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

Financial report and audited financial statements

for the year ended 31 December 2016

and

Report of the Board of Auditors

United Nations • New York, 2017

Note

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

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[30 June 2017]

Contents

Letters of transmittal

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

In accordance with financial regulation 6.2, I have the honour to submit the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2016, which I hereby approve. The financial statements have been completed and certified as correct by the Controller in all material respects.

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

(*Signed*) António **Guterres**

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

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the year ended 31 December 2016.

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

Chapter I

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

Opinion

We have audited the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, which comprise the statement of financial position (statement I) as at 31 December 2016 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Tribunal as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which describes the closure and liquidation of the Tribunal and the transfer of its functions, liabilities and assets to the International Residual Mechanism for Criminal Tribunals. This condition indicates that the International Criminal Tribunal for Rwanda is no longer a going concern as at 31 December 2016.

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

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

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

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

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

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Tribunal to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate the Tribunal or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Tribunal's financial reporting process of the Tribunal.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Tribunal.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

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

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

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

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

30 June 2017

Chapter II
Long-form report of the Board of Auditors

Summary

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

In its resolutions 1503 (2003) and 1534 (2004), the Security Council called upon the International Criminal Tribunal for Rwanda to take all possible measures to complete investigations by the end of 2004, to complete all trial activities at first instance by the end of 2008 and complete all work in 2010. Moreover, by its resolution 1966 (2010), the Council established the International Residual Mechanism for Criminal Tribunals to take over activities of the Tribunal and called upon the Tribunal to take all possible measures to complete its work by the end of 2014.

According to General Assembly resolution 70/241 and the report of the Secretary-General on the liquidation of the Tribunal (A/70/448), the liquidation was to be completed by 31 May 2016. However, the target completion date was later extended and the administrative liquidation was completed on 31 December 2016.

The Board of Auditors reviewed the liquidation activities of the Tribunal for the period from 1 January to 31 December 2016 and the related financial statements submitted on 31 March 2017. The audit was carried out through examination of the liquidation activities in Arusha, United Republic of Tanzania, and The Hague, Netherlands.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and has been discussed with the management of the Tribunal and the International Residual Mechanism for Criminal Tribunals, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to give assurance on the closure of the Tribunal as requested by the Security Council and to assess whether the liquidation activities were completed in accordance with the liquidation plan approved in April 2015.

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

The Board also reviewed the Tribunal’s operations under financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration

and management of operations. The Board examined key activities of the Tribunal, including the following:

- A general review of the programme of work during the liquidation phase, which included the disposal of assets, repatriation of staff members and their families, processing of their final entitlements, settlement of liabilities and recovery of receivables
- Preparation of the final budget performance report
- Provision of support to the audit of the Tribunal's operations for the biennium 2014-2015
- Dismantling of the temporary structures and repair and handover of the rented premises to the Arusha International Conference Centre
- Finalization of the Tribunal's cases pending at the Management Evaluation Unit or the United Nations Dispute Tribunal.

The report also includes a brief commentary on the status of implementation of a recommendation from previous years.

Audit opinion

The Board has issued an unqualified audit opinion on the financial statements for the period under review, as reflected in chapter I. The Board included an emphasis of matter paragraph in its opinion to draw attention to the formal closure of the Tribunal as disclosed in note 2 to the financial statements.

Overall conclusion

The mandate of the Tribunal expired on 31 December 2015, which marked closure of the main operations and the start of liquidation activities. Liquidation activities were initiated on 1 January 2016 and were expected to be completed in five months as envisaged by the General Assembly. However, the liquidation process was not completed as planned owing to delays in the finalization and certification of the 2015 accounts, disposal of assets, including the transfer of assets to other entities and government institutions, the handover of rented premises to the Arusha International Conference Centre and the finalization of other administrative matters.

In 2016 the remaining activities were completed under the Tribunal's liquidation team and the Residual Mechanism. The activities included settlement of the remaining payables, completion of data cleansing and accounting reconciliations, conversion of Umoja balances and preparation of the final financial statements. On 1 January 2017, the Tribunal was formally amalgamated administratively by way of transfer of the remaining identifiable assets and liabilities to the Residual Mechanism, notably employee liabilities and financial assets. The Board identified some deficiencies in the liquidation exercise, and since the Tribunal has closed its operations, the recommendations are provided mostly for follow-up of the remaining activities under the Residual Mechanism and as lessons learned for future liquidations that might be carried out in the United Nations.

Key findings

The Board highlights its key findings below.

Governance of liquidation activities

The Board noted that the liquidation activities were not completed within the five months from 1 January to 31 May 2016 as projected in the Tribunal's liquidation plan owing to factors such as delayed finalization and certification of the 2015 accounts, disposal of assets (including the transfer of assets to other entities and government institutions), handover of rented premises to the Arusha International Conference Centre and finalization of other administrative matters. The Tribunal was formally amalgamated administratively by way of transfer of the identifiable remaining assets and liabilities to the Residual Mechanism. Notably, end-of-service liabilities were transferred to the Residual Mechanism on 1 January 2016 in accordance with General Assembly resolution 70/243, and the remaining financial assets, together with accrued employee allowances, were transferred on 1 January 2017.

Handover certificate for transfer of assets and liabilities

The Board observed that apart from the financial statements for the year ended 31 December 2016, the Tribunal did not prepare a handover certificate to indicate the values of assets and liabilities transferred to the Residual Mechanism. The Board noted that, while the Financial Regulations and Rules of the United Nations have no specific requirement for the preparation of such a certificate, the Residual Mechanism requested from the Tribunal documentation and certification of values contained in the local financial reports, but no such documentation was provided. The Board considers that a handover certificate is necessary to enhance transparency and accountability.

Recovery of accounts receivables

The Board found that in 2016 the Tribunal recovered $0.14 million and the Residual Mechanism managed to recover $1.78 million of the $2.14 million in outstanding other receivables of the Tribunal as at 31 December 2015. At the end of 2016 a receivable of $2.10 million was established in accordance with resolution General Assembly 71/267 as a contribution from the Residual Mechanism to cover overexpenditure by the Tribunal, resulting in a total outstanding balance of $2.32 million as at 31 December 2016.

Recommendations

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

(a) **Take note of the deficiencies noted in the Tribunal's liquidation as lessons learned, and that the joint management team of the International Tribunal for the Former Yugoslavia and the Residual Mechanism take the risks related to those deficiencies into consideration when developing the risk management strategies for the liquidation of the International Tribunal for the Former Yugoslavia;**

(b) **Consider the preparation of a handover certificate of assets and liabilities during the future liquidation of the International Tribunal for the Former Yugoslavia;**

(c) **Ensure that the remaining accounts receivables are fully recovered.**

Key facts	
$2.09 million	Final appropriation
$2.46 million	Total expenses
$4.60 million	Revenue
$65.21 million	Assets
$57.11 million	Liabilities

A. Mandate, scope and methodology

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

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

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

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. In addition to the audit of the financial statements, the Board carried out reviews of the operations of the Tribunal in accordance with regulation 7.5 of the Financial Regulations of the United Nations and the Tribunal's compliance with the liquidation plan. Specific areas covered during the audit included disposal of assets, repatriation of staff members and their families, processing of staff members' final entitlements, settlement of liabilities and recovery of receivables, preparation of the final budget performance report, dismantling of the temporary structures, repair and handover of the rented premises to the Arusha International Conference Centre and

finalization of the Tribunal's cases pending at the Management Evaluation Unit or the United Nations Dispute Tribunal.

B. Findings and recommendations

1. Follow-up of previous audit recommendations

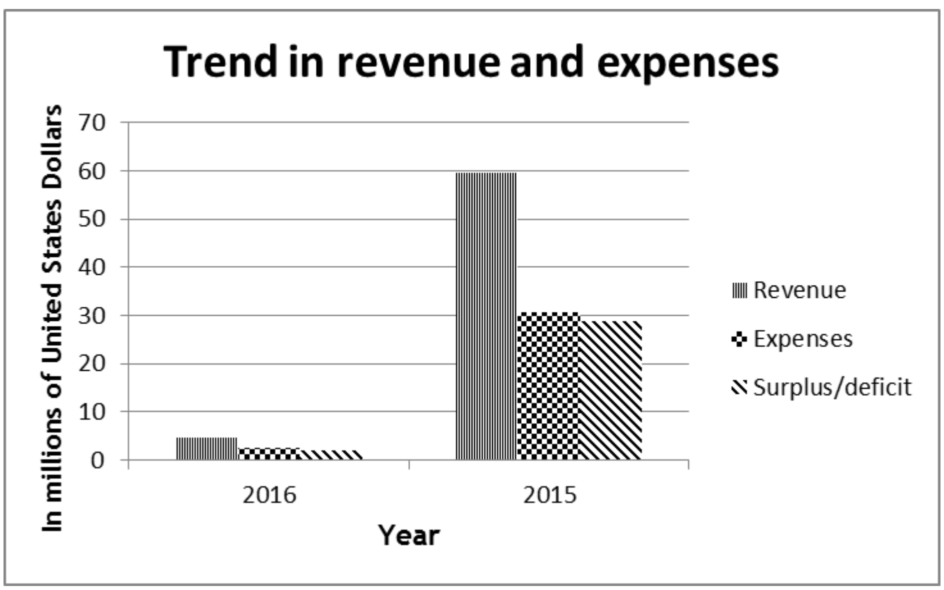
6. The Board noted that the remaining recommendations on outstanding accounts receivables had been overtaken by events owing to the closure of the Tribunal on 31 December 2015 and the decision made by the General Assembly for the Tribunal to amalgamate with the Residual Mechanism.

2. Financial overview

Financial position and performance

7. In 2016, the Tribunal's total revenue amounted to $4.60 million (2015: $59.67 million), while total expenses amounted to $2.46 million (2015: $30.67 million), resulting in a surplus of $2.14 million (2015: $29.0 million). As at 31 December 2016, the Tribunal had assets totalling $65.21 million (2015: restated $72.29 million), while total liabilities were $57.11 million (2015: restated $66.33 million). The Tribunal closed with net assets of $8.10 million as at 31 December 2016 (2015 restated surplus: $5.96 million). A comparison of revenue and expenses for the financial years 2015 and 2016 is illustrated in the figure below:

Financial performance: revenue and expenses (2015-2016)



Source: Analysis by the Board of Auditors of the 2015 and 2016 financial statements.

Ratio analysis

8. The ratio analysis shown in table II.1 contains key financial ratios extracted from the financial statements, mainly from the statements of financial position and financial performance.

Table II.1
Ratio analysis

Description of ratio	*31 December 2016*	*31 December 2015 (restated)*
Total assets: total liabilities[a]	1.14	1.09
Current ratio[b]		
Current assets: current liabilities	0.94	5.13
Quick ratio[c]		
Cash + short-term investments + accounts receivable: current liabilities	0.93	5.04
Cash ratio[d]		
Cash + short-term investments: current liabilities	0.72	2.35

Source: Tribunal financial statements, 2016.

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

[b] A low ratio indicates an entity's inability to pay off its short-term obligations.

[c] Quick ratio is less conservative than current ratio because current liabilities are much greater than quick assets. A low ratio means a less liquid current position.

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

9. The Board's analysis shows that the current assets are 0.94 (5.13 in 2015) times the current liabilities, which indicates that current liabilities were not totally covered by liquid assets and that there were insufficient liquid assets available to pay current liabilities. The decrease of the value of this ratio from 5.13 in 2015 to 0.94 is explained by the transfer of the employee and judges' liabilities to the Residual Mechanism, decreasing the long-term liabilities of the Tribunal and creating a current liability with a payable of the same amount to the Residual Mechanism. The level of liquidity was in line with the fact that no amounts had been reserved in the accounts to cover the payment of those liabilities in the future. The total assets to total liability ratio was 1.14 (1.09 in 2015), showing a satisfactory indicator of solvency. Generally, the ratios depict the liquidation of the Tribunal as at 31 December 2016.

3. Budget and expenditure

10. The approved budget for the Tribunal's liquidation activities from 1 January 2016 to 31 May 2016 was $2.09 million from regular budget sources. However, the liquidation process was not completed as planned and the Tribunal's liquidation team was granted an extension of two months to complete the remaining activities.

11. On 23 December 2016, the General Assembly approved an additional $3.73 million as part of the estimated final expenditures for the Tribunal's staff costs required for settlement of education grant claims and separation entitlements over and above the established provision. This resulted in a total available amount of $5.82 million. The final actual expenditure on a budget basis was $5.49 million, reflecting a reduction on estimated expenses of $0.33 million after completing full reconciliation of accounts. (The actual IPSAS expenses in the statement of financial performance was $2.46 million, while the final expenditure on a budget basis was $5.49 million.)

