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United Nations Institute for Training and Research

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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Letters of transmittal

Letter dated 31 March 2015 from the Acting Head, Executive Director, of the United Nations Institute for Training and Research addressed to the Chair of the Board of Auditors

Pursuant to regulation 6.2 of the Financial Regulations and Rules of the United Nations, I have the honour to submit the 2014 annual financial statements of the United Nations Institute for Training and Research as at 31 December 2014, which I hereby approve.

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

(*Signed*) Sally **Fegan-Wyles**
Acting Head, Executive Director
United Nations Institute for Training and Research

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

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research (UNITAR) for the year ended 31 December 2014, which were submitted by the Acting Head, Executive Director, of UNITAR. These statements have been examined by the Board of Auditors.

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

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
Chair of the 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 United Nations Institute for Training and Research (UNITAR) for the year ended 31 December 2014, which comprise the statement of financial position (statement I), the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flow (statement IV), the statement of comparison of budget to actual amounts (statement V) and the notes to the financial statements.

Management's responsibility for the financial statements

The United Nations Controller 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 misstatement, 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 about whether the financial statements are free from material misstatement.

An audit includes 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 internal control 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 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 UNITAR as at 31 December 2014 and its financial performance and cash flows for the period then ended, in accordance with IPSAS.

Report on other legal and regulatory requirements

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

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

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

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

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

30 June 2015

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations Institute for Training and Research (UNITAR) was established in 1965 as an autonomous body within the United Nations system with the purpose of enhancing the effectiveness of the United Nations through appropriate training and research. It is entirely self-funded and does not receive contributions from the United Nations regular budget.

The Board of Auditors (the Board) audited the financial statements of UNITAR and 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 as well as the International Standards on Auditing. 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 UNITAR as at 31 December 2014 and the results of its operations and cash flows for the financial year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

Audit opinion

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

Overall conclusion

While UNITAR successfully implemented adoption of IPSAS in the financial statements for the year ended 31 December 2014, there remained a need to strengthen vigilance in the preparation of the financial statements to enhance their accuracy. The overall financial position of UNITAR continued to be sound, with total assets exceeding total liabilities and with accumulated surpluses of $16.20 million. However, there was a decrease in liquidity, as indicated by the cash and cash equivalents to current liabilities ratio. The Board did not identify any material deficiencies in the financial statements or in its major operational activities. However, there remained scope for improvement in areas of programme management, monitoring and reporting that merited attention.

Key findings

Our main findings were as follows:

Financial reporting

IPSAS requires transactions to be recorded on an accrual basis. The Board found cases where liabilities were not fully recorded, which led to understatement of expenses and corresponding overstatement of surplus for the year ended 31 December 2014. It was evident that the requirements of IPSAS had yet to be fully absorbed in the processes of accounting and preparation of the financial statements.

The United Nations Policy Framework for IPSAS provides a threshold limit of $30,000 for amounts advanced to implementing partners that can be expensed at the time of transfer. Above this limit, the transferred amount is recognized as advance and expensed subsequently, when goods and services are delivered and confirmed. The significant accounting policy of UNITAR does not disclose any threshold limit for expensing the advances at the time of transfer. However, UNITAR has in fact followed the provision of the United Nations Policy Framework for IPSAS and expensed advances up to $30,000 at the time of issue of the advance. The significant accounting policy needs to be amended to specifically mention the limit of $30,000 for expensing the advances given to implementing partners as it is significant information and will also be in line with the provision made in the United Nations Policy Framework for IPSAS. Further, the total value of advances made during the year below this threshold limit should be disclosed in the notes to the financial statements.

Programme management

As per the policy guidelines for agreements with financial implications for the acceptance of voluntary contributions for specific purposes as revised on 18 August 2014, on termination (or expiration) of an agreement the funds will continue to be held by UNITAR until all expenditures and liabilities incurred by UNITAR have been satisfied from such funds. UNITAR did not, however, maintain a comprehensive management information system listing projects that were operationally closed and hence was in no position to ensure compliance with the policy guidelines. This raises the risk of the existence of residual liabilities after closure of a project.

The policy guidelines provide that any surplus remaining in the Special Purpose Grants Fund/project account shall be returned to the donor unless otherwise agreed by the parties. Though there were 173 programme activities with a closing balance of $13.16 million, no age-wise analysis was done by the management, nor was there any systemic monitoring of funds due to be refunded to the donors.

Recommendations

The Board has recommended that UNITAR:

(a) **Review and strengthen its processes of preparation of financial statements based on IPSAS;**

(b) **Reflect in the note disclosures the accounting policy applicable to UNITAR for expensing advances to implementing partners up to $30,000 and disclose the total value of advances made during the year below the threshold limit;**

(c) **Put into place a system to ensure the timely financial closure of projects;**

(d) **Institute a mechanism to monitor and settle the refunds due to donors.**

UNITAR has accepted all the recommendations made by the Board in the present report.

Key facts

$28.79 million	Revenue
$24.09 million	Expenses
$4.70 million	Surplus for the year
$30.30 million	Assets
$14.10 million	Liabilities
$16.20 million	Accumulated surpluses

A. Mandate, scope and methodology

1. The United Nations Institute for Training and Research (UNITAR) was established in 1965 as an autonomous body within the United Nations system with the purpose of enhancing the effectiveness of the United Nations through appropriate training and research. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. It is entirely self-funded and does not receive contributions from the United Nations regular budget. The Institute is supported by voluntary contributions from Governments, intergovernmental organizations, foundations and other non-governmental sources.

2. The Board of Auditors (the Board) has audited the financial statements of UNITAR 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 as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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 UNITAR as at 31 December 2014 and the results of its operations and cash flows for the financial year then ended, in accordance with the International Public Sector Accounting Standards (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 accounts and financial transactions, the Board carried out reviews of UNITAR operations under financial regulation 7.5. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNITAR operations.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the Assembly and the Advisory Committee on Administrative and Budgetary Questions.

6. The Board's observations and conclusions were discussed with UNITAR management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

7. Of the 10 recommendations pending from the Board's reports for the biennium 2010-2011 and 2012-2013, three (30 per cent) were implemented, five (50 per cent) were under implementation and two (20 per cent) were not implemented. Details of the status of implementation of these recommendations are shown in the annex to the present report.

8. The two recommendations that were not implemented relate to (a) the disclosure of information about the programme support income, including the definition, scope and calculation methodology, in the notes to the financial statements; and (b) the definition, scope and percentage of programme support cost and administrative cost. UNITAR stated that it had communicated with United Nations Headquarters to revise the notes. However, the latter held the opinion that it was not necessary to disclose the information. The Board again highlights that it would facilitate user understanding of the programme support income and programme support cost and administrative cost if such information were defined and disclosed and encourages UNITAR to implement these recommendations accordingly.

2. Financial overview

9. For the year 2014, the total revenue of UNITAR was $28.79 million, while the total expenses were $24.09 million, leaving a surplus of $4.70 million for the year.

10. As at 31 December 2014, the total assets of UNITAR were $30.30 million, the total liabilities were $14.10 million and the accumulated surpluses were $16.20 million. On adoption of IPSAS for the financial statements of 2014, the corresponding figures were $23.37 million of total assets, $9.47 million of total liabilities and $13.90 million accumulated surpluses as at 1 January 2014.

11. The financial ratios of UNITAR are given below.

Financial ratios

Ratio	*31 December 2014*	*1 January 2014*
Total assets: total liabilities[a]		
Assets: liabilities	2.15	2.47
Current ratio[b]		
Current assets: current liabilities	4.98	5.30
Quick ratio[c]		
(Cash + short-term investments + accounts receivable): current liabilities	4.58	4.76
Cash ratio[d]		
(Cash + short-term investments): current liabilities	2.95	3.72

Source: UNITAR 2014 financial statements.

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

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

[c] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[d] The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there is in current assets to cover current liabilities.

12. While the above ratios indicate a generally sound financial position, liquidity as indicated by the current and cash ratios has marginally declined during the year.

3. IPSAS implementation

Revisions carried out in the financial statements

13. The financial statements for the year ended 31 December 2014 were the first financial statements after the adoption of IPSAS. These standards require transactions to be recorded on an accrual basis. The Board found cases where liabilities were not fully provided for, which led to understatement of expenses and corresponding overstatement of surplus for the year ended 31 December 2014. The Board's findings were accepted by the management and the financial statements were suitably revised. The main findings, account of which has been taken in the revised financial statements, are briefly explained as follows:

- *Liability for services rendered by the United Nations Office at Geneva*. The memorandum of understanding between UNITAR and the United Nations Office at Geneva set up a framework within which the Office provides various administrative support services to UNITAR. The Board found that the total amount payable to the Office for these services as at 31 December 2014 was shown as $985,838 in the financial statements of UNITAR, against the correct amount of $1,061,249. This resulted in understatement of current liabilities and other operating expenses and overstatement of surplus for the year by $75,411;

- *Expenditure on account of advances on grants*. In arriving at the outstanding balance (as at 31 December 2014) in respect of advances given to implementing partners, only the work completed up to June 2014 was considered. The expense for the period from July to December 2014 incurred by the implementing partners was not taken into account in calculating the closing balance. This had resulted in understatement of current liabilities and expenses and overstatement of surplus for the year by $90,568;

- *Accrual of liability to actuary*. The liabilities provided by UNITAR as at 31 December 2014 did not include the Institute's share in the cost of preparation of the actuarial valuation report for 2014. This had resulted in understatement of current liabilities and overstatement of surplus for the year by $8,240;
- *Home leave entitlement*. In calculating the liability for home leave entitlement, UNITAR considered only completion of 24 months' qualifying service and did not include the 12-month period for delayed home leave that is allowed under the Staff Regulations and Rules of the United Nations. This resulted in understatement of home leave liability, which the management has corrected by providing an additional liability of $69,739.

14. While UNITAR has revised the financial statements correcting the deficiencies pointed out during the audit, it was evident that the requirements of IPSAS had yet to be fully absorbed in the processes of accounting and preparation of the financial statements. There was thus a need for UNITAR to strengthen its internal processes of preparation and finalization of the financial statements consequent upon adoption of IPSAS so as to obviate the possibility of such deficiencies in future financial statements.

15. **The Board recommends that UNITAR review and strengthen its processes of preparation of financial statements, including timely collection of all information and its inclusion in the accounts.**

Inadequate disclosure in the significant accounting policy on advance transfers

16. The United Nations Policy Framework for IPSAS provides a threshold limit of $30,000 on transfers to implementing partners that can be expensed at the time of transfer. Amounts over this limit will be recognized as advances and expensed subsequently, when goods and services are delivered and confirmed.

17. The Board noted that the significant accounting policy of UNITAR does not disclose any threshold limit for expensing the advance at the time of transfer and specifies only that the advances issued to executing agencies/implementing partners are initially recognized as assets and expensed when goods are delivered or services rendered by the executing agencies/implementing partners and confirmed by receipt of certified expense reports as applicable. The Board further noted that UNITAR has in fact followed the provision of the United Nations Policy Framework for IPSAS as stated above and expensed advances of less than $30,000 at the time of transfer, the total being $301,424 during the year 2014.

