OPCW

Executive Council

Seventy-Fourth Session
8 – 11 October 2013

EC-74/DG.3
C-18/DG.5
30 July 2013
Original: ENGLISH

# FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS AND REPORT OF THE EXTERNAL AUDITOR FOR THE YEAR ENDED 31 DECEMBER 2012

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**Annex 1**

# ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

## FINANCIAL STATEMENTS

## OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

## FOR THE YEAR ENDED 31 DECEMBER 2012

# FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDED 31 DECEMBER 2012

## 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 2012 are presented fairly according to the requirements of IPSAS and the OPCW's Financial Regulations and Rules (reference OPCW-S/DGB/22, dated 14 December 2012).

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 Appendix to the financial statements. The additional information in the Appendix (pages 57 to 86) 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 2012, 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] | [Signed] |
| Ahmet Üzümcü<br>Director-General | John Sequeira<br>Director, Administration<br>Principal Financial Officer |

27 March 2013

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**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**
(expressed in euros)

| | Note | 2012 | 2011 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6.1 | 2,660,333 | 2,298,250 |
| Intangible assets | 6.2 | 191,986 | 72,668 |
| **Total non-current assets** | | **2,852,319** | **2,370,918** |
| | | | |
| **Current assets** | | | |
| Inventories | 11 | 856,686 | 895,235 |
| Assessed contributions recoverable | 7 | 3,577,947 | 2,897,387 |
| Article IV & V receivables | 9 | 541,738 | 1,336,261 |
| Other assets | 10 | 3,170,148 | 3,347,796 |
| Cash and cash equivalents | 12 | 22,036,853 | 18,619,496 |
| **Total current assets** | | **30,183,372** | **27,096,175** |
| **Total assets** | | **33,035,691** | **29,467,093** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Working Capital Fund | 13 | 9,912,470 | 9,912,470 |
| Voluntary Fund for Assistance | 14 | 1,521,067 | 1,427,294 |
| Cash surplus - reimbursable to States Parties | 15 | 1,608,485 | 350,327 |
| Employee benefits | 16 | 4,190,521 | 3,526,705 |
| Other non-current liabilities | 19.1 | 2,384,278 | 3,691,937 |
| **Total non-current liabilities** | | **19,616,821** | **18,908,733** |
| | | | |
| **Current liabilities** | | | |
| Cash surplus - reimbursable to States Parties | 15 | 412,529 | 1,606,695 |
| Employee benefits | 16 | 5,649,645 | 7,032,936 |
| Accounts payable | 17 | 2,167,562 | 1,693,440 |
| Provisions | 18 | 82,500 | 82,000 |
| Other current liabilities | 19.2 | 8,576,268 | 6,282,213 |
| **Total current liabilities** | | **16,888,504** | **16,697,285** |
| **Total liabilities** | | **36,505,325** | **35,606,017** |
| | | | |
| **Net assets** | | **(3,469,634)** | **(6,138,924)** |
| | | | |
| **Net assets/equity** | | | |
| Accumulated surplus/(deficits) | 20 | (3,469,634) | (6,138,924) |
| Other reserves | 20 | - | - |
| Total net assets/equity attributable to State Parties | | **(3,469,634)** | **(6,138,924)** |
| Minority interest | | - | - |
| **Total net assets/equity** | | **(3,469,634)** | **(6,138,924)** |

