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***IUCN, International Union for  
Conservation of Nature and  
Natural Resources***

*Gland*

***Report of the  
statutory auditor to the  
Council on the consolidated  
financial statements 2018***





# ***Report of the statutory auditor to the Council of IUCN, International Union for Conservation of Nature and Natural Resources Gland***

## ***Report on the audit of the consolidated financial statements***

### ***Opinion***

We have audited the consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources, which comprise the consolidated balance sheet as at 31 December 2018, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at 31 December 2018 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.

### ***Basis for opinion***

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Other information in the annual report***

The Management is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of IUCN, International Union for Conservation of Nature and Natural Resources and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

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



### ***Responsibilities of the Management for the consolidated financial statements***

The Management is responsible for the preparation of the consolidated financial statements in accordance with the provisions of Swiss law, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, 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 Swiss law, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 consolidated 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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Management or its relevant committee 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***

In accordance with article 818 paragraph 1 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti  
Audit expert  
Auditor in charge

Marcello Stimato  
Audit expert

Geneva, 3 June 2019

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements

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# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018

Report Currency: CHF ('000)

	Notes	31.12.2018	31.12.2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and short term bank deposits	III	47,656	48,935
Financial assets	IV	16,148	16,482
Membership dues receivables (net)	V	1,972	1,646
Staff receivables	VI	393	453
Receivables from partner organisations	VII	338	475
Advances to implementing partners and grantees	VIII	14,465	12,512
Prepayments		1,160	1,020
Donor funds receivable		4,307	3,318
Project agreement receivables	IX	14,686	14,073
Framework agreements receivables	X	712	510
Other account receivables		1,607	1,222
<b>Total Current assets</b>		<b>103,444</b>	<b>100,646</b>
<b>Non-current assets</b>			
Fixed assets (net)	XI	28,817	30,358
Intangible assets (net)	XII	127	369
<b>Total Non-current assets</b>		<b>28,944</b>	<b>30,727</b>
<b>TOTAL ASSETS</b>		<b>132,388</b>	<b>131,373</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Membership dues paid in advance		1,534	1,409
Accounts payable and accrued liabilities	XIII	13,841	13,907
Social charges payable		69	354
Project agreement advances	IX	62,369	57,885
Deferred unrestricted income	XVII	709	1,196
Deferred income buildings	XVII	467	463
New building loan	XVIII	177	174
Advances from hosted organisations	XV	496	511
Miscellaneous current liabilities		598	635
<b>Total Current liabilities</b>		<b>80,260</b>	<b>76,534</b>
<b>Provisions</b>			
Projects in deficit	XVI	1,928	2,171
Staff leave and repatriation		1,975	2,135
Staff termination	XVI	1,726	1,576
<b>Total Provisions</b>		<b>5,629</b>	<b>5,882</b>
<b>Non-current liabilities</b>			
Long term deferred income	XVII	15,685	16,360
New building loan	XVIII	10,947	11,124
<b>Total Non-current liabilities</b>		<b>26,632</b>	<b>27,484</b>
<b>Funds and Unrestricted Reserves</b>			
Designated reserves	XIX	2,648	2,025
Unrestricted reserves	XIX	17,219	19,448
<b>Total Funds and Unrestricted Reserves</b>		<b>19,867</b>	<b>21,473</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>132,388</b>	<b>131,373</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Report Currency: CHF ('000)

