



**United Nations**

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

# **Financial report and audited financial statements**

**for the biennium ended 31 December 2005  
and**

## **Report of the Board of Auditors**

**General Assembly  
Official Records  
Sixty-first Session  
Supplement No. 5L (A/61/5/Add.12)**

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

**Financial report and audited financial  
statements**

**for the biennium ended 31 December 2005 and**

**Report of the Board of Auditors**



United Nations • New York, 2006



*Note*

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

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## Letters of transmittal

31 March 2006

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, for the biennium 2004-2005, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

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

*(Signed)* Kofi A. **Annan**

Mr. Guillermo N. Carague  
Chairman  
United Nations Board of Auditors  
New York

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28 July 2006

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, for the biennium ended 31 December 2005.

(Signed) Guillermo **Carague**  
Chairman, Philippine Commission on Audit  
and Chairman  
United Nations Board of Auditors

The President of the General Assembly  
of the United Nations  
New York



## Chapter I

### Financial report for the biennium ended 31 December 2005

#### A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2005. The accounts consist of four statements, the related notes and supplementary information contained in the annex to the present chapter.
2. The present financial report, the audited financial statements and the report of the Board of Auditors, along with the associated report of the Advisory Committee on Administrative and Budgetary Questions, will be submitted to the General Assembly at its sixty-first session.
3. The financial report, which is designed to be read in conjunction with the financial statements, can also be considered alone. The annex includes technical information that is required by the Financial Regulations and Rules to be reported to the Board of Auditors.

#### B. Overview

4. Statements I to IV of the accounts summarize the financial results of the International Tribunal for the Former Yugoslavia for the biennium 2004-2005. Statement I includes all categories of income and expenditure incurred during the biennium. Statement II includes a summary of assets, liabilities and reserves and fund balances as at 31 December 2005. Statement III summarizes the Tribunal's net cash flows for the period and statement IV shows the appropriation and expenditures during the biennium.
5. The cash position of the International Tribunal for the Former Yugoslavia has improved considerably since the last biennium. As at 31 December 2005, unpaid assessments totalled \$13.7 million, which represents a decrease of 74 per cent when compared to the amount of \$53.3 million that was outstanding as of 31 December 2003. In addition, the cash position has improved because there was a net excess of income over expenditure of \$54.2 million in the current biennium. Consequently, the Tribunal has repaid loans of \$48.0 million that were outstanding as at 31 December 2003, and its share of the United Nations cash pool as at 31 December 2005 had increased to \$45.3 million compared to \$0.7 million as at the end of 2003.
6. The budget of the Tribunal for the biennium 2004-2005 totalled \$308.3 million, as appropriated by the General Assembly in its resolutions 58/255, 59/274 and 60/242. Actual expenditure for the biennium totalled \$302.7 million, leaving an unencumbered balance of \$5.6 million. The 2004-2005 total expenditure of \$302.7 million represented an increase of 6.5 per cent over total expenditure in the 2002-2003 biennium of \$284.3 million. The following table shows the amount of expenditure by functional category:

(Thousands of United States dollars)

<i>Functional category</i>	<i>2005</i>	<i>2003</i>
Staff and other personnel costs	225 232	201 292
Travel	6 045	8 049
Contractual services	40 191	44 166
Operating expenses	24 370	21 183
Acquisitions	6 670	9 351
Other	148	273
<b>Total</b>	<b>302 656</b>	<b>284 314</b>

The following table shows expenditure by functional category as a percentage of the total:

(Percentage)

<i>Functional category</i>	<i>2005</i>	<i>2003</i>
Staff and other personnel costs	74.4	70.8
Travel	2.0	2.8
Contractual services	13.3	15.5
Operating expenses	8.0	7.5
Acquisitions	2.2	3.3
Other	0.1	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

7. At the end of 2005, the Tribunal had a fund balance of \$48.4 million, comprising a net excess of expenditure over income during the biennium of \$54.2 million and savings and/or cancellations of prior-period obligations of \$6.8 million, offset by negative \$12.6 million in reserves brought forward from the previous biennium.

## **Annex**

### **Supplementary information**

1. The present annex includes supplementary information that the Secretary-General is required to report.

#### **Write-off of losses of cash and receivables**

2. In accordance with financial rule 106.8, receivables amounting to \$29,606 were written off during the biennium 2004-2005. A summary statement of losses was provided to the Board of Auditors in compliance with the provisions of financial rule 106.8.

#### **Write-off of losses of property**

3. In accordance with financial rule 106.9, property losses amounting to \$22,972 were written off during the biennium 2004-2005. The losses are based on the original cost of the properties and include write-offs arising from shortfalls, theft, damage and accidents. The write-offs bring the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. A summary statement showing the inventory values of non-expendable equipment as well as property write-offs was provided to the Board in accordance with financial rule 106.9.

#### **Ex gratia payments**

4. There were no ex gratia payments during the biennium 2004-2005.

## Chapter II

### Report of the Board of Auditors

#### *Summary*

The Board of Auditors has reviewed the operations of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Law Committed in the Territory of the Former Yugoslavia since 1991, and has also audited its financial statements for the biennium ended 31 December 2005.