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

| | Note | For the Period Ended 31 December 2012 | For the Period Ended 31 December 2011 |
|---|---|---|---|
| | | | |
| **Revenue** | | | |
| Assessed contribution revenue | 21 | 67,513,754 | 67,712,488 |
| Voluntary contribution revenue | 22 | 1,359,607 | 1,496,066 |
| Article IV & V revenue | 23 | 2,528,440 | 4,267,950 |
| Other revenue | 24 | 55,613 | 94,195 |
| **Total revenue** | | **71,457,414** | **73,570,699** |
| | | | |
| **Other income** | 25 | **146,228** | **567,903** |
| | | | |
| **Expenses** | | | |
| Employee-benefit expenses | 26 | 49,335,704 | 51,672,328 |
| Travel expenses | | 7,743,764 | 8,128,137 |
| Consultancy and contractual services | | 4,377,477 | 5,510,170 |
| Internships, grants, contributions to seminars and workshops | | 554,520 | 414,021 |
| General operating expenses | 27 | 5,540,971 | 5,853,588 |
| Depreciation and impairment of property, plant and equipment | 6.1 | 792,829 | 1,039,615 |
| Amortisation and impairment of intangible assets | 6.2 | 20,557 | 3,754 |
| Impairment of assessed contributions receivable | 7.4 | 80,369 | 75,038 |
| Impairment of Article IV & V receivables | 9.5 | - | 441,013 |
| Other operating expenses | 28 | 426,136 | 728,029 |
| **Total expenses** | | **68,872,327** | **73,865,694** |
| | | | |
| Finance income | 29 | 79,825 | 431,227 |
| Finance costs | 29 | (155,205) | (259,072) |
| **Net finance income/(cost)** | | **(75,380)** | **172,155** |
| | | | |
| **Net surplus/(deficit) for the period** | | **2,655,935** | **445,062** |
| | | | |
| **Net surplus/(deficit) for the period attributable to:** | | | |
| State Parties | | **2,655,935** | **445,062** |

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2012**
(expressed in euros)

| | Note | Attributable to States Parties | | | Minority Interest | Total Net Assets/ Equity |
|---|---|---|---|---|---|---|
| | | Accumulated Surplus/ (Deficit) | Other Reserves | Total | | |
| **Balance at 1 January 2012** | | **(6,138,924)** | **-** | **(6,138,924)** | **-** | **(6,138,924)** |
| | | | | | | |
| Changes recognised in net assets/equity: | | | | | | |
| Change in accounting policy | | - | - | **-** | - | **-** |
| Available-for-sale financial asset reserve | | - | - | **-** | - | **-** |
| Actuarial gains/(losses) on post-employment benefit obligations | 20 | 13,355 | - | **13,355** | - | **13,355** |
| Net revenue recognised directly in net assets/equity | | 13,355 | - | **13,355** | - | **13,355** |
| Surplus/(deficit) for the period | | 2,655,935 | - | **2,655,935** | - | **2,655,935** |
| Total recognised revenue and expense for the year 2012 | | 2,669,290 | - | **2,669,290** | - | **2,669,290** |
| **Balance at 31 December 2012** | | **(3,469,634)** | **-** | **(3,469,634)** | **-** | **(3,469,634)** |

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**
**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** | | **(6,339,153)** | **-** | **(6,339,153)** | **-** | **(6,339,153)** |
| | | | | | | |
| Changes recognised in net assets/equity: | | | | | | |
| Change in accounting policy | | - | - | - | - | - |
| Available-for-sale financial asset reserve | | - | - | - | - | - |
| Actuarial gains/(losses) on post-employment benefit obligations | 20 | (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)** |

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**
**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2012**
(expressed in euros)

| | Note | For the Year Ended 31 December 2012 | For the Year Ended 31 December 2011 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net surplus/(deficit) for the period | | 2,655,935 | 445,062 |
| | | | |
| **Non-cash movements** | | | |
| Depreciation and impairment of property, plant and equipment | 6.1 | 792,829 | 1,039,615 |
| Amortisation and impairment of intangible assets | 6.2 | 20,557 | 3,754 |
| (Gains)/losses on disposal of property, plant and equipment | | (14,265) | 7,083 |
| Increase/(decrease) in provision for impairment of assessed contributions recoverable | 7.4 | 16,163 | 75,038 |
| Increase/(decrease) in provision for impairment of Article IV & V receivables | 9.5 | (441,144) | 441,013 |
| Increase/(decrease) in ‘Other non-current liabilities’ | 19.1 | (1,307,659) | (210,367) |
| Movement in employee-benefit provisions (liability) | | (706,121) | (987,233) |
| Other movements | 6, 18 | (223,195) | 69,609 |
| | | | |
| **Changes in working capital** | | | |
| (Increase)/decrease in assessed contributions recoverable (current) | | (696,723) | (315,974) |
| (Increase)/decrease in Article IV & V receivables (current) | | 1,235,666 | 1,796,627 |
| (Increase)/decrease in other current receivables | | 177,648 | 828,262 |
| (Increase)/decrease in inventories | | 38,549 | 118,439 |
| Increase/(decrease) in accounts payable | | 2,768,178 | 2,773,995 |
| | | | |
| **Net cash flows from operating activities** | | **4,316,418** | **6,084,923** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | 6.1 | (913,438) | (534,308) |
| Purchases of intangible assets | 6.2 | (143,390) | (76,422) |
| **Net cash flows from investing activities** | | **(1,056,828)** | **(610,730)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayments of cash surplus | 15 | (1,544,493) | (4,904,164) |
| Final cash surplus - payable to States Parties | 15 | 1,608,485 | 350,327 |
| Proceeds received for the ‘Voluntary Fund for Assistance’ | 14 | 93,775 | 18,897 |
| **Net cash flows from financing activities** | | **157,767** | **(4,534,940)** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,417,357** | **939,253** |
| Cash and cash equivalents at beginning of the period | | 18,619,496 | 17,680,242 |
| **Cash and cash equivalents at end of the period** | 12 | **22,036,853** | **18,619,496** |

## THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

(expressed in euros)

| | Budgeted Amounts for the Period Ended 31 December 2012 | | Actual* Amounts on Comparable Basis | Difference Final Budget and Actual |
|---|---|---|---|---|
| | Original | Final | | |
| **Receipts** | | | | |
| Assessed contributions | 67,389,600 | 67,389,600 | 67,389,600 | - |
| Articles IV & V | 2,972,200 | 2,972,200 | 2,534,202 | 437,998 |
| Miscellaneous income | 200,000 | 200,000 | 180,929 | 19,071 |
| **Total receipts** | **70,561,800** | **70,561,800** | **70,104,731** | **457,069** |
| | | | | |
| **Expenditure** | | | | |
| **Verification** | | | | |
| Office of the Director | 354,900 | 354,900 | 333,864 | 21,036 |
| Chemical Demilitarisation Branch | 1,234,100 | 1,314,100 | 1,307,154 | 6,946 |
| Declarations Branch | 2,521,200 | 2,521,200 | 2,488,428 | 32,772 |
| Industry Verification Branch | 1,279,500 | 1,349,500 | 1,344,653 | 4,847 |
| Policy and Review Branch | 1,258,900 | 1,208,900 | 1,104,157 | 104,743 |
| OPCW Laboratory | 1,707,600 | 1,607,600 | 1,477,065 | 130,535 |
| **Subtotal** | **8,356,200** | **8,356,200** | **8,055,321** | **300,879** |
| | | | | |
| **Inspections** | | | | |
| Office of the Director | 313,600 | 313,600 | 312,859 | 741 |
| Operations and Planning Branch | 3,400,100 | 3,330,100 | 2,975,421 | 354,679 |
| Inspectorate Management Branch | 569,300 | 569,300 | 455,967 | 113,333 |
| Inspection Team Leaders and Personnel | 20,657,400 | 20,727,400 | 20,726,415 | 985 |
| **Subtotal** | **24,940,400** | **24,940,400** | **24,470,662** | **469,738** |
| | | | | |
| **Chapter One** | **33,296,600** | **33,296,600** | **32,525,983** | **770,617** |
| | | | | |
| **International Cooperation and Assistance** | | | | |
| Office of the Director | 391,700 | 391,700 | 291,062 | 100,638 |
| Assistance and Protection Branch | 1,795,400 | 1,795,400 | 1,729,214 | 66,186 |
| Implementation Support Branch | 2,105,600 | 2,105,600 | 1,715,853 | 389,747 |
| International Cooperation Branch | 2,538,100 | 2,538,100 | 2,385,320 | 152,780 |
| **Subtotal** | **6,830,800** | **6,830,800** | **6,121,449** | **709,351** |
| | | | | |
| **Support to the Policy-Making Organs** | | | | |
| Office of the Director | 1,480,900 | 1,480,900 | 1,287,300 | 193,600 |
| Language Services Branch | 3,562,200 | 3,562,200 | 3,471,127 | 91,073 |
| **Subtotal** | **5,043,100** | **5,043,100** | **4,758,427** | **284,673** |
| | | | | |
| **External Relations** | | | | |
| Office of the Director | 288,300 | 288,300 | 250,805 | 37,495 |
| Government Relations and Political Affairs Branch | 577,700 | 587,700 | 586,675 | 1,025 |
| Media and Public Affairs Branch | 573,700 | 503,700 | 428,738 | 74,962 |
| Protocol and Visa Branch | 586,900 | 646,900 | 646,854 | 46 |
| **Subtotal** | **2,026,600** | **2,026,600** | **1,913,072** | **113,528** |

