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International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financial report and audited financial statements

for the year ended 31 December 2014

and

Report of the Board of Auditors

United Nations • New York, 2015

Note

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

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Contents

Letters of transmittal

Letter dated 20 July 2015 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to transmit the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2014, which I hereby approve. The financial statements have been certified by the Controller.

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

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2015 from the Chair of the Board of Auditors to the President of the General Assembly

I have the honour to transmit to you the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2014.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
Chair of the United Nations Board of Auditors

Chapter I

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

Report on the financial statements

We have audited the accompanying financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, which comprise statements of financial position (statement I) as at 31 December 2014, statements of financial performance (statement II), statements of changes in net assets (statements III), cash flow statement (statement IV), and statement of comparison of budget and actual amounts (statement V) for the year then ended and notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and for such internal controls as management deems necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers such internal control as is relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for Rwanda as at

31 December 2014 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 in the financial statements, which indicates the timelines and processes for the closure of the International Criminal Tribunal for Rwanda and management is therefore focused on activities to wind down the International Criminal Tribunal and to transfer and dispose of the assets and liabilities to the Residual Mechanism. This condition, along with other matters set forth in note 2, indicates the existence of a material uncertainty that may cast significant doubt about the ability of the Tribunal to continue as a going concern.

Report on other legal and regulatory requirements

Furthermore, in our opinion, except as discussed in the above paragraph on "emphasis of matter", the transactions of the International Criminal Tribunal for Rwanda 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.

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

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

Chapter II
Long-form report of the Board of Auditors

Summary

The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 was established by the Security Council in its resolution 955 (1994). In accordance with article 10 of its statute, the Tribunal consists of three organs: the Chambers, the Office of the Prosecutor and the Registry.

The Board of Auditors has audited the financial statements and reviewed the operations of the Tribunal for the year ended 31 December 2014. The audit was carried out through the examination of financial transactions and operations at Tribunal headquarters in Arusha, United Republic of Tanzania.

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 Tribunal 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 International Tribunal as at 31 December 2014 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards. 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 operations of the Tribunal under financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, 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 the completion strategy,[a] archive and records management and information and communications technology. The report also includes the status of implementation of the previous audit recommendations.

Audit opinion

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

Overall conclusion

The International Criminal Tribunal for Rwanda adopted the International Public Sector Accounting Standards (IPSAS) accounting framework from 1 January 2014 and successfully delivered the IPSAS-compliant financial statements. The Board found that the adoption of IPSAS by the Tribunal has brought about

significant changes to accounting policies as well as the reporting of assets and liabilities. However, the Tribunal has the challenge to improve the systems and use the new information for the benefit of Tribunal as a whole.

Further, the Tribunal is in the process of scaling down its operations following the plan to close its business by the end of 2015[b] and the remaining operations will be taken over by the Residual Mechanism for International Criminal Tribunals.

Key findings

The Board has identified a number of issues, which need management's consideration to enhance the effectiveness of the Tribunal's operations. In particular, the Board highlights the key findings described below.

Completion strategy

The Board noted from the review of the Tribunal's completion strategy reports that the projected delivery date of one appeal activity[c] which was expected to be completed by the end of July 2015 was extended to the end of 2015. The Board considers that proper implementation of the measures established under the closure strategy to mitigate the risk of delays is necessary to ensure that the pending case is finalized as scheduled.

Archive and records management

The Board noted delays in completing the transfer of records from the International Criminal Tribunal for Rwanda to the Residual Mechanism. As at 5 May 2015,[d] the Tribunal had transferred to the Mechanism close to 1,700 (75 per cent) linear metres of physical records (hard copy and physical audiovisual records) of an estimated total required transfer of 2,250 linear metres. The Board is of the view that if the Tribunal is to wind up its operations by December 2015, it will need to increase the rate of transfer of the remaining 550 linear metres of records. Failure to transfer all records in a timely manner could jeopardize the successful handover of operations to the Residual Mechanism within the allocated time frame.

Recommendations

The Board has made several recommendations based on its audit that are contained in the body of the present report. The main recommendations are that the Tribunal:

(a) **Implement the established measures in accordance with the closure strategy to mitigate any risk of further delay in completion of its remaining judicial activities;**

(b) **The Board also reiterates its recommendation that the Tribunal expedite the work on archive management to effect an orderly transfer to the Mechanism.**

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[a] The term mentioned in Security Council resolution 1966 (2010) which required the Tribunals to complete all work in 2010 and the envisaged dates has not been met.

[b] Letter dated 15 May 2015 from the President of the International Criminal Tribunal for Rwanda addressed to the President of the Security Council (S/2015/340).

[c] The Butare case, which consists of six convicted persons who have appealed their cases and officers who deal with their prosecution.

[d] See footnote b.

Key facts

(Millions of United States dollars)

47.44	Final budget
47.30	Total revenue
59.90	Total expenses
12.60	Deficit for the year 2014
56.91	Assets
79.37	Liabilities
293	Staff of the International Tribunal

A. Mandate, scope and methodology

1. The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 was established by the Security Council in its resolution 955 (1994). The Tribunal consists of three organs: the Chambers, the Office of the Prosecutor and the Registry. The Chambers (the Appeal Chamber) is responsible for appeals; the Office of the Prosecutor is responsible for the investigation and prosecution and the Registry, which services both the Chambers and the Prosecutor, is responsible for the administration and servicing of the Tribunal.

2. The Board of Auditors has audited the financial statements of the Tribunal and has reviewed its operations for the year ended 31 December 2014 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. The 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.

3. 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 2014 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. 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.

4. In addition to the audit of the financial statements, the Board carried out reviews of the Tribunal's operations in accordance with regulation 7.5 of the Financial Regulations of the United Nations. Specific areas covered during audit include implementation of IPSAS, evaluation of overall service sustainability, completion strategy, archive and records management and information and communications technology.

B. Findings and recommendations

1. Follow-up on previous audit recommendations

5. Of the seven recommendations made for the bienniums 2012-2013 and 2010-2011, the Board noted that three (43 per cent) were fully implemented while four (57 per cent) were under implementation. The implementation rate is considered satisfactory.

6. The recommendations under implementation relate to the completion strategy whereby transfer of archives is still ongoing and one outstanding appeal hearing is projected to be completed before December 2015. Details of the status of implementation of the recommendations are presented in the annex to the present report.

2. Financial overview

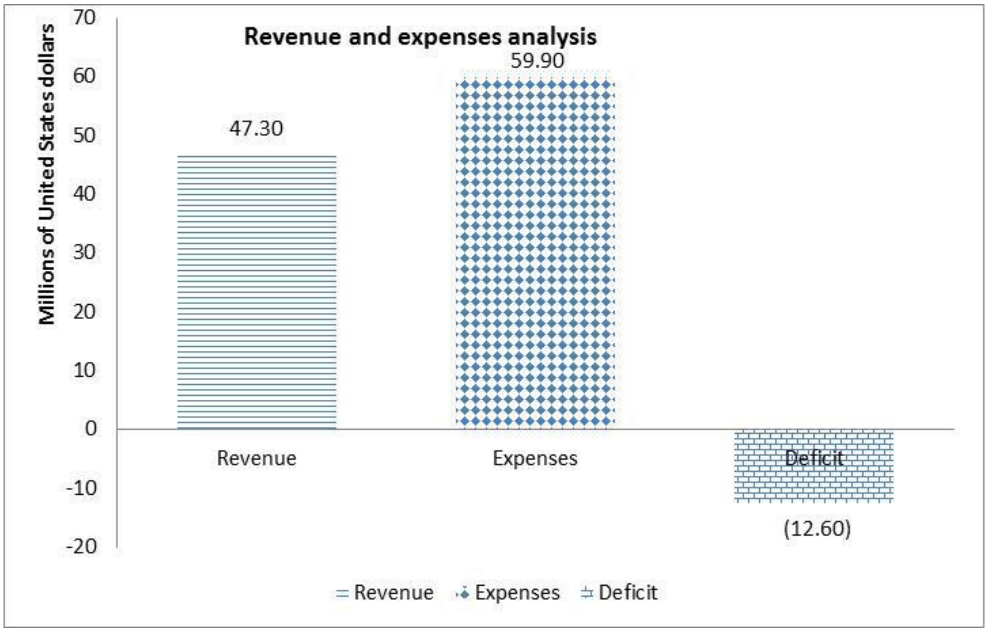
Financial position

7. The Tribunal statement of financial position closed with negative net assets of $22.45 million as at 31 December 2014 (2013 restated: $13.39 million). The Tribunal attributed the reported negative net assets to large unfunded employee liabilities. Total assets decreased from $71.56 million in 2013 to $56.91 million in 2014. The decrease is a result of disposal and donations of assets as the Tribunal is scaling down its operations. It reported $79.37 million of total liabilities at 31 December 2014 (2013: $84.95 million). This is the result of an actuarial valuation of employee benefit liabilities.

Operating results

8. The Tribunal had total revenue of $47.30 million, of which 99 per cent is from assessed contributions, whereas total expenses amounted to $59.90 million, which resulted in a deficit of $12.60 million. The deficit was caused by significant costs of separating long-serving staff and necessary extensions of remaining staff owing to delays in the judicial calendar. The Standards allow the entity adopting IPSAS in the first year to omit comparative information for the prior period. Accordingly, the comparative figures have not been provided in the statement of financial performance.

Revenue and expenses overview



Source: *Tribunal financial statements, 2014*.

Ratio analysis

9. The ratio analysis shown below contains key financial ratios extracted from the financial statements, mainly from the statement of financial position and financial performance.

Ratio analysis

Description of ratio	*31 December 2014*	*1 January 2014*
Total assets:Total liabilities[a]		
Assets:Liabilities	0.72	0.84
Current ratio[b]		
Current assets:Current liabilities	2.34	4.44
Quick ratio[c]		
Cash + short-term investments + accounts receivable:Current liabilities	2.30	4.34
Cash ratio[d]		
Cash + short-term investments:Current liabilities	1.45	2.65

Source: *Tribunal financial statements, 2014.*

[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 obligations.

