OPCW

Executive Council

Seventieth Session
25 – 28 September 2012

EC-70/DG.1
C-17/DG.4
10 July 2012
Original: ENGLISH

FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS AND REPORT OF THE EXTERNAL AUDITOR FOR THE YEAR ENDING 31 DECEMBER 2011

TABLE OF CONTENTS

ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

FINANCIAL STATEMENTS

OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

FOR THE YEAR ENDING 31 DECEMBER 2011

FINANCIAL STATEMENTS
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
FOR THE YEAR ENDING 31 DECEMBER 2011

Statement by the Director-General

1. The Financial Regulation 11.1 of the OPCW stipulates that the Director-General is responsible for submitting annually financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS) for the financial period to which they relate. The regulation further states that the financial statements and the notes to the financial statements, including significant accounting policies, shall include all funds, where such funds include, amongst other things, the Regular Budget Fund, the Working Capital Fund and the Voluntary Fund for Assistance. The account(s) shall provide comparative figures for the financial period prior to that being reported on.

2. We believe that the financial statements for the year ended 31 December 2011 are presented fairly according to the requirements of IPSAS and the OPCW's Financial Regulations and Rules (reference OPCW-S/DGB/18, dated 16 December 2011).

3. Any other specific directions of the OPCW's policy-making organs as well as additional information prescribed in Financial Regulations 11.1(a) to (e) are presented within the Annex to the financial statements. The additional information in the Annex (pages 63 to 91) is not part of the IPSAS-compliant financial statements.

4. It is also our opinion that the financial statements present a view which is consistent with our understanding of the OPCW's financial position as at 31 December 2011, results of its operations, changes in net assets, and cash flows for the year then ended.

5. This statement of the Director-General is made pursuant to Financial Regulation 11.1(a).

[Signed]

Ahmet Üzümcü
Director-General

[Signed]

John Sequeira
Director, Administration
Principal Financial Officer

30 March 2012

TABLE OF CONTENTS

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
(expressed in euros)

	Note	2011	2010
Assets			
Non-current assets			
Property, plant and equipment	7.1	2,298,250	2,810,638
Intangible assets	7.2	72,668	-
Total non-current assets		**2,370,918**	**2,810,638**
Current assets			
Inventories	12	895,235	1,013,674
Assessed contributions recoverable	8	2,897,387	2,656,451
Article IV & V receivables	10	1,336,261	3,573,901
Other assets	11	3,347,796	4,176,059
Cash and cash equivalents	13	18,619,496	17,680,242
Total current assets		**27,096,175**	**29,100,327**
Total assets		**29,467,093**	**31,910,965**
Liabilities			
Non-current liabilities			
Working Capital Fund	14	9,912,470	9,912,470
Voluntary Fund for Assistance	15	1,427,294	1,408,398
Cash surplus – reimbursable to States Parties	16	350,327	1,578,626
Employee benefits	17	3,526,705	4,400,928
Other non-current liabilities	20.1	3,691,937	3,902,303
Total non-current liabilities		**18,908,733**	**21,202,725**
Current liabilities			
Cash surplus – reimbursable to States Parties	16	1,606,695	4,932,233
Employee benefits	17	7,032,937	6,901,111
Accounts payable	18	1,693,440	2,045,869
Provisions	19	82,000	12,391
Other current liabilities	20.2	6,282,213	3,155,788
Total current liabilities		**16,697,285**	**17,047,392**
Total liabilities		**35,606,017**	**38,250,117**
Net assets		**(6,138,924)**	**(6,339,153)**
Net assets/equity			
Accumulated surplus/(deficits)	21	(6,138,924)	(6,339,153)
Other reserves	21	-	-
Total net assets/equity attributable to States Parties		**(6,138,924)**	**(6,339,153)**
Minority interest		-	-
Total net assets/equity		**(6,138,924)**	**(6,339,153)**

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF FINANCIAL PERFORMANCE
(expressed in euros)

	Note	For the Period Ended 31 December 2011	For the Period Ended 31 December 2010
Revenue			
Assessed contribution revenue	22	67,712,488	68,851,900
Voluntary contribution revenue	23	1,496,066	958,899
Article IV & V revenue	24	4,267,950	4,962,211
Other revenue	25	94,195	-
Total revenue		**73,570,699**	**74,773,010**
Other income	26	**567,903**	**745,340**
Expenses			
Employee-benefit expenses	27	51,672,329	52,426,728
Travel expenses		8,128,137	8,751,115
Consultancy and contractual services		5,510,170	4,816,039
Internships, grants, contributions to seminars and workshops		414,021	443,503
General operating expenses	28	5,853,588	5,555,084
Depreciation and impairment of property, plant and equipment	7.1	1,039,615	790,432
Amortisation and impairment of intangible assets	7.2	3,754	-
Impairment of assessed contributions recoverable	8	75,038	464,447
Impairment of Article IV & V receivables	10	441,013	223,080
Other expenses		728,029	532,921
Total expenses		**73,865,694**	**74,003,349**
Finance income	29	431,227	352,281
Finance costs	29	(259,072)	(305,673)
Net finance income		**172,155**	**46,608**
Net surplus/(deficit) for the period		**445,062**	**1,561,609**
Net surplus/(deficit) for the period attributable to:			
States Parties		**445,062**	**1,561,609**
Minority interest		**-**	**-**

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
(expressed in euros)

	Note	Attributable to States Parties			Minority Interest	Total Net Assets/ Equity
		Accumulated Surplus/ (Deficit)	**Other Reserves**	**Total**		
Balance at 1 January 2011 - IPSAS		**(6,339,153)**	**-**	**(6,339,153)**	**-**	**(6,339,153)**
Changes recognised in net assets/equity:						
Change in accounting policy - inventory		-	-	-	**-**	**-**
Available-for-sale financial asset reserve		-	-	-	**-**	**-**
Actuarial gains/losses on post-employment benefit obligations	21	(244,835)	-	(244,835)	**-**	**(244,835)**
Net revenue recognised directly in net assets/equity		(244,835)	-	(244,835)	-	(244,835)
Surplus/(deficit) for the period		445,062	-	445,062	**-**	**445,062**
Total recognised revenue and expense for the year 2011		200,227	-	**200,227**	**-**	**200,227**
Balance at 31 December 2011		**(6,138,924)**	**-**	**(6,138,924)**	**-**	**(6,138,924)**

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010
(expressed in euros)

	Note	Attributable to States Parties			Minority Interest	Total Net Assets/ Equity
		Accumulated Surplus/ (Deficit)	**Other Reserves**	**Total**		
Balance at 1 January 2010 – UNSAS[(i)]		**32,879,603**	**-**	**32,879,603**	**-**	**32,879,603**
Opening adjustments to the statement of financial position: IPSAS	Annex 5.1	(41,447,571)	-	(41,447,571)	**-**	**(41,447,571)**
Balance at 1 January 2010 - IPSAS		**(8,567,967)**	**-**	**(8,567,967)**	**-**	**(8,567,967)**
Changes recognised in net assets/equity:						
Change in accounting policy - inventories		1,013,674	-	1,013,674	**-**	**1,013,674**
Available-for-sale financial asset reserve		-	-	-	**-**	**-**
Actuarial gains/losses on post-employment benefit obligations	21	(346,468)	-	(346,468)	**-**	**(346,468)**
Net revenue recognised directly in net assets/equity		667,206	-	667,206	-	667,206
Surplus/(deficit) for the period		1,561,609	-	1,561,609	**-**	**1,561,609**
Total recognised revenue and expense for the year 2010		2,228,814	-	**2,228,814**	**-**	**2,228,814**
Balance at 31 December 2010		**(6,339,154)**	**-**	**(6,339,153)**	**-**	**(6,339,153)**

(i) United Nations System Accounting Standards

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011
(expressed in euros)

	Note	For the Year Ended 31 December 2011	For the Year Ended 31 December 2010
Cash flows from operating activities			
Net surplus/(deficit) for the period		445,062	1,561,609
Non-cash movements			
Depreciation and impairment of property, plant and equipment	7.1	1,039,615	790,432
Amortisation and impairment of intangible assets	7.2	3,754	-
(Gains)/losses on disposal of property, plant and equipment		7,083	-
(Increase)/decrease in provision for impairment of assessed contributions recoverable	8	75,038	464,447
(Increase)/decrease in provision for impairment of Article IV & V receivables	10	441,013	223,080
Increase/(decrease) in 'Other non-current liabilities'	20	(210,367)	(3,152,053)
Movement in employee-benefit provisions (liability)		(987,233)	(873,074)
Movement in other provisions	19	69,609	12,391
Changes in working capital			
(Increase)/decrease in assessed contributions recoverable (current)		(315,974)	(1,453,657)
(Increase)/decrease in Article IV & V receivables (current)		1,796,627	(477,142)
(Increase)/decrease in other current receivables		828,262	(583,334)
(Increase)/decrease in inventories		118,439	-
(Increase)/decrease in accounts payable		2,773,995	(29,378)
Net cash flows from operating activities		**6,084,924**	**(3,516,679)**
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(534,308)	(470,697)
Purchases of intangible assets		(76,422)	-
Net cash flows from investing activities		**(610,730)**	**(470,697)**
Cash flows from financing activities			
Repayments of cash surplus	16	(4,904,164)	(10,763,102)
Final cash surplus - payable to States Parties	16	350,327	1,578,626
Proceeds received for the 'Voluntary Fund for Assistance'	15	18,897	8,622
Net cash flows from financing activities		**(4,534,940)**	**(9,175,854)**
Net (increase)/decrease in cash and cash equivalents		**939,254**	**(13,163,231)**
Cash and cash equivalents at beginning of the period		17,680,242	30,843,473
Cash and cash equivalents at end of the period	13	**18,619,496**	**17,680,242**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

(expressed in euros)

	Budgeted Amounts for the Period Ended 31 December 2011		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
Receipts				
Assessed contributions	68,368,500	68,368,500	68,368,500	-
Article IV & V	5,885,100	5,885,100	4,210,101	1,674,999
Miscellaneous income	300,000	300,000	421,168	(121,168)
Total receipts	**74,553,600**	**74,553,600**	**72,999,769**	**1,553,831**
Expenditure				
Verification				
Office of the Director	278,800	278,800	258,898	19,902
Chemical Demilitarisation Branch	1,250,300	1,228,300	1,159,902	68,398
Declarations Branch	1,950,400	1,950,400	1,625,102	325,298
Industry Verification Branch	1,150,300	1,187,700	1,182,998	4,702
Policy and Review Branch	971,300	1,022,660	1,018,364	4,296
OPCW Laboratory	1,520,300	1,453,540	1,300,067	153,473
Subtotal	**7,121,400**	**7,121,400**	**6,545,331**	**576,069**
Inspections				
Office of the Director	423,800	423,800	237,509	186,291
Operations and Planning Branch	3,369,200	3,369,200	2,985,037	384,163
Inspectorate Management Branch	632,100	632,100	459,823	172,277
Inspection Team Leaders and Personnel	25,677,900	25,677,900	24,699,348	978,552
Subtotal	**30,103,000**	**30,103,000**	**28,381,717**	**1,721,283**
Chapter One	**37,224,400**	**37,224,400**	**34,927,048**	**2,297,352**
International Cooperation and Assistance				
Office of the Director	442,200	254,310	242,306	12,004
Assistance and Protection Branch	1,526,400	1,553,400	1,546,620	6,780
Implementation Support Branch	1,810,700	1,810,700	1,756,030	54,670
International Cooperation Branch	2,258,500	2,058,500	2,043,103	15,397
Subtotal	**6,037,800**	**5,676,910**	**5,588,059**	**88,851**
Support to the Policy-Making Organs				
Office of the Director	1,277,300	1,262,300	1,258,335	3,965
Language Services Branch	3,240,900	3,375,648	3,374,924	724
Subtotal	**4,518,200**	**4,637,948**	**4,633,259**	**4,689**
External Relations				
Office of the Director	255,900	232,421	223,697	8,724
Government Relations and Political Affairs Branch	532,600	417,600	413,103	4,497
Media and Public Affairs Branch	397,200	331,200	328,076	3,124
Protocol and Visa Branch	529,000	621,300	621,027	273
Subtotal	**1,714,700**	**1,602,521**	**1,585,903**	**16,618**

	Budgeted Amounts for the Period Ended 31 December 2011		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	**Final**		
Executive Management				
Office of the Director-General	1,032,400	1,100,450	1,091,345	9,105
Office of the Deputy Director-General	666,900	692,240	676,381	15,859
Office of Internal Oversight	864,000	901,100	894,185	6,915
Office of the Legal Adviser	1,075,100	925,100	923,656	1,444
Office of Special Projects	339,600	344,720	342,416	2,304
Office of Confidentiality and Security	2,560,000	2,831,569	2,830,671	898
Health and Safety Branch	948,000	803,000	801,467	1,533
Subtotal	**7,486,000**	**7,598,179**	**7,560,121**	**38,058**
Administration				
Office of the Director	373,100	373,100	358,285	14,815
Budget, Planning and Control Branch	393,500	436,180	436,018	162
Finance and Accounts Branch	1,295,900	1,434,740	1,425,168	9,572
Human Resources Branch	5,425,300	5,653,480	5,653,361	120
Procurement and Support Services Branch	6,143,200	5,953,200	5,949,242	3,958
Training, Development and Results-Based Management Branch	625,700	625,700	614,077	11,623
Information Services Branch	3,315,800	3,337,242	3,314,675	22,567
Subtotal	**17,572,500**	**17,813,642**	**17,750,825**	**62,817**
Chapter Two	**37,329,200**	**37,329,200**	**37,118,167**	**211,033**
Total expenditure	**74,553,600**	**74,553,600**	**72,045,215**	**2,508,385**
Net receipts/(expenditure)	**-**	**-**	**954,554**	**(954,554)**

* The actual amounts are based on the budgetary accounts which are maintained on a modified cash basis (see Annex 5.1)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010
(expressed in euros)

	Budgeted Amounts for the Period Ended 31 December 2010		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
Receipts				
Assessed contributions	67,966,000	67,966,000	67,966,000	-
Article IV & V	6,239,400	6,239,400	4,969,596	1,269,804
Miscellaneous income	300,000	300,000	230,110	69,890
Total receipts	**74,505,400**	**74,505,400**	**73,165,706**	**1,339,694**
Expenditure				
Verification				
Office of the Director	226,000	255,963	253,065	2,898
Chemical Demilitarisation Branch	1,189,200	1,189,200	1,186,941	2,259
Declarations Branch	2,189,800	2,114,628	1,817,138	297,490
Industry Verification Branch	1,133,900	1,229,109	1,227,984	1,125
Policy and Review Branch	1,054,000	1,004,000	985,269	18,731
OPCW Laboratory	1,525,800	1,525,800	1,280,869	244,931
Subtotal	**7,318,700**	**7,318,700**	**6,751,267**	**567,433**
Inspections				
Office of the Director	294,500	294,500	200,690	93,810
Operations and Planning Branch	2,989,800	2,989,800	2,713,248	276,552
Inspectorate Management Branch	630,400	630,400	595,106	35,294
Inspection Team Leaders and Personnel	26,068,000	26,068,000	25,650,543	417,457
Subtotal	**29,982,700**	**29,982,700**	**29,159,586**	**823,114**
Chapter One	**37,301,400**	**37,301,400**	**35,910,854**	**1,390,546**
International Cooperation and Assistance				
Office of the Director	442,200	313,139	307,988	5,151
Assistance and Protection Branch	1,663,700	1,588,700	1,581,773	6,927
Implementation Support Branch	1,747,500	1,597,500	1,585,121	12,379
International Cooperation Branch	2,188,800	2,088,800	2,080,757	8,043
Subtotal	**6,042,200**	**5,588,139**	**5,555,639**	**32,500**
Support to the Policy-Making Organs				
Office of the Director	1,278,600	1,241,400	1,227,631	13,769
Language Services Branch	3,225,600	3,225,600	3,216,464	9,136
Subtotal	**4,504,200**	**4,467,000**	**4,444,095**	**22,905**
External Relations				
Office of the Director	253,000	253,000	252,093	907
Government Relations and Political Affairs Branch	530,200	470,915	457,937	12,978
Media and Public Affairs Branch	359,000	359,000	340,257	18,743
Protocol and Visa Branch	519,000	578,285	576,089	2,196
Subtotal	**1,661,200**	**1,661,200**	**1,626,376**	**34,824**

	Budgeted Amounts for the Period Ended 31 December 2010		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	**Final**		
Executive Management				
Office of the Director-General	1,103,500	1,175,843	1,172,555	3,288
Office of the Deputy Director-General	654,900	662,332	659,892	2,440
Office of Internal Oversight	836,000	772,471	768,770	3,701
Office of the Legal Adviser	1,055,800	1,018,618	1,017,775	843
Office of Special Projects	336,400	348,079	347,353	726
Office of Confidentiality and Security	2,535,100	2,759,455	2,755,571	3,884
Health and Safety Branch	937,900	887,400	883,734	3,666
Subtotal	**7,459,600**	**7,624,198**	**7,605,651**	**18,547**
Administration				
Office of the Director	369,100	349,100	345,518	3,582
Budget, Planning and Control Branch	386,800	424,300	423,701	599
Finance and Accounts Branch	1,131,500	1,299,500	1,266,178	33,322
Human Resources Branch	5,150,000	5,883,163	5,881,433	1,730
Procurement and Support Services Branch	6,245,200	5,860,200	5,855,220	4,980
Training, Development and Results-Based Management Branch	654,800	596,800	594,182	2,618
Information Services Branch	3,599,400	3,450,400	3,448,856	1,544
Subtotal	**17,536,800**	**17,863,463**	**17,815,088**	**48,375**
Chapter Two	**37,204,000**	**37,204,000**	**37,046,848**	**157,152**
Total expenditure	**74,505,400**	**74,505,400**	**72,957,701**	**1,547,699**
Net receipts/(expenditure)	**-**	**-**	**208,005**	**(208,005)**

* The actual amounts are based on the budgetary accounts which are maintained on a modified cash basis (see Annex 5.1).

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 The Organisation for the Prohibition of Chemical Weapons (OPCW) is an international organisation which was established by the States Parties to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (hereinafter "the Convention"). The Convention entered into force on 29 April 1997, and the OPCW is located at Johan de Wittlaan 32, 2517 JR The Hague, the Netherlands.

1.2 The mission of the OPCW is to achieve the object and purpose of the Convention, to ensure the implementation of its provisions, including those for international verification, and to provide a forum for consultation and cooperation among States Parties.

1.3 The continued existence of the OPCW in its present form, with its present programmes of activity, is dependent on States Parties and their continuing annual appropriations and financial contributions.

1.4 The reporting entity, the OPCW comprises of the General Fund, the Working Capital Fund, Special Accounts, the Voluntary Fund for Assistance, and the Trust Funds.

2. BASIS OF PREPARATION

2.1 The financial statements have been prepared on an accrual and going-concern basis and comply with the requirements of International Public Sector Accounting Standards (IPSAS). Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied. Further information regarding the first-time adoption of IPSAS and transitional provisions adopted is provided in note 6 'Impact of the transition to IPSAS'.

2.2 This is the first set of OPCW statutory financial statements prepared in compliance with IPSAS. Comparative information for the previous year is also provided in accordance with IPSAS. The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements and in preparing opening balances of the statement of financial position.

2.3 The financial statements are presented in euros. These financial statements cover the calendar year ended 31 December 2011. The financial period is the calendar year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The objective of these financial statements is to provide information about the financial position, performance, and cash flows of the OPCW to a wide range of users. For an organisation such as the OPCW, the objectives are more specifically to provide information useful for decision making and to demonstrate the accountability of the OPCW for the resources entrusted to it. The principal accounting policies applied in the preparation of these financial statements are set out below. The OPCW has used these same accounting policies in its opening IPSAS statement of financial position.

Consolidation

3.2 The scope of consolidation of the OPCW comprises one entity, the OPCW. No associates or joint ventures have been identified for inclusion in the scope of consolidation of these financial statements.

Foreign-currency translation

3.3 The following exchange rates have the most significant impact on the preparation of these financial statements:

Period	USD/EUR	GBP/EUR
31 December 2011	0.774	1.19444
Average 12 months	0.720	1.15132

Period	USD/EUR	GBP/EUR
31 December 2010	0.761	1.17438
Average 12 months	0.755	1.16581

(a) Functional and presentation currency: Items included in the financial statements are measured using the euro, the functional currency, which is the currency of the primary economic environment in which the OPCW operates. The financial statements are also presented in euros, the presentation currency of the OPCW.

(b) Transactions and balances: Foreign-currency transactions are translated into the functional currency using the United Nations operational rate of exchange prevailing at the dates of the transactions or valuation where items are re-measured. Foreign-exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applicable on 31 December 2011.

Cash and cash equivalents

3.4 Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value, with original maturities of three months or less, and bank overdrafts. The OPCW is prohibited from having any bank overdrafts and accordingly does not have any bank overdrafts.

Financial assets

Classification

3.5 The OPCW classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The classification of the financial assets is determined at initial recognition and re-evaluated at each reporting date.

(a) Financial assets at fair value through surplus or deficit: This category has two subcategories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the OPCW. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the reporting date. As at the reporting date, no such assets are held by the OPCW.

(b) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months of the reporting date, which are classified as non-current. The OPCW's loans and receivables comprise 'receivables and recoverables from non-exchange transactions' and 'receivables from exchange transactions'.

(c) Held-to-maturity financial assets: Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the OPCW has the positive intention and ability to hold to maturity. If the OPCW were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than 12 months of the reporting date, which are classified as current assets. As at the reporting date, no such assets are held by the OPCW.

(d) Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the OPCW intends to dispose of the financial asset within 12 months of the reporting date. As at the reporting date, no such assets are held by the OPCW.

Recognition and measurement

3.6 Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity assets and available-for-sale financial assets are recognised on the trade date—the date on which the OPCW commits to purchase or sell the asset.

3.7 Financial assets carried at fair value through surplus or deficit are initially recognised at fair value, and transaction costs are expensed in the statement of financial performance. The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received).

3.8 Financial assets that are not carried at fair value through surplus or deficit are initially recognised at fair value plus transaction costs.

3.9 Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the OPCW has transferred substantially all risks and rewards of ownership.

Subsequent measurement

3.10 Available-for-sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

3.11 Gains and losses arising from changes in the fair value of the financial assets at fair value through surplus or deficit are included in the statement of financial performance in the period in which they arise. Dividend income from financial assets at fair value through surplus or deficit is recognised in the statement of financial performance as part of other income when the OPCW's right to receive payments is established.

3.12 Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences arising on monetary items are recognised in the statement of financial performance. Translation differences arising on non-monetary items are recognised in net assets/equity when the gain/loss on the non-monetary items is recognised in net assets/equity, and are recognised in the statement of financial performance when the gain/loss on the non-monetary item is recognised in the statement of financial performance.

3.13 When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available-for-sale financial assets are recognised when the OPCW's right to receive payment is established.

Impairment

3.14 All financial assets except those measured at fair value through surplus or deficit are subject to review for impairment. The OPCW assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(a) Assets carried at amortised cost: If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

(b) Available-for-sale financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets/equity and there is objective evidence that impairment loss has occurred, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance—is removed from net assets/equity and recognised in the statement of financial performance.

(i) Impairment losses recognised in the statement of financial performance with respect to equity instruments classified as available-for-sale are not reversed through the statement of financial performance.

(ii) If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of financial performance.

Inventories

3.15 Inventories are stated at the lower of cost and current replacement cost. The cost of finished goods comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first in, first out (FIFO) method. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date. Inventory items acquired in non-exchange transactions are measured at their fair value on the date of acquisition in accordance with IPSAS 12.

Property, plant and equipment

3.16 Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Items of property, plant and equipment exceeding EUR 1,000 per unit are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefit or service potential, associated with the item, will flow to the OPCW and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred. Assets under construction are not depreciated. Subsequent to construction completion and upon the in-service date, the assets are transferred to the above categories and the corresponding useful life will be applied.

3.17 Depreciation is calculated using the straight-line method to allocate costs to their residual values over their estimated useful lives, which are as follows:

Asset	**Estimated Useful Life**
Inspection and verification equipment	10 years
Security and health equipment	5 years
Office furniture and equipment	7 years
Hardware equipment	4 years
Vehicles	5 years

3.18 The residual value will be set at nil value as per the acquisition date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 3.25 'Impairment of non-cash-generating assets'). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in 'other income' within the statement of financial performance.

Leases

Operating lease

3.19 An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. As a lessee, the OPCW rents premises, equipment and other facilities under contracts that are considered operating leases. As a lessor, the OPCW rents small portions of office space to third parties in the OPCW's premises at Johan de Wittlaan 32 in The Hague. The rent receipts are recognised as other income.

Finance lease

3.20 A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of a lease term, the OPCW recognises finance leases as assets and corresponding liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the OPCW will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. As at the reporting date, the OPCW does not have any finance leases.

Intangible assets

3.21 Intangible assets are carried at cost less accumulated amortisation and impairment. Donated intangible assets are recognised at cost, using the fair value at the acquisition date. The OPCW recognises as intangible assets both acquired and internally generated software with a cost of EUR 1,000 and above. Internally generated software is capitalised when the criteria stated in note 3.22 are met. The development of new software, or the development of new functionalities of software that is already in operation, and purchased software which requires significant customisation or configuration before it can be used by the OPCW may be recognised as internally generated software. Acquired computer software meeting the recognition criteria are capitalised based on costs incurred to acquire and bring to use the specific software. The cost of internally generated software is determined based on a standard rate that includes cost elements stated in note 3.23. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

3.22 Development costs that are directly associated with the developments of software for use by the OPCW are capitalised as an intangible asset if the following criteria are met:

(a) it is technically feasible to complete the software product so that it will be available for use;

(b) management intends to complete the software product and use or sell it;

(c) there is an ability to use or sell the software product;

(d) it can be demonstrated how the software product will generate probable future economic benefits or service potential;

(e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(f) the expenditure attributable to the software product during its development can be reliably measured.

3.23 Direct costs include the software-development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

3.24 Amortisation is recorded on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets to their estimated residual values. The useful lives of major classes of intangible assets have been estimated as follows:

Asset	Estimated Useful Life
Acquired software	3 years
Internally developed software	3 years

Impairment of non-cash-generating assets

3.25 Non-cash-generating assets are assessed at each reporting date whether there are any indications that the carrying amount of the assets may not be recoverable and that such assets may be impaired. The asset's recoverable service amount is the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. Impairment losses are recognised immediately in surplus or deficit.

Employee benefits

Short-term employee benefits

3.26 Short-term employee benefits are expected to be settled within 12 months of the reporting period and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise recurring benefits, deductions and contributions (including salaries, special post allowances, dependency allowances), compensated absences (annual leave, special leave, sick leave), other short-term benefits (salary advances, retroactive payments, education grants, employee income tax reimbursement, travel and removal costs at initial appointment, and assignment grants). These are treated as current liabilities.

Post-employment benefits

3.27 Post-employment benefits include pension plans, travel and removal costs at separation, and repatriation grants and death benefits after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

3.28 For defined contribution post-employment plans, the obligation for each period is determined by the amounts to be contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. Actuarial gains and losses are recognised in net assets/equity in the period in which they occur.

Other long-term employee benefits

3.29 Other long-term employee benefits include home leave and long-term sick leave. Long-term employee benefits which are expected to be settled more than 12 months after the end of the reporting period are treated as non-current liabilities and are measured at the present value of the estimated future cash flows if the payments and the impact of discounting are considered to be material.

Termination benefits

3.30 Termination benefits are benefits payable as a result of employment being terminated by the OPCW before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The OPCW recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Financial liabilities

3.31 The OPCW's financial liabilities include accounts payable, 'Working Capital Fund', 'Voluntary Fund for Assistance' and 'Cash surplus reimbursable to States Parties'. These financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The financial liabilities 'Working Capital Fund', 'Voluntary Fund for Assistance' and 'Cash surplus' are not discounted considering the specific objectives and the indefinite nature of these amounts (similar to a permanent advance) and the restrictions imposed on these amounts.

Provisions and contingencies

Provisions

3.32 Provisions are recognised for future expenditures of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

3.33 Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

3.34 A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the entity. A contingency is also recognised when it is not probable that a present obligation exists, but all other aspects of the definition of a provision are met. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Contingent assets

3.35 A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised.

Taxes

3.36 The OPCW enjoys privileged tax exemption, as such assets, income and other properties are exempt from all direct taxation.

Revenue recognition

Revenue from non-exchange transactions

3.37 Non-exchange revenue represents transactions in which OPCW receives value from another entity without providing approximately equal value to another entity in exchange. For non-exchange transactions, revenue is recognised on the inflow of assets except to the extent that a liability, representing a present obligation to the OPCW, exists. As the OPCW satisfies this present obligation, it reduces the carrying amount of the liability and recognises revenue. Non-exchange revenue is measured at the amount of the increase in net assets recognised by the OPCW. A recoverable relating to non-exchange revenue is recognised at the net realisable amount, after reducing any impaired receivable from the carrying amount. Goods in kind are recognised as assets when the goods are received or when there is a binding agreement to receive the goods and no conditions are attached. Services in kind are not recognised.

3.38 The OPCW's major categories of non-exchange revenue are assessed contributions and voluntary contributions. Assessed contributions are assessed annually based on the scale of assessments as approved by the Conference of the States Parties (hereinafter "the Conference"). Voluntary contributions are received from various States Parties and other parties for various purposes as specified in the donor agreements.

Revenue from exchange transactions

3.39 Revenue from exchange transactions is measured at the fair value of the consideration received or receivable and is recognised as services are rendered according to the estimated stage of completion when the outcome of a transaction can be estimated reliably. Revenue is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. When the outcome of the transaction cannot be estimated reliably, revenue is recognised to the extent of the expenses recognised that are recoverable. Revenue from services is recognised at the fair value of the consideration received or receivable. When a receivable is impaired, the carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the receivable. Subsequent recoveries of amounts previously written off are credited to miscellaneous income within the statement of financial performance. Interest income is recognised on a time-proportion basis using the effective interest method.

3.40 The OPCW's major category of exchange revenue is Article IV and V revenue, amounts that are invoiced to States Parties for various services (as described in note 24 'Article IV and V revenue') provided in the verification of and destruction of chemical weapons.

Expenses

3.41 Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners. Expenses are aggregated on the face of the statement of financial performance according to their nature.

Segment information

3.42 A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. At the OPCW, segment information is based on the principle distinguishable services that are engaged in achieving the OPCW's objectives.

3.43 Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the OPCW. Assets and liabilities are not allocated to segments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 In accordance with IPSAS and generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions. The OPCW makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Employee benefits: Post-employment benefits and other long-term employee benefits

4.2 The present value of the employee-benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Actuarial assumptions are established to anticipate future events and are used in calculating post-employment benefits and other long-term employee-benefits expense and liability. Assumptions have been made with respect to the discount rate, inflation, indexation, rates of future compensation increases, turnover rates, and life expectancy. Any changes in these assumptions will impact the amount of benefits expense and the related liability.

4.3 The OPCW determines the discount rate annually. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the employee-benefit obligations. In determining the appropriate discount rate, the OPCW considers the interest rate of government bonds within the Eurozone that have terms to maturity approximating the terms of the related employee-benefit liabilities.

4.4 The other assumptions are based in part on current market conditions and historical experience of the OPCW. Additional information is disclosed in note 17 ‘Employee benefits’.

Receivables: Determination of impairment

4.5 The OPCW’s receivables are required to be reviewed at the end of each reporting period for impairment and indications of uncollectibility. The OPCW makes an estimate of the amount of receivables that it is not able to recover based on prior payment history and expectations of future amounts it expects to recover from these receivables.

5. FINANCIAL-RISK MANAGEMENT

Financial-risk factors

5.1 The OPCW’s activities expose it to a variety of financial risks, including market risk (including currency risk, interest-rate risk and price risk), credit risk and liquidity risk. The OPCW’s overall risk-management programme is carried out by the Treasury Section under policies approved by the Investment Committee. The Investment Committee comprises six members and is chaired by the Deputy Director-General. The Investment Committee meets at least quarterly, however, meetings generally occur more frequently depending on economic circumstances existing in the financial markets. The OPCW does not enter into hedging activities and does not use derivative financial instruments.

Market risk: Foreign-exchange risk

5.2 Foreign-exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign-exchange rates. The OPCW operates internationally and is exposed to limited foreign-exchange risk arising from certain currency exposures.

5.3 The OPCW’s cash inflows from assessed contributions are determined by the Conference are denominated in euros. The OPCW receipts of assessed contributions to be denominated in the amount of euros assessed. Receipts of assessed contributions can be in currencies other than euros; however, the States Parties are responsible for any foreign-currency fluctuations that may arise. Voluntary contributions are primarily denominated in euros, US dollars, UK pounds, and Norwegian kroner. Foreign-currency exposure arises on voluntary contributions denominated in currencies other than euros. Less than 2% of the voluntary contributions are received in currency other than euros and the exposure to the foreign-currency risk is not significant. Article IV and V receivables are invoiced in euros and paid by the various States Parties in euros, thus no foreign-exchange exposure arises relating to Article IV and V cash inflows.

5.4 The OPCW's cash outflows relate primarily to payments to employees and payments to vendors. Employee salaries are denominated in US dollars, however, are paid to employees in euros. Payments to vendors are typically denominated in euros. Certain payments are denominated in foreign currencies, primarily the US dollar and the UK pound. Payments to vendors that are denominated in currencies other than euros typically account for less than 5% of total payments.

5.5 At 31 December 2011, if the euro had weakened/strengthened by 5% against the US dollar, net surplus/deficit for the year would have been EUR 27,116 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated assessed contributions recoverable, voluntary contributions recoverable, and accounts payable.

5.6 Receivables in other currencies than the euro and US dollar and any corresponding effect of exchange-rate changes in those currencies on the net surplus/deficit are not significant.

Market risk: Interest-rate risk

5.7 Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The OPCW invests its cash and cash equivalents in accounts with financial institutions for short-term maturities at fixed interest rates. The future cash flows representing interest income from these deposits will not fluctuate because these are invested for short periods. These investment policies requiring maturities of no longer than 12 months and restricting the investments to cash and cash equivalents are established by the OPCW's Investment Committee.

Credit risk

5.8 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents with banks and financial institutions and exposures to receivables from States Parties. The OPCW's Investment Committee meets at least quarterly to review the OPCW's investment policies for financial assets. The Investment Committee may meet more frequently if economic circumstances demand additional attention. The Investment Committee determines which financial institutions may be used for the investment of cash and cash equivalents. The OPCW will only invest deposits in financial institutions with a Moody's Investors Service rating of no lower than a P-1 rating. The OPCW also uses a bank which is not rated by Moody's Investors Service because of its supranational nature. In additional to the P-1 requirement, Moody's financial strength ratings are used as a guide for determining which financial institutions may be used to hold deposits. Investments with banks and financial institutions are spread amongst a number of institutions to avoid a concentration of funds. No more than 25% of the total amount of cash and cash equivalents of the OPCW may be invested in a single financial institution. Information regarding the credit quality of the banks and financial institutions in which the OPCW's cash and cash equivalents are invested as of the reporting date is as follows (Moody's ratings referenced):

Moody's Investors Service Ratings	31-Dec-11	31-Dec-10
Rating P-1	17,718,555	17,680,242
Non-rated	900,941	-
Total cash and cash equivalents	**18,619,496**	**17,680,242**
Moody's Financial Strength Rating	**31-Dec-11**	**31-Dec-10**
Rating B+	3,863,492	3,403,584
Rating B-	-	6,070,348
Rating C+	11,904,964	5,987,567
Rating C-	1,950,099	2,218,743
Non-rated	900,941	-
Total cash and cash equivalents	**18,619,496**	**17,680,242**

5.9 Credit risk arises from receivables from States Parties.

Liquidity risk

5.10 Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The OPCW has obligations to make certain payments for financial liabilities; liquidity risk arises in that the OPCW may encounter difficulties in meeting these obligations. Cash flow forecasting is performed by the OPCW on a daily, weekly and monthly basis. The Treasury Section invests surplus cash in short-term deposits, investing these amounts for periods of no longer than 12 months. Investments are denominated in euros to avoid foreign currency fluctuations. The tables below analyse the OPCW's financial liabilities into relevant maturity groupings based on their contractual undiscounted cash flows.

