part of the Tribunal, as reported in the statement of cash flows, or vice versa. Those differences represent cash flows to or from funds other than the regular budget fund that are reported in the financial statements. The financial statements include results for all the Tribunal's funds.

Status of appropriations

95. In accordance with General Assembly resolutions 70/242, 71/268, and 72/257 on the financing of the Tribunal, gross appropriations for the biennium 2016–2017 and gross assessments for 2017 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
General Assembly resolution 72/257	7 715
Total revised appropriation for the biennium 2016–2017	**105 779**
Less: estimated income for the biennium	**(90 000)**
Amount to be assessed, net of estimated income	**105 689**
Assessment for 2016 (resolution 70/242)	47 784
Assessment for 2017 (resolution 71/268)	50 100
Balance to be assessed for 2017 (resolution 72/257)	**7 805**

Note 6
Financial instruments

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Financial assets		
Fair value through surplus or deficit		
Short-term investments — main pool	52 060	32 741
Total short-term investments	**52 060**	**32 741**
Long-term investments — main pool	16 341	15 765
Total long-term investments	**16 341**	**15 765**
Total fair value through surplus or deficit investments	**68 401**	**48 506**
Loans and receivables		
Cash and cash equivalents — main pool	5 846	18 492
Cash and cash equivalents — other	–	35
Cash and cash equivalents	**5 846**	**18 527**
Assessed contributions receivable	41 357	29 019
Other receivables	288	663
Other assets	22	18
Total loans and receivables	**47 513**	**48 227**
Total carrying amount of financial assets	**115 914**	**96 733**
of which relates to financial assets held in the main pool	74 247	66 998
Financial liabilities at amortized cost		
Accounts payable and accrued payables (excluding deferred payables)	15 816	7 176
Tax equalization fund liability		
Other liabilities	–	431
Total carrying amount of financial liabilities	**15 816**	**7 607**
Summary of net income from financial assets		
Net cash pools income	912	555
Other investment revenue	11	–
Total net income from financial assets	**923**	**555**

Note 7
Accounts receivable

Assessed contributions receivable

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Assessed contributions	41 412	29 072
Allowance for doubtful receivables — assessed	(55)	(53)
Total assessed contributions receivable	**41 357**	**29 019**

Movements in allowances for doubtful receivables

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Opening allowance for doubtful receivables	53	142
Doubtful receivables adjustment for current year	2	(89)
Closing allowance for doubtful receivables	**55**	**53**

Other accounts receivable: receivables from exchange transactions

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Current other receivables		
Other accounts receivable	288	663
Total other receivables (current)	**288**	**663**

96. Other accounts receivable consists primarily of value-added tax receivables of $0.19 million (2016: $0.33 million) and other recoveries to be received from other United Nations entities of $0.07 million (2016: $0.24 million). 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 8
Other assets

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Advances to vendor	6	93
Advances to staff	191	279
After-service health insurance contributions for retirees	2	10
Deferred charges	21	30
Other	22	(6)
Other assets (current)	**242**	**406**
Other assets (non-current)	–	**24**
Total other assets	**242**	**430**

97. "Other assets" include education grant advances and deferred expenditure, namely, prepayments of $0.24 million (2016: $0.43 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 9
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 2017					
Opening at 1 January 2017	255	7 023	647	250	8 175
Additions	–	68	–	–	68
Disposals	–	(292)	(66)	(213)	(571)
Transfers	(255)	(6 799)	(581)	(37)	(7 672)
Cost as at 31 December 2017	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation and impairment					
Opening at 1 January 2017	142	5 700	509	225	6 576
Depreciation	16	637	52	25	730
Disposal	–	(288)	(66)	(213)	(567)
Transfers	(158)	(6 049)	(495)	(37)	(6 739)
Accumulated depreciation and impairment as at 31 December 2017	**–**	**–**	**–**	**–**	**–**
Net carrying amount					
Opening at 1 January 2017	113	1 323	138	25	1 599
Closing at 31 December 2017	**–**	**–**	**–**	**–**	**–**

Abbreviation: IT, information technology.