	2018			2017			
	Notes	Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
<b>EXTERNAL OPERATING INCOME</b>							
Membership dues		12,768	-	12,768	11,735	-	11,735
Retention of staff income tax	XX	1,487	-	1,487	1,292	-	1,292
Agreements income		33	93,129	93,162	5	95,123	95,128
Framework income	XXI	11,229	-	11,229	12,578	-	12,578
Other operating income	XXII	6,041	324	6,365	4,450	278	4,728
<b>TOTAL EXTERNAL OPERATING INCOME</b>		<b>31,558</b>	<b>93,453</b>	<b>125,011</b>	<b>30,060</b>	<b>95,401</b>	<b>125,461</b>
<b>INTERNAL ALLOCATIONS</b>							
Cross charges from projects		36,078	(36,078)	-	36,402	(36,402)	-
Other internal allocations		78	(78)	-	961	(961)	-
<b>TOTAL INTERNAL ALLOCATIONS</b>		<b>36,156</b>	<b>(36,156)</b>	<b>-</b>	<b>37,363</b>	<b>(37,363)</b>	<b>-</b>
<b>OPERATING EXPENDITURE</b>							
Staff costs		53,187	6,736	59,923	52,077	6,576	58,653
Consultants		1,687	16,586	18,273	1,579	18,992	20,571
Grants to partners		484	3,271	3,755	481	4,920	5,401
Travel		2,860	12,201	15,061	2,365	12,085	14,450
Workshops and conferences		269	2,099	2,368	290	1,897	2,187
Publications and printing costs		249	2,791	3,040	299	2,303	2,602
Office and general administrative costs		3,923	3,850	7,773	3,894	4,835	8,729
Vehicles & equipment - costs & maintenance		909	9,170	10,079	955	6,911	7,866
Professional fees or costs		593	955	1,548	590	637	1,227
Depreciation and amortization		2,459	6	2,465	2,959	8	2,967
<b>TOTAL OPERATING EXPENDITURE</b>		<b>66,620</b>	<b>57,665</b>	<b>124,285</b>	<b>65,489</b>	<b>59,164</b>	<b>124,653</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>1,094</b>	<b>(368)</b>	<b>726</b>	<b>1,934</b>	<b>(1,126)</b>	<b>808</b>
<b>OTHER INCOME - EXPENDITURE</b>							
Interest income	XVIII	515	8	523	501	6	507
Financial charges	XVIII	(542)	(157)	(699)	(538)	(186)	(724)
Capital gains (losses)	IV	(408)	-	(408)	274	-	274
Net gains/(losses) on foreign exchange		(504)	(552)	(1,056)	292	718	1,010
Exchange differences on revaluation of project balances	XXIII	-	(106)	(106)	-	573	573
Net movements in provision and write-offs		(1,186)	1,175	(11)	(1,331)	15	(1,316)
<b>TOTAL OTHER INCOME - EXPENDITURE</b>		<b>(2,125)</b>	<b>368</b>	<b>(1,757)</b>	<b>(802)</b>	<b>1,126</b>	<b>324</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1,031)</b>	<b>-</b>	<b>(1,031)</b>	<b>1,132</b>	<b>-</b>	<b>1,132</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

Consolidated Funds and Reserve Statement for the Year ended 31 December 2018

Report Currency: CHF ('000)

	Designated Reserves				Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
<b>Balance as at 1 January 2017</b>	-	-	849	849	1,329	8,621	9,512	19,462	20,311
Net surplus/(deficit) for the year	-	-	-	-	-	-	1,132	1,132	1,132
Foreign exchange adjustment	-	-	-	-	30	-	-	30	30
Allocation to renovation fund	-	-	16	16	-	-	(16)	(16)	-
Allocation to other designated reserves	-	671	-	671	-	-	(671)	(671)	-
Allocation to reserve for statutory meetings	489	-	-	489	-	-	(489)	(489)	-
<b>Balance as at 31 December 2017</b>	<b>489</b>	<b>671</b>	<b>865</b>	<b>2,025</b>	<b>1,359</b>	<b>8,621</b>	<b>9,468</b>	<b>19,448</b>	<b>21,473</b>
<b>Balance as at 1 January 2018</b>	<b>489</b>	<b>671</b>	<b>865</b>	<b>2,025</b>	<b>1,359</b>	<b>8,621</b>	<b>9,468</b>	<b>19,448</b>	<b>21,473</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	(1,031)	(1,031)	(1,031)
Foreign exchange adjustment	-	-	-	-	(575)	-	-	(575)	(575)
Allocation to renovation fund	-	-	11	11	-	-	(11)	(11)	-
Allocation to other designated reserves	-	269	-	269	-	-	(269)	(269)	-
Allocation to reserve for statutory meetings	343	-	-	343	-	-	(343)	(343)	-
<b>Balance as at 31 December 2018</b>	<b>832</b>	<b>940</b>	<b>876</b>	<b>2,648</b>	<b>784</b>	<b>8,621</b>	<b>7,814</b>	<b>17,219</b>	<b>19,867</b>



# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Report Currency: CHF ('000)

