
***IUCN International Union for the
Conservation of Nature and
Natural Resources,
Gland (Switzerland)***

*Consolidated Financial Statements for the
year ended 31 December 2012
and Report of the Statutory Auditor*

Report of the statutory auditor

To the Council of
**IUCN, International Union for the Conservation
of Nature and Natural Resources**, Gland (Switzerland)

Report on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of IUCN, International Union for the Conservation of Nature and Natural Resources ("IUCN"), which comprise the consolidated balance sheet, consolidated income and expenditure statement, consolidated cash flow statement and notes for the year ended December 31, 2012.

Management's Responsibility

Management is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law, IUCN statutes and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2012 comply with Swiss law, IUCN statutes and with the consolidation and valuation principles as set out in the notes.

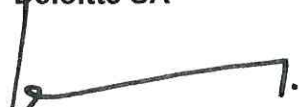
Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (articles 69b paragraph 3 CC and 728 CO) and that there are no circumstances incompatible with our independence.

In accordance 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 the consolidated financial statements according to the instructions of the Management.

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

Deloitte SA



Jean-Marc Jenny
Licensed audit expert
Auditor in charge



Lesley Griffiths
Licensed audit expert

Geneva, May 15, 2013
JMJJ/LDG/ahe

Enclosures :

- Consolidated financial statements (balance sheet, income and expenditure statement, cash flow statement and notes)
- Annex A – 2012 Core Funds under Framework Agreements

IUCN – International Union for the Conservation of Nature

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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IUCN - International Union for the Conservation of Nature

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2012

Report Currency: CHF ('000)

	Notes	2012	2011
ASSETS			
Current assets			
Cash and short term bank deposits	III	29'922	32'927
Financial assets	IV	9'326	0
Membership dues receivable	V	3'563	4'239
Staff receivables	VI	360	148
Receivables from partner organisations	VII	1'283	1'119
Advances to implementing partners	VIII	1'983	2'872
Other account receivables		2'041	1'974
Subtotal		48'478	43'279
Framework agreements receivables	IX	1'232	1'410
Project agreements receivables	X	14'873	11'446
Total current assets		64'583	56'135
Non-current assets			
Financial assets	IV	0	9'259
Fixed assets (net)	XI	34'493	36'519
Intangible assets (net)	XII	3'549	4'202
Total non-current assets		38'042	49'980
TOTAL ASSETS		102'625	106'115
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		921	961
Accounts payable and accrued liabilities	XIII	4'029	4'849
Social charges payable		508	776
Project agreements advances	X	44'193	44'085
Deferred income framework agreements	XV	1'002	2'502
Deferred income buildings	XV	711	711
New building loan	XVI	100	97
Miscellaneous current liabilities		288	126
Total current liabilities		51'752	54'107
Provisions			
Membership dues in arrears	V	2'210	1'687
Projects in deficit	XIV	728	748
Staff leave and repatriation	XIV	663	705
Staff termination	XIV	2'037	1'574
Total provisions		5'638	4'714
Non-current liabilities			
Long term deferred income	XV	22'091	23'106
New building loan	XVI	9'910	10'010
Total non-current liabilities		32'001	33'116
Fund and Reserves			
IUCN Fund	XVII	6'227	6'286
Currency translation adjustment		1'359	1'323
Reserve for 2012 Congress		0	774
Cost Centres reserves		4'070	3'660
Renovation fund reserve		496	303
Secretariat contingency fund		1'082	1'832
Total fund and reserves		13'234	14'178
TOTAL LIABILITIES AND FUND BALANCES		102'625	106'115

See notes to the consolidated financial statements as indicated

IUCN - International Union for the Conservation of Nature

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

Report Currency: CHF ('000)