98. During 2017, the Tribunal disposed of all its property, plant and equipment, with a total net book value of $1.60 million, including property, plant and equipment with a net book value of $0.96 million that was transferred to the Residual Mechanism and property, plant and equipment with a net book value of $0.004 million that was disposed of. The Tribunal had no significant heritage assets as at the reporting date.

Prior-year comparative

(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	–	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

	Furniture and fixtures	*Communications and IT equipment*	*Vehicles*	*Machinery and equipment*	*Total*
Disposal	(37)	(193)	(93)	(36)	(359)
Transfers	–	(29)	–	–	(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.

Note 10
Intangibles

(Thousands of United States dollars)

	Software acquired externally	
	2017	*2016*
Cost as at 1 January		
Opening at 1 January	122	122
Transfers	(122)	–
Cost as at 31 December	**–**	**65**
Accumulated amortization as at 1 January		
Opening at 1 January	65	41
Depreciation	22	24
Transfers	(87)	–
Accumulated amortization as at 31 December	**–**	**65**
Net carrying amount		
1 January	57	81
31 December	**–**	**57**

99. During 2017, the Tribunal disposed of all its intangibles, with a total net book value of $0.03 million referring to externally acquired software that was transferred to the Residual Mechanism.

Note 11
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Vendor payables (accounts payable)	427	228
Payables to other United Nations entities	14 792	6 333
Accruals for goods and services	518	528

	31 December 2017	*31 December 2016*
Accruals — other	79	87
Total accounts payable and accrued liabilities	**15 816**	**7 176**

100. Accounts payable to other United Nations entities represent primarily employee benefits liabilities (after-service health insurance, repatriation grant, annual leave) of $14.73 million arising from the transfer of staff to the Residual Mechanism during 2017. This balance will be cleared on 1 January 2018, upon the amalgamation of the Tribunal with the Residual Mechanism.

Note 12
Advance receipts

101. Advance receipts represent contributions or payments received in advance; these amounted to $0.003 million in 2017 (2016: $0.003 million).

Note 13
Employee benefits liabilities

(Thousands of United States dollars)

Year ended 31 December 2017

	Current	*Non-current*	*Total*
After-service health insurance	691	30 114	30 805
Annual leave	–	–	–
Repatriation benefits	–	–	–
Subtotal: defined benefit liabilities	**691**	**30 114**	**30 805**
Accrued salaries and allowances	7 574	594	8 168
Total employee benefits liabilities	**8 265**	**30 708**	**38 973**

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**

102. The liabilities arising from end-of-service/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 2017. With the closure of the Tribunal as of 31 December, the valuation of liabilities was conducted for retirees only as of the end of 2017.

103. The total employee benefits liability decreased by $2.14 million in 2017. Due to employment of new census data that includes retirees only, liabilities for annual leave and repatriation benefits decreased by a total of $8.22 million from 2016 but that reduction was offset by accrued liabilities of $8.17 million that were recognized based on benefits payable to staff separating from the Tribunal upon its closure. In addition, the increase of accrued salaries and allowances were mainly driven by the increase in accrual for the commutation of annual leave of $1.14 million and for repatriation benefits of $2.71 million.

Actuarial valuation: assumptions

104. 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 2017 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 2016	4.09	3.63	3.70
Discount rates, 31 December 2017	3.84	–	–
Inflation, 31 December 2016	4.00–6.00	2.25	–
Inflation, 31 December 2017	4.00–5.70	2.20	–

105. For the 2017 actuarial valuations, the yield curves used in the calculation of the discount rates in respect of the United States dollar (USD), the Eurozone euro (EUR) and the Swiss franc (CHF) are those developed by Aon Hewitt and detailed in the actuarial report. This is consistent with the decision of the United Nations Task Force on Accounting Standards, which was established under the auspices of the Finance and Budget Network of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination, a decision taken in the context of the harmonization of actuarial assumptions across the United Nations system and a recommendation of the Advisory Committee on Administrative and Budgetary Questions (see A/71/815, para. 26) that was endorsed by the General Assembly (see A/C.5/71/L.27, sect. IV). The discount rates reflected in the 2016 after-service liability valuations were based on a weighted blend of per-currency discount rates, themselves calculated based on USD, EUR and CHF cash flows. The discount rate for each of the three currencies was derived from a different yield curve: the Citigroup Pension Discount Curve for USD, the Ernst & Young Eurozone corporate yield curve for EUR and the Federation bonds yield curve plus the spread observed between government rates and high-grade corporate bonds rates for CHF.

