

Financial Statements for 2015

CERN/FC/6001 - CERN/3237

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Council - 17 June 2016

Financial Statements 2015

- Unqualified audit opinion received from the External Auditors for 2015
- Important recommendations and major points from previous years have been addressed
- There are some significant changes to the 2015 financial statements as a result of implementing these points

Significant Changes

- 1.2 BCHF net additions to opening asset figures due to the implementation of revised PPE (Property Plant and Equipment) and Intangible Assets policies.
- Review and introduction of mechanism to reduce volatility on the discount rate used to calculate the post-employment benefit liabilities. As a result, these obligations have remained relatively stable compared to last year.

Changes to Asset Policies

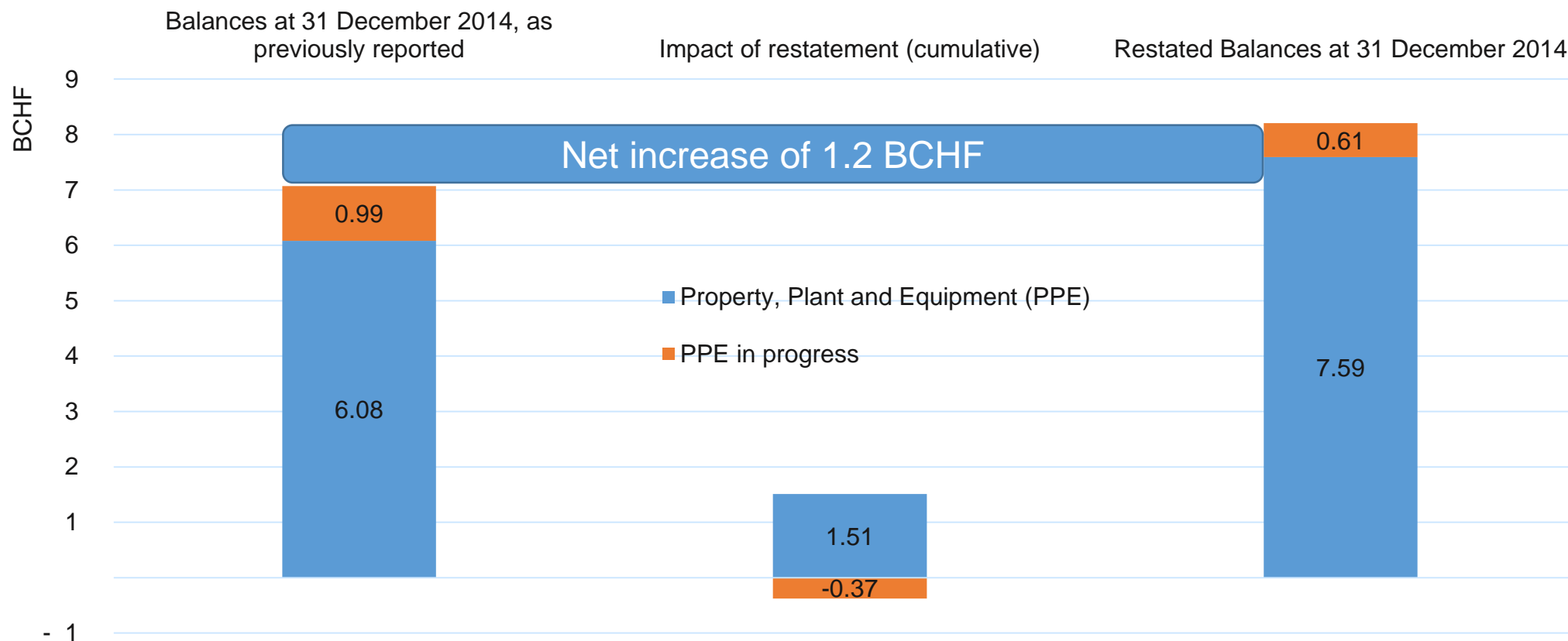
PPE (Property, Plant & Equipment)

- More extensive identification of asset classes
- Change in the recognition threshold resulting in inclusion of assets not previously recognized
- An approach by components to improve depreciation calculations
- A PPE register for better control and traceability of completed assets
- Land is now included