#### **Exchange rate variations**

The financial position of the Tribunal was particularly affected by variations in the exchange rate between the dollar and the euro; in the absence of specific information in this regard, it is difficult to make comparisons between financial periods.

#### **Completion of the Tribunal's work**

There is serious uncertainty concerning the Tribunal's ability to complete its work by the end of 2010. No analysis has been undertaken of the impact of a bonus for staff who agree to remain in their posts until the final closure of the Tribunal.

#### **Working languages**

The two working languages (French and English) are not treated equitably.

The Board made recommendations on the improvement of financial management and reporting and on programme management in the light of the above findings and on a number of less important issues. The Tribunal took immediate action on most of the recommendations, although certain recommendations have not yet been implemented. In May 2006, the Administration planned to implement a number of appropriate remedies.

A list of the Board's main recommendations is provided in paragraph 10.

#### **A. Introduction**

1. The Board of Auditors has audited the financial statements and reviewed the operations of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium 2004-2005, ended 31 December 2005, in accordance with General Assembly resolution 74 (I) of 7 December 1946.

2. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies, the International Atomic Energy Agency and the International Standards on Auditing. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free

of material misstatement. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the biennium 2004-2005, ended 31 December 2005, had been incurred for the purposes approved by the General Assembly; whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements of the Tribunal presented fairly its financial position as at 31 December 2005 and the result of the operations for the period then ended. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered necessary in order to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under article 7.5 of the Financial Regulations and Rules. The review primarily focused on the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of the Tribunal.

4. The Board continued its practice of reporting to the Administration the results of specific audits in management letters containing detailed observations and recommendations. This practice helped to maintain an ongoing dialogue with the Administration on audit issues.

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

6. A summary of the Board's main recommendations is contained in paragraph 10 below. The detailed findings are discussed in paragraphs 12 to 17.

## **1. Previous recommendations not fully implemented**

### *Biennium ended 31 December 2003<sup>1</sup>*

7. For the biennium ended 31 December 2003, out of a total of 13 recommendations, 6 (46 per cent) had been implemented as at May 2006, 5 (38 per cent) were under implementation and 1 (8 per cent) was no longer valid (see annex).

### *Age of the previous recommendations*

8. The Board examined the age of its previous recommendations which had not been fully implemented (as requested by the Advisory Committee on Administrative and Budgetary Questions in paragraph 8 of its report of 22 April 2005 (A/59/736) and in paragraphs 12 and 20 of its report of 28 September 2005 (A/60/387)).

9. Out of a total of 7 recommendations not fully implemented, 6 (86 per cent) relate to the biennium ended 31 December 2003 and 1 (14 per cent) to the biennium ended 31 December 2001. The comments of the Board on the recommendations not fully implemented are contained in the present report.

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<sup>1</sup> *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5L (A/59/5/Add.12), chap. II.*

## 2. Main recommendations

### 10. The Board recommends that the Administration should:

- (a) **Provide information on exchange rate variations in a note to the financial statements (para. 20);**
- (b) **Act rapidly to resolve the issue of judges' pensions (para. 28);**
- (c) **Ensure that the Tribunal completes its work within a time frame consistent with its closure date (para. 35);**
- (d) **Ensure greater respect for the principle of bilingualism in Tribunal documents (para. 47).**

11. The Board's other recommendations appear in paragraphs 17, 24, 39, 42, 52, 54 and 57.

## B. Detailed findings and recommendations

### 1. Financial overview

12. The Tribunal's financial position has improved by comparison with the biennium 2002-2003 (see table below). This improvement is due to a marked reduction in unpaid assessed contributions and to a significant excess of income over expenditure. The excess of income over expenditure arising from the Tribunal's activities amounted to \$54.3 million as at 31 December 2005, whereas there was a deficit of \$18.6 million for the previous biennium.

13. During the biennium 2004-2005, income increased by 34 per cent — from \$265.7 million in the biennium 2002-2003 to \$357 million in 2004-2005 — owing to an increase in the level of assessed contributions received, which rose from \$249 million in 2002-2003 to \$355 million in 2004-2005. Expenditures increased by 6 per cent, from \$284.3 million in the biennium 2002-2003 to \$302.7 million in 2004-2005, and related mainly to staff costs (74 per cent of total expenditure), contractual services (13 per cent) and operating expenses (8 per cent).

14. Consequently, the Tribunal was able to repay \$48 million in debt owed to other funds that was outstanding at the end of the biennium 2002-2003 and to rebuild its reserves, which stood at \$48.4 million as at 31 December 2005, compared with a negative fund balance of \$12.6 million as at 31 December 2003.

### Key financial indicators

<i>Description of ratio</i>	<i>Biennium</i>	
	<i>2004-2005</i>	<i>2002-2003</i>
Assessed contributions outstanding/total assets <sup>a</sup>	0.10	0.38
Cash liability <sup>b</sup>	0.51	0.03

<sup>a</sup> A low indicator may depict a healthy financial position.

