



# Financial Statements for 2017

CERN/FC/6225 - CERN/3356

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Council - 15 June 2018

# Financial Statements 2017 Opinion

- Unqualified audit opinion received from the External Auditors
- Emphasis of matter paragraph: draws attention to the size of the post employment benefit obligations for the Pension Fund
- Key audit matters are detailed in their report

# Highlights from Financial Statements

- An increase in the total annual contributions by 14.2 MCHF, 99.8% received.
- A positive net asset balance of 136.4 MCHF in the financial position, compared to -329.7 MCHF reported in 2016.
- The financial performance result is a net deficit for the year of -150.6 MCHF (2016: - 158.6 MCHF).
- This translates into a budget surplus in the year of 39.2 MCHF once the financial statement items not included in the budget are removed.
- Recorded directly to net assets are actuarial gains on post-employment benefits of 306.7 MCHF and revaluation of land 309.9 MCHF.

# Statement of Financial Performance I (Summary)

	kCHF	2017	2016
<b>REVENUE</b>			
Member State contributions for the financial year		1 119 900	1 114 232
Contributions as Candidates for Accessions & Associate M		22 280	13 213
Special Contributions from MS & Associate MS			602
EU contributions		15 893	17 628
Financial Revenue & Internal Taxation		45 214	32 533
Other revenues		93 416	70 101
<b>Total REVENUES</b>		<b>1 296 703</b>	<b>1 248 308</b>
<b>EXPENSES</b>			
Goods, Consumables & Supplies		87 850	80 744
Electricity, heating gas and water		58 259	59 714
Industrial services		87 590	74 599
Other overheads		80 894	74 430
<b>Total MATERIAL Expenses</b>		<b>314 593</b>	<b>289 487</b>
Remuneration		294 656	285 382
Social and family benefits		58 115	59 298
Social insurance cover		102 052	102 671
Annual variation - paid leave		- 2 652	- 823
Post-employment benefits		84 319	166 778
Internal taxation		33 418	31 451
<b>Total PERSONNEL Expenses</b>		<b>569 908</b>	<b>644 756</b>
<b>FINANCIAL EXPENSES</b>		10 869	13 857
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		431 256	418 712
<b>CHANGE IN PROVISION FOR RADIOACTIVE WASTE</b>		8 827	- 36 344
<b>WRITE-OFF PROPERTY, PLANT AND EQUIPMENT</b>		51 804	16 405
<b>RECAPITALISATION PENSION FUND</b>		60 000	60 000
<b>Total EXPENSES</b>		<b>1 447 257</b>	<b>1 406 872</b>
<b>NET SURPLUS / DEFICIT (-) FOR THE PERIOD</b>		<b>- 150 554</b>	<b>- 158 565</b>

Material Expenses recorded directly to PPE:  
2017 - 235.4 MCHF  
2016 - 212.9 MCHF  
2015 - 154.7 MCHF

# Statement of Financial Position II (Summary)

	kCHF	As at 31.12.2017	As at 31.12.2016
<b>ASSETS</b>			
Property, Plant and Equipment		8 139 199	7 922 295
Intangible Assets		140 498	131 148
CHIS Fund financial assets		245 632	217 393
Inventories		16 336	15 188
Receivables and Prepayments		79 130	75 916
Other financial assets		60 000	60 000
Cash and cash equivalents		141 783	154 615
<b>Total ASSETS</b>		<b>8 822 578</b>	<b>8 576 555</b>
<b>LIABILITIES</b>			
Post-employment benefits		7 605 989	7 858 110
Long-term debts		255 161	281 939
Liabilities - CHIS Fund		245 632	217 393
Provisions - Others		163 230	155 273
Short-term debt		26 778	25 929
Payables		352 507	336 354
Deferred revenue & other liabilities		36 896	31 230
<b>Total LIABILITIES</b>		<b>8 686 193</b>	<b>8 906 228</b>
<b>NET ASSETS</b>			
		<b>136 385</b>	<b>- 329 673</b>