12. The Board noted that the liquidation budget did not include benefits for education grant for Tribunal staff members who separated in 2015 and 2016, and a provision for separation established in 2015 was insufficient. The payments for these unbudgeted education grant claims and separation entitlements resulted in an

overexpenditure of $3.73 million which had to be settled against the 2016 appropriation. The extension of the liquidation period by two months from 1 June to 31 July 2016 also contributed to additional costs under staff costs, while non-staff expenditures mainly related to the write-off of non-recoverable receivables recorded by the Residual Mechanism during administrative liquidation as detailed in the table II.2.

Table II.2
Overexpenditure analysis as at December 2016 (budget basis)

Object of expenditure	*Amount of overexpenditure (thousands of United States dollars)*
Other staff costs	3 304.4
Travel of staff	13.8
Contractual services	(3.7)
General operating expenses	172.9
Supplies and materials	(18.6)
Furniture and equipment	(2.8)
Staff assessment	260.7
Total additional expenditure (gross)	**3 726.7**

Source: Final performance report on the budget of the Tribunal.

13. For the year ended 31 December 2016, the final expenditure (on a budget basis) of the Tribunal was $5.49 million, partly offset by prior-year savings of $1.21 million, resulting in a total of $4.28 million, which exceeds the final appropriation by $2.20 million. In calculating the transfer from the Residual Mechanism, management has approved the use of miscellaneous income ($0.09 million) to partially offset the overexpenditure, leaving a net balance of $2.10 million to be charged against the budget of the Residual Mechanism under General Assembly resolution 71/267, as shown in table II.3.

Table II.3
Budget and expenditure analysis as at December 2016
(Millions of United States dollars)

Approved budget	*Budgeted figure for biennium 2016-2017*	*Actual expenditure (budget basis) as at 31 December 2016*
Resolution 70/241	2.09	
Resolution 71/267	3.73	
Variance in final expenditures	(0.33)	
Total	**5.49**	**5.49**

Source: General Assembly resolutions and Umoja.

14. The Residual Mechanism's contribution of $2.10 million will be reported in the context of the second performance report of the Residual Mechanism, as requested by the General Assembly in resolution 71/267.

15. **The Board recommends that the Residual Mechanism take note of the deficiencies identified in the Tribunal's liquidation budget, and that the joint management team of the International Tribunal for the Former Yugoslavia and**

the Residual Mechanism include relevant budgetary provisions to cover, to the greatest possible extent, expenses related to the liquidation of the International Tribunal for the Former Yugoslavia in order to avoid overexpenditure.

16. The Residual Mechanism explained that, on the basis of consultations with the Office of Programme Planning, Budget and Accounts and the budget instructions for the biennium 2018-2019, the International Tribunal for the Former Yugoslavia was to include, in the context of the second performance report for the current biennium, budgetary estimates to cover education grant claims related to the school year 2017/18 and staff separation entitlements so as to address, to the greatest extent possible, the costs related to separating staff of the International Tribunal for the Former Yugoslavia. In 2018, the Residual Mechanism would include in its budget a relatively small allocation to address staffing requirements to complete tasks related to administrative liquidation; the estimated budget for that purpose was $397,500.

4. Liquidation schedule and scope

17. At the beginning of the biennium 2014-2015, the Tribunal started partial liquidation activities whereby, whenever activities were completed, the services of the related staff members ended. Similarly, when an asset was no longer required the Tribunal used various methods of disposal in accordance with the preliminary assets disposal plan, namely transferring the asset to the Residual Mechanism, selling it to staff or the general public or donating it to public-sector organs, civic groups or educational institutions.

18. The full liquidation phase started on 1 January 2016 and was expected to take five months, ending on 31 May 2016, in accordance with General Assembly resolution 70/241 and the report of the Secretary-General on the liquidation of the Tribunal (A/70/448). Liquidation activities were governed by the liquidation advisory committee, whose six members were appointed by the Registrar from the Tribunal staff. The Committee functioned as a steering committee to guide the liquidation planning progress, especially with respect to development of the liquidation plan, which was approved in April 2015. The execution of liquidation activities was the responsibility of the liquidation team, which comprised 3 staff members in the office of the Liquidation Coordinator, 19 in the general services and asset management cluster, 7 in the human resource cluster, 6 in the budget and finance cluster and 8 in the information technology cluster, for a total of 43 staff members as specified in the budget approved by the General Assembly.

5. Human resources and governance challenges in liquidation activities

19. In accordance with the completion strategy and on the basis of the report of the Secretary-General (A/70/448), the liquidation of the Tribunal was supposed to have been completed by the end of May 2016. In its resolution 70/241 the General Assembly confirmed that the liquidation of the Tribunal was expected to be completed in five months, beginning on 1 January 2016, and encouraged the Secretary-General to ensure that the liquidation activities were completed in a timely manner.

20. The liquidation team could not complete its activities by 31 May 2016 as planned, and therefore on 27 June 2016, the Under-Secretary-General for Management, through the Controller, extended the term of the liquidation team to 31 July 2016. The Board noted that the delay in finalization of the liquidation activities was caused by external factors, such as delayed submission of financial statements on 31 May 2016 instead of 31 March 2016, which affected all secretariat entities that implemented Umoja, and internal factors such as high staff attrition without corresponding proper mitigation measures. Those factors affected some

important aspects of the process; for example, as a result of high staff attrition the activities continued without the liquidation advisory committee, and the liquidation team had to use low-grade local staff when Professional staff separated. Details of the weaknesses noted in the process are provided in the subsequent paragraphs.

Staff attrition

21. The separation process for 210 of the 259 Tribunal staff members was scheduled to be completed by 31 December 2015. The Board found that, while the General Assembly had approved positions for 43 staff members (see para. 18 above), contracts for 49 staff were extended beyond 31 December 2015. The Board further noted that during the full liquidation period (1 January to 31 December 2016) there was significant attrition of members of the liquidation team, which included one senior official who was heading the general services and asset management cluster. According to data provided by the management of the Tribunal, staff separations during that period were as shown in table II.4.

Table II.4
Staff separations, January-December 2016

Month	*Number of staff at beginning of month*	*Number of staff separated during the month*	*Number staff at end of month*
January 2016	49	2	47
February 2016	47	4	43
March 2016	43	7	36
April 2016	36	14	22
May 2016	22	11	11
June 2016	11	5	6
July 2016	6	–	6
August 2016	6	–	6
September-December 2016	6	3	3

Source: Tribunal management.

22. The Residual Mechanism explained that a former Tribunal employee now working for the Residual Mechanism in Arusha, remarking that the Tribunal’s field personnel management system “was not well updated in 2016”, had provided different employment figures for 2016, as shown in the annex to the present chapter.

23. The Board noted that the high attrition rate of liquidation team members was mainly due to the lack of job assurance at the time when the team was finalizing its activities, such that staff members separated from the Tribunal whenever they could secure a job elsewhere.

24. As a result of the high attrition, 11 members of the liquidation team (according to the Tribunal’s figures) were retained beyond 31 May 2016 in order to complete the remaining activities. The Board observed that there were no proper human resources controls to mitigate the risk of delay and to commit the remaining staff members to meet the pre-established deadline. This is due to the fact that the governance role of risk management could not be carried out effectively by the liquidation team, as the team was fully engaged in executing liquidation activities. This situation contributed to time extensions to complete liquidation activities. The Board considers that adequate measures need to be in place to ensure availability and proper management of staff for successful completion of future liquidations, such as that of the International Tribunal for the Former Yugoslavia.

25. The Residual Mechanism explained that, with regard to its responsibilities in connection with the Tribunal, it had successfully cleared most of the accounts receivables, completed Umoja migration, prepared in a timely manner the final budget performance report and final financial statements of the Tribunal and provided timely and appropriate answers to questions on those reports from different governance and oversight bodies. The Residual Mechanism also explained that core liquidation tasks and related data (including those related to staff attrition) were the responsibility of the Tribunal liquidation team and that any information provided during the interim audit from legacy systems was expected to have been verified with the Board at the time of the interim exercise. In that sense the Residual Mechanism was not in a position to verify or comment on data reported in the audit finding.

26. The Residual Mechanism further explained that the management of the International Tribunal for the Former Yugoslavia had long been aware that attrition was a threat to the successful completion of its judicial activity and had reported on what it was doing to address that challenge in its November 2016 completion strategy report. The Residual Mechanism also explained that its own liquidation was several years away and it was therefore reluctant to accept a recommendation that had the potential to remain open for such a long time.

27. The Board takes note of the management explanations, but considers that the explanations highlight deficiency in the handing over of the responsibilities of the International Criminal Tribunal for Rwanda, since the Residual Mechanism is an entity designated to respond to audit issues originating from the Tribunal. Some audit issues take longer to resolve and in most cases they are included in entities' subsequent reports. Also, finalization of audit issues arising up to the closure of the Tribunal would necessarily mean that either staff from the Tribunal would remain to respond to such issues or the handover process would enable the successor organization to deal with them. The Board considers that the Residual Mechanism needs to liaise with United Nations Headquarters for assistance on the best way to validate data and respond to audit issues related to the closed Tribunal. The Board also takes note of the reporting by the International Tribunal for the Former Yugoslavia on the staff attrition threat and the fact that the liquidation of the Residual Mechanism might be some years away. However, the Board is of the view that policies, procedures and guidance can be developed at any period to be available to address similar deficiencies when they occur in other liquidations.

28. **The Board recommends that United Nations Headquarters, through the Residual Mechanism, take the staff attrition problem as a lesson learned for the Tribunals and ensure that measures are put in place to guarantee availability of staff during future liquidations, including that of the International Tribunal for the Former Yugoslavia.**

29. **The Board recommends that the Residual Mechanism take note of the deficiencies noted in the Tribunal's liquidation as lessons learned, and that the joint management team of the International Tribunal for the Former Yugoslavia and the Residual Mechanism take the risks related to those deficiencies into consideration when developing the risk management strategies for the liquidation of the International Tribunal for the Former Yugoslavia.**

Liquidation advisory committee to guide the liquidation process

30. Liquidation activities were governed by the liquidation advisory committee, with six members appointed by the Registrar from the Tribunal staff. The committee functioned as a steering committee to guide the liquidation planning progress, especially with respect to finalizing the liquidation plan, which was approved in April 2015. Of the six members of the committee, four (or 67 per cent) had separated from the Tribunal by December 2015, leaving the execution of liquidation activities to be directed and managed by the liquidation team.

Use of lower-grade local staff and interns

31. The Tribunal liquidation team hired 11 casual workers as local staff and used interns to support liquidation activities. The Under-Secretary-General for Management instructed the team that the responsibility and funding to carry out any remaining liquidation activities should be passed on to the Residual Mechanism by 30 June 2016. However, liquidation activities related to staff separation, finance reporting and audit, archiving of documents generated by the liquidation team and handover issues could not be completed on the scheduled date, when the remaining 11 staff of the liquidation team had to be separated. As a result, the Under-Secretary-General for Management had to change the decision made earlier to allow the liquidation team to continue to bring its activities to a conclusion.

32. The Board was informed by the Residual Mechanism management that core liquidation tasks and related data (including decisions on the staffing of the liquidation team) were the responsibility of the Tribunal liquidation team, that any information provided during the interim audit from legacy systems was expected to have been verified and agreed to by the Tribunal and the Board, and that the Residual Mechanism was not in a position to verify the Tribunal data. However, the Board considers that the Residual Mechanism, as the entity designated to deal with audit issues emanating from the Tribunal, needs to liaise with United Nations Headquarters for assistance and guidance on how issues originating from the Tribunal can be dealt with.

33. Further, the Board noted that the report prepared on the Tribunal's liquidation included a lesson learned on the need to preserve intellectual and professional capital of the organization during the downsizing process of United Nations entities. However, the Board considers that as part of the lessons learned from the liquidation, the Residual Mechanism, in collaboration with Headquarters, should develop guidance on striking a proper balance between the need to guarantee availability of staff for liquidation activities, on the one hand, and the requirement to reduce staff costs during entities' downsizing, on the other.

34. The Residual Mechanism explained that the there was no legal way to guarantee the availability of staff, Professional or otherwise. Also, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia were and are unique institutions within the United Nations. The completion of work and closure of the institutions were driven not by the end of a political mandate, but rather by the end of judicial activities. The guidance envisaged by the Board would therefore likely not reach beyond the audience of the International Tribunal for the Former Yugoslavia, the only United Nations entity (with the exception of field missions) currently slated to close. The management of that tribunal was actively taking a number of measures to encourage staff retention. Finally, the Residual Mechanism explained that it was not in a position to accept a recommendation on behalf of Headquarters.