<sup>b</sup> A high indicator reflects the extent of cash available to settle debts.

15. By contrast with the previous biennium, unpaid assessments fell, standing at only \$13.75 million, compared with \$53.31 million at year-end 2003. The positive evolution of the Tribunal's financial position was attributable to improved collection of assessed contributions.

16. The prospect of the Tribunal's imminent closure should prompt it to intensify its efforts to reduce still further the level of unpaid assessments.

**17. The Board notes, with regard to the level of unpaid assessments (see resolution 58/253 of 23 December 2003, paragraph 3), that significant progress has been made in the biennium 2004-2005 and invites Member States to pursue their efforts to pay their assessed contributions on time, in full and without conditions.**

## **2. United Nations system accounting standards**

18. The Board assessed the extent to which the financial statements of the Tribunal for the biennium ended 31 December 2005 conformed to the United Nations system accounting standards. The review indicated that the financial statements were generally consistent with the standards.

## **3. Information on variations in exchange rates**

19. While the financial statements are drawn up in United States dollars, expenditures are incurred mainly in euros. Owing to the decline of the dollar between the biennium 2002-2003 (average exchange rate: 1 United States dollar to 0.98 euro) and the biennium 2004-2005 (average exchange rate: 1 United States dollar to 0.81 euro), the Tribunal had to deal with an increase in its expenditures when calculated in United States dollars. In his reports in documents A/59/547 and A/60/575, the Secretary-General estimated that variations in the exchange rate accounted for \$31.3 million of the additional expenditures in the biennium 2004-2005.

20. In order to ensure that Member States are adequately informed and that financial documents can be compared over time, **the Board calls on the Secretariat to provide information on exchange rate variations in a supporting note. This document could be annexed to the financial statements.**

## **4. Deferred charges: prison cell lease contracts**

21. The Government of the Netherlands leases prison cells and guard services to the Tribunal. Under this arrangement, the Tribunal leases 68 cells, having added 32 cells to the 36 that were leased in 1991.

22. The cost of leasing the cells is revised annually and the Tribunal receives notice of the following year's amount on 1 October of each year. Thus far, the amount has risen by 1 per cent per year. Since 2004, however, the Tribunal has made provision for an increase of 5 per cent. The deferred charges have thus been consistently inflated.

23. Accordingly, as a result of this provision, the deferred charges included in the financial statements were overestimated by a significant amount.

**24. The Tribunal concurred with the Board's finding and made the necessary adjustment to its financial statements.**

## **5. Liabilities for end-of-service and post-retirement benefits**

25. In its financial statements for the biennium 2004-2005, the Tribunal inserted an updated note concerning the valuation of future liabilities for end-of-service and post-retirement benefits.

26. The valuation, carried out by consultants, revealed a net accrued liability of \$17.5 million. The Secretary-General, in his report of 27 October 2005 to the General Assembly (A/60/450 and Corr.1), proposed in paragraph 16 (a) (ii), that the liability should be financed through the application of a charge representing 4 per cent of the Tribunal's annual payroll. The General Assembly has not yet taken action on this proposal.

27. The Tribunal pays its judges' pensions directly. The completion of the Tribunal's trial activities at first instance, scheduled for 2008, will result in the departure of many of its judges, some of whom will be entitled to benefits. The resources needed for these payments should be included in the 2008 budget, an outline of which will be drawn up in the spring of 2007.

**28. The Board reiterates its concern about the Tribunal's effective capacity to cover its liabilities for end-of-service and post-retirement benefits.**

## **6. Write-off of losses of cash, receivables and property**

29. Receivables in the amount of \$29,606 and property valued at \$22,972 were written off in the biennium 2004-2005; the total amount written off was thus \$52,578.

## **7. Ex gratia payments**

30. The Tribunal informed the Board that no ex gratia payment had been made during the financial period ended 31 December 2005.

# **C. Management issues**

## **1. Completion strategy**

31. The Security Council endorsed, on 23 July 2002, a completion strategy of the Tribunal (S/2002/678), as recommended by the Board in its report.<sup>2</sup> The strategy relies on the cooperation of Member States in handing over evidence and on the possibility of referring cases to national courts. It is also based on a number of objectives for the Chambers and the Registry, which underlie the completion of the Tribunal's mandate within the revised time frame (2010).

32. Further supplementary measures were described in a letter dated 14 December 2005 from the President of the Tribunal addressed to the President of the Security Council (S/2005/781). These measures include the joinder of cases involving similar charges. Between April 2005 and February 2006, 39 joint cases involving 21 defendants were recorded by the Prosecutor.

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<sup>2</sup> Ibid., *Fifty-seventh Session, Supplement No. 5L* and Corrigendum (A/57/5/Add.12 and Corr.1), para. 32.



33. The President of the Tribunal, in the above-mentioned letter, informed the Security Council that the possibility of concluding trial activity by the end of 2009 was subject to factors beyond the Tribunal's control, such as the legal actions taken by defendants or the degree of success in arresting indictees.