	Notes	2012				2011			
		Secretariat Unrestricted	Framework Agreements	Project Agreements	Total	Secretariat Unrestricted	Framework Agreements	Project Agreements	Total
EXTERNAL OPERATING INCOME									
Membership dues		11'646	0	0	11'646	11'288	0	0	11'288
Retention of staff income tax	XVIII	1'541	0	0	1'541	1'625	0	0	1'625
Agreements income	XIX	252	16'594	74'937	91'783	343	17'913	66'494	84'750
Other operating income	XX	3'627	0	2'169	5'796	3'763	0	366	4'129
TOTAL EXTERNAL OPERATING INCOME		17'066	16'594	77'106	110'766	17'019	17'913	66'860	101'792
INTERNAL ALLOCATIONS									
Framework allocations		16'321	(16'632)	271	(40)	17'896	(18'269)	212	(161)
Cross charges from projects		25'493	0	(27'145)	(1'652)	21'178	0	(20'650)	528
Other internal allocations		953	0	914	1'867	(16)	0	3	(13)
Revaluation of internal allocations balances		(175)	0	0	(175)	(354)	0	0	(354)
NET ALLOCATION		42'592	(16'632)	(25'960)	(0)	38'704	(18'269)	(20'435)	0
OPERATING EXPENDITURE									
Personnel costs and consultancies		46'818	0	22'505	69'323	43'648	0	26'670	70'318
Travel and communications		2'673	0	10'273	12'946	3'219	0	9'148	12'367
Vehicles & equipment - costs & maintenance		2'954	0	2'523	5'477	2'568	0	2'001	4'569
Office and general administrative costs		5'150	0	1'956	7'106	5'098	0	1'993	7'091
Publications and printing costs		402	0	2'225	2'627	449	0	1'915	2'364
Workshops and grants to partners		988	0	11'086	12'074	875	0	12'457	13'332
Other operating expenditure		820	0	535	1'355	640	0	549	1'189
TOTAL OPERATING EXPENDITURE		59'805	0	51'103	110'908	56'497	0	54'733	111'230
NET OPERATING SURPLUS/ (DEFICIT)		(147)	(38)	43	(142)	(774)	(356)	(8'308)	(9'438)
OTHER INCOME (EXPENDITURE)									
Interest income	XVI	633	0	14	647	689	0	21	710
Financial charges	XVI	(709)	0	(202)	(911)	(844)	0	(172)	(1'016)
Capital gains (losses)	IV	121	0	0	121	(167)	0	-	(167)
Net gains/(losses) on foreign exchange	XVII	11	0	(174)	(162)	(283)	0	(56)	(339)
Exchange differences on revaluation of project balances	XXI	0	0	(526)	(526)	-	0	(655)	(655)
Net movements in provision and write-offs		(1'712)	0	506	(1'206)	(1'234)	0	306	(928)
2012 Congress project surplus		814	0	(814)	0	0	0	0	0
TOTAL OTHER INCOME (EXPENDITURE)		(842)	0	(1'196)	(2'038)	(1'839)	0	(556)	(2'395)
NET SURPLUS (DEFICIT) FOR THE YEAR		(989)	(38)	(1'153)	(2'180)	(2'613)	(356)	(8'864)	(11'833)
MOVEMENTS IN BALANCE									
Movements in framework receivables/deferred income		0	38	0	38	0	356	0	356
Movements in projects advances and deferred income		0	0	1'153	1'153	0	0	8'864	8'864
Release from/(allocation to) IUCN Fund	XVII	58	0	0	58	303	0	0	303
Release from/(allocation to) Congress reserve	XVII	774	0	0	774	258	0	0	258
Release from (allocation to) Membership fund	XVII	0	0	0	0	200	0	0	200
Allocation to Renovation fund	XVII	(193)	0	0	(193)	(148)	0	0	(148)
NET MOVEMENT IN BALANCE FROM OPERATIONS		(350)	0	0	(350)	(2'000)	0	0	(2'000)

See notes to the consolidated financial statements as indicated

IUCN - International Union for the Conservation of Nature

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

Report Currency: CHF ('000)