35. The Board takes note of the additional explanations provided by the Residual Mechanism but remain of the view that with proper policy it is possible to guarantee availability of staff during liquidation. For example, through the use of fixed-term staff on temporary duty assignments and staff on loan from Headquarters, or revised terms of contracts for staff of the closing entity, management can guarantee availability of staff. The Board also considers that the established arrangement requires matters originating from closing tribunals to be addressed through the Residual Mechanism; therefore, it is proper for the lesson learned from the liquidation of the International Criminal Tribunal for Rwanda on the need to guarantee availability of staff to be escalated to Headquarters through the Residual Mechanism. This will provide reference to the origin of the issue and the basis for decisions on the required guidance.

36. **The Board recommends that, as part of the lessons learned from the liquidation of the International Criminal Tribunal for Rwanda, the Residual Mechanism, in collaboration with United Nations Headquarters, develop guidance that takes into account the need to have oversight of the performance of the liquidation team, reduce costs and guarantee the availability of Professional staff in future downsizing and liquidations of United Nations entities, including the International Tribunal for the Former Yugoslavia.**

Separation management

37. The liquidation of tribunals is not a common event in the established routine of United Nations activities, and the International Criminal Tribunal for Rwanda is the first tribunal to be liquidated. The Tribunal therefore faced a number of challenges, including a lack of specific reference materials and in-house experience to carry out liquidation activities. To mitigate this shortfall, the Tribunal drew some insights regarding the general liquidation process from the liquidation manual developed by the Department of Peacekeeping Operations of the Secretariat.

Timing of separation

38. The authority to process the separation of international staff was given to the Department of Management in New York, while the checkout procedure was done at the Tribunal's offices, which were the duty stations of personnel. This meant that the staff separation process required proper coordination as it involved sections located in geographically different duty stations. The Board noted that 210 staff members were scheduled to be separated in December 2015; however, December was not a convenient period to close down a United Nations office with over 200 staff members to be separated, half of whom were international staff. For example, while separation notices were issued to the staff well before December 2015, the checkout procedure for most staff members was put on hold or delayed until January or February 2016 owing to year-end holidays. The Board considers that the inconvenience could have been avoided had the separation date been set earlier than or after December 2015. The Board is of the view that as a lesson learned from the liquidation of the Tribunal, the Residual Mechanism needs to liaise with Headquarters to ensure that guidance on scheduling of critical activities is in place and can be used in future liquidations.

39. The Residual Mechanism stated that it could not verify figures reported by the Tribunal, while explaining that separation of staff was driven by the completion of judicial activities. Budgets of international judicial organizations were created around the organizations' requirements. If the Tribunal had had to separate staff in October or November 2015, that would have imperilled the completion of its last case. Likewise, had the Tribunal kept staff on after the completion of its judicial activities, with no other work to do, Member States would have rightfully

complained that their resources were being wasted. While the timing of the Tribunal's separations might have been unfortunate, it could not have been changed without incurring significant costs. For the International Tribunal for the Former Yugoslavia, the anticipated closing date of its final case was the end of November 2017, which would allow the month of December for checkout procedures of relevant staff. Other critical downsizing and liquidation activities of the International Tribunal for the Former Yugoslavia had been ongoing for months (with regard to asset transfer) or years (managed staff downsizing) and had been properly scheduled and adjusted to reflect changes in circumstances.

40. The Residual Mechanism stated that the need for proper timing of critical activities was one of the lessons learned cited in the liquidation report of the International Criminal Tribunal for Rwanda. The Board considers that inclusion of staff separation time as one of the lessons learned in the liquidation report underscores the need for proper measures to address this issue in future liquidations. The Board is of the view that since the current arrangement assigns responsibility for dealing with the affairs of the closing tribunals to the Residual Mechanism, it is crucial for the Residual Mechanism to liaise with Headquarters to ensure that guidance on scheduling of activities for closing tribunals is in place. The Board is of the view that addressing issues originating from the closing tribunals through the Residual Mechanism provides a trail of the origin of the audit issues and the basis for decisions at other levels such as Headquarters.

41. **The Board recommends that, as one of the lessons learned from the liquidation of the International Criminal Tribunal for Rwanda, the Residual Mechanism liaise with United Nations Headquarters to ensure that guidance on scheduling of critical activities is in place and can be used during the downsizing of the International Tribunal for the Former Yugoslavia.**

Staff complaints during separation

42. The Tribunal recruited 16 temporary staff as assistant cooks for the United Nations Detention Facility in 1998 at a monthly payment of $280. However, during the interim audit in October 2015, the Board noted that there were no formal contracts for those staff and their payments were not based on predetermined work days but rather on a daily work basis. On the grounds of the length of their service, the staff considered that they qualified for termination benefits. Therefore at the end of their service with the Tribunal in December 2015, those staff members filed a case with the labour office in Arusha to claim terminal benefits amounting to $788,152. Up to the time of final audit in April 2017 the case had yet to be resolved.

43. The Residual Mechanism informed the Board that, following negotiations between representatives of the Tribunal and its former staff members, an agreement entitled "Day labourers' acceptance of settlement" had been reached, according to a letter from the attorney of the former staff members, whereby the staff accepted an offer of a total amount of $18,000. The Residual Mechanism had accepted responsibility for resolving the labour dispute involving the Tribunal staff. The Residual Mechanism would continue its efforts to reach a resolution that was in the best interests of the Organization. However, the Board considers that the Residual Mechanism needs to finalize the case in the best interests of both parties and notes the deficiencies in hiring daily labourers for a prolonged period as a lesson learned.

6. Asset management

44. According to the financial statements as at 31 December 2015, there were 255 remaining items of property, plant and equipment valued at $3.71 million. Those items were disposed of or transferred at their carrying value throughout 2016 as part

of the progressive amalgamation of the Tribunal into the Residual Mechanism. As at 31 December 2016, the Tribunal reported a zero carrying value of property, plant and equipment.

7. Financial matters

Recovery of accounts receivables

45. The Board noted that the Tribunal did not recover a substantial part of its outstanding receivables. Of the $2.14 million in outstanding receivables as at 31 December 2015, the Tribunal recovered only $0.14 million. The Residual Mechanism recovered $1.78 million (83 per cent) of the outstanding balance in 2016. At year-end a receivable of $2.10 million was established in line with resolution General Assembly 71/267 as a contribution from the Residual Mechanism to cover the Tribunal's overexpenditure, resulting in a total outstanding balance of $2.32 million as at 31 December 2016.

46. While receivables issued to agencies are likely to be recovered through the Residual Mechanism, the Board considers that it will be difficult to recover the full amount of $53,875 issued to separated staff who were not transferred to other United Nations entities because the Tribunal held no collateral and had not recovered the amounts before the staff were separated. The circumstances which had led to the payments made beyond the staff members' contracts were not brought out during the audit. Table II.5 shows the movement of receivables of the Tribunal between 31 December 2015 and 31 December 2016.

Table II.5
Movement of other accounts receivables
(United States dollars)

	As at 31 December 2015	*As at 31 December 2016*	*Balance as at 31 December 2016*[a]	*Amount recovered*	*Amount added*
International staff	275 214.39	51 468.69	51 468.69	(223 745.70)	–
Local staff	15 696.22	–	–	(15 696.22)	–
Vendors	12 265.23	–	–	(12 265.23)	–
Other United Nations entities	1 570 900.59	2 263 206.21	157 997.33	(1 412 903.26	2 105 208.88
Defence counsel	1 223.17	–	–	(1 223.17)	–
Judges	60 682.62	2 406.32	2 406.32	(58 276.30)	–
Accounts receivables value added tax department	139 866.70	–	–	(139 866.70)	–
Accounts receivables Government of Rwanda	–	–	–		–
Accounts receivables Tanzania Revenue Authority excise duty	61 045.48	–	–	(61 045.48)	–
Total	**2 136 894.40**	**2 317 081.22**	**211 872.34**	**(1 925 022.06)**	**2 105 208.88**

Source: Tribunal trial balances.
[a] This balance excludes $2.1 million in Residual Mechanism receivables.

47. The Residual Mechanism informed the Board that as at 31 December 2016, staff receivables had been reduced to $51,468.69, most of which related to education grant advances. Receivables with United Nations entities had been settled except for $0.16 million, which was expected to be settled in 2017.

48. The Residual Mechanism explained that the Tribunal's accounts receivables balance as at 13 July 2017 was only $146,597, of which $121,000 related to a special clearing account balance whose final settlement was expected to take place during the coming months, which would represent significant progress. The Board considers that it is important that all remaining receivables from the Tribunal be fully recovered to clear the accounts of the closed Tribunal.

49. **The Board recommends that the Residual Mechanism ensure that follow-up measures are taken to recover the remaining amount.**

Handover certificate on transfer of assets and liabilities

50. The Board observed that as at 30 July 2016, all assets and liabilities had been handed over to the Residual Mechanism; however, the Board did not establish the value of assets and liabilities at the time of handing over apart from the values indicated in the Tribunal's financial statements for the year ended 31 December 2016. This was mainly due to the absence of a handover certificate for assets and liabilities between the Tribunal and the Residual Mechanism. The Residual Mechanism stated that while it had received some of the Tribunal's assets and liabilities there had been no formal handover of such assets and liabilities.

51. The Board was informed that, despite there being no specific requirement in the Financial Regulations and Rules of the United Nations for the preparation of an assets and liabilities handover certificate, the Tribunal had indeed been requested to provide documentation and certification of the values contained in the local financial reports, but the request had not been responded to. The Board considers it crucial that a handover certificate of assets and liabilities from closing to successor organization be made mandatory in future liquidations to enhance transparency and accountability.

52. **The Residual Mechanism agreed with the Board's recommendation that the joint management team of the International Tribunal for the Former Yugoslavia and the Residual Mechanism, together with the Office of Programme Planning, Budget and Accounts, consider the preparation of a handover certificate of assets and liabilities for the future liquidation of the International Tribunal for the Former Yugoslavia.**

8. Information technology services

53. During the liquidation process, the Board noted that the Information Technology Services Section carried out various activities in support of the process, as follows:

- Backed up three large storage systems containing over 100 terabytes of data and handed over these systems to the Residual Mechanism
- Coordinated the disposal of over 300 desktops and associated printers, scanners and telephone sets
- Harvested desktop licences for antivirus and office automation
- Dismantled, disconnected and retrieved 12 kilometres of cables (i.e. fibre optic and copper) that were used for carrying data and voice communications across the Arusha International Conference Centre compound
- Shut down over 100 physical servers, eight tape libraries, two core backbone switches, edge routers, monitoring equipment and dozens of floor switches, modems and routers.

54. Despite the above, the Board noted that the main challenge faced by the Information Technology Services Section during the liquidation process was to synchronize the logistics of shutting down the information technology equipment because the applications and assets were still needed to support the liquidation team until the end of the exercise.

55. Further, the Board noted that the Tribunal had applied methods and tools such as purging and degaussing to sanitize equipment and protect confidentiality of information. Apart from coordination challenges experienced in terms of lack of reference materials and in-house experience to carry out liquidation activities, the Board is of the view that the precautions taken before disposal of assets can be used as a good lesson learned for future disposal for other United Nations entities such as the International Tribunal for the Former Yugoslavia.

C. Disclosures by management

1. Write-off of losses of receivables and property

56. The Tribunal informed the Board that, in accordance with financial rule 106.7 (a), accounts receivable of $361,154.10 had been written off.

2. Ex gratia payments

57. Management confirmed that the Tribunal did not make any ex gratia payments in 2016.

3. Cases of fraud and presumptive fraud

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

59. 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 had identified or which had been brought to its attention. The Board also enquired as to whether management had knowledge of any actual, suspected or alleged fraud, including enquiries of the Office of Internal Oversight Services. The additional terms of reference governing the external audit include cases of fraud and presumptive fraud in the list of matters that should be covered in its report.

60. Management reported two cases of fraud to the Board. For one of the cases the OIOS report stated that there were reasonable grounds to conclude that staff had failed to observe the standards of conduct expected of a United Nations staff member. At the time of writing of the present report there was no information on the status of the second case reported as fraud or presumptive fraud.

D. Acknowledgement

61. The Board wishes to express its appreciation to the Liquidation Coordinator and the staff of the Tribunal for the cooperation and assistance extended to its staff.