| | Budgeted Amounts for the Period Ended 31 December 2012 | | Actual* Amounts on Comparable Basis | Difference Final Budget and Actual |
|---|---|---|---|---|
| | **Original** | **Final** | | |
| **Executive Management** | | | | |
| Office of the Director-General | 1,446,900 | 1,481,100 | 1,481,074 | 26 |
| Office of the Deputy Director-General | 891,400 | 891,400 | 824,000 | 67,400 |
| Office of Internal Oversight | 954,800 | 954,800 | 934,835 | 19,965 |
| Office of the Legal Adviser | 1,186,000 | 1,186,000 | 984,162 | 201,838 |
| Office of Special Projects | 382,500 | 394,500 | 393,725 | 775 |
| Office of Confidentiality and Security | 2,807,900 | 2,847,900 | 2,845,355 | 2,545 |
| Health and Safety Branch | 1,016,900 | 930,700 | 872,833 | 57,867 |
| **Subtotal** | **8,686,400** | **8,686,400** | **8,335,984** | **350,416** |
| | | | | |
| **Administration** | | | | |
| Office of the Director | 435,400 | 415,400 | 410,254 | 5,146 |
| Budget, Planning and Control Branch | 462,000 | 467,000 | 466,292 | 708 |
| Finance and Accounts Branch | 1,399,700 | 1,399,700 | 1,376,112 | 23,588 |
| Human Resources Branch | 2,086,900 | 2,264,900 | 2,264,630 | 270 |
| Procurement and Support Services Branch | 6,195,700 | 6,195,700 | 6,079,502 | 116,198 |
| Training, Development and Results-Based Management Branch | 764,000 | 684,000 | 610,926 | 73,074 |
| Information Services Branch | 3,334,600 | 3,251,600 | 3,210,732 | 40,868 |
| **Subtotal** | **14,678,300** | **14,678,300** | **14,418,443** | **259,857** |
| | | | | |
| **Chapter Two** | **37,265,200** | **37,265,200** | **35,547,375** | **1,717,825** |
| | | | | |
| **Total** | **70,561,800** | **70,561,800** | **68,073,358** | **2,488,442** |
| | | | | |
| **Net receipts/(expenditure)** | **-** | **-** | **2,031,373** | **(2,031,373)** |

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

# THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS 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 | Final Budget and Difference Actual |
|---|---|---|---|---|
| | Original | Final | | |
| **Receipts** | | | | |
| Assessed contributions | 68,368,500 | 68,368,500 | 68,368,500 | - |
| Articles 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 | Final Budget and Difference 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 Appendix 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 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 accruals and going-concern basis and comply with the requirements of the International Public Sector Accounting Standards (IPSAS). Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied.

2.2 The financial statements are presented in euros. These financial statements cover the calendar year ended 31 December 2012. 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.

**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 | CAD/EUR |
|---|---|---|---|
| 31 December 2012 | 0.754 | 1.218 | 0.759 |
| | | | |
| Average 12 months | 0.776 | 1.231 | 0.774 |

| Period | USD/EUR | GBP/EUR | CAD/EUR |
|---|---|---|---|
| 31 December 2011 | 0.774 | 1.194 | 0.756 |
| | | | |
| Average 12 months | 0.720 | 1.151 | 0.729 |

(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 2012.

**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 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.

**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 purchasing or selling 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 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 payment 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 the 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 using 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 an 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 benefits 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 on 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 substantially all the risks and rewards incidental to ownership of an asset to the lessee, whether or not the title is eventually transferred. At the inception of the lease, 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 is capitalised based on costs incurred to acquire and bring the specific software to use. 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 expenses 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 expenses 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 the statement of financial performance.