Intangible Assets

- Internally developed software now included

Impact of the accounting policy and PPE implementation



Increase in Assets 1.2 BCHF

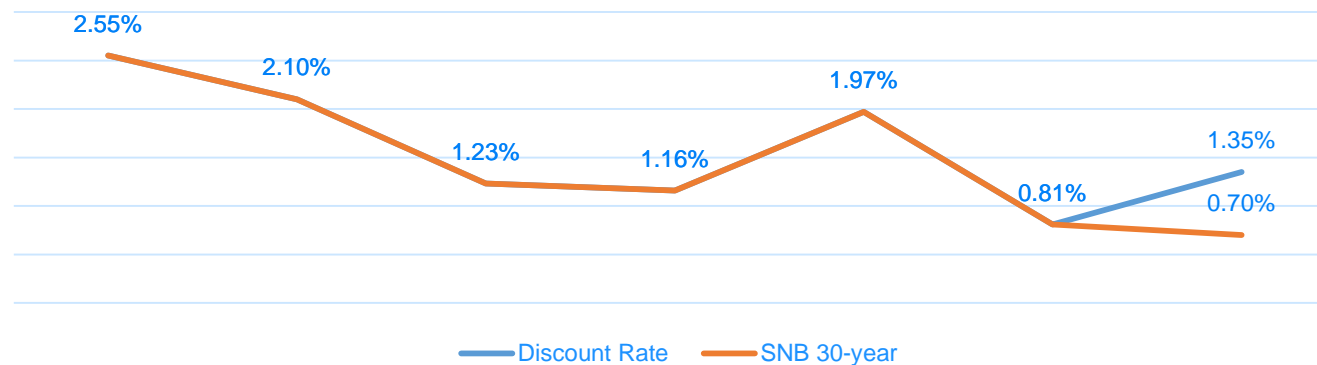
kCHF	Balances at 31 December 2014, as previously reported	Impact of restatement (cumulative)	Restated Balances at 31 December 2014
Property, Plant and Equipment (PPE)	6 081 539	1 509 188	7 590 727
PPE in progress	988 616	- 374 890	613 726
Sub-total Property, Plant and Equipment	7 070 155	1 134 298	8 204 453
Intangible Assets - available for use	3 131	76 035	79 166
Intangible Assets - in progress	201	16 521	16 722
Sub-total Intangible Assets	3 332	92 556	95 888
Inventory	7 623	9 223	16 846
Other receivables and prepayments	19 831	1 205	21 036
Total Assets	7 100 941	1 237 281	8 338 222
Net Assets	-2 298 434	1 237 281	-1 061 153

Change to Discount Rate

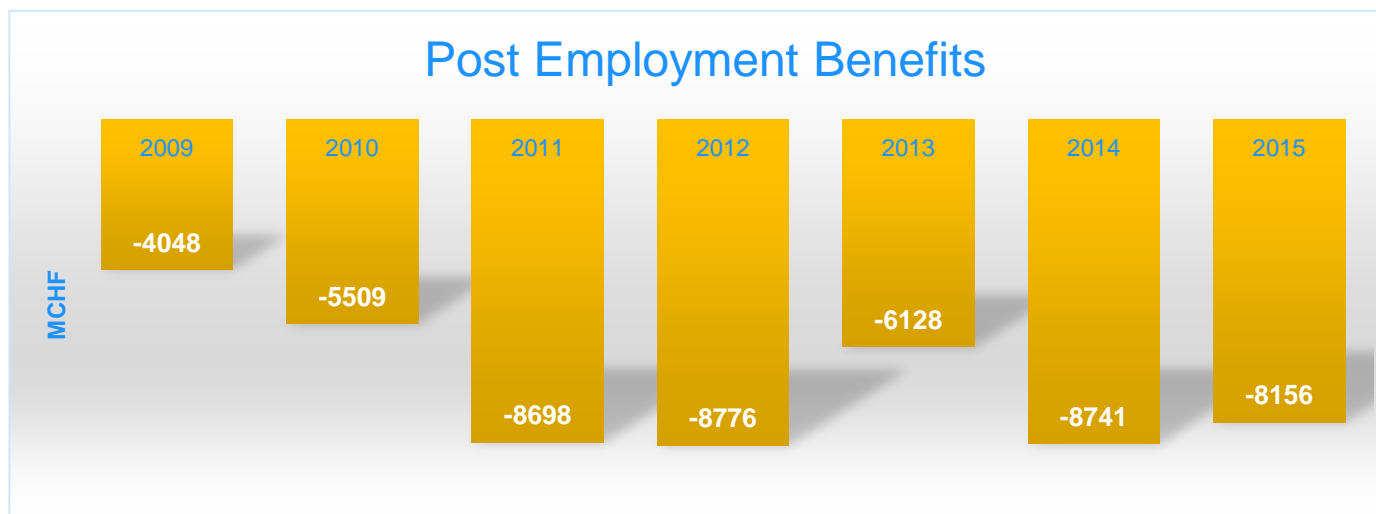
- Reference rate still 30-year rate on Swiss Confederation Bonds
- **Principle adopted that the discount rate should never fall below the best estimate of future inflation**
- To reduce volatility and give a better approximation of time value of money
- Changes in estimates are applied prospectively, so no restatement needed