34. A number of factors have increased the Board's misgivings about the Tribunal's ability to complete its work by the 2010 deadline. The average stay of witnesses rose from 5.4 days in 2004 to 8.3 days in 2005, greatly exceeding the 5-day target. The transfer of lower-level cases to national jurisdictions, which was to have been implemented by the end of 2004 with respect to the State Court of Bosnia and Herzegovina, has not yet taken place. During the biennium 2004-2005, a total of only four indictees were transferred to national jurisdictions; this is far from the target of 24 transfers set out in the Secretary-General's 2003 report (A/58/226).

**35. The Board notes the measures taken by the Tribunal with a view to completing its work in 2010. However, the Board reiterates its concern as to whether this time frame is realistic, given the current pace of the Tribunal's activities.**

36. The Tribunal confirms that, in its President's most recent presentation to the Security Council, he reiterated the conditions that must be met in order to enable the Tribunal to fulfil its mandate. All of these conditions (support from Member States, capture of remaining fugitives, etc.) involve issues that go beyond the Tribunal's jurisdiction.

## **2. Staff allowances**

37. Receivables in this category consist primarily of unused travel advances and education grant advances, including one advance of \$25,659.

38. Under certain conditions, rental subsidies may be paid to staff. In a number of cases, these subsidies continued to be paid even after the staff member's entitlement to them had expired.

**39. The Board recommends the speedy introduction by the Tribunal of procedures to improve the recovery of amounts due from staff.**

40. The Tribunal indicated that it had reviewed the existing procedures and improved controls with respect to the final salaries and separation payments made for staff members leaving the Tribunal.

41. The Board noted that staff repatriation costs had doubled between the biennium ended 31 December 2003 and the one ended 31 December 2005. An analysis of these amounts, as they appear in the financial statements for 31 December 2005, showed that 40 per cent of claims for repatriation grant (totalling \$329,500) were more than two years old. However, rule 109.5 of the United Nations Staff Rules provides that entitlement to the grant ceases two years after the effective date of separation.

**42. The Board recommends that the Tribunal should regularly review the amounts budgeted to cover repatriation costs to ensure that they are not overestimated.**

### 3. Bilingualism

43. In its 2005 management letter, the Board requested the Tribunal to apply the rules regarding the two working languages strictly. Accordingly, all post vacancies and related documents must be published in English and French.

44. However, the situation has not changed significantly with regard to recruitment. The three support staff vacancies were advertised only in English. By contrast, all vacancies for professional staff were advertised in English and French.

45. The 2005 management letter pointed out 10 examples of judgements or decisions published on the Internet only in English. At the time of the audit, nine were still not available in French.

46. There continue to be fewer documents available in French than in English. At the end of 2003, only 75 per cent of documents in English had been translated into French. That figure had dropped to only 69 per cent at the end of 2005.

**47. The Board recommends that the Tribunal should ensure parity between the two working languages.**

48. The Tribunal pointed out that it had redeployed its resources with the aim of recruiting more French-speaking staff.

### 4. Premises in Sarajevo

49. Until its liquidation in June 2003, the United Nations Mission in Bosnia and Herzegovina (UNMIBH) occupied a 10-storey building in Sarajevo. In exchange for entire renovation, its owner, a local university, granted free occupancy to the United Nations until 2008 or until the United Nations presence in Bosnia and Herzegovina ceases to exist, whichever is earlier.

50. In 2003, the Tribunal took over as the lead agency for United Nations House after an unsuccessful appeal to other United Nations agencies with operations in Sarajevo to move into the building and assume responsibility for its operation. In December 2005, the Tribunal requested the assistance of the United Nations in identifying another United Nations entity willing to assume responsibility starting in 2006. The Tribunal also made it known that space was available for other United Nations organizations.

51. With the Office of the Prosecutor having left in July 2004, 24 Tribunal staff occupied 895 square metres at the end of 2005, a figure equivalent to 37 square metres per work station. According to United Nations standards, a Director (D-2) is entitled to a net area of 31.2 square metres, and an Assistant-Secretary-General to 48.3 square metres.

**52. The Board recommends that the Tribunal should make more efficient use of floor space in its premises.**

### 5. Human resources management

#### (a) Gender balance

53. At the end of 2005, 45 per cent of the staff were women. That matches the target ratio determined by the Tribunal. Of the 140 people recruited or promoted in

2005, 59 were women. However, of those promoted to the P-5 level, seven were men and only one was a woman.

**54. The Tribunal agrees with the Board's reiterated recommendation for particular effort to be made to recruit and promote women.**

*(b) Geographical distribution of staff*

55. The General Assembly, in its resolution 59/266 of 23 December 2004, reaffirmed the need to apply the principle of equitable geographical distribution of candidates.

56. Of the Tribunal's professional posts, 326 are subject to geographical distribution. As at 26 February 2006, the Board observed that five countries — Australia, Canada, the Netherlands, the United Kingdom of Great Britain and Northern Ireland and the United States of America — were over-represented.