# Increase PPE - Revaluation of Land

	Gross balance as at 31/12/2016	Additions 2017	Disposals and transfers 2017	Gross balance as at 31/12/2017
kCHF	a	b	c	d=a+b-c
<b>Scientific programmes</b>				
LHC programme	8 510 701	64 259	22 535	8 552 424
Other programmes	2 654 311	110 480	43 839	2 720 952
	11 165 012	174 739	66 374	11 273 376
<b>Non-scientific programmes</b>				
General facilities and logistics	966 193	24 720	13 110	977 803
Informatics	28 729	1 823	81	30 471
Manufacturing facilities	120 930	13 080	3 783	130 227
Safety, health and	87 604	5 788	4 917	88 475
Outreach	6 756			6 756
Land	180 997	309 915		490 912
	1 391 209	355 326	21 891	1 724 644
<b>PPE - available for use</b>	<b>12 556 221</b>	<b>530 065</b>	<b>88 265</b>	<b>12 998 021</b>
		<b>441 800</b>		

Evolution Land Value	MCHF
<b>2016 Land</b>	<b>180 997</b>
<b>Variance</b>	
Swiss - terrain fenced	- 1 464
Swiss - terrain unfenced	- 785
French - terrain fenced	280 959
French - terrain unfenced	- 418
Impact foreign exchange	31 623
<b>2017 Land</b>	<b>490 912</b>

# Status Audit Recommendations

- No new recommendations with respect to the 2017 exercise
- 2016 recommendations closed except for encouragement on Internal Control System (ICS) in progress

We thank NIK (the Supreme Audit Office of Poland) for their reports and recommendations, and the constructive collaboration we had during their five years audit.





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# Post Employment Benefit Obligations - Assumptions

	As at 31.12.2017		As at 31.12.2016	
	Pension benefits	CHIS benefits	Pension benefits	CHIS benefits
Discount rate	1.38%	1.38%	1.37%	1.37%
Future salary increase	2.88%	2.88%	2.87%	2.87%
Future pension increase	1.38%	1.38%	1.37%	1.37%
Future health cost increase		3.00%		3.00%
Future LTC cost increase		1.38%		1.37%
Return on plan assets	4.85%	3.50%	4.82%	3.50%
% of award of indefinite contracts	50%	50%	50%	50%
	83%	83%	83%	83%
Demographic tables	VZ2010 GEN	VZ2010 GEN	VZ2010 GEN	VZ2010 GEN

# Post Employment Benefit Obligations - Evolution

	as at	Var.	as at	Var.	as at
	31.12.2015	2016	31.12.2016	2017	31.12.2017
<b>MCHF</b>					
<b>Net Liabilities - Pension benefits</b>	<b>5 537</b>	<b>37</b>	<b>5 574</b>	<b>- 122</b>	<b>5 452</b>
Discount rate used in the actuarial assumptions	1.35%		1.37%		1.38%
Impact of the change in the discount rate					
Impact of revised demographic tables					
Various adjustments		- 18		- 178	
<b>Total - Actuarial variations</b>		<b>- 18</b>		<b>- 178</b>	
<b>Employer cost</b>		<b>55</b>		<b>56</b>	
<b>Net Liabilities - CHIS benefits</b>	<b>2 619</b>	<b>- 335</b>	<b>2 284</b>	<b>- 130</b>	<b>2 154</b>
Discount rate used in the actuarial assumptions	1.35%		1.37%		1.38%
Impact of the change in the discount rate		- 15		- 6	
Impact of revised demographic tables					
Impact of the change in LTC assumptions		- 348			
Various adjustments		- 54		- 122	
<b>Total - Actuarial variations</b>		<b>- 417</b>		<b>- 128</b>	
<b>Employer cost</b>		<b>82</b>		<b>- 2</b>	