18. UNITAR stated that transfers of up to $30,000 will qualify to be considered as transfers to end beneficiaries, in accordance with the IPSAS Policy Framework, and therefore expensed immediately. It added, however, that it would refer this observation to the Accounts Division at United Nations Headquarters in New York to ascertain whether a note disclosure should be made in the financial statements explicitly recognizing the United Nations accounting policy applicable to UNITAR stating that transfers of up to $30,000 will qualify to be considered as transfers to end beneficiaries and, therefore, expensed immediately.

19. The Board is of the view that the significant accounting policy needs to be amended to specifically mention that advance transfers of less than $30,000 to executing agencies/implementing partners are expensed at the time of transfer, as it is significant information and is also in line with the provisions of the United

Nations Policy Framework for IPSAS. Furthermore, the total value of advances made and expensed during the year that are below this threshold limit should also be disclosed in the notes to the financial statements.

20. **The Board recommends that: (a) the accounting policy applicable to UNITAR for expensing advances to implementing partners of less than $30,000 be explicitly reflected in the note disclosure; and (b) the total value of advances made during the year that are below the threshold limit be disclosed in the notes to the financial statements.**

Non-reconciliation of the Project Clearing Account mechanism of the United Nations Development Programme

21. UNITAR acts as either executing or implementing agency for projects funded by the United Nations Development Programme (UNDP). These projects are funded by UNDP through the Project Clearing Account mechanism, which records the transactions related to UNDP advances, expenditures reported on a quarterly basis through the project delivery reports, other adjustments, other income and gains/ losses on exchange transactions. According to Administrative and Financial Instruction No. 174 dated 28 November 2014, issued by the United Nations Office at Geneva, the Project Clearing Account must be reconciled. However, the reconciliation for the year 2014 was not available, and therefore the amount of $619,000 stated as "Transfers payable" in the financial statements of UNITAR for the year ended 31 December 2014 was unreconciled.

22. UNITAR accepted the audit finding and stated that the reconciliation statement from UNDP had been received and that it contained a few unreconciled items, which would be followed up and clarified with UNDP counterparts.

23. **The Board recommends that a proper system for timely reconciliation of the UNDP Project Clearing Account be put in place so that any discrepancy in the account can be addressed before the finalization of the financial statements.**

4. Programme management

24. The programme budget for the biennium 2014-2015 was adopted at the fifty-fourth session of the Board of Trustees, held in November 2013. The revised budget was adopted at the fifty-fifth session, held in October 2014. The approved total budget is $48.53 million, covering five high-level programme objectives and five high-level functional objectives.

Pendency of financial closure

25. In accordance with the policy guidelines for agreements with financial implications for the acceptance of voluntary contributions for specific purposes, as revised on 18 August 2014, on termination (or expiration) of an agreement, the funds will continue to be held by UNITAR until all expenditures incurred by UNITAR have been satisfied from such funds. It is also stipulated that steps shall be taken to ensure that termination of the agreement shall be without prejudice to (a) the orderly completion of any ongoing activity; and (b) any rights and obligations of the parties accrued prior to the date of termination. Thus, financial closure must be done for all project activities where operational closure is done.

26. The Board noted that UNITAR did not maintain a comprehensive management information system listing projects that were operationally closed but where financial closure was pending. It was therefore in no position to ensure compliance with the policy guidelines. This raises the risk of the existence of residual liabilities after the closure of a project.

27. UNITAR accepted that current project lists did not have complete information on project status and completion dates. It added that UNITAR was migrating to the Atlas enterprise resource planning system, which will provide tracking elements. The management will reassess project tracking gaps once the system is operational.

28. **The Board recommends that a system be put into place to ensure the timely financial closure of projects.**

Gap in financial reporting and monitoring

29. According to the policy guidelines cited above, managers are responsible for ensuring that the Budget and Finance Section receives an original, signed copy of the agreement and for recording information on the Special Purpose Grant tracking tool located on the UNITAR global file share location. A review of the submission of the final financial and substantive reports and updating status of the tool revealed that financial reports were pending in 22 cases. These included a case involving $1.9 million where the substantive and financial reports have yet to be finalized, although the project has been closed since December 2013.

30. UNITAR stated that, despite the delay in producing the financial report, the trust of the donor had been sustained as the donor was being kept informed of progress on a constant basis. The activities were continued, as the donor had signed a follow-up agreement and transferred the funds for 2014 and, recently, 2015. UNITAR added that it would make the report available as soon as possible.

31. The Board is concerned that delay in the preparation of financial reports may affect the progress of projects for which funding is received from donors.

32. **The Board recommends that all financial reports be finalized in a time-bound manner.**

Lack of details on fund balances to be refunded

33. The policy guidelines provide two options for handling fund balances:

- Option A: any surplus remaining in the Special Purpose Grant/project account (where unspent funds exceed $1,000) shall be returned to the donor unless otherwise agreed by the parties/deposited as indicated by the donor/used for a purpose determined by UNITAR in consultation with the donor;
- Option B: any surplus remaining [in the trust fund/in the project] shall be used by UNITAR as deemed appropriate.

34. Although there were 173 programme activities with a closing balance of $13.16 million, the Board noted that no age-wise analysis was done by management, nor was there any systemic monitoring of funds due to be refunded to the donors. In April 2015, management selected 45 projects with a total closing balance of $430,581 without undertaking any activity to review balances.

35. UNITAR stated that the system to monitor project fund balances will improve with implementation of the Atlas enterprise resource planning system. However, programme managers were being reminded about the approaching closures of their projects.

36. **The Board recommends that a mechanism be instituted to monitor and settle the refunds due to donors.**

C. Disclosures by management

37. In accordance with the International Standards on Auditing (Standard 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. However, our audit should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

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

39. UNITAR reported that there were no write-offs of cash and receivables; losses of property, plant and equipment, inventories and intangibles; cases of fraud or presumptive fraud; or ex gratia payments during the year ended 31 December 2014.

D. Acknowledgement

40. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Acting Head, Executive Director, and staff of UNITAR during the conduct of the audit.

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

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

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

30 June 2015

Annex

Status of implementation of recommendations as at 31 December 2014

No.	Report reference and financial period in which first made	Recommendations	Action taken by management	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	A/67/5/Add.4, chap. II, para. 22 2010-2011	Disclose the information about the programme support income, including the definition, the scope and the calculation methodology, in the notes to the financial statements.	The Department of Management of the United Nations Secretariat did not accept this recommendation, as its implementation would be inconsistent with disclosures in the notes to the financial statements of other United Nations funds and programmes. Instead, efforts will be made to enrich related information in the financial report on the accounts of UNITAR.	The latest information on the status of implementation is awaited from management.			X	
2	A/67/5/Add.4, chap. II, para. 28 2010-2011	Clearly articulate the definition, scope and percentage of programme support cost and administrative cost.	Same as above.	Same as above.			X	
3	A/69/5/Add.5, chap. II, para. 11 2012-2013	In collaboration with the Office of Internal Oversight Services, urgently resolve the issues of funding and service cost and establish appropriate internal audit coverage.	UNITAR is in discussion with the Board of Auditors and the Office of Internal Oversight Services to see how appropriate internal audit coverage can be planned within existing budget resources. Meetings were held with the Executive Secretary of the Board of Auditors and the Chief of the European Audit Section of OIOS. Currently, an internal audit assignment is planned for the end of 2015/early 2016.	UNITAR has agreed with OIOS that an audit will be done at the end of 2015. This is reflected in the memorandum dated 13 February 2015 from the Assistant Secretary-General for Internal Oversight Services to the Acting Head, Executive Director, of UNITAR.		X		
4	A/69/5/Add.5, chap. II, para. 17 2012-2013	Coordinate closely with the United Nations Office at Geneva to ensure IPSAS implementation in a timely manner.	UNITAR is working closely on this matter with the United Nations Office at Geneva following instructions issued by the Office and the Accounts Division of Headquarters.	UNITAR has produced IPSAS-based financial statements while working closely with the United Nations Office at Geneva and United Nations Headquarters.	X			

No.	Report reference and financial period in which first made	Recommendations	Action taken by management	Board's assessment	Status after verification			
					Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
5	A/69/5/Add.5, chap. II, para. 21 2012-2013	Clarify the definition and scope of the programme support cost and direct service cost; ensure that direct service costs are completely and clearly disclosed in the financial statements; and provide adequate information to donors with regard to the retention from project funds.	UNITAR follows the practice of the United Nations Secretariat, including the provision of adequate information on programme support cost and direct service cost in agreements and financial reports to donors, and reflects the decisions made by the UNITAR Board of Trustees at its fifty-fifth session. At that session, the Board reviewed the implementation of the new cost recovery policy and commended management. The Board recognized the need for a flexible application of direct service cost rates depending on the level of management support UNITAR had to provide to each project, ranging from an 11 per cent direct service cost for a project where all support services were provided by UNITAR to a minimum of 6 per cent where most support services were provided by a third party. This lower rate also applies to grants given to Governments. UNITAR will present an updated report to the Board at its fifty-sixth session on variations from the standard 11 per cent and indicating the criteria used for variations from the standard.	In light of the reply, the recommendation is deemed to be implemented.	X			
6	A/69/5/Add.5, chap. II, para. 31 2012-2013	Conduct a prompt verification of those items not found in the most recent physical inventory and perform reconciliation accordingly; expedite the development of policy and the issuance of guidance on asset classification to ensure that assets are properly classified; and, in	UNITAR is currently reviewing the results of the verification by the United Nations Office at Geneva in October 2014 of physical inventory (submitted to UNITAR at the end of March 2015) and has noticed a few discrepancies (we are concluding that all inventory discrepancies were not yet fully reconciled in 2014). The verification was conducted to resolve discrepancies and investigate and reconcile all inventory items. The Office, as a central service provider for UNITAR	Verification of the inventory undertaken by the United Nations Office at Geneva, which was received on 26 March 2015, is almost complete.		X		

No.	Report reference and financial period in which first made	Recommendations	Action taken by management	Board's assessment	Status after verification			
					Implemented	Under implementation	Not implemented	Overtaken by events
		collaboration with the United Nations Office at Geneva, review Office Instruction No. 176 to ensure that it is IPSAS-compliant with respect to the definition of assets.	asset management and as part of the Secretariat-wide IPSAS implementation, has provided asset definition and classification, in compliance with IPSAS requirements and the time frame prescribed by the Department of Management for all Secretariat-serviced entities in Geneva, including UNITAR.					
7	A/69/5/Add.5, chap. II, para. 34 2012-2013	Consult with donors before disposing of the surplus of completed projects and use the funds of the ongoing projects in compliance with the requirements of the letter of agreement.	UNITAR ensures that the surplus funds from completed projects are disposed of in accordance with the contractual arrangements agreed with donors. During 2014, some 20 project accounts were closed and significant additional review of pending dormant reports is still planned as a data-cleansing exercise before moving to the new enterprise resource planning system. In all cases the final fund balance is disposed of as per donor agreements.	This recommendation has not been fully implemented because the review has not been completed.		X		
8	A/69/5/Add.5, chap. II, para. 37 2012-2013	Comply with the requirements of the letters of agreement to submit financial reports to donors in a timely manner.	UNITAR has already revised its internal controls to ensure that financial reports are submitted to donors in a timely manner, as specified in letters of agreement. Financial report tracking sheets are being developed and the reporting backlog is being addressed. UNITAR introduced a tracking system in 2014 and the report thereon is reviewed by the Executive Director and discussed in the management meeting once a quarter.	Though the management has made efforts, reporting to donors is still not complete, as brought out in the long-form report.		X		