**57. The Tribunal agrees with the Board's recommendation to make a particular effort to ensure that States are equitably represented.**

## **D. Acknowledgement**

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

*(Signed)* Guillermo N. **Carague**  
Chairman, Philippine Commission on Audit

*(Signed)* Shauket A. **Fakie**  
Auditor-General of the Republic of South Africa

*(Signed)* Philippe **Séguin**  
First President of the Court of Accounts of France

28 July 2006

*Note:* The South African and Philippine members of the Board of Auditors have signed only the English version of the report. The French member of the Board has signed both the French and English versions of the report.

## Annex

### Summary of action taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 2003

<i>Topic</i>	<i>Biennium to which the initial recommendation relates</i>	<i>Recommendation implemented<sup>a</sup></i>	<i>Recommendation under implementation<sup>a</sup></i>	<i>Recommendation not implemented</i>	<i>Total</i>	<i>Reference in the present report</i>
Examination of deferred charges		Para. 22			1	Para. 24
Liabilities for post-retirement benefits			Para. 26		1	Para. 28
Reducing the need for costly translations	2002-2003	Para. 53			1	
Finalize the memorandum regarding the United Nations House in Sarajevo	2002-2003	Para. 58 (a)			1	
Inter-agency sharing of software	2002-2003	Para. 60			1	
Compliance with overtime rules	2002-2003	Para. 66			1	
Reinforce monitoring of training activities	2002-2003	Para. 69			1	
Placing additional pressure on uncooperative Member States	2002-2003		Para. 35		1	
Preparation for 2010 completion strategy deadline	2002-2003		Para. 42		1	Para. 35
Transfer the Sarajevo building's management to another entity	2002-2003		Para. 58 (b)		1	
Improve occupancy rate of the Sarajevo building	2002-2003		Para. 58 (c)		1	Para. 52
Develop a plan against the risk of corruption and fraud	2002-2003		Para. 74		1	
Extending medical standards to candidates for judgeship	2002-2003			Para. 62	1	
<b>Total (Number)</b>		<b>6</b>	<b>6</b>	<b>1</b>	<b>13</b>	
<b>Total (Percentage)</b>		<b>46</b>	<b>46</b>	<b>8</b>	<b>100</b>	

<sup>a</sup> See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5L (A/59/5/Add.12)*, chap. II.

## Chapter III

### Audit opinion

We have audited the accompanying financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, comprising statements numbered I to IV and the supporting notes for the biennium ended 31 December 2005. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and in conformity with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis and where considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position as at 31 December 2005 and the results of operations and cash flows for the period then ended, in accordance with the stated accounting policies of the International Tribunal for the Former Yugoslavia set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

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

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

*(Signed)* Guillermo N. **Carague**  
Chairman, Philippine Commission on Audit

*(Signed)* Shauket A. **Fakie**  
Chairman of the Board  
Auditor-General of the Republic of South Africa

*(Signed)* Philippe **Séguin**  
First President of the Court of Accounts of France

28 July 2006

*Note:* The South African and Philippine members of the Board of Auditors have signed only the English version of the opinion. The French member of the Board has signed both the French and English versions of the opinion.

## Chapter IV

### Certification of the financial statements

1. The financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2005 have been prepared in accordance with financial rule 106.10.
2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information and clarifications for the financial activities undertaken by the Organization during the period covered by these statements for which the Secretary-General has administrative responsibility.
3. I certify that the appended financial statements of the International Tribunal for the Former Yugoslavia, numbered I to IV, are correct.

*(Signed)* Warren **Sach**  
Assistant Secretary-General, Controller

31 March 2006

## Chapter V

### Financial statements for the biennium ended 31 December 2005

## Statement I

International Tribunal for the Former Yugoslavia<sup>a</sup>

Statement of income and expenditure and changes in reserves and fund balances  
for the biennium ended 31 December 2005  
(Thousands of United States dollars)

	2005	2003 <sup>b</sup>
<b>Income</b>		
Assessed contributions <sup>c</sup>	354 986	248 926
Funding from reserves and fund balances	-	13 727
Interest income	1 700	2 067
Other/miscellaneous income	315	1 023
<b>Total income</b>	<b>357 001</b>	<b>265 743</b>
<b>Expenditure</b>		
Staff and other personnel costs	225 232	201 292
Travel	6 045	8 049
Contractual services	40 191	44 166
Operating expenses	24 370	21 183
Acquisitions	6 670	9 351
Other	148	273
<b>Total expenditure</b>	<b>302 656</b>	<b>284 314</b>
<b>Excess (shortfall) of income over expenditure</b>	<b>54 345</b>	<b>(18 571)</b>
Prior-period adjustments	113	-
<b>Net excess (shortfall) of income over expenditure</b>	<b>54 232</b>	<b>(18 571)</b>
Savings on or cancellation of prior-period obligations	6 767	3 360
Transfers from surplus	-	(13 727)
Reserves and fund balances, beginning of period	(12 567)	16 371
<b>Reserves and fund balances, end of period</b>	<b>48 432</b>	<b>(12 567)</b>

<sup>a</sup> See notes 2 and 3.