[c] 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.

[d] 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.

10. The Board's analysis shows that the Tribunal has a ratio of total assets to total liabilities of 0.72, which indicates that each dollar of liabilities is financed by only 72 cents of assets and that the Tribunal would not have been able to settle its obligations in full if it faced closure. The significant long-term liabilities relate to judges' pensions and projected future Organization after-service health insurance contributions for current and former staff members.

3. Implementation of International Public Sector Accounting Standards

11. The Tribunal implemented IPSAS effective from 1 January 2014 and has prepared its first IPSAS-compliant financial statements. During the year, the Board reviewed IPSAS opening balances as well as the trial balance and noted that a number of adjustments and reclassifications were made to the balances as at 31 December 2013 to arrive at restated IPSAS opening balances as at 1 January 2014.

12. The Board also noted a number of changes made to policies and business processes to transform transactions and records from United Nations System Accounting Standards (UNSAS) to IPSAS. Overall, apart from slight challenges, such as skipping preparation of the dry-run financial statements in the plan, most of the activities went smoothly and issues reported during audit were satisfactorily responded to and cleared.

13. The net effect of IPSAS adoption was adjustments of $2.07 million which represented a decrease in net assets. The Board considers that after implementation of IPSAS, the Tribunal is now realizing the benefits of the new reporting framework through aspects such as better measurement and understanding of the full costs of operations and enhanced information on the use of resources.

4. Evaluation of overall service sustainability

14. The Tribunal is scaling down its operations with the plan to close its business by the end of 2015;[1] any pending activities will be taken over by the Residual Mechanism for International Criminal Tribunals. The Board found that the closing down has resulted in a high rate of staff turnover and disposal of assets. For instance, about 117 staff members had separated as at 31 December 2014 and 24 asset items of $222,264 were disposed of during the period under review.

5. Completion strategy

Delays in the completion of the remaining appeals

15. The Tribunal developed a completion strategy to ensure a smooth transition to the International Residual Mechanism in response to Security Council resolution 1966 (2010) which required it to take all possible measures to expeditiously complete all the remaining work not later than 31 December 2014.

16. The Board noted from the review of the Tribunal completion strategy reports that the date of one appeal activity[2] which was projected to be completed by the end of July 2015 was extended to the end of 2015 because the judgement is projected to be delivered closer to the end of 2015. In addition, the Board noted that full

[1] Letter dated 15 May 2015 from the President of the Tribunal.

[2] The Butare case, which consists of six convicted persons who have appealed their cases and officers who deal with their prosecution.

liquidation process of the Tribunal's assets is anticipated to take place in the early part of 2016 and will be undertaken by a small team of Tribunal staff supported by the administration of the International Residual Mechanism for Criminal Tribunals in Arusha.

17. The Board considers that although the timeline originally proposed by the Security Council has been superseded, the Tribunal needs to make every effort to ensure that the available measures such as the President and the Registrar remaining in contact with the presiding judge of the Butare appeal are taken to mitigate any risk of further delay in completing the remaining judicial activities.

18. **The Board recommends that the Tribunal implement the established measures in accordance with the closure strategy in order to mitigate any risk of further delay in completion of its remaining judicial activities.**

6. Archive and records management

19. In its previous report (A/69/5/Add.13), the Board recommended that the Tribunal address the backlog of activities required for the transfer of archives to the Mechanism.

20. The Board's review of the management of Tribunal records and archive, which includes transfer of records to the International Residual Mechanism for Criminal Tribunals, noted that as at 5 May 2015,[1] the Tribunal had managed to transfer to the Residual Mechanism close to 1,700 (75 per cent) linear metres of physical records (hard copy and physical audiovisual records) of an estimated total of 2,250 linear metres anticipated for transfer by its closure in 2015, leaving 550 linear metres not yet transferred.

21. In addition, the Board found the Tribunal had transferred to the Residual Mechanism close to 1,100 linear metres of its Registry records of a current estimated total of 1,425 linear metres, leaving 325 linear metres not yet transferred as at 5 May 2015.

22. The Board is of the view that as the Tribunal is expecting to wind up its operations by December 2015, the current pace of transferring the records to the Mechanism is slow and might derail the successful handing over of records within the allocated time frame.

23. **The Board reiterates its recommendation that the Tribunal expedite the work on archive management to effect an orderly transfer to the Mechanism.**

7. Information and communications technology

Information and communications technology business continuity and disaster recovery planning not tested or reviewed

24. Business continuity and disaster recovery planning[3] are among the approaches used by entities to ensure business continuity and timely recovery from any adverse incident.

25. The Board found that the Tribunal has neither an information and communications technology business continuity plan nor a disaster recovery plan. The Tribunal explained that it uses documents such as disaster recovery test plans

[3] Disaster recovery and business continuity planning defines how the organization will respond in case of adverse conditions and should be tested and reviewed at least once annually.

along with other defined procedures such as information technology disaster recovery invocation procedures, disaster recovery test results 2012 and process gaps list which are adequate for its disaster recovery plan.

26. Although the Board agrees that the availability of the test procedures should take into consideration the time constraint to the closure, the Board remained concerned that the documents have not been updated since 2012 to reflect the change in technology and personnel as the procedures contain roles, responsibility and contacts. Without a periodic review, update and test of disaster recovery plan, the Tribunal might not respond adequately to adverse and major incidences which could affect the operations as well as loss of sensitive information.

27. **The Board recommends that the Tribunal conduct a review of its disaster recovery test procedures and update them to ensure that procedures reflect the current situation of people and technology.**

C. Disclosures by management

28. The Tribunal made the disclosures described below relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud which in the Board's view are not material.

1. Write-off of cash, receivables and property

29. The Tribunal informed the Board that, in accordance with financial rule 106.8, accounts receivable of $55.38 and property of $724,707 were written off. No losses of cash were written off during the year.

2. Ex gratia payments

30. According to financial rule 105.12, the disclosure by management showed that the Tribunal had not made ex gratia payments.

3. Cases of fraud and presumptive fraud

31. 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 irregularity (including those resulting from fraud). Our audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

32. 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 brought to their attention. We also enquire whether management has any knowledge of any actual, suspected or alleged fraud, and this includes enquiries of the Office of Internal Oversight. 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 its report.

33. In 2014 the Board did not identify any cases of fraud. In addition, disclosure made by management showed that there were no cases of fraud or presumptive fraud which have been reported to the Board.

D. Acknowledgement

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

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
Chair of the United Nations Board of Auditors
(Lead auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

30 June 2015

Annex

Status of implementation of recommendations of the Board of Auditors for the financial period ended 31 December 2014

					Status after verification			
No.	*Financial period first recommendation made*	*Recommendations*	*Action reported by management*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2010-2011 (A/67/5/Add.11, chap. II, para. 5)	The Board reiterates its earlier recommendation of addressing the backlog of activities required for the transfer of archives to the International Residual Mechanism for International Criminal Tribunals.	Strategy addressing the backlog is set that by 30 September 2015, the Tribunal has projected to transfer to the Mechanism 2,027 linear metres of inactive records (92 per cent) of an estimated total of 2,205 linear metres and 381 linear metres of physical records of the Registry (including DASS) and the OTP. From the remaining 178 linear metres, 21 linear metres of judicial records and 56 linear metres of OTP records will be retained by the Tribunal until the delivery of the Butare Appeal Judgment.	Under implementation as stated by management.		X		
2	2012-2013 (A/69/5/Add.13, chap. II, para. 18)	Complete the remaining activities to implement IPSAS opening balances as planned, so as to establish a comprehensive financial record of the completion of its operations.	The Tribunal actively collaborated with the IPSAS implementation team at United Nations Headquarters on the remaining IPSAS implementation activities. The opening balances in accordance with IPSAS were established.	Agreed.	X			
3	2012-2013 (A/69/5/Add.13, chap. II, para. 23)	Consider preparing formal contingency arrangements for addressing the risks within the timetable for the completion of the Tribunal's mandate.	The hearing of the one remaining appeal (the Butare case, which consists of six convicted persons who have appealed their cases and officers who deal with their prosecution) took place from 14-22 April 2015 and the judgement is expected to be delivered closer to the end of 2015.	In progress as stated by management and the presidents report.		X		

					Status after verification			
No.	*Financial period first recommendation made*	*Recommendations*	*Action reported by management*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
4	2012-2013 (A/69/5/Add.13, chap. II, para. 27)	Continue to pay close attention to resource utilization by projecting how the remaining activities can be completed within the available resources and in a timely manner.	The Tribunal carefully monitors the utilization of the budget.	Implemented as per the verification conducted during the current audit.	X			
5	2012-2013 (A/69/5/Add.13, chap. II, para. 31)	Develop an efficient acquisition plan that will suit the downsizing and winding-up strategy and reduce the procurement lead time process.	There is an efficient acquisition plan (e.g., 2014 acquisition plan provided to the auditors). This acquisition plan is key to ensure that procurement lead time is reduced especially during this time of downsizing and exit strategy.	Considered to be under implementation due to the acquisition plan presented lacked some details and therefore we recommended it to be updated.		X		
6	2012-2013 (A/69/5/Add.13, chap. II, para. 36)	Present a plan for compensating the affected staff for their accumulated leave within the remaining closure time frame, without disrupting the pending activities of the Tribunal.	The Tribunal has issued an information circular dated 22 April 2014 informing all supervisors and staff members of the importance of taking their leave days in order to avoid forfeiture. No exceptions can be granted with regard to any payments of leave over and above the 60 and 18 days.	Agreed.	X			
7	2012-2013 (A/69/5/Add.13, chap. II, para. 41)	Designate a senior officer who will regularly review the activities of system administrators with dual roles as a control measure to minimize the risks of fraud.	Owing to technical limitations of the Sun Accounts package, a usable audit log could not be produced for a designated senior official's review. In view of this, the alternative is to remove the administrative rights from the finance personnel. ITSS service desk personnel will then resume responding to password reset requests.	We consider it is under implementation as explained by management that they are removing the administrative rights from the Finance section.		X		
	Total				**3**	**4**		
	Percentage				**43**	**57**		

Chapter III
Certification of the financial statements

Letter dated 20 July 2015 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the International Criminal Tribunal for the Prosecution of Persons responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2014 have been prepared in accordance with financial rule 106.10.