No.	Report reference and financial period in which first made	Recommendations	Action taken by management	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
9	A/69/5/Add.5, chap. II, para. 41 2012-2013	As the end user, take responsibility for vendor performance evaluation and update and clarify the memorandum of understanding between UNITAR and the United Nations Office at Geneva to this effect.	In agreement with the United Nations Office at Geneva, for awarded contracts with a value above $100,000, UNITAR, as the end user, takes the responsibility of carrying out vendor performance evaluations. There is no need for the memorandum of understanding to be amended because this activity falls within the procurement rules and is not part of the memorandum. No evaluation for procurement over $100,000 was undertaken in 2014; however, several were undertaken for procurements with values between $25,000 and $100,000.	As all the evaluations of contracts for over $100,000 have not been done, the recommendation may be considered as partly implemented.		X		
10	A/69/5/Add.5, chap. II, para. 44 2012-2013	Update the annual leave balances in a timely manner and introduce checks before submitting the census data in order to ensure the accuracy of the actuarial valuation basis for the unused leave liabilities.	UNITAR has introduced monthly recording of annual leave balances and also regularly checks to ensure that the census data submitted are accurate. The 2014 actuarial evaluation did not require submission of the latest census data. As per the Actuary, the evaluation was based on 2013 data and incremental changes.	Implemented.	X			
Total					**3**	**5**	**2**	
Percentage					**30**	**50**	**20**	

Chapter III
Certification of the financial statements

Letter dated 31 March 2015 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Institute for Training and Research for the year ended 31 December 2014 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations.

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 Institute during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations Institute for Training and Research, 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

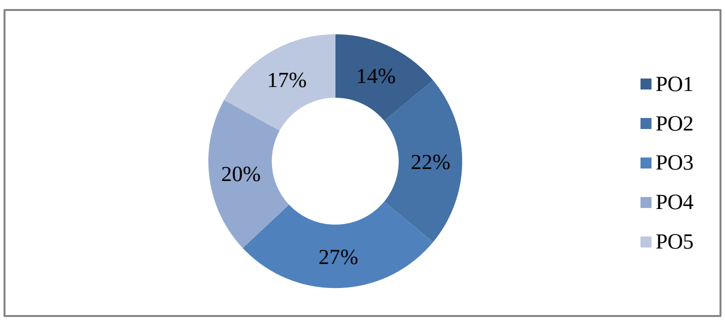
A. Introduction

1. The Executive Director has the honour to submit herewith the financial report on the accounts of the United Nations Institute for Training and Research (UNITAR) 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. UNITAR is a dedicated training arm of the United Nations. Aiming to strengthen the effectiveness of the United Nations, the mission of UNITAR is to develop capacities of individuals, organizations and institutions to enhance global decision-making and to support country-level action for shaping a better future. The key programme objective areas in which UNITAR operates include strengthening multilateralism (programme objective 1), promoting economic development and social inclusion (programme objective 2), advancing environmental sustainability and green development (programme objective 3), promoting sustainable peace and post conflict reconstruction (programme objective 4), and increasing resilience and disaster risk reduction capacities (programme objective 5). The figure above shows the relative proportion of the 2014 programme budget of the Institute for each of these programme objective areas.

2014-2015 programme budget by strategic programme area



Abbreviation: PO, programme objective.

4. In 2014, UNITAR provided training, learning and knowledge-sharing services to 36,570 individuals, representing a 54 per cent overall increase in numbers from 2013 figures of 23,451. Eighty-six per cent of training-related beneficiaries were associated with specific learning outcomes. These beneficiaries increased by 88 per cent, from 7,920 beneficiaries in 2013 to 14,904 in 2014. This marked increase is attributed largely to the delivery of the new introductory e-learning course on climate change, administered in partnership with agencies of the One UN Climate Change Learning Partnership, and a new series of predeployment peacekeeping training courses targeting African peacekeepers. Participants from knowledge-sharing conferences and related events also increased significantly (by 54 per cent), from 12,478 in 2013 to 19,225 in 2014.

5. These outputs were produced with a budget of $22.396 million, some $22.892 million in expenditures on a budget basis and the delivery of 476 events (equivalent to some 1,800 event days over the calendar year). The overall male to female gender ratio of beneficiaries for 2014 was 63:37, as opposed to 60:40 for 2013. This shift was attributed largely to the marked increase in peacekeeping training targeting primarily male military and related personnel.

6. UNITAR serves a broad-based group of constituencies, with 53 per cent of its training-related beneficiaries coming from government; 23 per cent from non-State sectors, including non-governmental organizations (NGOs), academia and businesses, 9 per cent from the United Nations, and 12 per cent from other sectors.

7. UNITAR uses a strong partnership strategy to deliver high quality training, combining the substantive expertise of United Nations entities and other institutions with its own expertise in programming, instructional design and adult learning. Seventy-three per cent of beneficiaries participating in training-related events implemented with partners, up from 70 per cent in 2013. Partners have included organizations as diverse as other United Nations agencies (representing some 26 per cent), regional organizations, national training institutes, foundations, universities, NGOs and the private sector.

B. Adoption of the International Public Sector Accounting Standards

8. For the first time, the financial statements of UNITAR have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). In 2013 and prior years, the financial statements were prepared in accordance with United Nations system accounting standards.

9. The adoption of IPSAS has been accepted as best practice for accounting and reporting by the public sector and not-for-profit governmental organizations. UNITAR adopted IPSAS on 1 January 2014, in accordance with General Assembly resolution 60/283, in which the Assembly 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 UNITAR

10. 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 the United Nations system accounting standards. 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 UNITAR have been updated to IPSAS; the summary of significant accounting policies, presented in note 3 to the financial statements, reflects this update.

11. Assets. Under the United Nations system accounting standards, physical assets were expensed when purchased and did not appear on the balance sheet; under IPSAS, UNITAR 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 the Institute’s share of the investments of the United Nations cash pool reflects mark to market adjustments; also for the first

time, UNITAR has created allowance accounts to value doubtful accounts receivables in accordance with IPSAS.

12. Liabilities. Under the United Nations system accounting standards, only some liabilities were recognized. Under IPSAS, all liabilities are recognized; in preparation for IPSAS, UNITAR had already recognized its long-term employee benefits liabilities of after-service health insurance, unused annual leave and accrued repatriation benefits. Going forward under IPSAS, provisions will be recognized for valid claims (legal or constructive) and liabilities for conditional funding arrangements will be recorded.

13. Revenue. Under IPSAS, revenue is recognized when an agreement to provide unconditional funding is signed, even prior to the receipt of cash. UNITAR has also recognized for the first time, revenue for donated right to use property arrangements in accordance with IPSAS.

14. Expense. 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 the United Nations system accounting standards. Thus, under IPSAS, commitments against budgets do not qualify as an expense in the financial statements. UNITAR now reports on the face of the financial statements expenses related to depreciation of assets and actuarial service cost and interest cost on its employee benefit liabilities.

15. Note disclosures. IPSAS requires significantly more note disclosures in the financial statements; some of the new areas of note disclosures for UNITAR include segment reporting, 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.

16. Of note is that the budget of UNITAR 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 against the budget and expenses according to the IPSAS financial statements is provided; see note 6.

17. Under the United Nations system of accounting standards, the financial statements of UNITAR were presented showing the distinction between the major groups of funds. Under IPSAS, an entity-level view of the position, performance and cash flows of the entity is shown on the face of the financial statements. Information by group of funds is annexed to the financial statements.

18. 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 UNITAR; 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 of the financial statements for the year ended 31 December 2014

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

Revenue

20. In 2014, revenue totalled $28.791 million. The main sources of revenue were voluntary contributions of $9.336 million received from Member States; voluntary contributions of $9.479 million received from other donors; and revenue of $9.086 received for rendering services. The revenue for rendering services includes fees collected for a range of face-to-face and e-learning training courses; sales of satellite imagery; and affiliations fees. Total revenue also includes contributions in-kind as a rental subsidy of $0.676 million for the year, which represents the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNITAR.

21. UNITAR is heavily reliant on a small number of donors; it was noted that the top five donors contributed about 69 per cent of the total donor contributions for the year.

Expenses

22. For the year ended 31 December 2014, expenses totalled $24.095 million. The main expense categories were staff costs of $8.812 million, or 36.6 per cent; non-employee compensation and allowances of $5.035 million, or 20.9 per cent; grants and other transfers of $4.454 million, or 18.5 per cent; and travel of $1.168 million, or 4.8 per cent. Information for 2013 is not presented since it was prepared on a United Nations system accounting standards (modified cash) basis, which is not comparable. As set by the UNITAR Board of Trustees, all special purpose grants income is assessed at an aggregate rate of 18 per cent or 13 per cent, depending on expected expenditure structure, to provide for programme support costs and direct service costs generated by the implementation of project activities. These costs are included in the project expenses.

23. Total personnel cost, which includes staff costs and non-employee compensation and allowances totalled $13.847 million; this amount represents 48 per cent of the total revenue, which was reported at $28.791 million for the year.

Operating results

24. The net surplus of revenue over expense in 2014, as measured under IPSAS, is $4.696 million. However, it is worth noting that under IPSAS, revenue from non-exchange transactions can be recognized in one financial year and the related expenses recorded in another, in particular where agreements are signed late in the financial year and span a multi-year period.

Assets

25. Assets as of 31 December 2014 totalled $30.303 million, compared with the balance at 31 December 2013 (adjusted for IPSAS compliance) of $23.366 million.

26. The main assets at 31 December 2014 are cash, cash equivalents and investments totalling $18.680 million, representing 61.6 per cent of the total assets, and voluntary contributions receivables from donors of $9.180 million, or 30.3 per cent. The remaining assets consist of advances transferred to implementing partners, other accounts receivable and property, plant and equipment.

27. Cash, cash equivalents and investments of $18.680 million at 31 December 2014, other than small amounts held in field office imprest accounts, is held in the United Nations Treasury main cash pool. This represents a small increase of $2.505 million over the balance held at the end of 2013.

28. Under IPSAS, accounts receivable from voluntary contributions are recognized in full on signature of an agreement, including amounts due in future financial periods. The only exception is agreements such as those with the European Union that contain conditions requiring return of the contribution if the funds are not spent in accordance with the terms and conditions specified by the donor. Of the total of $9.180 million due at 31 December 2014, $5.678 million is expected to be received in 2015 and the balance of $3.502 million is expected after 2015.