<sup>b</sup> Reclassified to conform to current presentation.

<sup>c</sup> In accordance with General Assembly resolutions 58/255 and 59/274, assessments for the Tribunal are based in part on the scale of assessments applicable to the United Nations regular budget and in part on the scale of assessments applicable to peacekeeping operations.

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



## Statement II

International Tribunal for the Former Yugoslavia<sup>a</sup>

Statement of assets, liabilities and reserves and fund balances as at 31 December 2005  
(Thousands of United States dollars)

	2005	2003
<b>Assets</b>		
Cash and term deposits	639	3 757
Cash pool <sup>b</sup>	45 316	672
Assessed contributions receivable from Member States <sup>c</sup>	13 733	53 311
Inter-fund balances receivable	2 128	-
Other accounts receivable	1 620	2 114
Deferred charges	77 796	80 419
Inter-office transactions pending processing	108	159
<b>Total assets</b>	<b>141 340</b>	<b>140 432</b>
<b>Liabilities</b>		
Contributions or payments received in advance	1	2
Unliquidated obligations - current period	14 785	19 630
Unliquidated obligations - future periods	77 164	79 773
Inter-fund balances payable	-	4 959
Due to the United Nations Transitional Administration for Eastern Slovenia, Baranja and Western Sirmium	-	19 000
Due to the United Nations Assistance Mission for Rwanda	-	10 000
Due to the United Nations Observer Mission in Angola	-	19 000
Other accounts payable	958	635
<b>Total liabilities</b>	<b>92 908</b>	<b>152 999</b>
<b>Reserves and fund balances</b>		
Cumulative surplus	48 432	(12 567)
<b>Total reserves and fund balances</b>	<b>48 432</b>	<b>(12 567)</b>
<b>Total liabilities and reserves and fund balances</b>	<b>141 340</b>	<b>140 432</b>

<sup>a</sup> See notes 2 and 3.

<sup>b</sup> Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of \$7,061,043, short-term investments of \$20,862,164 (market value \$20,862,164), long-term investments of \$17,308,166 (market value \$17,085,284) and accrued interest receivable of \$282,709.

<sup>c</sup> Includes assessed contributions unpaid irrespective of collectability.

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

## Statement III

International Tribunal for the Former Yugoslavia<sup>a</sup>

Statement of cash flows for the biennium ended 31 December 2005  
(Thousands of United States dollars)

	2005	2003 <sup>b</sup>
<b>Cash flows from operating activities</b>		
Excess (shortfall) of income over expenditure (statement I)	54 232	(18 571)
(Increase) decrease in assessed contributions receivable	39 578	(29 126)
(Increase) decrease in inter-fund balances receivable	(2 128)	-
(Increase) decrease in other accounts receivable	494	(610)
Increase (decrease) in deferred charges	2 623	(76 520)
(Increase) decrease in other assets	51	(47)
Increase (decrease) in contributions or payments received in advance	(1)	(57)
Increase (decrease) in unliquidated obligations	(7 454)	81 453
Increase (decrease) in inter-fund balances payable	(4 959)	(99)
Increase/decrease in other accounts payable	323	162
Less: interest income	(1 700)	(2 067)
<b>Net cash flows from operating activities</b>	<b>81 059</b>	<b>(45 482)</b>
<b>Cash flows from investing activities</b>		
Increase (decrease) in loans payable	(48 000)	48 000
(Increase) decrease in cash pool	(44 644)	6 962
Plus: interest income	1 700	2 067
<b>Net cash flows from investing activities</b>	<b>(90 944)</b>	<b>57 029</b>
<b>Cash flows from financing activities</b>		
Provisional savings on or cancellation of prior-period obligations	6 767	3 360
Transfers from reserves and fund balances	-	(13 727)
<b>Net cash flows from financing activities</b>	<b>6 767</b>	<b>(10 367)</b>
<b>Net increase (decrease) in cash and term deposits</b>	<b>(3 118)</b>	<b>1 180</b>
<b>Cash and term deposits, beginning of period</b>	<b>3 757</b>	<b>2 577</b>
<b>Cash and term deposits, end of period<sup>c</sup></b>	<b>639</b>	<b>3 757</b>

<sup>a</sup> See notes 2 and 3.

<sup>b</sup> Reclassified to conform to current presentation.

<sup>c</sup> Cash and term deposits do not include cash and term deposits in the cash pool. Refer to footnote b/ of statement II.