Evolution of Discount Rate and Post Employment Benefits

Discount Rate



Post Employment Benefits



Summary of Financial Statement Components

- The financial position shows an increase in net assets to -598 MCHF at the end of 2015, compared to -2 298 MCHF reported in the 2014 financial statements (before restatement).
- The financial performance result is a net deficit for the year of -268 MCHF (2014: -260 MCHF). This translates into a budget surplus in the year of 84.0 MCHF once the financial statement items not included in the budget are removed.

Statement of Financial Position (Summary)

kCHF	As at 31.12.2015	As at 31.12.2014 (restated)
ASSETS		
Property, Plant and Equipment	8 062 271	8 204 454
Intangible Assets	120 597	95 887
CHIS Fund financial assets	205 027	190 259
Inventories	14 328	16 846
Receivables & Prepayments	123 756	135 897
Other financial assets		50 000
Cash and cash equivalents	176 200	117 723
Total ASSETS	8 702 180	8 811 066
LIABILITIES		
Post-employment benefits	8 155 838	8 741 227
Long-term debts	307 868	332 976
Liabilities - CHIS Fund	205 027	190 259
Provisions - Others	223 680	167 267
Short-term debt and bank overdraft	25 108	56 952
Payables	318 325	340 366
Deferred revenue & other liabilities	64 647	43 171
Total LIABILITIES	9 300 493	9 872 218
NET ASSETS	- 598 313	-1 061 153

Statement of Financial Performance (Summary)

	2015	2014
REVENUE		
Contributions for the financial year	1 048 775	1 099 637
Contributions as Candidate for Accession & Associate Member State	13 428	8 891
Special Contributions from Member State & Associate Member State	9 451	12 044
EU contributions	16 440	20 864
Financial Revenue & Internal Taxation	36 416	31 298
Other revenue & Additional contributions from Host States	64 748	111 311
Total REVENUE	1 189 258	1 284 045
EXPENSES		
Goods, Consumables & Supplies	66 786	86 692
Electricity, heating gas and water	64 604	42 227
Industrial services	75 694	82 302
Other overheads	82 487	81 514
MATERIALS	289 571	292 735
Personnel Operating expenses	420 803	432 944
Post-employment benefits	183 262	258 956
Internal taxation	30 047	29 028
PERSONNEL	634 111	720 928
FINANCIAL EXPENSES	15 124	15 779
DEPRECIATION AND AMORTIZATION EXPENSES	407 725	433 358
CHANGE IN PROVISION FOR RADIOACTIVE WASTE	45 894	2 131
WRITE-OFF PROPERTY, PLANT AND EQUIPMENT	4 897	18 687
RECAPITALISATION PENSION FUND	60 000	60 000
Total EXPENSES	1 457 322	1 543 618
NET SURPLUS/DEFICIT (-) FOR THE PERIOD	- 268 064	- 259 573

Statement of Comparison Budget and Actual amounts

	MCHF	Budget	Actual	Variation
Revenues				
Member States' contributions		1 108.8	1 048.8	- 60.0
Additional contribution from Romania as Candidate for Accession		8.2	8.2	-
Special contribution from Israel		0.4		- 0.4
Additional contribution from Serbia as Associate Member State		1.0	1.0	-
Additional contribution from Turkey as Associate Member State			3.6	3.6
Additional contribution from Pakistan as Associate Member State			0.7	0.7
Contributions anticipated from new Associate Member States		5.0		- 5.0
EU Contributions		17.8	16.4	- 1.4
Other revenues		80.5	93.6	13.1
		1 221.6	1 172.2	- 49.4
Expenses				
Materials		635.5	444.3	- 191.2
Personnel		616.7	628.9	12.2
Interest and Financial Costs		13.7	15.1	1.4
		1 266.0	1 088.3	- 177.7
A. BUDGET SURPLUS/DEFICIT (-) FOR THE PERIOD*		- 44.3	84.0	128.4
B. CAPITAL REPAYMENTS		24.3	57.0	32.6
C. RECAPITALISATION PENSION FUND		60.0	60.0	
ALLOCATION TO BUDGET BALANCE		- 128.7	- 33.0	95.8
CUMULATIVE BUDGET BALANCE		- 213.8	- 118.1	95.8