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

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

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

Annex

Staffing levels during liquidation of the Tribunal, January-July 2016

	Number of staff						
Category	*January*	*February*	*March*	*April*	*May*	*June*	*July*
Professional and above	11	11	11	10	6	5	4
General Service and related	15	15	13	12	8	4	2
Local level	20	19	18	16	11	5	3
Total	**46**	**45**	**42**	**38**	**25**	**14**	**9**

Source: Data provided by the Residual Mechanism.

Chapter III
Certification of the financial statements

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

The financial statements for the year ended 31 December 2016 of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 have been prepared in accordance with financial rule 106.1.

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

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

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

Chapter IV
Financial report for the year ended 31 December 2016

A. Introduction

1. The Registrar of the International Residual Mechanism for Criminal Tribunals has the honour to submit herewith the financial report for the year ended 31 December 2016 on the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994.

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

3. As previously reported (see A/70/5/Add.13, chap. IV, para. 3), as at 31 December 2014 the Tribunal had completed its work at the trial level for all 93 accused indicted by the Tribunal. This included 55 first-instance judgments, involving 75 accused, 10 referrals to national jurisdictions (4 apprehended accused and 6 fugitive cases), 3 top priority fugitives whose cases were transferred to the Residual Mechanism, 2 withdrawn indictments and 3 indictees who died prior to judgment. Appellate proceedings had been concluded in respect of 55 persons. On 14 December 2015, the Tribunal's Appeals Chamber delivered its final judgment on the sole remaining case on appeal, the Nyiramasuhuko et al. (Butare) case. That was the last judgment of the Appeals Chamber, which brought the Tribunal's judicial activity to an end.

4. The Tribunal was formally closed on 31 December 2015. The 2016 activities of the Tribunal were liquidation activities, both technical and administrative. Details of these activities are given in note 2 to the financial statements in the section on going concern. The technical activities were initially to be completed by 31 May 2016 by the Tribunal liquidation team. As the liquidation process experienced some delays, an extension period of two months was granted to allow for the completion of pending activities in order to ensure a smooth transition and final closure of the Tribunal. After the completion of the technical liquidation period, administrative liquidation was completed by the Residual Mechanism, including the closure of the accounts for the preparation of the present financial statements. On 1 January 2017, the Tribunal was formally amalgamated administratively by way of transfer of the identifiable remaining assets and liabilities to the Residual Mechanism.

5. These outputs were produced utilizing $5.49 million, which exceeded the 2016 final budget of $2.09 million. The overexpenditure of $3.40 million was covered by budgetary savings from the prior biennium of $1.21 million, the use of miscellaneous income of $0.09 million and the reporting of the remaining portion of $2.10 million against the 2016-2017 budget for the Residual Mechanism, as approved by the General Assembly in resolution 71/267. This variance is mainly attributable to additional costs associated with separation and education grant claims as well as the extension of the technical liquidation period by two months.

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

6. The financial results of the Tribunal's activities and its financial position as at 31 December 2016, as described in the present section, are shown in financial statements I, II, III, IV in compliance with the International Public Sector Accounting Standards (IPSAS). Statement V shows the comparison of budget and actual amounts calculated on a budget basis, as described in paragraph 5 above. The notes to the financial statements explain the Tribunal's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Revenue

7. In 2016, revenue for the Tribunal totalled $4.60 million. The main sources of revenue were assessed contributions of $2.09 million from Member States and other transfers and allocations of $2.10 million.

8. Assessed revenue has been recorded in accordance with the Financial Regulations and Rules of the United Nations and the relevant resolutions of the General Assembly for the biennium 2016-2017 (resolutions 71/267 and 70/243), with an amount equivalent to the final allocated budget of $2.09 million.

9. In order to meet the requirements of resolution 71/267, stating that the overexpenditure of $2.10 million incurred by the Tribunal would be reported against the budget of the Residual Mechanism, the Mechanism has recorded a grant out to the Tribunal as an expense against its 2016-2017 budget. Similarly, the Tribunal has recorded a grant in as revenue.

Expenses

10. For the year ended 31 December 2016, expenses of the Tribunal totalled $2.46 million. The main expense categories were staff costs of $2.08 million, which constituted 84.9 per cent of total expenses, and other operating expenses of $0.36 million (14.6 per cent).

11. Total staff costs decreased by $20.99 million in 2016 and included only employee salaries and allowances. The significant decrease is in line with the fact that the Tribunal conducted only liquidation activities in 2016, while in 2015 the Tribunal was completing its judicial activities. Consequently, there were much lower costs relating to employees and no costs at all relating to judges in 2016.

Operating results

12. The net surplus of revenue over expenses in 2016 was $2.14 million (87.2 per cent) on an accrual basis.

13. The difference between the net surplus of $2.14 million and the budget result of zero (after transfer of the effect of overexpenditure to the Residual Mechanism, as described in paragraph 5 above) is accounted for by the utilization of the liquidation provision of $2.14 million that was created in 2015. This constituted an expense under IPSAS in 2015 but was not recognized on a budget basis until 2016.

Assets

14. Assets as at 31 December 2016 totalled $65.21 million. The main assets were cash and cash equivalents and investments totalling $52.82 million, representing 81.0 per cent of the total assets. Assessed contributions receivable from Member

States were $9.71 million (14.9 per cent). Other receivables of $2.32 million (3.6 per cent) correspond mainly to the grant of $2.10 million to be received by the Tribunal from the Residual Mechanism to cover overexpenditure.

Liabilities

15. Liabilities as at 31 December 2016 totalled $57.11 million (31 December 2015: $66.33 million).

16. The largest liability was a payable of $55.93 million to the Residual Mechanism, representing 97.9 per cent of the total liabilities. The General Assembly, in its resolution 70/243, decided on an additional appropriation for the biennium 2016-2017 under the budget of the Mechanism corresponding to the requirement for the pensions of retired judges, and their surviving spouses, and after-service health insurance benefits of former staff of the International Criminal Tribunal for Rwanda, on a "pay-as-you-go" basis. Accordingly, the balance of $55.93 million of employee and judges' benefit liabilities as at 1 January 2016 has been transferred to the Mechanism. No cash transfer occurred at that time and a corresponding payable towards the Mechanism has been recognized.

17. The remaining employee benefits liabilities of $1.16 million (2.0 per cent of the Tribunal's total liabilities) relate mainly to the workers' compensation programme under appendix D to the Staff Regulations and Rules of the United Nations (ST/SGB/2017/1 and Corr.1), which governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. It is to be noted that this benefit was omitted in prior years' financial statements. The 2015 comparative figures have therefore been restated with a liability of $0.93 million recognized as at 1 January 2015.

Net assets

18. Net assets have been affected by three errors, two of which relate to periods prior to 2015 and one to 2015. The first error was an omission of certain employees from the census data used in the actuarial valuation of employee benefits. The impact was an understatement of after-service health insurance liabilities as well as a decrease of net assets as at 1 January 2015 of $1.10 million. The second error was the omission of appendix D valuation, described above, resulting in a decrease in net assets as at 1 January 2015 of $0.93 million and an increase in the 2015 surplus of $0.02 million. The final restatement was due to a partial recognition of the foreign exchange gains and losses in the 2015 financial statements, resulting in a decrease of $0.12 million in the 2015 surplus and net assets.

19. The movement in net assets during 2016 reflects an increase of $2.15 million, from $5.95 million in 2015 to $8.10 million in 2016, owing mainly to the operating surplus of $2.14 million.

Liquidity position

20. At 31 December 2016, current obligations, including the transfer of staff benefit liabilities, slightly exceeded liquid assets. Liquid funds totalled $52.78 million (cash and cash equivalents of $14.58 million, short-term investments of $25.81 million and accounts receivables and other assets of $12.39 million), while total current liabilities amounted to $56.37 million.

21. The table below summarizes three key liquidity indicators for the financial year ended 31 December 2016, including comparisons to the indicators for the year ended 31 December 2015:

Liquidity indicator	Year ended 31 December 2016	2015 restated
Ratio of liquid assets to current liabilities	0.94:1	5.13:1
Ratio of liquid assets less accounts receivable to current liabilities	0.72:1	2.35:1
Ratio of liquid assets to total assets	0.81:1	0.82:1

22. The ratio of liquid assets to current liabilities indicates the ability of the Tribunal to pay its short-term obligations from its liquid resources. The ratio of 0.94:1 indicates that current liabilities are not totally covered by liquid assets, and that there are insufficient liquid assets available to pay current liabilities in full should the need arise. The decrease of the value of this ratio from 5.13:1 in 2015 to 0.94:1 is explained by the transfer of the employee and judges' liabilities to the Residual Mechanism, decreasing the long-term liabilities of the Tribunal and creating a current liability with a payable of the same amount to the Mechanism. The level of liquidity is in line with the fact that no amounts had been reserved in the accounts to cover the payment of those liabilities in the future.

Going concern

23. The management maintained its assertion that it was no longer appropriate to assert a going-concern basis for the financial statements of the Tribunal as at 31 December 2016. Accordingly, a review was conducted with regard to preparation of the financial statements on a liquidation basis. The review determined, however, that there was no material difference between the going-concern basis and the liquidation basis since the Tribunal was amalgamated into the Residual Mechanism on 1 January 2017. It was noted that, on the basis of IPSAS 40: Public sector combinations, as at the amalgamation date, the Mechanism shall recognize and consolidate identifiable remaining assets and liabilities of the Tribunal in the Mechanism's financial statements at their carrying amount.

24. Thus, the management does not consider that there is a material difference between the statement of financial position presented on a liquidation basis and that presented on a going-concern basis, as these financial statements were prepared in the transition of a liquidated entity (the Tribunal) amalgamated into a going-concern entity (the Mechanism).

Annex

Supplementary information

1. The present annex provides supplementary information that the Head of Administration is required to report.

Write-off of losses of cash and receivables

2. Pursuant to financial rule 106.7 (a), write-off cases of cash or receivables totalled $361,154.10 during 2016 with respect to the Tribunal.

Write-off of losses of property

3. Pursuant to financial rule 106.7 (a), there were no write-offs of property, plant and equipment during 2016 with respect to the financial statements of the Tribunal.

Ex gratia payments

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

Chapter V

Financial statements for the year ended 31 December 2016

International Criminal Tribunal for Rwanda

I. Statement of financial position as at 31 December 2016

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Assets			
Current assets			
Cash and cash equivalents	7	14 579	7 278
Investments	7	25 812	19 725
Assessed contributions receivable	7, 8	9 706	28 923
Other receivables	7, 9	2 317	2 019
Other assets	7, 10	367	384
Property, plant and equipment	11	–	725
Total current assets		**52 781**	**59 054**
Non-current assets			
Investments	7	12 429	13 235
Total non-current assets		**12 429**	**13 235**
Total assets		**65 210**	**72 289**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	55 926	3 243
Advance receipts		–	6
Employee benefits liabilities	13	423	4 860
Judges' benefits liabilities	14	–	1 259
Provisions	15	18	2 136
Total current liabilities		**56 367**	**11 504**
Non-current liabilities			
Employee benefits liabilities	13	742	34 769
Judges' benefits liabilities	14	–	20 061
Total non-current liabilities		**742**	**54 830**
Total liabilities		**57 109**	**66 334**
Net of total assets and total liabilities		**8 101**	**5 955**
Accumulated surpluses/(deficits) — unrestricted	16	8 101	5 955
Total net assets		**8 101**	**5 955**

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

International Criminal Tribunal for Rwanda

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

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Assets			
Revenue			
Assessed contributions	17	2 086	59 270
Other transfers and allocations	17	2 105	–
Other revenue	17	92	184
Investment revenue		315	213
Total revenues		**4 598**	**59 667**
Expenses			
Employee salaries allowances and benefits	18	2 085	20 208
Judges' honorariums and allowances		–	2 871
Contractual services	18	6	312
Supplies and consumables	18	(81)	582
Depreciation	11	46	291
Travel	18	41	865
Other operating expenses	18	359	4 984
Other expenses		–	557
Total expenses		**2 456**	**30 670**
Surplus/(deficit) for the year		**2 142**	**28 997**

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

International Criminal Tribunal for Rwanda

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

(Thousands of United States dollars)

	Accumulated surpluses/(deficits) — unrestricted (restated)
Net assets as at 1 January 2015	**(24 712)**
Adjustment to opening net assets	(2 032)
Restated net assets as at 1 January 2015	**(26 744)**
Change in net assets	
Actuarial gain/(loss) on employee benefits liabilities	2 297
Actuarial gain/(loss) on judges' pension liabilities	1 405
Surplus/(deficit) for the year	28 997
Total for 31 December 2015	**5 955**
Change in net assets	
Actuarial gain/(loss) on employee benefits liabilities	4
Surplus/(deficit) for the year	2 142
Total for 31 December 2016	**8 101**