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 these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the International Criminal Tribunal for the Prosecution of Persons responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, numbered I to V, are correct.

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

Chapter IV
Financial report for the year ended 31 December 2014

A. Introduction

1. The Registrar has the honour to submit herewith the financial report on the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2014.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex which 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. As at 31 December 2014, the Tribunal had completed its work at the trial level for all 93 accused indicted by the Tribunal. This includes 55 first-instance judgements, involving 75 accused, 10 referrals to national jurisdictions (4 apprehended accused and 6 fugitive cases), 3 top priority fugitives whose cases have been transferred to the International Residual Mechanism for Criminal Tribunals, 2 withdrawn indictments and 3 indictees who died prior to judgement. Appellate proceedings have been concluded in respect of 55 persons. The Tribunal Appeals Chamber is proceeding with its sole remaining case on appeal, the Nyiramasuhuko et al. (Butare) case, which is projected to be completed in the fourth quarter of 2015.

4. To date, nine of the accused indicted by the Tribunal for their participation in the genocide in Rwanda remain at large. Pursuant to Security Council resolution 1966 (2010), the responsibility for the tracking and trials of all nine of those fugitives remains with the Republic of Rwanda and the Residual Mechanism. The Residual Mechanism will retain jurisdiction over three of those indictees: Augustin Bizimana, Félicien Kabuga and Protais Mpiranya. Previously completed preservation of evidence proceedings will help to ensure smooth trials of those three indictees, who will be tried before the Residual Mechanism upon their arrest. The cases of the remaining six fugitives have been referred to Rwanda; the Residual Mechanism will continue to assist with the efforts to track those fugitives.

5. The transition to the Residual Mechanism is close to completion, and the Tribunal plans to close by the end of 2015. Most judicial and prosecutorial functions have already been handed over to the Residual Mechanism and during the reporting period it continued to put into place arrangements for self-administration, with International Criminal Tribunal for Rwanda and the International Tribunal for the former Yugoslavia providing assistance as necessary, while the handing over of functions is being done on a continuous basis.

6. These outputs were produced utilizing $63.884 million out of the biennial budget of $94.24 million, or 67.8 per cent. This is in line with the completion strategy of the International Criminal Tribunal for Rwanda with significantly reduced activities in the second year of the biennium compared with the first year.

Assessments to Member States were, however, issued for 50 per cent of the approved biennial budget which explains the significant deficit of $12.599 million during 2014.

B. Adoption of International Public Sector Accounting Standards

7. For the first time, the financial statements of Tribunal have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). In 2013 and prior years, the financial statements were prepared in accordance with United Nations System Accounting Standards (UNSAS).

8. The adoption of IPSAS has been accepted as best practice for accounting and reporting by the public sector and not-for-profit governmental organizations. The Tribunal adopted IPSAS on 1 January 2014, in accordance with General Assembly resolution 60/283, which cited IPSAS benefits for improving the quality, comparability and credibility of financial reporting across the United Nations system.

Highlights of key changes to the IPSAS financial statements of the Tribunal

9. Financial statements prepared in accordance with IPSAS use full accrual-based accounting, which is a significant change from the modified cash basis of accounting previously applied under UNSAS. Accrual based accounting requires the recognition of transactions and events when they occur and the presentation of all assets and liabilities at reporting date. Accordingly, the accounting policies of the Tribunal have been updated to IPSAS; the summary of significant accounting policies, presented in note 3 to the financial statements, reflects this update.

10. Under UNSAS physical assets were expensed when purchased and did not appear on the balance sheet; under IPSAS, the Tribunal has reported property, plant and equipment net of related depreciation on the face of the financial statements. Assets qualifying as financial instruments are now fair valued and thus Tribunal's share of the investments of the United Nations cash pool reflects mark to market adjustments; also for the first time, the Tribunal has created allowance accounts to value doubtful accounts receivables in accordance with IPSAS.

11. Under UNSAS only some liabilities were recognized; under IPSAS all liabilities are recognized. In preparation for IPSAS financial statements, the Tribunal had already recognized its long-term employee benefits liabilities of the after-service health insurance, unused annual leave, accrued repatriation benefits and judges' honoraria and allowances. The liabilities for the Tribunal include provisions for valid claims (legal or constructive) that can be reliably estimated.

12. Revenue — The Tribunal has recognized for the first time, non-exchange revenue related to donated right-to-use property arrangements in accordance with IPSAS.

13. Expenses are now recorded in the financial statements only when goods and/or services have been received not when commitments have been made, as was the case under UNSAS. Thus, under IPSAS commitments against budgets do not qualify as an expense in the financial statements. The Tribunal now reports on the face of the financial statements expenses related to depreciation of property, plant and equipment and actuarial service costs on its employee benefit liabilities.

14. IPSAS requires significantly more note disclosures in the financial statements; some of the new areas of note disclosures for the Tribunal include reporting of explanations of material budget versus actual variances, reporting on key management personnel, reporting on details of measurement of employee benefit liabilities, reporting on details of the lifecycle of property, plant and equipment and reporting on investment risks.

15. Of note is that the budget of the Tribunal continues to be prepared on a modified cash basis. As the accounting basis for the budget differs from the basis applied to the financial statements, reconciliation between expenditure on the budget basis and the statement of cash flows is provided in note 6.

16. In order to transition to IPSAS, the financial position as at 31 December 2013 was restated and IPSAS-compliant opening balances were compiled as at 1 January 2014, which resulted in an adjustment to the net asset position of the Tribunal; refer to statement III. Owing to the change of accounting basis, in the first year of the adoption of IPSAS, a full suite of comparative information for the prior year is not provided in the financial statements.

C. Overview

17. Financial statements I, II, III, IV and V show the financial results of the Tribunal's activities and its financial position as at 31 December 2014. The notes to the financial statements explain its accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Revenue

18. In 2014 revenue totalled $47.292 million. The main sources of revenue were assessed contributions of $46.798 million from Member States and investment revenue of $0.239 million. Other revenue of $0.255 million includes revenue of $0.092 million for donated right to use facilities provided by the Government of the United Republic of Tanzania and the Government of Rwanda, $0.100 million from the sale of surplus assets, and $0.063 million refund from prior year expenses.

Expenses

19. For the year ended 31 December 2014, expenses totalled $59.891 million. The main expense categories were staff costs of $51.663 million, or 86.3 per cent, judges' honoraria and allowances of $2.699 million, or 4.5 per cent, contractual services of $1.50 million, or 2.5 per cent, travel of $0.912 million, or 1.5 per cent, depreciation charges of $0.514 million, or 0.9 per cent and other operating expenses of $2.603 million, or 4.3 per cent. Information for 2013 is not presented since it was prepared on an UNSAS (modified cash) basis, which is not comparable.

20. Total personnel costs, which include staff costs and judges' honoraria and allowances, amounted to $54.362 million; this amount represents 114.9 per cent of the total revenue, which was reported at $47.292 million for the year.

Operating results

21. The net deficit of expenses over revenue in 2014, as measured under IPSAS, was $12.599 million, as expenses were greater than revenue by 26.6 per cent, largely owing to high personnel costs.

Assets

22. Assets as of 31 December 2014 totalled $56.913 million compared to the balance at 31 December 2013 (adjusted for IPSAS compliance) of $71.561 million, reflecting the ongoing winding-down of the Tribunal.

23. The main assets at 31 December 2014 are cash and cash equivalents and investments totalling $39.844 million, representing 70.0 per cent of the total assets, and assessed contributions receivable from Member States of $11.259 million, or 19.8 per cent. The remaining assets consist of other accounts receivable and property, plant and equipment.

24. Cash and cash equivalents and investments of $39.844 million at 31 December 2014, other than small amounts held in field office imprest accounts, are held in the United Nations Main Cash Pool. This represents a decrease of $9.691 million under the balance held at the end of 2013, a reflection of the reduced level of operations in 2014.

Liabilities

25. Liabilities as at 31 December 2014 totalled $79.370 million compared to the balance at 31 December 2013 of $84.946 million.

26. The largest liability was the employee benefits earned by staff members and retirees; primarily these were liabilities for after-service health insurance. These liabilities accounted for $55.281 million, representing 69.6 per cent of the Tribunal's total liabilities and are explained in detail in note 12 to the financial statements and remained almost at the same level as in the previous year.

27. Of significance also were liability related to the judges' honoraria and allowances of $22.728 million. This amount primarily includes the judges' pension and relocation allowances and ex gratia payments to ad litem judges, which remained almost at the same level as in the previous year.

28. Other liabilities reduced by $2.557 million to nil at 31 December 2014. This was due largely to the 2014 settlement by the Tribunal to the United Nations regular budget of transfers in accordance with General Assembly resolution 68/245.

Net assets

29. The movement in net assets during the year reflects a decrease of $9.072 million from net liability of $13.385 million in 2013 after restating for IPSAS compliance, to net liability of $22.457 million in 2014, owing to the operating deficit of $12.599 million offset by net actuarial gains of $3.527 million; the actuarial gains resulted from experience adjustments incorporated in the actuarial calculation of the employee benefit liabilities. The net effect of the changes resulting from the adoption of IPSAS adjustments amounted to a $2.070 million decrease in restated net assets as at 1 January 2014.

Liquidity position

30. At 31 December 2014, the liquidity position of the Tribunal was healthy; the entity had sufficient liquid assets to settle its current obligations. Liquid funds totalled $41.342 million (cash and cash equivalents of $9.541 million, short-term investments of $16.095 million and accounts receivable of $15.706 million), whereas total current liabilities amounted to $17.631 million.

31. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2014 with comparatives for the year ended 31 December 2013:

	Year ended 31 December	
Liquidity indicator	*2014*	*2013*
Ratio of liquid assets to current liabilities	2.34:1	4.44:1
Ratio of liquid assets less accounts receivable to current liabilities	1.45:1	2.65:1
Ratio of liquid assets to total assets	0.73:1	0.71:1
Average months of cash, cash equivalents and investments on hand*	8.1	n/a*

* Comparative not available.

32. 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 2.34:1 indicates that current liabilities are covered in excess of two times by liquid assets, and therefore there are sufficient liquid assets available to fully pay current liabilities should the need arise. A drop of the value of this ratio from 4.44:1 in the prior year indicates a tightening of liquidity resulting from increased current liabilities holdings as at the end of 2014. When accounts receivable are excluded from the analysis, the coverage of current obligations is at 1.45 for the current year and 2.65 for the previous year.

33. At 31 December 2014, the Tribunal's liquid asset was about 73 per cent of its total assets and it held sufficient cash and cash equivalents and investments to cover its estimated average monthly expenses (less depreciation) of $4.948 million for 8.1 months.

34. However, as at the reporting date, the Tribunal had liabilities for employee benefits and judges' honoraria and allowances totalling $78.009 million that were less than total cash and cash equivalents and investments of $39.844 million; of note was that no amounts were reserved in the accounts to cover these liabilities to be paid in the future. As recommended by the Advisory Committee on Administrative and Budgetary Questions, the necessary funds to cover this shortfall will be requested from Member States in the context of the final performance report of the Tribunal.

Going concern

35. Management concluded that it is no longer appropriate to assert going concern for the financial statements of the Tribunal as at 31 December 2014, as the current projected end date of all judicial activities is end of 2015. Accordingly, a review was conducted with the aim of preparing the financial statements on a liquidation

basis; this review, however, has determined that there is no material difference between the going concern basis and the liquidation basis.

36. Management asserts that these financial statements 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), write-off cases of cash or receivables totalled $150,000 during 2014 with respect to the Tribunal.

Write-off of losses of property

3. In accordance with financial rule 106.7 (a), total write-offs of non-expendable property for the Tribunal during 2014 with respect to the financial statements comprised 157 information technology items with their total original acquisition value of $156,095.02. These write-offs resulted from normal wear and tear.

Ex gratia payments

4. There were no ex gratia payments by the Tribunal during 2014.

Chapter V

Financial statements for the year ended 31 December 2014

International Criminal Tribunal for Rwanda

I. Statement of financial position as at 31 December 2014

(Thousands of United States dollars)

	Note	*31 December 2014*	*1 January 2014*
Assets			
Current assets			
Cash and cash equivalents	7	9 541	5 139
Investments	7	16 095	25 124
Assessed contributions receivable	7	11 259	19 002
Other accounts receivable	7, 8	3 613	218
Other assets	9	834	1 227
Total current assets		**41 342**	**50 710**
Non-current assets			
Investments	7	14 208	19 272
Property, plant and equipment	10	1 363	1 579
Total non-current assets		**15 571**	**20 851**
Total assets		**56 913**	**71 561**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	1 116	3 242
Employee benefits liabilities	12	14 891	4 409
Judges' honoraria and allowances liabilities	13	1 379	837
Provisions	14	64	–
Advance receipts	15	181	367
Other liabilities		–	2 557
Total current liabilities		**17 631**	**11 412**
Non-current liabilities			
Employee benefits liabilities	12	40 390	52 344
Judges' honoraria and allowances liabilities	13	21 349	21 190
Total non-current liabilities		**61 739**	**73 534**
Total Liabilities		**79 370**	**84 946**
Net of total assets and total liabilities		**(22 457)**	**(13 385)**
Net assets			
Accumulated deficit	16	(22 457)	(13 385)
Total net assets		**(22 457)**	**(13 385)**

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

International Criminal Tribunal for Rwanda

II. Statement of financial performance for the year ended 31 December 2014

(Thousands of United States dollars)

	Note	*2014*
Revenue		
Assessed contributions	17	46 798
Investment revenue	7	239
Other exchange revenue	17	255
Total revenue		**47 292**
Expenses		
Employee salaries, allowances and benefits	18	51 663
Judges' honoraria and allowances	18	2 699
Contractual services	18	1 500
Travel	18	912
Depreciation	10	514
Other operating expenses	18	2 525
Other expenses	18	78
Total expenses		**59 891**
Deficit for the year		**(12 599)**

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

International Criminal Tribunal for Rwanda

III. Statement of changes in net assets for the year ended 31 December 2014

(Thousands of United States dollars)

	Accumulated deficit Unrestricted	*Total Net Assets*
Net assets as at 31 December 2013 (UNSAS)	**(11 315)**	**(11 315)**
IPSAS adjustments (note 4):		
Initial recognition of allowance for doubtful receivables	(335)	(335)
Initial recognition of property, plant and equipment	1 579	1 579
Adjustment to deferred charges	152	152
De-recognition of unliquidated obligations	1 619	1 619
Initial recognition of accruals	(936)	(936)
Change in valuation of annual leave employee benefits liabilities	(2 366)	(2 366)
Initial recognition of employee benefits liabilities	(703)	(703)
Initial adjustment to staff receivables	(1 074)	(1 074)
Initial recognition of provisions	(6)	(6)
Total IPSAS adjustments	**(2 070)**	**(2 070)**
Restated net assets as at 1 January 2014	**(13 385)**	**(13 385)**
Changes in net assets:		
Actuarial gains on employee benefits liabilities (note 12)	4 228	4 228
Actuarial (losses) on judges' honoraria and allowances liabilities (note 13)	(701)	(701)
Deficit for the year	(12 599)	(12 599)
Total changes in net assets	**(9 072)**	**(9 072)**
Net assets as at 31 December 2014	**(22 457)**	**(22 457)**

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

International Criminal Tribunal for Rwanda

IV. Statement of cash flows for the year ended 31 December 2014

(Thousands of United States dollars)

	Note	*2014*
Cash flows from operating activities		
Deficit for the year		**(12 599)**
Non-cash movements		
Depreciation	10	514
Actuarial loss on judges' honoraria and allowances liabilities		(701)
Actuarial gain on employee benefits liabilities		4 228
Changes in assets		
Decrease in assessed contributions receivable		7 743
Increase in other accounts receivable		(3 395)
Decrease in other assets		393
Changes in liabilities		
Decrease in accounts payable and accrued liabilities		(2 126)
Decrease in employee benefits liabilities		(1 472)
Increase in judges' honoraria and allowances liabilities		701
Increase in provisions		64
Decrease in advance receipts		(186)
Decrease in other current liabilities		(2 557)
Investment revenue presented as investing activities		(239)
Net cash flows used in operating activities		**(9 632)**
Cash flows from investing activities		
Net receipts from Main Cash Pool investments		14 093
Investment revenue presented as investing activities		239
Acquisitions of property, plant and equipment		(320)
Disposals of property, plant and equipment		22
Net cash flows from investing activities		**14 034**
Cash flows from financing activities		–
Net cash flows from financing activities		–
Net increase in cash and cash equivalents		**4 402**
Cash and cash equivalents — beginning of year		5 139
Cash and cash equivalents — end of year	**7**	**9 541**

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

International Criminal Tribunal for Rwanda

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2014

(Thousands of United States dollars)

	Budget (appropriation)[a]					
	Original biennium	*Final biennium*	*Original annual*	*Final annual*	*Actual expenditure (budget basis)*	*Difference*[b] *per cent*
A. Chambers	6 098	5 957	3 049	2 979	3 272	9.9
B. Office of the Prosecutor	10 342	10 666	5 171	5 333	10 127	89.9
C. Registry	68 437	69 815	34 219	34 908	43 658	25.1
D. Records management and archives	8 719	8 446	4 360	4 223	6 826	61.6
Total: Tribunal	**93 596**	**94 884**	**46 798**	**47 442**	**63 884**	**34.7**

[a] Original and final budget amounts relate to the current year 50 per cent proportion of publicly available biennial budgets as allocated to each component in performance report to the General Assembly (A/69/597). The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium: General Assembly resolution 68/255.

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

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

International Criminal Tribunal for Rwanda
Notes to the financial statements

Note l
Reporting entity

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 was signed on 26 June 1945 and became effective on 24 October 1945, set out the United Nations primary objectives 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 United Nations major organs 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 United Nations;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, 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 is headquartered in New York, has major offices in Geneva, Vienna and Nairobi, and peacekeeping and political missions, economic commissions, tribunals, training institutes and other centres around the world.

The Reporting Entity

4. The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, was established by the Security Council in its resolution 955 (1994) and consists of three organs:

(a) The Chambers are organized into three Trial Chambers and an Appeals Chamber. The Chambers are composed of a maximum of 16 permanent independent judges, not more than 2 of whom may be nationals of the same State, and a maximum at any one time of 12 ad litem independent judges, no 2 of whom may be nationals of the same State. A maximum at any one time of 3 permanent judges and 6 ad litem judges are members of each Trial Chamber. Owing to the reduced workload of the Tribunal, however, there is currently only one Trial Chamber;

The Trial Chamber comprises one ad litem judge, who serves as President of the Tribunal. The Appeals Chamber consists of 12 permanent judges and serves both the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda;

(b) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States, between 1 January and 31 December 1994. The Prosecutor 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. By its resolution 977 (1995) of 2 February 1995, the Security Council decided that the seat of the Tribunal would be located in Arusha, United Republic of Tanzania.

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, these 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 are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the Tribunal comprise the following:

(a) Statement I: Statement of financial position;

(b) Statement II: Statement of financial performance;

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

(d) Statement IV: Statement of cash flows on an indirect basis;

(e) Statement V: Statement of comparison of budgets and actual amounts;

(f) A summary of significant accounting policies and other explanatory notes.