See also APR 2015

Receivables – Member States

	kCHF	As at 31.12.2015	As at 31.12.2014
Contributions - Greece		31 701	25 373
Contributions - Portugal		4 673	8 299
Contributions - Spain		34 030	51 486
Contributions - Israel		-	1 832
Contributions - Italy		8 761	-
Receivables from Member States		79 165	86 991
Contributions - Serbia		1 000	1 000
Receivables from Associate Member States		1 000	1 000
TOTAL		80 165	87 991

See also FC/6007, Status of MS contributions

Post Employment Benefit Obligations - Assumptions

	As at 31.12.2015		As at 31.12.2014	
	Pension benefits	CHIS benefits	Pension benefits	CHIS benefits
Discount rate	1.35%	1.35%	0.81%	0.81%
Future salary increase	2.85%	2.85%	3.50%	3.50%
Future pension increase	1.35%	1.35%	1.00%	1.00%
Future health cost increase		3.00%		3.00%
Return on plan assets	4.78%	3.50%	4.00%	3.50%
% of award of indefinite contracts	50.00%	50.00%	50.00%	50.00%
	83%	83%		
Demographic tables	VZ2010 GEN	VZ2010 GEN	VZ2010 GEN	LPP 2010

Post Employment Benefit Net Obligations

Impact of revised discount rate assumption to limit the discount to the estimated time value of money

kCHF	As at 31.12.2015	As at 31.12.2014
Pension Benefits		
Future benefits obligation	9 288 115	9 645 561
Plan assets	-3 751 156	-3 741 928
Net liabilities	5 536 959	5 903 633
CHIS Benefits		
Future benefits obligation	2 762 471	2 965 535
Plan assets	- 143 592	- 127 941
Net liabilities	2 618 879	2 837 594

We wish to thank NIK (the Supreme Audit Office of Poland) for their report and recommendations, and the constructive collaboration we had during the audit.



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Accounting Reconciliation (of Budget Results to Accounting Result)

	MCHF
BUDGET SURPLUS/DEFICIT (-) FOR THE PERIOD (A)	84.0
Property, plant and equipment (PPE) reconciliation (B)	- 110.0
Revenues In-Kind on detectors	17.0
Expenses transferred to PPE and intangible assets	285.7
Depreciation and amortization expenses	- 407.7
Write-off PPE	- 4.9
Items not recognized in the Budget Surplus/Deficit (C)	- 242.0
Variation of provision for post-employment benefits	- 153.5
Recapitalisation Pension Fund	- 60.0
Variation of provision for elimination of radioactive was	- 45.9
Amortization of staff benefit accruals*	17.3
TOTAL ACCOUNTING RECONCILIATION (D) = (B)+(C)	- 352.0
NET ACCOUNTING SURPLUS/DEFICIT (-) FOR THE PERIOD = (A)+(D)	- 268.0

Investments are lower than consumption of assets => result of operating facilities and limited consolidation and construction

Post Employment Benefit Obligations - Evolution

	as at 31.12.2012	Var. 2013 (restated)	as at 31.12.2013	Var. 2014 (restated)	as at 31.12.2014	Var. 2015	as at 31.12.2015
MCHF							
Net Liabilities - Pension benefits	5 319	- 1 256	4 062	1 841	5 903	- 367	5 537
Discount rate used in the actuarial assumptions	1.16%		1.97%		0.81%		1.35%
Impact of the change in the discount rate		- 1 288		1 851		- 932	
Impact of revised demographic tables						497	
Impact of the increase in life-expectancy and salaries							
Impact of the variation on plan assets							
Various adjustments		- 51		- 71		- 6	
Total - Actuarial variations		- 1 339		1 780		- 442	
Employer cost		83		61		75	
Net Liabilities - CHIS benefits	3 457	- 1 391	2 066	772	2 838	- 219	2 619
Discount rate used in the actuarial assumptions	1.16%		1.97%		0.81%		1.35%
Impact of the change in the discount rate		- 707		803		- 415	
Impact of revised demographic tables						167	
Impact of the change in medical costs assumptions		- 652					
Various adjustments		- 148		- 107		- 49	
Total - Actuarial variations		- 1 491		696		- 298	
Employer cost		116		76		79	