# Post Employment Benefit Net Obligations

kCHF	As at 31.12.2017	As at 31.12.2016
<b>Pension Benefits</b>		
Future benefits obligation	9 321 323	9 280 200
Plan assets	-3 869 307	-3 706 272
<b>Net liabilities</b>	<b>5 452 016</b>	<b>5 573 928</b>
<b>CHIS Benefits</b>		
Future benefits obligation	2 338 770	2 440 494
Plan assets	- 184 797	- 156 312
<b>Net liabilities</b>	<b>2 153 973</b>	<b>2 284 182</b>
<b>TOTAL</b>	<b>7 605 989</b>	<b>7 858 110</b>

New actuary appointed 2017, experience gains includes small changes to calculations

Revised discount rate assumption implemented 2015 reduces volatility in obligations

# Receivables – Member States

kCHF	As at 31.12.2017	As at 31.12.2016
Contributions - Greece	33 682	33 926
Contributions - Portugal	-	3 783
Contributions - Slovak Republic	208	-
<b>Receivables from Member States</b>	<b>33 890</b>	<b>37 709</b>
Contributions - Serbia	-	317
Contributions - Ukraine	-	270
<b>Receivables from Associate Member States</b>	<b>-</b>	<b>587</b>
<b>TOTAL</b>	<b>33 890</b>	<b>38 296</b>

## Evolution Greek Receivable:

For year	2017	2016
2014	1 885	4 147
2015	15 167	15 167
2016	14 612	14 612
2017	2 018	-
	<b>33,682</b>	<b>33,926</b>

# Accounting Reconciliation (of Budget Results to Accounting Result)

	MCHF
<b>BUDGET SURPLUS/DEFICIT (-) FOR THE PERIOD (A)</b>	<b>39.2</b>
<b>Property, plant and equipment (PPE) reconciliation (B)</b>	<b>- 83.7</b>
Revenues in-kind on detectors and HL-LHC	24.8
Expenses capitalized to PPE and intangible assets	374.6
Depreciation and amortization expenses	- 431.3
Write-off PPE	- 51.8
<b>Items not recognized in the Budget Surplus/Deficit (C)</b>	<b>- 106.1</b>
Variation of provision for post-employment benefits	- 54.6
Recapitalisation Pension Fund	- 60.0
Variation of provision for elimination of radioactive waste	- 8.8
Amortization of staff benefit accruals*	17.3
<b>TOTAL ACCOUNTING RECONCILIATION (D) = (B)+(C)</b>	<b>- 189.8</b>
<b>NET ACCOUNTING SURPLUS/DEFICIT (-) FOR THE PERIOD = (A)+(D)</b>	<b>- 150.6</b>

**CAPITALISED EXPENSES**  
 Material expenses: 235.4  
 Personnel expenses: 139.2  
 374.6

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

# Land Valuation

2017	Prix [CHF/m <sup>2</sup> ]		Surface [m <sup>2</sup> ]			Prix Total [CHF]			Taux de change
	Prix du terrain à bâtir	Prix du terrain agricole	surface de terrain à bâtir	surface de terrain agricole		Prix total du terrain à bâtir	Prix total du terrain agricole		1.1691
Pays	SITES CLOTURÉS	SITES NON CLOTURÉS	SITES CLOTURÉS	SITES NON CLOTURÉS	Total	SITES CLOTURÉS	SITES NON CLOTURÉS	Total	
Suisse Total	162	37	495,479	584,542	1,080,021	80,050,024	21,427,719	101,477,742	
France Total	234	0.48	1,657,042	3,509,240	5,166,282	387,747,845	1,686,190	389,434,036	
Grand Total			2,152,521	4,093,783	6,246,304	467,797,869	23,113,909	490,911,778	
2016	Prix [CHF/m <sup>2</sup> ]		Surface [m <sup>2</sup> ]			Prix Total [CHF]			Taux de change
	Prix du terrain à bâtir	Prix du terrain agricole	surface de terrain à bâtir	surface de terrain agricole		Prix total du terrain à bâtir	Prix total du terrain agricole		1.0737
Pays	SITES CLOTURÉS	SITES NON CLOTURÉS	SITES CLOTURÉS	SITES NON CLOTURÉS	Total	SITES CLOTURÉS	SITES NON CLOTURÉS	Total	
Suisse Total	165	38	495,340	584,681	1,080,021	81,513,591	22,212,388	103,725,979	
France Total	46	0.56	1,637,062	3,529,499	5,166,561	75,304,850	1,966,198	77,271,047	
Grand Total			2,132,402	4,114,181	6,246,582	156,818,441	24,178,586	180,997,027	