106. As at 31 December 2017, the salary increase assumptions for the Professional category were 8.5 per cent for the age of 23, grading down to 4.0 per cent at the age of 70. The salary of General Service category was assumed to increase by 6.8 per cent for the age of 19, grading down to 4.0 per cent at the age of 65.

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 2017 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 2017, these escalation rates were health-care yearly escalation rate of 4.0 per cent (2016: 4.0 percent) for non-United States medical plans and 5.7 per cent (2016: 6.0 per cent) for all other medical plans (except 5.5 per cent (2016: 5.7 per cent) for the United States Medicare plan and 4.8 per cent (2016: 4.9 per cent) for the United States dental plan), grading down to 3.85 per cent over 15 years. The escalation rates grade down to 3.65 per cent over five years for EUR medical plans and to 3.05 per cent over 10 years for CHF medical plans.

108. With regard to valuation of repatriation benefits as at 31 December 2017, inflation in travel costs was assumed at 2.20 per cent (2016: 2.25 per cent) on the basis of the projected United States inflation rate over the next 20 years. The assumption for 2016 was over 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. The attribution method is used for annual leave actuarial valuation.

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.

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 2016	**29 574**	**5 018**	**3 201**	**37 793**
Current service cost	–	–	–	–
Interest on obligation	946	–	–	946
Transfer to International Residual Mechanism for Criminal Tribunals	(332)	(3 978)	(2 451)	(6 761)
Total cost recognized in the statement of financial performance	**614**	**(3 978)**	**(2 451)**	**(5 815)**
Benefits paid	(639)	–	–	(639)
Transfer to International Residual Mechanism for Criminal Tribunals	(5 777)	(1 040)	(750)	(7 567)
Actuarial (gain)/losses recognized directly in the statement of changes in net assets	7 033	–	–	7 033
Net defined benefit liability at 31 December 2017	**30 805**	**–**	**–**	**30 805**

	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**
Current 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**

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 2017 — retirees			
Increase of discount rate by 1 per cent	(4 559)	–	–
Decrease of discount rate by 1 per cent	5 774	–	–
31 December 2016 — retirees			
Increase of discount rate by 1 per cent	(3 118)	–	–
Decrease of discount rate by 1 per cent	3 894	–	–
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

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 2017: retirees		
Effect on defined benefit obligation	4 236	(3 427)
Effect on aggregate of the current service cost and interest cost	173	(140)
31 December 2016: retirees		
Effect on defined benefit obligation	3 967	(3 197)
Effect on aggregate of the current service cost and interest cost	171	(138)
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)

Other defined-benefits plan information

113. Benefits paid for 2017 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under after-service health insurance. The estimated defined-benefits payments (net of participants' contributions in these schemes) for 2018 is $0.72 million (2017: $0.64 million).

Accrued salaries and allowances

114. Accruals for repatriation, annual leave and other separation benefits for staff departing from the Tribunal have been recognized in accordance with the Staff Regulations and Rules and are reported under accrued salaries and allowances as per the following table:

Year ended 31 December 2017

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
Salaries and other allowances	557	–	557
Annual leave	1 355	–	1 355
Repatriation benefits	4 759	594	5 353
Termination benefits	903	–	903
Total accrued salaries and allowances	**7 574**	**594**	**8 168**

Year ended 31 December 2016

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
Salaries and other allowances	297	–	297
Annual leave	215	–	215
Repatriation benefits	2 231	–	2 231
Termination benefits	580	–	580
Total accrued salaries and allowances	**3 323**	**–**	**3 323**

United Nations Joint Staff Pension Fund

115. 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.

116. 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.

117. During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biannual cycle, a roll-forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for its 2016 financial statements. An actuarial valuation as of 31 December 2017 is currently being performed.

118. The roll-forward of the participation data as of 31 December 2013 to 31 December 2016 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 150.1 per cent (127.5 per cent in the 2013 valuation). The funded ratio was 101.4 per cent (91.2 per cent in the 2013 valuation) when the current system of pension adjustments was taken into account.

119. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2016, for deficiency payments under article 26 of the Regulations of the Pension 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.