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

International Criminal Tribunal for Rwanda

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

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Cash flows from operating activities			
Surplus/(deficit) for the year		**2 142**	**28 997**
Depreciation and amortization	11	46	291
Actuarial gain/(loss) on employee benefits liabilities	13	4	2 297
Actuarial gain/(loss) on judges' pension liabilities	14	–	1 405
Net gain/(loss) on disposal of property, plant and equipment	11	590	362
Prior-period adjustments	4	–	(2 032)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	8	19 217	(17 664)
(Increase)/decrease in other receivables	9	(298)	(785)
(Increase)/decrease in other assets	10	17	575
Changes in liabilities			
Increase/(decrease) in accounts payable — other	12	52 683	2 127
Increase/(decrease) in advance receipts		(6)	(175)
Increase/(decrease) in employee benefits payable	13	(38 464)	(15 653)
Increase/(decrease) in judges' benefits liabilities	14	(21 320)	(1 408)
Increase/(decrease) in provisions	15	(2 118)	(14)
Increase/(decrease) in liquidation provisions	15	–	2 086
Investment revenue presented as investing activities	17	(315)	(213)
Net cash flows from/(used in) operating activities		**12 178**	**196**
Cash flows from investing activities			
Pro rata share of net increases in the cash pool	7	(5 281)	(2 657)
Investment revenue presented as investing activities	17	315	213
Acquisitions of property plant and equipment	11	–	(99)
Proceeds from disposal of property plant and equipment	11	89	84
Net cash flows from/(used in) investing activities		**(4 877)**	**(2 459)**
Cash flows from financing activities		**–**	**–**
Net cash flows from/(used in) financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		7 301	(2 263)
Cash and cash equivalents — beginning of year		7 278	9 541
Cash and cash equivalents — end of year		**14 579**	**7 278**

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

International Criminal Tribunal for Rwanda

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

(Thousands of United States dollars)

	Publicly available budget (appropriation)[a]					
	Original biennium	*Final biennium*	*Original 2016 annual*	*Final 2016 annual*	*2016 actual expenditure (budget basis)*	*Difference*[b] *(per cent)*
Registry — liquidation	2 086	2 086	2 086	2 086	5 489	163.1
Less savings from prior biennium	–	–	–	–	(1 206)	–
Total	**2 086**	**2 086**	**2 086**	**2 086**	**4 283**	**105.3**

Note: The overexpenditure of $2.1 million will be reported against the 2016-2017 budget of the Residual Mechanism in the context of the second performance report of the Mechanism, as approved by the General Assembly in its resolution 71/267. As at 31 December 2016, the over-expenditure to be reported against the budget of the Mechanism was made up as follows:

	Thousands of United States dollars
Overexpenditure estimated in resolution 71/267[c]	(3 727)
Variance in final overexpenditure	324
Less: budgetary savings from prior biennium	1 206
Total overexpenditure	**(2 197)**
Use of miscellaneous income to reduce expenditure transfer to Residual Mechanism	92
Total transfer to International Criminal Tribunal for Rwanda from Residual Mechanism (note 17)	**2 105**

[a] The original budget for the biennium 2016-2017 is the appropriation approved by the General Assembly for the biennium in its resolution 70/241. The final budget for the biennium reflects the original budget plus any adjustments reflected in the final appropriation approved by the General Assembly in its resolution 71/267. The original annual budget is the portion of the revised appropriation allocated to 2016. The final annual budget reflects the original budget plus any adjustments reflected in the final appropriation. The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium.

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

[c] As approved by the General Assembly in its resolution 71/267, along with any further expenditure above or below the projected amount.

Statement of comparison of budget and actual amounts for the year ended 31 December 2015

(Thousands of United States dollars)

	Publicly available budget (appropriation)[a]					
	Original biennium	*Final biennium*	*Original 2015 annual*	*Final 2015 annual*	*2015 Actual expenditure (budget basis)*	*Difference*[b] *(per cent)*
A. Chambers	6 098	6 599	2 685	2 895	3 254	12.4
B. Office of the Prosecutor	10 342	13 910	539	5 383	3 685	(31.5)
C. Registry	68 437	76 809	26 157	32 470	33 317	2.6
D. Records management and archives	8 719	8 750	1 620	748	1 204	61.0
Total	**93 596**	**106 068**	**31 001**	**41 496**	**41 460**	**(0.1)**

[a] The original budget for the biennium 2014-2015 is the appropriation approved by the General Assembly for the biennium in its resolution 68/255. The final budget for the biennium reflects the original budget plus any adjustments reflected in the revised and final appropriations approved by the General Assembly in its resolutions 69/254 and 70/241. The original annual budget is the portion of the revised appropriation allocated to 2015 plus any unencumbered balance at the end of 2014. The final annual budget reflects the original budget plus any adjustments reflected in the final appropriation. The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium.

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

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

International Criminal Tribunal for Rwanda
Notes to the 2016 financial statements

Note 1
Reporting entity

United Nations and its activities

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

(a) The maintenance of international peace and security;

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

(c) The universal observance of human rights;

(d) The administration of international justice and law.

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

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

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

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

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

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

Reporting entity

4. The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 formally closed on 31 December 2015 and carried out remaining liquidation activities in 2016. This Tribunal was established by the Security Council in its resolution 955 (1994) and consists of three organs:

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

The International Criminal Tribunal for Rwanda delivered its last trial judgment on 20 December 2012. Following this milestone, the Tribunal's remaining judicial work rest solely with the Appeals Chamber. The Appeals Chamber's last judgment (the Butare case) was delivered on 14 December 2015;

(b) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States between 1 January and 31 December 1994. The Prosecutor acts independently as a separate organ of the Tribunal;

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

5. By its resolution 977 (1995) of 2 February 1995, the Security Council decided that the seat of the Tribunal would be located in Arusha, United Republic of Tanzania.

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

Note 2
Basis of preparation and authorization for issue

Basis of preparation

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

(a) Statement I: Statement of financial position;

(b) Statement II: Statement of financial performance;

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

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

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

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

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

Going concern

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

10. By its resolution 1966 (2010), the Security Council, inter alia, decided to establish the International Residual Mechanism for Criminal Tribunals to continue the jurisdiction, rights and obligations and essential functions of the Tribunal and requested the Tribunal to take all possible measures to expeditiously complete its remaining work, as provided by the resolution, no later than 31 December 2014, to prepare for closure and to ensure a smooth transition to the Residual Mechanism. The operations of the Tribunal went beyond 31 December 2014, and the delivery of remaining case (the Butare case) judgment on 14 December 2015 marked the completion of the mandate of the Tribunal.

11. The Tribunal was formally closed on 31 December 2015. The activities of the Tribunal during the first half of 2016 were focused on technical liquidation activities which included, but were not limited to, the preparation of the 2015 financial statements, the provision of support to the audit of the Tribunal's operations for the biennium 2014-2015 by the Board of Auditors, the disposal of assets of the Tribunal, the repatriation of staff members and their families, the processing of staff separation and final entitlements, the settlement of liabilities and the recovery of receivables, the finalization of the Tribunal's cases pending with the Management Evaluation Unit or the United Nations Dispute Tribunal, the dismantling of the temporary structures, the repair and handover of the rented premises to the Arusha International Conference Centre and the handover to the International Residual Mechanism for Criminal Tribunals.

12. The liquidation was expected to be completed by 31 May 2016; however, the liquidation process experienced some delays, specifically in the finalization and certification of the 2015 accounts, the disposal of assets, including the transfer of assets to other entities and government institutions, the handover of rented premises to the Arusha International Conference Centre and the finalization of other administrative matters. In that regard, an extension of two months was requested by the liquidation team to allow for the completion of pending activities in order to ensure a smooth transition and final closure of the Tribunal.

13. After completion of the technical liquidation period, administrative liquidation was completed by the Residual Mechanism. That involved settlement of remaining payables, completion of data cleansing and accounting reconciliations and conversion of Umoja balances and preparation for the final financial statements of the Tribunal. On 1 January 2017, the Tribunal was formally amalgamated administratively by way of transfer of the identifiable remaining assets and liabilities to the Residual Mechanism, notably employee liabilities and financial assets.

14. As in 2015, Management has concluded that the going-concern assertion for the financial statements of the Tribunal as at 31 December 2016 is no longer appropriate. A review has been conducted with the aim of preparing the financial statements on a liquidation basis. The review, however, determined that there is no material difference between the going-concern basis and the liquidation basis since the Tribunal was amalgamated into the Residual Mechanism on 1 January 2017. It was noted that, on the basis of IPSAS 40: Public sector combinations, issued on 31 January 2017, as at the amalgamation date, the Residual Mechanism shall recognize and consolidate identifiable remaining assets and liabilities of the

Tribunal in the financial statements of the Residual Mechanism at their carrying amount. Thus, management does not consider that there is a material difference between the statement of financial position presented on a liquidation basis and that presented on a going-concern basis, as these financial statements were prepared in transition of a liquidated entity (the Tribunal) amalgamated into a going-concern entity (the Residual Mechanism).

Authorization for issue

15. 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 2016 to the Board of Auditors by 31 March 2017. In accordance with financial regulation 7.12, the report of the Board of Auditors, together with the audited financial statements, will be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions and authorized for issue on 30 July 2017.

Measurement basis

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

Functional and presentation currency

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

18. Foreign currency transactions are translated into United States dollars at the United Nations Operational Rates of Exchange at the date of the transaction. These Operational Rates of Exchange approximate the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in those currencies other than the functional currency are translated at the year-end United Nations Operational Rates of Exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the United Nations Operational Rates of Exchange prevailing at the date of the transaction or when the fair value was determined.

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

Materiality and use of judgment and estimation

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

21. Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting

policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

22. 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; assumptions in measurement of judges' honorariums and allowances; estimation of useful lives and the depreciation/amortization method for property, plant and equipment assets; impairment of assets; classification of financial instruments; inflation and discount rates used in the calculation of the present value of provisions and classification of contingent assets/liabilities.

Future accounting pronouncements

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

(a) Public sector-specific financial instruments: to develop this accounting guidance, the project will focus on issues related to public sector-specific financial instruments 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;

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

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

(d) Revenue: the aim of the project is to develop one or more of the IPSAS accounting standards covering revenue transactions (exchange and non-exchange). The scope is to develop new standards-level requirements and guidance on revenue to amend or supersede that currently formulated in IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts, and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(e) Consequential amendments arising from chapters 1 to 4 of the conceptual framework: the objective of the project is to make revisions to IPSAS accounting standards that reflect concepts from these chapters, in particular the objectives of financial reporting and the qualitative characteristics and constraints of information.

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

Future requirements of IPSAS

24. On 30 January 2015, the International Public Sector Accounting Standards Board published the following five new standards: IPSAS 34: Separate financial statements; IPSAS 35: Consolidated financial statements; IPSAS 36: Investments in associates and joint ventures; IPSAS 37: Joint arrangements; and IPSAS 38: Disclosure of interests in other entities. Initial application of these standards is required for periods beginning on or after 1 January 2017. These standards do not

impact the Tribunal's financial statements as the Tribunal's activities do not come under the scope of these standards.

25. In July 2016, the IPSAS Board issued IPSAS 39, repealing IPSAS 25: Employee benefits, to assure alignment with the underlying International Accounting Standard, IAS 19: Employee benefits. On 31 January 2017, the IPSAS Board published IPSAS 40: Public sector combinations, which prescribes the accounting treatment for public sector combinations and sets out the classification and measurement of public sector combinations, i.e. transactions or other events that bring two or more separate operations into a single public sector entity. For the moment IPSAS 39 will have no impact on the Tribunal since the "corridor method" on actuarial gains or losses, which is being eliminated, has never been applied from the inception of IPSAS in 2014. The Tribunal does not have any plan assets; therefore there is no impact from application of the net interest approach prescribed by the standard. Further analysis will be carried out in the future should the Tribunal procure plan assets. IPSAS 40 is relevant to the Tribunal given that the Tribunal was amalgamated into the Residual Mechanism on 1 January 2017. As at the amalgamation date, the Residual Mechanism shall recognize and consolidate identifiable remaining assets and liabilities of the Tribunal in the Residual Mechanism financial statements at their carrying amount.

Note 3
Significant accounting policies

Financial assets: classification

26. The Tribunal 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 primarily depends on the purpose for which the assets are acquired.

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

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

28. 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 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.

29. Financial assets at fair value through surplus or deficit are those that have been either designated in this category at initial recognition, 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.