Liabilities

29. Liabilities as at 31 December 2014 totalled $14.103 million, compared with the balance at 31 December 2013 of $9.467 million.

30. The largest liability was the employee benefits earned by staff members and retirees but not paid at the reporting date; primarily these were liabilities for after-service health insurance. These liabilities accounted for $10.564 million, representing 74.9 per cent of the Institute’s total liabilities, and are explained in detail in note 15 to the financial statements. The increase of these liabilities by $3.425 million is caused primarily by recognized actuarial losses.

31. The other significant liability was the accounts payable and accrued liabilities of $1.948 million. This amount included primarily accruals for goods and services, which remained at the same level as in the previous year.

Net assets

32. The movement in net assets during the year reflects an increase of $2.301 million from $13.899 million in 2013 after restating for IPSAS compliance, to $16.200 million in 2014, on account of the operating surplus of $4.696 million, offset by actuarial losses of $2.395 million. The net effect of the changes resulting from the adoption of IPSAS adjustments amounted to a $6.083 million increase in restated net assets as at 1 January 2014.

Liquidity position

33. At 31 December 2014, the liquidity position of UNITAR was healthy; the entity had sufficient liquid assets to settle its obligations. Liquid funds totalled $18.303 million (cash and cash equivalents of $4.023 million, short-term investments of $7.785 million and accounts receivable of $6.495 million), whereas

total current liabilities amounted to $3.997 million and total liabilities amounted to $14.103 million.

34. 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 end 31 December	
Liquidity indicator	*2014*	*2013*
Ratio of liquid assets to current liabilities	4.5:1	4.7:1
Ratio of liquid assets less accounts receivable to current liabilities	2.9:1	3.7:1
Ratio of liquid assets to total assets	0.6:1	0.5:1
Average months of liquid assets less accounts receivable on hand[a]	5.8	Not available

[a] Comparative not available.

35. The ratio of liquid assets to current liabilities indicates the ability of UNITAR to pay its short-term obligations from its liquid resources. The ratio of 4.5:1 indicates that current liabilities are covered in excess of four times by liquid assets, and therefore there are sufficient liquid assets available to fully pay liabilities should the need arise. A drop of the value of this ratio from 4.7:1 in the prior year indicates a slight lightening 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 2.9 for the current year and 3.7 for the previous year.

36. At 31 December 2014, the Institute's total liquid assets were about 60 per cent of its total assets and it held sufficient cash and cash equivalents and short-term investments to cover its estimated average monthly expenses of $2.007 million for 5.8 months.

37. As at the reporting date, UNITAR had employee benefit liabilities of $10.564 million. With total cash and cash equivalents and investments of $18.680 million, the employee benefits liabilities are covered 177 per cent.

Annex

Supplementary information

1. The present annex includes the information that the Executive Director is required to report.

Write-off of losses of cash and receivables

2. Pursuant to the financial rule 106.7 (a), there were no write-off cases of cash or receivables during 2014 with respect to the United Nations Institute for Training and Research.

Write-off of losses of property

3. Pursuant to the financial rule 106.7 (a), total write-offs of non-expendable property for the United Nations Institute for Training and Research with respect to the financial statements during 2014 comprised 157 information technology items, with their total original acquisition value of $156,095.02. These write-offs resulted from factors such as theft, obsolescence and normal wear and tear.

Ex gratia payments

4. There were no ex gratia payments during 2014.

Chapter V

Financial statements for the year ended 31 December 2014

United Nations Institute for Training and Research

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	4 023	3 391
Investments	21	7 785	6 469
Voluntary contributions receivable	8	5 678	2 555
Other accounts receivable	9	817	197
Advance transfers	10	1 586	1 420
Total current assets		**19 889**	**14 032**
Non-current assets			
Investments	21	6 872	6 326
Voluntary contributions receivable	8	3 502	2 970
Property, plant and equipment	11	40	38
Total non-current assets		**10 414**	**9 334**
Total assets		**30 303**	**23 366**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	1 948	2 000
Transfers payable	13	619	62
Advance receipts	14	971	266
Employee benefits liabilities	15	458	322
Total current liabilities		**3 997**	**2 650**
Non-current liabilities			
Employee benefits liabilities	15	10 106	6 817
Total non-current liabilities		**10 106**	**6 817**
Total liabilities		**14 103**	**9 467**
Net total assets and total liabilities		**16 200**	**13 899**
Net assets			
Accumulated surpluses	16	16 200	13 899
Total net assets		**16 200**	**13 899**

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

United Nations Institute for Training and Research

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

(Thousands of United States dollars)

	Note	*31 December 2014*
Revenue		
Voluntary contributions — Member States	17	9 336
Voluntary contributions — other	17	10 161
Revenue from services rendered	18	9 086
Investment revenue	21	102
Other revenue	19	106
Total revenue		**28 791**
Expenses		
Employee salaries, allowances and benefits	20	8 812
Non-employee compensation and allowances	20	5 035
Grants and other transfers	20	4 454
Travel	20	1 168
Supplies and consumables	20	396
Depreciation	11	8
Other operating expenses	20	4 222
Total expenses		**24 095**
Surplus for the year		**4 696**

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

United Nations Institute for Training and Research

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

(Thousands of United States dollars)

	Accumulated surpluses
Net assets as at 31 December 2013 (United Nations system accounting standards)	**7 704**
IPSAS adjustments (note 4)	
Change in valuation and recognition policies of employee benefits liabilities	(719)
De-recognition of unliquidated obligations	1 759
Initial recognition of accrued liabilities	(565)
Initial recognition of allowance for doubtful receivables	(8)
Initial recognition of property, plant and equipment	38
Change in recognition policy for revenue from voluntary contributions	5 578
Total IPSAS adjustments	**6 083**
Prior-period adjustments	112
Restated net assets as at 1 January 2014 (IPSAS)	**13 899**
Changes in net assets	
Actuarial losses on employee benefits liabilities	(2 395)
Surplus for the year	4 696
Total recognized changes in net assets	**2 301**
Net assets as at 31 December 2014	**16 200**

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

United Nations Institute for Training and Research

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

(Thousands of United States dollars)

	31 December 2014
Cash flows from operating activities	
Surplus for the year	**4 696**
Non-cash movements	
Depreciation	8
Actuarial losses on employee benefits liabilities	(2 395)
Changes in assets	
Increase in voluntary contributions receivable	(3 655)
Increase in other receivables	(619)
Increase in advance transfers	(166)
Changes in liabilities	
Decrease in other accounts payable and accrued liabilities	(52)
Increase in employee benefits liabilities	3 425
Increase in transfers payable	557
Increase in advance receipts	705
Investment revenue presented as investing activities	(102)
Net cash flows from operating activities	**2 402**
Cash flows from investing activities	
Contributions to the main cash pool (net)	(1 862)
Investment revenue presented as investing activities	102
Purchases of property, plant and equipment	(10)
Net cash flows used in investing activities	**(1 770)**
Cash flows from financing activities	
Net cash flows used in financing activities	–
Net increase in cash and cash equivalents	**632**
Cash and cash equivalents — beginning of year	**3 391**
Cash and cash equivalents — end of year	**4 023**

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

United Nations Institute for Training and Research

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

(Thousands of United States dollars)

	Original biennial	Publicly available budget[a]		Actual expenditure (budget basis)	Difference[b]	Difference (percentage)
		Original annual	Final annual			
Office of Executive Director	1 989	1 045	865	859	(6)	-0.7
Operations/support services	5 393	2 697	2 375	2 709	334	14.1
Programmes	39 184	19 398	19 156	19 324	168	0.9
Total expenditure	**46 566**	**23 140**	**22 396**	**22 892**	**496**	**2.2**

[a] The annual budget amounts relate to the current year proportion of publically available budgets which are approved for a two-year budget period, pursuant to document UNITAR/BT/55/02.rev. Material differences between original and final budgets are explained in note 6.

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

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

United Nations Institute for Training and Research
Notes to the 2014 financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. The Organization's primary objectives are 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 four major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the 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, United States of America, and has major offices in Geneva, Vienna and Nairobi, and peacekeeping and political missions, economic commissions, tribunals, training institutes and information and other centres around the world.

The reporting entity

4. These financial statements relate to the operations of the United Nations Institute for Training and Research (UNITAR). The Institute was established by the General Assembly in 1963 with the purpose of enhancing the effectiveness of the United Nations in achieving the major objectives of the United Nations. Since its establishment, UNITAR has grown to become not only a recognized and respected service provider in professional, executive-type training, but also in the broader

realm of capacity development, with priority placed on developing countries. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. The Executive Director and the members of the Board of Trustees are appointed by the United Nations Secretary-General. The Executive Director reports directly to the Economic and Social Council, one of the organs of the United Nations. UNITAR is supported 100 per cent by voluntary contributions from Governments, intergovernmental organizations, foundations, the private sector and other non-governmental sources as well as by individuals paying for their training participation.

5. The mission of UNITAR is to develop the capacities of its beneficiaries to enhance global decision-making and to support country-level action for shaping a better future. The Institute's core functions are to: design and deliver innovative training to address the needs of individuals, organizations and institutions; facilitate knowledge- and experience-sharing through networked and innovative processes; conduct research on and pilot innovative learning strategies, approaches and methodologies; and advise and support Governments, the United Nations and other partners with technology-based knowledge-related services. The UNITAR training programmes and research activities are presented under five thematic areas:

(a) Strengthen multilateralism;

(b) Promote economic development and social inclusion;

(c) Advance environmental sustainability and green development;

(d) Promote sustainable peace;

(e) Improve resilience and humanitarian assistance.

6. UNITAR 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 entities are not deemed to be subject to common control. UNITAR has no interests in associates or joint ventures. Therefore, these statements relate only to the operations of UNITAR.

7. UNITAR is headquartered in Geneva, Switzerland and its activities are supported by outposted offices in New York and Hiroshima, Japan, and a project office in Port Harcourt in Nigeria.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with 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 UNITAR, and the cash flows over the financial year, consist of 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;

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

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

9. The financial statements have been prepared on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of these financial statements. The going-concern assertion is based on the approval by the Board of Trustees of the regular budget appropriations for the biennium 2014-2015, the positive historical trend of collection of voluntary contributions over the past years, and the Institute's net assets position.

10. This is the first set of financial statements prepared in compliance with IPSAS, which includes application of certain transitional provisions, as identified below. The cash flow statement is prepared using the indirect method. Prior to 1 January 2014, the financial statements of UNITAR were prepared in accordance with United Nations system accounting standards, a modified accrual basis of accounting.

11. The adoption of the new accounting standards, including the related IPSAS-compliant policies, has resulted in changes to the assets and liabilities recognized in the statement of financial position. Accordingly, the last audited balance sheet dated 31 December 2013 has been restated, and the resulting changes are summarized in the statement of changes in net assets.

Authorization for issue

12. 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 by 31 March 2015. 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

13. The financial statements are prepared using the historic cost convention except for certain assets, as stated in note 3. The financial statements are prepared for the 12-month period from 1 January to 31 December.