8. The accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of these financial statements.

Going concern

9. IPSAS 1: Presentation of financial statements 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.

10. By its resolution 1966 (2010), the Security Council, inter alia, decided to establish the International Residual Mechanism for Criminal Tribunals and requested the Tribunal to complete all its remaining work, as provided by the resolution, no later than 31 December 2014, to prepare for closure and to ensure a smooth transition to the Mechanism. The operations of the Tribunal have now gone beyond 31 December 2014, and the current projected end date of all judicial activities is the end of 2015. The Tribunal has approved budgetary resources for 2015 and a budget for 2016 for the Tribunal for the liquidation activities will be submitted to the General Assembly for approval. However, the General Assembly resolutions on the budget do not extend the mandate of the Tribunal; they simply approve budgetary resources to finalize its operations.

11. The Tribunal is therefore focused on wind-down activities, including the orderly winding-up of its activities, and transfer of the functions that will outlive the Tribunal to the Mechanism. This process is taking place in accordance with the Tribunal completion strategy (for the latest completion strategy report to the Security Council, see S/2015/340) in accordance with Security Council resolution 1966 (2010).

12. Taking into consideration that the scheduled date for the last judicial action of the Tribunal is within one year of the approval of these financial statements and the structured manner in which the closure process is being conducted, management concluded that it is no longer appropriate to assert going concern for the financial statements of the Tribunal as at 31 December 2014. Accordingly, a review was conducted with the aim of preparing the financial statements on a liquidation basis; the review, however, has determined that there is no material difference between the going concern basis and the liquidation basis, noting the following:

(a) The costs associated with the closure process are funded in the 2015 budget and where necessary, normal IPSAS accounting rules have been applied to 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 Tribunal's property, plant and equipment which are to be utilized by the International Residual Mechanism for Criminal Tribunals will be transferred at their carrying value. A residual amount of remaining assets that are no longer required have a carrying value which is not material and are being disposed of at sale prices which are comparable to their carrying values. As at 31 December 2014, management has therefore assessed that there is no requirement to impair property, plant and equipment as fair value is consistent with carrying value for the assets being disposed of;

(c) Investments are classified as fair value through the surplus or deficit and are therefore valued at fair value. 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) The long-term liabilities of the Tribunal will not be immediately payable on termination of operations but is subject to the decision of the General Assembly.

13. Thus, management does not consider that there is a material difference between the statement of financial position presented on a liquidation basis and that 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.

IPSAS adoption

14. This is the first set of financial statements prepared in compliance with IPSAS, which includes application of certain transitional provisions as identified below. Prior to 1 January 2014, the financial statements were prepared in accordance with United Nations System Accounting Standards (UNSAS), a modified cash basis of accounting.

15. The adoption of the new accounting standards, including the related IPSAS-compliant policies, has resulted in changes to the assets and liabilities recognized by the Tribunal. Accordingly, the last audited statement of assets, liabilities and reserves and fund balances at 31 December 2013 has been revised and the resulting changes are summarized in the statement of changes in net assets.

Authorization for issue

16. These 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 transmits these financial statements as at 31 December 2014 to the Board of Auditors. In accordance with financial regulation 7.12, the reports of the Board of Auditors, together with the audited financial statements, shall be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions.

Measurement basis

17. The financial statements, which are for the year 1 January to 31 December, are prepared using the historic cost convention except for certain assets as stated in the note 3.

Functional and presentation currency

18. 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.

19. Foreign currency transactions are translated into United States dollars at the United Nations Operational Rates of Exchange at the date of the transaction. These Operational Rates of Exchange approximate the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies,

those currencies other than the functional currency, are translated at the year-end United Nations Operational Rates of Exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the United Nations Operational Rates of Exchange prevailing at the date of the transaction or when the fair value was determined.

20. 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 judgement and estimation

21. 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 retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would impact the conclusions or decisions of the users of the financial statements.

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

23. 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 method for property, plant and equipment assets; impairment of assets; classification of financial instruments; inflation and discount rates used in the calculation of the present value of provisions and classification of contingent assets/liabilities.

IPSAS transitional provisions

24. As permitted on first-time adoption of IPSAS, the following transitional provisions have been applied:

(a) IPSAS 1: Presentation of financial statements — comparative information is provided only for the statement of financial position;

(b) IPSAS 4: The effects of changes in foreign exchange rates — the cumulative translation differences that may have existed at the date of first- time adoption of IPSAS are deemed to be zero;

(c) IPSAS 17: Property, plant and equipment allows a transitional period of up to five years prior to full recognition of capitalized property, plant and equipment. The Tribunal partially invoked this transitional provision and has not recognized leasehold improvements;

(d) IPSAS 31: Intangible assets is applied prospectively to intangible assets. A number of key systems, whose software costs were incurred prior to 1 January 2014, are not recognized in opening balances owing to the Tribunal invoking this transitional provision. A number of systems, whose software costs were incurred prior to 1 January 2014, such as Mercury and Sun, are not recognized in opening balances owing to the invoking of this transitional provision.

Future accounting pronouncements

25. The progress and impact of the following significant future International Public Sector Accounting Standards Board (IPSASB) accounting pronouncements on the Tribunal's financial statements continues to be monitored:

(a) Reporting Service Performance Information — to use a principles-based approach to develop a consistent framework for reporting service performance information of public sector programmes and services that focuses on meeting the needs of users;

(b) Social Benefits — the project objective is to identify the circumstances and manner in which expenses and liabilities of certain social benefits should be reflected in the financial statements;

(c) Public Sector Combinations — the project will prescribe the accounting treatment for public sector combinations and develop a new standard setting out the classification and measurement of public sector combinations, i.e., transactions or other events that bring two or more separate operations into a single public sector entity;

(d) Public Sector-Specific Financial Instruments — to develop this accounting guidance, the project will focus on issues related to public sector-specific financial instruments which are outside the scope of those covered by IPSAS 28: Financial instruments: presentation, IPSAS 29: Financial instruments: recognition and measurement and IPSAS 30: Financial instruments: disclosures.

Future requirements of IPSAS

26. On 30 January 2015, the IPSASB published five new standards: IPSAS 34: Separate financial statements; IPSAS 35: Consolidated financial statements; IPSAS 36: Investments in associates and joint ventures; IPSAS 37: Joint arrangements; and IPSAS 38: Disclosure of interests in other entities. Application of these standards is required for periods beginning on or after 1 January 2017. The impact of these standards on the Tribunal's financial statements is being evaluated for application of the new standards by 1 January 2017.

Note 3
Significant accounting policies

Financial assets: classification

27. The Tribunal classifies its financial assets in one of the following categories at initial recognition and re-evaluates the classification at each reporting date. Classification of financial assets primarily depends 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

28. 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.

29. Financial assets with maturities in excess of 12 months 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 Unite Nations Operational Rates of Exchange prevailing at the reporting date with net gains or losses recognized in surplus or deficit in the statement of financial performance.

30. Financial assets at fair value through surplus or deficit are those that have been either designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of selling in the short term. These 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.

31. 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 using the effective interest rate method on the respective financial asset.

32. Financial assets are assessed at each reporting date to determine whether there is an 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 they arise.

33. 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.

34. 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 Main Cash Pool

35. The United Nations Treasury invests funds pooled from United Nations Secretariat entities and other participating entities. These 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 investments portfolio to the extent of the amount of cash invested.

36. The Tribunal's investment in the Main Cash Pool are 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

37. 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

38. 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 the Charter of the United Nations, Article 19, General Assembly voting rights restriction due 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 General 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

39. Other receivables primarily include 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 this category. Material balances of other receivables are subject to specific review and an allowance for doubtful receivables assessed on the basis of recoverability and ageing.

Other assets

40. 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

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

Property, plant and equipment

42. Property, plant and equipment are classified into different groupings of similar nature, functions, useful life and valuation methodologies as: vehicles; temporary and mobile buildings; information and communications technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (building, infrastructure and asset 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 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 existed), 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 at the date of acquisition is deemed to be the cost to acquire equivalent assets.

43. Property, plant and equipment are depreciated over their estimated useful life 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 life are depreciated using the components approach. Depreciation commences in the month when the T 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:

Class	*Subclass*	*Estimated useful life*
Communication and IT equipment	IT equipment	4 years
	Communication 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

Class	*Subclass*	*Estimated useful life*
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	
	Security and safety equipment	
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	
	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

44. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated in 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, which revealed that the majority of such assets had relatively short useful lives of 10 years or less.

45. The Tribunal elected 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.

46. 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.

47. 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.

Financial liabilities: classification

48. 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 duration of less than 12 months are recognized at their nominal value. The Tribunal re-evaluates 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

49. Accounts payables and accrued expenses 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 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' honoraria and allowances liabilities

50. Judges' honoraria and allowances liabilities comprise judges' pensions, judges' relocation allowance and ad litem judges ex gratia payments.

51. 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 this valuation are recognized through the statement of changes in net assets.

52. Judges' relocation allowances: pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance equal to that of the judges of the International Court of Justice. The liability is calculated based on the rate applicable to each judge and the time value of money is not material.

53. 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 based on the monthly rate applicable to each eligible ad litem judge and the time value of money is not material.

Advance receipts and other liabilities

54. Other liabilities consist of advance receipts relating to contributions or payments received in advance, liabilities for conditional funding arrangements, assessed contributions received for future years and other deferred revenue. Advance receipts are recognized as revenue at the start of the relevant financial year or based on the Tribunal's revenue recognition policies.

Leases: the Tribunal as lessee

55. 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 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 based on the effective interest rate method.

56. 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 statement of financial performance as an expense on a straight-line basis over the lease period.

Donated rights to use

57. The Tribunal occupies land and buildings and uses infrastructure assets, machinery, and equipment through donated rights 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 in the agreement, the donated right to use arrangement is accounted for as an operating lease or finance lease.

58. In the case of operating leases, an expense and a corresponding revenue equal to the annual market rent of similar property is recognized in the financial statements. In the case of finance lease (principally with lease term over 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 and the term of the arrangement. Additionally, a liability for the same amount is recognized, which is progressively recognized as revenue over the term period.

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

60. The threshold for the recognition of revenue and expense is yearly rental value equivalent of $5,000 per donated rights to use premises, land, infrastructure, machinery and equipment.