		2012	2011
	Notes		
Cash flow from operations			
Net Balance from Operations		(350)	(2'000)
Depreciation of fixed assets	XI	2'406	2'572
Amortisation and impairment of Intangible assets	XIII	746	692
Increase / (decrease) in provisions for membership dues in arrears	V	523	897
Increase / (decrease) in provisions for projects in deficit	XV	(20)	21
Increase / (decrease) in the provision for staff termination	XV	463	(157)
Increase / (decrease) in staff leave and repatriation liabilities	XIV	(42)	(59)
(Increase) / decrease in membership dues receivables	V	676	(1'501)
(Increase) / decrease in staff receivables	VI	(212)	122
(Increase) / decrease in receivables from partner organisations	VII	(164)	(166)
(Increase) / decrease in advances to implementing partners	VIII	889	102
(Increase) / decrease in other accounts receivables		(67)	(331)
Increase / (decrease) in membership dues paid in advance		(40)	107
Increase / (decrease) in accounts payable and accrued liabilities	XIII	(820)	1'011
Increase / (decrease) in social charges payable		(268)	552
Increase / (decrease) in miscellaneous current liabilities		162	(415)
(Increase)/decrease in framework agreements receivables	IX	178	(938)
(Increase)/decrease in project agreements receivables	X	(3'427)	(2'964)
Increase/(decrease) in project agreements advances	X	108	(5'901)
Loss on disposal of fixed assets	XI	169	0
Increase/(decrease) in reserve for 2012 Congress	XVIII	(774)	(258)
Increase/(decrease) in Membership fund reserve	XVIII	0	(200)
Increase/(decrease) in Renovation fund reserve	XVIII	193	148
Total Cash flow from operations		329	(8'666)
Cash flow from investing activities			
Purchase of fixed assets	XI	(539)	(1'495)
Net movement in financial assets	IV	(67)	(3'007)
Purchase of intangible assets	XII	(93)	(1'834)
Total Cash flow from investing activities		(699)	(6'336)
Cash flow from financing activities			
Increase/(decrease) in loan	XVII	(97)	(94)
Increase/(decrease) in current deferred income	XVI	(1'500)	864
Increase/(decrease) in long-term deferred income	XVI	(1'015)	(665)
Increase/(decrease) in IUCN Fund reserve	XVIII	(59)	(303)
Total Cash flow from financing activities		(2'671)	(198)
Net Cash outflow for the year		(3'041)	(15'200)
Cash and Short term deposits at the beginning of the year	III	32'927	48'100
Effect of Exchange rate changes	XVIII	36	27
Cash and Short term deposits at the end of the year	III	29'922	32'927

See notes to the consolidated financial statements as indicated

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

I. ACTIVITY

IUCN (International Union for the Conservation of Nature) was constituted by statutes adopted in 1948 at a conference convened by the Republic of France, with membership comprised of states, governmental agencies, and international and national non-governmental organizations. The members registered IUCN statutes as an international association of governmental agencies and non-governmental organizations under article 60 of the Swiss Civil Code. 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 financial assets and loans that are measured at revalued amounts or at fair values. The financial statements are in accordance with the Swiss code of obligations and under the framework of the Swiss law.

2. Basis of consolidation

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

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi), whose objective is to hold and administer funds and properties on behalf of IUCN in the Republic of Kenya.
- IUCN Bureau Regional pour l'Europe (IUCN ROFE AISBL).
- IUCN Europe Regional Office Stichting (Stichting IUCN ERO).
- Associação UICN.

3. Income

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

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 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 income.

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements. Income is recognised in the income statement on a cash basis except for those offices using the Enterprise Resource Planning (ERP) system where income is either recognised at the point an invoice is raised and sent to the donor or on the basis of cash received if no invoice has been raised. At the end of the year, projects may have a positive or negative balance. The sum of the balances on project agreements where income exceeds expenditure is recorded in the balance sheet as Project agreements advances, while the sum of the balances where expenditure exceeds income received is recorded as Project agreements receivables.

c) Retention of staff income tax

Non-Swiss staff are exempt from paying taxes on their IUCN earnings on the basis of the 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. This is shown as Retention of staff income tax and is classified as unrestricted income.

4. Expenditure

All unrestricted expenditure is accounted for on an accrual basis. Project expenditure is accounted for on a cash basis except for those offices using the ERP system where expenditure is recognised on an accrual basis. At the end of a project, expenditure is recognised on an accrual basis irrespective of the system used.

5. Foreign exchange

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF). IUCN Headquarters and the United Kingdom office maintain their books of accounts in CHF. All other offices maintain their books of accounts in US dollars (USD) or Euros (EUR).

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.
- At consolidation, all transactions in non-CHF ledgers are translated at the monthly rate of exchange to CHF, and the resulting gain or loss on exchange is accounted for in the income statement.
- Except for fixed assets which are stated at historical values, non Swiss franc balances in the consolidated balance sheet are translated 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 expressed in USD and EUR are re-valued to CHF using the year-end exchange rates. 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 revaluation policies, a net loss would occur on the currency translation adjustment reserve it would be recognized in the income and expenditure statement.

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. Year-end exchange rates

The following are the principal rates of exchange used at the end of the year to revalue the balance sheet items to Swiss Francs (CHF) for reporting purposes:

	<u>31 Dec 2012</u>	<u>31 Dec 2011</u>
US dollar	0.9133	0.9396
EURO	1.2073	1.2168

7. Financial assets

Financial assets are recorded at fair value. Gains/losses arising from changes in fair values of financial assets are recognized in the income statement in the year that they occur as are foreign exchange gains/losses resulting from the revaluation of financial assets denominated in currencies other than the Swiss franc.

8. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is CHF 1,000 or above or the equivalent in other currencies (2011- CHF 500 or equivalent) 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:

	<u>2012</u>	<u>2011</u>
Computer hardware	3 years	3 years
Vehicles	4 years	4 years
Office equipment	5 years	5 years
Office furniture	7 years	7 years
Building renovations	10 years	10 years
Building installations	20 years	20 years
Building infrastructures	50 years	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.

9. 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.

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Provisions

a) Provision for membership dues receivable

A general provision against 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:

	<u>2012</u>	<u>2011</u>
Membership dues outstanding for:		
four or more years	100%	100%
three years	60%	60%
two years	40%	40%
one year	20%	20%

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

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.

11. Loans at below market rate of interest

Loans are 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.

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

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. Fund and Reserves

IUCN maintains the following reserves:

a) IUCN Fund

The IUCN Fund is maintained in order to preserve the union's capital base. All income earned and losses incurred on the fund during the year are added or subtracted to its capital value. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

b) Currency translation adjustment

The currency translation adjustment reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of the US dollar and the Euro against the Swiss franc.

c) Reserve for the 2012 Congress

The reserve for the 2012 Congress represented net amounts allocated from unrestricted funds to cover preparatory costs for the 2012 World Conservation Congress.

d) Cost centre reserves

Cost centre reserves represent surpluses on individual costs centres that are funded by unrestricted funds. The surpluses may be used in future accounting periods by cost centre managers with the explicit approval of the Director General. 10% of all the surpluses generated is transferred to the Secretariat Contingency Fund in the year that they are generated.

e) Renovation fund reserve

The purpose of the Renovation fund is to finance future renovations of the IUCN Headquarters.

f) Secretariat contingency fund

The Secretariat contingency fund represents other unrestricted reserves.

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.

REGION OR OFFICE	2012	2011
Asia	2,895	3,400
Central America	1,221	674
Eastern and Southern Africa	1,178	690
Europe	471	224
Environmental Law Centre, Bonn	258	249
Headquarters	20,519	23,155
Mediterranean	122	947
Oceania	224	118
South America	66	72
United Kingdom	5	14
United States	436	543
Western and Central Africa	2,104	2,429
West Central Asia and North Africa	423	412
Total	29,922	32,927

IUCN – International Union for the Conservation of Nature

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

IV. FINANCIAL ASSETS

At fair value:	2012	2011
2 year EUR 90% Guaranteed Global Note (maturing June, 2013)	6,351	6,394
2 year CHF 85% Guaranteed Global Note (maturing June, 2013)	2,975	2,865
Total	9,326	9,259
Original Cost	9,797	9,797

The guaranteed notes held at 31 December, 2012 are based on baskets of equities quoted on either the FTS4Good Index or the Dow Jones Sustainability Index.

At 31 December, 2012 an unrealized capital gain of CHF 121k (2011: CHF 712k loss) was recognised for the guaranteed notes maturing June, 2013.

The 2 year CHF 85% Guaranteed Global Note was sold on 22 March 2013 for CHF3,349k realising a net gain of CHF320k.

V. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2012	2011
Gross Membership dues receivables	3,563	4,239
Provision for dues in arrears	(2,210)	(1,687)
Net Membership Dues Receivable	1,353	2,552

The provision for Membership dues in arrears has been calculated in accordance with the policy described in note II.10. Members rescinded at the 2012 World Conservation Congress have been provided for in full.

	2008	2009	2010	2011	2012	Total
State Members	5	110	355	397	1,806	2,673
Government Agencies	10	27	39	89	249	414
International NGOs	2	3	3	3	29	40
National NGOs	21	36	45	62	220	384
Affiliates	0	2	3	11	36	52
Total membership dues receivable	38	178	445	562	2,340	3,563
Provision for membership dues	(38)	(178)	(444)	(511)	(1,039)	(2,210)
Net membership dues receivable	0	0	1	51	1,301	1,353

Movement in provision for membership dues	2012	2011
Balance at 1 January	1,687	790
Addition to provision	991	897
Write off of deficits against provision	(468)	0
Balance at 31 December	2,210	1,687

VI. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December. Amounts due to staff are netted off amounts due from staff.