Functional and presentation currency

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

15. Foreign currency transactions are translated into United States dollars at the United Nations operational rates of exchange (UNORE) at the date of the transaction. The UNORE approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, those other than the functional currency, are translated at the UNORE year-end rate.

Non-monetary foreign currency items measured at historical cost or fair value are translated at the UNORE exchange rate prevailing at the date of the transaction or when the fair value was determined.

16. 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

17. Materiality is central to the preparation and presentation of the 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 have an impact on the conclusions or decisions of the users of the financial statements.

18. Preparing financial statements in accordance with IPSAS requires the 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.

19. 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; 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

20. As permitted for the first-time adoption of IPSAS, the following transitional provisions are 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 the first-time adoption of IPSAS accrual accounting 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. UNITAR partially invoked this transitional provision and has not recognized leasehold improvements.

Future accounting pronouncements

21. The progress and impact of the following significant future accounting pronouncements from the International Public Sector Accounting Standards Board on the financial statements of UNITAR continue to be monitored:

- 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
- 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
- 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, that is, transactions or other events that bring two or more separate operations into a single public sector entity
- Public sector-specific financial instruments — to develop this accounting guidance, the project will focus on issues related to public sector-specific financial instruments that 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

22. On 30 January 2015, the IPSASB published five new standards. These are 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. As UNITAR has no associates, joint ventures or joint arrangements that come under the scope of these standards, the effect of these standards is not expected to be material.

23. A number of annexes accompany the financial statements; these annexes are not required by IPSAS but are provided as supplementary information for the user.

Note 3
Significant accounting policies

Financial assets: classification

24. UNITAR classifies its financial assets in one of the following categories at initial recognition and re-evaluates the classification at each reporting date. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in main cash pools
Loans and receivables	Cash and cash equivalents, receivables from non-exchange and exchange transactions

25. All financial assets are initially measured at fair value. UNITAR 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 UNITAR becomes party to the contractual provisions of the instrument.

26. 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 the United 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.

27. 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.

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

29. 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 in which they arise.

30. Financial assets are de-recognized when the rights to receive cash flows have expired or have been transferred and UNITAR has transferred substantially all risks and rewards of the financial asset.

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

Financial assets: investment in main cash pool

32. The United Nations Treasury invests funds pooled from the United Nations Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in the cash pool 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.

33. The Institute’s investment in the main cash pool is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investments.

Financial assets: cash and cash equivalents

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

Financial assets: receivables from non-exchange transactions — contributions receivable

35. Contributions receivable represents uncollected revenue from voluntary contributions committed to UNITAR by Member States, non-Member States, and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, less an allowance for estimated irrecoverable amounts, the allowance for doubtful receivables.

Financial assets: receivables from exchange transactions — other receivables

36. Other receivables include primarily amounts receivable for goods or services provided to other entities, amount receivable for operating lease arrangements, and receivables from staff. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables assessed on the basis of recoverability and ageing accordingly.

Advance transfers

37. Advance transfers relate to cash transferred to staff members and to executing agencies/implementing partners. Advances issued to executing agencies/implementing partners are initially recognized as assets, and then expenses are recognized when goods are delivered or services are rendered by the executing agencies/implementing partners and confirmed by receipt of certified expense reports, as applicable. In instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual is needed. Balances due for a refund are transferred to other receivables and, where necessary, are subject to an allowance for doubtful receivables.

Property, plant and equipment

38. Property, plant and equipment are classified into different groupings of similar nature, functions, useful life and valuation methodologies as vehicles, temporary buildings, communications and information technology equipment, machinery and equipment; furniture and fixtures; and real estate assets (building, infrastructure and assets under construction).

Recognition of property, plant and equipment

39. 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.

40. Property, plant and equipment are capitalized when their cost is greater or equal to the threshold of $5,000, except for buildings, leasehold improvements, infrastructure assets and self-constructed assets that have a capitalization threshold of $100,000.

41. With respect to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire.

42. 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 property, plant and equipment with different useful life are depreciated using components approach. Depreciation commences in the month when UNITAR gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or disposal of property, plant and equipment. 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 of property, plant and equipment	*Range of estimated useful life*
Communications and information technology equipment	4-7 years
Vehicles	6-12 years
Machinery and equipment	5-20 years
Furniture and fixtures	3-10 years
Buildings	7-50 years
Buildings under finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Leasehold improvements	Shorter of lease term or 5 years

43. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment will be incorporated in the financial statements to reflect a depreciation floor of at least 10 per cent and the useful lives of the relevant asset classes will be reviewed prospectively.

44. UNITAR elected the cost model for the 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 UNITAR 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.

45. 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.

46. 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 period-end net-book-value greater than $100,000 are reviewed for impairment at

each reporting date. The equivalent threshold for other property, plant and equipment items is $25,000.

Financial liabilities: classification

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

Financial liabilities: accounts payable and accrued liabilities

48. 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 invoice 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: transfers payable

49. Transfers payable relates to amounts owed to executing entities/implementing agencies and partners and residual balances due to be returned to donors.

Advance receipts

50. Advance receipts consist of liabilities for conditional funding arrangements, assessments and payments received in advance of services provided by UNITAR during the subsequent period.

Leases: UNITAR as a lessee

51. Leases of property, plant and equipment where UNITAR has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in 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.

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

Leases: UNITAR as a lessor

53. UNITAR is the lessor for certain assets subject to operating leases. Assets subject to operating leases are reported within property, plant and equipment. Lease income from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

54. UNITAR 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. On the basis of the term of the agreement, and the clauses on transfer of control and termination contained in the agreement, the donated rights-to-use arrangement is accounted for as an operating lease or finance lease.

55. 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 a finance lease (principally with a lease term of 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. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the same term.

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

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

Employee benefits

58. 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

59. 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 (education grant, reimbursement of taxes and home leave) provided to current employees based on services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position.

60. Home leave travel is available to eligible staff and dependents serving in qualifying countries. The liability represents the expected travel cost of the next

home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

61. Post-employment benefits comprise the after-service health insurance, repatriation grant, separation-based travel and shipping costs and accumulated annual leave. UNITAR also has an after-service life insurance plan that covers life insurance premiums for eligible retirees; the post-employment benefit liability related to the plan is not material.

62. Defined-benefit plans are those where the obligation of UNITAR is to provide agreed benefits and therefore UNITAR 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, including interest costs and current service costs, are recognized in the statement of financial performance in the year in which they occur. As at 31 December 2014, UNITAR did not hold any plan assets as defined by IPSAS 25: Employee benefits. Upon end of service, staff members may accumulate unused annual leave days up to a maximum of 60 working days for those holding fixed- term or continuing appointments.

63. Accrued liabilities for post-employment benefits of after-service health insurance, repatriation grant and accumulated annual leave are presently not fully funded and are shown as the employee benefits liabilities in the statement financial position and the statement of changes in net assets.

64. Actuarial gains and losses are recognized in the year in which they occur on the statement of changes in net assets as a separate item in net assets.

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.

Defined-benefit 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 Institute'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 Institute'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 Institute's residual liability in accordance with the cost-sharing ratios authorized by the General Assembly.

67. End-of-service entitlements: upon end-of-service, staff who meets 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 UNITAR and is measured as the present value of the estimated liability for settling these entitlements.

68. Appendix D benefits: appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations.

Termination benefits

69. Termination benefits are recognized as an expense only when UNITAR 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 benefits

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

United Nations Joint Staff Pension Fund

71. UNITAR is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3(b) of the Regulations of the Pension Fund, membership of the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNITAR, in line with other participating organizations, is not in a position to identify the Institute'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, UNITAR has treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 25. The Institute's contributions to the Pension Fund during the financial year are recognized as an employee benefit expense in the statement of financial performance.

Provisions

72. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, UNITAR 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. Provisions are not recognized for future operating losses.

Contingent liabilities

73. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNITAR; 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

74. 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 control of UNITAR.

Commitments

75. Commitments are future expenses that are to be incurred by UNITAR on contracts entered into by the reporting date and that UNITAR 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 UNITAR in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: voluntary contributions

76. Voluntary contributions and other transfers, which are supported by legally enforceable agreements, are recognized as revenue at the time the agreement becomes binding, which is the point when UNITAR is deemed to acquire control of the asset, unless, where the resources are provided subject to specific conditions or when contributions are explicitly given for a specific future financial period, recognition is deferred until those conditions have been satisfied, or the specified financial year commences.

77. Voluntary pledges and other promised donations that are not supported by binding agreements with the terms of offer and acceptance, are recognized as revenue upon receipt of cash.

78. Pledges and promised donations, as well as agreements not yet formalized by acceptance, are disclosed as contingent assets.

79. Unused funds returned to the donor are netted against revenue.

80. Revenue received under inter-organizational organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

81. In-kind contributions of goods, above the recognition threshold of $5,000 are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to UNITAR and the fair value of those assets can be measured reliably. UNITAR has elected not to recognize in-kind contributions of services but to disclose in-kind contributions of service, above the threshold of $5,000 in the notes to the financial statements. 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.

82. Programme support cost is charged to trust fund and other "extrabudgetary" activities to ensure that the additional costs of supporting activities financed from extra-budgetary contributions are not borne by assessed funds and/or other core resources that are central to the budget process at the United Nations Secretariat. The programme support cost charge agreed upon with the donor is included as part of voluntary contributions. It is expressed as a percentage of direct costs (actual expenditure and unliquidated obligations).

Exchange revenue

83. Exchange transactions are those in which UNITAR sells services. Revenue comprises the fair value of consideration received or receivable for the sale of 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. Revenue from commissions and fees for technical, training, administrative and other services rendered to Governments, United Nations entities, individuals and other partners is recognized when the service is performed.

Investment revenue

84. Investment revenue includes the Institute's share of net main cash pool income and other interest income. Net main cash 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 participants based on their daily balances. This income also includes unrealized market gains and losses on securities, which is distributed proportionately to all participants based on their end-of-year balances.

Expenses

85. Expenses are decreases in economic benefits or service potential during the reporting period 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.

86. 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, staff assignment, repatriation, hardship and other allowances. Non-employee compensation and allowances consists of United Nations Volunteers living allowances and post-employment benefits, consultant and contractors fees, ad hoc experts, International Court of Justice judges' allowances and non-military personnel compensation and allowances, as relevant.

87. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities as well as quick-impact projects. Supplies and consumables relates to the cost of inventory used and expenses for supplies.

88. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and allowance for bad debt. Other expenses relate to hospitality and official functions, foreign exchange losses and donation/transfer of assets.