120. During 2017, the Tribunal's contributions paid to the Pension Fund amounted to $4.737 million (2016: $9.103 million).

121. The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to its Pension Board on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed online at www.unjspf.org.

Impact of General Assembly resolutions on staff benefits

122. 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 affect the calculation of other long-term and end-of-service employee benefits liabilities. In addition, a revised education grant scheme has been implemented that

affects the computation of this short-term benefit. The impact of these changes is explained as follows:

Change	*Details*
Increase in mandatory age of separation	The mandatory age of retirement for staff who joined the United Nations on or after 1 January 2014 is 65 and for those who joined before 1 January 2014 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. This change has been implemented as of 1 January 2018 and affects future calculations of employee benefits liabilities of staff who transferred to the Residual Mechanism after the closure of the Tribunal.
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 and was implemented in September 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 at 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 in eligibility criteria has already been implemented effective January 2017 in September 2017.
Education Grant	With effect from the school year in progress on 1 January 2018, the computation of education grant given to eligible staff members utilizes a global sliding scale that is set in a single currency (United States dollar) with the same maximum amount of the grant for all countries. In addition, this revised education grant scheme also changes boarding assistance and education grant travel provided by the Tribunal. Impacts can be seen at the end of the 2017/18 school year and at the time of settlements.

123. The impact of the changes, other than the education grant, has been fully reflected in the actuarial valuation conducted in 2017.

Note 14
Judges' honorariums and allowances liabilities

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Judges' pensions (defined benefit valuation)	29 417	28 296
Judges' relocation allowances	477	481
Total	**29 894**	**28 777**
Current	2 305	1 745
Non-current	27 589	27 032
Total	**29 894**	**28 777**

124. The key assumption for the valuation of judges' pension benefit liabilities is the discount rate of 3.31 per cent (2016: 3.50 per cent). In 2016 and 2017, 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)

	2017	*2016*
Net defined benefit liability at 1 January	28 296	29 882
Current service cost	208	421
Interest cost	973	1 100
Transfer to International Residual Mechanism for Criminal Tribunals	(936)	–
Total costs recognized in the statement of financial performance	**245**	**1 521**
Benefits paid	(1 312)	(1 307)
Actuarial(gain)/losses recognized directly in the statement of changes in net assets	2 188	(1 800)
Net recognized liability at 31 December	**29 417**	**28 296**

Note 15
Provisions

Movement in provisions

(Thousands of United States dollars)

	Litigation and claims
Provisions as at 1 January 2016	837
Additional provisions made	1 550
Amounts reversed	(837)
Provisions as at 31 December 2016 (current)	**1 550**
Provisions as at 1 January 2017	1 550
Additional provisions made	420
Amounts reversed	(565)

	Litigation and claims
Amounts used	(82)
Amounts converted to accrued salaries and allowances	(903)
Provisions as at 31 December 2017 (current)	**420**

125. In 2016, the main provision for $1.55 million related to staff holding permanent appointments whose posts were scheduled to be downsized in 2017 but with a possibility to be transferred to MICT or resignation, which made the actual pay-out in 2017 uncertain. In 2017, one former staff whose post was downsized was paid $0.082 million from this provision as termination indemnity, while the remaining provision has been partially reversed as the amounts to be paid to staff who are entitled to termination indemnities have been accrued as employee benefit liabilities as at 31 December 2017 when the payout became more certain. In 2017, the provision for $0.42 million was recognized for two cases pending before the United Nations Dispute Tribunal contesting the decision on conversion to permanent appointment.

Note 16
Other liabilities

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Liabilities under finance lease arrangements	–	173
Total other liabilities (current)	**–**	**173**
Liabilities under finance lease arrangements	–	258
Total other liabilities (non-current)	**–**	**258**
Total other liabilities	**–**	**431**

126. In 2017, the International Tribunal transferred to the Residual Mechanism a finance lease for the use of equipment, as detailed in note 22.