	2012	2011
Net travel advances	215	55
Payroll advances and staff loans	145	93
Total	360	148

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

VII. RECEIVABLES FROM PARTNER ORGANISATIONS

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

	2012	2011
RAMSAR Convention Secretariat	840	697
Other	443	422
Total	1,283	1,119

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.

	2012	2011
Asia and Oceania	878	848
East and South Africa	208	653
Europe	136	152
West and Central Africa	339	563
Headquarters	189	47
North America	0	156
South and Central America	233	453
Total	1,983	2,872

IX. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivable represent framework agreements income due but not received as at the end of the year. As at 31 December 2012 there was an amount outstanding of CHF1,232k compared to CHF1,410k outstanding at 31 December 2011.

X. 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 the close of the year.

	2012	2011
Project agreements receivables	14,873	11,446
Project agreements advances	(44,193)	(44,085)
Net balance at year end	(29,320)	(32,639)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

XI. FIXED ASSETS

a) Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December 2011	27,279	13,723	1,377	15,497	57,876
Additions	(101)	52	86	502	539
Disposals	0	0	(3)	(3,319)	(3,322)
Adjustment	0	0	0	(590)	(590)
Balance as at 31 December, 2012	27,178	13,775	1,460	12,090	54,503
Depreciation:					
Balance as at 31 December 2011	(4,040)	(5,513)	(230)	(11,574)	(21,357)
Charge for the year 2012	(543)	(573)	(73)	(1,217)	(2,406)
Disposals	0	0	0	3,163	3,163
Adjustment	0	0	0	590	590
Balance as at 31 December 2012	(4,583)	(6,086)	(303)	(9,038)	(20,010)
Net Book Value:					
Balance as at 31 December 2011	23,238	8,210	1,147	3,924	36,519
Balance as at 31 December 2012	22,595	7,689	1,157	3,052	34,493

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per note II.8.

b) Insurance value of fixed assets

As at 31 December 2012, the fixed assets at Headquarters were insured for CHF 42,176k (2011 – CHF42,176k). The WASAA building and fixed assets in Kenya were insured for Kenya shillings 26.9 million, equivalent to CHF284k (2011 – CHF292k), which is the estimated replacement value.

c) Land

In 1993 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. In 2008 the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot with the permission to construct an extension to the existing Headquarters. The two plots of land were combined and the right of use of the combined plot extended to 2058.

No value has been assigned to the right of use of the land.

d) Headquarters building

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

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.

Building extension

The building extension is financed by an interest free loan from the Swiss Government of CHF20,000k, payable in 50 equal yearly instalments of CHF400k, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,226k and in-kind donations of CHF1,787k.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

XII. INTANGIBLE ASSETS

As at 31 December 2012 expenditure of CHF 4,489k (2011 – CHF4,529k) had been incurred on the development and implementation of an ERP system and portal applications. The system went “live” at Headquarters in July 2011 and has been depreciated from this point.

Movement in Intangible assets	2012	2011
Purchase value:		
Balance at 1 January	4,529	3,060
Additions	93	1,834
Impairment	(133)	(365)
Balance at 31 December	4,489	4,529
Amortisation:		
Balance as of 1 January	(327)	0
Charge for the year	(613)	(327)
Balance at 31 December	(940)	(327)
Net Book Value:		
Balance at 31 December	3,549	4,202

The impairment of CHF133k relates to development costs of portal applications (2011-CHF 365k for portals and ERP) which did not result in the intended economic benefit.

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 4,029k as at 31 December 2012 (2011 – CHF 4,849k), CHF 1,691k (2011 – CHF 2,671k) is related to Headquarters and the balance to regional and country offices.

XIV. PROVISIONS

a) 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	2012	2011
Balance at 1 January	748	727
Additions to provision	652	416
Utilization of provision	(672)	(395)
Balance at 31 December	728	748
Region	2012	2011
Eastern and Southern Africa Region	218	203
Headquarters	270	520
Other Offices	240	25
TOTAL	728	748

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

b) Staff leave and repatriation

Staff leave refers to the holiday entitlement which had not been used by staff at the year-end. Staff leave is accrued only when there is a legal local obligation to do so. Staff members are not allowed to carry forward from one year to another a cumulative leave balance of more than 10 days and any outstanding leave days are normally covered as part of the normal staff notice period. The balance at the year-end also includes the estimated cost of repatriation of international staff

c) Staff termination

The provision for staff termination is calculated separately for each office to comply at a minimum with local labour laws. However, 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.