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

## Statement IV

## International Tribunal for the Former Yugoslavia

Statement of appropriations for the biennium ended 31 December 2005  
(Thousands of United States dollars)

<i>Programme of work</i>	<i>Appropriations</i>	<i>Expenditures</i>		<i>Total</i>	<i>Balance</i>
	<i>Approved<sup>a</sup></i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>		
A. The Chambers	11 310	11 133	25	11 158	152
B. Office of the Prosecutor	80 834	80 087	450	80 537	297
C. Registry	184 562	160 638	14 310	174 948	9 614
D. Staff assessment	31 599	36 013	-	36 013	(4 414)
<b>Total</b>	<b>308 305</b>	<b>287 871</b>	<b>14 785</b>	<b>302 656</b>	<b>5 649</b>

<sup>a</sup> The appropriations for 2004-2005 were approved under General Assembly resolutions 58/255, 59/274 and 60/242.

## **Notes to the financial statements**

### **Note 1**

#### **The United Nations and its activities**

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

- (i) The maintenance of international peace and security;
- (ii) The promotion of international economic and social progress and development programmes;
- (iii) The universal observance of human rights;
- (iv) The administration of international justice and law;
- (v) The development of self-government for Trust Territories.

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

(c) Under the direction of the Security Council, the Organization has been involved in 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.

(d) 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.

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

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

### **Note 2**

#### **Summary of significant accounting and financial reporting policies of the United Nations**

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the Administrative Committee on Coordination, since replaced by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows international

accounting standard 1, Presentation of financial statements, on the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

- (i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
- (ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;
- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;
- (v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates as at the date of the statements would provide a valuation materially different from that which would result from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Accounting Standards to CEB.

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts, which are reported separately on a fiscal year basis covering the period from 1 July to 30 June.

(j) Income:

(i) Amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, as well as the Working Capital Fund, are assessed to Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, net gains resulting from currency translations, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed to non-member States as stated in (j) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in item (m) (iii) below.

(k) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (l) (vi) below.

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for in item (l) (ii) above. Share in the cash pools is reported separately in each of the participating fund's statement and its composition and the market value of its investments are disclosed in a footnote to the statement;

(iv) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member

States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;



(v) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the General Assembly to provide retirement, death, disability and related benefits. UNJSPF is a funded defined-benefit plan. The financial obligation of the Organization to UNJSPF consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of UNJSPF. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of UNJSPF as at the valuation date. As at the date of the current financial statement, the General Assembly had not invoked that provision.

### **Note 3**

#### **International Tribunal for the Former Yugoslavia (statements I-IV)**

(a) The International Tribunal for the Former Yugoslavia was established by the Security Council in its resolutions 808 (1993) and 827 (1993). The Tribunal consists of the following organs:

(i) The Chambers is made up of three Trial Chambers and an Appeals Chamber. The Trial Chambers are composed of nine permanent judges, no two of whom may be nationals of the same State, and nine ad litem judges. The Appeals Chamber, which is composed of seven judges, serves both the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda;

(ii) 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 the former Yugoslavia since 1991. The Prosecutor acts independently as a separate organ of the Tribunal;

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

(b) The General Assembly, in its resolutions 58/255 and 59/274, approved the funding of the budget appropriations for the biennium 2004-2005. 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. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the voluntary fund to support the activities of the Tribunal in carrying out its mandate. The financial statements of the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium.

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows the assets, liabilities, reserves and fund balances as at 31 December 2005. Excluded from the assets is the value of non-expendable property (see note 6).

(e) Statement III shows the cash flows for the period prepared using the indirect method of cash flows as referred to in the United Nations system accounting standards.

(f) Statement IV reports on expenditures against the appropriation approved for the biennium.

#### **Note 4**

##### **Status of appropriations**

In accordance with General Assembly resolutions 58/255, 59/274 and 60/242, the appropriations and gross assessments for the biennium 2004-2005 are as follows:

(Thousands of United States dollars)

	2004	2005	Total
Initial budget appropriation (resolution 58/255)	149 113	149 113	298 226
Add: Proposed changes	—	38 023	38 023
Less: Projected savings	—	(6 747)	(6 747)
Revised appropriation	149 113	180 389	329 502
Less: Estimated income	(92)	(92)	(184)
Revised appropriation less estimated income (resolution 59/274)	149 021	180 297	329 318 <sup>a</sup>
Add: Requirements arising from the final appropriation for the biennium 2002-2003 (resolution 58/255)	25 669	—	25 669
<b>Gross amounts assessed to Member States</b>	<b>174 690</b>	<b>180 297</b>	<b>354 987</b>

<sup>a</sup> In accordance with resolution 60/242, the total appropriation for the biennium 2004-2005 was reduced to \$308,305,200; there was no change in assessments for 2004-2005.

#### **Note 5**

##### **Assets, liabilities, reserves and fund balances (statement II)**

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2005 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The details of assessed contributions receivable are shown in the report on the status of contributions as at 31 December 2005 (ST/ADM/SER.B/673, annex XXII). The report shows total unpaid assessments of \$13,750,581,

compared with \$13,733,343 in the assessed contributions receivable account in the financial statements. Credits of \$17,238 were not applied in the report on the status of contributions, owing to its early issuance. Amounts due from Yugoslavia, which ceased to be a Member State on 1 November 2000, are included in the assessed contributions receivable account in the financial statements and also in the status of contributions report. However, no action has been taken in the accounts as there is no specific General Assembly resolution on the matter. Of the total unpaid assessments, a total of \$4,144,853 is over one year old and an amount of \$9,588,490 is less than one year old.