As at 31 December 2011:

	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Working Capital Fund	-	-	-	-	9,912,470	**9,912,470**
Voluntary Fund for Assistance	-	-	-	-	1,427,294	**1,427,294**
Cash surplus	1,606,695	350,327	-	-	-	**1,957,022**
Accounts payable	1,693,440	-	-	-	-	**1,693,440**
Other financial liabilities	-	-	-	-	-	-
Total financial liabilities	**3,300,135**	**350,327**	**-**	**-**	**11,339,764**	**14,990,226**

As at 31 December 2010:

	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Working Capital Fund	-	-	-	-	9,912,470	**9,912,470**
Voluntary Fund for Assistance	-	-	-	-	1,408,398	**1,408,398**
Cash surplus	4,932,233	1,578,626	-	-	-	**6,510,859**
Accounts payable	2,045,869	-	-	-	-	**2,045,869**
Other financial liabilities	-	-	-	-	-	-
Total financial liabilities	**6,978,102**	**1,578,626**	**-**	**-**	**11,320,868**	**19,877,596**

Capital-risk management

5.11 The Conference consists of all members of the OPCW. It decides on the Programme and Budget and the scale of annual financial contributions to be paid by States Parties in the form of assessed contributions. The OPCW is prohibited from obtaining debt financing.

Fair value estimation

5.12 The determination of the fair value of the OPCW's financial instruments generally approximates the carrying amount. The OPCW's receivables are recognised at net recoverable amount and the cash and cash equivalents are recognised at fair value. As mentioned in note 3.31, the financial liabilities 'Working Capital Fund', 'Voluntary Fund for Assistance' and 'Cash surplus' are not discounted.

6. IMPACT OF THE TRANSITION TO IPSAS

6.1 The OPCW's financial statements for the year ended 31 December 2011 have been prepared in accordance with IPSAS for the first time with comparatives for the year 2010. The OPCW's financial statements were last prepared in accordance with the United Nations System Accounting Standards (UNSAS) for the year ended 31 December 2010. The OPCW has made the decision to migrate to financial reporting in accordance with IPSAS to improve transparency of financial information, accountability, and internal control with respect to all assets and liabilities, facilitating improved management and stewardship of resources and to provide more comprehensive and consistent information about revenue and expenses, which supports results-based management and improves governance. In addition, the United Nations approved the adoption of IPSAS as the appropriate financial reporting framework for the United Nations and UNSAS standards will cease to represent the United Nations system's accounting standards and will no longer be maintained.

6.2 A description of the impact of the transition to IPSAS on net assets/equity on the transition date, 1 January 2010, on the statement of financial performance for the year ended 31 December 2010 and on net assets/equity on 31 December 2010 is provided below.

6.3 The IPSAS-based financial statements for the financial year 2010 are presented as comparatives in financial statements for the financial year 2011, which are the first official financial statements under IPSAS. The adjusted opening statement of financial position is presented below.

Statement of financial position as at 1 January 2011:

	Opening Balances Under UNSAS 1 Jan 2011	Opening Balance Adjustment 1 Jan 2010	Movements During 2010	Eliminations	IPSAS-Adjusted Opening Balances 1 Jan 2011
Assets					
Non-current assets					
Property, plant and equipment	-	3,130,373	(319,735)	-	2,810,638
Total non-current assets	**-**	**3,130,373**	**(319,735)**	**-**	**2,810,638**
Current assets					
Inventories	-	-	1,013,674	-	1,013,674
Assessed contributions recoverable	3,120,898	-	(464,447)	-	2,656,451
Article IV & V receivables	3,796,981	-	(223,080)	-	3,573,901
Other assets	5,164,660	(1,322,566)	333,964	-	4,176,059
Interfund receivables	321,394	-	-	(321,394)	-
Cash and cash equivalents	17,680,242	-	-	-	17,680,242
Total current assets	**30,084,176**	**(1,322,566)**	**660,110**	**(321,394)**	**29,100,327**
Total assets	**30,084,176**	**1,807,807**	**340,376**	**(321,394)**	**31,910,965**
Liabilities					
Non-current liabilities					
Working Capital Fund	-	9,912,470	-	-	9,912,470
Voluntary Fund for Assistance	-	1,399,775	8,622	-	1,408,398
Cash surplus	-	4,960,780	(3,382,154)	-	1,578,626
Employee benefits	-	7,173,065	(2,772,137)	-	4,400,928
Other non-current liabilities	-	7,054,356	(3,152,054)	-	3,902,302
Total non-current liabilities	**-**	**30,500,446**	**(9,297,722)**	**-**	**21,202,724**
Current liabilities					
Cash surplus	-	10,734,556	(5,802,323)	-	4,932,233
Employee benefits	1,650,252	4,078,911	1,171,949	-	6,901,112
Accounts payable	1,086,420	1,315,601	(356,152)	-	2,045,869
Provisions	-	-	12,391	-	12,391
Interfund payables	321,394	-	-	(321,394)	-
Unliquidated obligations	3,404,727	(5,038,983)	1,634,255	-	-
Other current liabilities	1,267,224	1,664,846	223,718	-	3,155,788
Total current liabilities	**7,730,018**	**12,754,932**	**(3,116,162)**	**(321,394)**	**17,047,393**
Total liabilities	**7,730,018**	**43,255,378**	**(12,413,885)**	**(321,394)**	**38,250,117**
Net assets	**22,354,158**	**(41,447,571)**	**12,754,260**	**-**	**(6,339,153)**
Net assets/equity					
Accumulated surplus/(deficits)	22,354,158	(41,447,571)	12,754,260	-	(6,339,153)
Other reserves	-	-	-	-	-
Total net assets/equity attributable to States Parties	**22,354,158**	**(41,447,571)**	**12,754,260**	**-**	**(6,339,153)**
Minority interest	-	-	-	-	-
Total net assets/equity	**22,354,158**	**(41,447,571)**	**12,754,260**	**(321,394)**	**(6,339,153)**

6.4 Reconciliation of the net assets/equity on 1 January 2011 per the budgetary and the IPSAS accounts are provided below.

		Equity/ Net Assets on 1 Jan 2010	Surplus/ (Deficit) 2010	Movement of Equity/ Net Assets 2010	Equity/ Net Assets on 31 Dec 2010
Under OPCW Budgetary Accounts	**Annex 5.1**	**32,879,603**	**(490,128)**	**(10,035,317)**	**22,354,158**
IPSAS adjustments	**Note**				
Property, plant and equipment	6.5	3,130,373	(790,432)	-	2,339,941
Intangible assets	6.6	-	-	-	-
Inventories	6.7	-	-	1,013,674	1,013,674
Unliquidated obligations	6.8	5,038,983	3,404,727	(727,785)	7,715,925
Non-exchange revenue:					
Voluntary contribution revenue	6.9	(1,664,846)	(235,842)	-	(1,900,688)
Assessed contributions revenue	6.9	(7,054,356)	885,900	-	(6,168,456)
Exchange revenue (Article IV & V and other revenue)	6.10	(45,787)	(7,385)	-	(53,172)
Employee benefits and other staff cost	6.11	(11,251,976)	330,670	(346,468)	(11,267,774)
Reclassification of Voluntary Fund for Assistance	6.12	(1,399,775)	-	-	(1,399,775)
Reclassification of cash surplus reimbursable to States Parties	6.13	(15,695,336)	-	10,763,103	(4,932,233)
Reclassification of Working Capital Fund	6.14	(9,912,470)	-	-	(9,912,470)
Other assets	6.15	(1,276,779)	-	-	(1,276,779)
Other liabilities	6.19	(1,315,601)	-	-	(1,315,601)
Travel expenses	6.20	-	(623,488)	-	(623,488)
Consultancy and contractual services	6.20	-	(397,449)	-	(397,449)
Internships, grants, contributions to seminars and workshops	6.20	-	(202,541)	-	(202,541)
General operating expenses	6.20	-	(251,016)	-	(251,016)
Provisions	6.20	-	(12,391)	-	(12,391)
Other expenses	6.20	-	(131,548)	-	(131,548)
Impairment of assessed contributions recoverables	6.20	-	(464,447)	-	(464,447)
Impairment of Article IV and V receivables	6.20	-	(223,080)	-	(223,080)
Net finance income	6.20	-	(144,807)	-	(144,807)
Reclassified prior year adjustment	6.20	-	227,338	-	227,338
Write-down of 'Other non-current liabilities'	6.21	-	687,527	-	687,527
Total of IPSAS adjustments		**(41,447,571)**	**2,051,736**	**10,702,524**	**(28,693,311)**
Under IPSAS		**(8,567,967)**	**1,561,608**	**667,207**	**(6,339,153)**

Property, plant, and equipment

6.5 IPSAS requires that the cost of an item of property, plant, and equipment that is controlled by the OPCW be recognised as an asset on the statement of financial position. Once recognised, items of property, plant and equipment are depreciated over their useful lives. Previously, fixed assets were not recognised but were recorded as expenditure when purchased. The amount of the adjustment on the opening statement of financial position is EUR 2,339,941. The five-year transitional period permitted by IPSAS 17 to recognise items of property, plant, and equipment has not been adopted.

Intangible assets

6.6 Separately acquired intangible assets and internally generated intangible assets are recognised as assets on the statement of financial position once specific recognition criteria are met. Once recognised, intangible assets are amortised over their useful lives. The OPCW recognised as intangible assets all qualifying software that have been internally generated or acquired as from 1 January 2011. The OPCW has software which were generated internally or acquired prior to 1 January 2011. These are not recognised in the statement of financial position.

Inventories

6.7 IPSAS requires that inventories be recognised as an asset on the statement of financial position. Previously, these items were recorded as expenditure when purchased. The OPCW started to recognise inventories in the statement of financial position effective 31 December 2010. The total inventories amount included in the opening statement of financial position as at 1 January 2011 was EUR 1,013,674.

Unliquidated obligations

6.8 IPSAS requires expenses to be recognised in the period to which they related, generally in the period in which the services have been provided or the goods have been delivered. Previously under UNSAS, budgeted amounts that have been appropriated but not used during the reporting period were recognised as an expense in the reporting period where funds are reserved through obligations. The cumulative amount of EUR 7,715,925 is derecognised as an adjustment on the opening statement of financial position. This amount includes unliquidated obligations brought forward from 2009 and the unliquidated obligations recorded in the UNSAS accounts during 2010.

Non-exchange revenue

6.9 IPSAS requires that an asset arising from a non-exchange transaction is recognised only when the entity gains control of resources that meet the definition of an asset and that satisfy asset-recognition criteria. Instances in which obligations to donors exist preclude the full recognition of revenue. Contributions that have been recognised relating to a subsequent period are deferred as a liability and are recognised over the period in which the contributions relate to based on performance of the corresponding obligations. The amount of the adjustment (negative) to net assets/equity on the opening statement of financial position with respect to voluntary contributions revenue is EUR 1,900,688. Similarly, there is a negative adjustment of EUR 6,168,456 on the opening statement of financial position in respect of assessed contributions, against which a corresponding liability to States Parties is considered to exist. Such liabilities relating to assessed contributions are paid to States Parties in the form of reimbursable cash surpluses once these are determined in the budgetary accounts.

Exchange revenue

6.10 IPSAS requires that an asset arising from an exchange transaction is recognised only when the entity gains control of resources that meet the definition of an asset and that satisfy asset-recognition criteria. The amount of the adjustment (negative) on the opening statement of financial position is EUR 53,172.

Employee benefits

6.11 IPSAS requires that a liability for employee benefits be recognised when an employee has provided services in exchange for employee benefits to be paid in the future. Previously, no comparable liability was recognised. The amount of the adjustment (negative) on the opening statement of financial position is EUR 11,267,774.

Reclassification of Voluntary Fund for Assistance

6.12 Under IPSAS, a financial liability represents a contractual obligation to deliver cash or another financial asset to another entity. The Voluntary Fund for Assistance is classified as a financial liability under IPSAS as it represents a contractual obligation to deliver cash or another financial asset to a third party. The amount of the adjustment (negative) on the statement of financial position is EUR 1,399,775.

Reclassification of cash surplus

6.13 The cash surplus is classified as a financial liability under IPSAS as it represents a contractual obligation to deliver cash or another financial asset to a third party. Accordingly the cash surplus (EUR 15,695,336) as at 1 January 2010 is reclassified as liability and a total of EUR 10,763,103 distributed (reimbursed) to States Parties during 2010 is recorded as a reduction of the liability established as at 1 January 2010. The amount of the net adjustment (negative) on the opening statement of financial position is EUR 4,932,233.

Reclassification of Working Capital Fund

6.14 The Working Capital Fund is classified as a financial liability under IPSAS as it represents a contractual obligation to deliver cash or another financial asset to a third party. The amount of the adjustment (negative) on the opening statement of financial position is EUR 9,912,470.

Other assets

6.15 This represents a total IPSAS adjustment (negative) of EUR 1,276,779 to receivables. These include staff income taxes paid by the OPCW and claimed from the relevant governments, recoverable staff travel advances, prepayments, and education grant advances.

Employee-benefits-related advances to staff

6.16 The OPCW makes advance payments with respect to employee benefits such as reimbursable taxes, education grant, home leave, etc. Previously under UNSAS, such advances are cleared and expenses are recognised when staff members submit the required claim with supporting documents. Under IPSAS, expenses are recognised based on delivery of the related services. The amount of the adjustment (negative) on the opening balance is EUR 765,970.

Travel advances

6.17 The OPCW pays advances of daily subsistence allowance, terminal (transport) expenses and miscellaneous travel related expenses to staff travelling on official business. Periods of some travel span over two financial years. Under UNSAS, the full travel expenses are recognised, as part of unliquidated obligations, in the period the travel starts. IPSAS requires that expenses are recognised in the period they are incurred. Travel expenses have, therefore, been apportioned and recognised accordingly, reducing the related advances. The amount of this adjustment (negative) on the opening balance is EUR 443,685.

Advances and prepayments to vendors

6.18 IPSAS requires prepayments for goods and services to be adjusted and expenses recognised upon delivery to the OPCW. The adjustment (negative) to the opening balance in this respect is EUR 67,124.

Other liabilities

6.19 This represents a total IPSAS adjustment (negative) of EUR 1,315,601 to accounts payable. These include liabilities relating to goods and services delivered to the OPCW as at 31 December 2009.

Expenses

6.20 Various adjustments were also made to expenses during the year 2010 based on the IPSAS delivery principle with a cumulative (negative) effect of EUR 2,223,430 on the opening statement of financial position.

6.21 A write-down of EUR 687,527 has been recognised against ‘Other non-current liabilities’. These liabilities relate to inflow of resources recognised as assets (assessed contributions recoverable and Article IV and V receivables) against which obligations exist in the form of potential cash surpluses reimbursable to States Parties upon collection of the recoverables and receivables. The assets underlying these liabilities have been impaired (see notes 8.4 and 10.5). Accordingly, recognition of write-down of the liabilities is also necessary to the extent of impairment of the underlying assets, since the OPCW is not required to reimburse cash surplus to States Parties against resources not received.

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

7.1 Property, plant and equipment

As at 31 December 2011:

	Inspection and Verification Equipment	**Security and Health Equipment**	**Office Furniture and Equipment**	**Hardware Equipment**	**Vehicles**	**Total**
At 1 January 2011:						
Cost	4,213,003	656,291	624,831	923,749	168,153	**6,586,027**
Accumulated depreciation and impairment	(2,022,531)	(562,764)	(369,874)	(690,678)	(129,540)	**(3,775,387)**
Net book amount	**2,190,472**	**93,527**	**254,957**	**233,071**	**38,613**	**2,810,640**
Year ended 31 December 2011:						
Opening net book amount	2,190,472	93,527	254,957	233,071	38,613	**2,810,640**
Additions	154,248	135,215	41,250	203,595	-	**534,308**
Transfers	-	-	-	-	-	**-**
Disposals	(44,586)	-	-	(45,990)	-	**(90,575)**
Accumulated depreciation on disposed assets	34,687	-	-	45,990	-	**80,677**
Depreciation charge	(393,014)	(56,109)	(76,360)	(149,672)	(16,134)	**(691,289)**
Exchange-rate differences	-	-	-	-	-	**-**
Impairment losses	(348,325)	-	-	-	-	**(348,325)**
Impairment losses reversed	-	-	-	-	-	**-**
Other movements	2,815	-	-	-	-	**2,815**
Closing net book amount	**1,596,298**	**172,633**	**219,847**	**286,994**	**22,479**	**2,298,250**
At 31 December 2011:						
Cost	4,325,480	791,506	666,081	1,081,354	168,153	**7,032,574**
Accumulated depreciation and impairment	(2,729,183)	(618,873)	(446,234)	(794,360)	(145,674)	**(4,734,324)**
Net book amount	**1,596,297**	**172,633**	**219,847**	**286,994**	**22,479**	**2,298,250**

As at 31 December 2010:

	Inspection and Verification Equipment	**Security and Health Equipment**	**Office Furniture and Equipment**	**Hardware Equipment**	**Vehicles**	**Total**
At 1 January 2010:						
Cost	3,921,259	651,496	546,004	828,418	168,153	**6,115,330**
Accumulated depreciation and impairment	(1,621,094)	(470,217)	(296,171)	(494,635)	(102,840)	**(2,984,957)**
Net book amount	2,300,165	181,279	249,833	333,783	65,313	3,130,373
Year ended 31 December 2010:						
Opening net book amount	2,300,165	181,279	249,833	333,783	65,313	**3,130,373**
Additions	291,744	4,795	78,827	95,331	-	**470,697**
Transfers	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**
Depreciation charge	(401,437)	(92,547)	(73,703)	(196,043)	(26,701)	**(790,432)**
Exchange-rate differences	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	**-**
Impairment losses reversed	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	**-**
Closing net book amount	**2,190,472**	**93,526**	**254,957**	**233,071**	**38,613**	**2,810,638**
At 31 December 2010:						
Cost	4,213,003	656,291	624,831	923,749	168,153	**6,586,027**
Accumulated depreciation and impairment	(2,022,531)	(562,764)	(369,874)	(690,678)	(129,540)	**(3,775,389)**
Net book amount	**2,190,472**	**93,526**	**254,957**	**233,071**	**38,613**	**2,810,638**

There are no restrictions on the title to the OPCW's property, plant, and equipment.

7.2 **Intangible assets**

As at 31 December 2011:

	Acquired Software	Internally Generated Software	Software Under Development	Total
Balance as at 1 January 2011:				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net book amount	**-**	**-**	**-**	**-**
As at 31 December 2011:				
Opening net book value	-	-	-	-
Additions	7,708	22,368	46,345	**76,422**
Transfers	-	-	-	-
Disposals	-	-	-	-
Amortisation charge	(2,512)	(1,243)	-	**(3,754)**
Exchange-rate differences	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
Closing net book amount	**5,196**	**21,126**	**46,345**	**72,668**
As at 31 December 2011:				
Cost	7,708	22,368	46,345	**76,422**
Accumulated amortisation and impairment	(2,512)	(1,243)	-	**(3,754)**
Net book amount as at 31 December 2011	**5,196**	**21,126**	**46,345**	**72,668**

8. ASSESSED CONTRIBUTIONS RECOVERABLE

	2011	**2010**
Assessed contributions	3,436,872	3,120,898
Less: allowance for impairment of assessed contributions	(539,485)	(464,447)
Total assessed contributions - net	**2,897,387**	**2,656,451**

8.1 Every Member State is assessed an annual contribution due to the OPCW. These amounts are enforceable amounts due by the States Parties to the OPCW each year. The assessed contributions are issued at the beginning of each calendar year and are due for payment to the OPCW in full within 30 days of States Parties' receipt of the requests for payments. The fair value of these assessed contributions approximates the carrying amount; as the amounts due after more than one year are insignificant, the impact of discounting is immaterial.

8.2 As of 31 December 2011, assessed contributions of EUR 2,897,387 (2010: EUR 2,656,451) were past due but not impaired. These include assessed contributions recoverable of States Parties with arrears of less than three years old and receivables from States Parties who have made proposal for multi-year payment plans, irrespective of the age of the receivables. The ageing analysis of these assessed contributions is as follows:

	2011	2010
Up to 1 year old	2,516,233	2,084,130
Older than 1 year and up to 2 years	154,005	326,160
Older than 2 years and up to 3 years	57,132	40,080
Older than 3 years and up to 10 years	89,119	139,880
Older than 10 years	80,899	66,201
	2,897,387	**2,656,451**

8.3 As of 31 December 2011, assessed contributions of EUR 539,485 (2010: EUR 464,447) were impaired and provided for. The amount impaired as at 2011 year end includes the accumulated unpaid assessed contributions net of corresponding cash surplus, as at 31 December 2010, of States Parties who are in arrears with respect to the financial period 2008 and before. The assessed contributions recoverable in the statement of financial position are shown net of this provision. The ageing analysis of these assessed contributions is as follows:

	2011	2010
Up to 1 year old	-	-
Older than 1 year and up to 2 years	84,779	68,367
Older than 2 years and up to 3 years	57,380	87,251
Older than 3 years and up to 10 years	220,103	210,677
Older than 10 years	177,223	98,152
	539,485	**464,447**

8.4 The OPCW determines the amount of assessed contributions in euros. Certain older assessed contributions were historically denominated in US dollars. Movements in the OPCW's provision for impairment of assessed contributions are as follows:

	2011	2010
Beginning of period	464,447	-
Provision for impairment of assessed contributions	137,429	464,447
Assessed contributions written off during the year as uncollectible	-	-
Unused amounts reversed	(62,391)	-
Unwinding of discount	-	-
At 31 December	**539,485**	**464,447**

8.5 The creation and release of the provision for impaired assessed contributions has been included in a separate line in the statement of financial performance. Amounts are impaired when there is no expectation of recovering additional cash from the States Parties.

9. VOLUNTARY CONTRIBUTIONS RECOVERABLE

9.1 The OPCW receives voluntary contributions which are used for various purposes as specified in the donor agreement. Voluntary contributions can include specified performance obligations by the OPCW, the consideration payable by the donor, and other general terms and conditions. Conditions that may be attached to the contributions include, inter alia, stipulations that a training or workshop be organised in a certain region, conditions related to progress and completion of research performed, and refund of unspent amounts contributed. The carrying amounts of the voluntary contributions are primarily denominated in euros, US dollars, UK pounds, Norwegian kroner, and Japanese yen. The conditions associated with voluntary contributions received by the OPCW are disclosed in note 20 ‘Other liabilities’.

9.2 No voluntary contributions recoverable are reported as at 31 December 2011 (2010: NIL).

10. ARTICLE IV AND V RECEIVABLES

	2011	**2010**
Article IV & V receivables	2,000,354	3,796,981
Less: allowance for impairment of Article IV & V receivables	(664,093)	(223,080)
Total Article IV & V receivables - net	**1,336,261**	**3,573,901**
Less: non-current portion - Article IV & V receivables	**-**	**-**
Current portion - Article IV & V receivables	**1,336,261**	**3,573,901**

10.1 The OPCW charges States Parties for its services provided in the verification of and destruction of chemical weapons. The amounts charged to States Parties for services provided include amounts to cover the OPCW’s staff costs, travel expenses, daily subsistence allowance, transportation charges for hazardous materials, and daily allowances for staff. The rates relating to staff costs charged to States Parties by the OPCW are established annually by agreement of the States Parties, taking into account actual expenses incurred. The OPCW provides services in exchange for generating this revenue in the form of expertise of its employees regarding chemical weapons.

10.2 The fair value of these Article IV and V receivables approximates the carry value as payments of Article IV and V invoices are due on the short term.

10.3 As of 31 December 2011, Article IV and V receivables of EUR 1,336,261 (2010: EUR 3,573,901) were past due but not impaired. Amounts are impaired when there is no expectation of recovering additional cash. The ageing analysis of the Article IV and V receivables is as follows:

	2011	**2010**
Up to 3 months	880,602	2,131,181
Older than 3 months and up to 6 months	393,168	721,627
Older than 6 months and up to 1 year	62,491	479,314
Older than 1 year and up to 2 years	-	144,038
Older than 2 years and up to 3 years	-	97,741
Older than 3 years	-	-
	1,336,261	**3,573,901**

10.4 As of 31 December 2011, Article IV and V receivables of EUR 664,094 (2010: EUR 223,080) were impaired and provided for. The Article IV and V receivables in the statement of financial position are shown net of this provision. The ageing analysis of these receivables is as follows:

	2011	**2010**
Older than 1 year and up to 2 years	200,314	-
Older than 2 years and up to 3 years	144,038	-
Older than 3 years and up to 10 years	319,742	223,080
	664,094	**223,080**

10.5 The carrying amounts of the Article IV and V receivables are denominated in euros. Movements in the OPCW's provision for impairment of Article IV and V receivables are as follows:

	2011	**2010**
Beginning of period	223,080	-
Provision for impairment of Article IV & V receivables	441,109	223,080
Article IV & V receivables written off during the year as uncollectible	-	-
Unused amounts reversed	(95)	-
Unwinding of discount	-	-
At 31 December 2011	**664,094**	**223,080**

10.6 The creation and release of the provision for impaired Article IV and V receivables has been shown in a separate expense line on the statement of financial performance.

11. OTHER ASSETS

Other assets comprise the following items:

	2011	**2010**
Receivables from staff members	1,163,085	1,868,152
Value-added tax and other recoverable taxes	1,149,524	1,251,382
Interest receivable	7,617	5,323
Provident Fund	1,334	1,617
Receivables from vendors	78,619	214,370
'Working Capital Fund' receivable	7,970	8,366
Miscellaneous	(4,252)	26,931
Prepayments - vendors	874,540	862,714
Prepayments - UNDP	69,359	50,312
Subtotal	3,347,796	4,289,167
Receivables impaired and provided for:	-	(113,109)
Other assets	**3,347,796**	**4,176,059**

'Receivables from staff members' comprise receivables due for advances made relating to travel expenses and certain employee benefit advances.

'Value-added tax and other recoverable taxes' include refundable taxes primarily relating to environmental taxes, energy taxes, and taxes due to the US government. These receivables arise due to the OPCW's tax-exempt status.

'Prepayments - vendors' comprises primarily prepaid rent for the Headquarters' building.

12. INVENTORIES

	2011	2010
Inventories - Primary	536,072	567,282
Inventories - Secondary	359,163	446,391
	895,235	**1,013,674**

12.1 The OPCW's inventory relates primarily to its inspection and verification activities and is located in the equipment store in Rijswijk, the Netherlands. Primary consumables consist of consumable items that are listed by name within the "List of Approved Equipment with Operational requirements and Technical Specifications" (C-I/DEC.71*, dated 30 November 2010) as approved by the Conference. Secondary consumables consist of consumable items that are integral parts of the approved inspection equipment.

12.2 Physical stock count of primary and secondary consumables was carried out as at 31 December 2010 and recognised as assets for the first time by adjusting the net assets as at 31 December 2010 at EUR 1,013,674. The carrying amount of inventories carried lower of cost or current replacement cost as at 31 December 2011 is EUR 895,235.

13. CASH AND CASH EQUIVALENTS

Unrestricted	**2011**	**2010**
Interest-bearing current accounts	1,840,676	2,115,077
Time deposits	5,430,710	4,243,575
Total unrestricted	**7,271,386**	**6,358,652**
Restricted		
Interest-bearing current accounts	109,772	103,947
Time deposits	11,238,338	11,217,643
Total restricted	**11,348,110**	**11,321,590**
Imprest accounts	**-**	**-**
Total cash and cash equivalents	**18,619,496**	**17,680,242**

13.1 The following amounts of cash and cash equivalents are not available for use by the OPCW:

	Note	2011	2010
Restricted cash and cash equivalents:			
Working Capital Fund	13.2	9,921,722	9,913,558
Voluntary Fund for Assistance	13.3	1,426,389	1,408,032
Total restricted cash and cash equivalents		11,348,110	11,321,590

Working Capital Fund

13.2 The Working Capital Fund is a fund that has been established to meet short-term liquidity problems. The required balance of this fund is determined by the Conference. These funds are managed in a segregated bank account. Refer to further information disclosed in note 14 ‘Working Capital Fund’.

Voluntary Fund for Assistance

13.3 The Voluntary Fund for Assistance has been established in accordance with the Chemical Weapons Convention (hereinafter “the Convention”) to coordinate and deliver assistance to a State Party when requested. Contributions to the fund may be accepted from States Parties, non-governmental organisations, institutions, private parties or individuals. These funds are managed in a segregated bank account. Restrictions placed by donors on the use of the contributions may apply only where acceptance of such funds is exceptionally authorised by the Conference. Restrictions on the availability of these amounts are imposed by the Convention and not by donors of the contributions. Refer to further information disclosed in note 15 ‘Voluntary Fund for Assistance’.

13.4 The amount of liabilities recognised in respect of voluntary contributions is disclosed in note 20.1 ‘Other non-current liabilities’. The maximum exposure to credit risk at the reporting date is equal to the carrying amount of cash and cash equivalents.

14. WORKING CAPITAL FUND

14.1 The Working Capital Fund has been established to meet short-term liquidity problems, including temporarily funding appropriated budgetary expenditures pending the receipt of contributions. The Working Capital Fund is financed from advances by all States Parties in accordance with the scale of assessment determined by the Conference.

14.2 A Working Capital Fund in the amount of EUR 4,537,802 was established by the Conference at its First Session (C-I/DEC.74*, dated 23 May 1997). At its Ninth Session, the Conference (C-9/DEC.12, dated 2 December 2004) decided to increase the Working Capital Fund to the amount of EUR 9,900,000, based on the OPCW’s scale of assessment for 2005.

14.3 Any new States Parties joining the OPCW make an advance to the Working Capital Fund in accordance with the scale of assessment applicable to the budget of the year of their ratification of, or accession to, the Convention. The level of the Working Capital Fund is increased by any amounts that new States Parties are required to pay, until the Conference establishes a new level for the Fund.

14.4 The increase in the level of the Working Capital Fund during the reporting period, and the amount held in it, is explained as follows:

	Note	2011	2010
Movement in the 'Working Capital Fund' liability			
At 1 January	Annex 5.7	9,912,470	9,912,470
Contributions of new States Parties		-	-
Disbursements to/from General Fund		-	-
Total Working Capital Fund as at 31 December		**9,912,470**	**9,912,470**
Of which:			
Non-current portion 'Working Capital Fund' liability	Annex 5.7	9,912,470	9,912,470
Current portion of 'Working Capital Fund' liability		-	-
Total Working Capital Fund as at 31 December		**9,912,470**	**9,912,470**

14.5 Restrictions regarding the availability of use by the OPCW of amounts of the Working Capital Fund are disclosed in note 13 'Cash and cash equivalents'.

15. VOLUNTARY FUND FOR ASSISTANCE

The Voluntary Fund for Assistance was established by the Conference at its First Session (C-I/DEC.52, dated 16 May 1997). Its objective is to provide funding to coordinate and deliver assistance to a State Party, in terms of Article X of the Convention, when requested in the event of use or a threat of use of chemical weapons. The Fund is financed through voluntary contributions from States Parties. Contributions received under the Voluntary Fund for Assistance during 2011 amount to EUR 5,000 (2010: EUR 3,500). These receipts are recorded as liabilities until the related performance obligations are fulfilled, based on which revenue will be recognised. The movement of the Voluntary Fund for Assistance during the reporting period is as follows:

	2011	2010
Balance as at 1 January	**1,408,397**	**1,399,775**
Contributions received/disbursement from States Parties	5,000	3,500
Interest earned	13,897	5,227
Contributions received/disbursement from the General Fund	-	-
Disbursements made from the Voluntary Fund for Assistance	-	(105)
Net Proceeds received for Voluntary Fund for Assistance	**18,897**	**8,622**
Total Voluntary Fund for Assistance as at 31 December	**1,427,294**	**1,408,397**
Of which:		
Non-current portion Voluntary Fund for Assistance	1,427,294	1,408,397
Current portion of Voluntary Fund for Assistance	-	-
Total Voluntary Fund for Assistance as at 31 December	**1,427,294**	**1,408,397**

16. CASH SURPLUS – REIMBURSABLE TO STATES PARTIES

16.1 In accordance with the OPCW's regulations, a cash surplus based on the cash basis of accounting is applied to the OPCW's budget. After finalisation, this amount, including any necessary adjustments, is returned to States Parties proportional to the assessed contributions in the year in which the surplus arose, by means of an adjustment to the assessed contributions.

16.2 An amount of EUR 4,904,163 represents final cash surpluses from 2008 and prior years, allocated during the reporting period to States Parties which owed amounts to the OPCW and have paid their assessed annual contributions in full for the financial period to which the surplus relates. The final cash surplus of 2007 and prior years allocated (reimbursed) to States Parties in 2010 in a similar manner was EUR 10,763,103.

16.3 In the IPSAS statement of financial position, the following amounts have been recognised as a financial liability in the statement of financial position:

		2011	
		Non-current	**Current**
Balance as at 1 January 2011		**1,578,626**	**4,932,233**
Transfer of cash surplus from non-current to current liability		(1,578,626)	1,578,626
Distributed cash surplus	Annex 5.10	-	(4,904,163)
Final cash surplus for 2011	Annex 5.5	350,327	-
Balance as at 31 December 2011		**350,327**	**1,606,695**

		2010	
		Non-current	**Current**
Balance as at 1 January 2010		**4,960,780**	**10,734,556**
Transfer of cash surplus from non-current to current liability		(4,960,780)	4,960,780
Distributed cash surplus		-	(10,763,103)
Final cash surplus for 2010		1,578,626	-
Balance as at 31 December 2010		**1,578,626**	**4,932,233**

17. EMPLOYEE BENEFITS

17.1 The OPCW's statement of financial position presents 'Employee benefits', which comprises the following items:

Employee Benefits	Note	2011			2010*		
		Non-current	Current	Total	Non-current	Current	Total
Long-term employee benefits							
Post-employment benefits							
Repatriation grant	17.5	2,155,128	1,539,637	3,694,765	2,728,237	1,402,928	4,131,165
Removal	17.5	430,106	636,254	1,066,360	566,099	182,447	1,227,779
Repatriation travel	17.5	722,391	313,565	1,035,956	930,351	297,428	748,546
Death benefit	17.5	195,527	25,574	221,101	185,534	27,325	212,859
Total post-employment benefits	**17.5**	**3,503,152**	**2,515,030**	**6,018,182**	**4,410,221**	**1,910,128**	**6,320,349**
Other long-term employee benefits							
Home leave	17.11	23,553	535,160	558,713	(9,293)	779,816	770,523
Total long-term employee benefits		**3,526,705**	**3,050,190**	**6,576,895**	**4,400,928**	**2,689,944**	**7,090,872**
Short-term employee benefits							
Annual leave	17.2	-	3,525,588	3,525,588	-	3,330,553	3,330,553
Other short-term employee benefits	17.2	-	457,159	457,159	-	880,614	880,614
Total short-term employee benefits		**-**	**3,982,747**	**3,982,747**	**-**	**4,211,168**	**4,211,168**
Total employee benefits		**3,526,705**	**7,032,937**	**10,559,641**	**4,400,928**	**6,901,112**	**11,302,040**

* In 2010 EUR 1,163,877 representing repatriation grant was recorded as expense and liability under other short-term employee benefits. In the 2010 actuarial report, this amount was treated as benefits paid, thus resulting in a lower repatriation grant liability. In the 2011 financial statements, the 2010 comparative information has been adjusted, reclassifying the amount from other short-term employee benefits to repatriation grant, in order to allow better comparison. This adjustment has been taken into account in the 2011 actuarial valuation. Employees who were separated from the OPCW on or before 31 December 2009 were not included in the actuarial valuation. Therefore, an additional liability of EUR 1,075,031 is recognised at the beginning of 2010 in respect of these employees. These benefits were paid out during 2010.

Short-term employee benefits

17.2 As described in accounting note 3.26, short-term employee benefits comprise recurring benefits, deductions and contributions (including salaries, post adjustments, dependency allowances), compensated absences (annual leave, special leave, sick leave), other short-term benefits (salary advances, retroactive payments, education grants, income tax reimbursements, travel and removal costs at initial appointment, assignment grants) and the current portion of long-term benefits provided to current employees.