Movement in provision for staff termination	2012	2011
Balance at 1 January	1,574	1,731
Additions to provision	2,284	1,244
Utilization of provision	(1,821)	(1,401)
Balance at 31 December	2,037	1,574

XV. DEFERRED INCOME

Deferred income	2012	2011
Deferred framework agreements	1,002	2,502
Donations for construction of HQ building extension		
Donations in cash	3,563	3,752
Donations in kind	1,200	1,414
	4,763	5,166
Headquarters original building	9,249	9,558
Interest free government loan	8,790	9,093
Total	23,804	26,319
Current		
Deferred framework agreements	1,002	2,502
Buildings:		
Original building	308	308
Building extension	403	403
Total buildings	711	711
Total current deferred income	1,713	3,213
Non-current		
Original building	8,941	9,251
Building extension	13,150	13,855
Total non-current deferred income	22,091	23,106
Total deferred income	23,804	26,319

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Deferred income on Framework Agreements represents income received in advance of the period to which it relates.

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 d).

The deferred income on the government loan represents the difference between the fair value of the loan (CHF 10,010k) and the outstanding cash value of the loan (CHF 18,800k) (see note XVII). 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.

XVI. LOAN

Headquarters building extension loan	2012	2011
Current	100	97
Non-current	9,910	10,010
Total	10,010	10,107

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

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

The fair value of the loan is estimated at CHF 10,010k. The outstanding cash value of the loan has been discounted at a rate of 3% which represents the market interest rate for a 10-year loan at the point of inception of the loan. The difference of CHF 8,790k 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 XV).

The value of the interest that would have been paid on an equivalent commercial loan of 3% is estimated at CHF 564k. This has been recorded in the Consolidated 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.

XVII. RESERVES

	IUCN Fund	Currency translation adjustment	Reserve for 2012 Congress	Membership fund	Renovation fund	Cost Center Reserves	Secretariat Contingency Fund	Total
Balance as at 1 January 2011	6,589	1,296	1,032	200	155	3,567	3,926	16,765
Net result of cost centers in deficit	(303)	0	0	0	0	(1,166)	(1,603)	(3,071)
Net result of cost centers in surplus	0	0	0	0	0	102	356	458
Net deficit for the year								(2,613)
Allocation from core-funded cost centers to SCF	0	0	0	0	0	1,166	(1,166)	0
Reclassification	0	0	0	0	0	(9)	9	0
Foreign exchange adjustment	0	27	0	0	0	0	0	27
Allocation from 2012 Congress reserve to SCF	0	0	(258)	0	0	0	258	0
Allocation from SCF to Membership fund	0	0	0	(200)	0	0	200	0
Allocation from SCF to Renovation fund	0	0	0	0	148	0	(148)	0
Balance as at 31 December 2011	6,286	1,323	774	0	303	3,660	1,832	14,178
Net result of cost centers in deficit	(59)	0	0	0	0	0	(1,481)	(1,540)
Net result of cost centers in surplus	0	0	0	0	0	513	38	551
Net deficit for the year								(989)
Allocation from core-funded cost centers to SCF	0	0	0	0	0	(393)	393	0
Reclassification	0	0	0	0	0	290	(290)	0
Foreign exchange adjustment	0	36	0	0	0	0	9	45
Allocation from 2012 Congress reserve to SCF	0	0	(774)	0	0	0	774	(0)
Allocation from SCF to Membership fund	0	0	0	0	0	0	0	0
Allocation from SCF to Renovation fund	0	0	0	0	193	0	(193)	0
Balance as at 31 December 2012	6,227	1,359	0	0	496	4,070	1,082	13,234

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

a) IUCN Fund

During the year ended 31 December 2012 there was a net deficit of the fund's operations of CHF 58k (2011 – CHF 303k deficit). The analysis of the movements of the fund is as follows:

	IUCN Fund	WASAA Trust Fund	TOTAL
Balance as at 1 January 2011	6,191	398	6,589
Rental / Interest Income	0	50	50
Capital Gains	(213)	0	(213)
Financial assets revaluation loss	(73)	0	(73)
Expenses	0	(67)	(67)
Net movements during the year	(286)	(17)	(303)
Balance as at 31 December 2011	5,905	381	6,286
Rental / Other Income	0	93	93
Capital Gain	121	0	121
Financial assets revaluation loss	(38)	0	(38)
Expenses	0	(235)	(235)
Net movements during the year	83	(142)	(59)
Balance as at 31 December 2012	5,988	239	6,227

The WASAA Trust Fund was set up following the acquisition and outfitting of the Wasaa building in Nairobi, Kenya using funds advanced at the time from the World Conservation Trust Fund which is now part of the IUCN Fund. IUCN is required to maintain separate books of accounts for the WASAA Trust Fund under the laws of Kenya in which it is domiciled.

b) 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 gain on exchange for the year amounted to CHF 11k (2011 – loss of CHF 283k).