Employee benefits

61. Employees comprise staff members, as described under 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

62. 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 grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, and home leave) provided to current employees based on services rendered. All such benefits which are accrued but not paid are recognized as current liabilities within the statement of financial position.

Post-employment benefits

63. 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

64. 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. At year-end, the Tribunal did not hold any plan assets as defined by IPSAS 25: Employee benefits.

65. 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.

66. After-service health insurance: Provides worldwide coverage for necessary medical expenses of eligible former staff members and their dependants. Upon end-of-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 after-service health insurance 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.

67. 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 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 these entitlements.

68. 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 this 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 of 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

69. The Tribunal is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3(b) of the Regulations of the Pension Fund, membership of the Pension 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.

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

Termination benefits

71. 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

72. 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

73. 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 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.

Contingent liabilities

74. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the ICTR; or present obligations that arise from past events but that 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 obligations; or the amount of the obligations cannot be reliably measured.

Contingent assets

75. 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

76. 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 (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

77. Assessed contributions for the Tribunal are 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 to 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

78. In-kind contributions of goods, above 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 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 services but to disclose in-kind contributions of service, above a threshold of $5,000 in the notes to the financial statements.

Exchange revenue

79. 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.

80. 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, service to visitors from guided tours, income from net gains resulting from currency exchange adjustments.

Investment revenue

81. 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 based on their daily balances. The Main Pool income also includes unrealized market gains and losses on securities, which is distributed proportionately to participants based on their year-end balances.

Expenses

82. 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.

83. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance, assignment, repatriation, hardship and other allowances.

84. Contractual services include non-employee compensation such as consultant fees and related allowances and benefits. Other operating expenses include any maintenance, utilities, training, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

Note 4
First implementation of IPSAS: opening balances

85. On 1 January 2014, the Tribunal adopted the International Public Sector Accounting Standards (IPSAS) accrual-based financial accounting standards; the conversion to full accrual accounting resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenue and expenses recognized.

86. Adjustments and reclassifications were made to the Tribunal's United Nations System of Accounting Standards (UNSAS) statement of assets, liabilities and reserves and fund balances as at 31 December 2013 to arrive at the 1 January 2014 IPSAS opening statement of financial position.

87. The net effect of the changes resulting from the adoption of IPSAS adjustments amounted to a $2.07 million decrease in net assets. Line-by-line adjustments to net assets are shown in the statement of changes in net assets.

Note 5
Segment reporting

88. 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.

89. These financial statements represent the activities of the Tribunal which comprises one activity which was established under a single Security Council resolution. While the budgetary process includes a breakdown that reflects the organizational structure into the Chambers, the Prosecutor and the Registry, each of those organs does not 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 its objectives and making decisions about the future allocation of resources.

90. Therefore, for segment reporting purposes, the Tribunal has one segment.

Note 6
Comparison to budget

91. Statement V: Statement of comparison of budget and actual amounts presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

92. Approved budgets are those that authorize expenses to be incurred and are approved by the General Assembly. The General Assembly, in its resolution 68/255 approved the Tribunal budget appropriations for the biennium 2014-2015. Annual budget apportionments are funded by assessments to Member States, 50 per cent in accordance with the scale of assessment applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations.

93. The original 2014 budget reflects the proportion of the biennium budget allocated to 2014. The final budget reflects the original budget appropriation with any amendments as allocated to each component in performance reports to the

General Assembly A/69/597 for the Tribunal. Differences between original and final budget amounts, all of which are smaller than 10 per cent, relate to exchange rate, inflation and vacancy changes. Explanations for material differences, those greater than 10 per cent, between the final budget amounts and actual expenditure on a modified cash basis are considered below.

	Material differences greater than 10 per cent
Tribunal	
A. The Chambers	Non-material difference.
B. The Office of the Prosecutor	Expenditure 89.9 per cent more than final budget: Costs are currently higher than budgeted owing to the significant costs of separating long-serving staff and necessary extensions of remaining staff as a result of delays in the judicial calendar.
C. Registry	Expenditure 25.1 per cent more than final budget: Expenditures are being incurred as anticipated with expenditures in the first year of the biennium greater than those anticipated in the second year owing to staff separations in line with the Tribunal completion strategy.
D. Records management and archives	Expenditure 61.6 per cent more than final budget: Expenditures are being incurred as anticipated with expenditures in the first year of the biennium greater than those anticipated for the second year with staff separated as tasks are finished in line with the Tribunal completion strategy.

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

94. 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 as follows:

Actual amounts on comparable basis (statement V)	**(63 586)**	**(298)**	**–**	**(63 884)**
Basis differences	6 901	239	–	7 140
Presentation differences	47 053	14 093	–	61 146
Actual amounts in statement of cash flows (statement IV)	**(9 632)**	**14 034**	**–**	**4 402**

95. 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 which are commitments against budget but do not represent a cash flow, outstanding

assessed contributions and payments against prior-year obligations which do not apply to 2014 must be eliminated. Similarly, IPSAS-specific differences such as cash flows relating to acquisition of property, plant and equipment, and 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 to reconcile to the statement of cash flows.

96. 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. Other presentation differences are that the amounts included in the statement of comparison of budget and actual amounts are not segregated into the operating, investing and financing activities.

97. Entity differences arise when the budget omits programmes or entities that are part of the Tribunal as reported in the statement of cash flows or vice versa. These differences represent cash flows to/from fund groups other than the Tribunal that are reported in the financial statements. There are no entity differences.

98. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As the budget reflects the 2014 proportion of the biennium, there are no timing differences.

Status of appropriations

99. In accordance with General Assembly resolution 69/254 on the financing of the Tribunal, gross appropriations for the biennium 2014-2015 and gross assessments for each year are as follows:

(Thousands of United States dollars)

	Gross appropriation
ICTR	
Initial appropriation for the biennium 2014-2015 (resolution 68/255)	93 596
First performance report for the biennium 2014-2015 (A/69/597)	1 288
Revised ICTR appropriation for the biennium 2014-2015	**94 884**
ICTR assessment for 2014	(46 798)
Remaining ICTR assessment applicable to 2015	**48 086**

Note 7
Financial instruments

(Thousands of United States dollars)

Financial instruments	*31 December 2014*
Financial assets	
Fair value through the surplus or deficit	
Short-term investments — Main Pool (Note 19)	16 095
Long-term investments — Main Pool (Note 19)	14 208
Total fair value through the surplus or deficit investments	**30 303**
Loans and receivables	
Cash and cash equivalents — Main Pool (Note 19)	8 301
Cash and cash equivalents — Other	1 240
Subtotal total cash and cash equivalents	**9 541**
Assessed contributions receivable	11 259
Other receivables (Note 8)	3 613
Other assets (excludes deferred charges) (Note 9)	834
Total loans and receivables	**25 247**
Total carrying amount of financial assets	**55 550**
Of which relates to financial assets held in the Main Pool (Note 19)	38 604
Financial liabilities at amortized cost	
Accounts payable and accrued liabilities (Note 11)	1 116
Other (Note 13)	1 379
Total carrying amount of financial liabilities	**2 495**

(Thousands of Unites States dollars)

	31 December 2014
Summary of net income from financial assets	
Share of Main Pool net interest and gains	300
Other investment loss	(61)
Total	**239**

Note 8
Other accounts receivable: receivables from exchange transactions

(Thousands of United States dollars)

Other receivables	*31 December 2014*
Governments	160
Staff members	200
Judges	21
Vendors	4
United Nations entities	758
Others	2 579
Allowance for doubtful receivables	(109)
Total	**3 613**

Note 9
Other assets

(Thousands of United States)

Other assets	*31 December 2014*
Other	834
Total	**834**
Current	834
Total	**834**

Note 10
Property, plant and equipment

100. In accordance with IPSAS 17, opening balances are initially recognized at cost or fair value as of 1 January 2014 and measured at cost thereafter. Machinery and equipment, information and communications technology and vehicles are valued using the cost method; to make the determination of opening balances, all items with a zero net book value at the IPSAS adoption date (based on the agreed useful lives) are included in the gross value of property, plant and equipment.

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

(Thousands of United States dollars)

Property, plant and equipment	*Buildings*	*Furniture & fixtures*	*IT and communications*	*Vehicles*	*Machinery & equipment*	*Total*
Cost as at 1 January 2014	560	244	4 599	1 748	1 133	8 284
Additions	–	–	191	66	63	320
Disposals	(71)	(70)	(192)	(512)	(41)	(886)
Cost as at 31 December 2014	**489**	**174**	**4 598**	**1 302**	**1 155**	**7 718**
Accumulated depreciations as at 31 December 2014	503	183	3 762	1 453	804	6 705
Depreciation	9	11	299	53	142	514
Disposals	(71)	(70)	(192)	(483)	(41)	(857)
Other changes	(1)	4	(19)	8	1	(7)
Accumulated depreciation as at 31 December 2014	**440**	**128**	**3 850**	**1 031**	**906**	**6 355**
Net carrying amount						
1 January 2014	57	61	837	295	329	1 579
31 December 2014	**49**	**46**	**748**	**271**	**249**	**1 363**

Note 11
Accounts payable and accrued liabilities

(Thousands of United States dollars)

Accounts payable and accrued liabilities	*31 December 2014*
Vendors	526
Accrued expenses	456
United Nations entities	134
Total	**1 116**

Note 12
Employee benefits liabilities

(Thousands of United States dollars)

Employee benefits liabilities	*31 December 2014*
After-service health insurance	41 153
Annual leave	3 835
Repatriation grants	6 066
Subtotal: defined benefits liabilities	**51 054**
Accrued salaries and allowances	4 227
Total	**55 281**

Employee benefits liabilities	*31 December 2014*
Current	14 891
Non-current	40 390
Total	**55 281**

102. The liabilities arising from post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Rules and Staff Regulations of the United Nations. The most recent actuarial valuation was conducted as at 31 December 2014.