# Impact of IPSAS 39 on post emp PF

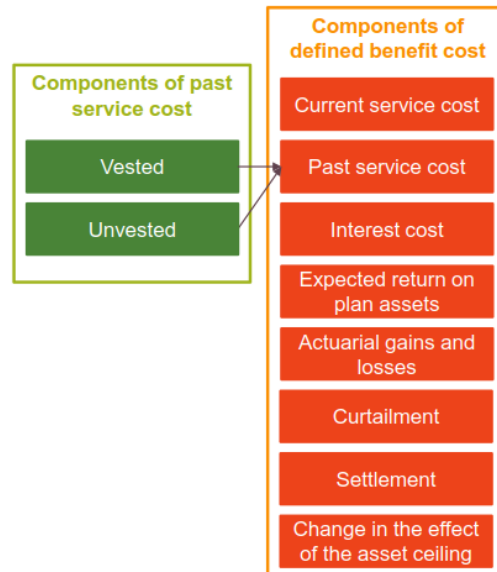
New components of defined benefit cost.

## IPSAS 25

Components of defined benefit cost in IPSAS 25 that are amended in IPSAS 39 are:

- Interest cost and expected return on plan assets – replaced by a single net interest component.
- Curtailments – as one form of past service cost.

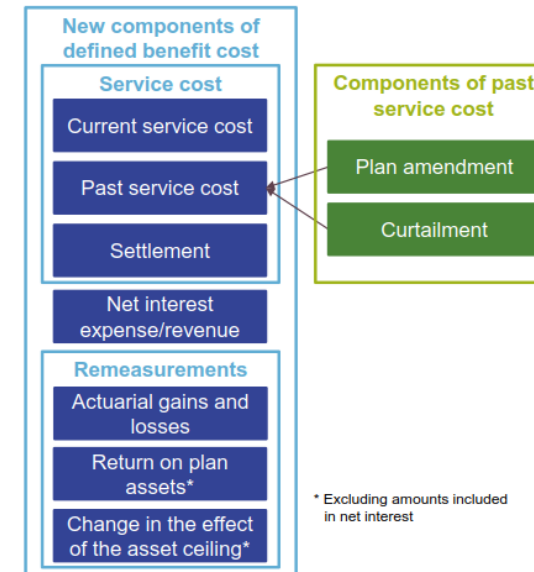
The net interest approach results in an entity recognizing interest revenue/expense due to the passage of time when the plan has a surplus/deficit.



## IPSAS 39

**New components:**

- Service cost – the liability that arises from employees providing service during the period.
- Net interest – the interest expense/revenue on the net defined benefit liability (asset).
- Remeasurements – other changes in the value of the defined benefit obligation, such as changes in estimates and other changes in the value of plan assets.