	Notes	2018	2017
<b>Cash flow from operations</b>			
<b>Surplus/(deficit) from operations</b>		(1,031)	1,132
Effect of exchange rate	XIX	(575)	30
<b>Net balance from operations</b>		<b>(1,606)</b>	<b>1,162</b>
Depreciation of fixed assets	XI	2,139	2,329
Amortisation and write-down of intangible assets	XII	354	636
Increase / (decrease) in provisions for projects in deficit	XVI	(243)	676
Increase / (decrease) in staff leave and repatriation liabilities		(160)	93
Increase / (decrease) in the provision for staff termination	XVI	150	126
Increase / (decrease) in other provisions		-	(39)
(Increase) / decrease in membership dues receivables (net)	V	(326)	(54)
(Increase) / decrease in staff receivables	VI	59	196
(Increase) / decrease in receivables from partner organisations	VII	137	(198)
(Increase) / decrease in advances to implementing partners	VIII	(1,953)	(4,790)
(Increase) / decrease in prepayments		(140)	(264)
(Increase) / decrease in donor funds receivable		(989)	(525)
(Increase) / decrease in project agreement receivables	IX	(613)	2,227
(Increase) / decrease in framework agreements receivable	X	(202)	(510)
(Increase) / decrease in other accounts receivable		(383)	(256)
Increase / (decrease) in membership dues paid in advance		125	(568)
Increase / (decrease) in accounts payable and accrued liabilities	XIII	(66)	6,314
Increase / (decrease) in social charges payable		(285)	(254)
Increase / (decrease) in project agreement advances	IX	4,484	7,706
Increase / (decrease) in miscellaneous current liabilities		(34)	409
Increase / (decrease) in hosted organisations advances	XV	(15)	(80)
(Gain)/loss on disposal of fixed assets	XI	33	25
<b>Total cash flow from operations</b>		<b>466</b>	<b>14,361</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	XI	(634)	(845)
Net movement in financial assets	IV	334	(2,477)
Purchase of intangible assets	XII	(112)	(30)
<b>Total cash flow from investing activities</b>		<b>(412)</b>	<b>(3,352)</b>
<b>Cash flow from financing activities</b>			
Increase / (decrease) in loan	XVIII	(174)	(171)
Increase / (decrease) in current deferred income	XVII	(483)	1,045
Increase / (decrease) in long-term deferred income	XVII	(676)	(725)
<b>Total cash flow from financing activities</b>		<b>(1,333)</b>	<b>149</b>
<b>Net cash inflow for the year</b>		<b>(1,279)</b>	<b>11,158</b>
<b>Cash and short term deposits at the beginning of the year</b>	III	<b>48,935</b>	<b>37,777</b>
<b>Cash and short term deposits at the end of the year</b>	III	<b>47,656</b>	<b>48,935</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

## I. ORGANISATION AND ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources is a membership organisation constituted by statutes adopted in 1948 at a conference convened by the Republic of France. The membership is comprised of states, governmental agencies, international and national non-governmental organizations, and indigenous peoples organisations. IUCN is registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code and is solely responsible, to the exclusion of its members, for all its transactions and commitments.

The highest governing body of IUCN is the World Conservation Congress which is composed of the membership of IUCN. The World Conservation Congress elects the Council which has authority to govern IUCN between meetings.

In 1986, IUCN concluded a fiscal agreement with the Swiss government which granted IUCN exemption from all Swiss taxes. IUCN has been granted observer status at the United Nations.

The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

All amounts are expressed in thousands of Swiss francs (CHF) unless otherwise indicated.

### 1. Accounting convention

The financial statements are prepared under the historical cost convention except for certain financial assets and loans that are measured at revalued amount or at fair value. The financial statements are prepared in accordance with the provisions of the Swiss Code of Obligations.

### 2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Region
  - Asia Regional Office (Thailand)
  - Bangladesh Country Office
  - Cambodia Country Office
  - China Country Office
  - India Country Office
  - Indonesia Project Office
  - Lao PDR Country Office
  - Maldives Project Office
  - Myanmar Project Office
  - Nepal Country Office
  - Pakistan Country Office
  - Sri Lanka Country Office
  - Thailand Country Office
  - Vietnam Country Office

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

- Eastern and Southern Africa Region
  - Eastern and Southern Africa Regional Office (Kenya)
  - Mozambique Country Office
  - Rwanda Project Office
  - South Africa Country Office
  - Tanzania Country Office
  - Uganda Country Office
  - Zimbabwe Country Office
- Eastern Europe and Central Asia Regional Office (Serbia)
- Environmental Law Centre (Germany)
- Mediterranean Office (Spain)
- Oceania Regional Office (Fiji)
- Mexico, Central America and the Caribbean Region
  - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
  - El Salvador Project Office
  - Guatemala Project Office
  - Honduras Project Office
  - Mexico Project Office
- South America Region
  - South America Regional Office (Ecuador)
  - Brazil Country Office
- UK Species Programme (United Kingdom)
- Western and Central Africa Region
  - Western and Central Africa Regional Office (Burkina Faso)
  - Burkina Faso Country Office
  - Cameroon Country Office
  - Democratic Republic of Congo Country Office
  - Ghana Project Office
  - Guinea Bissau Country Office
  - Mali Country Office
  - Mauritania Country Office
  - Niger Project Office
  - Senegal Country Office
- West Asia Regional Office (Jordan)
- Washington, DC Office

## Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

## 3. Currency of accounts

### a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

### b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

## 4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger. Project balances are further revalued from the ledger currency to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

## 5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

### a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

### b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

## Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

## Staff in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

## Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as “Project agreement receivables” (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under “Project agreement advances” (current liabilities) where advances from donors exceeded expenditure incurred.

### **c) Retention of staff income tax**

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

## **6. Expenditure**

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

## **7. Cross charges from projects**

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

### Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

### Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

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Notes to the Consolidated Financial Statements for the Year ended 31 December 2018  
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## 8. Financial assets

Financial assets are recorded at fair value except for bonds, which are recorded at their acquisition cost, less impairment, plus accrued interest as the intention is to hold them to maturity.

Gains or losses arising from changes in fair values of financial assets, with the exception of bonds, are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF. Gains related to Bonds are recognised in the income statements when they are disposed of and are accounted under financial income.

## 9. Fixed assets

### a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

### b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

### c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 - 5 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

### d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

## 10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

## 11. Provisions

### a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

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Membership dues outstanding for:

Three years or more	100%
Two years	67%
One year	33%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

Full provision is made against the dues owed by Members whose rights have been rescinded by the IUCN World Conservation Congress or vote of the membership.

## b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

## c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

## d) Staff leave and repatriation

Provision is made for holiday entitlement which has not been used by staff at the year-end. The balance at the year-end also includes the estimated cost of repatriation of international staff.

## 12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

## 13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

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## 14. Reserves

IUCN maintains the following reserves:

### a) Unrestricted reserves

#### IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

#### Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

#### Retained surpluses

The Retained surpluses represent other unrestricted reserves.

### b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

#### Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

#### Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

#### Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

## III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

<b>REGION OR OFFICE</b>	<b>2018</b>	<b>2017</b>
Asia	2,022	2,294
Eastern and Southern Africa	1,677	2,633
Eastern Europe and Central Asia	226	341
Europe	1,804	1,495
Environmental Law Centre, Bonn	470	378
Headquarters	34,864	32,722
Mediterranean	760	388
Mexico, Central America and the Caribbean	1,396	2,210
Oceania	(17)	327
South America	147	272
United Kingdom	440	440
United States	1,203	1,896
Western and Central Africa	1,911	3,241
West Asia	753	298
<b>Balance at 31 December</b>	<b>47,656</b>	<b>48,935</b>



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## IV. FINANCIAL ASSETS

	2018	2017
Bonds	11,192	10,834
Microfinance	1,599	2,987
Equities	1,824	1,183
Convertibles	790	886
Other Investments	743	592
<b>Balance at 31 December</b>	<b>16,148</b>	<b>16,482</b>

At 31 December 2018, an unrealized foreign exchange loss of CHF 29 (2017 – CHF 3 gain) was recognised on the investment portfolio.

During the year, the investment portfolio recorded a capital loss of CHF 408 (2017 - CHF 274 gain).

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates to 2019. The treasury bills are recorded at estimated fair value of CHF nil and are included under Bonds.

## V. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2018	2017
Gross membership dues receivable	3,861	3,885
Provision for dues in arrears	(1,889)	(2,239)
<b>Net membership dues receivable at 31 December</b>	<b>1,972</b>	<b>1,646</b>

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.11 (a).