Exchange gains and losses on consolidation and translation of ledgers maintained in EUR and USD to Swiss francs are taken to the Currency Translation Adjustment reserve. The net movement during 2012 was a gain of CHF 36k (2011 – gain of CHF 27k).

c) Reserve for 2012 Congress

The balance brought forward from 2011 of CHF 744k was transferred to Secretariat contingency fund as this amount was not required for the funding of the 2012 Congress.

d) Cost Centre reserves

Cost centre reserves arise from surpluses on individual cost centres funded by unrestricted funds. 90% of the cost centre surpluses may be used by cost centre managers in future accounting periods with the explicit approval of the Director General. The remaining 10% of surpluses is transferred to the Secretariat Contingency Fund. At 31 December 2012 the cost centre reserve balance was CHF 4,070k (2011 – CHF 3,660k).

e) Renovation Fund

A net allocation of CHF 193k (2011 – CHF 148k) was made from the Secretariat Contingency Fund to the Renovation Fund to cover future renovation costs of the Headquarters building.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

XVIII. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,541k (2011 – CHF 1,625k) and represents the value of taxes that would have been paid by non-Swiss staff members 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 1st January 1987.

XIX. AGREEMENTS INCOME

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

XX. OTHER OPERATING INCOME

Other operating income of CHF 3,627k (2011 – CHF 3,763k) shown under Secretariat unrestricted funds includes CHF 518k (2011 - CHF 556k) overhead and management fees from Ramsar, rental income of CHF 556k (2011 - CHF 448k) and recognition of deferred income of donations for the headquarters original building and building extension CHF 711k (2011- CHF 663k). 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.

XXI. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of individual ledgers, that is Swiss francs, US dollars or Euro. At the end of the year, project balances expressed in US dollars or Euros are revalued to Swiss francs using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet (Project agreements advances and Project agreement receivables) 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.

XXII. RELATED PARTIES

a) Identity of related parties

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.

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.

The Convention on Wetlands of International Importance (Ramsar)

Ramsar is co-located in the IUCN Secretariat headquarters and 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.

Traffic International

Traffic International is a charity registered in the United Kingdom and is a joint venture between WWF International and IUCN.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

b) Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,247k to the Commissions (2011 – CHF1,313k).

During the year and as part of the services IUCN provides to Ramsar, IUCN has received funds for CHF 6,844k (2011 – CHF 6,246k) and performed payments for CHF 6,607k (2011-CHF 6,032k) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 5,222k (2011-CHF 4,318k). 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 518k (2011-CHF 556k) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 300k to Traffic (2011 – CHF 345k).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 1,012k (2011 – USD 665k).

XXIII. 2012 WORLD CONSERVATION CONGRESS

The IUCN World Conservation Congress is IUCN's highest governing body. It comprises the Members of IUCN and normally takes place every four years. The last Congress was held in September 2012. The Congress was funded by allocations from unrestricted funds registration and exhibition fees, restricted donations and from reserves set aside in previous years.

The host country, the Republic of Korea, provided conference facilities and services, including interpretation and audio-visual services, and sponsored the participation of a number of delegates. The in-kind value of the host country contribution has not been included in the income and expenditure statement of IUCN.

The total direct costs incurred by IUCN were CHF 4,636k. Those costs were financed by registration and exhibition fees (CHF 1,240k), restricted donations (CHF 2,310k), allocations over the years from unrestricted IUCN income (CHF 972k) and the partial use of the reserve carried forward from the 2008 Congress (CHF 673k).

The net accounting surplus of the 2012 Congress of CHF 558k and the rest of the reserve for the Congress carried over from previous years (CHF 774k) have been allocated to unrestricted reserves (Secretariat contingency fund).