\* Excluding amounts included in net interest



# Impact of IPSAS 39 on post emp PF

Statement of financial performance	31 December 2018 (predicted, under IPSAS39)	31 December 2017 (actual, under IPSAS25)	31 December 2016 (actual, under IPSAS25)
Current employer service cost	202,193	206,905	205,553
Administration expenses*	0	n/a	n/a
Interest cost	n/a	124,999	123,305
Expected return on assets of the Fund	n/a	(176,311)	(176,946)
Net Interest Cost on the defined benefit obligation/(asset)	73,757	n/a	n/a
Past service cost	0	0	0
Curtailment	0	0	0
Settlement (gain)/loss	0	0	0
<b>Total Expense / (Income) to be recognised</b>	<b>275,950</b>	<b>155,593</b>	<b>151,912</b>

# Other Revenues - details

kCHF	2017	2016
Revenues in-kind on PPE relating to detectors	23 041	
Revenues in-kind on PPE other than detectors	7 192	5 233
Interest benefit from interest-free loan	1 803	1 863
Computing : material and training	13	288
<b>Sub-total Other in-kind contributions</b>	<b>32 049</b>	<b>7 384</b>
Activities recharged to team accounts	18 423	15 878
Personnel paid on Team accounts	12 023	11 783
Revenue from the Housing activity	6 051	5 956
Revenue for HIE-ISOLDE, IdeaLab, FAIR, SH.NEUTRINOS	3 191	7 504
OpenLab revenues	2 190	2 302
Knowledge transfer	1 660	1 940
Personnel on detachment	945	921
Sales and miscellaneous	16 885	16 434
Department Revenues	5 842	5 009
Miscellaneous	2 136	1 794
Sales	3 012	4 098
SCOAP3	5 242	4 886
Sponsoring	652	648
<b>Sub-total Others</b>	<b>24 871</b>	<b>29 100</b>
<b>Total</b>	<b>56 920</b>	<b>36 484</b>

# 2016 Reclass

## RECLASS 2016 FINANCIAL STATEMENTS

	2016 reclassified	Deprecn	Procurem codes	Teams recharge	2016
<b>REVENUE</b>					
Member States' contributions	1 114 232				1 114 232
Contribution from Candidate for Accession	4 774				4 774
Associate Member State contribution	8 439				8 439
Special contribution from a Member State	602				602
EU contributions	17 628				17 628
Financial revenue	1 082				1 082
Internal taxation	31 451				31 451
Other revenue	70 101			15 878	54 223
	<b>1 248 307</b>			<b>15 878</b>	<b>1 232 429</b>
<b>EXPENSES</b>					
<b>MATERIALS</b>					
Goods, consumables & supplies	80 744		5 494	8 089	67 161
Electricity, heating gas and water	59 714			433	59 281
Industrial services	74 599		- 6 162	4 666	76 094
Associated members of personnel	28 691				28 691
Other overheads	45 739	18	667	2 689	42 365
	<b>289 487</b>	<b>18</b>	<b>0</b>	<b>15 878</b>	<b>273 591</b>
<b>PERSONNEL</b>					
Remuneration	285 382				285 382
Social and family benefits	59 298				59 298
Social insurance cover	102 671				102 671
Annual variation - paid leave	- 823				- 823
Post-employment benefits	166 778				166 778
Internal taxation	31 451				31 451
	<b>644 756</b>				<b>644 756</b>
<b>FINANCIAL EXPENSES</b>	<b>13 857</b>				<b>13 857</b>
<b>DEPRECIATION AND AMORTISATION</b>	<b>418 712</b>	<b>- 18</b>			<b>418 730</b>
<b>CHANGE IN PROVISION FOR RADIOACTIVE WASTE</b>	<b>- 36 344</b>				<b>- 36 344</b>
<b>WRITE-OFF PROPERTY, PLANT AND EQUIPMENT</b>	<b>16 405</b>				<b>16 405</b>
<b>RECAPITALISATION PENSION FUND</b>	<b>60 000</b>				<b>60 000</b>
	<b>1 406 872</b>		<b>0</b>	<b>15 878</b>	<b>1 390 994</b>
<b>NET SURPLUS/DEFICIT (-) FOR THE YEAR</b>	<b>- 158 565</b>		<b>- 0</b>	<b>0</b>	<b>- 158 565</b>