### 2017

	2015 and prior	2016	2017	Total
<b>Total membership dues receivable</b>	<b>758</b>	<b>964</b>	<b>2,163</b>	<b>3,885</b>
Provision for membership dues	(758)	(744)	(737)	(2,239)
<b>Net membership dues receivable</b>	<b>0</b>	<b>220</b>	<b>1,426</b>	<b>1,646</b>

### 2018

	2016 and prior	2017	2018	Total
State member	406	695	1,811	2,912
Government agencies	140	205	321	666
Indigenous peoples	0	1	1	2
International NGOs	1	4	18	23
National NGOs	41	57	104	202
Affiliates	10	27	19	56
<b>Total membership dues receivable</b>	<b>598</b>	<b>989</b>	<b>2,274</b>	<b>3,861</b>
Provision for membership dues	(419)	(573)	(897)	(1,889)
<b>Net membership dues receivable</b>	<b>179</b>	<b>416</b>	<b>1,377</b>	<b>1,972</b>

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## Movement in provision for membership dues

	2018	2017
<b>Balance at 1 January</b>	2,239	2,693
Addition to /(release from) provision	129	(26)
Write off of deficits against provision	(479)	(428)
<b>Balance at 31 December</b>	<b>1,889</b>	<b>2,239</b>

## VI. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December.

	2018	2017
Travel advances	375	434
Payroll advances and staff loans	18	19
<b>Balance at 31 December</b>	<b>393</b>	<b>453</b>

## VII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2018	2017
<b>RAMSAR Convention Secretariat</b>	<b>338</b>	<b>475</b>

## VIII. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2018	2017
Asia	156	517
Eastern and Southern Africa	493	408
Europe	96	-
Headquarters	10,124	9,477
Mediterranean	31	15
Mexico, Central America and the Caribbean	244	274
Oceania	155	-
South America	683	252
United Kingdom	172	220
United States	165	22
West Asia	109	172
Western and Central Africa	2,037	1,155
<b>Balance at 31 December</b>	<b>14,465</b>	<b>12,512</b>

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## IX. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2018	2017
Project agreement receivables	(14,686)	(14,073)
Project agreement advances	62,369	57,885
<b>Balance at 31 December</b>	<b>47,683</b>	<b>43,812</b>

## X. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2018 there was CHF 712 receivable compared to CHF 510 receivable at 31 December 2017.

## XI. FIXED ASSETS

### 1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
<b>Purchase value:</b>					
<b>Balance as at 31 December, 2016</b>	<b>27,178</b>	<b>13,775</b>	<b>5,053</b>	<b>9,856</b>	<b>55,862</b>
Additions	-	-	228	617	845
Disposals	-	-	-	(1,707)	(1,707)
<b>Balance as at 31 December, 2017</b>	<b>27,178</b>	<b>13,775</b>	<b>5,281</b>	<b>8,766</b>	<b>55,000</b>
Additions	-	-	53	581	634
Disposals	-	-	-	(701)	(701)
<b>Balance as at 31 December, 2018</b>	<b>27,178</b>	<b>13,775</b>	<b>5,334</b>	<b>8,646</b>	<b>54,933</b>
<b>Depreciation:</b>					
<b>Balance as at 31 December, 2016</b>	<b>(9,010)</b>	<b>(6,160)</b>	<b>(1,127)</b>	<b>(7,701)</b>	<b>(23,998)</b>
Charge for the year 2017	(544)	(575)	(278)	(932)	(2,329)
Disposals	-	-	-	1,685	1,685
<b>Balance as at 31 December, 2017</b>	<b>(9,554)</b>	<b>(6,735)</b>	<b>(1,405)</b>	<b>(6,948)</b>	<b>(24,642)</b>
Charge for the year 2018	(544)	(575)	(302)	(718)	(2,139)
Disposals	-	-	-	665	665
<b>Balance as at 31 December, 2018</b>	<b>(10,098)</b>	<b>(7,310)</b>	<b>(1,707)</b>	<b>(7,001)</b>	<b>(26,116)</b>
<b>Net book value:</b>					
<b>Balance as at 31 December 2017</b>	<b>17,624</b>	<b>7,040</b>	<b>3,876</b>	<b>1,818</b>	<b>30,358</b>
<b>Balance as at 31 December 2018</b>	<b>17,080</b>	<b>6,465</b>	<b>3,627</b>	<b>1,645</b>	<b>28,817</b>

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.9.

### 2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008, the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

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## 3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

### a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

### b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,692 and in-kind donations of CHF 1,815.

## XII. INTANGIBLE ASSETS

The intangible assets consist of an ERP system and portal applications.

### Movement in Intangible assets

	2018	2017
<b>Purchase value:</b>		
Balance at 1 January	4,438	4,408
Additions	112	30
<b>Balance at 31 December</b>	<b>4,550</b>	<b>4,438</b>
<b>Amortisation:</b>		
Balance as of 1 January	(4,069)	(3,433)
Charge for the year	(354)	(636)
<b>Balance at 31 December</b>	<b>(4,423)</b>	<b>(4,069)</b>
<b>Net Book Value at 31 December</b>	<b>127</b>	<b>369</b>

## XIII. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 13,841 as at 31 December 2018 (2017 – CHF 13,907), CHF 9,472 (2017 - CHF 10,025) is related to Headquarters and the balance to regional and country offices.