17.3 Disclosure of these items is provided in note 27 ‘Employee-benefit expenses’ and note 33 ‘Related party transactions’.

Post-employment benefits

<u>Defined contribution plans</u>

17.4 The OPCW’s pension plan is the Provident Fund. The OPCW contributes a fixed amount for all employees into the Provident Fund. Upon departure from the OPCW (provided a minimum service period of three months has been performed), the employee receives contributions made by the OPCW on their behalf and accrued interest. After this payment upon departure, the OPCW has no remaining legal or constructive obligations to pay further contributions. During the period ended 31 December 2011, a Provident Fund contribution of EUR 7,035,662 (2010: EUR 7,445,339) has been recognised in the employee-benefit expenses line of the statement of financial performance.

Defined benefit plans

17.5 The OPCW provides the following post-employment benefits to eligible employees: death benefits (payments to surviving spouse and dependents), repatriation grant (assistance with repatriation expenses upon separation from the OPCW), travel costs at separation (assistance with travel expenses upon separation from the OPCW) and removal costs at separation (assistance with removal costs upon separation from the OPCW). The movement in the defined benefit obligation over the year is as follows:

Post-employment benefits	**2011**		
	Per Actuarial Valuation	**Additional Benefits Not Included in Actuarial Valuation**	**Total**
Balance as at 1 January 2011	5,156,472	-	5,156,472
Current service cost	1,244,749	-	1,244,749
Interest cost	126,086	-	126,086
Contributions by plan participants	-	-	-
Actuarial gains/losses	288,927	-	288,927
Foreign currency-exchange differences	-	-	-
Benefits paid	(798,052)	-	(798,052)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Balance as at 31 December 2011	**6,018,182**	-	**6,018,182**

Post-employment benefits	**2010**		
	Per Actuarial Valuation	**Additional Benefits Not Included in Actuarial Valuation**	**Total**
Balance as at 1 January 2010	4,956,435	1,075,031	6,031,466
Current service cost	1,133,753	-	1,133,753
Interest cost	121,311	-	121,311
Contributions by plan participants	-	-	-
Actuarial gains/losses	346,468	-	346,468
Foreign currency-exchange differences	-	-	-
Benefits paid	(1,401,495)	(1,075,031)	(2,476,526)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Balance as at 31 December 2010 (as per actuarial valuation)	**5,156,472**	-	**5,156,472**
Other employee-benefits liability reclassified as repatriation-grant liability (see note 17.1)	-	1,163,877	**1,163,877**
Adjusted post-employment benefits as at 31 December 2010	**5,156,472**	1,163,877	**6,320,349**

17.6 The defined benefit obligation disclosed above is wholly unfunded. As a result, there are no plan assets.

Post-employment benefits	2011	2010*
Balance as at 31 December		
Present value of defined benefit obligation	6,018,182	6,320,349
Fair value of plan assets	-	-
Deficit/(surplus) in the plan	6,018,182	6,320,349
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

* See note 17.1 for 2010 amounts.

17.7 A reconciliation of the present value of the defined benefit obligation to the liability in the statement of financial position is as follows:

Post-employment benefits	2011	2010*
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	6,018,182	6,320,349
Unrecognised actuarial gains/losses	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	-	-
Fair value of reimbursement right recognised as an asset	-	-
Other amounts recognised in statement of financial position	-	-
Liability in the statement of financial position	**6,018,182**	**6,320,349**

* See note 17.1 for 2010 amounts.

17.8 The amounts recognised in the statement of financial performance based on actuarial valuation of post-employment benefits are as follows:

Post-employment benefits	2011	2010
Current service cost	1,244,749	1,133,753
Interest cost	126,086	121,313
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial gains/losses	-	-
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
Total expense recognised in statement of financial performance	**1,370,835**	**1,255,066**

17.9 The statement of changes in net assets/equity includes a negative change of EUR 244,835 relating to actuarial gains and losses in 2011 (2010: EUR 346,468) and EUR 0 relating to the effect of the limit on the asset per IPSAS 25.69.b.

17.10 Expected total contribution to post-employment benefit plans (expected benefit payment to beneficiaries) for the year ending 31 December 2012 is EUR 2,515,029.

Other long-term employee benefits

17.11 As described in note 3.29, other long-term employee benefits include home-leave benefits. The discount rate used is 2.0%. Disclosure of these items is provided in note 27 'Employee-benefit expenses'. The movement in other long-term employee benefits liabilities over the year is as follows:

Other long-term employee benefits (home-leave benefits)	2011	2010
Balance as at 1 January	770,523	859,483
Current service cost	720,211	736,052
Interest cost	16,512	17,103
Contributions by plan participants	-	-
Actuarial gains/losses	(44,092)	(385,567)
Foreign currency-exchange differences	-	-
Benefits paid	(904,442)	(456,548)
Past service cost	-	-
Curtailments	-	-
Settlements		
Balance as at 31 December	**558,713**	**770,523**

17.12 The defined benefit obligation with respect of other-long term employee benefits is wholly unfunded. As a result, there are no plan assets.

Other long-term employee benefits (home-leave benefits)	2011	2010
Balance as at 31 December		
Present value of defined benefit obligation	558,713	770,523
Fair value of plan assets	-	-
Deficit/(surplus) in the plan	558,713	770,523
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

17.13 The amount recognised in the statement of financial performance based on actuarial valuation of other long-term employee benefits is as follows:

Other long-term employee benefits (home-leave benefits)	2011	2010
Current service cost	720,211	736,052
Interest cost	16,512	17,103
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial gains/losses	-	-
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
Total expense recognised in statement of financial performance	**736,723**	**753,155**

17.14 The principal assumptions used for post-employment benefits and other long-term employee benefits as of 31 December 2011 are the following:

Long-term employee benefits	2011	2010
Discount rate: Death benefits	4.00%	4.20%
Discount rate: Repatriation grant, removal costs, travel costs	2.25%	2.00%
Discount rate: Home leave	2.00%	1.50%
Expected rate of return for periods presented in financial statements on any reimbursement right	0.00%	0.00%
Inflation	2.25%	2.25%
Indexation: Travel and removal costs	2.25%	2.25%
Mortality tables: Based on Dutch static mortality tables 2000 – 2005	-	-
Future salary increases: Based on UN salary scales	-	-

17.15 If the discount rates used in the determination of the employee-benefit expense and liability were higher or lower by 0.25% from management's estimate, the carrying amount of the benefit liability would be an estimated EUR 33,839 lower or EUR 34,431 higher, respectively.

Termination benefits

17.16 No liability for termination benefits exists at the reporting date.

18. ACCOUNTS PAYABLE

18.1 Accounts payable comprise:

	2011	2010
Accounts payable - vendors	1,388,126	1,359,615
Reimbursements to governments	-	423,973
Accounts payable - staff	305,313	262,281
Other	-	-
	1,693,440	**2,045,869**

Accounts payable - vendors

18.2 Accounts payable - vendors relate to the purchase of goods and services that have been received or rendered but not yet paid for as at 31 December 2011.

Reimbursements to governments

18.3 Reimbursements to governments relate to the unused balance of voluntary contributions that became refundable to the donors upon finalisation of the activities for which the contributions were made.

Accounts payable - staff

18.4 Accounts payable - staff relate to staff medical insurance premiums and other travel related staff claims that are payable as at 31 December 2011.

19. PROVISIONS

Legal claims

There are legal cases filed at the International Labour Organisation Administrative Tribunal (ILOAT) against the OPCW by former staff members and the cases are expected to be decided upon in the subsequent financial year. As at 31 December 2011, provision is recognised at EUR 82,000 (2010: EUR 12,391) with respect to the liability that is expected to arise as result of these decisions.

20. OTHER LIABILITIES

Other non-current liabilities

20.1 IPSAS requires that a liability is recognised in respect of an inflow of resources from a non-exchange transaction that are also recognised as assets, to the extent that a present obligation exists against the same inflow. Performance obligations exist as at 31 December 2011 with respect to assessed contributions received or receivable of EUR 3,691,937 (2010: EUR 3,902,303) requiring recognition of a corresponding liability. This liability is shown in the statement of financial position as other non-current liabilities.

Other current liabilities

20.2 The OPCW received some assessed contributions relating to the subsequent financial year during the reporting period. These receipts represent liabilities since they apply to a future financial year. Some voluntary contributions received as at 31 December 2011 also require the recognition of liabilities, as they involve conditions. The liabilities established based on such conditions are reduced and revenue is recognised only when the OPCW fulfils the conditions. In this respect, a total amount of EUR 6,282,213 (2010: 3,155,788) is recognised in the statement of financial position as other current liabilities.

21. NET ASSETS/EQUITY

As at 31 December 2011:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Other Reserves: Available-For-Sale Financial Assets	Other Reserves: Transfer to Cash Surplus	Total	Minority Interest	Total
At 1 January 2011	(6,339,153)	-	-	-	**(6,339,153)**	-	**(6,339,153)**
Movements during the reporting period	445,063	(244,835)	-	-	**200,228**	-	**200,228**
At 31 Dec 2011	**(5,894,090)**	**(244,835)**	-	-	**(6,138,924)**	-	**(6,138,924)**

As at 31 December 2010:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Other Reserves: Available-For-Sale Financial Assets	Other Reserves: Transfer to Cash Surplus	Total	Minority Interest	Total
At 1 January 2010	(8,567,967)	-	-	-	**(8,567,967)**	-	**(8,567,967)**
Movements during the reporting period	2,575,282	(346,468)	-	-	**2,228,814**	-	**2,228,814**
At 31 Dec 2010	**(5,992,685)**	**(346,468)**	-	-	**(6,339,153)**	-	**(6,339,153)**

The reserve for actuarial gains/losses reflects the recognition of actuarial gains and losses arising on the OPCW’s post-employment benefit liabilities (refer to note 3.27 and note 17 ‘Employee benefits’ for additional information. The actuarial gains/losses are recognised in full in the period in which they arise.

22. ASSESSED CONTRIBUTION REVENUE

Every Member State is assessed a contribution due to the OPCW each year. The amounts of assessed contributions approved by the Conference for the year 2011 is EUR 68,368,500 (2010: EUR 67,966,000). IPSAS requires that inflow of resources from a non-exchange transaction are recognised as asset and revenue, except to the extent that a present obligation exists in respect of the same inflow, which needs to be recognised as liability. The carrying amount of the liability is reduced and revenue is recognised equal to that reduction as the OPCW satisfies the present obligations. The amount recognised as revenue in 2011 with respect to inflow of resources in assessed contributions as well as reduction of previously recognised liabilities relating to satisfied obligations is EUR 67,712,488 (2010: EUR 68,851,900). Amounts for which the OPCW does not satisfy the obligations are reimbursable to States Parties as cash surplus that is determined in the budgetary accounts (see Annex 5.5).

23. VOLUNTARY CONTRIBUTION REVENUE

Certain States Parties make voluntary contributions which are used for various purposes under conditions as specified by the donor. Refer to note 9 ‘Voluntary contributions recoverable’ for additional information regarding voluntary contributions recoverable at the reporting date. Refer to note 20 ‘Other liabilities’ for additional information regarding liabilities recognised in respect of conditions relating to voluntary contributions.

24. ARTICLE IV AND V REVENUE

24.1 The OPCW charges States Parties for its services provided in the verification of and destruction of chemical weapons. The OPCW provides the following types of services to States Parties:

(a) Inspections of chemical weapons storage facilities accounting for stocks of chemical weapons;

(b) Expert on-site verification of the destruction of chemical weapons stockpiles and chemical weapons related items at the chemical weapons destruction facilities;

(c) Inspections of sites in relation to various categories of chemical weapons (old or abandoned chemical weapons) and prior destroyed or converted chemical weapons production facilities for peaceful purposes; and

(d) Transportation, storage, and analyses of hazardous samples collected during inspections using the OPCW mobile laboratory.

24.2 With respect to these specific services provided, the OPCW invoices amounts to possessor States Parties relating to inspectors’ salaries, inspection travel expenses, including airfare tickets, daily subsistence allowances, interpretation and cargo expenses, and other costs incurred while performing these services.

25. OTHER REVENUE

	2011	**2010**
Goods in kind	**-**	-
Other operating revenue	94,195	-
Total other operating revenue	**94,195**	-

26. OTHER INCOME

	2011	2010
Rental income	47,307	47,384
Other/miscellaneous	1,730	10,429
Write-down of other non-current liabilities	516,051	687,527
Gain on sale of assets	2,815	-
Total other income	**567,903**	**745,340**

26.1 Office rental income comprises the rental of a small portion of office space to a third party in the OPCW's premises at Johan de Wittlaan 32 in The Hague.

26.2 Other income has been recognised in respect of write-down of 'Other non-current liabilities' in the amount of EUR 516,051 (2010: EUR 687,527). These liabilities relate to inflow of resources recognised as assets (assessed contributions recoverable and Article IV and V receivables) against which obligations exist in the form of potential cash surpluses reimbursable to States Parties upon collection of the recoverables and receivables. The assets underlying these liabilities have been impaired (see notes 8.4 and 10.5). Accordingly, recognition of write-down of the liabilities is also necessary to the extent of impairment of the underlying assets, since the OPCW is not required to reimburse cash surplus to States Parties against resources not received.

27. EMPLOYEE-BENEFIT EXPENSES

	2011	2010
Short-term employee-benefit expenses		
Salaries and post-adjustment expense	32,317,049	32,739,073
Dependency allowances	838,962	767,365
Rental subsidies	223,544	270,420
Medical insurance subsidies	1,088,867	1,099,061
Death and disability insurance	330,448	383,269
Annual leave expense	4,842,988	4,759,711
Child care allowances	389,484	333,634
Incoming employee expenses (including travel expenses, removal costs and assignment grant)	626,028	1,017,441
Income tax reimbursement	143,330	87,167
Education grant and travel expenses	2,164,943	2,024,376
Others	25,050	25,024
Total short-term employee-benefit expenses	**42,990,694**	**43,506,541**
Post-employment benefit expenses		
Provident Fund pension expense (defined contribution plan)	7,035,662	7,445,339
Death benefit expense	51,930	36,204
Repatriation grant expense	474,877	671,041
Travel costs upon separation from the OPCW	27,123	156,108
Removal costs upon separation from the OPCW	369,929	262,140
Total post-employment benefit expenses	**7,959,521**	**8,570,832**
Other long-term employee benefit expenses		
Home leave expense	786,342	348,355
Total other long-term employee benefit expenses	**786,342**	**348,355**
Termination benefit expenses	**55**	**1,000**
Total – Employee-benefit expenses	**51,736,612**	**52,426,728**
Less: Capitalised employee-benefit expenses - Software under development by OPCW staff	(64,283)	-
Net employee-benefit expenses	**51,672,329**	**52,426,728**

28. GENERAL OPERATING EXPENSES

General operating expenses comprise the following:

	2011	2010
Operating lease rental expense	3,383,894	3,298,773
Supplies and materials	416,478	598,813
Utilities	339,747	407,236
Maintenance	482,147	463,254
Inventories	316,498	-
Impairment of other accounts receivable	11,219	-
Other general operating expenses	908,035	787,008
Total general operating expenses	**5,858,018**	**5,555,084**
Less: Capitalised general operating expenses - Software under development by OPCW staff	(4,431)	-
Net general operating expenses	**5,853,588**	**5,555,084**

29. FINANCE INCOME AND COSTS

	2011	2010
Finance income		
Interest income arising on cash and cash equivalents	330,196	150,932
Foreign currency gains	101,031	201,348
Other finance income	-	-
Total finance income	**431,227**	**352,281**
Finance costs		
Unwinding of discount on post-employment benefits (note 17.8)	126,086	121,313
Unwinding of discount on other long-term employee benefits (note 17.11)	16,512	17,103
Foreign currency losses	116,473	167,259
Other interest expense	-	-
Total finance costs	**259,072**	**305,675**
Net finance costs	**172,155**	**46,608**

30. SERVICES IN KIND

30.1 Services in kind are services provided by individuals to the OPCW in a non-exchange transaction. The major classes of services in kind received by the OPCW are described below.

Accommodation and transportation services

30.2 For various OPCW activities such as training seminars and international meetings, accommodation and transportation services are provided.

Security services

30.3 During various OPCW activities such as training seminars and international meetings, security services are provided to ensure the security and safety of attendees.

Laboratory services

30.4 Specialised laboratory services are provided regarding the testing and evaluation of data, preparation and analysis of samples, and other specialised services.

Usage of facilities

30.5 For various OPCW activities such as training seminars and international meetings, facilities (such as usage of meeting facilities, break facilities, etc.) are provided.

Other services

30.6 Other services provided to the OPCW include translation services, specialised employees for the delivery of training courses, and students completing internship programmes with the OPCW.

31. CONTINGENCIES

The OPCW has contingent liabilities in respect of legal claims arising in the course of business. It is not expected that any material liabilities will arise from the contingent liabilities other than those provided for in note 19 'Provisions'.

32. COMMITMENTS

Capital commitments

32.1 Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

Capital Commitments	2011
Property, plant and equipment	488,048
Intangible assets	-
	488,048

Operating lease commitments

32.2 The future aggregate minimum lease payments under non-cancellable operating leases where the OPCW is lessee are as follows:

Operating Leases (OPCW as Lessee)	2011
No later than 1 year	2,947,981.45
Later than 1 year and no later than 5 years	2,801,916.17
Later than 5 years	-
	5,749,897.62

32.3 The OPCW leases various buildings (including its Headquarters in The Hague, the Netherlands), office space, conference facilities, parking facilities and various items of office and laboratory equipment under non-cancellable operating leases. The lease terms generally range from one year to 15 years. The OPCW is typically required to provide a notice period in order to cancel any of these operating lease agreements. Operating lease payments that are recognised in the statement of financial performance amounts to EUR 3,383,894 (2010: EUR 3,298,773). Sublease payments received from the rental of office space in one of the OPCW's buildings is disclosed in note 26 'Other income'.

33. RELATED PARTY TRANSACTIONS

The OPCW is not controlled by another entity. The OPCW does not have any associates or joint ventures that could be considered as related parties.

34. KEY MANAGEMENT COMPENSATION

34.1 Key management personnel for the OPCW are the Director-General and Deputy Director-General. The compensation paid or payable to key management for employee services is shown below:

	2011	
	Number of Individuals*	**Aggregate Remuneration**
Director-General and Deputy Director-General	2	669,420

* The former Deputy Director-General's compensation up to March 2011 is also included in addition to the current Deputy Director-General's compensation.

	2010	
	Number of Individuals*	**Aggregate Remuneration**
Director-General and Deputy Director-General	2	756,884

* The former Director-General's compensation up to July 2010 is also included in addition to the current Director-General's compensation.

34.2 The undue effort required for the OPCW to determine the amount of post-employment benefits and other long-term employee benefits relating to key management precludes disclosure of these amounts.

35. SEGMENT INFORMATION

35.1 The OPCW's segment reporting is based on the structure of the OPCW's budget, as this reflects the OPCW's manner of evaluating past performance in achieving its objectives and making decisions about future allocation of resources in the OPCW. The OPCW's segments are described below.

Verification

35.2 The main activities are related to the implementation of the verification regime provided for by the Convention. The types of activities include planning, overseeing and finalising inspections; providing operational and policy guidance on verification and inspection regimes; and providing technical support.

35.3 The following subprogrammes are included: Office of the Director, Chemical Demilitarisation Branch, Declarations Branch, Industry Verification Branch, Policy and Review Branch, and OPCW Laboratory.

Inspections

35.4 The main activities are related to providing inspections to verify the destruction and storage of chemical weapons by States Parties, inspecting the status of production facilities, and non-proliferation of chemical weapons in compliance with the Convention.

35.5 The following subprogrammes are included: Office of the Director, Operations and Planning Branch, Inspectorate Management Branch, and Inspection Team Leaders and Personnel.

International Cooperation and Assistance

35.6 The main activities include promoting the peaceful use of chemistry, facilitating implementation by States Parties of their national obligations under the Convention, and assisting States Parties to develop capabilities to deal with any situation arising out of the use or threat of use of chemical weapons.

35.7 The following subprogrammes are included: Office of the Director, Assistance and Protection Branch, International Cooperation Branch, and Implementation Support Branch.

Support to the Policy-Making Organs

35.8 The main activities are related to facilitating meetings and wider consultations between States Parties and with the OPCW's Technical Secretariat (hereinafter "the Secretariat"), ensuring substantive and operating support in their decision-making process, follow-up of decisions, coordination of the preparation and translation of formal documents, and providing interpretation services for formal meetings.

35.9 The following subprogrammes are included: Office of the Director, and Language Services Branch.

External Relations

35.10 The main activities include support and encouraging cooperation between the OPCW and States Parties in implementing the Convention, increasing the international level of involvement in OPCW activities and events, and enhancing partnerships and cooperation between the OPCW and the United Nations and other regional and international organisations.

35.11 The following subprogrammes are included: Office of the Director, Government Relations and Political Affairs Branch, Media and Public Affairs Branch, and Protocol and Visa Branch.

Executive Management

35.12 The main activities are related to providing strategic guidance and direction, effective governance and accountability, and organisational management and leadership within the Secretariat.

35.13 The following subprogrammes are included: Office of the Director-General, Office of the Deputy Director-General, Office of Internal Oversight, Office of the Legal Adviser, Office of Special Projects, Office of Confidentiality and Security, and Health and Safety Branch.

Administration

35.14 The main activities are related to providing support for budget, finance, human resources, information services, procurement and infrastructure support, and training.

35.15 The following subprogrammes are included: Office of the Director; Budget, Planning and Control Branch; Finance and Accounts Branch; Human Resources Branch; Information Services Branch; Procurement and Support Services Branch; and Training, Development and Results-Based Management Branch.

Special Accounts and Voluntary Fund for Assistance

35.16 Special account for the OPCW Equipment Store: The purposes of this special account are:

(a) to provide a basis for evaluating new technologies and samples of new equipment, the availability of which cannot be forecast on a calendar basis, and for purchasing new equipment approved by the Conference, which cannot necessarily be accomplished within the calendar year;

(b) to provide an account from which to make payments for reimbursements to States Parties for costs incurred in disposing of or decontaminating equipment on site.

35.17 Special account for activities related to designated laboratories: The purpose of this special account is to provide funds for paying designated laboratories for the analysis of samples taken during on-site inspections.

35.18 Voluntary Fund for Assistance: The main activities of this fund are to coordinate and deliver assistance, in terms of Article X of the Convention, to a State Party when requested.

Trust Funds

35.19 Trust funds are established to account for voluntary contributions. They may be established by the Conference or the Director-General for clearly defined activities that are consistent with the policies, aims and activities of the OPCW for the implementation of the Convention. Presently, the following trust funds are operational within the OPCW:

(a) Trust fund for regional seminars

(b) Trust fund for courses for personnel of National Authorities

(c) Trust fund for training

(d) Trust fund for the implementation of Article X in relation to the provision of assistance and protection, on request, to any Member State in the event of the use or threat of use of chemical weapons

(e) United States voluntary trust fund to meet costs associated with the inspection-and-verification regime and with international cooperation (including support for enhancing national measures to combat chemical terrorism)

(f) Trust fund for the Associate Programme

(g) Trust fund for the procurement of GC-MS systems to support on- and off-site chemical analysis

(h) Trust fund for the implementation of Article VII obligations

(i) Trust fund for the Internship-Support Programme to finance four internships at OPCW Headquarters and the OPCW Laboratory

(j) European Union support for OPCW activities 2009 in the framework of the implementation of the European Union Strategy against Proliferation of Weapons of Mass Destruction

(k) Trust fund for the Scientific Advisory Board

(l) Trust fund to support participation in OPCW events of a broader group of NGOs from Africa, Asia and Latin America

(m) Trust fund for the conference on international cooperation and chemical safety and security

Segment Information
For the period ending 31 December 2011

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / income	**6,467,933**	**31,702,863**	**5,155,991**	**4,212,365**	**1,455,472**	**6,900,963**	**16,179,045**	**1,496,066**	**567,903**	**74,138,602**
Segment revenue from budget allocation										
Assessed contributions	6,467,933	27,340,719	5,155,991	4,212,365	1,455,472	6,900,963	16,179,045	-	-	67,712,488
Article IV & V revenue	-	4,267,950	-	-	-	-	-	-	-	4,267,950
Segment revenue from external sources										-
Voluntary contributions	-	-	-	-	-	-	-	1,496,066	-	1,496,066
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Other revenue / income	-	94,195	-	-	-	-	-	-	567,903	662,098
Total segment expense	**10,899,190**	**45,766,245**	**7,557,357**	**7,348,863**	**2,674,637**	**(31,595,829)**	**25,977,494**	**1,571,442**	**3,666,294**	**73,865,694**
Employee-benefit expenses	10,189,391	36,228,543	4,172,495	6,110,826	2,437,729	(26,440,892)	17,142,099	102,774	1,729,363	51,672,329
Travel expenses	200,701	4,172,207	2,713,835	347,523	80,350	(381,973)	80,031	915,462	-	8,128,137
Other	509,097	5,365,495	671,027	890,515	156,557	(4,772,964)	8,755,363	553,206	1,936,931	14,065,228

The OPCW does not attribute assets and liabilities to reporting segments.

Segment Information
For the period ending 31 December 2010

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / Income	**6,763,354**	**32,669,812**	**5,164,109**	**4,128,042**	**1,535,147**	**7,045,671**	**16,507,976**	**958,899**	**745,340**	**75,518,350**
Segment revenue from budget allocation										
Assessed contributions	6,763,354	27,707,601	5,164,109	4,128,042	1,535,147	7,045,671	16,507,976	-	-	68,851,900
Article IV & V revenue	-	4,962,211	-	-	-	-	-	-	-	4,962,211
Segment revenue from external sources										
Voluntary contributions	-	-	-	-	-	-	-	958,899	-	958,899
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Other revenue / income	-	-	-	-	-	-	-	-	745,340	745,340
Total segment expense	**6,557,849**	**29,291,060**	**5,605,450**	**4,438,989**	**1,596,576**	**7,620,133**	**16,451,346**	**1,542,062**	**899,883**	**74,003,349**
Employee-benefit expenses	6,067,832	22,032,820	2,446,612	3,413,507	1,430,009	6,842,571	10,791,789	56,816	(590,467)	52,491,488
Travel expenses	224,926	4,043,855	2,423,830	303,499	62,351	375,559	229,894	1,087,200	-	8,751,115
Other	265,091	3,214,385	735,008	721,983	104,216	402,004	5,429,663	398,046	1,490,350	12,760,746

The OPCW does not attribute assets and liabilities to reporting segments.

36. BUDGETARY INFORMATION

36.1 The budget is prepared under a different basis of accounting than these financial statements. The budget is prepared under a combination of a cash basis and a commitment basis of accounting. These financial statements are prepared under the accrual basis of accounting. The approved budget covers the period from 1 January 2011 to 31 December 2011 for the OPCW and its core objectives (no additional entities are included in the budget and no additional entities are included in the scope of consolidation of the OPCW). Additional information regarding UNSAS is presented in the Annex to these financial statements. The Annex is not considered part of the IPSAS financial statements.

Differences between budget and actual amounts

36.2 The following is an overview of the significant differences that have arisen between the OPCW's revised budget and actual amounts, presented in the 'Statement of comparison of budget and actual amounts' on page 10 of these financial statements.

36.3 The budgetary trend in Chapter 1 and Chapter 2 of the Programme and Budget remained stable and consistent in 2011.

36.4 The levels of expenditure of Chapter 1 and Chapter 2 also remained stable and consistent in 2011. A minor drop of 1.25% in the figures could be observed.

36.5 The Secretariat had spent less than the revised budget in all programmes. The underutilisation of the revised budget (between 8.1% and 0.1%) is of acceptable margin of variation.

36.6 The underutilisation within the Verification Programme (8.1%) is largely due to vacancies of positions and to less expenditure within the "Laboratory Supplies" and "Travel" budget lines.

Reconciliation of actual amounts from budgetary basis to financial statement basis

36.7 The cash basis is used to prepare the budgetary amounts. A reconciliation of the actual amounts on the budgetary basis to the net cash flows from operating, investing and financing activities is presented below.

For the year ended 31 December 2011:

	Operating	Financing	Investing	Total
Actual net surplus amount on budgetary basis (per Statement of Comparison of Budget and Actual Amounts)	**954,554**	**-**	**-**	**954,554**
Basis differences				
Unliquidated obligations	4,265,455	-	-	4,265,455
Assessed contributions revenue	(971,986)	-	-	(971,986)
Article IV and V revenue	1,887,580	-	-	1,887,580
Employee benefits	(1,939,384)	-	-	(1,939,384)
Other basis differences	2,998,455	(4,553,837)	(574,420)	2,998,455
Budgetary (General Fund) results on cash basis	**7,194,6743**	**(4,553,837)**	**(574,420)**	**2,066,416**
Entity differences				
Trust funds and Special Accounts	(1,109,749)	18,897	(36,310)	(1,127,162)
Timing differences	-	-	-	-
Actual amount in the IPSAS cash flow statement	**6,084,923**	**(4,534,940)**	**(610,730)**	**939,253**

For the year ended 31 December 2010:

	Operating	Financing	Investing	Total
Actual net surplus amount on budgetary basis (per Statement of Comparison of Budget and Actual Amounts)	**208,005**	**-**	**-**	**208,005**
Basis differences				
Unliquidated obligations	3,018,864	-	-	3,018,864
Assessed contributions revenue	(3,032,283)	-	-	(3,032,283)
Article IV and V revenue	(484,528)	-	-	(484,528)
Employee benefits	263,614	-	-	263,614
Other basis differences	(3,502,906)	(9,184,476)	(295,766)	(12,983,148)
Budgetary results on cash basis	**(3,529,236)**	**(9,184,476)**	**(295,766)**	**(13,009,478)**
Entity differences				
Trust funds and Special Accounts	12,556	8,622	(174,931)	(153,753)
Timing differences	-	-	-	-
Actual amount in the IPSAS cash flow statement	**(3,516,680)**	**(9,175,854)**	**(470,697)**	**(13,163,231)**

36.8 The differences arising are primarily basis differences. These differences arise because the budgetary amounts are prepared on a different basis than the IPSAS financial statements, as described above. Timing differences typically do not arise because the budget period and the reporting period for these financial statements are identical. Entity differences typically do not arise because the budget includes all programmes and entities that are included in the OPCW consolidated IPSAS financial statements.

Reconciliation from budgetary result to IPSAS result

36.9 To aid the users of the OPCW's IPSAS financial statements, the following reconciliation has been provided as an overview of the differences arising between the budgetary result and the IPSAS result as reported in these financial statements. This information is not required to be included in financial statements prepared in accordance with IPSAS, however, is provided as additional, voluntary information.

	2011	2010
Budgetary Accounts (all funds) - excess/(shortfall) of income over expenditure (Annex 5.1)	**1,269,937**	**(490,128)**
Prior year adjustments reclassified as current year revenue and expense	**91,608**	**227,338**
Net excess/(shortfall) of income over expenditure	**1,361,545**	**(262,790)**
Differences		
Expenses of the budgetary accounts reclassified as property, plant and equipment	177,962	220,535
Recognition of expenses against inventories consumed	(119,428)	-
Recognition of depreciation and impairment expense on property, plant and equipment	(1,043,369)	(790,432)
Derecognition of unliquidated obligations	4,344,625	3,404,727
Recognition of long-term employee-benefit expenses	(527,717)	414,028
Recognition of short-term employee-benefit expenses	(430,669)	721,923
Assessed contribution recognised as other non-current liabilities	(656,012)	885,900
Recognition of impairment expense of assessed contributions	(75,038)	(464,447)
Recognition of impairment expense of Article IV and V receivables	(441,013)	(223,080)
Recognition of other impairment	(11,219)	-
Recognition of write-down of other non-current liabilities	516,051	687,527
Recognition of expenses based on current year receipt of goods and services	(2,170,887)	(2,618,752)
Recognition of provisions (legal cases)	(69,609)	(12,391)
Gain (loss) on disposal of property, plant and equipment	(7,083)	-
Miscellaneous adjustments to expense	-	(152,346)
Miscellaneous adjustments to income	939	(5,567)
Adjustments to exchange revenue	90,953	(7,385)
Income and expense reclassified as finance income/finance cost	(147,491)	-
Adjustments to non-exchange revenue (voluntary contributions with conditions)	(347,477)	(235,842)
Total differences	(916,482)	1,824,399
IPSAS net surplus/(deficit) for the period	**445,062**	**1,561,609**

37. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

38. OTHER

Due to the effect of rounding, there may be differences of EUR 1 to 3 between the amounts indicated in the financial statements, notes and Annex.

Annex: Additional Information to the Financial Statements

Annex

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

1. Budgetary accounts

1.1 The OPCW's Financial Regulations 11.1(b) to 11.1(e) require the Director-General to provide the following information in addition to the financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

(a) a statement for the status of appropriations, as per Financial Regulation 11.1(b), including:

(i) the original budget appropriations;

(ii) the appropriations as modified by any transfers of funds;

(iii) credits, if any, other than appropriations approved by the Conference;

(iv) the amounts charged against the appropriations and/or other credits; and

(v) an unobligated balance of appropriations;

(b) a statement on the investments held at 31 December as per Financial Regulation 11.1(c);

(c) such notes, other statements, and schedules, as are required to provide a fair presentation of the financial statements and the results of the OPCW's operations for the financial period as per Financial Regulation 11.1(d); and

(d) a statement of all losses, as per Financial Regulation 11.1(e).

1.2 Accordingly, this Annex presents statements and schedules based on financial information derived within the OPCW's budgetary accounting. Pursuant to the OPCW's Financial Regulation 2.2, the budgetary accounting involves the recording and reporting of financial information on a modified cash basis, the same basis as that followed for appropriations for the regular budget or for other funds governed by other agreements, in a manner that is consistent with the Financial Regulations and Rules, with Financial Directives, and with any other instructions as may be issued by or on behalf of the Director-General for their administration. The required additional information has, therefore, been extracted from the budgetary accounts and presented in the following schedules and statements under the indicated paragraphs of the Annex.

(a) Statement for the status of appropriations (paragraph 3)

(b) Statement of cash and investments (paragraph 4)

(c) Income, expenditure, and changes in reserve and fund balances for all funds (paragraph 5.1)

(d) Assets, liabilities and reserves and fund balances for all funds (paragraph 5.2)

(e) Income, expenditure and changes in reserve and fund balances for the special accounts and Voluntary Fund for Assistance (paragraph 5.3)

(f) Income, expenditure and changes in reserve and fund balances for all trust funds (paragraph 5.4)

(g) Statement of cash surpluses – general fund (paragraph 5.5)

(h) Status of assessed annual contributions – general fund (paragraph 5.6)

(i) Status of advances to the working capital fund (paragraph 5.7)

(j) Statement of expenditure by funding programme and major expenditure category – general fund (paragraph 5.8)

(k) Statement of savings on prior year's obligations – general fund (paragraph 5.9)

(l) Statement of cash surpluses credited to Member States – general fund (paragraph 5.10)

(m) Reimbursements for inspections invoiced under Articles IV and V (paragraph 5.11)

(n) Trust funds – voluntary contributions by donors (paragraph 5.12)

(o) Statement of losses (paragraph 6)

2. Reconciliation of budgetary results to IPSAS results

2.1 Due to application of different accounting bases, namely, the IPSAS basis and the modified cash basis, respectively, in the preparation of the financial statements and the annexed statements and schedules, differences exist in various balances as well as their presentations in the statements and schedules. Breakdowns of these differences are provided in the reconciliation statements shown within the notes to the financial statements as follows.

(a) Note 6: Impact of the transition to IPSAS – reconciling the Fund balance under the budgetary accounts reflected in paragraph 5.1 of the Annex to the net assets of the IPSAS-based Statement of Financial Position;

(b) Note 36.7: Reconciliation of the budgetary result to the IPSAS result showing breakdown of the major areas of differences between the amounts of 'Excess/(shortfall) of income over expenditure' reported under the budgetary accounts to the net surplus/(deficit) reported under the IPSAS-based Statement of Financial Performance.

2.2 Additional footnotes are also provided within the Annex, as necessary, to explain specific items in the various sections of the statements and schedules of the budgetary accounts, where these are derived or presented on a different basis than the financial statements.