**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, and 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 23 '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 principal 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 16 '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 (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 as determined by the Conference are denominated in euros. 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, Norwegian kroner, and Canadian dollars. 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 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 2012, if the euro had weakened/strengthened by 5% against the US dollar, net surplus/deficit for the year would have been EUR 16,791 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-12** | **31-Dec-11** |
|---|---|---|
| Rating P-1 | 19,337,003 | 17,718,555 |
| Non-rated | 2,699,848 | 900,941 |
| **Total cash and cash equivalents** | **22,036,851** | **18,619,496** |
| | | |
| **Moody's Financial Strength Rating** | **31-Dec-12** | **31-Dec-11** |
| Rating B+ | 4,376,050 | 3,863,492 |
| Rating B- | – | – |
| Rating C+ | 11,450,362 | 11,904,964 |
| Rating C- | 3,510,591 | 1,950,099 |
| Non-rated | 2,699,848 | 900,941 |
| **Total cash and cash equivalents** | **22,036,851** | **18,619,496** |

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 2012:

| | **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 | - | - | - | - | 1,521,067 | **1,521,067** |
| Cash surplus reimbursed to States Parties | 412,529 | 1,608,485 | - | - | - | **2,021,014** |
| Accounts payable | 2,167,562 | - | - | - | - | **2,167,562** |
| **Total financial liabilities** | **2,580,091** | **1,608,485** | **-** | **-** | **11,433,537** | **15,622,113** |

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 reimbursed to States Parties | 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** |

### 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. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

### 6.1 Property, plant and equipment

As at 31 December 2012:

| | **Inspection and Verification Equipment** | **Security and Health Equipment** | **Office Furniture and Equipment** | **Hardware Equipment** | **Vehicles** | **Total** |
|---|---|---|---|---|---|---|
| At 1 January 2012: | | | | | | |
| Cost | 4,325,481 | 791,506 | 666,081 | 1,081,354 | 168,153 | **7,032,575** |
| Accumulated depreciation and impairment | (2,729,184) | (618,873) | (446,234) | (794,360) | (145,674) | **(4,734,325)** |
| **Net book amount** | **1,596,297** | **172,633** | **219,847** | **286,994** | **22,479** | **2,298,250** |
| | | | | | | |
| Year ended 31 December 2012: | | | | | | |
| Opening net book amount | 1,596,297 | 172,633 | 219,847 | 286,994 | 22,479 | **2,298,250** |
| Additions | 760,397 | 15,164 | 40,915 | 69,973 | 26,989 | **913,438** |
| Transfers | - | - | 2,407 | (2,407) | - | **-** |
| Disposals | (655,361) | (546) | (21,418) | (58,026) | (21,825) | **(757,176)** |
| Accumulated depreciation on disposed assets | 321,972 | 546 | 20,748 | 58,026 | 21,825 | **423,117** |
| Depreciation charge | (422,155) | (71,814) | (115,062) | (159,527) | (13,832) | **(782,390)** |
| Impairment losses | (10,439) | - | - | - | - | **(10,439)** |
| Impairment losses reversed | 348,324 | - | - | - | - | **348,324** |
| Other movements | 85,224 | 28,593 | 63,219 | 50,173 | - | **227,209** |
| **Closing net book amount** | **2,024,259** | **144,576** | **210,656** | **245,206** | **35,636** | **2,660,333** |
| | | | | | | |
| At 31 December 2012: | | | | | | |
| Cost | 4,527,972 | 825,534 | 749,460 | 1,183,105 | 173,317 | **7,459,388** |
| Accumulated depreciation and impairment | (2,503,713) | (680,958) | (538,804) | (937,899) | (137,681) | **(4,799,055)** |
| **Net book amount** | **2,024,259** | **144,576** | **210,656** | **245,206** | **35,636** | **2,660,333** |

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)** |
| 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** |

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

### 6.2 Intangible assets

As at 31 December 2012:

| | Acquired Software | Internally Generated Software | Software Under Development | Total |
|---|---|---|---|---|
| **Balance as at 1 January 2012:** | | | | |
| Cost | 7,708 | 22,368 | 46,345 | **76,422** |
| Accumulated amortisation and impairment | (2,512) | (1,243) | - | **(3,754)** |
| **Net book amount** | **5,196** | **21,126** | **46,345** | **72,668** |
| | | | | |
| **As at 31 December 2012:** | | | | |
| Opening net book value | 5,196 | 21,126 | 46,345 | **72,668** |
| Additions | 42,569 | - | 100,821 | **143,390** |
| Transfers | - | 75,826 | (75,826) | **-** |
| Amortisation charge | (6,042) | (14,515) | - | **(20,557)** |
| Other movements | - | (3,514) | - | **(3,514)** |
| **Net book amount as at 31 December 2012** | **41,723** | **78,923** | **71,340** | **191,986** |
| | | | | |
| **As at 31 December 2012:** | | | | |
| Cost | 50,277 | 94,681 | 71,340 | **216,298** |
| Accumulated amortisation and impairment | (8,554) | (15,758) | - | **(24,312)** |
| **Net book amount as at 31 December 2012** | **41,723** | **78,923** | **71,340** | **191,986** |

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 | - | - | - | - |
| **Net book amount as at 31 December 2011** | **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** |

## 7. ASSESSED CONTRIBUTIONS RECOVERABLE

| | 2012 | 2011 |
|---|---|---|
| Assessed contributions | 4,133,595 | 3,436,872 |
| Less: allowance for impairment of assessed contributions | (555,648) | (539,485) |
| **Total assessed contributions - net** | **3,577,947** | **2,897,387** |

7.1 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 payable in full within 30 days of States Parties' receipt of the requests for payments or on the first day of the financial period to which they relate, whichever is later. 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.

7.2 As of 31 December 2012, assessed contributions of EUR 3,577,947 (2011: EUR 2,897,387) 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:

| | 2012 | 2011 |
|---|---|---|
| Up to 1 year old | 3,049,516 | 2,516,233 |
| Older than 1 year and up to 2 years | 337,074 | 154,005 |
| Older than 2 years and up to 3 years | 61,554 | 57,132 |
| Older than 3 years and up to 10 years | 76,837 | 89,119 |
| Older than 10 years | 52,967 | 80,899 |
| | **3,577,947** | **2,897,387** |

7.3 As of 31 December 2012, assessed contributions of EUR 555,648 (2011: EUR 539,485) were impaired and provided for. The amount impaired as at 2012 year end includes the accumulated unpaid assessed contributions net of corresponding cash surplus, as at 31 December 2011, of States Parties who are in arrears with respect to the financial period 2009 and before. The assessed contributions recoverable in the statement of financial position are shown net of this provision, which does not constitute legal discharges of concerned States Parties from their obligations to make payments to the OPCW. The ageing analysis of these assessed contributions is as follows:

| | 2012 | 2011 |
|---|---|---|
| Up to 1 year old | - | - |
| Older than 1 year and up to 2 years | 84,585 | 84,779 |
| Older than 2 years and up to 3 years | 83,647 | 57,380 |
| Older than 3 years and up to 10 years | 236,852 | 220,103 |
| Older than 10 years | 150,564 | 177,223 |
| | **555,648** | **539,485** |

7.4 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:

| | 2012 | 2011* |
|---|---|---|
| Beginning of period | 539,485 | 464,447 |
| Provision for impairment of assessed contributions (write-down) | 80,369 | 137,429 |
| Unused amounts reversed (other income) | (64,206) | (62,391) |
| Unwinding of discount | - | - |
| | **555,648** | **539,485** |

* In 2011 the movements in the provision for impairment of assessed contributions were presented in the statement of financial performance on a net basis as expenses of EUR 75,038.

7.5 Both the creation and the release of the provision for impaired assessed contributions have been included in a separate line in the statement of financial performance under other income and other expenses, respectively. Amounts are impaired, without implying legal discharge of the States Parties obligation to pay, when there is no expectation of recovering additional cash from the States Parties.

## 8. VOLUNTARY CONTRIBUTIONS RECOVERABLE

8.1 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 Canadian dollar. The conditions associated with voluntary contributions received by the OPCW are disclosed in note 19 'Other liabilities'.

8.2 No voluntary contributions recoverable are reported as at 31 December 2012 (2011: NIL).

## 9. ARTICLE IV AND V RECEIVABLES

| | 2012 | 2011 |
|---|---|---|
| Article IV & V receivables | 764,688 | 2,000,354 |
| Less: allowance for impairment of Article IV & V receivables | (222,950) | (664,093) |
| **Total Article IV & V receivables - net** | **541,738** | **1,336,261** |
| **Less: non-current portion - Article IV & V receivables** | **-** | **-** |
| | | |
| **Current portion - Article IV & V receivables** | **541,738** | **1,336,261** |

9.1 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, and transportation charges for hazardous materials. 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.