	2018	2017
Accounts payable and supplier accruals	5,301	6,082
Accruals for implementing partners	8,540	7,825
<b>Balance at 31 December</b>	<b>13,841</b>	<b>13,907</b>

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## XIV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans in different countries, each conforming to the legal regulations in the respective country. On 31 December 2018, the liability to the pension schemes amounted to CHF nil (2017 CHF nil).

## XV. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2018	2017
Balance at 1 January	511	589
Income	4,168	3,736
Expenditure	(4,223)	(3,848)
	456	477
Movement on funds held	40	34
<b>Balance at 31 December</b>	<b>496</b>	<b>511</b>

## XVI. PROVISIONS

### 1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

#### Movement in project deficit provision

	2018	2017
<b>Balance at 1 January</b>	<b>2,171</b>	<b>1,495</b>
Additions to provision	1,337	1,351
Utilization of provision	(1,580)	(675)
<b>Balance at 31 December</b>	<b>1,928</b>	<b>2,171</b>
<b>Region</b>	<b>2018</b>	<b>2017</b>
Asia	323	497
Eastern and Southern Africa Region	289	302
Eastern Europe and Central Asia	16	17
Headquarters	490	457
Mediterranean	49	79
Oceania	243	426
Western and Central Africa	152	106
West Asia	366	287
<b>Balance at 31 December</b>	<b>1,928</b>	<b>2,171</b>

Provisions totalling CHF 641k were made by the West Asia Regional Office following a review of closed projects, of which CHF 562 was utilised to write off project balances.

### 2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

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## Movement in provision for staff termination

	2018	2017
<b>Balance at 1 January</b>	<b>1,576</b>	<b>1,450</b>
Additions to provision	962	913
Utilization of provision	(812)	(787)
<b>Balance at 31 December</b>	<b>1,726</b>	<b>1,576</b>

## XVII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2018	2017
Deferred unrestricted income	709	1,196
Donations for construction of HQ building extension		
Donations in cash	2,753	2,855
Donations in kind	243	273
Donation in cash for renovation of original building	465	496
	<b>3,461</b>	<b>3,624</b>
Headquarters original building	7,431	7,708
Interest free government loan	5,260	5,491
<b>Total</b>	<b>16,861</b>	<b>18,019</b>
<b>Current</b>		
Deferred unrestricted income	709	1,196
Buildings:		
Original building	339	339
Building extension	128	124
<b>Total buildings</b>	<b>467</b>	<b>463</b>
<b>Total current deferred income</b>	<b>1,176</b>	<b>1,659</b>
<b>Non-current</b>		
Original building	7,092	7,400
Building extension	8,593	8,960
<b>Total long term deferred income</b>	<b>15,685</b>	<b>16,360</b>
<b>Total deferred income</b>	<b>16,861</b>	<b>18,019</b>

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XI 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,124 (2017 - CHF 11,298) and the outstanding cash value of the loan CHF 16,384 (2017 - CHF 16,789) (see Note XVIII). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

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## XVIII. NEW BUILDING LOAN

### Headquarters building extension loan

	2018	2017
Current	177	174
Non-current	10,947	11,124
<b>Balance at 31 December</b>	<b>11,124</b>	<b>11,298</b>

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,124 (2017 - CHF 11,298). The outstanding cash value of the loan has been discounted at a rate of 2% (2017 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,260 (2017 - CHF 5,491) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 328 (2017 - 2%, CHF 336). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

## XIX. FUNDS AND UNRESTRICTED RESERVES

### 1. Unrestricted reserves

#### Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 504 loss (2017 - gain of CHF 292).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2018 was a gain of CHF 575 loss (2017 - gain of CHF 30).

### 2. Designated reserves

#### a) Reserve for statutory meetings

In 2018 CHF 343 (2017 – CHF 489) was allocated to the Reserve for statutory meetings from Retained surpluses to cover future costs for the 2020 Congress (CHF 93) and the Regional Conservation Fora (CHF 250).