Actuarial valuation — assumptions

103. 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 the employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations in the 31 December 2014 full valuation are:

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates: 31 December 2013	4.96%	4.08%	4.25%
Discount rates: 31 December 2014	4.01%	3.29%	3.40%
Inflation: 31 December 2013	4.50-7.30%	2.50%	–
Inflation: 31 December 2014	4.50-6.80%	2.25%	–

104. Discount rates are based on a weighted blend of three discount rate assumptions based on the currency denomination of the different cash flows: United States dollars (Citigroup Pension Discount Curve, Euros (Euro area government yield curve) and Swiss Francs (the Federation bonds yield curve). Consistent with the decrease observed since 31 December 2013 of interest rates of all maturities in the three areas, lower discount rates were applied in the 2014 valuation.

105. 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 the after-service health insurance plan cost increases and economic environment. Medical cost trends assumptions that were used for the valuation as at 31 December 2013, which included escalation rates for future years, were maintained since no significant evolution regarding medical trend has been observed. At 31 December 2014 these escalation rates were a flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans, health-care escalation rates of 6.8 per cent for all other medical plans (except 6.1 per cent for the United States Medicare plan, and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over nine years.

106. With regard to valuation of repatriation benefits as at 31 December 2014, inflation in travel costs was assumed at 2.25 per cent based on the projected United States inflation rate over the next 10 years.

107. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1-3 years — 10.9 days; 4-8 years — 1 day; and over 8 years — 0.5 days up to the maximum of 60 days. Since the annual leave actuarial valuation method under UNSAS was not in compliance with IPSAS, the actuarial valuation method for the 1 January 2014 IPSAS opening balances and the 31 December closing balances was changed from the straight line to the attribution method. The opening balances impact of this change was an increase in liability of $2.366 million, which is disclosed in the statement of changes in net assets.

108. 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 Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	Total
Net defined benefit liability at 1 January 2014	55 282
Current service cost	1 909
Interest cost	2 554
Past service costs/curtailments/settlements	(4 463)
Total costs recognized in the Statement of Financial Performance	–
Actuarial (gains) recognized directly in the Statement of Changes in Net Assets	(4 228)
Net recognized liability at 31 December 2014	**51 054**

Discount rate sensitivity analysis

109. The changes in discount rates are driven by the discount curve, which is calculated based on corporate and government bonds. The bonds markets vary over the reporting year and the volatility impacts the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as follows:

(Thousands of United States dollars)

Discount rate sensitivity to end-of-year employee benefit liabilities	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(7 093)	(439)	(321)
Decrease of discount rate by 1 per cent	8 033	502	374

Medical costs sensitivity analysis

110. The principal assumption in the valuation of the 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 due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate.

Should the medical cost trend assumption vary by 1 per cent, it would impact the measurement of the defined-benefit obligations as follows:

(Thousands of United States dollars)

1 per cent movement in the assumed medical costs trend rates	*Increase*	*Decrease*
Effect on the defined-benefit obligation	8 072	(7 187)
Effect on the aggregate of the current service cost and interest cost	323	(288)

Other defined benefit plan information

111. The General Assembly, in its resolution 67/257, endorsed the decision of the International Civil Service Commission in its report to support the recommendation of the Pension Fund to raise the mandatory age of retirement to 65 years for new staff effective 1 January 2014. Actuaries determined that this increase in the normal age of retirement would not have a material effect on the valuation of these liabilities.

Accrued salaries and allowances

112. Accrued salaries and allowances as of 31 December 2014 consist of accruals for home leave ($0.3 million), repatriation allowance ($0.7million) and separation entitlements for staff separated as at 31 December 2014 ($3.1 million). The Tribunal recognized no termination benefits in the year.

United Nations Joint Staff Pension Fund

113. The Regulations of the Pension Fund state that the United Nations Joint Staff 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.

114. The Tribunal's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

115. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent (1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration,

compared to the actual contribution rate of 23.7 per cent. The next actuarial valuation will be conducted as at 31 December 2015.

116. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.50 per cent (130.00 per cent in the 2011 valuation). The funded ratio was 91.20 per cent (86.20 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

117. After assessing the actuarial sufficiency of the Pension Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under article 26 of the Regulations of the 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 of the valuation date. At the time of the present report, the General Assembly has not invoked the provision of article 26.

118. In December 2012 and April 2013, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation, respectively, for new participants of the Fund, with effect not later than from 1 January 2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Pension Fund as of 31 December 2013. The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments which can be viewed by visiting the Pension Fund website at www.unjspf.org.

119. During 2014, the Tribunal's contributions paid to Pension Fund amounted to $0.69 million.

Note 13
Judges' honoraria and allowances liabilities

(Thousands of United States dollars)

Judges' honoraria and allowances liabilities	*31 December 2014*
Judges' pension (defined benefit valuation)	22 127
Judges' relocation allowances	465
Ad litem judges' ex gratia payments	136
Total	**22 728**
Current	1 379
Non-current	21 349
Total	**22 728**

120. The key assumption for the valuation of judges' pension benefits liabilities is the discount rate of 3.57 per cent (31 December 2013: 4.46 per cent). The inflation assumption for relocation allowances is 2.50 per cent (31 December 2013: 2.50 per cent).

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

	Total
Net defined benefit liability at 1 January 2014	21 579
Current service cost	369
Interest cost	–
Past service costs/curtailments/settlements	(522)
Total costs recognized in the statement of financial performance	**(153)**
Actuarial losses recognized directly in the statement of changes in net assets	701
Net recognized liability at 31 December 2014	**22 127**

Note 14
Provisions

(Thousands of United States dollars)

Movement in provisions	*Litigation and claims*
Opening balance as at 1 January 2014	–
Additional provisions made	64
Closing balance as at 31 December 2014	**64**

Note 15
Advance receipts

121. Advance receipts represent contributions or payments received in advance which amount to $0.181 million.

Note 16
Net assets

122. Net assets are comprised of the accumulated surpluses/deficits which represent the residual interest in the assets of the Tribunal after deducting all its liabilities.

Note 17
Revenue

Assessed contributions

123. Assessed contributions of $46.8 million have been recorded for the Tribunal in accordance with the Financial Regulations and Rules, the relevant General Assembly resolutions and the policies of the United Nations.

Other exchange revenue

124. These comprise revenue for services rendered, other miscellaneous income and refund from prior-period expenditures.

(Thousands of United States dollars)

Other exchange revenue	*31 December 2014*
Revenue for services rendered	100
Refunds from prior-year expenditures	63
Donated right to use revenue	92
Total	**255**

Note 18
Expenses

Employee salaries, allowances and benefits

125. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. Allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	31 December 2014
Salary, other staff costs	51 663
Total	**51 663**

Judges' honoraria and allowances

126. Honoraria and allowances include pensions, ad litem judges' ex gratia payments and relocation and other allowances.

(Thousands of United States dollars)

	31 December 2014
Judges' honoraria and other allowances	1 878
Judges' pension cost	821
Total	**2 699**

Contractual services

127. Contractual services expenses include non-employee compensation and allowances consist of defence council and consultant fees.

(Thousands of United States dollars)

	31 December 2014
Defence Council	192
Consultants	75
Other	1 233
Total	**1 500**

Travel

128. Travel expenses include all staff and non-staff travel which is not considered to be an employee allowance/benefit.

(Thousands of United States dollars)

	31 December 2014
Staff	506
Non-staff	406
Total	**912**

Other operating expenses

129. Other operating expenses include maintenance, utilities, training, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

(Thousands of United States dollars)

	31 December 2014
Rent	860
Utilities	254
Communications	200
Supplies and equipment	311
Other operating expenses	900
Total	**2 525**

Other expenses

130. Other expenses relate to hospitality and official functions, foreign exchange losses, losses on sale of property, plant and equipment and donation/transfer of assets.

(Thousands of United States dollars)

	31 December 2014
Foreign exchange losses	48
Loss on disposal of equipment	30
Total	**78**

Note 19
Financial instruments and financial risk management

Main Pool

131. In addition to directly held cash and cash equivalents, the Tribunal participates in the United Nations Main Pool. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities. The allocation of Main Pool assets (cash and cash equivalents, short-term and long-term investments) and income is based on each participating entity's principal balance. As at 31 December 2014, the Main Pool held total assets of $9,462.8 million; of this amount $38.6 million was due to the Tribunal.

(Thousands of United States dollars)

Summary of assets and liabilities in the Main Pool	*31 December 2014*
Fair value through the surplus or deficit	
Short-term investments	3 930 497
Long-term investments	3 482 641
Total fair value through the surplus or deficit investments	**7 413 138**
Loans and receivables	
Cash and cash equivalents — Main Pool	2 034 824
Accrued investment income	14 842
Total loans and receivables	**2 049 666**
Total carrying amount of financial assets	**9 462 804**
Main Pool liabilities	
Payable to the Tribunal	38 604
Payable to other Main Pool participants	9 424 200
Total carrying amount of financial liabilities	**9 462 804**
Main Pool net assets	**–**
Summary of net income from Main Pool	
Investment revenue	62 511
Financial exchange (losses)	(7 064)
Unrealized (losses)	(3 084)
Bank fees	(214)
Net income from Main Pool	**52 149**

Financial risk management: overview

132. The Tribunal is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

133. This note presents information on the Tribunal's exposure to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: framework

134. The Tribunal's risk management practices are in accordance with its Financial Regulations and Rules and Investment Management Guidelines. The Tribunal defines the capital that it manages as the aggregate of its net assets which is composed of accumulated fund balances. Its objectives are to safeguard its ability to continue as a going concern, to fund its operations and to fulfil its mandated objectives. The Tribunal manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

135. The United Nations Treasury is responsible for investment and risk management for the Main Pool, including conducting investment activities in accordance with the Guidelines.

136. The investment management objectives are 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.

137. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto. Other than disclosed, the Tribunal has not identified any further risk concentrations arising from financial instruments.

Credit risk

138. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables. The carrying value of financial assets less impairment is the maximum exposure to credit risk.

Credit risk management

139. The Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible 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, mortgage-backed securities or in equity products.

Credit risk: receivables

140. A large portion of receivables is due from entities which do not have significant credit risk. As at the reporting date, the Tribunal does not hold any collateral as security for receivables.