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

9.3 As of 31 December 2012, Article IV and V receivables of EUR 541,738 (2011: EUR 1,336,261) were past due but not impaired. Amounts are impaired, without implying legal discharge of the concerned States Parties obligation to pay, when there is no expectation of recovering additional cash. The ageing analysis of the Article IV and V receivables is as follows:

| | 2012 | 2011 |
|---|---|---|
| Up to 3 months | 541,462 | 880,602 |
| Older than 3 months and up to 6 months | - | 393,168 |
| Older than 6 months and up to 1 year | 276 | 62,491 |
| | **541,738** | **1,336,261** |

9.4 As of 31 December 2012, Article IV and V receivables of EUR 222,950 (2011: EUR 664,094) were impaired and provided for, without legally discharging the concerned States Parties' obligations to make payments to the OPCW. 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:

| | 2012 | 2011 |
|---|---|---|
| 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 | 222,950 | 319,742 |
| | **222,950** | **664,094** |

9.5 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:

| | 2012 | 2011* |
|---|---|---|
| Beginning of period | 664,094 | 223,080 |
| Provision for impairment of Article IV & V receivables | - | 441,109 |
| Unused amounts reversed | (441,144) | (95) |
| | **222,950** | **664,094** |

* In 2011 the movements in the provision for impairment of Article IV and V receivables were presented in the statement of financial performance on a net basis as expenses of EUR 441,013.

9.6 Both the creation and the release of the provision for impaired Article IV and V receivables have been shown in separate lines on the statement of financial performance under other income and other expenses, respectively.

## 10. OTHER ASSETS

Other assets comprise the following items:

| | 2012 | 2011 |
|---|---|---|
| Receivables from staff members* | 1,188,856 | 1,163,085 |
| Value-added tax and other recoverable taxes** | 746,576 | 1,149,524 |
| Interest receivable | 285 | 7,617 |
| Provident Fund | - | 1,334 |
| Receivables from vendors | 271,577 | 78,619 |
| 'Working Capital Fund' receivable | 6,853 | 7,970 |
| Miscellaneous | 414 | (4,252) |
| Prepayments - vendors*** | 860,488 | 874,540 |
| Prepayments - UNDP | 95,099 | 69,359 |
| | | |
| **Other assets** | **3,170,148** | **3,347,796** |

* '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.

## 11. INVENTORIES

| | 2012 | 2011 |
|---|---|---|
| Inventories - Primary | 486,024 | 536,072 |
| Inventories - Secondary | 370,662 | 359,163 |
| | **856,686** | **895,235** |

11.1 The OPCW's inventories relate primarily to its inspection and verification activities and are 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.

11.2 Physical stock count of primary and secondary consumables was carried out as at 31 December 2012. The carrying amount of inventories is shown at lower of cost or current replacement cost as at 31 December 2012.

## 12. CASH AND CASH EQUIVALENTS

| **Unrestricted** | **2012** | **2011** |
|---|---|---|
| Interest-bearing current accounts | 3,310,862 | 1,840,676 |
| Time deposits | 7,298,605 | 5,430,710 |
| **Total unrestricted** | **10,609,467** | **7,271,386** |
| **Restricted** | | |
| Interest-bearing current accounts | 199,972 | 109,772 |
| Time deposits | 11,227,414 | 11,238,338 |
| **Total restricted** | **11,427,386** | **11,348,110** |
| **Imprest accounts** | **-** | **-** |
| **Total cash and cash equivalents** | **22,036,853** | **18,619,496** |

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

| | Note | 2012 | 2011 |
|---|---|---|---|
| **Restricted cash and cash equivalents** | | | |
| Working Capital Fund | 12.2 | 9,906,318 | 9,921,722 |
| Voluntary Fund for Assistance | 12.3 | 1,521,068 | 1,426,389 |
| **Total restricted cash and cash equivalents** | | **11,427,386** | **11,348,110** |

### Working Capital Fund

12.2 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 13 'Working Capital Fund'.

**Voluntary Fund for Assistance**

12.3 The Voluntary Fund for Assistance has been established in accordance with 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 14 'Voluntary Fund for Assistance'.