30. 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, which is calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method for the respective financial asset.

31. 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 the value of the asset. Impairment losses are recognized in the statement of financial performance in the year they arise.

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

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

Financial assets: investment in the main cash pool

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

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

Financial assets: cash and cash equivalents

36. 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

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

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

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

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for less than two years will be disclosed in the notes to the financial statements;

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

Financial assets: receivables from exchange transactions — other receivables

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

Other assets

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

Heritage assets

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

Property, plant and equipment

41. Property, plant and equipment are classified into different groups of similar nature, functions, useful lives and valuation methodologies as: vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (building, infrastructure and asset under construction). Recognition of property, plant and equipment is as follows:

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

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

(c) Owing to the absence of historical cost information, real estate assets are initially recognized at fair value using a depreciated replacement cost methodology; baseline costs per baseline quantity have been calculated by collecting construction cost data, utilizing in-house cost data (where it existed) or using external cost estimators for each catalogue of real estate assets; the baseline costs per baseline quantity adjusted for price escalation factor, size factor and location factor are applied to estimate the value the real estate asset and determine the replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of the assets have been made to determine the depreciated replacement cost of the assets. With the exception of real estate assets located in the special political missions, any subsequent real estate additions are recognized at historical cost;

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

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

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6-12 years
	Marine vessels	10 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Accommodation and refrigeration equipment	6 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings, depending on the type	25, 40 or 50 years
	Major exterior, roofing, interior and services/ utilities components, where component	20 to 50 years

Class	*Subclass*	*Estimated useful life*
	approach is utilized	
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

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

44. The Tribunal 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 the Tribunal and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

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 year-end net-book-value greater than $500,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000 per unit.

47. As at 31 December 2015, all remaining property, plant and equipment were reported as current assets, as those assets were disposed of or transferred at their carrying value throughout 2016 as part of the progressive amalgamation of the Tribunal into the Residual Mechanism.

Financial liabilities: classification

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

Financial liabilities: accounts payable and accrued liabilities

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

Judges' honorariums and allowances liabilities

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

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

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

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

Advance receipts and other liabilities

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

Leases: the Tribunal as lessee

55. Leases of property, plant and equipment where the Tribunal has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the term of the lease based on the effective interest rate method.

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

Employee benefits

57. 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

58. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise: first-time employee benefits (assignment grants); regular daily/weekly/monthly benefits (wages, salaries and allowances); compensated absences (paid sick leave, maternity/paternity leave); and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave) provided to current employees based on services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position. As the Tribunal is now at the liquidation stage, the liabilities with respect to annual leave and repatriation benefits are accounted for as short-term benefits.

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

60. Annual leave: liabilities for annual leave represent compensation for unused and accumulated leave up to a maximum of 60 days, according to which an employee is entitled to a monetary settlement of such balance upon separation from service. The Tribunal therefore recognizes as a liability the nominal value of the total accumulated leave days of all staff members as at the date of the statement of financial position.

Post-employment benefits

61. Post-employment benefits comprise after-service health insurance and pension payments through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

62. The following benefits are accounted for as defined-benefit plans: after-service health insurance; and pensions provided through the United Nations Joint Staff Pension Fund. Defined-benefit plans are those for which the Tribunal's obligation is to provide agreed benefits, and therefore bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The Tribunal has elected to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. At year-end, the Tribunal did not hold any plan assets as defined by IPSAS 25: Employee benefits.

63. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation

is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds with maturity dates approximating those of the individual plans.

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

Pension plan: United Nations Joint Staff Pension Fund

65. The Tribunal is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3 (b) of the Regulations of the Pension Fund, membership of the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

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

Termination benefits

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

Other long-term employee benefits

68. 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.

Appendix D benefits

69. Appendix D to the Staff Regulations and Rules of the United Nations governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities. Changes in these liabilities, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur.

Provisions

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

Contingent liabilities

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

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

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

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 effective control of the Tribunal. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the Organization.

Commitments

75. Commitments are future expenses to be incurred by the Tribunal on contracts entered into by the reporting date and that the Tribunal has minimal, if any,

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

Non-exchange revenue: assessed contributions

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

Non-exchange revenue: other

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

Exchange revenue

78. Exchange transactions are those in which the Tribunal sells goods or services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

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

Investment revenue

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

Expenses

81. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows, 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.

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

83. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers; consultant and contractor fees; ad hoc expert fees; allowances of International Court of Justice judges; and non-military personnel compensation and allowances.

84. Other operating expenses include the acquisition of goods and intangible assets less than capitalization thresholds, maintenance, utilities, supplies and consumables, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

85. Other expenses relate to foreign exchange losses, ex gratia and compensation claims and hospitality and official functions.

Note 4
Adjustments to prior-period error

86. The Tribunal has identified two errors relating to financial statements prior to 2015 and one error relating to the 2015 financial statements.

87. The first two errors relate to the actuarial valuations of employee liabilities. In preparing the detailed census data for 2016 it was found that a significant number of employees had been omitted from the census in prior years, resulting in an understatement of after-service health insurance liabilities and a decrease of net assets of $1.10 million. It was also found that the actuarial valuation of appendix D entitlements had been omitted. Appendix D governs compensation in the case of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. As at 1 January 2015, the actuarial valuation had resulted in a liability for appendix D of $0.93 million. As at 31 December 2015, this actuarial liability had decreased to $0.803 million.

88. These liabilities are shown in the 2015 restated statement of financial position as $0.033 million in short-term employee benefits and $1.87 million in long-term employee benefits and in the statement of changes in net assets as an adjustment to opening net assets of $2.034 million. The movement of the actuarial liability for appendix D between 1 January 2015 and 31 December 2015 is reflected in the statement of financial performance as a decrease of $0.023 million in employee salaries, allowances and benefits and the actuarial gains and losses in 2015 are recognized in net assets for an amount of $0.100 million.

89. The error in the 2015 financial statements relates to the partial recognition of foreign exchange gains and losses in the statement of financial performance. Foreign exchange losses were not fully recognized in the statement of financial performance but were shown in the statement of financial position as “other assets”. The correction of this error reduces the balance shown under “other assets” as well as the 2015 surplus by $0.125 million.

90. Several presentation changes have been made in accordance with the United Nations IPSAS policy framework to enhance comparability with other United Nations reporting entities. The main presentation change concerns the statement of financial performance. In 2015, contractual services included both consultants and

contracted services. In 2016, contractual services include only consultants, while all other contracted services are included in other operating expenses. The 2015 liquidation expense has also been reclassified in terms of its nature, with $1.40 million classified in employee salaries, allowance and benefits and $0.6 million in other operating expenses.

91. The following are the detailed adjustments and presentation change to the 2015 financial position, financial performance, changes to net assets and cash flows.

(i) Statement of financial position

(Thousands of United States dollars)

	Note	*31 December 2015*	*Adjustment*	*31 December 2015 (restated)*
Assets				
Current assets				
Other assets		509	(125)	384
Total current assets		**59 179**	**(125)**	**59 054**
Total assets		**72 414**	**(125)**	**72 289**
Liabilities				
Current liabilities				
Employee benefits liabilities		4 827	33	4 860
Total current liabilities		**11 471**	**33**	**11 504**
Non-current liabilities				
Employee benefits liabilities		32 393	1 876	34 769
Total non-current liabilities		**52 954**	**1 876**	**54 830**
Total liabilities		**64 425**	**1 909**	**66 334**
Net assets				
Accumulated surplus		7 989	(2 034)	5 955
Total net assets		**7 989**	**(2 034)**	**5 955**

(ii) Statement of financial performance

(Thousands of United States dollars)

	Note	*31 December 2015*	*Adjustment*	*Presentation change*	*31 December 2015 (restated)*
Revenues					
Other revenues		210	(26)	–	184
Total revenues		**59 693**	**(26)**	**–**	**59 667**
Expenses					
Employee salaries allowances and benefits		18 709	(23)	1522	20 208
Judges’ honorariums and allowances		2 913	–	(42)	2 871
Contractual services		2 081	–	(1 769)	312
Supplies and consumables		–	–	582	582

	Note	*31 December 2015*	*Adjustment*	*Presentation change*	*31 December 2015 (restated)*
Other operating expenses		3 331	99	1 554	4 984
Other expenses		318	–	239	557
Liquidation		2 086	–	(2 086)	–
Total expense		**30 670**	**76**	**–**	**30 670**
Surplus/(deficit) for the year		**29 099**	**(102)**	**–**	**28 997**

(iii) Statement of changes in net assets

(Thousands of United States dollars)

	Total net assets	*Adjustment*	*Total net assets (restated)*
Net assets as at 1 January 2015	**(24 712)**	**–**	**(24 712)**
Adjustments to net assets opening	–	(2 032)	(2 032)
Restated net assets as at 1 January 2015	**(24 712)**	**(2 032)**	**(26 744)**
2015 changes in net assets			
Actuarial gains on employee benefits liabilities	2 197	100	2 297
Actuarial gains on judges’ honorariums and allowances liabilities	1 405	–	1 405
Surplus/(deficit)for the year	29 099	(102)	28 997
Net assets as at 31 December 2015 (restated)	**7 989**	**(2 034)**	**5 955**

(iv) Statement of cash flows

(Thousands of United States dollars)

	2015	*Adjustment*	*2015 (restated)*
Cash flows from operating activities			
Deficit for the year	**29 099**	**(102)**	**28 997**
Non-cash movements			
Actuarial gain/loss on employee benefits liabilities	2 197	100	2 297
Prior-period adjustments	–	(2 032)	(2 032)
Changes in assets			
(Increase)/decrease in other assets	449	126	575
Changes in liabilities			
Increase/(decrease) in employee benefits payable	(17 561)	1 908	(15 653)
Net cash flows from/(used in) operating activities	**196**	**–**	**196**
Net cash flows from/(used in) investing activities	**(2 459)**	**–**	**(2 459)**
Net cash flows from/(used in) financing activities	**–**	**–**	**–**
Net increase in cash and cash equivalents	**(2 263)**	**–**	**(2 263)**
Cash and cash equivalents: beginning of year	9 541	–	9 541
Cash and cash equivalents: end of year	**7 278**	**–**	**7 278**

Note 5
Segment reporting

92. 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.

93. These financial statements represent the activities of the Tribunal, which comprise one activity established under a single Security Council resolution. Therefore, for segment reporting purposes, the Tribunal has one segment.

Note 6
Comparison to budget

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

95. Approved budgets are those that authorize expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations and income estimates authorized by Assembly resolutions. The Assembly, in its resolution 70/241, approved the Tribunal budget appropriations for the biennium 2016-2017.

96. There are no differences between original and final budget amounts. Material differences between the final budget amounts and actual expenditure on a modified cash basis, which are deemed to be those greater than 10 per cent, are explained below.

	Material differences greater than 10 per cent
Registry — liquidation activities	Expenditure is 163.1 per cent more than the final annual budget. As explained in the final performance report on the International Criminal Tribunal for Rwanda liquidation budget for the biennium 2016-2017 (A/71/577), the significant material variance is mainly attributable to additional costs associated with separation and education grant claims as well as the extension of the technical liquidation period by two months.
Savings from prior biennium	During administrative liquidation, savings were identified against budgetary commitments from the previous biennium. These savings reduced the overexpenditure to be charged against the budget of the Mechanism as approved by the General Assembly in resolution A/71/267.

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

97. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is as follows:

(Thousands of United States dollars)

2016	*Operating*	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(4 283)**	**–**	**–**	**(4 283)**
Basis differences	11 244	–	–	11 244
Presentation differences	5 217	(4 877)	–	340
Actual amounts in statement of cash flows (statement IV)	**12 178**	**(4 877)**	**–**	**7 301**

2015	*Operating*	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(41 460)**	**–**	**–**	**(41 460)**
Basis differences	2 523	–	–	2 523
Presentation differences	39 133	(2 459)	–	36 674
Actual amounts in statement of cash flows (statement IV)	**196**	**(2 459)**	**–**	**(2 263)**

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

99. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which means that the latter statement does not present income and net changes in main pool balances. Moreover, the amounts included in the latter statement are not segregated into the operating, investing and financing activities.