3. Statement for the status of appropriations (as per Financial Regulation 11.1(b))

3.1 Statement of appropriations - General Fund - For the period ending 31 December 2011 (expressed in euros)

Funding Programme	Appropriations [(i)]			Expenditure			Balance
	Appropriation	Transfers	Revised	Disbursements	Unliquidated Obligations[(ii)]	Total Expenditure[(iii)]	
Programme 1. Verification	7,121,400	-	**7,121,400**	6,167,998	377,334	**6,545,332**	**576,068**
Programme 2. Inspections	30,103,000	-	**30,103,000**	27,259,535	1,122,182	**28,381,717**	**1,721,283**
Total verification costs (Chapter 1)	**37,224,400**	-	**37,224,400**	**33,427,533**	**1,499,516**	**34,927,049**	**2,297,351**
Programme 3. International Cooperation and Assistance	6,037,800	**(360,890)**	**5,676,910**	5,063,740	524,321	**5,588,061**	**88,849**
Programme 4. Support to the Policy-Making Organs	4,518,200	**119,748**	**4,637,948**	4,574,766	58,493	**4,633,259**	**4,689**
Programme 5. External Relations	1,714,700	**(112,179)**	**1,602,521**	1,549,302	36,601	**1,585,903**	**16,618**
Programme 6. Executive Management	7,486,000	**112,179**	**7,598,179**	7,453,085	107,037	**7,560,122**	**38,057**
Programme 7. Administration	17,572,500	**241,142**	**17,813,642**	15,711,336	2,039,487	**17,750,823**	**62,819**
Total administrative and other costs (Chapter 2)	**37,329,200**	-	**37,329,200**	**34,352,229**	**2,765,939**	**37,118,168**	**211,032**
TOTAL	**74,553,600**	-	**74,553,600**	**67,779,762**	**4,265,455**	**72,045,217**	**2,508,383**

3.2 Statement of appropriations - General Fund - For the period ending 31 December 2010 (expressed in euros)

Funding Programme	Appropriations			Expenditure			Balance
	Appropriation	Transfers	Revised	Disbursements	Unliquidated Obligations[(ii)]	Total Expenditure[(iii)]	
Programme 1. Verification	7,318,700	-	**7,318,700**	6,578,241	173,028	**6,751,269**	**567,431**
Programme 2. Inspections	29,982,700	-	**29,982,700**	28,413,112	746,473	**29,159,585**	**823,115**
Total verification costs (Chapter 1)	**37,301,400**	-	**37,301,400**	**34,991,353**	**919,501**	**35,910,854**	**1,390,546**
Programme 3. International Cooperation and Assistance	6,042,200	**(454,061)**	**5,588,139**	5,097,967	457,671	**5,555,638**	**32,501**
Programme 4. Support to the Policy-Making Organs	4,504,200	**(37,200)**	**4,467,000**	4,328,338	115,758	**4,444,096**	**22,904**
Programme 5. External Relations	1,661,200	-	**1,661,200**	1,571,867	54,509	**1,626,376**	**34,824**
Programme 6. Executive Management	7,459,600	**164,598**	**7,624,198**	7,460,945	144,705	**7,605,650**	**18,548**
Programme 7. Administration	17,536,800	**326,663**	**17,863,463**	16,488,367	1,326,720	**17,815,087**	**48,376**
Total administrative and other costs (Chapter 2)	**37,204,000**	-	**37,204,000**	**34,947,484**	**2,099,363**	**37,046,847**	**157,153**
TOTAL	**74,505,400**	-	**74,505,400**	**69,938,837**	**3,018,864**	**72,957,701**	**1,547,699**

(i) Appropriations for 2011, in the total amount of EUR 74,553,600 (2010: EUR 74,505,400), were approved by the Conference at its Fifteenth Session (C-15/DEC.6, dated 2 December 2010). The agreed appropriations were to be financed from assessed annual contributions paid by all States Parties in the amount of EUR 68,368,500 (2010: EUR 67,966,000) and from budgeted direct income in the amount of EUR 6,185,100 (2010: EUR 6,539,400). The balance (budget less expenditures) of EUR 2,508,383 represents a surplus over the amount appropriated, not the amount allotted. The difference between allotment and appropriation is the amount withheld according to Financial Regulation 4.7 (contingency margin to account for assessments not likely to be received in the financial period). The amount of the contingency margin is based on the average of the collection rate for the previous three years (Financial Rule 4.7.01). The calculated contingency margin for 2011 is 0.5% (2010: 1.24%).

(ii) Expenditure obligations which are established during the financial period, and remain outstanding as at the end of the reporting period, are recognised under the budgetary accounts as expenditure for the financial period when they are based on a contract, binding purchase order, agreement or other form of undertaking by the OPCW before the end of the financial period, or are based on a liability recognised by the OPCW. In this context, the cost of goods (supplies, furniture, equipment, and other property) ordered before the end of the financial period but received (and paid for) in the following period is recognised as expenditure, and a liability, in the reporting period. The cost of services, including staff costs, is recognised as expenditure, and a liability, during the reporting period only to the extent that the associated services are rendered up to the end of the reporting period.

(iii) In the budgetary accounts, expenditures include costs of furniture, equipment, and other non-expendable property (NEP) acquired during the financial year. Benefits payable to employees on separation from the service of the OPCW, as well as obligations attributable to accumulated annual leave and other staff entitlements, are recorded as expenditure in the year in which the benefits are paid to, or on behalf of, a staff member.

4. Statement of cash and investments (term deposits) - All funds (as per Financial Regulation 11.1(c))

4.1 Statement of cash and investments (term deposits) - All funds as at 31 December 2011 (expressed in euros)

Fund	Cash	Term Deposits	Total
General Fund	1,490,496	1,800,000	3,290,496
Working Capital Fund	615	9,921,107	9,921,722
Voluntary Fund for Assistance	109,157	1,317,232	1,426,389
United States voluntary trust fund	91,333	1,635,112	1,726,445
European Union support for OPCW activities in 2009	72,621	150,000	222,621
Special account for the OPCW Equipment Store	21,416	329,797	351,213
Special account for designated laboratories	56,857	865,322	922,179
European Union support for OPCW activities in 2007	-	-	-
Regional seminars			117,560
Courses for personnel of National Authorities			133,528
Training			-
Implementation of Article X			85,647
Associate Programme			5,016
Procurement of GC/MS systems	107,952*	650,479*	72,937
Implementation of Article VII obligations			286,171
Scientific Advisory Board			38,843
Internship-Support Programme			5,908
NGO participation in OPCW events			2,595
Conference on International Cooperation and Chemical Safety & Security			10,226
TOTAL CASH AND TERM DEPOSITS	**1,950,448**	**16,669,049**	**18,619,496**

* In 2011 some Trust Funds cash balances held in current accounts have been pooled to a single current account, some of which has been placed in term deposits.

4.2 Statement of cash and investments (term deposits) - All funds as at 31 December 2010 (expressed in euros)

Fund	Cash	Term Deposits	Total
General Fund	324,079	900,000	1,224,079
Working Capital Fund	674	9,912,884	9,913,558
Special account for the OPCW Equipment Store	158,997	315,473	474,470
Special account for designated laboratories	54,297	769,186	823,482
Voluntary Fund for Assistance	103,274	1,304,759	1,408,032
United States voluntary trust fund	322,272	1,073,977	1,396,249
European Union support for OPCW activities in 2009	135,402	1,184,940	1,320,342
European Union support for OPCW activities in 2007	424,525	-	424,525
Regional seminars	182,510	-	182,510
Courses for personnel of National Authorities	143,463	-	143,463
Implementation of Article X	82,859	-	82,859
Procurement of GC/MS systems	75,788	-	75,788
Implementation of Article VII obligations	146,320	-	146,320
Other trust funds	64,566	-	64,566
TOTAL CASH AND TERM DEPOSITS	**2,219,024**	**15,461,218**	**17,680,242**

5. Other statements (Financial Regulation 11.1(d))

5.1 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - All Funds - For the period ending 31 December 2011 (expressed in euros)

	Reference (Annex)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance (Annex 5.3)		Trust Funds (Annex 5.4)		TOTAL	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
INCOME											
Assessed annual contributions [i]	5.6	68,368,500	67,966,000	-	-	-	-	-	-	**68,368,500**	**67,966,000**
Voluntary contributions	5.12	-	-	-	-	5,000	3,500	1,824,645	1,191,241	**1,829,645**	**1,194,741**
Miscellaneous income:											
Verification contributions under Articles IV & V	5.11	4,210,101	4,969,596	-	-	-	-	-	-	**4,210,101**	**4,969,596**
Assessed annual contributions - new Member States	5.6	-	-	-	-	-	-	-	-	-	-
Interest income		278,875	131,815	-	-	26,208	10,029	25,111	9,089	**330,194**	**150,933**
Currency-exchange gains		-	40,482	-	-	-	-	-	-	-	**40,482**
Other income		142,293	57,813	-	-	-	-	-	-	**142,293**	**57,813**
TOTAL INCOME		**72,999,769**	**73,165,706**	-	-	**31,208**	**13,529**	**1,849,756**	**1,200,330**	**74,880,733**	**74,379,565**
EXPENDITURE											
Staff costs		52,439,557	53,429,748	-	-	-	-	96,538	58,689	**52,536,095**	**53,488,437**
Travel costs		7,208,313	7,819,386	-	-	-	-	920,452	1,096,038	**8,128,765**	**8,915,424**
Contractual services		5,097,507	5,137,007	-	-	44,955	59,284	280,747	40,055	**5,423,209**	**5,236,346**
Internships, grants, contributions to seminars and workshops		424,838	333,359	-	-	-	-	34,946	8,103	**459,784**	**341,462**
General operating expenses		5,800,374	5,485,581	-	-	713	102,323	66,136	73,387	**5,867,223**	**5,661,291**
Furniture and equipment		1,074,628	752,620	-	-	29,487	246,773			**1,104,115**	**999,393**
TOTAL EXPENDITURE	5.3, 5.4, 5.9	**72,045,217**	**72,957,701**	-	-	**75,155**	**408,380**	**1,398,819**	**1,276,272**	**73,519,191**	**74,642,353**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		**954,554**	**208,005**	-	-	**(43,947)**	**(394,851)**	**450,937**	**(75,942)**	**1,361,542**	**(262,788)**
Prior period adjustments		(88,255)	(158,353)	-	-	-	(60,000)	(3,352)	(8,985)	**(91,607)**	**(227,338)**
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		**866,297**	**49,652**	-	-	**(43,947)**	**(454,851)**	**447,585**	**(84,927)**	**1,269,935**	**(490,126)**
Savings on prior period's obligations	5.9	512,929	682,956	-	-	86,198	12,885	31,162	31,944	**630,289**	**727,785**
Transfers to/from other funds		(181,254)	(149,503)	-	-	181,302	149,503	(48)	-	-	-
Credits to Member States [ii]	5.10	(4,904,164)	(10,763,102)	-	-	-	-	-	-	**(4,904,164)**	**(10,763,102)**
Increase in Working Capital Fund		-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period		7,620,290	17,800,287	9,912,470	9,912,470	2,614,388	2,906,851	2,207,011	2,259,994	**22,354,159**	**32,879,602**
RESERVES AND FUND BALANCES, END OF PERIOD		**3,914,098**	**7,620,290**	**9,912,470**	**9,912,470**	**2,837,941**	**2,614,388**	**2,685,710**	**2,207,011**	**19,350,219**	**22,354,159**

(i) Assessed annual contributions received in advance, during the reporting period, are considered a liability owed to the State Party when initially received, and are recognised as income in subsequent periods to which the contributions relate.

(ii) The amount of EUR 4,904,164 (2010: EUR 10,763,102) represents final cash surpluses from 2008 and prior years, applied during the reporting period to States Parties which owed amounts to the OPCW and have paid their assessed annual contributions in full for the financial period to which the surplus relates. The detailed application of surpluses during 2009 for each State Party is shown in paragraph 5.10.

5.2 Budgetary accounts: Assets, liabilities and reserves and fund balances - All Funds - As at 31 December 2011 (expressed in euros)

	Reference (Annex)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance		Trust Funds		TOTAL	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
ASSETS											
Cash and term deposits	4	3,290,496	1,224,079	9,921,722	9,913,558	2,699,781	2,705,984	2,707,499	3,836,622	**18,619,498**	**17,680,243**
Accounts receivable:											
Assessed annual contributions from Member States	5.6	3,436,872	3,120,898	-	-	-	-	-	-	**3,436,872**	**3,120,898**
Voluntary contributions		-	-	-	-	-	-	6,439	-	**6,439**	-
Verification contributions under Articles IV & V [(i)]	5.11	2,000,354	3,796,981	-	-	-	-	-	-	**2,000,354**	**3,796,981**
Other contributions receivable		-	-	-	-	-	-	-	-	-	-
Advances		-	-	7,970	8,366	-	-	-	-	**7,970**	**8,366**
Inter-fund balances		59,053	145,800	-	-	181,865	166,999	90,186	8,596	**331,104**	**321,395**
Other receivables		2,118,139	2,509,221	5,646	4,014	1,248	827	12,331	61,736	**2,137,364**	**2,575,798**
Other assets		2,538,999	2,580,496	-	-	-	-	-	-	**2,538,999**	**2,580,496**
TOTAL ASSETS		**13,443,913**	**13,377,475**	**9,935,338**	**9,925,938**	**2,882,894**	**2,873,810**	**2,816,455**	**3,906,954**	**29,078,600**	**30,084,177**
LIABILITIES											
Contributions received in advance		4,006,159	250,430	-	-	-	-	67,500	1,016,793	**4,073,659**	**1,267,223**
Unliquidated obligations		4,265,456	3,018,864	-	-	30,000	259,422	49,170	126,442	**4,344,626**	**3,404,728**
Accounts payable:											
Inter-fund balances		279,369	175,595	22,867	13,468	14,955	-	13,912	132,332	**331,103**	**321,395**
Other payables		978,830	2,312,296	-	-	-	-	161	424,376	**978,991**	**2,736,672**
Other liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		**9,529,814**	**5,757,185**	**22,867**	**13,468**	**44,955**	**259,422**	**130,743**	**1,699,943**	**9,728,379**	**7,730,018**
RESERVES AND FUND BALANCES											
Fund balances [(ii)]		3,914,098	7,620,290	9,912,470	9,912,470	2,837,941	2,614,388	2,685,710	2,207,011	**19,350,219**	**22,354,159**
TOTAL RESERVES AND FUND BALANCES		**3,914,098**	**7,620,290**	**9,912,470**	**9,912,470**	**2,837,941**	**2,614,388**	**2,685,710**	**2,207,011**	**19,350,219**	**22,354,159**
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		**13,443,912**	**13,377,475**	**9,935,337**	**9,925,938**	**2,882,896**	**2,873,810**	**2,816,453**	**3,906,954**	**29,078,598**	**30,084,177**

(i) Receivables pertaining to reimbursement of verification costs under Articles IV and V of the Convention include accruals for inspection missions that were in progress as at 31 December 2011 or missions for which billing information had not yet been fully received as at the same date.

(ii) Reconciliation of the total fund balances of the budgetary accounts to the net assets of the IPSAS financial statements has been provided in note 6 to the financial statements.

5.3 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Special Accounts and Voluntary Fund for Assistance - For the period ending 31 December 2011 (expressed in euros)

	OPCW Equipment Store		Designated Laboratories		Voluntary Fund for Assistance		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
INCOME								
Assessed annual contributions	-	-	-	-	-	-	**-**	**-**
Voluntary contributions	-	-	-	-	5,000	3,500	**5,000**	**3,500**
Miscellaneous income:								
Verification contributions under Articles IV & V	-	-	-	-	-	-	**-**	**-**
Assessed annual contributions - new Member States	-	-	-	-	-	-	**-**	**-**
Interest income	4,077	1,520	8,234	3,282	13,897	5,227	**26,208**	**10,029**
Currency-exchange gains	-	-	-	-	-	-	**-**	**-**
Other income	-	-	-	-	-	-	**-**	**-**
TOTAL INCOME	**4,077**	**1,520**	**8,234**	**3,282**	**18,897**	**8,727**	**31,208**	**13,529**
EXPENDITURE								
Staff costs	-	-	-	-	-	-	**-**	**-**
Travel costs	-	-	-	-	-	-	**-**	**-**
Contractual services	-	-	44,955	59,284	-	-	**44,955**	**59,284**
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	**-**	**-**
General operating expenses	662	102,156	51	62	-	105	**713**	**102,323**
Furniture and equipment	29,487	246,773	-	-	-	-	**29,487**	**246,773**
TOTAL EXPENDITURE	**30,149**	**348,929**	**45,006**	**59,346**	**-**	**105**	**75,155**	**408,380**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(26,072)**	**(347,409)**	**(36,772)**	**(56,064)**	**18,897**	**8,622**	**(43,947)**	**(394,851)**
Prior period adjustments	-	(60,000)	-	-	-	-	**-**	**(60,000)**
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(26,072)**	**(407,409)**	**(36,772)**	**(56,064)**	**18,897**	**8,622**	**(43,947)**	**(454,851)**
Savings on prior period's obligations	66,199	663	19,999	12,222	-	-	**86,198**	**12,885**
Transfers to/from other funds	41,302	59,163	140,000	90,340	-	-	**181,302**	**149,503**
Credits to Member States	-	-	-	-	-	-	**-**	**-**
Increase in Working Capital Fund	-	-	-	-	-	-	**-**	**-**
Reserves and fund balances, beginning of period	311,757	659,340	894,234	847,736	1,408,397	1,399,775	**2,614,388**	**2,906,851**
RESERVES AND FUND BALANCES, END OF PERIOD	**393,186**	**311,757**	**1,017,461**	**894,234**	**1,427,294**	**1,408,397**	**2,837,941**	**2,614,388**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ending 31 December 2011 (expressed in euros)

	Regional Seminars		Courses for Personnel of National Authorities		Training		US Voluntary Fund		Implementation Article X		Associate Programme		Scientific Advisory Board		NGO Participation in OPCW Events	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
INCOME																
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	108,338	98,794	-	-	-	-	372,700	-	63,986	93,393	23,427	-	24,523	4,088	12,743	-
Miscellaneous income: Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	2,529	152	574	149	5	-	13,904	4,743	373	89	115	13	178	33	21	-
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**110,867**	**98,946**	**574**	**149**	**5**	**-**	**386,604**	**4,743**	**64,359**	**93,482**	**23,542**	**13**	**24,701**	**4,121**	**12,764**	**-**
EXPENDITURE																
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel costs	89,269	159,090	-	-	-	-	-	5,000	69,787	108,311	-	-	19,317	18,504	25,558	-
Contractual services	18	1,423	-	-	2,300	-	26,018	-	16,111	1,956	-	-	-	-	-	-
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	3,990	-	23,427	-	-	-	-	-
General operating expenses	883	5,089	-	73	-	3	55	111	2,622	24,454	-	20	35	3	731	5
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**90,170**	**165,602**	**-**	**73**	**2,300**	**3**	**26,073**	**5,111**	**92,510**	**134,721**	**23,427**	**20**	**19,352**	**18,507**	**26,289**	**5**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**20,697**	**(66,656)**	**574**	**76**	**(2,295)**	**(3)**	**360,531**	**(368)**	**(28,151)**	**(41,239)**	**115**	**(7)**	**5,349**	**(14,386)**	**(13,525)**	**(5)**
Prior period adjustments	8	(3,531)	-	(3,695)	-	-	-	(4)	**(862)**	-	-	-	-	-	-	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**20,705**	**(70,187)**	**574**	**(3,619)**	**(2,295)**	**(3)**	**360,531**	**(372)**	**(29,013)**	**(41,239)**	**115**	**(7)**	**5,349**	**(14,386)**	**(13,525)**	**(5)**
Savings on prior period's obligations	93	4,430	-	5,819	-	-	-	-	3	6,602	-	-	2	6,322	-	214
Transfers to/from other funds	(14,354)	(23,546)	(10,000)	23,546	-	-	(29,290)	465	13,486	38	-	-	-	-	14,610	(465)
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	119,786	209,089	142,725	116,979	2,294	2,297	1,396,489	1,396,396	88,853	123,452	4,589	4,596	28,091	36,155	-	256
RESERVES AND FUND BALANCES, END OF PERIOD	**126,230**	**119,786**	**133,299**	**142,725**	**(1)**	**2,294**	**1,727,730**	**1,396,489**	**73,329**	**88,853**	**4,704**	**4,589**	**33,442**	**28,091**	**1,085**	**-**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ending 31 December 2011 (expressed in euros) (continued)

	Procurement of GC/MS systems		Implementation of Article VII Obligations		Internship-Support Programme		Tenth Anniversary Commemoration		2006 EU Support for OPCW activities		2007 EU Support for OPCW activities		2009 EU Support for OPCW Activities		Conference on International Cooperation and Chemical Safety & Security		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
INCOME																		
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	190,355	73,925	-	-	-	-	-	-	-	-	932,553	921,041	96,020	-	**1,824,645**	**1,191,241**
Miscellaneous income: Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	309	82	623	165	21	5	-	-	-	50	-	865	6,333	2,743	126	-	**25,111**	**9,089**
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**309**	**82**	**190,978**	**74,090**	**21**	**5**	**-**	**-**	**-**	**50**	**-**	**865**	**938,886**	**923,784**	**96,146**		**1,849,756**	**1,200,330**
EXPENDITURE																		
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	96,538	58,689	-	-	**96,538**	**58,689**
Travel costs	-	-	-	89,498	-	19,654	-	-	-	-	-	-	613,009	695,981	103,512	-	**920,452**	**1,096,038**
Contractual services	-	-	-	-	-	-	-	-	-	-	-	-	235,436	36,676	864	-	**280,747**	**40,055**
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	3,615	-	-	-	-	-	-	-	4,488	7,529	-	**34,946**	**8,103**
General operating expenses	3,154	6	(2)	202	-	123	-	3	-	2	-	54	51,270	43,239	7,388	-	**66,136**	**73,387**
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**3,154**	**6**	**(2)**	**89,700**	**-**	**23,392**	**-**	**3**	**-**	**2**	**-**	**54**	**996,253**	**839,073**	**119,293**	**-**	**1,398,819**	**1,276,272**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(2,845)**	**76**	**190,980**	**(15,610)**	**21**	**(23,387)**	**-**	**(3)**	**-**	**48**	**-**	**811**	**(57,367)**	**84,711**	**(23,147)**	**-**	**450,937**	**(75,942)**
Prior period adjustments	-	-	(300)	-	(1,340)	(1,140)	-	(4,109)	-	-	(811)	-	(47)	3,494	-	-	(3,352)	(8,985)
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(2,845)**	**76**	**190,680**	**(15,610)**	**(1,319)**	**(24,527)**	**-**	**(4,112)**	**-**	**48**	**(811)**	**811**	**(57,414)**	**88,205**	**(23,147)**	**-**	**447,585**	**(84,927)**
Savings on prior period's obligations	-	-	17,077	5,414	101	1,583	-	-	-	-	-	-	13,886	1,560	-	-	**31,162**	**31,944**
Transfers to/from other funds	-	-	(17,877)	-	-	-	-	(38)	(48)	-	-	-	-	-	43,425	-	**(48)**	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	75,788	75,712	96,291	106,487	7,128	30,072	-	4,150	48	-	811	-	244,118	154,353	-	-	**2,207,011**	**2,259,994**
RESERVES AND FUND BALANCES, END OF PERIOD	**72,943**	**75,788**	**286,171**	**96,291**	**5,910**	**7,128**	**-**	**-**	**-**	**48**	**-**	**811**	**200,590**	**244,118**	**20,278**	**-**	**2,685,710**	**2,207,011**

5.5 Budgetary accounts: Statement of cash surpluses - General Fund - as at 31 December 2011 (expressed in euros)

PROVISIONAL CASH SURPLUS - CURRENT YEAR	**2011**	**2010**
Receipts	69,147,246	67,760,290
Disbursements	(67,779,761)	(69,938,837)
EXCESS / (SHORTFALL) OF RECEIPTS OVER DISBURSEMENTS	**1,367,485**	**(2,178,547)**
Unliquidated obligations	(4,265,455)	(3,018,864)
Transfers to/from other funds	(181,254)	(149,503)
PROVISIONAL SURPLUS / (DEFICIT) AS AT END OF THE REPORTING PERIOD	**(3,079,224)**	**(5,346,914)**
BUDGETARY SURPLUS		
Contributions receivable (against 2011 income)	2,516,233	2,084,129
Miscellaneous income receivable (against 2011 income)	1,336,290	3,321,287
Transfers to/from other funds	181,254	149,503
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE - (STATEMENT I) BUDGETARY SURPLUS	**954,553**	**208,005**
FINAL CASH SURPLUS - PRIOR YEAR	**2010**	**2009**
PROVISIONAL SURPLUS / (DEFICIT)	**(5,346,914)**	**(2,072,740)**
Receipt of:		
Arrears from prior years' annual contributions	2,200,259	630,471
Miscellaneous income from prior years	3,142,406	2,867,426
Savings on prior period's obligations	512,929	682,956
PRIOR YEAR CASH SURPLUS / (DEFICIT)	**508,680**	**2,108,113**
Prior period adjustment	(158,353)	(179,487)
Prior period transfers from the General Fund to Special Accounts	-	(350,000)
FINAL CASH SURPLUS / (DEFICIT) (i)	**350,327**	**1,578,626**

(i) Final cash surpluses identified for any past period are allocated to States Parties in accordance with Financial Regulation 6.3 and the scale of assessment for the period to which the cash surplus relates. The allocation is applied only to amounts owed to the OPCW by a State Party, and for States Parties which have paid their respective contributions in full for the period to which a cash surplus relates. In the IPSAS-based financial statements, cash surpluses are recognised as liabilities.

5.6 Status of assessed annual contributions - General Fund - As at 31 December 2011 (expressed in euros)

Member State	Outstanding Contributions from the Prep.Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2009	2010 Annual Contributions			2011 Annual Contributions			Total Balance Outstanding 1993 - 2011	Overpayments / Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Afghanistan	-	-	2,737	2,737	-	2,753	2,753	-	-	-
Albania	-	-	6,843	6,843	-	6,883	6,883	-	-	-
Algeria	-	-	87,585	87,585	-	88,104	88,104	-	-	-
Andorra	-	-	4,790	4,790	-	4,818	528	**4,290**	**4,290**	-
Antigua and Barbuda	-	**6,965**	1,369	-	**1,369**	1,377	-	**1,377**	**9,711**	-
Argentina	-	-	196,382	196,382	-	197,545	197,545	-	-	-
Armenia	-	-	3,421	3,421	-	3,442	3,442	-	-	-
Australia	-	-	1,322,673	1,322,673	-	1,330,505	1,330,505	-	-	-
Austria	-	-	582,305	582,305	-	585,753	585,753	-	-	-
Azerbaijan	-	-	10,264	10,264	-	10,325	10,325	-	-	-
Bahamas	-	-	12,317	12,317	-	12,390	12,390	-	-	-
Bahrain	-	-	26,686	26,686	-	26,844	26,844	-	-	-
Bangladesh	-	-	6,843	6,843	-	6,883	659	**6,224**	**6,224**	-
Barbados	-	-	5,474	5,474	-	5,506	5,506	-	-	-
Belarus	-	-	28,739	28,739	-	28,909	28,909	-	-	-
Belgium	-	-	735,578	735,578	-	739,935	739,935	-	-	-
Belize	-	**474**	680	-	**680**	684	-	**684**	**1,838**	-
Benin	-	**1,445**	2,053	-	**2,053**	2,065	-	**2,065**	**5,563**	-
Bhutan	-	-	680	680	-	684	680	**4**	**4**	-
Bolivia (Plurinational State of)	-	-	4,790	4,790	-	4,818	4,818	-	-	-
Bosnia and Herzegovina	-	-	9,580	9,580	-	9,636	9,636	-	-	-
Botswana	-	-	12,317	12,317	-	12,390	12,390	-	-	-
Brazil	-	-	1,102,341	1,102,341	-	1,108,870	1,108,870	-	-	-
Brunei Darussalam	-	-	19,159	4,535	**14,624**	19,273	-	**19,273**	**33,897**	-
Bulgaria	-	-	26,002	26,002	-	26,156	26,156	-	-	-
Burkina Faso	-	-	2,053	2,053	-	2,065	1,950	**115**	**115**	-
Burundi	-	-	680	680	-	684	684	-	-	**2,126**
Cambodia	-	-	2,053	2,053	-	2,065	2,065	-	-	**1,331**
Cameroon	-	-	7,527	7,527	-	7,571	7,571	-	-	**16,818**
Canada	-	-	2,194,418	2,194,418	-	2,207,414	2,207,414	-	-	**2,128,506**
Cape Verde	**3,652**	**4,250**	680	-	**680**	684	-	**684**	**9,266**	-
Central African Republic	**6,540**	**2,225**	680	-	**680**	684	-	**684**	**10,129**	-
Chad	-	-	1,369	1,369	-	1,377	1,377	-	-	**8,186**
Chile	-	-	161,485	161,485	-	162,442	162,442	-	-	**160,116**
China	-	-	2,182,102	2,182,102	-	2,195,024	2,195,024	-	-	-
Colombia	-	-	98,533	98,533	-	99,117	99,117	-	-	**6,860**
Comoros	**6,540**	**2,284**	680	-	**680**	684	-	**684**	**10,188**	-
Congo	-	-	2,053	2,053	-	2,065	2,065	-	-	-
Cook Islands	-	-	680	75	**605**	684	-	**684**	**1,288**	-
Costa Rica	-	-	23,265	23,265	-	23,403	23,403	-	-	**694**
Cote d'Ivoire	-	-	6,843	6,843	-	6,883	6,883	-	-	-

Member State	Outstanding Contributions from the Prep.Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2009	2010 Annual Contributions			2011 Annual Contributions			Total Balance Outstanding 1993 - 2011	Overpayments / Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Croatia	-	-	66,373	66,373	-	66,766	66,766	-	-	-
Cuba	-	-	48,582	48,582	-	48,870	48,870	-	-	-
Cyprus	-	-	31,476	31,476	-	31,662	31,662	-	-	-
Czech Republic	-	-	238,806	238,806	-	240,221	240,221	-	-	-
Democratic Republic of the Congo	**6,499**	**8,677**	2,053	-	**2,053**	2,065	-	**2,065**	**19,294**	-
Denmark	-	-	503,614	503,614	-	506,597	506,597	-	-	-
Djibouti	**5,967**	**2,691**	680	-	**680**	684	-	**684**	**10,022**	-
Dominica	**4,302**	**5,822**	680	-	**680**	684	-	**684**	**11,488**	-
Dominican Republic	**8,790**	**12,376**	28,739	-	**28,739**	28,909	-	**28,909**	**78,814**	-
Ecuador	-	-	27,370	27,370	-	27,532	27,532	-	-	-
El Salvador	**6,540**	**137,701**	13,001	-	**13,001**	13,078	-	**13,078**	**170,320**	-
Equatorial Guinea	-	-	5,474	5,474	-	5,506	131	**5,375**	**5,375**	-
Eritrea	-	-	680	680	-	684	684	-	-	-
Estonia	-	-	27,370	27,370	-	27,532	27,532	-	-	-
Ethiopia	-	-	5,474	5,474	-	5,506	5,506	-	-	-
Fiji	-	-	2,737	2,737	-	2,753	2,753	-	-	**22**
Finland	-	-	387,290	387,290	-	389,584	389,584	-	-	-
France	-	-	4,189,718	4,189,718	-	4,214,531	4,214,531	-	-	-
Gabon	-	-	9,580	8,346	**1,234**	9,636	-	**9,636**	**10,870**	-
Gambia	-	-	680	680	-	684	684	-	-	-
Georgia	-	**56,833**	4,106	4,106	-	4,130	4,130	-	**56,833**	-
Germany	-	-	5,486,390	5,486,390	-	5,518,881	5,518,881	-	-	-
Ghana	-	-	4,106	4,106	-	4,130	1,698	**2,432**	**2,432**	-
Greece	-	-	472,822	472,822	-	475,623	39,274	**436,349**	**436,349**	-
Grenada	-	**474**	680	-	**680**	684	-	**684**	**1,838**	-
Guatemala	-	-	19,159	19,159	-	19,273	19,273	-	-	**1,872**
Guinea	**6,540**	**25,200**	1,369	-	**1,369**	1,377	-	**1,377**	**34,486**	-
Guinea-Bissau	**6,540**	**1,081**	680	-	**680**	684	-	**684**	**8,985**	-
Guyana	-	-	680	680	-	684	684	-	-	**21,656**
Haiti	-	-	2,053	2,053	-	2,065	2,065	-	-	**3**
Holy See	-	-	680	680	-	684	684	-	-	-
Honduras	-	**9,989**	5,474	-	**5,474**	5,506	-	**5,506**	**20,969**	-
Hungary	-	-	199,119	199,119	-	200,299	200,299	-	-	-
Iceland	-	-	28,739	28,739	-	28,909	28,909	-	-	-
India	-	-	365,393	365,393	-	367,558	367,558	-	-	-
Indonesia	-	-	162,854	162,854	-	163,818	163,818	-	-	-
Iran (Islamic Republic of)	-	-	159,432	159,432	-	160,377	2,861	**157,516**	**157,516**	-
Iraq	-	-	13,685	13,685	-	13,766	13,766	-	-	-
Ireland	-	-	340,760	340,760	-	342,779	342,779	-	-	**330,800**
Italy	-	-	3,420,611	3,420,611	-	3,440,868	3,440,868	-	-	-
Jamaica	-	**18,651**	9,580	-	**9,580**	9,636	-	**9,636**	**37,867**	-
Japan	-	-	8,573,767	8,573,767	-	8,624,542	8,624,542	-	-	-
Jordan	-	-	9,580	9,580	-	9,636	9,636	-	-	-
Kazakhstan	-	-	52,004	52,004	-	52,312	52,312	-	-	-

Member State	Outstanding Contributions from the Prep.Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2009	2010 Annual Contributions			2011 Annual Contributions			Total Balance Outstanding 1993 - 2011	Overpayments / Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Kenya	-	-	8,211	8,211	-	8,260	8,260	-	-	**7,257**
Kiribati	-	-	680	680	-	684	268	**416**	**416**	-
Kuwait	-	-	179,960	179,960	-	181,026	181,026	-	-	-
Kyrgyzstan	**28,230**	**4,303**	680	-	**680**	684	-	**684**	**33,897**	-
Lao People's Democratic Republic	-	-	680	680	-	684	684	-	-	**984**
Latvia	-	-	26,002	26,002	-	26,156	26,156	-	-	-
Lebanon	-	-	22,581	22,581	-	22,714	21,582	**1,132**	**1,132**	-
Lesotho	-	**1,119**	680	-	**680**	684	-	**684**	**2,483**	-
Liberia	**5,584**	**2,633**	680	-	**680**	684	-	**684**	**9,581**	-
Libya	-	-	88,269	88,269	-	88,792	-	**88,792**	**88,792**	-
Liechtenstein	-	-	6,158	6,158	-	6,195	6,195	-	-	-
Lithuania	-	-	44,477	44,477	-	44,740	44,740	-	-	-
Luxembourg	-	-	61,583	61,583	-	61,948	61,948	-	-	-
Madagascar	-	**693**	2,053	-	**2,053**	2,065	-	**2,065**	**4,811**	-
Malawi	-	-	680	680	-	684	117	**567**	**567**	-
Malaysia	-	-	173,118	173,118	-	174,143	174,143	-	-	-
Maldives	-	-	680	333	**347**	684	-	**684**	**1,031**	-
Mali	-	-	2,053	2,053	-	2,065	2,065	-	-	**28,276**
Malta	-	-	11,632	11,632	-	11,701	11,701	-	-	-
Marshall Islands	-	**2,184**	680	-	**680**	684	-	**684**	**3,548**	-
Mauritania	**6,540**	**11,512**	680	-	**680**	684	-	**684**	**19,416**	-
Mauritius	-	-	7,527	7,527	-	7,571	7,571	-	-	-
Mexico	-	-	1,612,114	1,612,114	-	1,621,661	1,621,661	-	-	-
Micronesia (Federated States of)	-	**3,270**	680	-	**680**	684	-	**684**	**4,634**	-
Monaco	-	-	2,053	2,053	-	2,065	2,065	-	-	-
Mongolia	-	**1,037**	1,369	-	**1,369**	1,377	-	**1,377**	**3,783**	-
Montenegro	-	-	2,737	2,737	-	2,753	66	**2,687**	**2,687**	-
Morocco	-	-	39,687	39,687	-	39,922	39,922	-	-	**2,100**
Mozambique	-	-	2,053	2,053	-	2,065	1,961	**104**	**104**	-
Namibia	-	-	5,474	5,474	-	5,506	5,506	-	-	-
Nauru	**4,064**	**4,783**	680	-	**680**	684	-	**684**	**10,211**	-
Nepal	-	-	4,106	4,106	-	4,130	197	**3,933**	**3,933**	-
Netherlands	-	-	1,269,300	1,269,300	-	1,276,817	1,276,817	-	-	**1,228,777**
New Zealand	-	-	186,803	186,803	-	187,909	187,909	-	-	-
Nicaragua	**3,937**	**7,449**	2,053	-	**2,053**	2,065	-	**2,065**	**15,504**	-
Niger	**6,540**	**17,993**	1,369	-	**1,369**	1,377	-	**1,377**	**27,279**	-
Nigeria	-	-	53,372	8,373	**44,999**	53,688	-	**53,688**	**98,687**	-
Niue	-	-	680	196	**484**	684	-	**684**	**1,168**	-
Norway	-	-	595,989	595,989	-	599,519	599,519	-	-	-
Oman	-	-	58,846	58,846	-	59,195	59,195	-	-	-
Pakistan	-	-	56,109	56,110	-	56,442	56,442	-	-	**33,563**
Palau	-	**838**	680	-	**680**	684	-	**684**	**2,202**	-
Panama	-	-	15,054	10,642	**4,412**	15,143	-	**15,143**	**19,555**	-