(c) Other accounts receivable. A comparison of the composition of the other accounts receivable as at 31 December 2005 with those as at 31 December 2003 follows:

(Thousands of United States dollars)

	2005	2003
Governments	231	412
Staff members	1 063	1 360
Vendors	108	126
Other United Nations entities	218	216
<b>Total</b>	<b>1 620</b>	<b>2 114</b>

(d) Other accounts payable. A comparison of the composition of other accounts payable balances at 31 December 2005 with those as at 31 December 2003 follows:

(Thousands of United States dollars)

	2005	2003
Staff members	113	116
Vendors	9	43
Other United Nations entities	4	8
Provision for repatriation grant	832	468
<b>Total</b>	<b>958</b>	<b>635</b>

(e) Future years' commitments. The amount reported in statement II as unliquidated obligations for future years comprises obligations raised for contracts and lease agreements that pertain to the period from 2006 to 2011.

## Note 6

### Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The Tribunal's non-expendable property, valued at historical cost, according to its cumulative inventory records, was as follows:

(Thousands of United States dollars)

Balance, 1 January 2004	14 457
Acquisitions	4 321
Write-offs: accidents, thefts and damage	(23)
Write-offs: obsolescence and other	(857)
Sales and other adjustments	(762)
<b>Balance, 31 December 2005<sup>a</sup></b>	<b>17 136</b>

<sup>a</sup> Includes \$2,402,521 for non-expendable property approved for write-off but not yet disposed and \$815,781 for non-expendable property pending approval for write-off.

**Note 7****Liabilities for end-of-service benefits**

(a) The Tribunal has not specifically recognized in any of its financial accounts, liabilities for after-service health insurance costs or the liabilities for other types of end-of-service payments, which will be owed when staff members leave the Tribunal. Actual payments made in each financial period are reported as current expenditure.

(b) In order to gain a better understanding of the financial dimensions of the Tribunal's liabilities for after-service health insurance, a consulting actuary was engaged to carry out an actuarial valuation of post-retirement health benefits. It is estimated that the Tribunal's liability as at 31 December 2005 is as follows:

(Thousands of United States dollars)

	<i>Present value of future benefits</i>	<i>Accrued liability</i>
Gross liability	59 181	23 952
Offset from retiree contributions	(16 076)	(6 495)
<b>Net liability</b>	<b>43 105</b>	<b>17 457</b>

(c) The present value of future benefits figures shown above are the discounted values of all benefits to be paid in the future to all current retirees and active employees expected to retire. The accrued liabilities represent those portions of the present values of benefits that have accrued from the staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued on the date on which they become fully eligible for benefits.

(d) Staff members who separate from the International Tribunal for the Former Yugoslavia are entitled to be paid for any unused vacation days they may have accrued up to a maximum of 60 days. The total liability for such unpaid accrued vacation compensation as of 31 December 2005 is estimated to be \$4.2 million and includes \$0.1 million for staff members charged to the voluntary fund to support the activities of the Tribunal.

(e) Some staff members are entitled to repatriation grants and payment of related relocation expenditures upon their termination from the Organization based on the number of years of service. The total liability for such unpaid repatriation and

relocation entitlement as at 31 December 2005 is estimated to be \$5.3 million and includes amounts for staff members charged to the voluntary fund to support the activities of the Tribunal.

(f) The General Assembly, in its resolution 58/264, amended the conditions under which judges of the Tribunal are entitled to pension upon their retirement. The accrued liability for such pension benefits is not provided for in the accounts, and actual payments made are charged to current expenditures. As part of the completion of operations of the Tribunal, the Assembly may be requested to consider a mechanism to fund the accrued pension liability for judges.

#### **Note 8**

##### **Future operations**

The Security Council, in its resolution 1534 (2004), emphasized the importance of fully implementing the completion strategies as set out in Council resolution 1503 (2003), in which it calls on the Tribunal to take all possible measures to complete investigations by 2004, to complete all trial activities at the first instance by the end of 2008 and to complete all work in 2010, and urged the Tribunal to plan and act accordingly. The Tribunal is taking measures to expedite its work accordingly and provides periodic reports to the Council. The Tribunal also prepared a report for submission to the General Assembly on a number of issues related to completion of operations of the Tribunal, including staff retention and legacy issues. A further report on legacy issues is to be submitted to the Assembly outlining long-term liabilities that will need to be appropriately funded.

**Annex****Voluntary fund to support the activities of the International Tribunal for the Former Yugoslavia****Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2005**

(Thousands of United States dollars)

	<i>Reserves and fund balances, beginning of period</i>	<i>Income</i>	<i>Expenditure and other adjustments</i>	<i>Reserves and fund balances, end of period</i>
Voluntary fund to support the activities of the International Tribunal for the Former Yugoslavia	6 687	2 450	4 706	4 431