Status of appropriations

100. In accordance with General Assembly resolutions 70/241 and 71/267 on the financing of the Tribunal, gross appropriations for the biennium 2016-2017 and gross assessments for each year are as follows:

(Thousands of United States dollars)

	Gross appropriation
International Criminal Tribunal for Rwanda	
Initial appropriation for the biennium 2016-2017 (resolution 70/241)	2 086
Final appropriation for the biennium 2016-2017 (resolution 71/267)	2 086
Total final appropriation for the biennium 2016-2017	**2 086**
Assessment for 2016 (resolution 70/241)	2 086
Balance to be assessed for 2017	**–**

101. The 2016 assessment has been recognized as assessed revenue in the statement of financial performance.

Note 7
Financial instruments

(Thousands of United States dollars)

Financial instruments	*Note*	*31 December 2016*	*31 December 2015 (restated)*
Financial assets			
Fair value through the surplus or deficit			
Short-term investments — main pool		25 812	19 725
Long-term investments — main pool		12 429	13 235
Total fair value through the surplus or deficit investments		**38 241**	**32 960**
Cash and cash equivalents — main pool		14 579	7 278
Cash and cash equivalents		**14 579**	**7 278**
Loans and receivables			
Assessed contributions		9 706	28 923
Other receivables		2 317	2 019
Other assets		367	384
Total loans and receivables		**12 390**	**31 326**
Total carrying amount of financial assets		**65 210**	**71 564**
Of which relates to financial assets held in main pool	20	52 820	39 357
Financial liabilities at amortized cost			
Accounts payable and accrued payables	12	55 926	3 243
Total carrying amount of financial liabilities		**55 926**	**3 243**
Summary of net income from financial assets			
Net cash pools income		312	213
Other investment revenue		3	–
Total net income from financial assets		**315**	**213**

Note 8
Assessed contributions receivable

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Assessed contributions — Member States	9 741	29 032
Allowance for doubtful receivables — Member States	(35)	(109)
Total assessed contributions receivable	**9 706**	**28 923**

Note 9
Other receivables

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Current other receivables		
Other accounts receivable	2 317	2 019

102. The 2016 balance in other receivables includes a receivable from the Residual Mechanism for $2.1 million. It corresponds to the grant from the Mechanism to cover overexpenditure incurred in 2016, in conformity with resolution 71/267.

Note 10
Other assets

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Advances to staff	28	12
Deferred charges	–	372
Other	339	–
Total other assets (current)	**367**	**384**

103. The balance of other assets as at 31 December 2016 includes inter-office receivables ($0.33 million) from the financial statements of the United Nations (A/72/5 (Vol. II)) that have been fully settled in 2017.

Note 11
Property, plant and equipment

104. During 2016, the Tribunal disposed of all its property, plant and equipment with a total net book value of $0.73 million, including property, plant and equipment of net book value of $0.38 million transferred to the Residual Mechanism.

105. The Tribunal has no significant heritage assets as at the reporting date.

Property, plant and equipment (current year)

(Thousands of United States dollars)

	Buildings	*Furniture and fixtures*	*Information technology and communications*	*Vehicles*	*Machinery and equipment*	*Total*
Cost						
As at 1 January 2016	78	70	2 321	761	480	3 710
Disposals[a]	(78)	(69)	(2 282)	(811)	(469)	(3 709)
Transfers	–	(1)	(39)	50	(11)	(1)
As at 31 December 2016	–	–	–	–	–	–

	Buildings	*Furniture and fixtures*	*Information technology and communications*	*Vehicles*	*Machinery and equipment*	*Total*
Accumulated depreciation and impairment						
As at 1 January 2016	70	49	1 956	575	335	2 985
Depreciation	–	1	27	13	5	46
Disposals[a]	(70)	(49)	(1 944)	(638)	(329)	(3 030)
Transfers	–	(1)	(39)	50	(11)	(1)
As at 31 December 2016	–	–	–	–	–	–
Net carrying amount						
As at 1 January 2016	8	21	365	186	145	725
As at 31 December2016	–	–	–	–	–	–

[a] Including partially and fully depreciation property, plant and equipment with total net book value of $0.38 million transferred to the International Residual Mechanism for Criminal Tribunals.

Property, plant and equipment (prior year)

(Thousands of United States dollars)

Prior year	*Buildings*	*Furniture and fixtures*	*Information technology and communications*	*Vehicles*	*Machinery and equipment*	*Total*
Cost as at 1 January 2015	489	174	4 598	1 302	1 155	7 718
Additions	–	–	28	–	71	99
Disposals[a]	(411)	(104)	(2 305)	(541)	(746)	(4 107)
Cost as at 31 December 2015	**78**	**70**	**2 321**	**761**	**480**	**3 710**
Accumulated depreciation as at 1 January 2015	440	128	3 850	1 031	906	6 355
Depreciation	–	11	153	53	74	291
Disposals[a]	(411)	(94)	(2 168)	(530)	(658)	(3 861)
Other changes	41	4	121	21	13	200
Accumulated depreciation as at 31 December 2015	**70**	**49**	**1 956**	**575**	**335**	**2 985**
Net carrying amount as at						
1 January 2015	49	46	748	271	249	1 363
Net carrying amount as at 31 December 2015	**8**	**21**	**365**	**186**	**145**	**725**

[a] Including partially and fully depreciation property, plant and equipment with total net book value of $0.24 million transferred to the International Residual Mechanism for Criminal Tribunals.

Note 12
Accounts payable

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Vendor payables (accounts payable)	–	871
Payables to other United Nations entities	55 926	845
Accruals for goods and services	–	46
Accounts payable — other	–	1 481
Total accounts payable and accrued liabilities	**55 926**	**3 243**

106. The payables to other United Nations entities includes a balance of $55.93 million related to the transfer of employee and judges' benefit liabilities to the Residual Mechanism (notes 13 and 14).

Note 13
Employee benefits liabilities (year ended 31 December 2016)

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
After-service health insurance	–	–	–
Subtotal: defined-benefit liabilities	**–**	**–**	**–**
Accrued salaries and allowances	391	–	391
Workers' compensation	32	742	774
Total employee benefits liabilities	**423**	**742**	**1 165**

Employee benefits liabilities (year ended 31 December 2015, restated)

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
After-service health insurance	855	33 998	34 853
Subtotal: defined-benefit liabilities	**855**	**33 998**	**34 853**
Accrued salaries and allowances	3 972	–	3 972
Workers' compensation	33	771	804
Total employee benefits liabilities	**4 860**	**34 769**	**39 629**

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

108. The General Assembly, in its resolution 70/243, decided on the creation of a sub-account within the Residual Mechanism and an additional appropriation for the biennium 2016-2017 under the budget of the Mechanism for the requirements for the pensions of retired judges and their surviving spouses, and after-service health

insurance benefits for former staff of the International Criminal Tribunal for Rwanda, on a "pay-as-you-go" basis. Accordingly, the balance of after-service health insurance benefits as at 1 January 2016 has been transferred to the Mechanism.

Actuarial valuation: assumptions

109. The Tribunal reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations in the full valuation are:

Assumptions	*After-service health insurance (per cent)*	*Appendix D workers' compensation (per cent)*
Discount rates: 31 December 2015	4.17	
Inflation: 31 December 2015	4.00-6.40	2.25
Inflation: 31 December 2016		2.25

110. For the appendix D workers' compensation valuation, the actuaries applied the year-end Citigroup pension discount curves discount rate applicable to the year in which the cash flow takes place. For 2016, the single equivalent discount rate obtained is 4.10 per cent.

111. Discount rates are based on a weighted blend of three discount rate assumptions based on the currency denomination of the different cash flows: United States dollars (the Citigroup pension discount curve); euros (the EY Eurozone corporate bonds yield curve); and Swiss francs (the Federation bonds yield curve, plus the spread observed between government rates and the high-grade corporate bonds rates).

112. 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. At 31 December 2015 these escalation rates were a flat health-care yearly escalation rate of 4.0 per cent for non-United States medical plans, a health-care escalation rate of 6.4 per cent for all other medical plans, except 5.9 per cent for the United States Medicare plan, and 4.9 per cent for the United States dental plan, grading down to 4.5 per cent over eight years.

113. 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. Appendix D workers' compensation uses mortality assumptions based on World Health Organization statistics tables.

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

(Thousands of United States dollars)

	2016	*2015 (restated)*
Net defined-benefit liability at 1 January	34 853	51 054
Current service cost	–	–
Interest cost	–	1 633

	2016	*2015 (restated)*
Past service costs/curtailments/settlements	–	(16 742)
Total costs recognized in the statement of financial performance	**–**	**35 945**
Benefits paid	–	(2 197)
Actuarial (gain)/losses recognized directly in the statement of changes in net assets	–	1 105
Transfer to the Residual Mechanism	(34 853)	–
Net defined-benefit liability at 31 December	**–**	**34 853**

Discount rate sensitivity analysis

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

(Thousands of United States dollars)

Discount rate sensitivity to end-of-year employee benefit liabilities	*After-service health insurance*
2015	
Increase of discount rate by 1 per cent	(4 821)
Decrease of discount rate by 1 per cent	6 046

Medical costs sensitivity analysis

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

(Thousands of United States dollars)

1 per cent movement in the assumed medical costs trend rates	*Increase*	*Decrease*
2015		
Effect on the defined-benefit obligation	6 197	(4 987)
Effect on the aggregate of the current service cost and interest cost	258	(208)

United Nations Joint Staff Pension Fund

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

117. The Tribunal's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at 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.

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

119. 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 91.20 per cent (86.20 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

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

121. The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed by visiting the Pension Fund website (www.unjspf.org).

122. During 2016, the Tribunal's contribution to the Pension Fund was lower, at $0.481 million, compared to its contribution of $3.17 million in 2015. This was due to the liquidation of the activities of the Tribunal during the year involving the separation of many staff members from service.

Impact of General Assembly resolutions on staff benefits

123. On 23 December 2015, the General Assembly adopted resolution 70/244, by which it approved certain changes to conditions of service and entitlements for all staff serving in the organizations of the United Nations common system, as recommended by the International Civil Service Commission. Some of the major changes are as follows:

Change	*Details*
Increase in mandatory age of separation	The mandatory age of retirement for staff who joined the United Nations on or after 1 January 2014 is 65 and for those who joined before 1 January 2014, it is 60 or 62. The General Assembly decided to extend the mandatory age of retirement for staff of the United Nations common system

Change	*Details*
	to 65 years, at the latest by 1 January 2018, taking into account the acquired rights of staff. Once implemented, this change is expected to impact future calculations of employee benefits liabilities
Unified salary scale	The current scales for internationally recruited staff (Professional and higher categories and Field Service) are based on single or dependent rates. These rates affect the staff assessment and post adjustment amounts. The General Assembly has approved a unified salary scale that will result in the elimination of single and dependent rates. The dependent rate will be replaced by allowances for staff members who have recognized dependents in accordance with the United Nations Staff Rules. The revised staff assessment scale and pensionable remuneration scale will be implemented along with the unified salary structure. The implementation of the unified salary scale, which is planned for 1 January 2017, is not designed to result in reduced income for staff members
Repatriation benefit	Staff members are eligible to a repatriation grant upon separation provided they have been in service for at least one year in a duty station outside their country of nationality. The General Assembly has since revised eligibility for repatriation grants from one year to five years for prospective employees while current employees retain a one-year eligibility. Once implemented, this change is expected to impact future calculations of employee benefits liabilities

124. As the Tribunal has ceased to exist, the above changes will not impact the Tribunal.

Note 14
Judges' benefits liabilities

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Judges' pensions (defined-benefit valuation)	–	21 071
Judges' relocation allowances	–	249
Total	**–**	**21 320**
Current	–	1 259
Non-current	–	20 061
Total	**–**	**21 320**

125. The key assumption for the valuation of judges' pension benefits liabilities in 2015 was the discount rate of 3.71 per cent.

126. The General Assembly, in its resolution 70/243, decided on the creation of a sub-account within the Residual Mechanism and an additional appropriation for the

biennium 2016-2017 under the budget of the Residual Mechanism for the requirements for the pensions of retired judges and their surviving spouses, and after-service health insurance benefits for former staff of the Tribunal, on a "pay-as-you-go" basis. Accordingly, the balance of judges' benefits liabilities as at 1 January 2016 has been transferred to the Mechanism.

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

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Net defined-benefit liability at 1 January	**21 071**	**22 127**
Current service cost	–	362
Interest cost	–	789
Total costs recognized in the statement of financial performance	**–**	**1 151**
Benefits paid	–	(802)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	–	(1 405)
Transfer to the Residual Mechanism	(21 071)	–
Net recognized liability at 31 December	**–**	**21 071**

Note 15
Provisions

(Thousands of United States dollars)

	Litigation and claims	*Restructuring*	*Total*
Provisions as at 1 January 2015	**–**	**64**	**64**
Additional provisions made	–	2 086	2 086
Amounts reversed	–	(14)	(14)
Provisions as at 31 December 2015 (current)	**–**	**2 136**	**2 136**
Provisions as at 1 January 2016	**–**	**2 136**	**2 136**
Additional provisions made	18	–	18
Amounts reversed	–	(50)	(50)
Amounts used	–	(2 086)	(2 086)
Provisions as at 31 December 2016 (current)	**18**	**–**	**18**

127. The provision established for $2.0 million in 2015 to cover liquidation of the Tribunal was fully used in 2016. The provisions prior to 2015 were reversed in 2016.