#### b) Other designated reserves

In 2018, CHF 269 (2017 – CHF 671) was allocated to Other designated reserves in respect of: the IUCN Commissions - CHF 224 (2017 - CHF 214), External review - CHF 45 (2017 - CHF 75) and systems investments - CHF nil (2017 – CHF 382).

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## c) Renovation fund

A net allocation of CHF 11 (2017 - CHF 16) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

## XX. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,487 (2017 – CHF 1,292) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

## XXI. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 430 (2017 - CHF 481).

## XXII. OTHER OPERATING INCOME

Other operating income of CHF 6,041 (2017 - CHF 4,450) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar Convention Secretariat of CHF 574 (2017 - CHF 515), rental income of CHF 1,174 (2017 - CHF 960), recognition of deferred income of donations for the headquarters original building and building extension CHF 468 (2017 - CHF 511) and in-kind contributions of staff other than Framework staff in-kind of CHF 979 (2017 – nil). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

## XXIII. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. Project balances expressed in non-CHF ledgers are further revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

## XXIV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2018	2017
Consolidated financial statement audit	171	165
Other audits	37	48



## XXV. RELATED PARTIES

### 1. Identity of related parties

#### a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

#### b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

#### c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

#### d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom. IUCN is a founder member and sits on the Board. The IUCN Secretariat hosts TRAFFIC operations in its offices in Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

#### e) International Union for Conservation of Nature and Natural Resources – US

The International Union for Conservation of Nature and Natural Resources – US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

### 2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,300 to the Commissions (2017 – CHF 1,300). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 6,730 (2017 – CHF 5,488) and incurred payments of CHF 6,498 (2017 – CHF 5,237) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 5,196 (2017 – CHF 4,466). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 574 (2017 – CHF 515) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 449 to TRAFFIC International (2017 – CHF 446).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 437 (CHF 430) and in 2017, USD 791 (CHF 743) was received.

Summary of legally controlled entities:

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

Company	Year-end closing	Currency	Capital	Share of capital	
				2018	2017
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	235,156	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	103	100%	100%
Associação IUCN	31.12	BLR	-	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	209	NA	NA
IUCN Maldives	31.12	USD	-	100%	100%
IUCN PNG "Mangrove Rehabilitation and Management Project Association	dormant				

## XXVI. STAFF HEADCOUNT

IUCN's headcount including staff in-kind is as follows:

	2018	2017
Average employees during the year	891	910

## XXVII. OPERATING LEASES

At 31 December 2018, IUCN has future minimum office rental commitments amounting to CHF 4,648 (2017 – CHF 6,007) relating to expected rental fees until the end of the lease contract of which CHF 3,900 (2017 – CHF 4,737) expires in 1 to 5 years and CHF 748 (2017 – CHF 1,269) expires in 6 to 8 years.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 160 (2017 – CHF 205) expiring in 1 to 5 years.

## XXVIII. BANK GUARANTEES

At 31 December 2018, IUCN had bank guarantees in Mozambique Metical 2,862 (2017- MZN 2,862) and Kuwaiti Dinar 19 (2017 – KWD nil), for a total value CHF 108 (2017 – CHF 47) in favour of IUCN donors. Cash for an equivalent amount is pledged at corresponding banks.

## ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2018	2018	2017	2017
	Secretariat expenditure	Framework core allocation	Secretariat expenditure	Framework core allocation
Central and West Africa Region	3,314	775	3,738	789
Eastern and Southern Africa Region	4,575	736	4,095	739
Asia Region	7,417	1,029	7,420	998
Meso America and Caribbean	4,577	506	4,274	480
South America and Brazil	1,458	378	1,469	383
European Regional Office, Brussels	986	-	844	-
Eastern Europe and Central Asia Regional Office	378	-	396	-
West Asia Region	1,147	384	1,030	386
Mediterranean Cooperation Centre	1,430	-	1,353	-
Oceania	1,494	347	1,623	389
Washington DC Office	998	-	1,085	-
<b>Sub Total Regional Components</b>	<b>27,774</b>	<b>4,155</b>	<b>27,327</b>	<b>4,164</b>
Director's Office, Biodiversity Conservation Group	388	400	377	493
Species Programme	3,342	450	3,056	676
Protected Areas Programme	1,336	350	1,570	529
World Heritage Programme	1,159	350	1,003	385
Traffic International	449	249	446	446
<b>Sub Total Biodiversity Conservation Group</b>	<b>6,674</b>	<b>1,799</b>	<b>6,452</b>	<b>2,529</b>
Director's Office, Nature-based Solutions Group	466	350	508	440
Ecosystem Management Programme	1,542	348	1,321	324
Forest & Climate Change Programme	1,966	197	2,597	321
Marine & Polar Programme	1,876	247	1,783	424
Water & Food Security Programme	1,019	200	1,049	298
Business & Biodiversity Programme	1,260	331	1,185	338
Governance and Rights Programme	1,327	619	1,134	532
<b>Sub Total Nature-based Solutions Group</b>	<b>9,456</b>	<b>2,292</b>	<b>9,577</b>	<b>2,677</b>
Director's Office, Programme & Policy Group	401	400	414	455
Economic Knowledge	730	620	504	291
Science and Knowledge Unit	753	618	894	762
Global Policy Unit	716	567	641	600
Environmental Law Programme	1,230	348	1,100	413
GEF Coordination Unit	580	-	681	607
<b>Sub Total PPG - Programme &amp; Policy Group</b>	<b>4,410</b>	<b>2,553</b>	<b>4,234</b>	<b>3,128</b>
Commission on Education and Communication	204	-	124	209
Commission on Ecosystem Management	145	-	179	209
World Commission on Environmental Law	118	-	138	220
World Commission on Protected Areas	182	-	184	218
Species Survival Commission	221	-	246	235
Commission on Environment, Economics and Social Policy	185	-	175	209
<b>Sub Total Commissions</b>	<b>1,055</b>	<b>-</b>	<b>1,046</b>	<b>1,300</b>
Director's office, Union Development Group	1,406	-	851	-
Governance	631	-	636	-
<b>Sub Total Union Development</b>	<b>2,037</b>	<b>-</b>	<b>1,487</b>	<b>-</b>
Directorate	1,284	217	1,471	145
Office of the Legal Adviser	626	-	461	-
Oversight Unit	214	-	209	-
Planning, Monitoring & Evaluation Unit	525	284	531	595
Global Communications Unit	958	-	1,130	-
Finance Group	1,659	-	1,862	-
Global Programme Operations Unit	1,866	235	844	-
Human Resources Management Group	1,094	-	1,202	-
Strategic Partnerships Unit	622	134	569	-
General Services Unit	2,947	-	2,997	-
Information Systems Group	3,736	-	4,067	-
<b>Sub Total Corporate Support Units</b>	<b>15,531</b>	<b>870</b>	<b>15,343</b>	<b>740</b>
<b>OVERALL TOTAL</b>	<b>66,937</b>	<b>11,669</b>	<b>65,466</b>	<b>14,538</b>
Non-operating expenditure	(317)	-	23	-
<b>Operating expenses as per the Income &amp; Expenditure Statement</b>	<b>66,620</b>	<b>11,669</b>	<b>65,490</b>	<b>14,538</b>
<b>Reconciliation of Framework Income to the Financial Statements</b>		<b>2018</b>		<b>2017</b>
<b>Overall Total allocations as above</b>		<b>11,669</b>		<b>14,538</b>
Surplus/(Deficit) at year-end transferred to unrestricted reserve		(440)		(1,960)
<b>Total Funding Framework Agreements</b>		<b>11,229</b>		<b>12,578</b>

**ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS**

All amounts in CHF ('000)

	<b>2018</b>	<b>2017</b>
<b>Framework Agreement Partners</b>	<b>TOTAL</b>	<b>TOTAL</b>
Agence Française de Développement (AFD), Ministry for Europe and Foreign Affairs (MEAE), Ministry of Ecological and Inclusive Transition (MTES), Ministry of Agriculture and Food (MAA); Ministry of Overseas Territories (MOM) – France	<b>1,178</b>	<b>481</b>
MAVA Fondation pour la Nature – Switzerland	-	<b>1,000</b>
Ministry of Environment, Republic of Korea (MOE) – Korea	<b>634</b>	<b>500</b>
Ministry of Foreign Affairs – Finland	<b>419</b>	<b>410</b>
Norwegian Agency for Development Cooperation (NORAD) – Norway	<b>2,432</b>	<b>2,524</b>
Swedish International Development Agency (Sida) – Sweden	<b>4,319</b>	<b>4,627</b>
Swiss Agency for Development and Cooperation (SDC) – Switzerland	<b>1,500</b>	<b>2,200</b>
U.S. Department of State	<b>747</b>	<b>836</b>
<b>Total Funding Framework Agreements</b>	<b>11,229</b>	<b>12,578</b>

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.