	Accounted for under		Total
	Unrestricted	Project Agreement	
Balance at 1 January 2011		285	285
2011 Income			
Allocation from unrestricted IUCN income	0	300	300
Restricted donations	0	283	283
2011 Expenditure	(258)	(431)	(689)
	(258)	437	179
Release from Congress reserve	258		258
Balance at 31 December 2011		437	437
2012 Income			
Registration and exhibition fees	0	1,240	1,240
Allocation from unrestricted IUCN income	0	300	300
Restricted donations	0	2,027	2,027
2012 Expenditure	(256)	(2,955)	(3,211)
	(256)	1,049	793
Provision for Congress 2012 costs to be incurred in 2013		(235)	(235)
Surplus on 2012 Congress	(256)	814	558
Transfer of Project Agreement surplus to unrestricted	814	(814)	0
Release of residual amount from Congress reserve	774	0	774
Total increase in unrestricted reserves	1,332	0	1,332

ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

Amounts in thousands Swiss francs	2012 Secretariat expenditure	2012 FA core allocation
Central and West Africa Region - PACO	5'237	930
Eastern and Southern Africa Region - ESARO	3'586	799
Asia Region	7'196	1'010
Meso America and Caribbean	1'773	498
South America and Brazil	1'059	579
Europe	1'957	500
West Asia Region - ROWA	692	375
Mediterranean Cooperation Centre	1'318	-
Oceania	856	337
Washington DC Office	734	232
Regional Membership Fund	-	-
Sub Total Regional Components	24'408	5'260
Director's Office, Biodiversity Conservation Group	282	614
Species Programme	3'016	583
Invasive Species Initiative	160	50
Protected Areas Programme	922	511
World Heritage Programme	801	193
Director's Office, Nature-based Solutions Group	448	442
Ecosystem Based Adaptation Programme	975	211
Forest & Climate Change Programme	1'153	309
Marine & Polar Programme	1'590	374
Social Policy Advisor	392	350
Gender Advisor	245	161
Water & Food Security Programme	1'038	311
Director's Office, Economy & Environmental Governance Group	-	-
Business & Biodiversity Programme	1'065	288
Economics Programme	414	289
Traffic International	489	300
Sub Total Global Thematic units	12'990	4'986
Director's Office, Policy, Programme & Capacity Development Group	375	398
Planning, Monitoring & Evaluation Unit	428	458
Science and Knowledge Unit	421	597
Global Policy Unit	601	543
Environmental Law	1'334	558
Capacity Development Unit	462	485
Sub Total PPG - Programme Policy Group	3'621	3'039
Commission on Education and Communication	200	184
Commission on Ecosystem Management	152	159
Commission on Environmental Law	238	249
World Commission on Protected Areas	210	228
Species Survival Commission	288	268
Commission on Environment, Economics and Social Policy	147	159
Sub Total Commissions	1'235	1'247
Director General's Office	834	-
External Review	-	-
Deputy Director General's Office	410	400
Legal Counsel	433	-
Oversight Unit	247	200
Corporate Communications	1'668	500
Union Development Group	1'594	400
World Conservation Congress V	256	-
Sub Total Directorate and Corporate Units	5'442	1'500
Finance Group	2'190	-
Human Resources Management Group	1'044	-
Strategic Partnerships Unit	726	300
General Services Unit	3'138	-
Information Systems	2'323	-
ERP Process	1'450	300
Sub Total Services Units	10'871	600
OVERALL TOTAL	58'567	16'632
Internal overhead charges	-	
Non operating expenditure	1'238	
Operating expenses as per the Income & Expenditure Statement	59'805	
Reconciliation of Framework Income to the Financial Statements		
Overall Total allocations as above		16'632
Realised foreign exchange on cash contributions		(38)
Movements in framework receivable / deferred income		-
Surplus related to foreign exchange at year-end transferred to unrestricted funds		-
Total Funding under Joint Framework Agreements		16'594

ANNEX A - FUNDING UNDER BILATERAL AGREEMENTS

Amounts in thousands Swiss francs	TOTAL
Donors under Joint Framework Agreements	
Environment Agency – Abu Dhabi (EAD) – United Arab Emirates	1'000
Ministry of Foreign Affairs - Finland	841
Danish International Development Agency (DANIDA) - Denmark	3'238
Ministry of Foreign Affairs (DGIS) - The Netherlands	3'248
Norwegian Agency for Development Cooperation (NORAD) - Norway	2'412
Swedish International Development Agency (SIDA) - Sweden	2'730
Swiss Agency for Development and Cooperation (SDC) - Switzerland	2'125
MAVA Foundation for the Protection of Nature (MAVA) - Switzerland	1'000
Total Funding under Joint Framework Agreements	16'594