128. An additional provision for $0.02 million was made in 2016 relating to a car accident.

Note 16
Net assets

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

Note 17
Revenue

(Thousands of United States dollars)

	Note	*31 December 2016*	*31 December 2015 (restated)*
Assessed contributions			
Assessed contributions		2 086	59 270
Total assessed contributions		**2 086**	**59 270**
Other transfers and allocations			
Allocations received from other United Nations funds		2 105	–
Total other transfers and allocations		**2 105**	**–**
Other revenue			
Revenue-producing activities and other miscellaneous revenue		92	184
Total other revenue		**92**	**184**
Investment revenue			
Investment revenue		315	213
Total investment revenue		**315**	**213**
Total revenue		**4 598**	**59 667**

130. Assessed contributions of $2.09 million (2015: $59.27 million) have been recorded for the Tribunal in accordance with the Financial Regulations and Rules of the United Nations, General Assembly resolution 71/267 and the policies of the United Nations.

131. In resolution 71/267, the General Assembly approved the final appropriation for the International Criminal Tribunal for Rwanda for the biennium 2016-2017 in the amount of $2.09 million. In addition, the Assembly approved the transfer and charge of $3.73 million as part of the estimated final expenditure, and further expenditures, if any, in excess of the approved appropriation for that purpose, against the 2016-2017 budget of the Residual Mechanism.

132. For the year ended 31 December 2016, the final expenditure (on a budget basis) of the Tribunal is $5.49 million, partly offset by prior year savings of $1.21 million, resulting in a total of $4.28 million, which exceeds the final appropriation by $2.20 million. In calculating the transfer from the Residual Mechanism, management has approved the use of miscellaneous income ($0.09 million) to partially offset the overexpenditure, leaving a net balance of $2.10 million to be charged against the budget of the Residual Mechanism under resolution 71/267.

133. Given that the excess expenditure was incurred and paid for by the legal entity of the International Criminal Tribunal for Rwanda, in order to carry out the requirements of resolution 71/267, the Residual Mechanism has recorded a grant out to the Tribunal as an expense against its 2016-2017 budget. The Tribunal has recorded a grant in as revenue, which funds the overexpenditure.

Note 18
Expenses

Employee salaries, allowances and benefits

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Salaries and wages	1 256	33 830
Pension and insurance benefits	345	(5 555)
Other benefits	484	(8 067)
Total	**2 085**	**20 208**

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

Contractual services

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Consultants and contractors	6	312
Total	**6**	**312**

Judges' honorariums and allowances

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Judges' honorariums and other allowances	–	2 871
Total	**–**	**2 871**

Supplies and consumables

(Thousands of United States dollars)

	31 December 2016	*31 December 2015 (restated)*
Fuel and lubrications	–	(39)
Rations	(39)	7
Spare parts	–	1
Consumables	(42)	613
Total	**(81)**	**582**

135. A refund of prior-year expenditure relating to rations and consumables occurred in 2016, which lead to a negative balance of $0.08 million.

Travel

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Staff travel	41	617
Representative travel	–	248
Total	**41**	**865**

136. Travel expenses include all staff and non-staff travel that is not considered to be an employee allowance or benefit.

Other operating expenses

(Thousands of United States dollars)

	31 December 2016	31 December 2015 (restated)
Rent	65	757
Utilities	99	201
Communications	105	279
Supplies and equipment	(8)	480
Other operating expenses	98	3 267
Total	**359**	**4 984**

137. A refund of prior-year expenditure relating to supplies has occurred in 2016, which lead to a negative balance of $0.01 million.

Note 19
Financial instruments and financial risk management

Main pool

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

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

140. As at 31 December 2016, the Tribunal participated in the main pool that held total assets of $9,033.6 million (2015: $7,783.9 million), of which $52.8 million was due to the Tribunal (2015: $39.4 million), and its share of revenue from the main pool was $0.3 million (2015: $0.2 million).

Summary of assets and liabilities in the main pool

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Fair value through the surplus or deficit		
Short-term investments	4 389 616	3 888 712

	31 December 2016	*31 December 2015*
Long-term investments	2 125 718	2 617 626
Total fair value through the surplus or deficit investments	**6 515 334**	**6 506 338**
Loans and receivables		
Cash and cash equivalents — main pool	2 493 332	1 265 068
Accrued investment income	24 961	12 462
Total loans and receivables	**2 518 293**	**1 277 530**
Total carrying amount of financial assets	**9 033 627**	**7 783 868**
Main pool liabilities		
Payable to the Tribunal	52 820	39 357
Payable to other main pool participants	8 980 807	7 744 511
Total liabilities	**9 033 627**	**7 783 868**
Main pool net assets	–	–

Summary of net income and expenses of the main pool

(Thousands of United States dollars)

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

Financial risk management: overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Financial risk management: framework

143. The Tribunal's risk management practices are in accordance with the Financial Regulations and Rules and Investment Management Guidelines of the United Nations. The Tribunal defines the capital that it manages as the aggregate of its net assets, which is composed of accumulated fund balances. The Tribunal manages its

capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

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

145. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash needs 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.

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

Credit risk

147. 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

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

Credit risk: receivables

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

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

	31 December 2016		*31 December 2015*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	–	–	11 185	–
Less than one year	3 717	–	12 263	–
One to two years	3 668	–	1 364	–
More than two years	2 356	35	4 220	109
Total	**9 741**	**35**	**29 032**	**109**

Credit risk: cash and cash equivalents

151. At year-end the Tribunal held cash and cash equivalents of $14.6 million (2015: $7.3 million), which is the maximum credit exposure on these assets.

Credit risk: main pool

152. The Guidelines require that investments are not to 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.

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

Investments of the cash pool by credit ratings as at 31 December 2016

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

154. The United Nations Treasury actively monitors credit ratings and given that the Tribunal has invested only 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

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

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

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

Liquidity risk: main pool

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

Market risk

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

Market risk: interest rate risk

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

Market risk: main pool interest rate risk sensitivity analysis

161. This analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Insofar as the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of

up to 200 basis points in the yield curve is shown below (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

As at 31 December 2016		*As at 31 December 2015*	
Shift in yield curve (basis points)	*Increase/(decrease) in fair value (millions of United States dollars)*	*Shift in yield curve (basis points)*	*Increase/(decrease) in fair value (millions of United States dollars)*
-200	124.35	-200	128.99
-150	93.26	-150	96.74
-100	62.17	-100	64.48
-50	31.08	-50	31.08
0	–	0	–
+50	(31.08)	+50	(32.23)
+100	(62.14)	+100	(64.46)
+150	(93.21)	+150	(96.69)
+200	(124.27)	+200	(128.91)

Market risk: other

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

Accounting classifications and fair value hierarchy

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

164. The levels are defined as:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (i.e., derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

165. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held in the main pool is the current bid price.

166. 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.

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

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

(Thousands of United States dollars)

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

Note 20
Related parties

Key management personnel

168. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions. For the Tribunal under liquidation phase, key management personnel in 2016 comprised one person: the liquidation coordinator. This person had the relevant authority and responsibility for planning, directing and controlling the Tribunal's liquidation activities.

169. As part of IPSAS disclosure requirements, the reporting entity is required to identify and report transactions between the organization and its key management personnel, to disclose whether any close family members of the key management personnel were employed by the reporting entity at the management level and to include details on any remuneration, compensation or loans received from the organization. The key management personnel are also to provide information on transactions between the organization and the entities in which the key management personnel or close family members own substantial ownership or over which they are able to exercise substantial influence during the year. For the year ending 31 December 2016, this information was not provided by the liquidation coordinator (who had left the United Nations in July 2016) despite all reasonable attempts by the United Nations to obtain it.

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

Remuneration of key management personnel

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Monetary benefits	115	1 147
Total remuneration for the period	**115**	**1 147**

171. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Rules of the United Nations: such advances against entitlements are widely available to all staff of the Tribunal. During the technical liquidation phase of the Tribunal, the liquidation coordinator purchased a used vehicle from the Tribunal for an amount of $0.0032 million.

Related entity transactions

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

Trust fund activities

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

(Thousands of United States dollars)

Activities related to the Tribunal funded by trust funds	*Reserves and fund balance as at 31 December 2016*	*Reserves and fund balance as at 31 December 2015*
Trust Fund for the International Criminal Tribunal for Rwanda	130	113

Balances reflected in the Tax Equalization Fund

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

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

176. The Fund includes as expenditure the credits against the regular budget, the Tribunals and peacekeeping assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the United Nations do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Tax Equalization Fund. Staff members

financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

177. The cumulative surplus in the Tax Equalization Fund as at 31 December 2016 was $46.9 million (2015: $67.6 million), of which $13.1 million (2015: $30.4 million) was payable to the United States of America and $33.8 million (2015: $37.2 million) to other Member States at year-end. The overall amount payable of the Fund was $74.8 million (2015: $96.0 million), including an estimated tax liability of $27.9 million relating to the 2016 and prior tax years (2015: $28.4 million), of which approximately $15.1 million was disbursed in January 2017 and approximately $12.8 million is expected to be settled in April 2017.

Note 21
Leases and commitments

Operating leases

178. The Tribunal enters into operating leases for the use of premises and equipment. The total operating lease payments recognized under expenses for 2016 on a cost-sharing basis with the Residual Mechanism were $0.81 million (2015: $0.851 million). Leases were transferred to the Residual Mechanism effective 1 January 2016.

Contractual commitments

179. Owing to the Tribunal's liquidation, at the reporting date, there were no commitments for property, plant and equipment and goods and services contracted.

Note 22
Contingent liabilities and contingent assets

180. In the normal course of operations, the Tribunal is subject to claims that can be categorized as: corporate and commercial; administrative law; and other, such as guarantees. A contingent liability is to be reported regarding a claim filed for a vehicle accident. At this stage, it is not possible to estimate the likelihood as well as an estimation of the potential pay-out. The Tribunals legal office is compiling the file and starting discussions with insurance and claimants' lawyer. As at the reporting date, the Tribunal did not have any contingent assets.

Note 23
Future operations

181. The Security Council decided, by its resolution 1966 (2010), to establish the International Residual Mechanism for Criminal Tribunals, with two branches in order to carry out a number of essential functions, such as the trial of fugitives, after the closure of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia. The Arusha branch of the Residual Mechanism commenced operations on 1 July 2012 for an initial period of four years. During the initial period of the work of the Mechanism, there will be a temporary overlap with the Tribunals as these institutions complete outstanding work on pending trial or appeal proceedings as at the commencement dates of the respective branches of the Mechanism.

182. On 18 December 2014, the Security Council requested, in its resolutions 2194 (2014) and 2193 (2014), that both Tribunals take all possible measures to expeditiously complete their remaining work, prepare their closures and ensure a smooth transition to the Residual Mechanism.

183. The President of the International Criminal Tribunal for Rwanda submitted a letter to the Security Council on 17 November 2015 (S/2015/884) transmitting the final assessments of the President's and Prosecutor's implementation of the Tribunal's completion strategy. The President reported that, as at 15 November 2015, the Tribunal had completed its work at the trial level and concluded appellate proceedings, except for the Butare case, which was scheduled to be delivered on 14 December 2015. The delivery of the Butare judgement on 14 December 2015 marked the completion of the Tribunal's mandate.

184. The Tribunal was formally closed on 31 December 2015, and liquidation activities were completed during 2016. Operational matters not related to liquidation beyond the end of 2015 have been handled by the Residual Mechanism.

185. As the Tribunal was formally closed, the workload during the liquidation phase included the disposal of assets, the repatriation of staff members and their families, the processing of their final entitlements, the settlement of liabilities and the recovery of receivables and other administrative, financial and budgetary matters. The Tribunal continued to transfer assets to the Residual Mechanism at their carrying value as part of the progressive amalgamation that was concluded on 1 January 2017.

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

Note 24
Events after the reporting date

187. The progressive amalgamation was formally concluded on 1 January 2017. Accordingly, the present financial statements will be the last financial statements issued by the Tribunal. Transactions against the amalgamated assets and liabilities shown on the balance sheet of the Tribunal as at 31 December 2016 will be reported in the financial statements of the Residual Mechanism in future years.

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