Note 17
Net assets

127. 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 18
Revenue

Assessed contributions

(Thousands of United States dollars)

	2017
Assessment for 2017 (resolution 71/268) (note 5)	50 100
Add: share of revised appropriations for the biennium attributable to 2017 (resolution 72/257)	7 805
Less: 2016 share of revised appropriation recorded in 2016 Financial Statements)	(1 044)
Revenue from assessed contributions	**56 862**

128. Assessed contributions of $56.8 million (2016: $48.5 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

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

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Revenue from services rendered	132	39
Rental income	–	66
Revenue-producing activities and other miscellaneous revenue	–	64
Foreign exchange gains	33	107
Total other revenue	**165**	**276**

Note 19
Expenses

Employee salaries, allowances and benefits

130. 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 2017	*31 December 2016*
Salary and wages	24 264	38 077
Pension and insurance benefits	4 571	8 027
Other benefits	(1 684)	1 677
Total employee salaries, allowances and benefits	**27 151**	**47 781**

Judges’ honorariums and allowances

131. 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 2017	*31 December 2016*
Honorariums	1 605	2 161
Pensions of former judges	1 051	1 217
Total	**2 656**	**3 378**

Non-employee compensation and allowances

132. "Non-employee compensation and allowances" refers to consulting fees of $0.066 million (2016: $0.067 million).

Supplies and consumables

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

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Fuel and lubricants	3	9
Spare parts	31	13
Consumables	63	71
Total supplies and consumables	**97**	**93**

Travel

134. 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 2017	*31 December 2016*
Staff travel	406	410
Representative travel	61	53
Total travel	**467**	**463**

Other operating expenses

135. 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 2017	*31 December 2016*
Ground transport	8	7
Communications and information technology	327	366
Facilities	480	608
Other contracted services	3 024	3 161
Acquisitions of goods	59	96
Acquisitions of intangible assets	7	23
Rent: offices and premises	1 777	1 858
Rental: equipment	57	51
Maintenance and repair	90	119

	31 December 2017	*31 December 2016*
Bad debt expense	22	(85)
Other/miscellaneous operating expenses	(197)	768
Total other operating expenses	**5 654**	**6 972**

136. Bad debt expenses include the reduction in allowances for doubtful receivables on assessed member contributions of $0.002 million, offset in part by the write-off of other receivables of $0.023 million.

137. Other/miscellaneous operating expenses include primarily movements on provisions (see note 15).

138. 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 2017	*31 December 2016*
Legal Service defence counsel	175	625
Legal Service detention service	1 735	1 733
Other legal	105	33
Total legal/audit	**2 015**	**2 391**
Security services	16	14
Training	397	116
Utilities	164	212
Freight	2	2
Other	430	426
Total other contracted services	**3 024**	**3 161**

Other expenses

139. Other expenses relate to hospitality and official functions ($0.004 million) as well as recognition of contributions in kind due to fixed assets transfers to the Residual Mechanism for $0.96 million, less the transfer of the liability related to finance lease obligations of $0.36 million.

Note 20
Financial instruments and financial risk management

Main pool

140. 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.

141. 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.

142. As at 31 December 2017, the main pool held total assets of $8,086.5 million (2016: $9,033.6 million), of which $74.2 million was due to the Tribunal (2016: $67.0 million), and the Tribunal's share of revenue from the main pool was $0.9 million (2016: $0.6 million).

Summary of assets and liabilities of the main pool

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Fair value through surplus or deficit		
Short-term investments	5 645 952	4 389 616
Long-term investments	1 779 739	2 125 718
Total	**7 425 691**	**6 515 334**
Loans and receivables		
Cash and cash equivalents, main pool	636 711	2 493 332
Accrued investment income	24 098	24 961
Total loans and receivables	**660 809**	**2 518 293**
Total carrying amount of financial assets	**8 086 500**	**9 033 627**
Main pool liabilities		
Payable to the Tribunal	74 247	66 998
Payable to other main pool participants	8 012 253	8 966 629
Total carrying amount of financial liabilities	**8 086 500**	**9 033 627**
Main pool net assets	–	–

Summary of net income and expenses of the main pool

	31 December 2017	*31 December 2016*
Investment revenue	104 576	73 903
Unrealized losses	874	(13 474)
Investment revenue from main pool	**105 450**	**60 429**
Foreign exchange losses	7 824	(5 105)
Bank fees	(853)	(646)
Operating expenses from main pool	**6 971**	**(5 751)**
Revenue and expenses from main pool	**112 421**	**54 678**

Financial risk management

143. 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.