Member State	Outstanding Contributions from the Prep.Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2009	2010 Annual Contributions			2011 Annual Contributions			Total Balance Outstanding 1993 - 2011	Overpayments / Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Papua New Guinea	-	-	1,369	1,369	-	1,377	131	**1,246**	**1,246**	-
Paraguay	-	**85,642**	4,790	-	**4,790**	4,818	-	**4,818**	**95,250**	-
Peru	-	**40,176**	61,583	-	**61,583**	61,948	-	**61,948**	**163,707**	-
Philippines	-	-	61,583	61,583	-	61,948	61,948	-	-	-
Poland	-	-	566,566	566,566	-	569,922	569,922	-	-	-
Portugal	-	-	349,655	349,655	-	351,727	34,729	**316,998**	**316,998**	-
Qatar	-	-	92,375	92,375	-	92,922	92,922	-	-	-
Republic of Korea	-	-	1,546,425	1,546,425	-	1,555,583	1,555,583	-	-	-
Republic of Moldova	-	-	1,369	1,369	-	1,377	1,377	-	-	-
Romania	-	-	121,114	121,114	-	121,831	121,831	-	-	**1,112**
Russian Federation	-	-	1,096,182	1,096,182	-	1,102,674	1,102,674	-	-	-
Rwanda	-	**141**	680	-	**680**	684	-	**684**	**1,505**	-
Saint Kitts and Nevis	-	-	680	150	**530**	684	-	**684**	**1,214**	-
Saint Lucia	-	-	680	680	-	684	130	**554**	**554**	-
Saint Vincent and the Grenadines	**5,967**	**4,929**	680	-	**680**	684	-	**684**	**12,260**	-
Samoa	-	-	680	680	-	684	684	-	-	**13**
San Marino	-	-	2,053	2,053	-	2,065	2,065	-	-	-
Sao Tome and Principe	-	**4,303**	680	-	**680**	684	-	**684**	**5,667**	-
Saudi Arabia	-	-	567,934	567,934	-	571,299	571,299	-	-	-
Senegal	-	-	4,106	4,106	-	4,130	244	**3,886**	**3,886**	-
Serbia	-	-	25,318	25,318	-	25,468	25,468	-	-	-
Seychelles	-	-	1,369	1,369	-	1,377	1,377	-	-	**98**
Sierra Leone	**6,540**	**3,628**	680	-	**680**	684	-	**684**	**11,532**	-
Singapore	-	-	229,227	229,227	-	230,584	230,584	-	-	-
Slovakia	-	-	97,165	97,165	-	97,740	97,740	-	-	-
Slovenia	-	-	70,479	70,479	-	70,896	70,896	-	-	-
Solomon Islands	-	**357**	680	-	**680**	684	-	**684**	**1,721**	-
South Africa	-	-	263,440	263,440	-	265,000	265,000	-	-	-
Spain	-	-	2,173,891	2,173,891	-	2,186,766	1,214,754	**972,012**	**972,012**	-
Sri Lanka	-	-	13,001	13,001	-	13,078	13,078	-	-	-
Sudan	-	-	6,843	6,843	-	6,883	660	**6,223**	**6,223**	-
Suriname	-	-	2,053	2,053	-	2,065	2,065	-	-	**1,264**
Swaziland	-	-	2,053	2,053	-	2,065	2,065	-	-	**1,836**
Sweden	-	-	728,051	728,051	-	732,363	732,363	-	-	-
Switzerland	-	-	773,212	773,212	-	777,792	777,792	-	-	-
Tajikistan	-	-	1,369	1,300	**69**	1,377	-	**1,377**	**1,446**	-
Thailand	-	-	143,010	143,010	-	143,857	143,857	-	-	-
The former Yugoslav Republic of Macedonia	-	-	4,790	4,790	-	4,818	4,818	-	-	-
Timor-Leste	-	-	680	680	-	684	684	-	-	**70**
Togo	-	-	680	680	-	684	684	-	-	-
Tonga	-	-	680	681	-	684	682	**2**	**2**	-
Trinidad and Tobago	-	-	30,107	30,107	-	30,286	30,286	-	-	-
Tunisia	-	-	20,528	20,528	-	20,649	20,649	-	-	-

Member State	Outstanding Contributions from the Prep.Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2009	2010 Annual Contributions			2011 Annual Contributions			Total Balance Outstanding 1993 - 2011	Overpayments / Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Turkey	-	-	422,187	422,187	-	424,688	424,688	-	-	-
Turkmenistan	-	-	17,791	17,791	-	17,896	17,896	-	-	-
Tuvalu	-	-	680	680	-	684	684	-	-	-
Uganda	-	**11,246**	4,106	-	**4,106**	4,130	-	**4,130**	**19,482**	-
Ukraine	-	-	59,531	59,531	-	59,883	59,883	-	-	-
United Arab Emirates	-	-	267,545	267,545	-	269,130	269,130	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	4,518,847	4,518,847	-	4,545,608	4,545,608	-	-	-
United Republic of Tanzania	-	**2,873**	5,474	-	**5,474**	5,506	-	**5,506**	**13,853**	-
United States of America	-	-	14,952,519	14,952,519	-	15,041,069	15,041,069	-	-	-
Uruguay	-	-	18,475	18,475	-	18,584	1,780	**16,804**	**16,804**	-
Uzbekistan	-	**41,374**	6,843	-	**6,843**	6,883	-	**6,883**	**55,100**	-
Vanuatu	-	**2,926**	680	-	**680**	684	-	**684**	**4,290**	-
Venezuela	-	-	214,857	214,857	-	216,130	3,461	**212,669**	**212,669**	-
Viet Nam	-	-	22,581	22,581	-	22,714	22,714	-	-	-
Yemen	-	-	6,843	6,843	-	6,883	6,883	-	-	-
Zambia	-	-	2,737	174	**2,563**	2,753	-	**2,753**	**5,316**	-
Zimbabwe	-	-	2,053	1,375	**678**	2,065	-	**2,065**	**2,743**	-
Subtotal	**129,312**	**552,546**	**67,966,000**	**67,727,219**	**238,783**	**68,368,500**	**65,852,269**	**2,516,231**	**3,436,872**	**3,984,340**
New Members in 2011:										
Subtotal	-	-	-	-	-	-	-	-	-	-
Non-Member States:										
Israel	-	-	-	-	-	-	-	-	-	**13,595**
Myanmar	-	-	-	-	-	-	-	-	-	**887**
Total Non-Members of OPCW	-	-	-	-	-	-	-	-	-	**14,482**
Total as at 31 December 2011	**129,312**	**552,552**	**67,966,000**	**67,727,219**	**238,781**	**68,368,500**	**65,852,269**	**2,516,231**	**3,436,872**	**3,998,822**
Total as at 31 December 2010	**142,791**	**598,041**	**68,259,342**	**67,963,410**	**295,932**	-	-	-	**3,120,898**	**247,473**

5.7 Status of advances to the Working Capital Fund - As at 31 December 2011 (expressed in euros)

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
Afghanistan	408	102	**510**	**510**	**-**
Albania	454	255	**709**	**709**	**-**
Algeria	7,958	3,877	**11,835**	**11,835**	**-**
Andorra	181	255	**436**	**436**	**-**
Antigua and Barbuda	142	158	**300**	**-**	**300**
Argentina	23,875	48,764	**72,639**	**72,639**	**-**
Armenia	2,487	102	**2,589**	**2,589**	**-**
Australia	73,615	81,205	**154,820**	**154,820**	**-**
Austria	43,274	43,816	**87,090**	**87,090**	**-**
Azerbaijan	501	255	**756**	**756**	**-**
Bahamas	732	865	**1,597**	**1,597**	**-**
Bahrain	995	1,530	**2,525**	**2,525**	**-**
Bangladesh	454	510	**964**	**964**	**-**
Barbados	412	487	**899**	**899**	**-**
Belarus	13,927	918	**14,845**	**14,845**	**-**
Belgium	50,237	54,528	**104,765**	**104,765**	**-**
Belize	45	51	**96**	**96**	**-**
Benin	454	102	**556**	**556**	**-**
Bhutan	46	53	**99**	**99**	**-**
Bolivia (Plurinational State of)	454	459	**913**	**913**	**-**
Bosnia and Herzegovina	454	153	**607**	**607**	**-**
Botswana	454	612	**1,066**	**1,066**	**-**
Brazil	80,579	77,685	**158,264**	**158,264**	**-**
Brunei Darussalam	995	1,734	**2,729**	**2,729**	**-**
Bulgaria	3,979	867	**4,846**	**4,846**	**-**
Burkina Faso	454	102	**556**	**556**	**-**
Burundi	454	51	**505**	**505**	**-**
Cambodia	95	105	**200**	**200**	**-**
Cameroon	454	408	**862**	**862**	**-**
Canada	154,692	143,486	**298,178**	**298,178**	**-**
Cape Verde	45	51	**96**	**-**	**96**
Central African Republic	46	53	**99**	**-**	**99**
Chad	45	51	**96**	**96**	**-**
Chile	3,979	11,375	**15,354**	**15,354**	**-**
China	36,808	104,719	**141,527**	**141,527**	**-**
Colombia	4,970	7,906	**12,876**	**12,876**	**-**
Comoros	46	53	**99**	**-**	**99**
Congo	45	54	**99**	**99**	**-**
Cook Islands	454	51	**505**	**505**	**-**
Costa Rica	454	1,530	**1,984**	**1,984**	**-**
Cote d'Ivoire	454	510	**964**	**964**	**-**
Croatia	4,476	1,887	**6,363**	**6,363**	**-**
Cuba	2,487	2,193	**4,680**	**4,680**	**-**
Cyprus	1,398	1,989	**3,387**	**3,387**	**-**
Czech Republic	12,435	9,335	**21,770**	**21,770**	**-**
Democratic Republic of the Congo	142	158	**300**	**-**	**300**
Denmark	35,813	36,624	**72,437**	**72,437**	**-**
Djibouti	46	53	**99**	**-**	**99**
Dominica	45	51	**96**	**-**	**96**
Dominican Republic	1,098	1,297	**2,395**	**-**	**2,395**
Ecuador	995	969	**1,964**	**1,964**	**-**
El Salvador	454	1,122	**1,576**	**-**	**1,576**
Equatorial Guinea	454	102	**556**	**556**	**-**
Eritrea	44	51	**95**	**95**	**-**
Estonia	685	612	**1,297**	**1,297**	**-**
Ethiopia	454	204	**658**	**658**	**-**
Fiji	454	204	**658**	**658**	**-**
Finland	30,839	27,187	**58,026**	**58,026**	**-**
France	319,332	307,579	**626,911**	**626,911**	**-**
Gabon	684	459	**1,143**	**1,143**	**-**
Gambia	454	51	**505**	**505**	**-**
Georgia	5,471	153	**5,624**	**5,624**	**-**
Germany	450,646	441,833	**892,479**	**892,479**	**-**
Ghana	454	204	**658**	**658**	**-**

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
Greece	18,900	27,034	**45,934**	**45,934**	**-**
Grenada	46	53	**99**	**99**	**-**
Guatemala	1,224	1,530	**2,754**	**2,754**	**-**
Guinea	454	153	**607**	**-**	**607**
Guinea-Bissau	45	54	**99**	**-**	**99**
Guyana	454	51	**505**	**505**	**-**
Haiti	142	158	**300**	**300**	**-**
Holy See	46	51	**97**	**97**	**-**
Honduras	237	263	**500**	**500**	**-**
Hungary	6,964	6,427	**13,391**	**13,391**	**-**
Iceland	1,492	1,734	**3,226**	**3,226**	**-**
India	15,419	21,474	**36,893**	**36,893**	**-**
Indonesia	6,527	7,243	**13,770**	**13,770**	**-**
Iran (Islamic Republic of)	22,383	8,008	**30,391**	**30,391**	**-**
Iraq	686	811	**1,497**	**1,497**	**-**
Ireland	10,445	17,853	**28,298**	**28,298**	**-**
Italy	261,135	249,175	**510,310**	**510,310**	**-**
Jamaica	274	408	**682**	**682**	**-**
Japan	778,435	993,029	**1,771,464**	**1,771,464**	**-**
Jordan	454	561	**1,015**	**1,015**	**-**
Kazakhstan	2,189	1,275	**3,464**	**3,464**	**-**
Kenya	454	459	**913**	**913**	**-**
Kiribati	45	51	**96**	**96**	**-**
Kuwait	9,451	8,263	**17,714**	**17,714**	**-**
Kyrgyzstan	45	51	**96**	**-**	**96**
Lao People's Democratic Republic	454	51	**505**	**505**	**-**
Latvia	3,979	765	**4,744**	**4,744**	**-**
Lebanon	1,555	1,838	**3,393**	**3,393**	**-**
Lesotho	454	51	**505**	**505**	**-**
Liberia	46	53	**99**	**-**	**99**
Libya	6,061	6,733	**12,794**	**12,794**	**-**
Liechtenstein	274	255	**529**	**529**	**-**
Lithuania	3,730	1,224	**4,954**	**4,954**	**-**
Luxembourg	3,482	3,928	**7,410**	**7,410**	**-**
Madagascar	138	153	**291**	**291**	**-**
Malawi	454	51	**505**	**505**	**-**
Malaysia	8,344	10,355	**18,699**	**18,699**	**-**
Maldives	454	51	**505**	**505**	**-**
Mali	454	102	**556**	**556**	**-**
Malta	454	714	**1,168**	**1,168**	**-**
Marshall Islands	45	51	**96**	**96**	**-**
Mauritania	454	51	**505**	**-**	**505**
Mauritius	454	561	**1,015**	**1,015**	**-**
Mexico	39,295	96,048	**135,343**	**135,343**	**-**
Micronesia (Federated States of)	46	51	**97**	**97**	**-**
Monaco	454	153	**607**	**607**	**-**
Mongolia	454	51	**505**	**505**	**-**
Montenegro	46	53	**99**	**99**	**-**
Morocco	1,492	2,397	**3,889**	**3,889**	**-**
Mozambique	45	51	**96**	**96**	**-**
Namibia	454	306	**760**	**760**	**-**
Nauru	45	51	**96**	**96**	**-**
Nepal	454	204	**658**	**658**	**-**
Netherlands	79,087	86,204	**165,291**	**165,291**	**-**
New Zealand	11,938	11,273	**23,211**	**23,211**	**-**
Nicaragua	46	51	**97**	**97**	**-**
Niger	454	51	**505**	**-**	**505**
Nigeria	1,826	2,142	**3,968**	**3,968**	**-**
Niue	46	53	**99**	**99**	**-**
Norway	27,854	34,635	**62,489**	**62,489**	**-**
Oman	1,990	3,571	**5,561**	**5,561**	**-**
Pakistan	2,984	2,805	**5,789**	**5,789**	**-**
Palau	45	51	**96**	**96**	**-**
Panama	454	969	**1,423**	**1,423**	**-**
Papua New Guinea	454	153	**607**	**607**	**-**
Paraguay	454	612	**1,066**	**454**	**612**
Peru	2,984	4,693	**7,677**	**7,677**	**-**
Philippines	2,985	4,846	**7,831**	**7,831**	**-**

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
Poland	16,414	23,515	**39,929**	**39,929**	**-**
Portugal	13,927	23,974	**37,901**	**37,901**	**-**
Qatar	1,990	3,265	**5,255**	**5,255**	**-**
Republic of Korea	40,787	91,610	**132,397**	**132,397**	**-**
Republic of Moldova	3,979	51	**4,030**	**4,030**	**-**
Romania	7,461	3,060	**10,521**	**10,521**	**-**
Russian Federation	212,391	56,108	**268,499**	**268,499**	**-**
Rwanda	45	51	**96**	**96**	**-**
Saint Kitts and Nevis	45	51	**96**	**96**	**-**
Saint Lucia	454	102	**556**	**556**	**-**
Saint Vincent and the Grenadines	45	51	**96**	**-**	**96**
Samoa	45	51	**96**	**96**	**-**
San Marino	91	153	**244**	**244**	**-**
Sao Tome and Principe	45	51	**96**	**-**	**96**
Saudi Arabia	35,315	36,369	**71,684**	**71,684**	**-**
Senegal	454	255	**709**	**709**	**-**
Serbia	1,185	969	**2,154**	**2,154**	**-**
Seychelles	454	102	**556**	**556**	**-**
Sierra Leone	45	51	**96**	**-**	**96**
Singapore	6,964	19,791	**26,755**	**26,755**	**-**
Slovakia	3,979	2,601	**6,580**	**6,580**	**-**
Slovenia	3,482	4,183	**7,665**	**7,665**	**-**
Solomon Islands	45	51	**96**	**96**	**-**
South Africa	15,917	14,894	**30,811**	**30,811**	**-**
Spain	118,382	128,540	**246,922**	**246,922**	**-**
Sri Lanka	454	867	**1,321**	**1,321**	**-**
Sudan	318	408	**726**	**726**	**-**
Suriname	454	51	**505**	**505**	**-**
Swaziland	454	102	**556**	**556**	**-**
Sweden	61,179	50,906	**112,085**	**112,085**	**-**
Switzerland	60,186	61,057	**121,243**	**121,243**	**-**
Tajikistan	995	51	**1,046**	**1,046**	**-**
Thailand	13,333	10,661	**23,994**	**23,994**	**-**
The former Yugoslav Republic of Macedonia	454	306	**760**	**760**	**-**
Timor-Leste	45	51	**96**	**96**	**-**
Togo	454	51	**505**	**505**	**-**
Tonga	45	51	**96**	**96**	**-**
Trinidad and Tobago	1,492	1,122	**2,614**	**2,614**	**-**
Tunisia	1,492	1,632	**3,124**	**3,124**	**-**
Turkey	18,902	18,975	**37,877**	**37,877**	**-**
Turkmenistan	1,492	255	**1,747**	**1,747**	**-**
Tuvalu	45	51	**96**	**96**	**-**
Uganda	45	306	**351**	**351**	**-**
Ukraine	50,819	1,989	**52,808**	**52,808**	**-**
United Arab Emirates	8,115	11,987	**20,102**	**20,102**	**-**
United Kingdom of Great Britain and Northern Ireland	264,618	312,527	**577,145**	**577,145**	**-**
United Republic of Tanzania	454	306	**760**	**760**	**-**
United States of America	1,134,451	1,111,127	**2,245,578**	**2,245,578**	**-**
Uruguay	1,990	2,448	**4,438**	**4,438**	**-**
Uzbekistan	6,466	714	**7,180**	**7,180**	**-**
Vanuatu	46	53	**99**	**-**	**99**
Venezuela	15,385	8,722	**24,107**	**24,107**	**-**
Viet Nam	454	1,071	**1,525**	**1,525**	**-**
Yemen	456	306	**762**	**762**	**-**
Zambia	91	102	**193**	**193**	**-**
Zimbabwe	454	357	**811**	**811**	**-**
Subtotal	**4,855,164**	**5,057,306**	**9,912,470**	**9,904,500**	**7,970**
New Member States in 2011					
Subtotal	**-**	**-**	**-**	**-**	**-**
Total as at 31 December 2011	**4,855,164**	**5,057,306**	**9,912,470**	**9,904,500**	**7,970**
Total as at 31 December 2010	**4,855,164**	**5,057,306**	**9,912,470**	**9,904,104**	**8,366**

* Further information in relation to the establishment and financing of the Working Capital Fund is provided in Note 14 to the financial statements.

5.8 Budgetary accounts: Statement of expenditure by funding programme and major expenditure category - General Fund - (expressed in euros)

(a) For the period ending 31 December 2011:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	5,737,385	184,159	257,753	-	68,085	297,950	**6,545,332**
Programme 2. Inspections	20,816,973	3,578,179	2,909,990	-	872,732	203,843	**28,381,717**
Total verification costs (Chapter 1)	**26,554,358**	**3,762,338**	**3,167,743**	**-**	**940,817**	**501,793**	**34,927,049**
Programme 3. International Cooperation and Assistance	2,349,041	2,554,199	104,710	416,422	79,575	84,114	**5,588,061**
Programme 4. Support to the Policy-Making Organs	3,563,656	344,242	265,412	-	459,949	-	**4,633,259**
Programme 5. External Relations	1,384,900	76,116	51,970	8,416	59,025	5,476	**1,585,903**
Programme 6. Executive Management	6,632,129	394,657	365,554	-	75,468	92,314	**7,560,122**
Programme 7. Administration	11,955,473	76,761	1,142,118	-	4,185,540	390,931	**17,750,823**
Total administrative and other costs (Chapter 2)	**25,885,199**	**3,445,975**	**1,929,764**	**424,838**	**4,859,557**	**572,835**	**37,118,168**
TOTAL EXPENDITURE	**52,439,557**	**7,208,313**	**5,097,507**	**424,838**	**5,800,374**	**1,074,628**	**72,045,217**

(b) For the period ending 31 December 2010:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	6,049,029	223,437	252,767	-	44,726	181,310	**6,751,269**
Programme 2. Inspections	21,688,495	4,148,465	2,687,231	-	630,811	4,583	**29,159,585**
Total verification costs (Chapter 1)	**27,737,524**	**4,371,902**	**2,939,998**	-	**675,537**	**185,893**	**35,910,854**
Programme 3. International Cooperation and Assistance	2,441,750	2,471,851	248,991	325,444	67,602	-	**5,555,638**
Programme 4. Support to the Policy-Making Organs	3,378,379	317,079	284,406	-	453,678	10,554	**4,444,096**
Programme 5. External Relations	1,450,487	62,351	45,095	3,203	53,353	11,887	**1,626,376**
Programme 6. Executive Management	6,750,391	375,791	342,676	-	64,923	71,869	**7,605,650**
Programme 7. Administration	11,671,217	220,412	1,275,841	4,712	4,170,488	472,417	**17,815,087**
Total administrative and other costs (Chapter 2)	**25,692,224**	**3,447,484**	**2,197,009**	**333,359**	**4,810,044**	**566,727**	**37,046,847**
TOTAL EXPENDITURE	**53,429,748**	**7,819,386**	**5,137,007**	**333,359**	**5,485,581**	**752,620**	**72,957,701**

5.9 Budgetary accounts: Statement of savings on prior year's obligations - General Fund (expressed in euros)

(a) For the period ending 31 December 2011

Funding Programme	Unliquidated Obligations as at End of 2010	Disbursements During 2011	Savings on Prior Year's Obligations
Programme 1. Verification	173,028	161,181	**11,847**
Programme 2. Inspections	746,473	619,547	**126,926**
Total verification costs (Chapter 1)	**919,501**	**780,728**	**138,773**
Programme 3. International Cooperation and Assistance	457,671	342,772	**114,899**
Programme 4. Support to the Policy-Making Organs	115,758	86,801	**28,957**
Programme 5. External Relations	54,509	35,243	**19,266**
Programme 6. Executive Management	144,705	114,785	**29,920**
Programme 7. Administration	1,326,720	1,145,604	**181,116**
Total administrative and other costs (Chapter 2)	**2,099,363**	**1,725,205**	**374,158**
TOTAL	**3,018,864**	**2,505,933**	**512,930**

(b) For the period ending 31 December 2010

Funding Programme	Unliquidated Obligations as at End of 2009	Disbursements During 2010	Savings on Prior Year's Obligations
Programme 1. Verification	99,675	85,436	**14,239**
Programme 2. Inspections	963,455	793,220	**170,235**
Total verification costs (Chapter 1)	**1,063,130**	**878,656**	**184,474**
Programme 3. International Cooperation and Assistance	679,662	569,080	**110,582**
Programme 4. Support to the Policy-Making Organs	158,688	102,845	**55,843**
Programme 5. External Relations	20,819	17,363	**3,456**
Programme 6. Executive Management	189,915	179,979	**9,936**
Programme 7. Administration	2,348,448	2,029,783	**318,665**
Total administrative and other costs (Chapter 2)	**3,397,532**	**2,899,050**	**498,482**
TOTAL	**4,460,662**	**3,777,706**	**682,956**

5.10 Budgetary accounts: Statement of cash surpluses credited to Member States - General Fund – During the period ending 31 December 2011 (expressed in euros)

Member State	Cash Surpluses Applied During 2011			Total
	2009	2008	1993 - 2007	
Afghanistan	-	50	-	**50**
Albania	95	-	-	**95**
Algeria	-	4,251	-	**4,251**
Andorra	128	400	-	**528**
Antigua and Barbuda	-	-	-	**-**
Argentina	-	16,252	-	**16,252**
Armenia	-	100	-	**100**
Australia	-	89,362	-	**89,362**
Austria	-	44,356	-	**44,356**
Azerbaijan	-	250	-	**250**
Bahamas	-	-	-	**-**
Bahrain	74	-	-	**74**
Bangladesh	159	500	-	**659**
Barbados	-	-	-	**-**
Belarus	-	1,000	-	**1,000**
Belgium	-	55,108	-	**55,108**
Belize	-	-	-	**-**
Benin	-	-	-	**-**
Bhutan	16	-	-	**16**
Bolivia (Plurinational State of)	-	-	-	**-**
Bosnia and Herzegovina	-	300	-	**300**
Botswana	-	-	-	**-**
Brazil	100	43,806	-	**43,906**
Brunei Darussalam	413	-	-	**413**
Bulgaria	-	1,000	-	**1,000**
Burkina Faso	31	100	-	**131**
Burundi	-	50	-	**50**
Cambodia	-	50	1,281	**1,331**
Cameroon	-	-	-	**-**
Canada	-	148,869	-	**148,869**
Cape Verde	-	-	-	**-**
Central African Republic	-	-	-	**-**
Chad	-	50	-	**50**
Chile	-	8,051	-	**8,051**
China	-	133,367	-	**133,367**
Colombia	-	5,251	-	**5,251**
Comoros	-	-	-	**-**
Congo	-	-	-	**-**
Cook Islands	16	50	108	**174**

Member State	Cash Surpluses Applied During 2011			Total
	2009	2008	1993 - 2007	
Costa Rica	-	-	-	**-**
Cote d'Ivoire	-	450	-	**450**
Croatia	-	2,500	-	**2,500**
Cuba	-	2,700	-	**2,700**
Cyprus	-	2,200	-	**2,200**
Czech Republic	-	14,052	-	**14,052**
Democratic Republic of the Congo	-	-	-	**-**
Denmark	-	36,955	-	**36,955**
Djibouti	-	-	-	**-**
Dominica	-	-	-	**-**
Dominican Republic	-	-	-	**-**
Ecuador	-	-	-	**-**
El Salvador	-	-	-	**-**
Equatorial Guinea	31	-	-	**31**
Eritrea	-	50	-	**50**
Estonia	-	800	-	**800**
Ethiopia	22	150	-	**172**
Fiji	-	150	-	**150**
Finland	-	28,204	-	**28,204**
France	-	315,092	-	**315,092**
Gabon	128	400	1,254	**1,782**
Gambia	14	50	686	**750**
Georgia	-	-	22,406	**22,406**
Germany	-	428,908	-	**428,908**
Ghana	64	200	434	**698**
Greece	9,470	29,804	-	**39,274**
Grenada	-	-	-	**-**
Guatemala	-	-	-	**-**
Guinea	-	-	-	**-**
Guinea-Bissau	-	-	-	**-**
Guyana	-	50	-	**50**
Haiti	-	-	-	**-**
Holy See	-	50	-	**50**
Honduras	-	-	-	**-**
Hungary	-	12,202	-	**12,202**
Iceland	-	1,850	-	**1,850**
India	-	22,503	-	**22,503**
Indonesia	-	8,051	-	**8,051**
Iran (Islamic Republic of)	2,861	-	-	**2,861**
Iraq	-	-	-	**-**
Ireland	-	22,253	-	**22,253**
Italy	-	253,984	-	**253,984**

Member State	Cash Surpluses Applied During 2011			Total
	2009	2008	1993 - 2007	
Jamaica	-	-	-	**-**
Japan	-	831,313	-	**831,313**
Jordan	-	600	-	**600**
Kazakhstan	89	1,450	-	**1,539**
Kenya	-	500	-	**500**
Kiribati	16	50	202	**268**
Kuwait	-	9,101	-	**9,101**
Kyrgyzstan	-	-	-	**-**
Lao People's Democratic Republic	-	50	-	**50**
Latvia	-	900	-	**900**
Lebanon	670	-	-	**670**
Lesotho	-	-	-	**-**
Liberia	-	-	-	**-**
Libya	985	-	-	**985**
Liechtenstein	-	500	-	**500**
Lithuania	-	-	-	**-**
Luxembourg	-	4,251	-	**4,251**
Madagascar	-	-	-	**-**
Malawi	16	50	51	**117**
Malaysia	-	9,501	-	**9,501**
Maldives	16	-	-	**16**
Mali	-	50	-	**50**
Malta	-	850	-	**850**
Marshall Islands	-	-	-	**-**
Mauritania	-	-	-	**-**
Mauritius	-	550	-	**550**
Mexico	-	-	-	**-**
Micronesia (Federated States of)	-	-	-	**-**
Monaco	-	150	-	**150**
Mongolia	-	-	-	**-**
Montenegro	16	50	-	**66**
Morocco	-	2,100	-	**2,100**
Mozambique	16	50	-	**66**
Namibia	-	-	-	**-**
Nauru	-	-	-	**-**
Nepal	47	150	-	**197**
Netherlands	-	93,663	-	**93,663**
New Zealand	-	12,802	-	**12,802**
Nicaragua	-	-	-	**-**
Niger	-	-	-	**-**
Nigeria	763	-	-	**763**
Niue	16	50	158	**224**

Member State	Cash Surpluses Applied During 2011			Total
	2009	2008	1993 - 2007	
Norway	-	39,105	-	**39,105**
Oman	-	3,650	-	**3,650**
Pakistan	-	2,950	-	**2,950**
Palau	-	-	-	**-**
Panama	366	-	-	**366**
Papua New Guinea	31	100	-	**131**
Paraguay	-	-	-	**-**
Peru	-	3,901	-	**3,901**
Philippines	-	-	-	**-**
Poland	-	25,053	-	**25,053**
Portugal	8,375	26,354	-	**34,729**
Qatar	-	4,251	-	**4,251**
Republic of Korea	-	108,664	-	**108,664**
Republic of Moldova	-	-	-	**-**
Romania	1,112	3,500	-	**4,612**
Russian Federation	-	60,008	-	**60,008**
Rwanda	-	-	877	**877**
Saint Kitts and Nevis	16	-	-	**16**
Saint Lucia	16	50	-	**66**
Saint Vincent and the Grenadines	-	-	-	**-**
Samoa	-	50	-	**50**
San Marino	-	150	-	**150**
Sao Tome and Principe	-	-	-	**-**
Saudi Arabia	-	37,405	-	**37,405**
Senegal	64	-	-	**64**
Serbia	-	1,050	-	**1,050**
Seychelles	-	100	-	**100**
Sierra Leone	-	-	-	**-**
Singapore	-	17,352	-	**17,352**
Slovakia	-	3,150	-	**3,150**
Slovenia	-	4,801	-	**4,801**
Solomon Islands	-	-	-	**-**
South Africa	-	14,502	-	**14,502**
Spain	47,161	148,419	-	**195,580**
Sri Lanka	-	800	-	**800**
Sudan	160	500	-	**660**
Suriname	-	-	-	**-**
Swaziland	-	100	-	**100**
Sweden	-	53,557	-	**53,557**
Switzerland	-	60,808	-	**60,808**
Tajikistan	17	-	453	**470**
Thailand	-	9,301	-	**9,301**

Member State	Cash Surpluses Applied During 2011			Total
	2009	2008	1993 - 2007	
The former Yugoslav Republic of Macedonia	-	-	-	**-**
Timor-Leste	-	-	-	**-**
Togo	-	-	-	**-**
Tonga	17	31	-	**48**
Trinidad and Tobago	-	1,350	-	**1,350**
Tunisia	-	1,550	-	**1,550**
Turkey	-	19,053	-	**19,053**
Turkmenistan	-	300	-	**300**
Tuvalu	-	-	-	**-**
Uganda	-	-	-	**-**
Ukraine	-	2,250	-	**2,250**
United Arab Emirates	-	15,102	-	**15,102**
United Kingdom of Great Britain and Northern Ireland	-	332,144	-	**332,144**
United Republic of Tanzania	-	-	-	**-**
United States of America	-	1,091,371	-	**1,091,371**
Uruguay	430	-	-	**430**
Uzbekistan	-	-	-	**-**
Vanuatu	-	-	-	**-**
Venezuela	3,178	-	-	**3,178**
Viet Nam	-	1,200	-	**1,200**
Yemen	-	-	-	**-**
Zambia	16	-	-	**16**
Zimbabwe	128	-	-	**128**
TOTAL	**77,359**	**4,798,894**	**27,910**	**4,904,162**

5.11 Budgetary accounts: Reimbursements for inspections invoiced under Articles IV and V of the Chemical Weapons Convention – As at 31 December 2011 (expressed in euros)

Member State	Total Outstanding 1997-2010	2011 Articles IV and V Contributions			Total Balance Outstanding 1997-2011	Income Accrued	Total	Overpayment
		Invoiced	Receipts	Balance Outstanding				
A State Party	-	-	-	-	-	-	-	-
Another State Party	-	-	-	-	-	-	-	-
Albania	222,985	-	-	-	222,985	-	222,985	-
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	1,691
India	-	-	-	-	-		-	-
Iran (Islamic Republic of)	-	-	-	-	-	-	-	-
Iraq	-	21,194	20,918	276	276	-	276	-
Japan	-	-	-	-	-	-	-	-
Libya	441,108	62,491	-	62,491	503,599	-	503,599	-
Russian Federation	-	2,107,837	1,937,477	170,360	170,360	118,783	289,143	-
Serbia	-	-	-	-	-	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	-	-	-	-	-	-
United States of America	-	1,808,337	915,446	892,891	892,891	91,460	984,351	-
Total as at 31 December 2011	**664,093**	**3,999,859**	**2,873,841**	**1,126,018**	**1,790,111**	**210,243**	**2,000,354**	**1,691**
Total as at 31 December 2010	**475,694**	**4,662,969**	**1,648,309**	**3,014,660**	**3,490,354**	**306,627**	**3,796,981**	**2,956**

2011 Income		
Invoiced in 2011	Income accrued	Total Income
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
21,194		21,194
-	-	-
62,491	-	62,491
2,107,837	118,783	2,226,620
-	-	-
-	-	-
1,808,337	91,460	1,899,797
3,999,859	**210,243**	**4,210,102**
4,662,969	**306,627**	**4,969,596**

5.12 Trust funds – Voluntary contributions by donors (expressed in euros)

Donor	2011
Regional seminars	
Republic of Korea [(i)]	60,813
Qatar	41,525
United Kingdom of Great Britain and Northern Ireland	6,000
Total	**108,338**
Implementation of Article X	
Algeria	4,000
United Kingdom of Great Britain and Northern Ireland	58,721
Serbia	1,265
Total	**63,986**
United States Voluntary Trust Fund	
United States of America	372,700
Total	**372,700**
Associate Programme	
United Kingdom of Great Britain and Northern Ireland	23,427
Total	**23,427**
Scientific Advisory Board	
United Kingdom of Great Britain and Northern Ireland	22,523
Iraq	2,000
Total	**24,523**
Implementation of Article VII obligations	
Norway	190,355
Total	**190,355**
NGO participation in OPCW activities	
Norway	12,743
Total	**12,743**
Conference on international cooperation and chemical safety and security	
Brazil	10,000
China	13,750
France	10,000
Iraq	5,000
India	15,000
Netherlands	10,000
Norway	6,439
Turkey	3,000
United Kingdom	22,831
Total	**96,020**
2009 EU Support for OPCW activities	
European Union (EU)	932,553
Total	**932,553**
Grand Total	**1,824,645**

(i) An additional amount of EUR 67,500 has been received from the Republic of Korea in 2011 for the ‘Regional Seminars’ Trust fund activities to be carried out in the subsequent year.