Other Revenues - details

kCHF	2015	2014
Loans and advances with no interest	1 923	1 983
Lands made available without charge*		2 930
Computing : material and training	574	498
Revenues in-kind on detectors	16 949	58 517
Material made available without charge	20	396
Sub-total Other in-kind contributions	19 466	64 324
Revenue for HIE-ISOLDE, IdeaLab, FAIR, SH.NEUTRINOS	7 925	6 031
Personnel paid on Team accounts	12 349	13 254
Personnel on detachment	1 142	1 259
Knowledge transfer	2 455	1 848
OpenLab revenues	2 497	2 456
Revenue from the Housing activity	5 523	5 223
Sales and miscellaneous	13 392	15 342
Department Revenues	3 115	6 515
Miscellaneous	1 343	1 249
Sales	3 994	2 096
SCOAP3	4 272	4 266
Sponsoring	668	1 216
Sub-total Others	45 283	45 413
Total	64 748	109 737

Other Revenues – Details on Sales & Misc

kCHF	2015	2014
Sale of materials	1 081	1 155
Subvention Haute Savoie	271	325
Various Revenues	1 763	5 036
Sub-total Department Revenues	3 115	6 515
Airline rebates	48	42
Insurance re-imburements	212	112
Rent	315	591
Settlements and agreements	737	330
other	32	174
Sub-total Miscellaneous	1 343	1 249
Bookshop	101	123
Car Pool	2 436	400
CERN Shop	1 054	1 141
Sales & Recuperations	403	432
Sub-total Sales	3 994	2 096
Sub-total SCOAP3	4 272	4 266
Sub-total Sponsoring	668	1 216
Total	13 392	15 341

Statement of Financial Position (ST + LT split)

kCHF	As at 31.12.2015	As at 31.12.2014 (restated)
ASSETS		
Non-current assets		
Property, Plant and Equipment	8 062 271	8 204 454
Intangible Assets	120 597	95 887
CHIS Fund financial assets	205 027	190 259
Non-current assets	8 387 895	8 490 600
Current assets		
Inventories	14 328	16 846
Receivables & Prepayments	123 756	135 897
Other financial assets		50 000
Cash and cash equivalents	176 200	117 723
Current assets	314 285	320 466
Total ASSETS	8 702 180	8 811 066
LIABILITIES		
Non-current liabilities		
Long-term debts	307 868	332 976
Long term liabilities - CHIS Fund	177 946	163 822
Post-employment benefits	8 155 838	8 741 227
Provisions - Others	223 680	167 267
Non-current liabilities	8 865 332	9 405 292
Current liabilities		
Short-term debt and bank overdraft	25 108	56 952
Short term liabilities - CHIS Fund	27 081	26 437
Payables	318 325	340 366
Deferred revenue & other liabilities	64 647	43 171
Current liabilities	435 161	466 926
Total LIABILITIES	9 300 493	9 872 218
NET ASSETS	- 598 313	-1 061 153

Other Provisions

	kCHF	As at 31.12.2015	As at 31.12.2014
Radioactive waste management		133 872	87 978
Paid leave - long term portion		79 807	78 283
Damages on accidents and defects		550	1 005
Obligations under special contributions		9 451	
Other Provisions		223 680	167 267

Deferred Revenues - Advances

	kCHF	As at 31.12.2015	As at 31.12.2014
2016 Contributions paid in advance - within 1 year		30 039	5 022
EU projects		18 022	16 179
Other revenues in advance		12 106	16 724
Total Deferred Revenues		60 167	37 925

2016 Contributions paid in advance	kCHF	As at 31.12.2015
Austria		1 327
Belgium		1 657
Bulgaria		1 098
Czech Republic		602
Denmark		1 065
Finland		827
Germany		149
Israel		4 389
Netherlands		2 733
Norway		1 682
Poland		1 647
Slovakia		294
Sweden		1 690
Switzerland		2 324
United Kingdom		8 556
Total 2016 Contributions paid in advance		30 039