144. 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.

145. 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

146. 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.

147. 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.

148. 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

149. 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 2017		*31 December 2016*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	24 918	–	13 389	–
One to two years	2 231	–	4 138	–
More than two years	14 263	(55)	11 544	(53)
Total	**41 412**	**(55)**	**29 071**	**(53)**

150. 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 70/2 and 71/2). 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

151. The Tribunal held cash and cash equivalents of $5.8 million at 31 December 2017 (2016: $18.50 million), which is the maximum credit exposure on these assets.

Investments of the cash pool by credit ratings as at 31 December 2017

Main pool	*Ratings as at 31 December 2017*					*Ratings as at 31 December 2016*			
Bonds (long-term ratings)									
	AAA	**AA+/AA/AA-**	**A+**	**NR**		**AAA**	**AA+/AA/ AA-**	**BBB**	**NR**
S&P	30.5%	65.5%	4.0%	–	S&P	33.6%	55.1%	5.6%	5.7%
Fitch	61.3%	30.6%	–	8.1%	Fitch	62.4%	28.3%		9.3%
	Aaa	**Aa1/Aa2/Aa3**				**Aaa**	**Aa1/ Aa2/ Aa3**		
Moody's	55.3%	44.7%			Moody's	50.3%	49.7%		
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/a-**			**aaa**	**aa/aa-**	**a+/a**	
Fitch	–	44.2%	55.8%		Fitch	–	48.1%	51.9%	

152. 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

153. 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

154. 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 four years (2016: five years). The average duration of the main pool was 0.61 years (2016: 0.71 years), which is considered to be an indicator of low risk.

Main pool interest rate risk sensitivity analysis

155. 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 2017

	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	95.47	71.60	47.73	23.86	–	(23.86)	(47.72)	(71.57)	(95.42)

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)

Other market price risk

156. 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

157. 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.

158. 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).

159. 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.

160. 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.

161. 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 2017			*31 December 2016*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds: corporates	355 262	–	355 262	697 676	–	697 676
Bonds: non-United States agencies	1 190 050	–	1 190 050	1 903 557	–	1 903 557
Bonds: non-United States sovereigns	124 892	–	124 892	124 854	–	124 854
Bonds: supranational	173 275	–	173 275	213 224	–	213 224
Bonds: United States treasuries	610 267	–	610 267	586 739	–	586 739
Main pool: commercial papers	671 945	–	671 945	149 285	–	149 284
Main pool: term deposits	-	4 300 000	4 300 000	–	2 840 000	2 840 000
Main pool total	**3 125 691**	**4 300 000**	**7 425 691**	**3 675 334**	**2 840 000**	**6 515 334**

Note 21
Related parties

Key management personnel

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Salary and post adjustment	642	928
Other monetary entitlements	44	20
Total remuneration for the period	**686**	**948**

162. 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 the Prosecutor at the level of Under-Secretary-General, the Registrar at the level of Assistant Secretary-General (who together constitute the Coordination Council of the Tribunal) and the Tribunal Registry's Chief of Administration. These individuals have the relevant authority and responsibility for planning, directing and controlling the Tribunal's activities. The posts of the President, the Registrar and the Chief of Administration expired as of 31 December 2017 with the closure of the Tribunal. The Prosecutor of the Residual Mechanism also served as Prosecutor of the Tribunal in 2017.

163. As at 31 December 2017, after-service health insurance, repatriation and leave benefits for key management personnel transferred to the Residual Mechanism are not included in employee benefits liabilities of the Tribunal (2016: $0.7 million). The liabilities as determined by actuarial valuations are recognized by the Residual Mechanism.

164. 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

165. 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

166. 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 2017	*31 December 2016*
Voluntary fund to support the activities of the international tribunal established by Security Council resolution 827 (1993)	578	443

Balances reflected in the Tax Equalization Fund

167. 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.

168. 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.

169. 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.

170. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2017 was $67.3 million (2016: $46.9 million), consisting of amounts payable to the United States of America at year-end of $23.03 million (2016: $13.1 million) and to other Member States of $44.3 million (2016: $33.8 million). The overall amount payable of the Fund is $88.6 million (2016: $74.8 million), which includes an estimated tax liability of $21.3 million relating to the 2017 and prior tax years (2016: $27.9 million), of which approximately $0.3 million was disbursed in January 2018 and approximately $20.9 million was expected to be settled in April 2018.