6. Statement of losses (as per Financial Regulation 11.1(e))

In the financial year 2011 non-expendable assets with a total book value of EUR 111,006 were reported missing. These assets are yet to be presented to the OPCW Property Survey Board. Other non-expendable and attractive assets with a total purchase value of EUR 6,142 and zero book value were approved for write-off as losses.

President of the
Federal Court of Auditors
Germany

Adenauerallee 81
53113 Bonn
Telephone +49 1888 721 1000
Email: Dieter.Engels@brh.bund.de

Executive Council of the
Organisation for the Prohibition of Chemical Weapons
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

25 May 2012

Sir,

I have the honour to transmit the financial statements of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2011, which were submitted to me by the Director-General in accordance with Financial Rule 11.1.02. I have audited these statements and have expressed my opinion thereon.

Further, in accordance with Financial Regulation 13.9 and the Annex thereto, I have the honour to present my report on the accounts of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2011.

Accept Sir, the assurances of my highest consideration.

Prof. Dr. Dieter Engels
President of the Federal Court of Auditors
Germany
External Auditor

Enclosures

The Chairperson of the OPCW Executive Council
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

INDEPENDENT AUDITOR'S REPORT

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

To the Conference of the States Parties of the Organisation for the Prohibition of Chemical Weapons

Identification of the financial statements

I have audited the financial statements of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the OPCW") for the financial period ended 31 December 2011, comprising

- the Statement of Financial Position,
- the Statement of Financial Performance,
- the Statement of Changes in net Assets/Equity,
- the Cash Flow Statement,
- the Statement of Comparison of Budget and actual Amounts - Payments by Programme,
- the Accounting Policies,
- supporting Notes.

Statement of Responsibilities

The Director-General, in accordance with the OPCW's Financial Regulations, is responsible for preparing the financial statements. My responsibility, under Article 13 of the Financial Regulations, is to express an opinion on these financial statements based on my audit.

Basis of Opinion

I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and expanded by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

Opinion

As a result of my audit, I am of the opinion that the financial statements present fairly the financial position as at 31 December 2011 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on a basis consistent with the previous period); and that the transactions were in accordance with the Financial Regulations and legislative authority.

Report Reference

In accordance with Article 13 of the Financial Regulations, I have also prepared a long-form report on the OPCW's financial statements.

Prof. Dr. Dieter Engels
President of the Federal Court of Auditors
Germany
Bonn, 25 May 2012 External Auditor

REPORT OF THE INDEPENDENT EXTERNAL AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2011

1 Executive Summary

My team and I have audited the financial statements of the OPCW.	1. My team and I have audited the financial statements of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the OPCW") for the financial period from 1 January to 31 December 2011. These comprise: the statement of financial position; the statement of financial performance; the statement of changes in net assets/equity; the cash flow statement; the statement of comparison of budget and actual amounts; and accounting policies and notes to the financial statements.
Responsibility of Management	2. The Director-General is responsible for preparing the financial statements in accordance with the Financial Regulations and Financial Rules of the OPCW.
Responsibility of the External Auditor	3. My responsibility, under Article 13 of the Financial Regulations, is to express an opinion on these financial statements based on my audit.
Scope of the audit	4. The audit included the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also included an assessment of the accounting principles used, and significant estimates made by the Director-General, as well as an evaluation of the overall financial statement presentation.
I have conducted my audit in conformity with the International Standards of Auditing.	5. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
My audit provides a reasonable basis for the audit opinion.	6. The ISA, as well as the ISSAI under Series 1000, require the auditor to carry out an audit of an organization's accounts and financial transactions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles and significant estimates made by the Director-General, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for the audit opinion.
The financial statements present fairly the financial position.	7. As a result of my audit, I am of the opinion that the financial statements present fairly, in all material respects, the financial position as at 31 December 2011, that they were prepared in accordance with the OPCW's stated accounting policies, and that the transactions were in accordance with the Financial Regulations and Rules.

I have placed an unqualified opinion on the financial statements.	8. The audit examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole, and I have placed an unqualified audit opinion on the OPCW's financial statements for 2011.
Areas covered by this report	9. My report includes observations and recommendations intended to contribute to the improvement of the financial management and control of the Technical Secretariat (hereinafter "the Secretariat"). For 2011, my audit work has mainly covered the areas described in the following paragraphs.
Overall financial situation (Part 3)	10. In accordance with Article 13 of the Financial Regulations I present an analysis of the OPCW's financial statements. In part 3 of my report I comment on the overall financial situation.
Performance audit (Part 4)	11. Article 13 of the Financial Regulations stipulates that my annual audit shall also include "management" or "value for money" examinations.
Performance audit was based on ISSAI 3000.	12. The ISSAI under series 3000 give guidelines for such performance audits. I have examined some areas accordingly and identified fields in which improvement may be possible, or which might be of particular interest to States Parties. The detailed findings of the audit are shown in Part 4 of the report.
OPCW delivered the first official financial statements in accordance with the International Public Sector Accounting Standards.	13. The financial statements for the year ending 31 December 2011 are the first official financial statements to be prepared and presented in accordance with the International Public Sector Accounting Standards (IPSAS). I will provide interpretational support on the major differences between the former United Nations System Accounting Standards (UNSAS) reporting and IPSAS reporting. Although not required by IPSAS, the OPCW's financial statements for 2011 additionally show the statements and schedules that were prepared for the Policy-Making Organs in the same manner as in prior financial statements (i.e. UNSAS).
On the whole the implementation of IPSAS was carried out successfully.	14. In a test run, the Secretariat had established pro-forma IPSAS financial statements for the year 2010. The audit of these financial statements did not reveal major problems. The implementation of IPSAS affects the work of the Secretariat in many ways. On the whole the implementation of IPSAS was carried out successfully.
No case of fraud or suspected fraud (Part 5)	15. In the year 2011 there was no case of fraud or suspected fraud in the Secretariat.
Losses, write-offs and ex-gratia payments (Part 6)	16. In 2011 the Secretariat wrote off, after approval by the Conference, receivables in the amount of EUR 125,630.88. There were no ex-gratia payments in the year 2011.

Follow-up (Part 7)	17. In my last report (2010) I commented on a number of aspects such as pro-forma financial statements, blanket purchase orders, enterprise resource planning system, associate programme – training capacities and follow-up issues from the preceding report (2009). My team reviewed the implementation of these recommendations.
The Conference gave the DG exceptional authority to extend contracts under limited conditions.	18. The Conference of States Parties decided that the DG should be granted exceptional authority to extend the contracts of staff subject to tenure beyond the seven-year total length of service, under specific and limited conditions (C-16/DEC.9).
The Secretariat has not developed a risk management system.	19. The Secretariat has not yet developed a risk management system because other requirements have taken precedence. I strongly recommend that the Secretariat increase its efforts to implement an effective risk management system.
Acknowledgement (Part 8)	20. I wish to convey my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat, and delegates. I am very grateful for their assistance during the entire external audit process.

2 Scope and Approach of the Audit

Scope of the Audit

Principles governing my audit	21. My staff and I have audited the financial statements of the OPCW for the financial period from 1 January to 31 December 2011. These statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement, the statement of comparison of budget and actual amounts, accounting policies and notes to the financial statements. We also examined the related financial accounts and transactions.
Responsibility of management	22. The Director-General is responsible for the preparation and fair presentation of these financial statements in accordance with the OPCW's Financial Regulations and Rules, and with such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
Responsibility of the External Auditor	23. I am responsible for expressing an opinion on the financial statements based on evidence obtained during my audit. I planned and performed the audit in such a way as to obtain reasonable assurance that the financial statements are free from material misstatement.
Audit of the financial statements	24. The financial statements of the OPCW, together with my audit report and the audit opinion, have been discussed with the Director-General. He has taken note of the contents of my report and had no further comments.

Performance audits	25. In addition to my audit of the OPCW´s financial statements, accounts and financial transactions, I carried out the reviews (under Regulation 13.3 of the Financial Regulations) that I deemed necessary with respect to the efficiency of the Secretariat, and its accounting system, its internal controls, and the financial consequences of existing administrative practices.

Audit objective and approach

Objective of financial audit: Forming the audit opinion	26. The main purpose of the audit was to enable me to form an opinion on whether the expenditure recorded for the year had been incurred for the purposes approved by the Conference of the States Parties; whether income and expenditure were properly classified and recorded in accordance with the OPCW's Financial Regulations and Rules; and whether the financial statements presented fairly the financial position as at 31 December 2011.
Objective of performance audit: Giving advice	27. In addition, I examined the Secretariat's performance in order to assess whether expenses were incurred according to the principles of economy, efficiency and effectiveness. This enabled me to pursue my objective of giving proactive and constructive advice, rather than criticising after the event.
Substantive testing convinced me of the correctness of the OPCW´s records.	28. My audit opinion is based on substantive testing of the transactions recorded in all areas of the financial statements. The examination was carried out to ensure that the financial statements accurately reflect the accounting records and present fairly the financial situation of the OPCW.
My team examined the accounting records as necessary.	29. My audit examination included a general review, and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily to allow an opinion on the OPCW's financial statements to be formed. We audited the accounting records using two kinds of audit methods.
Complete revision of extracted invoices	30. We examined 100 invoices from domestic and international vendors that contained payment requests for gross amounts higher than EUR 20,000 and 100 invoices up to EUR 20,000. We confirmed that these invoices and related documents had been filed according to the regulations. We also verified the existence of invoices constituting the basis for payments, and checked that the vouchers had been signed by all the responsible officers. None of the invoices examined gave cause for criticism.
Random sample check	31. In addition, we analysed 18,368 data records including inter alia all transactions with domestic and international vendors. We eliminated all invoices related to staff and salaries using the audit software "IDEA". We took a random sample of a significant number of all remaining invoices worth more than EUR 15.2 million in total. We also checked that invoices and the related documents had been filed in

accordance with the regulations and cross-checked the basis for payment and the necessary signatures. None of the invoices examined gave cause for criticism.

Approach for performance audit

32. During our audit we looked at the structure of the Secretariat and its internal procedures to identify potential weaknesses.

Audit conclusion

There were no material weaknesses that affected the audit opinion.

33. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole. In accordance with normal practice, my team reported additional findings to the management of the Secretariat in the course of the audit. None of these matters affects my audit opinion on the financial statements and schedules, and I have placed an unqualified opinion on the OPCW's financial statements for 2011.

3 Financial Audit

3.1 General

I report on the OPCW's financial development focusing on IPSAS requirements.

34. In the following paragraphs I provide information showing trends, tendencies and background information. For that purpose my staff carried out an analysis of several of the Organisation's key figures and their development. In particular, I comment on issues which appeared for the first time and where changes in the accounting policies had to be made due to the requirements of IPSAS. This mainly applies to those assets and liabilities which had to be recorded under IPSAS for the first time.

3.2 Contributions

Costs should be met in accordance with the adjusted United Nations scale of assessment.

35. Article VIII of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (The Convention) states that the costs of the Organisation's activities shall be met by States Parties in accordance with the United Nations (UN) scale of assessment adjusted to take into account differences in membership between the UN and this Organisation, and subject to the provisions of Articles IV and V. It further provides that financial contributions of States Parties to the Preparatory Commission are to be deducted in an appropriate way from their contributions to the regular budget.

I analysed the development of contributions.

36. I extended my last year's analysis of the development of the contributions received from 2008 until 2010 by the reporting year 2011. I examined the payment of contributions during 2011 and its effect on the execution of the budget.

Payment	**2008**		**2009**		**2010**		**2011**	
Status	SP	Contributions Received	SP	Contributions Received	SP	Contributions Received	SP	Contributions Received
Full	110	66,906,991	114	67,012,286	107	65,430,262	114	64,523,726
Partial	17	177,818	16	653,772	20	451,611	23	1,328,543
None	58		58		61		51	

Amounts in EUR SP = States Parties

Table 1 (Source: Financial Statements of the OPCW)

Just over a quarter of the States Parties still did not pay any contributions.

37. In 2011, 137 States Parties (73% of the total of 188) had fully or partially paid their contributions. In relation to previous years the number of States Parties which have not paid their contributions has decreased from nearly one third to just over a quarter.

Number of States Parties paying on the basis of a payment plan increased.

38. I noticed a positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed contributions. Compared to 2010 the number of States Parties that fully paid their contributions increased by 6.6 %. Furthermore, I appreciate that another State Party has agreed on a payment plan in December 2011.

States Parties should at least make use of payment plans.

39. I repeatedly pointed out that it is hardly acceptable that contributions are not paid. I encourage the States Parties to pay their contributions or at least to make use of the payment plans offered by the Secretariat.

IPSAS write-downs do not relieve States Parties from their obligation to pay.

40. I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable (paras. 50-52 refer) does not relieve States Parties from their obligation to pay assessed contributions.

3.3 Expenditure

Expenditure Trend by Chapter						
Expenditure	**2007**	**2008**	**2009**	**2010**	**2011**	**% Increase compared to 2010**
Chapter 1 Verification and Inspections	34,888	35,032	35,077	35,911	34,927	(2.8%)
Chapter 2 Administration and Other	35,136	36,090	36,333	37,047	37,118	0.2%
Total	**70,024**	**71,122**	**71,410**	**72,958**	**72,045**	**(1.3%)**

Amounts in thousands EUR
Table 2 (Source: Financial Statements of the OPCW for the years 2007 to 2011)

Decreasing Chapter 1 activities are reflected in expenditure trend as well.

41. The level of expenditures for Chapter 1 activities shows a slight decrease. This trend may continue in future years.

3.4 Conversion to IPSAS

Two pro-forma IPSAS financial statements were examined and found to be in compliance with IPSAS.

42. The OPCW decided to implement IPSAS as from 1 January 2011. The Secretariat produced - as a parallel run to UNSAS reporting - pro-forma IPSAS financial statements as at 30 June 2010 and for the year ended 31 December 2010. In my last report I informed the States Parties that I considered the pro-forma financial statements as at 30 June 2010, and the accounting policies applied, to be in accordance with IPSAS. My team also examined the pro-forma IPSAS financial statements for the year ended 31 December 2010. I reported to the Director of Administration that these financial statements were IPSAS compliant.

The first official financial statements under IPSAS.

43. With the pro-forma IPSAS financial statements as at 31 December 2010 the OPCW established the opening balance for IPSAS accounting in 2011. With the financial statements as of 31 December 2011 the OPCW presents its first official financial statements under IPSAS.

The conversion challenged all staff concerned.	44. Because the current Information Technology (IT) system cannot meet all IPSAS requirements, the General Ledger produced by the system is UNSAS-based and the financial transactions must be manually converted into IPSAS-based transactions by using Excel worksheets and entering journal vouchers, involving 16,000 manual entries. The conversion represented a significant challenge and required considerable time and effort of staff members in the Finance and Accounts Branch and the cooperation of staff members from the other concerned branches.
The financial statements provided by the Secretariat fulfil the structural requirements of IPSAS.	45. As a result of the adoption of IPSAS, the OPCW has to meet more rigorous requirements in identifying and applying financial policies in a consistent manner than under UNSAS. The financial statements provided by the Secretariat fulfil the structural requirements of IPSAS 1, since the statements, supported by a presentation of the accounting policies and notes to the financial statements, contain the necessary components: - Statement of financial position, showing all assets and liabilities of the Organisation; - Statement of financial performance, showing all the revenue and expenses recognised during the year; - Statement of changes in net assets/equity, summarising the residual value of the assets of the Organisation, after deducting all liabilities; - Cash flow statement, providing details of how cash resources have been utilised during the year; - Statements of comparison of budget and actual amounts, showing revenue and expenses against budget appropriations on the (modified cash) basis on which the budget was approved. Additionally, the Secretariat presents a segment reporting based on the structure of the Organisation’s budget, showing revenues and expenses broken down by programmes and individual funds and programmes.
The structure of the financial statements and the accounting policies are IPSAS-compliant.	46. The current structure of the financial statements and the accounting policies are compliant with IPSAS. Since these financial statements are the first to have been prepared on a new basis, there is nothing to be said regarding inconsistency in the application of accounting policies as compared to the previous year.

The significant accounting policies have been developed by the Secretariat.

47. The significant accounting policies are presented in Note 3 to the financial statements. The accounting policies developed by the Secretariat were already subject to the audit of the above-mentioned pro-forma financial statements. Recommendations we made then have been taken into account, as well as the results of the deliberations of the UN Task Force on IPSAS, which is the special task force created by the High Level Committee on Management of the UN to support the UN system-wide adoption of IPSAS. The UN Task Force is chaired by the UN Secretariat and participated in by all UN organisations, agencies, programmes and funds. The OPCW is participating in the UN Task Force as an observer.

3.4.1 Statement of Financial Position

Assets and Liabilities

My team examined the statement of assets and liabilities regarding compliance with IPSAS.

48. Full reporting of assets and liabilities in a balance sheet enables a reader to consider the financial position of an organisation. Such a statement of financial position is required under IPSAS. My team examined this statement regarding compliance with IPSAS and the presentation of the underlying accounts.

Cash, Cash equivalents and Investments

Cash situation is satisfactory.

49. The Organisation’s overall cash situation is satisfactory. Compared to the balance in the previous year, cash, cash equivalents and investments increased by almost one million from EUR 17.68 million to EUR 18.62 million.

Assessed Contributions Recoverable

The OPCW adopted the accounting policy to write-down assessed contributions recoverable for any Member State that has three or more years of unpaid contributions.

50. The OPCW adopted the accounting policy to write-down assessed contributions recoverable for any States Party that has three or more years of unpaid contributions to the full extent, except for the unpaid contributions relating to the reporting period. This means that as of the reporting day (31 December 2011) States Parties were selected that have not paid for the last three years (until 2008). All unpaid contributions up to 2010 were written down.

I agree with this approach.

51. Based on discussions in the UN Task Force on IPSAS and the Technical Group of the Panel, I agree with this approach. When the payment from a States Party in arrears is received, it is always applied to the oldest outstanding assessed contributions. Thus it is more likely that an early debt is fully paid than a current one.

The Secretariat had to write down the assessed contributions from 29 countries in the amount of EUR 0.5 million.	52. Based on this the Secretariat wrote down the assessed contributions from 29 countries in the amount of EUR 539,485 with a breakdown as follows: Older than 10 years: EUR 177,223 Older than 3 years and up to 10 years: EUR 220,103 Older than 2 years and up to 3 years: EUR 57,380 Older than 1 year and up to 2 years: EUR 84,779 Total: EUR 539,485 Of this total amount, EUR 464,447 had already been written down as at 31 December 2010. The remaining EUR 75,038 was written down as at 31 December 2011.

Property, Plant and Equipment

Under UNSAS, capital assets and inventories were expended in the year of acquisition.	53. Under UNSAS, capital assets were charged to expenditure in the year of acquisition. Property, plant and equipment records were maintained for all non-expendable equipment, supplies and materials over a minimum value or of a sensitive nature and a minimum estimated useful life.
OPCW capitalises all assets above a threshold of EUR 1,000.	54. According to information available from the Task Force on IPSAS, the capitalisation threshold ranges up to a maximum of USD 5,000. Most of the UN organisations chose a threshold below this maximum. OPCW chose a threshold of EUR 1,000 for the capitalisation of assets. Considering the size of the organization, I agree with this treatment. The Secretariat is at the lower end of the scale, but fully IPSAS compliant. Also the determination of useful life of Communications and IT equipment, Vehicles and Furniture and Fixtures are in compliance with IPSAS.
The value of property, plant and equipment as at 31 December 2011 amounts to EUR 2.3 million.	55. On 31 December 2010 OPCW's stocktaking records showed total property, plant and equipment at a net book value of approximately EUR 2.8 million. The value of this property, plant and equipment as at 31 December 2011 amounts to EUR 2.3 million. Current values were determined by reducing the original cost over the estimated useful life of the items.

Inventories

Equipment Store

Inventories in the OPCW mainly relate to its inspection and verification activities.	56. Inventories in the OPCW mainly relate to its inspection and verification activities. The effort of counting these numerous items annually is tremendous, while the financial impact is relatively small, at least for some groups of inventories. However, according to IPSAS 12, stocktaking of inventories is indispensable, without exception.
The Secretariat sought options to reduce the effort of the physical count of inventories.	57. The Secretariat sought options to reduce the effort of the physical count of inventories. This could be achieved by the adoption of a threshold which would reduce the total stock for future physical counts.
A stock count of inventory items at the Equipment Store was determined to cover 90 % of the total value of inventory items.	58. A threshold for the annual stock count of inventory items held at the OPCW Equipment Store was determined to cover 90 % of the total monetary value of inventory items as at 31 December 2010. To achieve this, inventories below EUR 4.77 per item are treated as base stock and, in subsequent years, these items are not to be individually counted during the physical stock count.
I agreed with this threshold.	59. I agreed with this threshold, because it reduces the number of inventory units to be counted to 10 %, while it still captures 90 % of the total value of inventories.

Medical Kits

Medical Kits needed for inspectors on mission are also consumables which have to be counted annually.	60. Medical Kits needed for inspectors on mission are also inventories which have to be counted annually. This exercise is complex because the medical kits for the inspectors in some instances can consist of 250 individual items per each kit. Excluding the medical inventories from future stock counts would have a significant impact on reducing the operational workload. In addition, controls over each medical kit are in place before and after each mission to ensure that required items are always maintained in the kit and it is therefore not necessary to count them every time.
The Secretariat considers the value of these kits immaterial to the presentation of the financial statements.	61. The Secretariat considers the value of these medical kits immaterial to the presentation of the financial statements. I agreed with this, as long as the medical kits contain a variety of diverse medical items and the types of the contents remain same. If, however, the Secretariat were to change this practice by issuing a standard medical kit, a different approach may be necessary.

Laboratory

Chemicals at the Laboratory had been excluded from inventory count in 2010.	62. Chemicals at the Laboratory (LAB) were excluded from inventory count in 2010 because they were difficult to count and they did not leave the LAB (and were therefore considered not to involve a high risk of loss). However, in order to apply the policy to all units in the organization and to make decisions in a fair and transparent manner, the materiality of LAB’s inventories was assessed in 2011.
According to the stock count made in December 2011, the total value of the LAB’s inventories was found to be EUR 129,231.	63. As a result of the stock count made in December 2011, the total value of the LAB’s inventories was found to be EUR 129,231, consisting of chemicals (EUR 67,382) and non-chemicals (EUR 61,849). However, EUR 129,231 also includes those chemicals that have already been opened and are therefore considered to have been consumed.
It is difficult to distinguish those chemicals that have been opened and those that have not been opened.	64. All of the non-chemical stock items (EUR 61,849) had not been opened. However, it is difficult to distinguish those chemicals that have been opened and those that have not been opened. Each chemical would have to be physically checked if the lock-rings or seal have been broken. This poses some safety risks in handling these chemicals.
Chemicals that are stored in the stockroom in the LAB can be considered to be unopened.	65. All the chemicals that are stored in the stockroom in the LAB can be considered to be unopened. These chemicals are ordered more often and when the chemicals are delivered, they are stored in the stockroom until they are removed for use in other rooms. Chemicals not stored in the stockroom are ordered less frequently and when they are delivered, they are immediately opened and therefore considered to be consumed. They are accordingly considered to be expensed, rather than stored as inventories.
The total value of the LAB inventory is immaterial as compared with the inventories in the Equipment Store.	66. The value of the chemicals in the stockroom is EUR 7,579. Therefore the total value of inventories in the LAB amounts to EUR 69,428 (61,849 + 7,579). Combined with the inventories in the Equipment Store (EUR 895,235), the value of LAB inventories represents only 7.2 % of the total value of EUR 964,663 and this is considered to be immaterial.
The Secretariat concluded that items held by LAB should be excluded from annual inventory stock count and therefore not reported as inventories.	67. The Secretariat concluded that items held by LAB should be excluded from the annual inventory stock count and therefore not be reported as inventories. This approach will be periodically reviewed (i.e. every 3 years) to assess if there are material changes in the nature/amount of purchases of both the Equipment Store's base stock and the inventory holdings of LAB, in which case the inventories’ threshold / categories may need to be modified.

I support the decision taken by the Secretariat concerning OPCW's inventories.

68. I support the decision to reduce the stock count of Equipment Store inventories by applying a threshold in such a way that 90 % of the value of the total inventories is captured. Additionally, I agree that the treatment of the medical kits is immaterial for the financial statements, as I support any decision that reduces the efforts of counting to a reasonable level. I also recommend fixing and applying an average value for medical kits.

In the case of major changes, a new assessment of inventories is recommended.

69. I also agree with the Secretariat's decision to consider inventories in the LAB as immaterial. Compared to the value of items in the equipment store and with regard to the efforts needed to count the chemicals, this treatment is justified. In the case of major changes, a new assessment is recommended. I welcome the Secretariat's intention to review the treatment of LAB inventories periodically.

Intangible Assets

Intangible assets were first recognized during 2011.

70. The OPCW recognized as intangible assets both acquired and internally generated software with a cost of EUR 1,000 and above. The Secretariat did not recognize intangible assets in the opening balance as at 1 January 2011, but simply stated that there were none in 2010. In principle, this recognition is in line with IPSAS. The Secretariat recognized only new software that was purchased in 2011 and internally developed software that originated in 2011 provided these met the other criteria for intangible assets.

Estimated useful life of three years for intangible assets.

71. In recognizing software acquired as well as internally developed software which has an estimated life of three years, the Organisation is IPSAS compliant and in line with the treatment adopted by the UN system.

The greater part of intangible assets relates to internally developed software.

72. Only 7 % of the total net book value of intangible assets (EUR 72,668) relates to acquired software. The greater part of intangible assets relates to software internally developed (29 %) and software under development (64 %).

Employee Benefits

Pertinent information on employee benefits liabilities and expenses are disclosed.

73. In accordance with IPSAS, the Secretariat disclosed pertinent information regarding the nature of its defined benefit plans and the financial aspects of changes in those plans during the period. The Secretariat reported on short-term and long-term (non-current and current) liabilities and employee benefits expenses in detail.

The Secretariat chose the government bond rate to determine the applicable discount rate.

74. For the calculation of the present value of the Organisation's several defined benefit obligations occurring from one long-term employee benefit (home leave) and from four post-employment benefits (death benefit, repatriation grant, removal cost at separation, travel cost at separation), the Secretariat decided to apply the government bond rate to determine the applicable discount rate.

Employee benefit liabilities were one of the main reasons why the OPCW's net assets/equity are negative under IPSAS.

75. The impact of the employee benefit liabilities on the financial position was significant. On 1 January 2011, the first day of IPSAS adoption, non-current liabilities of the employee benefits were EUR 4,400,928 and current liabilities were EUR 6,901,111, and these were one of the main reasons why the OPCW's net assets/equity are negative under IPSAS.

20 of 21 respondents to the UN Task Force on IPSAS diversity report agreed on the corporate bond rate.

76. However, of the UN organisations responding to the 'diversity report' distributed by the UN Task Force on IPSAS, 20 of 21 respondents agreed that 'corporate bond rates will be used as the basis for determining the applicable discount rates, when valuing employee benefits that are discounted'.

The Secretariat's decision is IPSAS compliant.

77. Nevertheless, OPCW's application of the government bond rate is IPSAS compliant. Paragraph 94 of IPSAS 25 states that market yields on government bonds will provide the best approximation of the time value of money in some cases. When there is no deep market in government bonds, the market yields on high quality corporate bonds can be used. Because the OPCW operates in the Euro-zone where there is a deep market in government bonds, the choice of government bonds should be appropriate. Nevertheless, the Secretariat compared the government bonds discount rates and the corporate bonds discount rates at the reporting date and this showed that the former fell within the ranges of the latter.

		Government Bonds	Corporate Bonds
Benefit	duration	discounts used	discount range
Removal/travel/repatriation	2 years	2.25 %	2.10 % - 2.40 %
Home leave	1 year	2.00 %	2.00 % - 2.30 %
Death benefit	8 years	4.00 %	3.50 % - 4.20 %

Unliquidated Obligations

Unliquidated obligations are not presented in IPSAS statements.	78. Unliquidated obligations (ULOs) form a part of the budgetary system. They are obligations incurred (for example by placing an order or concluding a contract) but not yet paid for, whether or not the goods or services have been received. The term ULO is not relevant to IPSAS accounting. Transactions are not recorded under IPSAS until the goods or services for which obligations have been created have been received. Upon delivery of the goods and services ordered, what is an ULO under budgetary terms is reflected under IPSAS as an account payable and expenditure.
ULOs amounted to EUR 4.3 million at year end.	79. This is a major change to the previous presentation. The budgetary commitments which would previously have been recorded under UNSAS as ULOs are shown in Annex 5.2 and total EUR 4,344,626.
Provisional cash balance and cash surplus to be distributed to States Parties are still calculated including ULOs.	80. The calculation of the provisional cash surplus and final cash surplus to be distributed to States Parties, as provided for in the Financial Regulations and Rules, has not changed with the transition to IPSAS. The cash surplus is still calculated taking into account ULOs. Under IPSAS, cash surplus is classified as a liability as it represents the Secretariat's obligations to distribute cash to States Parties 12 months after each financial period. The cash surplus was reported in the fund balance under UNSAS.

Other non-current liabilities (assessed contributions)

Recognition of liabilities pending receipt of assessed contributions	81. Pending receipt of outstanding assessed contributions, the Secretariat still has an obligation to carry out the approved programme activities to be financed by these contributions. It also has an obligation to States Parties to distribute cash surplus if such receivables are received in the following financial year. IPSAS requires that such obligations be recognized as liabilities. These liabilities were reported as other non-current liabilities of Euro 3,691,937 on 31 December 2011.

Net assets/equity

Negative net assets/equity	82. As a result of the IPSAS requirement for certain items to be reported as liabilities, the net assets/equity on 31 December 2011 is a negative balance of Euro 6,138,924, compared to a positive fund balance of Euro 19,350,219 if UNSAS were to be applied. The net assets/equity include the working capital fund, cash surplus, and Voluntary Fund for Assistance, all of which used to be reported as fund balance under UNSAS, as well as liabilities relating to employee benefits and non-exchange revenue with conditions. The negative net assets/equity reflect the realistic financial position of the OPCW, and is negative because some future financial liabilities have not been fully funded.

3.4.2 Statement of Financial Performance

Revenue and Expenses

A direct comparison of the figures in the financial statements for 2011 with those of 2010 is not appropriate since they were established using different methodologies.

83. The IPSAS equivalents of income and expenditure (as presented in the former Statement I) are revenue and expenses (as shown in the Statement of Financial Performance). As can be seen from the different terminology, there are also substantial differences in the way the amounts are recognized. Comparison of the figures for revenue, expenses and net surplus/deficit as shown in the Statement of Financial Performance 2011 with the figures shown in Statement I of the 2010 financial statements is not appropriate, since these amounts have been established using different methodologies (IPSAS vs. UNSAS).

The table below show comparative figures of 2010 and 2011 based on an IPSAS approach.

84. Since the OPCW prepared pro-forma financial statements as at year-end 2010 based on IPSAS, it is possible to demonstrate the differences between IPSAS versus UNSAS accounting and to present a valid comparison of 2010 and 2011 figures. Had Statement I of the 2010 financial statements been prepared according to IPSAS, the amounts would have been as shown in the table below. The table also presents the figures for 2011. For reasons of comparability some item headings have been aggregated.

Revenue	**2010 UNSAS**	**2010 IPSAS**	**2011 IPSAS**	**Increase/(decrease) 2011 compared to 2010 IPSAS**
Assessed contributions	67,966,000	68,851,900	67,712,488	(1,139,412)
Voluntary contributions	1,194,741	958,899	1,496,066	537,167
Article IV and V	4,969,596	4,962,211	4,267,950	(694,261)
Other	249,228	1,097,621	1,093,324	(4,297)
Total	**74,379,565**	**75,870,631**	**74,569,828**	**1,300,803**
Expenses				
Employee benefit expenses	53,488,437	52,426,728	51,672,329	(754,399)
Travel expenses	8,915,424	8,751,115	8,128,137	(622,978)
(Consultancy and) contractual services	5,236,346	4,816,039	5,510,170	694,131
General operating expenses	5,661,291	5,555,084	5,853,588	298,504

Furniture and Equipment	999,393	n.a.	n.a.	n.a.
Depreciation and Impairment of PP&E	n.a.	790,432	1,039,615	249,183
Impairment of assessed contributions recoverable	n.a.	464,447	75,038	(389,409)
Impairment of Article IV and V receivables	n.a.	223,080	441,013	217,933
Other	341,462	1,282,097	1,404,876	122,779
Total	74,642,353	74,309,022	74,124,766	184,256
Shortfall of income over expenditure (2010 UNSAS)	262,788			
Net surplus/(deficit)		1,561,609	445,062	1,116,547

Table 3: Income and revenue, Sources: OPCW Statement I of financial statements as at 31 Dec 2010 (modified), OPCW statement of financial performance of pro-forma IPSAS statements as at 31 Dec 2010 (modified), OPCW statement of financial performance as at 31 Dec 2011

Treatment of assessed contributions receivable under IPSAS is different, because old arrears have to be written down.

85. The recognition of revenue from assessed contributions and Article IV and V invoices has not significantly changed. These revenue items - as well as expenses – are no longer broken down to the different Funds. As to receivables, it should be noted that these are still initially recognised as revenue, but - as soon as they are considered to be irrecoverable – are written down, resulting in an expense. However, the legal claim to receive the amounts remains with the OPCW.

Assets are no longer expensed but have to be written off over their useful lives.

86. The major change in expenses relates to furniture and equipment (which under IPSAS is now called property, plant, and equipment). IPSAS accounting does not expense the total purchase price on acquisition, but “extends” the expense of the purchase price over the expected useful life of the respective asset. This creates an essential departure from the budgetary treatment.

Employee Benefits Expenses

Short-term employee benefits expenses were roughly EUR 43 million, mainly for salaries.

87. Short-term employee benefit expenses of roughly EUR 43 million consist mainly of salaries and post adjustments. Other major items of short-term employee benefits expenses were annual leave expenses of almost EUR 5 million, and education grant/travel expenses of nearly EUR 2.2 million.

Post-employment benefits expenses were predominantly contributions to the Provident Fund.	88. Post-employment benefits expenses derive predominantly from OPCW's pension plan which is the Provident Fund. The Provident Fund is a defined contribution plan to which the Organisation contributes a fixed amount for all employees, in a two third (the Organisation's share) to one third (the employee's share) proportion.
In the case of a provident fund no actuarial assumptions are required to measure the obligation or the expense.	89. Upon departure from OPCW, the employee receives the contributions made, plus accrued interest, under the Provident Fund's Charter and Administrative Rules. Following this payment, no legal or constructive obligation remains. Thus the obligation for each period is determined by the amounts contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense.
Expenses related to Provident Fund amounting to some EUR 7 million.	90. For the fiscal year 2011 the expenses related to the Provident Fund amounted to some EUR 7 million. Another EUR 1 million was expended for repatriation grant, removal upon separation, death benefit and travel upon separation.