89. Certain programme activities, distinct from commercial or other arrangements where the United Nations expects to receive equal value for funds transferred, are implemented by executing entities/implementing partners. Executing entities/ implementing partners typically include Governments, NGOs, and United Nations agencies. UNITAR advance funds to these implementing partners based on cash projections. Advances to implementing partners that are not expensed during the year remain outstanding at the end of the year and are reported in the statement of financial position. These executing entities/implementing partners provide UNITAR with certified expense reports documenting their use of resources, which are the basis for recording expenses in the statement of financial performance. In instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual or an impairment should be recorded against the advance and submit the accounting adjustment. Where a transfer of funds is deemed to be an outright grant an expense is recognized at the point that UNITAR has a binding obligation to pay. The support costs incurred by and paid to implementing partners are reported as expenses in the statement of financial performance. Binding agreements to fund executing entities/ implementing partners not paid out by the end of the reporting period are shown as commitments in the notes to the financial statements.

Note 4
First implementation of IPSAS: opening balances

90. On 1 January 2014, UNITAR adopted the IPSAS accrual-based financial reporting standards, and the conversion to full accrual accounting resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenues and expenses recognized.

91. Accordingly, adjustments and reclassifications were made to the Institute's United Nations system accounting standards-based 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.

92. The net effect of the changes resulting from the adoption of IPSAS adjustments amounted to a $6.083 million increase in net assets. Line-by-line adjustments to net assets are shown in the statement of changes in net assets.

Note 5
Segment reporting

93. 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.

94. As established in the UNITAR programme budget for the biennium 2014-2015 by its Board of Trustees, the activities of UNITAR are segregated into three segments:

(a) The Office of Executive Director includes the Institute's functions of leadership; resource mobilization; planning, monitoring and evaluation, and performance reporting; and quality assurance;

(b) Programmes include training and research activities presented under five thematic areas: strengthen multilateralism; promote economic development and social inclusion; advance environmental sustainability and green development; promote sustainable peace; and improve resilience and humanitarian assistance. These programme activities are implemented by the following: Environmental Governance Programme; Chemicals and Waste Management Programme; Climate Change Programme; Multilateral Diplomacy Programme; Peacemaking and Conflict Prevention Programme; Peacekeeping Training Programme; Public Finance and Trade Programme; Decentralized Cooperation Programme; Knowledge Systems Innovation and the UNITAR Operational Satellite Applications Programme; and two outposted offices in New York and Hiroshima, Japan, and a project office in Port Harcourt in Nigeria;

(c) Operations/support services include essential support functions such as information and communications technology, human resources, administration and procurement and budget and finance.

95. The segment revenue and expenses are set out below.

(Thousands of United States dollars)

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Unallocated*	*Eliminations*	*Total*
Segment revenue						
Voluntary contributions	45	14 274	1 560	603	–	16 482
Funds received under inter-organization arrangements	–	2 791	224	–	–	3 015
Exchange revenue	13	8 426	2 295	57	(1 497)	9 294
Total revenue	**58**	**25 491**	**4 079**	**660**	**(1 497)**	**28 791**
Total segment expense	**1 115**	**20 999**	**2 672**	**806**	**(1 497)**	**24 095**

As at 31 December 2014, the assets and liabilities of UNITAR were unallocated for segment reporting purposes.

Note 6
Comparison to budget

96. UNITAR prepares the budgets on the modified accrual basis as opposed to the IPSAS full accrual basis as presented in the Statement of Financial Performance which reflects expenses by nature. Statement V (statement of comparison of budget and actual amounts) presents the difference between budget amounts and actual expenditure on a comparable basis.

97. The final budget is the revised programme budget for a biennium as approved by the UNITAR Board of Trustees at the end of the first year of biennium. While the budget is for a two-year period, UNITAR allocates those budgets into two annual amounts to provide the budget to actual comparison for the annual financial statements.

98. Differences between the original and the final budget are attributable to elements that become known in the course of the year, such as final projections of special grant contributions to be received and variances in expenditure trends.

99. Differences between original and final budget amounts are considered in the table below. Material differences between the final budget appropriation and actual expenditure on a modified cash basis are deemed to be those greater than 10 per cent and are considered below.

	Explanation
Office of Executive Director	Final budget revised down by 17.2% to reflect cost-reduction measures taken during the year
	Non-material difference for actual to final budget
Operations/support services	Final budget revised down by 11.9% to reflect a shift of implementation of certain administrative services to the next year
	Actual expenditure was higher than final budget by 14.1% owing to a special allocation of institutional funds during 2014 for subsidized training of delegates of Group of 77 member States
Programmes	Non-material differences for original to final budget and for final budget to actual

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

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

Reconciliation of actual amounts on comparable basis to statement of cash flows

(Thousands of United States dollars)

	Operating	*Investing*	*Total*
Actual amount on comparable basis (statement V)	**(22 892)**	–	**(22 892)**
Basis differences	(2 715)	(10)	(2 725)
Presentation differences	28 009	(1 760)	26 249
Net cash flows in statement of cash flows (statement IV)	**2 402**	**(1 770)**	**632**

A. **Basis differences** arise as the budget is prepared on a modified cash basis as opposed to the IPSAS accounting basis used to prepare the financial statements. Basis differences comprise operating adjustments in relation to accrual accounting, the elimination of obligations and net cash flows from investing activities.

B. **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. The former reflects the net impacts of receipts and disbursements and the latter presents actual expenditure authorized through appropriations. Revenue and expenses that do not form part of the statement of comparison of budget and actual amounts are presentation differences.

C. **Timing differences** occur when the budget period differs from the financial period reflected in the financial statements. UNITAR has no timing differences.

D. **Entity differences** represent cash flows to/from fund groups or agencies which do not relate to UNITAR but are reported in the financial statements or the UNITAR budget. There were no entity differences in 2014.

101. The following table reconciles the actual expenditure on a comparable basis as reported in the statement of comparison of budget and actual amounts to the total expense reported in the statement of financial performance.

Reconciliation of budget expenditures in statement V to IPSAS expenses in statement II

(Thousands of United States dollars)

	31 December 2014
Budget expenditure as set out in statement V	22 892
IPSAS adjustments:	
Elimination of unliquidated obligations	(4 500)
Accruals of expenses	3 182
After-service health insurance expenses for 2014	750
Expenses for contribution in kind	677
Adjustment on exchange gain/loss for elimination of revaluation of non-United States dollars contributions recognized as deferred income under United Nations system accounting standards	1 093
Depreciation of property, plant and equipment	8
Reversal of allowance on receivables	(7)
Total IPSAS expenses as set out in statement II	**24 095**

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2014
Cash and cash equivalents — internally managed	8
Cash and cash equivalents — cash pool	4 015
Total cash and cash equivalents	**4 023**

Note 8
Voluntary contributions receivable: non-exchange transactions

(Thousands of United States dollars)

	31 December 2014		
	Current	*Non-current*	*Total*
Voluntary contributions	5 452	3 308	8 760
Inter-organizational arrangements	227	195	422
Allowance for doubtful voluntary contributions receivables	(1)	(1)	(2)
Total voluntary contributions receivable	**5 678**	**3 502**	**9 180**

Note 9
Other accounts receivable: exchange transactions

(Thousands of United States dollars)

	31 December 2014
Receivables from Government entities	386
Receivables from non-governmental entities	348
Receivables from other United Nations Secretariat reporting entities	83
Total other accounts receivable	**817**

Note 10
Advance transfers

(Thousands of United States dollars)

	31 December 2014
Staff members	102
Vendors	16
Implementing partners/executing agencies	1 468
Total advance transfers	**1 586**

Note 11
Property, plant and equipment

102. 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 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.

103. As at the reporting date, UNITAR did not identify any additional impairment. UNITAR has no significant heritage assets as at the reporting date.

(Thousands of United States dollars)

	Information and communications technology	*Vehicles*	*Total*
Cost at 1 January 2014	31	147	178
Additions	10	–	10
Disposals	(12)	–	(12)
Cost at 31 December 2014	**29**	**147**	**176**
Accumulated depreciation at 1 January 2014	28	112	140
Depreciation	2	6	8
Disposals	(12)	–	(12)
Accumulated depreciation at 31 December 2014	**18**	**118**	**136**
Net carrying amount			
1 January 2014	3	35	38
31 December 2014	**11**	**29**	**40**

Note 12
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2014
Vendor payables	41
Payables to other United Nations Secretariat reporting entities	152
Accruals for goods and services	1 715
Payables to Member States	2
Other	38
Total accounts payable and accrued liabilities	**1 948**

Note 13
Transfers payable

(Thousands of United States dollars)

	31 December 2014
UNDP Project Clearing Account	619
Total transfers payable	**619**

Note 14
Advance receipts

(Thousands of United States dollars)

	31 December 2014
Liabilities for conditional arrangements	20
Payments received in advance	951
Total advance receipts	**971**

Note 15
Employee benefits liabilities

(Thousands of United States dollars)

	31 December 2014		
	Current	*Non-current*	*Total*
After-service health insurance	30	7 808	7 838
Annual leave	68	1 056	1 124
Repatriation benefits	77	1 242	1 319
Subtotal: defined benefit liabilities	**175**	**10 106**	**10 281**
Home leave	169	–	169
Accrued salaries and allowances	114	–	114
Total employee benefits liabilities	**458**	**10 106**	**10 564**

Employee benefits accounted for on a defined benefits basis

104. UNITAR provides its staff and former staff with after-service health insurance and repatriation benefits that are actuarially valued defined-benefit plans. Annual leave benefits are actuarially valued on the same basis. The liabilities are determined on the basis of an independent actuarial valuation, which is usually undertaken every two years. The most recent full after-service health insurance valuation was conducted as at 31 December 2013 and the liabilities have been rolled forward to 31 December 2014. The cumulative amount of actuarial gains and losses recognized in net assets is $2.4 million.

Actuarial valuation — assumptions

105. UNITAR 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 as at 31 December 2013 and for roll-forward to 31 December 2014 are set out below.

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates (end of year)	4.50%	3.42%	3.45%
Inflation	5.0-6.8%	2.25%	–

106. Discount rates are based on a weighted blend of three discount rate assumptions: United States dollars, euros and Swiss francs. Consistent with the decrease observed since 31 December 2013 of interest rates of all maturities in the three areas, lower discount rates were assumed for roll-forward.

107. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost increases and economic environment. Medical cost trends assumptions that were used for the valuation as of 31 December 2013, which included escalation rates for 10 years, were maintained for roll-forward 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.

108. With regard to the valuation of repatriation benefits as at 31 December 2013, inflation in travel costs was assumed at 2.50 per cent based on the projected United States inflation rate over the next 10 years. For the roll-forward valuation, the assumption was decreased to 2.25 per cent to take into consideration the decrease observed on these references in the year.

109. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1-3 years — 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 the United Nations system accounting standards was not in compliance with IPSAS, the actuarial valuation method for the 1 January 2014 IPSAS opening balances and roll-forward to the year-end was changed from the straight-line to the attribution method. The opening balances impact of this change was an increase in liability of $0.544 million, which is disclosed in the statement of changes in net assets.

110. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined benefits plans

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Net liability 31 December 2013	**4 898**	**1 136**	**371**	**6 405**
OB Actuarial (gains)/losses	–	–	–	–
IPSAS 25 adoption	–	–	544	544
Net defined benefit liability at 1 January 2014	**4 898**	**1 136**	**915**	**6 949**
Current service cost	683	97	116	896
Interest cost	95	48	39	182
Subtotal: costs recognized in the statement of financial performance	**778**	**145**	**155**	**1 078**
Actuarial losses recognized directly in the statement of changes in net assets	2 191	100	104	2 395
Actual benefits paid	(29)	(62)	(50)	(141)
Net recognized liability at 31 December	**7 838**	**1 319**	**1 124**	**10 281**

Sensitivity analysis

111. 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 owing to changes in the medical cost rates while holding other assumptions constant; the key assumption held constant is the discount rate. Should the medical cost trend assumption vary by 1 per cent, this would impact the measurement of the defined-benefit obligations, as shown below.

(Thousands of United States dollars)

	Increase	*Decrease*
1 per cent movement in the assumed medical costs trend rates		
Effect on the defined benefit obligation	2 637	(1 889)
Effect on the aggregate of the current service cost and interest cost	485	(359)

112. The changes in discount rates are driven by the discount curve, which is calculated based on corporate bonds. The bonds markets have been volatile over the reporting period and the volatility impacts the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the liabilities would be as shown below.

Discount rate sensitivity to end-of-year liability

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(2 068)	(154)	(115)
As a percentage of end of year liability	-26%	-12%	-10%
Decrease of discount rate by 1 per cent	2 929	176	129
As a percentage of end of year liability	37%	13%	11%

Other defined benefit-plan information

113. The General Assembly, in its resolution 67/257, endorsed the decision of the International Civil Service Commission to support the recommendation of the United Nations Joint Staff 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 defined-benefit liabilities.

Historical information (biennial valuations)
Total liability after-service health insurance, repatriation benefits and annual leave as at 31 December

(Thousands of United States dollars)

Present value of the defined benefit obligations valued by actuaries	*2014*	*2013*	*2011*	*2009*	*2007*
After-service health insurance	7 838	4 897	3 720	1 923	2 371
Repatriation benefits	1 124	1 136	837	489	737
Annual leave	1 319	371	347	259	458
Total present value of defined benefit obligation	**10 281**	**6 404**	**4 904**	**2 671**	**3 566**

United Nations Joint Staff Pension Fund

114. The Regulations of the Pension Fund state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

115. The Institute's financial obligation to the United Nations Joint Staff Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable 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.

116. The actuarial valuation performed as of 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 of 31 December 2013 was 24.42 per cent of pensionable remuneration, compared with the actual contribution rate of 23.7 per cent. The next actuarial valuation will be conducted as at 31 December 2015.

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

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

119. During 2014, the contributions of UNITAR paid to the Pension Fund amounted to $0.9 million ($1.0 million in 2013). Expected contributions due in 2015 are $ 0.9 million.

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

Note 16
Net assets

(Thousands of United States dollars)

	31 December 2014
Net assets as at 1 January 2014	**13 899**
Actuarial losses on employee benefits liabilities	(2 395)
Surplus for the year	4 696
Net assets as at 31 December 2014	**16 200**

Note 17
Revenue from non-exchange transactions

Voluntary contributions — Member States

(Thousands of United States dollars)

	31 December 2014
Voluntary contributions — Member States	9 346
Subtotal	**9 346**
Refunds to Member States — current year	–
Refunds to Member States — prior year	(10)
Total revenue from voluntary contributions — Member States	**9 336**

Voluntary contributions — other

(Thousands of United States dollars)

	31 December 2014
Voluntary contributions — other	9 479
Voluntary in-kind contributions	682
Total revenue from voluntary contributions — other	**10 161**

121. The contributions in kind include a rental subsidy of $676,579 for the year, which represents the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNITAR.

Note 18
Revenue from services rendered: exchange transactions

122. Exchange revenue from services rendered includes fees collected for a range of face-to-face and e-learning training courses, sales of satellite imagery and affiliations fees. UNITAR designs and delivers capacity development and research activities to address needs of individuals, organizations and institutions under various thematic areas. Some of the key training courses generating exchange revenue were the youth vocational technical training programme in the Niger Delta and the West African subregion; the fellowship for Afghanistan capacity-building programme that aims at enhancing the leadership, management and professional skills of senior government officials, academics and practitioners from Afghanistan; and on-demand training and capacity development activities offered to Member State delegates and diplomats in the area of the United Nations intergovernmental machinery and topics related to multilateral diplomacy.

123. Other training courses driving exchange revenue were the joint International Master's Degree in Conflictology; tailored face-to-face training offered to the UNITAR target audience; as well as fee-based courses offered to individuals through face-to-face training, seminars, workshops or e-learning courses.

124. Exchange revenue also includes fees for satellite imagery analysis services. These services provide support to the United Nations system and other

organizations in the areas of disaster response, humanitarian operations, human security and the application of international humanitarian law, and human rights.

125. The UNITAR Decentralized Cooperation Programme has established a global network composed of 14 international training Centres for authorities and leaders "CIFAL Global Network". These centres are affiliated with UNITAR and are required to pay a mandatory annual affiliation fee. Located across Asia, Africa, Europe, the Americas and the Caribbean, the centres deliver many training events to the UNITAR target audience.

(Thousands of United States dollars)

	31 December 2014
Training fees	8 296
Affiliation fee from training centres	253
UNITAR Operational Satellite Applications Programme activities	437
Other revenue	100
Total revenue from services rendered	**9 086**

Note 19
Other revenue

(Thousands of United States dollars)

	31 December 2014
Refund of prior year expenditure	70
Miscellaneous revenue	36
Total other revenue	**106**

Note 20
Expenses

Employee salaries, allowances and benefits

126. 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
Salaries	3 272
Allowance and benefits	3 112
Post Adjustment	2 428
Total employee salaries, allowances and benefits	**8 812**

Non-employee compensation and allowances

127. Non-employee compensation and allowances consists of consultant and contractors fees, ad hoc experts, and non-UNITAR personnel compensation and allowances.

(Thousands of United States dollars)

	31 December 2014
Compensation	45
Consultants fees	4 990
Total non-employee compensation and allowances	**5 035**

Grants and other transfers

128. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities as well as quick-impact projects.

(Thousands of United States dollars)

	31 December 2014
Outright grants	1 308
Travel	1 022
Contractual services	677
Seminars, tuition, fees	467
Staff and personnel costs	443
Operational expenses	413
Supplies, commodities, materials	64
Programme support costs	30
Equipment, vehicles and furniture	30
Total grants and other transfers	**4 454**

Travel

(Thousands of United States dollars)

	31 December 2014
Travel of staff	564
Consultant travel	281
Travel of non-staff	323
Total travel	**1 168**

Supplies and consumables

(Thousands of United States dollars)

	31 December 2014
Training supplies and exhibits	133
Acquisition of office equipment and supplies	126
Operational maps	119
Other supplies	18
Total supplies and consumables	**396**

Other operating expenses

129. Other operating expenses include loss on currency fluctuations, maintenance, utilities, contracted services, training, security services, shared services, rent, administrative fees, and doubtful debt and write-off expenses.

(Thousands of United States dollars)

	31 December 2014
Exchange loss	1 181
Contracted services	879
Expense recognized for contributions in kind — premises	677
Joint administrative fees	516
Rent — office and premises	349
Fellowship	210
Acquisitions	199
Communications utilities	70
Doubtful debt expenses	58
Rental — others (equipment, vehicles)	33
Shipping/freight services	27
Stationery and office supplies	10
Training	6
Other expenses	7
Total other operating expenses	**4 222**

Note 21
Financial instruments and financial risk management

Main cash pool

130. In addition to directly held cash and cash equivalents, UNITAR participates in the United Nations main cash 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 cash pool assets (cash and cash equivalents, short-term investments and

long-term investments) and income is based on each participating entity's principal balance.

Financial instruments

(Thousands of United States dollars)

Financial instruments	*31 December 2014*
Financial assets	
Fair value through the surplus or deficit	
Investments — main cash pool short-term	7 785
Investments — main cash pool long-term	6 872
Total fair value through the surplus or deficit	**14 657**
Loans and receivables	
Cash and cash equivalents — internally managed	8
Cash and cash equivalents — main cash pool	4 015
Voluntary contributions receivable	9 180
Other accounts receivable	817
Total loans and receivables	**14 020**
Total carrying amount of financial assets	**28 677**
Of which relates to financial assets held in main cash pool	18 672
Financial liabilities	
Amortized cost	
Total accounts payable and accrued liabilities	1 948
Transfers payable	619
Total carrying amount of financial liabilities	**2 567**
Net income and expense from financial instruments	
Main cash pool investment revenue	115
Main cash pool financial exchange (losses)	(7)
Main cash pool unrealized (losses)	(6)
Main cash pool interest and gains	**102**

Financial risk management: overview

131. UNITAR has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

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

Risk management framework

133. The risk management practices of UNITAR are in accordance with its Financial Regulations and Rules and Investment Management Guidelines (Guidelines). The United Nations Treasury is responsible for investment and risk management for the main cash pool, including conducting investment activities in accordance with the Guidelines.

134. The investment management objectives are to preserve capital and ensure sufficient liquidity to meet operating cash requirements 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.

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

136. UNITAR defines the capital that it manages as the aggregate of its net assets. Its objectives are to safeguard its ability to continue as a going concern, to fund its operations and to fulfil its mandated objectives. UNITAR 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.

Credit risk

137. 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

138. 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 cash pool does not invest in derivative instruments such as asset-backed, mortgage-backed securities or in equity products.

139. The investment management function is centralized at United Nations Headquarters, and UNITAR is not permitted in normal circumstances to engage in investing. UNITAR may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

Credit risk: receivables

140. A large proportion of receivables is due from entities that do not have significant credit risk. As at the reporting date, UNITAR does not hold any collateral as security for receivables. UNITAR evaluates the allowance for doubtful receivables at each reporting date. An allowance for doubtful receivables occurs when there is objective evidence that UNITAR will not collect the full amount due.

Allowances credited to the allowance for doubtful receivables general ledger account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when the previously impaired receivables are received. The movement in the allowance for doubtful receivables account during the period was as shown below.

Movement in the allowance for doubtful receivables

(Thousands of United States dollars)

As at 1 January 2014	**8**
Unused amounts reversed	(7)
As at 31 December 2014	**1**

141. On the basis of its monitoring of credit risk, UNITAR believes that, except as indicated, no impairment allowance is necessary in respect of receivables.

Ageing of total receivables

142. The ageing of total receivables and associated allowance is shown below.

Ageing of total receivables

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Neither past due nor impaired	9 355	–
Less than one year	641	–
One to two years	–	–
Over two years	2	1
Total	**9 998**	**1**

Credit risk: cash and cash equivalents

143. UNITAR held cash and cash equivalents of $3.4 million at 31 December 2014, which is the maximum credit exposure on these assets.

Credit risk: main cash pool

144. 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) and Moody’s are used to rate bonds and commercial paper, and the Fitch viability rating is used to rate bank term deposits. At the year-end, the credit ratings were as shown below.