141. The Tribunal evaluates the allowance of doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the Tribunal will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approve write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year was:

(Thousands of United States dollars)

Movement in the allowance for doubtful receivables	
As at 1 January 2014	210
Additional allowance for doubtful receivables	48
Receivables written off during the period as uncollectable	(149)
Unused amounts reversed	–
As at 31 December 2014	**109**

Credit risk: assessed contributions

142. The ageing of assessed contributions receivable and associated allowance is:

(Thousands of United States dollars)

Ageing of assessed contributions receivable	*Gross receivable*	*Allowance*
Neither past due nor impaired	–	–
Less than one year	7 024	–
One to two years	887	–
Over two years	3 383	35
Total	**11 294**	**35**

Credit risk: other receivables

143. The ageing of other receivables and associated allowance is:

(Thousands of United States dollars)

Ageing of other receivables	*Gross receivable*	*Allowance*
Neither past due nor impaired	–	–
Less than one year	3 500	–
One to two years	115	25
Over two years	107	84
Total	**3 722**	**109**

Credit risk: cash and cash equivalents

144. The Tribunal held cash and cash equivalents of $9.5 million at 31 December 2014, which is the maximum credit exposure on these assets.

Credit risk: Main Pool

145. The 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. The credit ratings used are those determined by major credit-rating agencies; Standard & Poor's (S&P), 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 Main Pool credit ratings were:

Main Pool: credit ratings as at 31 December 2014

	Main Cash Pool ratings
Bonds	S&P: 31.2% AAA, 59.8% AA+/AA/AA- and 1.3% A+; 7.7% not rated by S&P; Moody's: 69.3% Aaa and 30.7% Aa1/Aa2/Aa3; Fitch: 52.2% AAA, 21.4% AA+/AA/AA- and 26.4% not rated
Discounted Instruments	S&P: 100% A-1+; Moody's: 70.0% P-1; 30.0% not rated; Fitch: 90.0% F1+ and 10.0% not rated
Term Deposits	Fitch: 64.1% aa- and 35.9% a+/a/a-

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

Liquidity risk

147. Liquidity risk is the risk that the Tribunal might not have adequate funds to meet its obligations as they fall due. The Tribunal's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage the Tribunal's reputation.

148. The Financial Regulations and Rules require that expenses be incurred after receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to contributions which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to the amounts receivable.

149. The Tribunal and the United Nations Treasury perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure they have sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The Tribunal maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

Liquidity risk: Main Pool

150. 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 one day's notice to support operational requirements. Main Pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

151. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to receivables, cash and investments available to the entity and internal policies and procedures put in place to ensure that there were appropriate resources to meet its financial obligations. At the reporting date, the Tribunal has not pledged any collateral for any liabilities or contingent liabilities and in the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the Tribunal can be required to settle each financial liability are:

Maturities for financial liabilities as at 31 December 2014

(Undiscounted thousands of United States dollars)

	Within 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable	16 007	–	–	16 007
Judges' benefits liabilities	1 379	–	–	1 379
Total	**17 386**	**–**	**–**	**17 386**

Market risk

152. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities will affect the Tribunal's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the Tribunal's fiscal position.

Market risk: currency risk

153. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Tribunal has transactions, assets and liabilities in currencies other than in its functional currency and is exposed to limited currency risk arising from fluctuations in exchange rates. Management policies and the Guidelines require the Tribunal to manage its currency risk exposure. Given the Tribunal's share of the Main Pool and that the Main Pool is predominantly denominated in United States dollars, the Tribunal has limited currency risk relating to Main Pool assets. Therefore, in conjunction with the low risk for other financial instruments, the Tribunal considers currency risk to be low.

Market risk: interest rate risk

154. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows because of changes in interest rates. In general, as interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest-rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest-rate risk.

155. Fixed-rate cash and cash equivalents and investments are the Tribunal's interest-bearing financial instruments. The Main Pool is its main exposure to interest risk. As at the reporting date, the Main Pool invested primarily in securities with shorter terms to maturity, with the maximum being less than five years. The average duration of the Main Pool was 1.1 years, which is considered to be an indicator of low risk.

Market risk: Main Pool interest rate risk sensitivity analysis

156. 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. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase/decrease of 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 (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main Pool interest rate risk sensitivity analysis as at 31 December 2014

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):									
Tribunal share of Main Pool sensitivity	0.84	0.63	0.42	0.21	–	(0.21)	(0.42)	(0.63)	(0.84)

Market risk: other

157. The Main Pool is not exposed to significant other price risk, as it does not sell short, or borrow securities, or purchase securities on margin, which limits the potential loss of capital. The Tribunal is not exposed to significant other price risk as it has limited exposure to price-related risk related to expected purchases of certain commodities used regularly in operations. A change in those prices may alter cash flows by an immaterial amount.

Accounting classifications and fair value

158. The carrying value of fair value through surplus or deficit investments is fair value. For cash and cash equivalents, receivables and payables, carrying value is a fair approximation of fair value.

Fair value hierarchy

159. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- 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 (i.e., derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

160. 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 based on 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.

161. 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.

162. The following fair value hierarchy presents the Main Pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets nor any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

(Thousands of United States dollars)

Fair value hierarchy — Total Main Pool	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit			
Main Pool			
Bonds — Non-United States agencies	2 154 956	–	2 154 956
Bonds — Non-United States Sovereigns	691 489	–	691 489
Bonds — Supranationals	440 169	–	440 169
Bonds — United States Treasuries	1 297 290	–	1 297 290
Discounted Instruments	999 234	–	999 234
Term deposits	–	1 830 000	1 830 000
Total Main Pool	**5 583 138**	**1 830 000**	**7 413 138**

Note 20
Related parties

Key management personnel

163. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions. For the Tribunal, key management personnel comprises the Under-Secretary-General-level President and Prosecutor roles, the Registrar at the Assistant Secretary-General level (who together constitute

the Coordination Council of the Tribunal) and the Tribunal Registry's Chiefs of Administration. They all have the relevant authority and responsibility for planning, directing and controlling the Tribunal's activities.

164. The aggregate remuneration paid by the Tribunal includes net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions.

	Coordination Councils	*Other leadership*	*Total*
Number of positions (full-time equivalents)	**3**	**1**	**4**
Aggregate remuneration	862	202	1 064
Other compensation/entitlements	–	–	–
Total remuneration for the year	**862**	**202**	**1 064**
Outstanding loans and advances as at 31 December 2014	–	–	–

165. 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 staff rules and regulations; any such advances against entitlements are widely available to all staff of the Tribunal.

Related entity transactions

166. 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 then subsequently settled.

Trust fund activities

167. The following fund, which supports the activities of the Tribunal, is structured as a trust fund and accordingly appears in volume I of the United Nations financial statements. The reserves and fund balances of the trust fund as at 31 December 2014 are:

(Thousands of United States dollars)

Activities related to the Tribunal funded by Trust Funds	*Reserves and fund balance as at 31 December 2014*
Trust Fund for the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	210

Balances reflected in the Tax Equalization Fund

168. These 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 volume I of the financial statements of the United Nations which also has a financial reporting date of 31 December.

169. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Tax Equalization Fund operationally reports as income the staff assessment in respect of staff members financed under the regular budget, and the International Criminal Tribunal for Rwanda and assessed peacekeeping operations. The Tax Equalization Fund includes as expenditure the credits against the regular budget, the Tribunal and peacekeeping, assessments of Member States that do not levy taxes on the United Nations income of their nationals.

170. Member States that do levy income taxes on their nationals working for the Tribunal do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

171. As at 31 December 2014, as reflected in the latest unaudited financial statements for United Nations, volume I, the cumulative surplus of the Tax Equalization Fund payable to the United States of America was $36.8 million. In addition, the Tax Equalization Fund had an estimated tax liability of $23.3 million relating to the 2014 and prior tax years which was disbursed in the first two quarters of 2015. The Tax Equalization Fund had fund balances and reserves of $36.5 million.

Note 21
Leases and commitments

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 the year were $0.945 million. This total includes $0.09 million, towards donated right-to-use arrangements, for which corresponding revenue is recognized in the statement of financial performance.

173. As the Tribunal is expected to cease operations in 2015, management has made arrangements to terminate lease arrangements at a time appropriate to the scheduled closure of the Tribunal.

Open contractual commitments

174. At the reporting date, the commitments for property, plant and equipment (including contractual commitments for assets under construction) and goods and services contracted but not delivered were:

(Thousands of United States dollars)

	As at 31 December 2014
Goods and services	1 119
Total open contractual commitments	**1 119**

Note 22
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. At the reporting date, corporate and commercial and legal law claims totalled $0.014 million, which consisted of one Tribunal case. Management does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on its financial position, performance or cash flows. At the reporting date, the Tribunal had no contingent assets.

Note 23
Future operations

176. The Security Council decided, in its resolution 1966 (2010), to establish the International Residual Mechanism for Criminal Tribunals, with two branches in order to carry out a number of essential functions, such as the trial of fugitives, after the closure of Tribunal for Rwanda and the Tribunal for the Former Yugoslavia. The Arusha branch commenced operations on 1 July 2012 for an initial period of four years. During the initial period of the work of the Residual Mechanism, there will be a temporary overlap with the ICTR and the ICTY as these institutions complete outstanding work on any trial or appeal proceedings which are pending as of the commencement dates of the respective branches of the Residual Mechanism. The Residual Mechanism coexisted with both Tribunals during the year and shared resources and provided mutual support and coordination.

177. The President of the Criminal Tribunal for Rwanda submitted a letter to the Security Council on 15 May 2015 (S/2015/340) transmitting the assessments of the President's and Prosecutor's implementation of the Tribunal completion strategy. Also on 15 May 2015, the President of the Criminal Tribunal for the Former Yugoslavia submitted a letter (S/2015/342) transmitting the President's and Prosecutor's assessments of that Tribunal's implementation of its completion strategy, the support for the Residual Mechanism and the completion of the trials and appeals procedures.

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

Note 24
Events after the reporting date

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

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