4 Performance Audit

4.1 Effectiveness and Efficiency in the Operations Centre

In the OPC, Professional staff inspectors serve as duty officers, supported by General Services staff communication clerks.	91. In the OPCW Operations Centre (OPC), Professional staff (P-staff) inspectors serve as duty officers, supported by General Services staff (GS-staff) communication clerks. The OPCW runs the OPC as the central point of contact for all inspection activities 24 hours a day and 365 days a year. The OPC is part of the Inspectorate Division.
The operation centre is the main point of contact for inspection teams and States Parties.	92. In particular the OPC: - is the contact point for national authorities, as well as for permanent representatives of Chemical Weapons Convention States Parties, in all matters of inspection and verification activities; - maintains contact with world-wide operating inspection teams in routine matters, as well as delivering support in emergency situations; - conducts briefings once a week for senior management. The briefings consist of significant information on inspection/verification activities of the OPCW and on incidents that could influence them; - processes received information, e.g. situation reports and records of discussions, and forward these to responsible organisational units in the OPCW, and handles outgoing information, such as notifications, instructions to inspection teams and movement updates; - handles confidential material, and IT soft- and hardware for inspection purposes; - trains inspection teams in communication equipment and in communication procedures; - must be manned at all times.

The “every-day” and “around-the-clock-service” is conducted by inspectors and dedicated communication staff.	93. The 24/7 service in the OPC is organized in two 12-hour shifts. The OPC shift teams consist of one duty officer and one communication clerk. The duty officers are inspectors on assignment or OPC P-staff. The inspectors in the OPC are entitled to compensatory time of 4 hours for a 12-hour night-/day-shift and 12 hours for a 12-hour shift on weekends. Because of this service in the OPC, inspectors have an additional responsibility to that of their primary duties (conducting inspections) for hundreds of working days per year.
Specific skills are required from the duty officers.	94. As information and situations to be handled are in most cases highly sensitive the service in the OPC is very demanding. Consequently it requires highly professional skills from the duty officer, particularly in the following areas: - good communication skills, especially in difficult conversation situations, e.g. disturbed phone connections, talking to persons whose English is weak, or whose manner of speech is excited in exceptional circumstances; - good knowledge of OPCW’s organizational structures, competencies, responsibilities and procedures.
Inspectors serving in the operation centre are not selected and trained as communication experts.	95. Experience in the OPC shows that inspectors do not always fully meet the communication requirements of the OPC. OPCW inspectors are employed and trained to serve as experts in conducting inspection and verification missions. They are not selected and trained as communication experts. Nevertheless, the Secretariat sees added value in the engagement of inspectors in the OPC, who are not on mission duty, as focal points for inspection teams on mission, supported by a communication expert.
Inspectors engaged in the operation centre should be selected carefully and trained thoroughly.	96. In comparable operation centres of national and international authorities, such a service is conducted exclusively by specially trained and experienced communication experts. The Secretariat took a different approach and also employs inspectors in the OPC, whose skills are complimentary to the communication experts that are present at all times.
The Secretariat should continue staffing the OPC with a sufficient number of dedicated communication experts.	97. The Secretariat should continue staffing the OPC with a sufficient number of dedicated communication experts to work in the shifts together with the inspectors for the efficient and effective utilization of the OPC.

4.2 Statement of Internal Control

Enterprise risk management should be combined with reasonable internal controls in order to manage identified risks.	98. There is an ongoing debate on risk management, accountability, internal control and the role of internal audit within the UN system. Many UN bodies lack a clear framework of responsibility and accountability through the management chain. They are struggling to implement enterprise risk management (ERM) and overlook the link between ERM and internal control. A reasonable understanding of the relationship between risks and internal control can help to avoid establishing too many controls which are often poorly targeted and often not complied with.
Although some elements of risk management are being applied a proper ERM is still not in place.	99. In the OPCW, risk management was not comprehensively considered until I recommended in 2009 implementing it by a risk assessment carried out by the individual organizational units and put together in a risk register. In the OPCW other requirements, e.g., IPSAS and Results Based Management, have taken precedence. The Secretariat had therefore not implemented an adequate risk management system until now, although some elements of risk management are being applied. The follow-up carried out in 2011 showed that the Secretariat has prepared a draft risk management policy and is in the process of embedding risk awareness into its operational processes as part of a broader effort to put a proper ERM in place.
Internal controls are absolutely necessary and need to be applied in high risk areas.	100. Risk management should be combined with a proper assessment of the implementation of internal controls. Internal controls are absolutely necessary and need to be applied in high risk areas. The Secretariat, however, carries out some internal controls through individuals or committees which in my opinion are not related to risk areas.
A culture of personal responsibility and accountability of individual managers can be achieved by clear delegation of authority.	101. I would like to encourage the Secretariat to finalize the risk management plan that was recommended by me two years ago and to assess the proper relationship between risks and internal control. What is needed is a clear culture of personal responsibility and accountability on the part of individual managers and to avoid internal controls where they are not needed. This can be achieved by clear delegation of authority down through the organization.
This accountability could be brought together in an annual Statement on Internal Control.	102. This accountability could be brought together in an annual Statement on Internal Control (SIC) attached to the financial statements and including the opinion of the internal auditor. This SIC must be based on a framework by which the organization can review, document and assure the effectiveness of its internal control systems.

The main benefit would be derived from the discipline of increasing the organization's capacity to handle risk.	103. I would like to encourage the Secretariat to develop an SIC, which should be much more than a paper exercise. The statement itself is only an articulation of the existing structures. The main benefit would be derived from the discipline of increasing the organization's capacity to handle risk and to establish an effective risk and control framework.
The Secretariat's target is to implement a workable and effective risk management system.	104. The Secretariat assured once again their intent to work on a risk management system. Its target is to implement a workable and effective risk management system. Concerning the SIC, the Secretariat acknowledges the progress made by other UN organizations. We recommend that the Secretariat should follow their approach and start this exercise as soon as possible.
A reasonable delegation of authority in the Secretariat can help to avoid cumbersome and unnecessary internal control procedures in low risk areas.	105. Risk management is an ongoing process and has to take into account each and every new, emerging challenge. High risks should be met with a higher degree of internal control. At the same time it should also be kept in mind that cumbersome and unnecessary internal control procedures in low risk areas can be extremely frustrating and expensive. Furthermore, the issuance of an SIC needs to go hand in hand with a reasonable delegation of authority in the Secretariat, and here I still see considerable room for improvement.

4.3 Invoices to Member States for costs of Verification under Article IV and Article V of the Chemical Weapons Convention

Invoicing of Articles IV and V inspections has weaknesses.	106. My team conducted an audit of the invoicing of costs related to inspections under Articles IV and V of the Chemical Weapons Convention. We found some shortcomings in complying with the requirements of full payments by States Parties and in the administrative procedures that should be improved.
Each State Party shall meet certain inspection related costs unless the Executive Council decides otherwise.	107. The Chemical Weapons Convention states that each State Party shall meet the costs of verification of storage and destruction of chemical weapons (Article IV, Paragraph 16) and the costs of verification of destruction of chemical weapons production facilities (Article V, Paragraph 19) unless the Executive Council decides otherwise.

The Administrative Directive lists several inspection related activities which should be borne by inspected member states.

108. Invoicing costs for Articles IV and V inspections is based on the original decision C-I/DEC.74. Administrative Directive AD/FIN/9/Rev.3, dated 29 April 2010, refers under Paragraph 4 to Decisions of the Conference of the States Parties with respect to the invoicing of inspection costs under Articles IV and V. The decisions date from the years 1997-1999. The original decision (dated 1997) lists numerous areas of inspection-related activities which should be borne by the inspected member states, such as “On-Site Activities”, “In-Country Period”, “Transportation to and from The Hague to the Point of Entry” and “Visits”. Further cost elements like “Headquarters Activities”, “Other OPCW Equipment Costs” and “Recruitment and Training” are headlined by “Cost elements to be further evaluated” by States Parties.

The original decision has been further refined since 1997. No exceptions are foreseen in the decisions of the Executive Council.

109. These ‘further evaluations’ have been carried out and refined through several official decisions both by the Conference of the State Parties and by the Executive Council. However, none of these documents contained more than clarifications for the application of the Convention. No exceptions were foreseen in these decisions.

Approximately EUR 50,000 of costs for Articles IV and V inspections were not invoiced.

110. Despite the valid principle that all costs have to be invoiced, my team identified discrepancies. The total sum of all costs for Articles IV and V inspections in 2011 was EUR 4,048,655.78; the invoiced costs were EUR 3,999,858.21. A total of EUR 48,797.57 (1.2 %) was not invoiced in 2011. The Secretariat indicated that this was due to exceptional circumstances which they will continue to try to minimize.

In a sample check, 79 of 105 invoices did not cover all inspection related costs.

111. In order to verify the correctness of the invoicing of Articles IV and V related costs, my team conducted a sample check and compared 105 invoices of the years 2010 and 2011 with the reimbursable costs recorded in the accounts, including relevant salaries. 79 of 105 invoices did not cover all inspection-related costs.

I would like to remind all States Parties to pay inspection costs incurred by the Secretariat in full.

112. This result was partly caused by States Parties that refused full payment of all costs incurred by the Secretariat. As there are no exceptions defined by the Executive Council, I would like to remind all States Parties to pay inspection costs incurred by the Secretariat in full.

Incomplete invoices were immediately corrected.

113. Another reason why costs were not fully invoiced was that some invoices were not complete, e. g. costs that should have been invoiced were overseen. The Secretariat accepted our findings and immediately corrected the invoices.

The Secretariat has made efforts to minimize the gap between expenditures and invoiced amounts.	114. The Secretariat can further improve the mechanisms in place that verify whether all inspection missions under Article IV and V are invoiced completely. The Secretariat stated that the Inspectorate Division "lists the … costs that should be recovered", the units involved maintain and update lists of inspection missions and cross-check costs and invoicing. Furthermore, the Secretariat stressed that it "has made necessary actions to minimise the gap" between expenditures and invoiced amounts.
The invoicing process is cumbersome and is not supported by SmartStream.	115. The invoicing process is not supported by the IT system (SmartStream) because this does not have the necessary functions to automate the whole process. As a result, travel data, which are not integrated into SmartStream, must be printed, manual calculations must be made and afterwards all data must be entered into an Excel, and when the invoice is produced, a receivable must be created in SmartStream. Invoice requests are transmitted from the Inspectorate to the Administration Division, payment vouchers, tickets and boarding passes are collected by the Administration Division, and open questions are cleared by telephone or e-mail.
I strongly recommend a revision of the invoicing process with the aim of establishing a consistent and comprehensive routine process.	116. I propose an effort should be made to improve the whole process. An improved administrative procedure would enable the Secretariat to recover inspection-related costs completely, in accordance with the Convention, and establish a consistent, comprehensive and routine process.

5 Cases of fraud or suspected fraud

No cases of fraud or suspected fraud.	117. The Legal Adviser's Office reported that it does not have any information in regard to cases of fraud or suspected fraud. During our audit my team did not find cases of fraud or presumptive fraud.

6 Losses, write-offs and ex-gratia payments

In 2011 a total write-off amounting to EUR 125,631 was approved by the Conference of the States Parties.	118. In 2011 the Conference of the States Parties approved write-offs of irrecoverable accounts receivable mainly from unrecoverable receivables (unr. rec.) from "The Activity Shop" and from overpayments to separated staff as follows: - unr. rec. from "The Activity Shop" EUR 86,883.20 - unr. rec. from former staff members EUR 25,305.01 - unr. rec. foreign VAT EUR 11,219.01 - loss of assets EUR 2,223.66 total EUR 125,630.88

My recommendation last year that receivables totalling EUR 113,109 originating (at the latest) from 2001 should be written off, was implemented.	119. In my last report I recommended that the Secretariat identify all irrecoverable receivables and take the necessary steps to write them off. I welcome the action taken by the Secretariat and the approval of the Conference of the States Parties as of 30 November 2011 (C-16/DEC.8 refers). In addition to the major irrecoverable receivables from "The Activity Shop" and overpayments to separated staff (Report of the External Auditor for 2010 refers) some EUR 11,000 of irrecoverable foreign value added tax (VAT) were identified by the Secretariat.
Irrecoverable foreign VAT amounting to EUR 11,219 was written off.	120. The Secretariat reported that it claims reimbursement of VAT paid to vendors in European Union (EU) countries as the OPCW is exempted from VAT. While those reimbursement claims in the Netherlands are filed directly with the local tax authorities and are refunded regularly, claims for refund of VAT paid to vendors in other EU countries must be submitted to the vendors concerned, who then file the claims with their local tax authorities. Despite repeated reminders some vendors did not undertake the process for VAT reimbursement claims for their customers, resulting in a total amount of EUR 11,219, involving 23 vendors dating back to the year 2009.
Loss of non-expendable assets was EUR 2,223.66 (net book value).	121. After full investigation the Property Survey Board approved the write-off (as losses) of six items of non-expendable property with a total net book value of EUR 2,223.66.
No ex-gratia payments	122. For the financial year 2011 no ex-gratia payments were recorded.

7 Follow-up

7.1 Operational Aspects of Tenure Policy

OPCW might benefit from a less rigorous tenure policy.	123. I examined the impact of the OPCW´s tenure policy. I pointed out that the OPCW might benefit from a less rigorous tenure policy and recommended that the Director-General be given appropriate discretionary authority and flexibility in the execution of the tenure policy. At that time the Policy-Making Organs had already had discussions on the effects of the tenure policy.
The DG was granted exceptional authority for the extension of contracts under specific conditions.	124. I note that the Conference took the decision that the DG be granted the exceptional authority to extend the contracts of staff subject to tenure beyond the seven-year total length of service, under specific and limited conditions (C-16/DEC.9).

7.2 Risk Management

I welcome the actions taken by Secretariat in the meantime, but there is further room for improvement.	125. I welcome the actions taken by the Secretariat concerning risk management by conducting workshops on risk management for senior and middle-level managers, developing a risk management policy and integrating this issue into a performance monitoring tool, as well as preparing a corporate risk register. However, a proper risk management system is still not in place.
I'll follow-up on this issue in the context of a SIC.	126. Since the Secretariat's target is to implement a workable and effective risk management system, I will follow-up on this issue henceforth in the context of combining risk management with a proper assessment of the implementation of internal controls. I refer to my recommendation that a Statement of Internal Control (SIC) should be considered (paras. 98-105, refer).

7.3 Enterprise Resource Planning (ERP) System

The introduction of a new ERP system should be considered.	127. In my last report I recommended that the introduction of a new Enterprise Resource Planning (ERP) system should be considered when more information on the future of the OPCW is available. My staff noticed some development in this respect.
An ERP working group was established to work on a common goal.	128. To meet the challenges of implementing IPSAS with the current financial IT systems, an ERP working group was established that meets to discuss open business process cases and requests for change, as well as to prioritise them. I welcome the establishment of this group, since it shows that the Secretariat is strengthening its activities to reduce the amount of manual work required, especially in the Finance and Accounts Branch, and to work towards a common goal.
All four parts of a SWOT Analysis favoured a new ERP system.	129. A SWOT analysis (Strength, Weakness, Opportunity and Threat) was conducted to compare the current IT system (Smartstream) and a new ERP system. My staff noticed that the conclusions of all four parts predominantly argued for a new ERP system. The current system does not support recording transactions required by IPSAS. A new ERP system, however, would require substantial investment and manpower that is needed for the implementation. I therefore recommend evaluating possible co-operation within the UN-family when implementing a new ERP system, to benefit from the harmonisation effects provided by implementing IPSAS.

The Secretariat should proceed with its planned next steps and carry out a feasibility study, as well as a cost benefit analysis to decide whether it is more efficient to maintain the current ERP system or to invest in a new ERP system.	130. Furthermore I encourage the Secretariat to proceed with its planned next steps to reduce the manual workload and thereby the risks entailed by the manual conversion of UNSAS-based general ledger data into a IPSAS-based ledger using the Excel worksheets for the purpose of preparing the financial statements: - executing a feasibility study on automating IPSAS financial reporting from SmartStream, - conducting immediately a detailed cost benefit analysis and risk assessment, comparing the current system and a new ERP system to decide whether it is more efficient to maintain the current system or to invest in a new ERP system as soon as possible and seek the cooperation with other international organizations. I will follow up on progress made in this area.

7.4 Financial Situation

Directives for transfers of funds from the General Fund to the Special Accounts should be revised.	131. In my two last reports I raised the issue of appropriate administrative procedures and consistent directives for transfers of funds between the General Fund and the Special Accounts for the OPCW Equipment Store and the Designated Laboratories.
Following the revision the Secretariat is now given the right to replenish these accounts from the General Fund.	132. The Executive Council in its 65th session approved a note by the DG (EC-65/DG.9) and revised the decision under which the Special Accounts were originally established by the Conference at its Fourth Session (C-IV/DEC.17, dated 2 July 1999). The Secretariat is now given the right to replenish these accounts from the General Fund.

7.5 ICA Associate Programme – Allocation of Training Capacities

Training capacities were not fully used and nationally not well balanced.	133. In my last report I commented on the use of training capacities in the Associate Programme. The Secretariat in former years had not fully used the training capacities available and national participation was not well balanced.
Participants from a larger number of States Parties attended the Programme	134. The Secretariat reported that by various means it reached out to a maximum number of States Parties and could considerably enlarge the number of countries with participants in the programme.

7.6 Article IV and Article V

I recommended examining the invoicing of Article IV and V inspections.	135. In my last report I recommended examining the invoicing of Article IV and V inspections with the objective of fully integrating it in an automated system and reviewing and improving the communication process between the affected organisational units (Report 2010, paras. 57-60, refer).
The Secretariat reported that it had reviewed its internal processes.	136. The Secretariat reported (EC-67/S/3) on 6 February 2012 that it "has reviewed its internal processes and improved them with frequent communication between the Inspectorate and Administration Divisions."
The results of my most recent audit are shown in this report.	137. Since my team carried out a more detailed audit of the Articles IV and V invoicing, the above-mentioned recommendation and the review of the implementation was included in paras. 106-116.

7.7 Property Survey Board

Backlog of assets subject to investigations or write-off.	138. Last year I noticed that the Secretariat has meanwhile successfully eliminated the backlog of assets subject to investigation or to write-off.
Secretariat's intention to define the maximum time between identification of an asset "loss" and the write-off measures to be taken.	139. In its report on the status of implementation of the recommendations of the External Auditor as of 6 February 2012, the Secretariat informed the Executive Council that the maximum time between the identification of an asset "loss" and the write-off measures to be taken will be defined in the revised Administrative Directive on "Management of Non-Expendable and Expendable Assets" (AD/FIN/6/Rev.2), which will be issued in 2012.
Definition not yet issued. Early action required.	140. Since the aforementioned revision had not yet been issued by the transmission date of this report, I repeat my recommendation to take action.

7.8 Losses, write-off and ex-gratia payments

Write-off was approved by the Conference of the States Parties.	141. As I stated in chapter 6, the Secretariat took the necessary steps to obtain the approval of the Conference of the States Parties to write-off irrecoverable receivables of EUR 125,631 in 2011.

8 Acknowledgement

I am grateful for the support received during the audit	142. I wish to record my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat and delegates. I am very grateful for their assistance during the whole external audit process.

Annex A

Issues	Reference: Report EA Chapter, Year	Recommendation
Financial Situation; Contributions	3.2/2011	I noticed a positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed contributions. Compared to 2010 the number of States Parties that fully paid their contributions increased by 6.6 %. Furthermore, I appreciate that another State Party has agreed on a payment plan in December 2011. I repeatedly pointed out that it is hardly acceptable that contributions are not paid. I encourage the States Parties to pay their contributions or at least to make use of the payment plans offered by the Secretariat. I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable (paras. 50-52 refer) does not relieve States Parties from their obligation to pay assessed contributions.
Strengthening Effectiveness and Efficiency in the Operations Centre	4.1/2011	In the OPCW Operations Centre (OPC), Professional staff (P-staff) inspectors serve as duty officers, supported by General Services staff (GS-staff) communication clerks. The OPCW runs the OPC as the central point of contact for all inspection activities 24 hours a day and 365 days a year. The OPC is part of the Inspectorate Division. OPCW inspectors are employed and trained to serve as experts in conducting inspection and verification missions. They are not selected and trained as communication experts. Nevertheless, the Secretariat sees added value in the engagement of inspectors in the OPC, who are not on mission duty, as focal points for inspection teams on mission, supported by a communication expert. The Secretariat should continue staffing the OPC with a sufficient number of dedicated communication experts to work in the shifts together with the inspectors for the efficient and effective utilization of the OPC.
Statement of Internal Control	4.2/2011	I would like to encourage the Secretariat to finalize the risk management plan that was recommended by me two years ago and to assess the proper relationship between risks and internal control. What is needed is a clear culture of personal responsibility and accountability on the part of individual managers and to avoid internal controls where they are not needed. This can be achieved by clear delegation of authority down through the organization. I would like to encourage the Secretariat to develop an SIC, which should be much more than a paper exercise. The statement itself is only an articulation of the existing structures. The main benefit would be derived from the discipline of increasing the organization's capacity to handle risk and to establish an effective risk and control framework. Risk management is an ongoing process and has to take into account each and every new, emerging challenge. High risks should be met with a higher degree of internal control. At the same time it should also be kept in mind that cumbersome and unnecessary internal control procedures in low risk areas can be extremely frustrating and expensive. Furthermore, the issuance of an SIC needs to go hand in hand with a reasonable delegation of authority in the Secretariat, and here I still see considerable room for improvement.

Annex A

Issues	Reference: Report EA Chapter, Year	Recommendation
Invoices to Member States for costs of verification under Article IV and V of the Chemical Weapons Convention	4.3/2011	The Chemical Weapons Convention states that each State Party shall meet the costs of verification of storage and destruction of chemical weapons (Article IV, Paragraph 16) and the costs of verification of destruction of chemical weapons production facilities (Article V, Paragraph 19) unless the Executive Council decides otherwise. Despite the valid principle that all costs have to be invoiced, my team identified discrepancies. This result was partly caused by States Parties that refused full payment of all costs incurred by the Secretariat. As there are no exceptions defined by the Executive Council, I would like to remind all States Parties to pay inspection costs incurred by the Secretariat in full. The invoicing process for costs of verification under Article IV and V of the Chemical Weapons Convention is not supported by the IT system (SmartStream) because this does not have the necessary functions to automate the whole process. As a result, travel data, which are not integrated into SmartStream, must be printed, manual calculations must be made and afterwards all data must be entered into an Excel, and when the invoice is produced, a receivable must be created in SmartStream. Invoice requests were transmitted from the Inspectorate to the Administration Division, payment vouchers, tickets and boarding passes are collected by the Administration Division, and open questions were cleared by telephone or e-mail. I propose an effort should be made to improve the whole process. An improved administrative procedure would enable the Secretariat to recover inspection-related costs completely, in accordance with the Chemical Weapons Convention, and establish a consistent, comprehensive and routine process.

Annex A

Prior Years' Issues	Reference: Report EA Chapter, Year	Referring to the present Report 2011
Risk Management	4.11/2009 7.2/2010 7.2/2011	Since the Secretariat's target is to implement a workable and effective risk management system, I will follow-up on this issue henceforth in the context of combining risk management with a proper assessment of the implementation of internal controls. I refer to my recommendation that a Statement of Internal Control (SIC) should be considered.
Enterprise Resource Planning System	4.3/2010 7.3/2011	A SWOT analysis (Strength, Weakness, Opportunity and Threat) was conducted to compare the current IT system (Smartstream) and a new ERP system. My staff noticed that the conclusions of all four parts predominantly argued for a new ERP system. The current system does not support recording transactions required by IPSAS. A new ERP system, however, would require substantial investment and manpower that is needed for the implementation. I therefore recommend evaluating possible co-operation within the UN-family when implementing a new ERP system, to benefit from the harmonisation effects provided by implementing IPSAS. Furthermore I encourage the Secretariat to proceed with its planned next steps to reduce the manual workload and thereby the risks entailed by the manual conversion of UNSAS-based general ledger data into a IPSAS-based ledger using the Excel worksheets for the purpose of preparing the financial statements: - executing a feasibility study on automating IPSAS financial reporting from SmartStream, - conducting immediately a detailed cost benefit analysis and risk assessment, comparing the current system and a new ERP system to decide whether it is more efficient to maintain the current system or to invest in a new ERP system as soon as possible and seek the cooperation with other international organizations. I will follow up on progress made in this area.
Property Survey Board	4.7/2009 7.3/2010 7.7/2011	In its report on the status of implementation of the recommendations of the External Auditor as of 6 February 2012, the Secretariat informed the Executive Council that the maximum time between the identification of an asset "loss" and the write-off measures to be taken will be defined in the revised Administrative Directive, "Management of Non-Expendable and Expendable Assets" (AD/FIN/6/Rev.2) which will be issued in 2012. Since the aforementioned revision had not yet been issued by the transmission date of this report, I repeat my recommendation to take action.

**RESPONSE OF THE DIRECTOR-GENERAL
TO THE
REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDING 31 DECEMBER 2011**

1. The Director-General wishes to express his appreciation for the observations, recommendations, and support received from the President of the Federal Court of Audit of Germany and his staff, on the occasion of the external audit of the financial statements of the OPCW for the period ended 31 December 2011.

2. It is gratifying to note that, in the External Auditor’s opinion, the financial statements present fairly the financial position as at 31 December 2011 and that they were prepared in accordance with the OPCW’s stated accounting policies (applied on a basis consistent with the previous period); and that the transactions were in accordance with the Financial Regulations and legislative authority.

3. The Director-General is in general agreement with the observations and recommendations made by the External Auditor, and action has been initiated to implement these recommendations as appropriate.

FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDING 31 DECEMBER 2011

Statement by the Management Board of the Provident Fund of the OPCW

The Management Board of the Provident Fund believes that the attached financial statements of the Provident Fund of the OPCW for the year ending 31 December 2011 are presented according to the requirements of:

- the *Charter and Administrative Rules of the Provident Fund of the OPCW,* including Article 11;
- the *OPCW Financial Regulations and Rules*, as applicable; and
- the *International Public Sector Accounting Standards (IPSAS).*

It is the Board's opinion that the financial statements present a view that is consistent with its understanding of the Provident Fund's financial position as at 31 December 2011, financial performance, and cash flows for the year then ended.

The Hague, 30 March 2012

Grace Asirwatham
Chairperson, Management
Board of the Provident Fund

FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDING 31 DECEMBER 2011

Table of Contents

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
(expressed in euros)

	Notes	2011
Assets		
Non-current assets		-
Current assets		
Investments	7	561,978
Accounts receivable	8	8,977
Other assets	9	-
Cash and cash equivalents	10	46,021,009
Total current assets		**46,591,964**
Total assets		**46,591,964**
Liabilities		
Non-current liabilities		-
Current liabilities		
Accounts payable	11	1,334
Provident Fund balances payable to outgoing Participants	12	-
Other financial liabilities/provisions	13	-
Total current liabilities		**1,334**
Total liabilities		**1,334**
Net assets		**46,590,630**
Net assets/equity		
Participants’ capital accounts	14.1	46,490,185
Special reserves	14.2	49,079
Accumulated surplus/(deficits)	14.3	51,366
Subotal net assets/equity		**46,590,630**
Minority interest		-
Total net assets/equity		**46,590,630**

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 31 DECEMBER 2011
(expressed in euros)

	Notes	2011
Revenue		
Interest income on Participants' capital accounts	15	1,199,734
Contribution by the OPCW to early separating Participants	16	3,582
Gain on changes in fair value of investments	17	890
Other income	18	5,259
Total revenue		**1,209,465**
Expenses		
Bank charges	19.1	212
Loss on changes in fair value of investments	19.2	21,845
Total expenses		**22,056**
Finance income	20	4,115
Finance cost	20	(13,158)
Net finance income		**(9,043)**
Net surplus/(deficit) for the period		**1,178,366**
Net surplus/(deficit) for the period:		
Attributable to Participants of the Provident Fund		1,174,055
Attributable to special reserve		3,582
Accumulated surplus/deficit		729
		1,178,366
Minority interests		-

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2011
(expressed in euros)

	Note	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/Deficit	Total	Minority Interest	Total Net Assets/ Equity
Balance at 1 January 2011 - UNSAS		**47,797,841**	**45,497**	**50,637**	**47,893,975**	**-**	**47,893,975**
Opening balance sheet adjustments: IPSAS	6	-	-	-	-	-	-
		47,797,841	**45,497**	**50,637**	**47,893,975**	**-**	**47,893,975**
Balance at 1 January 2011 - IPSAS		**47,797,841**	**45,497**	**50,637**	**47,893,975**	**-**	**47,893,975**
Changes recognised in net assets/equity:							
Add: Current year contributions		10,444,219	-	-	10,444,219	-	10,444,219
Deduct: Payouts		(12,925,930)	-	-	(12,925,930)	-	(12,925,930)
Available-for-sale financial asset reserve		-	-	-	-	-	-
Net revenue recognised directly in net assets/equity		-	-	-	-	-	-
Surplus/(deficit) for the period		**1,174,055**	**3,582**	**729**	**1,178,366**	**-**	**1,178,366**
Total recognised revenue and expense for the year 2011		(1,307,656)	3,582	729	(1,303,345)	-	(1,303,345)
Balance at 31 December 2011		**46,490,185**	**49,079**	**51,366**	**46,590,630**	**-**	**46,590,630**

THE PROVIDENT FUND OF THE OPCW
CASH FLOW STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2011
(expressed in euros)

	Notes	2011
Cash from operating activities		
Net surplus/(deficit) for the period		1,178,366
Non-cash movements		
(Increase) / decrease in accounts receivable	8	(8,977)
Increase / (decrease) in accounts payable	11	(283)
(Increase) / decrease in other assets	9	-
Increase / (decrease) in other liabilities	13	-
(Gain)/loss on changes in fair value of investments	17, 19	20,955
Net cash flows from operating activities		**1,190,062**
Cash flows from investing activities		
Proceeds from sale of investments	7	149,258
Net cash flows from investing activities		**149,258**
Cash flows from financing activities		
Participants' capital (contributions less payouts)		(2,481,713)
Finance income	7	(3,173)
Finance cost	7	2,035
Net cash flows from financing activities		**(2,482,851)**
Net increase / (decrease) in cash and cash equivalents		**(1,143,531)**
Cash and cash equivalents at beginning of the period		47,164,541
Cash and cash equivalents at end of the period		**46,021,009**

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDING 31 DECEMBER 2011

1. REPORTING ENTITY

1.1 The Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the Provident Fund") was established in June 1997 under the authority of the Director-General of the OPCW for the staff members of the Secretariat of the OPCW, and as provided for in Article VI of the Staff Regulations. The Provident Fund Management Board (hereinafter "the Management Board") comprises five members and is chaired by the Deputy Director-General of the OPCW. The Management Board meets at least quarterly.

1.2 The object and purpose of the Provident Fund is to be an instrument of social security for staff members of the OPCW holding a fixed-term appointment. The Management Board administers resources, which are entrusted to the Provident Fund by eligible staff members and by the OPCW for the benefit of the participating eligible staff members (hereinafter "Participants"). This involves investing the resources as shall be determined from time to time in accordance with established investment policies and guidelines, and returning resources and income earned thereon to such Participants upon the termination of their employment with the OPCW.

1.3 The continued existence of the Provident Fund in its present form is dependent on the existence of the OPCW.

1.4 There are no controlling or controlled entities to the Provident Fund.

1.5 The accounts of the Provident Fund are maintained in accordance with the Charter and Administrative Rules of the Provident Fund, and the relevant OPCW Financial Regulations and Rules. In this regard, the financial statements of the Provident Fund are presented in euros and prepared in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS OF PREPARATION

2.1 The financial statements of the Provident Fund have been prepared on an accrual and going-concern basis and comply with the requirements of IPSAS. Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied. Further information regarding the first-time adoption of IPSAS and transitional provisions adopted is provided in note 6 'Impact of the transition to IPSAS'.

2.2 This is the first set of financial statements prepared in compliance with IPSAS and, therefore, no comparative information is provided for the previous year, in accordance with IPSAS. The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

2.3 The financial statements are presented in euros and they cover the calendar year ended 31 December 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The objective of these financial statements is to provide information about the financial position, performance, and cash flows of the Provident Fund to demonstrate the accountability of the Provident Fund for the resources entrusted to it by Participants and the OPCW and to facilitate decision making by Participants and the Management Board. The principal accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

3.2 The scope of consolidation of the Provident Fund comprises one entity, the Provident Fund. There are no associates or joint ventures identified for inclusion in the scope of consolidation of these financial statements.

Foreign currency translation

3.3 The following exchange rates have the most significant impact on the preparation of these financial statements:

Period	USD/EUR
31 December 2011	0.774
Average 12 months	0.720

Functional and presentation currency

3.4 Items included in the financial statements are measured using the currency of the primary economic environment in which the Provident Fund operates, the functional currency, which is euros. Assets held in US dollars are converted to euros at the exchange rate of 31 December 2011. Currency gains/losses are recognised in the statement of financial performance throughout the year at the exchange rate applicable at the time of the transactions.

Transactions and balances

3.5 Foreign currency transactions are translated into the functional currency using the United Nations operational rate of exchange prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applicable on 31 December.

Cash and cash equivalents

3.6 Cash and cash equivalents include current and savings deposits held at call with the ABN AMRO Bank. The Provident Fund is prohibited from having any bank overdrafts and accordingly does not have any bank overdrafts.

Financial assets

Classification

3.7 The Provident Fund classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit; receivables; held-to-maturity financial assets; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The classification of the financial assets is determined at initial recognition and re-evaluated at each reporting date.

(a) Financial assets at fair value through surplus or deficit: This category has two subcategories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by the Provident Fund.

(b) Receivables: Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months of the reporting date in which case they are classified as non-current. The Provident Fund's receivables comprise mainly 'accounts receivable and recoverable from the OPCW and Participants'.

(c) Held-to-maturity financial assets: Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Provident Fund has the positive intention and ability to hold to maturity. If the Provident Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than 12 months of the reporting date, which are classified as current assets.

(d) Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Provident Fund intends to dispose of the financial asset within 12 months of the reporting date.

Recognition and measurement

3.8 Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity, and available-for-sale financial assets are recognised on the trade date—the date on which the Provident Fund commits to purchase or sell the asset.

3.9 Financial assets not carried at fair value through surplus or deficit are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the statement of financial performance. The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Provident Fund has transferred substantially all risks and rewards of ownership

Subsequent measurement

3.10 Available-for-sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

3.11 Gains and losses arising from changes in the fair value of the financial assets at fair value through surplus or deficit are included in the statement of financial performance in the period in which they arise. Dividend income from financial assets at fair value through surplus or deficit is recognised in the statement of financial performance as part of other income when the Provident Fund's right to receive payments is established.

3.12 Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences arising on monetary items are recognised in the statement of financial performance. Translation differences arising on non-monetary items are recognised in net assets/equity when the gain/loss on the non-monetary items is recognised in net assets/equity, and are recognised in the statement of financial performance when the gain/loss on the non-monetary item is recognised in the statement of financial performance.

3.13 When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available-for-sale financial assets are recognised when the Provident Fund's right to receive payment is established.

Impairment

3.14 All financial assets except those measured at fair value through surplus or deficit are subject to review for impairment. The Provident Fund assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(a) Financial assets carried at amortised cost: If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

(b) Available-for-sale financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets/equity and there is objective evidence that impairment loss has occurred, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance—is removed from net assets/equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance with respect to an equity instrument classified available-for-sale are not reversed through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of financial performance.

Inventories

3.15 The Provident Fund does not hold any inventories.

Property, plant and equipment

3.16 The Provident Fund does not own any item of property, plant and equipment.

Leases

3.17 The Provident Fund is not party to any lease agreement as a lessee or a lessor.

Intangible assets

3.18 The Provident Fund does not own any intangible assets.

Impairment of non-cash-generating assets

3.19 The Provident Fund does not own any non-cash-generating assets.

Employee benefits

3.20 There are no employee benefits since the Provident Fund does not have employees.

Financial liabilities

3.21 Financial liabilities are recognised initially at fair value. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Provisions and contingencies

Provisions

3.22 Provisions are recognised for future expenditures of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

3.23 Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

3.24 A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the entity. A contingency is also recognised when it is not probable that a present obligation exists, but all other aspects of the definition of a provision are met. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Contingent assets

3.25 A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised.

Tax

3.26 The Provident Fund as an affiliate of the OPCW enjoys the same privileged tax-exemption as the OPCW. As such, all contributions to the Participants' Provident Fund and interest income and gains on investments are exempt from all direct taxation.