Note 22
Leases and commitments

Finance leases

171. In 2014, the International Tribunal for the former Yugoslavia entered into a finance lease with a value of $1.2 million for the use of equipment. Total finance lease payments for the year 2017 were $0.2 million (2016: $0.2 million). The equipment was transferred to the Residual Mechanism and they are included in property, plant and equipment of the Residual Mechanism at the carrying value of $0.1 million (2016: $0.4 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 2017	*31 December 2016*
Due in less than 1 year	–	172
Due in 1 to 5 years	–	258
Total minimum finance lease obligations	**–**	**430**

Operating leases

172. The Tribunal enters into operating leases for the use of premises and equipment. The total operating lease payments recognized in expenditure for 2017 were $3.51 million (2016: $3.58 million) for premises and $0.06 million (2016: $0.06 million) for equipment. These contractual leases typically had 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. There are no future minimum lease payments under non-cancellable arrangements as of 31 December 2017 as lease arrangements were either terminated or transferred to the Residual Mechanism. Such amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contained purchase options.

Obligations for operating leases: minimum lease payments

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Due in less than 1 year	–	6 076
Due in 1 to 5 years	–	–
Total minimum operating lease obligations	**–**	**6 076**

Note: Any lease payments related to contracts transferred to the International Residual Mechanism for Criminal Tribunals will be covered by the Residual Mechanism from 2018.

173. The Tribunal was the lessee of contract for its main building in The Hague, the United Nations Detention Unit (UNDU) and field offices in Sarajevo and Belgrade, with a 50:50 cost sharing arrangement with the Residual Mechanism. In relation to the closure of the Tribunal, the field office in Belgrade was closed as of 31 December 2017, when its contract was terminated. The lease arrangement for the field office in Sarajevo was transferred in November 2017 when a new contract was entered into by the Residual Mechanism for new premises. The remaining arrangements for the main building and UNDU were also transferred to the Residual Mechanism as of 31 December 2017.

Contractual commitments

174. 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. All remaining contracts in 2017 have been expired, terminated or transferred to the Residual Mechanism.

(Thousands of United States dollars)

	31 December 2017	*31 December 2016*
Property, plant and equipment	–	–
Goods and services	–	611
Total contractual commitments	**–**	**611**

Note 23
Contingent liabilities and contingent assets

175. 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 contingent liabilities for the amount of $0.03 million related to three cases pending with the United Nations Dispute Tribunal. There were no contingent assets.

Note 24
Future operations

176. The Security Council decided, in its resolution 1966 (2010), to establish the Residual Mechanism 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 work of 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 Residual Mechanism.

177. 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, prepare their closure and ensure a smooth transition to the Residual Mechanism.

178. The President of the International Tribunal for the Former Yugoslavia submitted a letter to the Security Council dated 1 August 2017 (S/2017/662) transmitting the final report by the President and the Prosecutor on the completion of the mandate of the Tribunal. On 29 November 2017, the President of the Tribunal submitted a letter (S/2017/1001) transmitting the assessments of the President and the Prosecutor on the implementation of the Tribunal's completion strategy. The President reported that, as at 29 November 2017, the Tribunal had delivered judgments in the two final substantive cases and completed all other judicial work.

179. The Tribunal was formally closed on 31 December 2017 and key liquidation activities were completed during 2017, including the transfer of records and disposal of assets, the majority of which were transferred to the Residual Mechanism at their carrying value as part of a progressive amalgamation that will be concluded on 1 January 2019. The Residual Mechanism will take over the repatriation of staff members and their families, the processing of their final entitlements, the settlement of liabilities and the recovery of receivables and other administrative, financial and budgetary matters.

180. Both the administrative liquidation and the technical liquidation of the Tribunal are governed by appropriate rules and regulations of the United Nations. Some administrative liquidation activities, such as the settlement of remaining debts, the recovery of receivables and the issuance of financial statements, have been undertaken by the Residual Mechanism.

Note 25
Events after the reporting date

181. 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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