Main cash pool credit ratings as at 31 December 2014

	Ratings — percentage based on carrying value
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-

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

Liquidity risk

146. Liquidity risk is the risk that UNITAR might not have adequate funds to meet its obligations as they fall due. The Institute'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 Institute's reputation.

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

148. UNITAR and the United Nations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure that 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. UNITAR 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 cash pool investments

149. The main cash 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 the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Main cash pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

150. 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 the receivables, cash and investments available to the entity and internal policies and procedures put in place to ensure there were appropriate resources to meet its financial obligations. At the reporting date, UNITAR has not pledged any collateral for any liabilities or contingent liabilities and in the period no accounts payable or other liabilities were forgiven by third parties.

Maturities for financial liabilities based on the earliest date at which UNITAR can be required to settle the financial liabilities: as at 31 December 2014, undiscounted

(Thousands of United States dollars)

	On demand	*Within 3 months*	*3-12 months*	*> 1 year*	*Total*
Accounts payable and accrued liabilities	–	1 948	–	–	1 948
Total financial liability	**–**	**1 948**	**–**	**–**	**1 948**

Market risk

151. 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 income of UNITAR 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 Institute's fiscal position.

Currency risk

152. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. UNITAR 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. The Guidelines require UNITAR to manage its currency risk exposure. Given that the main cash pool is predominantly denominated in United States dollars, it has limited currency risk and, in conjunction with the low risk for other financial instruments, UNITAR considers currency risk to be low.

Interest rate risk

153. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to change 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.

Main cash pool

154. Fixed-rate cash, cash equivalents and investments are the Institute's interest-bearing financial instruments. The main cash pool comprises its main exposure to interest risk. As at the reporting date, the main cash pool invested primarily in

securities with shorter terms to maturity, with the maximum being less than five years. The average duration of the main cash pool was 1.1 years, which is considered to be an indicator of low risk.

Main cash pool interest rate risk sensitivity analysis

155. The analysis below shows how the fair value of the main cash 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 point in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main cash 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):									
UNITAR main cash pool sensitivity	**0.41**	**0.30**	**0.20**	**0.10**	**–**	**(0.10)**	**(0.20)**	**(0.30)**	**(0.41)**

Other market price risk

156. The main cash 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.

Accounting classifications and fair value

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

Fair value hierarchy

158. The table below presents 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 (that is, derived from prices).
- Level 3: inputs for the asset or liabilities that are not based on observable market data (that is, unobservable inputs).

159. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian 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 cash pool is the current bid price.

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

161. The following fair value hierarchy presents the main cash 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.

Fair value hierarchy: total main cash pool

(Thousands of United States dollars)

Financial assets at fair value through surplus or deficit	*Level 1*	*Level 2*	*Total*
Main pool			
Bonds			
Non-United States agencies	2 154 956	–	2 154 956
Non-United States sovereigns	691 489	–	691 489
Supranationals	440 169	–	440 169
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 cash pool	**5 583 138**	**1 830 000**	**7 413 138**

Note 22
Related parties

Governance of UNITAR

162. UNITAR is governed by a Board of Trustees, which is composed of 11 trustees, including the Chair. The trustees are appointed by the United Nations Secretary-General, in consultation with the Presidents of the General Assembly and the Economic and Social Council. The trustees do not receive any remuneration from the Organization.

163. The members of the Board of Trustees for UNITAR are not considered key management personnel as defined by IPSAS. The Board of Trustees formulates principles and policies to govern the Institute's activities and operations. However, the oversight function of the Board does not include the authority and responsibility for planning, directing, and controlling the activities of the entity. The Board approves the work programme as put forward by the Executive Director and Directors, adopts the budget, reviews the structure and composition of staffing and performs other statutory functions, including considering the methods of financing the Institute with a view to ensuring the effectiveness of its future operations, their continuity and the Institute's autonomous character within the framework of the United Nations.

164. UNITAR pays for travel costs, subsistence allowance and office expenses to cover costs incurred by the trustees in the execution of their duties.

Key management personnel

165. Key management personnel are those with authority and responsibility for planning, directing and controlling the activities of UNITAR. The Executive Director, at the Assistant Secretary-General level, the Director of Research Department and two Senior Managers, all at D1 level, have this ability.

166. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, and other entitlements such as grants, subsidies, and employer pension and health insurance contributions.

167. UNITAR had four key management personnel, whose remuneration was $1.4 million over the financial year ended 31 December 2014; such payments are in accordance with the Staff Regulations and Rules of the United Nations, the published salary scales of the United Nations and other publicly available documents.

168. Non-monetary and indirect benefits paid to key management personnel were not material. No close family member of key management personnel was employed by UNITAR at the management level. Advances made to key management personnel are those made against entitlements in accordance with the staff rules and regulations; such advances against entitlements are widely available to all UNITAR staff.

United Nations system

169. UNITAR is engaged in United Nations initiatives such as joint programmes and common services arrangements. Within joint funding mechanisms, United Nations entities work together to implement activities and achieve results.

170. UNITAR, as a part of the United Nations system, has transactions and relationships with other system entities. In accordance with IPSAS 20: Related party disclosures, these financial statements need not disclose transactions with other United Nations system entities, as the transactions are consistent with normal operating relationships between the entities, are undertaken on terms and conditions that are normal for such transactions in these circumstances, and are at arm's length.

Note 23
Operating leases and commitments

171. UNITAR holds one lease in place for the use of Geneva premises and one lease for New York office. The lease in Geneva is a one-year short-term lease agreement between the Fondation des immeubles pour les organisations internationales (FIPOI) and UNITAR, whereby FIPOI rents spaces out to UNITAR for an annual payment of CHF 195,180 (at 31 December 2014 rates: US$ 197,750). The lease can be renewed annually by a notice given to FIPOI not less than six months before the expiration date.

172. The total lease payments recognized in expenses for the period was $1.02 million. Total operating lease rental expense for year includes $0.70 million, towards donated rights-to-use arrangements; for which corresponding revenue is recognized in the statement of financial performance and presented within other revenue. Future minimum lease payments under non-cancellable arrangements are shown below.

Obligations for operating leases

(Thousands of United States dollars)

	31 December 2014
Due in less than 1 year	286
Due in 1 to 5 years	–
Due in more than 5 years	–
Total minimum lease obligations (undiscounted)	**286**

173. Operating lease arrangements for field office premises can generally be cancelled by providing notice of up to 90 days. Individual operating lease agreements for photocopiers at headquarters are generally made under the auspices of the overall long-term supply agreements. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

174. At the reporting date, open contractual commitments relating to goods and services contracted but not delivered were $0.737 million.

175. At the reporting date the Institute's commitments to transfer funds to implementing partners, based on agreements, amounted to $2.779 million.

Note 24
Contingent liabilities and contingent assets

176. UNITAR is subject to a variety of claims that arise from time to time in the ordinary course of its operations. These claims can be segregated into two main categories: commercial and administrative law claims. At the reporting date, UNITAR had no contingent liabilities for commercial and administrative law claims.

177. At the reporting date, there were no legal claims and claims before the United Nations Tribunals responsible for hearing claims presented by present and former employees.

178. At the reporting date, UNITAR had no contingent assets.

Note 25
Effects of changes in foreign currency exchange rates on restated balances

179. There is no foreign exchange gain or loss while restating the closing balances as at 31 December 2013 to opening balances as at 1 January 2014. This is due to the UNORE between other currencies and the United States dollar remaining the same on both dates.

Note 26
Events after the reporting date

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

Annex I

Statement of financial position as at 31 December 2014, by fund

(Thousands of United States dollars)

	General Fund	*Special Purpose Grants Fund*	*Activities financed by UNDP*	*After-service health insurance*	*All funds eliminations*	*Total 2014*
Assets						
Current assets						
Cash and cash equivalents	394	3 629	–	–	–	4 023
Investments	764	7 021	–	–	–	7 785
Voluntary contribution receivable	1 321	4 357	–	–	–	5 678
Other accounts receivable	–	734	249	–	(166)	817
Advance transfers	–	1 203	383	–	–	1 586
Total current assets	**2 479**	**16 944**	**632**	**–**	**(166)**	**19 889**
Non-current assets						
Investments	674	6 198	–	–	–	6 872
Voluntary contribution receivable	1 220	2 282	–	–	–	3 502
Property, plant and equipment	5	35	–	–	–	40
Total non-current assets	**1 899**	**8 515**	**–**	**–**	**–**	**10 414**
Total assets	**4 378**	**25 459**	**632**	**–**	**(166)**	**30 303**
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	501	1 613	–	–	(166)	1 948
Transfers payable	–	–	619	–	–	619
Advance receipts	–	971	–	–	–	971
Employee benefits liabilities	65	364	–	30	–	459
Total current liabilities	**566**	**2 948**	**619**	**30**	**(166)**	**3 997**

Statement of financial position as at 31 December 2014, by fund (continued)

	General Fund	*Special Purpose Grants Fund*	*Activities financed by UNDP*	*After-service health insurance*	*All funds eliminations*	*Total 2014*
Non-current liabilities						
Employee benefits liabilities	3	2 295	–	7 808	–	10 106
Total non-current liabilities	**3**	**2 295**	**–**	**7 808**	**–**	**10 106**
Total liabilities	**569**	**5 243**	**619**	**7 838**	**(166)**	**14 103**
Net of total assets and total liabilities	**3 809**	**20 216**	**13**	**(7 838)**	**–**	**16 200**
Net assets						
Accumulated surpluses	3 809	20 216	13	(7 838)	–	16 200
Total net assets	**3 809**	**20 216**	**13**	**(7 838)**	**–**	**16 200**

Annex II

Statement of financial performance for the year ended 31 December 2014, by fund

(Thousands of United States dollars)

	General Fund	*Special Purpose Grants Fund*	*Activities financed by UNDP*	*After-service health insurance*	*All funds eliminations*	*Total 2014*
Revenue						
Voluntary contributions — Member States	(32)	9 368	–	–	–	9 336
Voluntary contributions — other	109	9 468	584	–	–	10 161
Revenue from services rendered	–	9 086	–	–	–	9 086
Investments revenue	11	91	–	–	–	102
Programme support revenue	1 450	47	–	–	(1 497)	–
Other revenue	70	36	–	–	–	106
Total revenue	**1 608**	**28 096**	**584**	**–**	**(1 497)**	**28 791**
Expenses						
Employee salaries allowances and benefits	1 375	6 687	–	750	–	8 812
Non-employee compensations and allowances	138	4 686	211	–	–	5 035
Grants and other transfers	4	4 484	206	–	(240)	4 454
Travel	17	1 105	46	–	–	1 168
Supplies and consumable	14	382	–	–	–	396
Programme support expenses	–	1 176	81	–	(1 257)	–
Depreciation	–	8	–	–	–	8
Other operating expenses	731	3 451	40	–	–	4 222
Total expenses	**2 279**	**21 979**	**584**	**750**	**(1 497)**	**24 095**
Surplus/(deficit) for the year	**(671)**	**6 117**	**–**	**(750)**	**–**	**4 696**

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