Any tax obligations of the Participants upon final settlement of their accumulated Provident Fund balances are borne by Participants themselves.

Revenue recognition

Revenue from non-exchange transactions

3.27 Non-exchange revenue represents transactions in which the Provident Fund receives value from another entity without providing approximately equal value to another entity in exchange. For non-exchange transactions, revenue is recognised on the inflow of assets except to the extent that a liability exists, representing a present obligation of the Provident Fund. As the Provident Fund satisfies this present obligation, it reduces the carrying amount of the liability and recognises revenue. Non-exchange revenue is measured at the amount of the increase in net assets recognised by the Provident Fund. Recoverables relating to non-exchange revenue are recognised at net realisable amount. Goods in kind, if any, are recognised as assets when the goods are received or when there is a binding agreement to receive the goods and no conditions are attached. Services in kind are not recognised.

3.28 The Provident Fund's sole source of non-exchange revenue is the OPCW's contribution to the Provident Fund of employees who separate from the OPCW, for reasons other than health, before completing the minimum three months of service. The Provident Fund recognises full amounts of such inflows as revenue since no corresponding liabilities exist and the Provident Fund gains control of the received cash resources for its own use.

Revenue from exchange transactions

3.29 Revenue from exchange transactions is measured at the fair value of the consideration received or receivable and is recognised as services are rendered according to the estimated stage of completion when the outcome of a transaction can be estimated reliably. Revenue is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. When the outcome of the transaction cannot be estimated reliably, revenue is recognised to the extent of the expenses recognised that are recoverable. Revenue from services is recognised at the fair value of the consideration received or receivable. When a receivable is impaired, the carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the receivable. Subsequent recoveries of amounts previously written off are credited to miscellaneous income within the statement of financial performance. Interest income is recognised on a time-proportion basis using the effective interest method.

3.30 The Provident Fund's major categories of exchange revenue are interest income and gains on changes in fair value of the UBS investments.

Expenses

3.31 Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners. Expenses are aggregated on the face of the statement of financial performance according to their nature.

Segment information

3.32 A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. The Provident Fund is managed as one entity and does not have segments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 In accordance with IPSAS and generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions. The Provident Fund Management Board is responsible for estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Receivables: Determination of impairment

4.2 The Provident Fund's receivables are required to be reviewed at the end of each reporting period for impairment and indications of uncollectibility. The Provident Fund makes an estimate of the amount of receivables that it is not able to recover based on prior payment history and expectations of future amounts it expects to recover from these receivables. No impairment has been recognised in the financial statements of the Provident Fund as at 31 December 2011.

5. FINANCIAL-RISK MANAGEMENT

Financial-risk factors

5.1 The Provident Fund's activities expose it to a variety of financial risks such as market risk (including currency risk, interest-rate risk and other price risk), credit risk and liquidity risk. The Provident Fund's overall risk-management programme is carried out pursuant to its investment policy proposed by the Management Board and approved by the Participants. The major objectives that the investment policy of the Provident Fund targets are capital preservation, minimum risk, sufficient liquidity, and simplicity. The investment policy also identifies the Pension Services Division of the ABN AMRO Bank (hereinafter "ABN AMRO") as the party designated to provide investment and administration services to the Provident Fund. The Provident Fund Management Board monitors the performance of ABN AMRO in respect of the stated investment and administrative services based on a Service Level Agreement setting out specific parameters to gauge the performance. The Annual General Meetings of Participants also receive reports on the overall performance of the Provident Fund's financial resources under ABN AMRO's administration. The Annual General Meeting takes important decisions on any changes to the investment policies of the Provident Fund. Special General Meetings may also take place to deal with specific issues. The Provident Fund does not enter into hedging activities and does not use derivative financial instruments.

Market risk: Foreign-exchange risk

5.2 Foreign-exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign-exchange rates. The Provident Fund operates mainly in euros. Portions of the Provident Fund of some Participants are held in US dollars. Therefore, exposure to foreign-exchange risk also exists to the extent of these US dollars holdings. Foreign-exchange risk of the Provident Fund is attributed to the specific Participants that are party to the transaction embodying the risk and any ensuing loss is borne by these Participants.

5.3 ABN AMRO has been administering the Provident Fund’s resources since 17 December 2007. As at this date, there were Participants whose Provident Fund balances were held in US dollars denominated accounts and/or in the form of investments managed by USB denominated in US dollars and/or in euros. The Participants with US dollars holdings have since been afforded the choice to convert their US dollar balances to euros. While some Participants have exercised the choice to convert their US dollars holdings, others have opted to retain them to date. The Participants with UBS managed investments also have the choice to redeem their investment units that are held in US dollars and/or euros and transfer the amounts to the mainstream euro savings accounts maintained with the ABN AMRO. However, there are some Participants who currently hold UBS investments in US dollars as well as euros. The Provident Fund does not currently accept new US dollar deposits or UBS investments. Any gains/(losses) on foreign exchange arising when Provident Fund balances in existing US dollar savings accounts or US dollar denominated UBS investments are converted for deposit into euro savings accounts are recognised as surplus or deficit in the period in which they arise. Such gain/loss is allocated to the Provident Fund of the individual Participant to whom the underlying foreign currency transaction corresponds.

5.4 The main sources of the Provident Fund’s cash inflows are the monthly contributions from Participants at the rate of 7.9% of their pensionable remunerations, and from the OPCW at the rate of 15.8% of the pensionable remunerations of the Participants. Participants may also make additional voluntary contributions to the Provident Fund. In the latter case, the OPCW does not make a matching contribution. Cash inflows attributable to these contributions are denominated in euros. The Provident Fund’s cash outflows relate primarily to payments made to separating employees in respect of accumulated Provident Fund balances, which are composed of their contribution and the matching contribution of the OPCW. The Provident Fund makes payments predominantly in euros. Since these outflow and inflow are both in euros, there is no foreign-exchange risk.

5.5 In addition to Provident Fund balances in US dollars held by the Participants, the Provident Fund has cash in US dollars that is not attributable to individual Participants. Currently, the total of US dollar cash holdings of this nature amounts to USD 990 (EUR 766). This represents an insignificant portion of the total cash resources of the Provident Fund. The US dollar cash balance is revalued at the end of each month to the euro equivalent at the prevailing UN exchange rate and the resulting foreign-exchange gain/(loss) is recognised in surplus/deficit of the current period.

5.6 At 31 December 2011, if the euro had weakened/strengthened by 5% against the US dollar, net deficit for the year would have been EUR 499 higher, mainly as a result of foreign-exchange gains/losses on revaluation of Participants' US dollar denominated Provident Fund balances and other US dollars cash accounts of the Provident Fund.

Market risk: Interest-rate risk

5.7 Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Provident Fund places its cash and cash equivalents primarily in ABN AMRO savings accounts, which receive interest set for accounts categorised by the bank as 'Vermogens Spaarrekening' plus 0.1%. Interest rate on 'Vermogens Spaarrekening' accounts is the highest rate that the bank offers to individual savings accounts. The future cash flows representing interest income from these deposits will fluctuate since they are not fixed and ABN AMRO may change the base rate at any time based on money and capital market situations.

Market risk: Other price risk

5.8 Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Some Participants of the Provident Fund currently have portions of their Provident Fund balances in UBS investments. The values of these investments fluctuate depending on the movement in the market price of the relevant UBS investment units. Gains/(losses) arising from such fluctuations in the market prices of the UBS investments, which represent financial assets at fair value through surplus or deficit, are recognised in the surplus/deficit for the year.

Credit risk

5.9 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents with banks and financial institutions. The Provident Fund Management Board, with the agreement of the Participants, determines the financial institutions with which the responsibilities for maintaining and administering the Provident Fund's resources are to be entrusted based on the investment policy of capital preservation. The majority of the Participants' Provident Fund balances (99%) as at the reporting date are maintained in ABN AMRO savings accounts. ABN AMRO is currently 100% owned by the Dutch Government. The Provident Fund and other account balances are covered by the Deposit Guarantee Scheme, which provides for reimbursement of EUR 100,000 against the cumulative balance of an individual participant in all ABN AMRO accounts held by her/him. The Deposit Guarantee

Scheme enters into force once a bank facing problems is no longer able to pay customer's credit balances. Information regarding the credit quality of the banks and financial institutions in which the Provident Fund's cash and cash equivalents and investments are held as of the reporting date is as follows (Moody's ratings referenced):

ABN AMRO

Moody's Investors Service Ratings	Rating
Short-term credit rating	P-1

UBS AG

Moody's Investors Service Ratings	Rating
Short-term issuer level rating	P-1

Liquidity risk

5.10 Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Provident Fund's obligations to make payments predominantly relates to settlement of accumulated Provident Fund balances of outgoing Participants. Liquidity risk arises in that the Provident Fund may encounter difficulties in meeting these obligations. Since the Provident Fund's cash resources are held in savings accounts and UBS investments that are readily convertible into cash, the liquidity risk faced by the Provident Fund is almost nil.

The table below analyses the Provident Fund's financial liabilities into relevant maturity groupings based on their contractual undiscounted cash flows:

	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Accounts payable	-	-	-	-	-	-
Provident Fund balances payable to outgoing Participants	-	-	-	-	-	-
Other financial liabilities	1,334	-	-	-	-	1,334
Total financial liabilities	**1,334**	**-**	**-**	**-**	**-**	**1,334**

Capital-risk management

5.11 The majority of the Provident Fund's resources flow to the entity in the form of Provident Fund contributions by Participants and the OPCW, and these resources are held in separate accounts for each Participant. The OPCW provides the necessary facilities and human resources for the internal management and administration of the Provident Fund. Therefore, it does not incur costs requiring continuous flow of resources for the day-to-day administrative operations. Although any unforeseen resource requirements of amounts are to be met from the existing 'Special Reserve' balance, which is sourced from inflows relating to matching contributions of the OPCW against Participants who are separated from the Organisation before completing the minimum service period of three months, the timing and amount of such inflows are not under the control of the Provident Fund. The Provident Fund is prohibited from obtaining debt financing.

Fair value estimation

5.12 The determination of the fair value of the Provident Fund's financial instruments matches the carrying value except for the UBS investments that are valued based on market prices. The Provident Fund's receivables are recognised at net recoverable amount and the cash and cash equivalents are recognised at fair value. Financial liabilities of the Provident Fund generally do not extend for a significant period beyond one year and are not discounted.

6. IMPACT OF THE TRANSITION TO IPSAS

The Provident Fund's financial statements for the year ended 31 December 2011 have been prepared in accordance with IPSAS for the first time. The Provident Fund's financial statements were last prepared in accordance with UNSAS (United Nations System Accounting Standards) for the year ended 31 December 2010. The Provident Fund has made the decision to migrate to financial reporting in accordance with IPSAS to improve transparency of financial information, accountability, and internal control with respect to all assets and liabilities, facilitating improved management and stewardship of resources and to provide more comprehensive and consistent information about revenue and expenses, and improved governance. In addition, the United Nations approved the adoption of IPSAS as the appropriate financial reporting framework for the United Nations and UNSAS standards will cease to represent the United Nations system's accounting standards and will no longer be maintained. This transition to IPSAS does not have impact on the net assets/equity since no revision of the Provident Fund's accounts was required other than presentational changes.

7. INVESTMENTS

7.1 The Provident Fund has investments with UBS and these are designated as financial assets at fair value through surplus or deficit since such designation is deemed to result in more relevant information. The UBS investments are managed and their performances are evaluated on a fair value basis, in accordance with the risk management on investment strategy as stipulated in the Provident Fund's investment policies. Information about the performance of the investments is provided internally to the Management Board and to Participants.

7.2 Participants' Provident Fund balances held in UBS units are recognised as investments at fair value based on the market price. The movements in these investments during the financial year are described below.

Investments	Yield (USD)		Balanced (USD)		Growth (USD)		Yield (EUR)		Balanced (EUR)		Growth (EUR)		Total
	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	In EUR
Balance as at 31 December 2010	**19.285**	**37,965**	**96.543**	**166,259**	**25.357**	**48,053**	**14.370**	**38,830**	**174.980**	**349,032**	**37.886**	**90,912**	**731,051**
Total gains/loss in surplus/deficit													
- realised capital gain (separated Participants)		63		428		189		(16)		94		117	890
- unrealised capital loss (current Participants)		(83)		(3,236)		(1,585)		(325)		(12,255)		(4,346)	(21,845)
Subtotal		(20)		(2,808)		(1,396)		(341)		(12,160)		(4,230)	(20,955)
- unrealised currency gain (current Participants)		535		2,089		551		-		-		-	3,173
- realised currency loss (current Participants)		(445)		(1,220)		(371)		-		-		-	(2,035)
Total		70		(1,940)		(1,216)		(341)		(12,160)		(4,230)	(19,815)
Add: Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduct: Redemptions	3.373	6,258	25.548	43,205	8.337	15,617	0.925	2,483	26.476	52,906	11.949	28,789	149,258
Balance as at 31 December 2011	**15.912**	**31,778**	**70.995**	**121,115**	**17.02**	**31,220**	**13.445**	**36,005**	**148.504**	**283,966**	**25.937**	**57,894**	**561,978**

8. ACCOUNTS RECEIVABLE

	2011
Receivables from staff members*	5,244
Interest receivable**	3,733
Less: allowance for impairment of accounts receivable	-
Total accounts receivable	**8,977**
Less: non-current portion – accounts receivable	**-**
Current portion – accounts receivable	**8,977**

* 'Staff members' comprise receivables from former Participants in respect to overpaid contribution.

** 'Interest receivable' comprises interest adjustment to the month of December to be received in the subsequent year.

9. OTHER ASSETS

There are no other assets as at 31 December 2011.

10. CASH AND CASH EQUIVALENTS

10.1 Breakdown of cash and cash equivalents into unrestricted and restricted categories is presented as follows:

Unrestricted	**2011**
Interest-bearing current accounts in EUR	101,017
Interest-bearing current accounts in USD	766
Total unrestricted	**101,783**
Restricted	
Interest-bearing current and savings accounts	45,919,226
Total restricted	**45,919,226**
Total cash and cash equivalents	**46,021,009**

10.2 Participants' capital represents accumulated Provident Fund balances of Participants maintained in Provident Fund accounts designated as A, B and C for Participants' own contributions, OPCW matching contributions and Participants' voluntary contributions. These contributions are payable only to Participants and are not available for use by the Provident Fund for any other purpose. In case of Participants' capital held in A and B Provident Fund accounts, payments are made to Participants only upon their separation from the OPCW. In case of Participants' capital held in C accounts, payments can be made only to Participants in June and December upon their requests.

11. ACCOUNTS PAYABLE

Accounts payable comprise an interfund payable of EUR 1,334 due to the General Fund from the Provident Fund. Such payables relate to Provident Fund payments made from the General Fund which the Provident Fund needs to return to the General Fund.

12. PROVIDENT FUND BALANCES PAYABLE TO OUTGOING PARTICIPANTS

Upon separation from the OPCW, Participants' accumulated Provident Fund balances become due for payment. Upon Participants' requests and approval of the Management Board the Provident Fund balances of the separating Participants can be retained with the Provident Fund up to a period of one year. Once the Provident Fund balances become due for payment, they are recognised as liability.

13. OTHER FINANCIAL LIABILITIES/PROVISIONS

Legal claims

There are no legal cases involving the Provident Fund as at 31 December 2011.

14. NET ASSETS/EQUITY

14.1 Participants' capital (EUR 46,490,185) represents the accumulated Provident Fund balances of Participants including their contributions (account A), the OPCW's matching contribution (account B), voluntary contributions by Participants (account C) and accumulated income (or loss) earned on these resources as at 31 December 2011 including interest income, gain/loss on investments, exchange gain/loss.

14.2 Special reserves include the OPCW's matching contributions to Provident Fund accounts of Participants (account B) who cease to serve the OPCW for other than health reasons before serving the Organisation for a total period of more than three calendar months. There were no such cases during 2011. The special reserve account was not utilised to cover any losses or administrative cost during the reporting period.

14.3 Accumulated surplus/(deficit) represents the cumulative gain/(loss) that is not attributable to specific Participants' accounts. The Management Board will decide how to use the surplus.

15. INTEREST INCOME ON PARTICIPANTS' CAPITAL ACCOUNTS

Interest on Participants' savings accounts with ABN AMRO for the year ended 31 December 2011 was as follows:

Interest on Participants' contributions (A accounts)	235,792
Interest on the OPCW's contributions (B accounts)	467,200
Interest on contributions (A+B) before 17 December 2007	486,272
Interest on voluntary contributions (C accounts)	10,470
Total	**1,199,734**

Interest on cash and cash equivalent that are not attributed to specific Participants are recognised as finance income (see note 20).

16. CONTRIBUTIONS BY THE OPCW TO EARLY SEPARATING PARTICIPANTS

Contributions of the OPCW to the Provident Fund account of a Participant who separated before completing at least three months of service with the Organisation are recognised as revenue and retained by the Provident Fund in "Special Reserve" account.

17. GAIN ON FINANCIAL ASSETS

The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. It recognises gains arising from changes in the fair value of these financial assets as revenue (see note 7).

18. OTHER INCOME

Goods in kind	-
Other income	5,259
Total other income	**5,259**

Other income represents recovery of a previously written-off overpayment to two former Participants.

19. EXPENSES

General operating expenses

19.1 The Provident Fund operating expenses mainly involve bank charges.

Loss on financial assets

19.2 The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. It recognises loss arising from changes in the fair value of these financial assets as expenses. As at 31 December 2011, a loss of EUR 21,845 was recognised (see note 7).

20. FINANCE INCOME AND FINANCE COST

The Provident Fund recognises interest earned on saving accounts of the Provident Fund's Participants as part of its finance income. Exchange gain and loss are recognised as finance income and finance cost respectively.

	2011
Finance income:	
Interest income arising on cash and cash equivalents	941
Foreign currency revaluation gains	3,173
Other finance income	-
Total finance income	**4,114**
Finance costs:	
Foreign currency revaluation losses	13,158
Other interest expense	-
Total finance costs	**13,158**
Net finance costs	**9,043**

21. SERVICES IN KIND

21.1 Services in kind are services provided by individuals to the Provident Fund in a non-exchange transaction. The major classes of services in kind received by the Provident Fund include the following:

Management Board

21.2 The Provident Fund Management Board's membership is composed of five staff members of the OPCW. The Provident Fund does not pay any remuneration to the members of the Management Board for their services. The Provident Fund does not also reimburse the OPCW for the time spent by its staff members in managing the Provident Fund.

Administrative support by the OPCW

21.3 The staff of the OPCW Finance and Accounts Branch handles the Provident Fund's disbursements, accounting, reporting and other administrative services. The OPCW provides necessary materials and facilities needed for the running of the Provident Fund's operations. The Provident Fund does not compensate the staff or the OPCW for such administrative support.

22. CONTINGENCIES

The Provident Fund does not have any contingent liabilities as at 31 December 2011.

23. RELATED PARTY TRANSACTIONS

The Provident Fund is not controlled by another entity. The Provident Fund does not have any associates or joint ventures that could be considered as related parties.

24. KEY MANAGEMENT COMPENSATION

Members of the Provident Fund Management Board play the key management role as regards to the Provident Fund. The members of the Management Board are not compensated for their services to the Provident Fund. The Provident Fund does not have employees of its own.

25. SEGMENT INFORMATION

The Provident Fund does not have segments.

26. BUDGETARY INFORMATION

The Provident Fund's resources are not managed based on budgets.

27. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

President of the
Federal Court of Auditors
Germany

Adenauerallee 81
53113 Bonn
Telephone +49 1888 721 1000
Email: Dieter.Engels@brh.bund.de

Organisation for the Prohibition of Chemical Weapons
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

and

Annual General Meeting of the Provident Fund of the
Organisation for the Prohibition of Chemical Weapons
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

25 May 2012

Sir/ Madam,

I have the honour to report, in accordance with Article 11 of the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons, on my audit of the financial statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2011 which were submitted to me by the Chairperson of the Management Board of the Provident Fund. The financial statements are attached to my report.

Please accept the assurances of my highest consideration.

Prof. Dr. Dieter Engels
President of the Federal Court of Auditors
Germany
External Auditor

Enclosures

The Chairperson of the OPCW Executive Council
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

The Chairperson of the Provident Fund Management Board
Johan de Wittlaan 32
2517 JR - The Hague
The Netherlands

Opinion of the External Auditor on the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (OPCW) For the Financial Period Ended 31 December 2011

To: OPCW and Annual General Meeting of the Provident Fund

I have audited the financial statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the Provident Fund" and "the OPCW" respectively) for the financial period ending 31 December 2011, comprising

- the Statement of Financial Position,
- the Statement of Financial Performance,
- the Statement of Changes in Net Assets/Equity,
- the Cash Flow Statement,
- the Accounting Policies,
- supporting Notes.

The Management Board of the Provident Fund, in accordance with the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter referred to as "the Charter"), is responsible for preparing the financial statements of the Provident Fund. My responsibilities are

as stated in Article 11 of the Charter

- to examine the balance sheet and profit and loss account,
- to report on the result of the examination to the Annual General Meeting of the Provident Fund and to the Organisation for the Prohibition of Chemical Weapons,

as stated in rule 10 of the Administrative Rules of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the Administrative Rules")

- to audit the management of the Provident Fund and to issue an audit statement in respect of the Provident Fund's financial statements.

I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require that I plan and perform the audit so as to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. I believe that my audit provides a reasonable basis for the audit opinion.

As a result of my audit, I am of the opinion that the financial statements present fairly the financial position as at 31 December 2011 and that they were prepared in accordance with the stated accounting policies (applied as far as possible on a basis consistent with the previous period) and that the transactions were in accordance with the Charter and the Administrative Rules and with the OPCW’s Financial Regulations and Rules (as far as applicable).

In accordance with Article 11 of the Charter and rule 10 of the Administrative Rules, I submit the attached report.

Prof. Dr. Dieter Engels
President of the Federal Court of Auditors
Germany
External Auditor

Bonn, 25 May 2012

**REPORT OF THE EXTERNAL AUDITOR
ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND
OF THE
ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

Comprising:

I. Executive Summary

My staff and I have audited the financial statements of the Provident Fund.

1. My staff and I have audited the financial statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the Provident Fund") for the financial period 1 January to 31 December 2011.

Responsibility of the Provident Fund Management Board and ABN AMRO Bank N.V.

2. It is the Provident Fund Management Board's responsibility to prepare the Provident Fund's financial statements in accordance with the relevant framework. The moneys of the Provident Fund are managed by ABN AMRO Bank N.V. under the terms of agreements between the Provident Fund and the bank.

My responsibility is to issue an audit opinion on the financial statements.

3. My responsibility is to examine the statement of financial position and the statement of financial performance (which are the equivalents of balance sheet and profit and loss account as mentioned in the Charter and Administrative Rules of the Provident Fund) and to issue an audit opinion thereon. My audit was conducted to enable me to form an opinion as to whether the financial statements - namely the statement of financial position and the statement of financial performance - fairly present the financial position of the Provident Fund.

My audit provides a reasonable basis for the audit opinion.

4. The audit included examining evidence supporting the amounts and disclosures in the financial statements. It did not include an assessment of risks of the financial investments under the regime of the ABN AMRO Bank N.V. and their management. However, I believe that my audit provides a reasonable basis for the audit opinion.

The financial statements fairly present the financial position.

5. As a result of my audit, I am of the opinion that the financial statements fairly present the financial position as at 31 December 2011 and that the transactions were in accordance with the regulatory framework.

This year's financial statements are the first to be presented in accordance with IPSAS.

6. Following a decision of the Provident Fund Management Board (hereinafter: the Board) the financial statements of the Provident Fund for the year ending 31 December 2011 are presented for the first time under International Public Sector Accounting Standards (IPSAS), which from the year 2011 on are also the accounting and reporting methodology for the financial statements of the OPCW.

The Technical Secretariat is trying to clarify discrepancies between the cash and investments and total balances of participants' accounts and special reserve.

7. Operations necessary for the transition to IPSAS reporting revealed that cash and investments of the Provident Fund considerably exceeded the total balances of participants' accounts resulting in an accumulated surplus - in addition to the special reserve - on the statement of financial position. The Technical Secretariat is undertaking efforts for clarification of the discrepancies.

Progress has been made towards a transfer agreement with UNJSPF.	8. The Provident Fund has made progress towards a transfer agreement with the United Nations Joint Staff Pension Fund. A draft agreement is awaiting further approvals.
I placed an unqualified opinion on the financial statements.	9. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the financial statements as a whole and I have placed an unqualified audit opinion on the financial statements of the Provident Fund of the OPCW for the year ending 31 December 2011.

II. Introduction

My staff and I audited the financial statements for the financial year 2011 of the Provident Fund.	10. My staff and I audited the financial statements of the Provident Fund for the financial period 1 January to 31 December 2011 in accordance with Article 11 of the Charter of the Provident Fund (hereinafter "the Charter") and rule 10 of the Administrative Rules of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the Administrative Rules"). The financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement and the accounting policy and notes to the financial statements.
I conducted my audit in conformity with international auditing standards.	11. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
Examination of the accounting records assured me of the correctness of the Provident Fund's financial statements.	12. My team checked the figures provided in the financial statements against ledger balances and bank statements and included complementary records kept by the Technical Secretariat. Records and payments were examined on a test basis. My team sought explanations from staff as deemed necessary. Audit procedures were executed in the light of existing control mechanisms and the Management Representation Letter provided by the Provident Fund Management Board (hereinafter "the Board").
The audit objective was to form an opinion on the financial statements.	13. The audit procedures were designed primarily for the purpose of forming an opinion on the financial statements with a focus on the statements of financial performance and financial position. They did not aim at assessing risks of investments and fund management as performed by ABN AMRO Bank N.V. under the agreements with the Provident Fund.
The financial statements present fairly the financial	14. As a result of my audit, I am of the opinion that for the financial year 2011 the transactions were recorded, processed and summarized in accordance with the provisions of the Charter and Administrative Rules

position.	as well as the OPCW's Financial Regulations and Rules as far as applicable. The financial statements are in compliance with IPSAS and present fairly, in all material respects, the Provident Fund's financial position as at 31 December 2011.
I placed an unqualified opinion on the financial statements	15. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the financial statements as a whole and I have placed an unqualified audit opinion on the financial statements of the Provident Fund of the OPCW for the year ending 31 December 2011.

III. Implementation of IPSAS

The Provident Fund financial statements as at 31 December 2011 are the first to be prepared in accordance with IPSAS.	16. The Chairman of the PFMB had informed the Provident Fund members at their Annual General Meeting on 20 January 2011 that IPSAS were introduced to the accounting and reporting of the Provident Fund from 01 January 2011. The Provident Fund's financial statements as at 31 December 2011 are the first financial statements to be prepared in accordance with IPSAS.
No major changes in the calculation of amounts but mainly in re-classification of equity.	17. The amounts in the previous financial statements - due to the nature of the Provident Fund's mission - were already to be established on an accrual basis which is very similar to the reporting methodology for financial statements established in accordance with IPSAS. Differences occur mainly in the re-classification of equity and its attribution to participants.
The most noticeable changes are in the lay-out of the financial statements.	18. Some amounts have been offset in former Statement I, but are now shown separately. The most noticeable changes occur in the presentation of the financial statements. IPSAS require a certain set and structure of statements, the presentation of the accounting policies and explanatory notes.

IV. Audit Findings

The moneys of the Provident Fund are managed by ABN AMRO Bank N.V.	19. The moneys of the Provident Fund are managed by ABN AMRO Bank N.V. under the regime of the "Agreement concerning the Provision of Investment and Administration Services to the Provident Fund of the OPCW" of 21 November 2007 with annexes. Consequently all assets of the Provident Fund - including some investments held in Union Bank of Switzerland (UBS) fund units originating from former investment activities - have been transferred to the ABN AMRO Bank N.V. in December 2007.
The agreement with ABN AMRO Bank N.V. has twice been extended for one year.	20. The agreement was initially concluded for a period of three years. Two extensions have been agreed on in November 2010 and in November 2011 respectively with durations of one year each. In July 2010 ABN AMRO Bank N.V. agreed to waive the annual administration fee that had been charged to each participant who held

investments in US dollar accounts and UBS funds from the year 2010 onward.

ABN AMRO Bank N.V. reports regularly.

21. As stipulated in the Service Level Agreement between the OPCW Provident Fund and ABN AMRO Bank N.V. annexed to the agreement mentioned in paragraph 19 the ABN AMRO Bank N.V. provided regular reports including comprehensive information on the assets of the Provident Fund and the bank's management performance. The reports are available to all Provident Fund participants on the intranet of the Technical Secretariat (Port@l). In addition, participants regularly receive statements on their individual accounts.

The reports allow assessment of the performance and investments.

22. The reports and statements of ABN AMRO Bank N.V. allow sufficient and regular assessment of the overall performance, investment activities, market developments and individual allocation of funds to participants.

The reports are a major control mechanism for the Provident Fund.

23. The aggregated figures of the Provident Fund's investments as given in these periodical reports are to be controlled by the Board. Responsibility for checking the individual accounts of Provident Fund participants rests with the participants themselves.
I consider these reports and statements an important control mechanism that essentially reduces the risk of incomplete or incorrect recordings. This needs to be taken into consideration when auditing the financial statements and determining the intensity of audit work.

The monthly payments are transferred at the end of each month.

24. The amounts to be credited to the Provident Fund accounts are deducted from the monthly salary payments of staff that participate in the Provident Fund and represent 7.9 % of the pensionable remuneration (account A). Another 15.8 % are added by the OPCW (account B). The whole amount plus Additional Voluntary Contributions that participants wish to make from their salaries (account C) is transferred at the end of each month to the relevant accounts with ABN AMRO as a lump sum.

Administrative Rules for withdrawals from the Provident Fund

25. Provident Fund participants may draw money from their C accounts or receive all of their A, B and C accounts when they cease their service with the Technical Secretariat as provided for in the Administrative Rules.

The Provident Fund had 470 participants at year end 2011 (83 leavers, 52 new participants).

26. As at 31 December 2011 the Provident Fund had 470 participants compared to 501 at year end 2010. During the year 2011, due to separation from the OPCW, 83 participants withdrew their Provident Fund accounts and 52 new participants joined the Provident Fund.

Development of the Provident Fund assets

27. The overall value of the Provident Fund's assets in previous years up to the 31 December 2011 developed as shown in the table below.

Assets

All figures given in Euro

	31 December 2009	**31 December 2010**	**31 December 2011**	**Increase (decrease) 2011 over 2010 in %**
Assets	49,781,931	47,895,592	46,591,964	(2.7)
Including				
Cash and short-term investments (i.e. cash equivalents)	48,612,075	47,164,541	46,021,009	(2.4)
Other investments (UBS funds)	1,169,856	731,051	561,978	(23.1)

Source: Provident Fund Financial Statements for years 2009 to 2011

Residual investments in UBS fund units are subject to changes in market value.

28. Some of the investments of the Provident Fund are still held in UBS fund units, some of which are in US$, as well as in accounts held in Euros. These investments are by their nature subject to changes in their market value which reflects in the total value of assets as at year end, as well as in realised and unrealised gains and losses.

The number of UBS shares has continued to decrease.

29. The number of UBS fund units has decreased to 291.813 units as at 31 December 2011 with a market value - calculated with the UN exchange rate at year-end 2011 - of 561,978 Euro (see "Other investments"). The number of units from year end 2010 to year end 2011 decreased by 21 %, the decrease in market value was 23 %. Only 29 participants held UBS funds at year end 2011.

Funds in US$ accounts were reduced.

30. The value of savings (in addition to UBS funds) held in US$ and thus subject to currency exchange rate fluctuations has decreased by 63 % (compared to the value at year end 2010) and amounted to 113,237 Euro.

Even though various sorts of financial assets are mentioned in the notes of the financial statements the Provident Fund only invests in call accounts and UBS funds.

31. Under Note 3.5 the financial statements elaborate on the recognition and measurement of various sorts of financial assets. For the time being, though, the Provident Fund's moneys are invested in Euro and US$ call accounts (which classify as cash and cash equivalents - refer to note 3.4) and UBS funds that are shown as "Investments" on the statement of financial position. As at the reporting date, these assets are recognised at their fair value. There are no other financial assets except for receivables.

The fair value of the investments is either nominal value or market price.

32. The fair value of the call accounts to be shown in the financial statements is their nominal value at the reporting date, for the UBS funds it is the quoted market price (current bid price). Amounts denominated in US$ are to be converted at the relevant UN exchange

rate.

Development of Provident Fund income

33. Income from investments developed over the last four years as shown in the table below.

Income

All figures given in Euro

	2008	2009	2010	2011
Interest income	1,779,775	1,709,829	1,234,943	1,200,671
Income (loss) related to investments	(478,152)	182,298	155,753	(29,998)
Including:				
Realised capital gain/(loss) on investments	(64,545)	38,426	11,982	(890)
Unrealised gain/(loss) on market value	(426,478)	146,353	50,878	(21,845)
Net gain/(loss) on currency exchange movements	12,870	(2,481)	92,893	9,983

Source: Provident Fund financial statements for years 2008 to 2011 (including supporting information for 2011)

In addition to the special reserve an amount of 51,366 Euro is not attributable to present participants. The Secretariat is investigating the origin of this amount.

34. Operations necessary for the transition to IPSAS reporting revealed that cash and investments of the Provident Fund exceeded the total balances of participants' accounts and the special reserve by 51,366 Euro. This amount is shown as accumulated surplus on the statement of financial position.

35. The Secretariat is in the process of investigating how the amount came about. Reasons can be manifold and are in all probability connected to former Provident Fund operations.

V. Cooperation Agreement with UNJSPF

The transfer agreement with UNJSPF is progressing. The agreement would facilitate job changes between OPCW and other UN organisations.

36. The Secretariat has progressed in its efforts to conclude a transfer agreement with the United Nations Joint Staff Pension Fund (UNJSPF). A transfer agreement has been drafted and is awaiting approvals of UNJSPF and the UN General Assembly.

37. The agreement would offer additional options for staff changing between OPCW and other institutions of the "UN family" as to their pension schemes and thus facilitate moving between institutions.

VI. Follow-up of previous year's Audit Report

Overpayments to leavers in an amount of 59,457 Euro have been recorded as receivables with a respective provision for more than five years.	38. The Provident Fund's accounts had been showing overpayments to leavers at 59,457 Euro for more than five years. The initial amount has been established in the year 2004 and immediately offset by a respective provision and thus did not distort former presentation of the financial position of the Provident Fund.
The Board approved the write-off of the amount of which collection was considered impossible.	39. The Board in its session of 15 April 2011 approved the write-off of the amount, for which collection from the former participants was to be considered impossible. However, this does not affect the legal position of the Provident Fund as to future collection of these amounts.
A total amount of 5,259.62 Euro is recoverable and recognised as income.	40. Two former staff members who had been overpaid from the Provident Fund returned to the OPCW. Amounts that formerly were paid to them in excess of their entitlements (and had been included in the amount written off) could be and will be reclaimed respectively in a total amount of 5,259.62 Euro. This amount is recognised as income in the 2011 financial statements.

VII. Acknowledgement

I am grateful for the support received during the audit.	41. I am grateful to the Provident Fund Management Board members and the management and relevant staff of the Technical Secretariat for their cooperation and support during the audit of the Provident Fund's financial statements for the year ending 31 December 2011.

RESPONSE OF THE CHAIRPERSON OF THE PROVIDENT FUND MANAGEMENT BOARD TO THE REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDING 31 DECEMBER 2011

The Chairperson of the Provident Fund Management Board would like to thank the External Auditor for the very useful work done in respect of the audit of the Provident Fund of the OPCW. The Chairperson notes with satisfaction that, in the External Auditor's opinion, the financial statements present fairly the financial position as at 31 December 2011 and that they were prepared in accordance with the stated accounting policies (applied as far as possible on a basis consistent with the previous period), and that the transactions were in accordance with the Charter and the Administrative Rules and with the OPCW's Financial Regulations (as far as applicable).

- - - o - - -