12.4 The amount of liabilities recognised in respect of voluntary contributions is disclosed in note 19.1 '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.

## 13. WORKING CAPITAL FUND

13.1 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.

13.2 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.

13.3 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.

13.4 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 | 2012 | 2011 |
|---|---|---|---|
| Movement in the 'Working Capital Fund' liability | | | |
| At 1 January | Appendix 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 | Appendix 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** |

13.5 Restrictions regarding the availability of use by the OPCW of amounts of the Working Capital Fund are disclosed in note 12 'Cash and cash equivalents'.

## 14. 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. 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:

| | **2012** | **2011** |
|---|---:|---:|
| Balance as at 1 January | **1,427,294** | **1,408,397** |
| Contributions received/disbursement from States Parties | 90,069 | 5,000 |
| Interest earned | 3,706 | 13,897 |
| Contributions received/disbursement from the General Fund | - | - |
| Disbursements made from the Voluntary Fund for Assistance | - | - |
| **Net proceeds received for Voluntary Fund for Assistance** | **93,775** | **18,897** |
| **Total Voluntary Fund for Assistance as at 31 December** | **1,521,067** | **1,427,294** |
| | | |
| Of which: | | |
| Non-current portion Voluntary Fund for Assistance | 1,521,067 | 1,427,294 |
| Current portion of Voluntary Fund for Assistance | - | - |
| **Total Voluntary Fund for Assistance as at 31 December** | **1,521,067** | **1,427,294** |

## 15. CASH SURPLUS – REIMBURSABLE TO STATES PARTIES

15.1 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.

15.2 An amount of EUR 1,544,493 represents final cash surpluses from 2009 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 2008 and prior years allocated (reimbursed) to States Parties in 2011 in a similar manner was EUR 4,904,163.

15.3 The following amounts have been recognised as a financial liability in the statement of financial position:

| | | 2012 | |
|---|---|---|---|
| | | **Non-current** | **Current** |
| Balance as at 1 January 2012 | | **350,327** | **1,606,695** |
| Transfer of cash surplus from non-current to current liability | | (350,327) | 350,327 |
| Distributed cash surplus | Appendix 5.10 | | (1,544,493) |
| Final cash surplus for 2011 | Appendix 5.5 | 1,608,485 | |
| Balance as at 31 December 2012 | | **1,608,485** | **412,529** |

| | | 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 | | - | (4,904,163) |
| Final cash surplus for 2010 | | 350,327 | - |
| Balance as at 31 December 2011 | | **350,327** | **1,606,695** |

## 16. EMPLOYEE BENEFITS

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

| **Employee Benefits** | **Note** | **2012** | | | **2011** | | |
|---|---|---|---|---|---|---|---|
| | | **Non-current** | **Current** | **Total** | **Non-current** | **Current** | **Total** |
| **Long-term employee benefits** | | | | | | | |
| **Post-employment benefits** | | | | | | | |
| Repatriation grant | 16.5 | 2,531,984 | 902,606 | 3,434,590 | 2,155,128 | 1,539,637 | 3,694,765 |
| Removal | 16.5 | 870,462 | 315,305 | 1,185,767 | 430,106 | 636,254 | 1,066,360 |
| Repatriation travel | 16.5 | 511,034 | 83,590 | 594,624 | 722,391 | 313,565 | 1,035,956 |
| Death benefit | 16.5 | 234,659 | 26,511 | 261,170 | 195,527 | 25,574 | 221,101 |
| **Total post-employment benefits** | **16.5** | **4,148,139** | **1,328,012** | **5,476,151** | **3,503,152** | **2,515,030** | **6,018,182** |
| | | | | | | | |
| **Other long-term employee benefits** | | | | | | | |
| Home leave | 16.11 | 42,382 | 532,482 | 574,864 | 23,553 | 535,160 | 558,713 |
| | | | | | | | |
| **Total long-term employee benefits** | | **4,190,521** | **1,860,494** | **6,051,015** | **3,526,705** | **3,050,190** | **6,576,895** |
| | | | | | | | |
| **Short-term employee benefits** | | | | | | | |
| Annual leave | 16.2 | - | 3,189,707 | 3,189,707 | - | 3,525,588 | 3,525,588 |
| Other short-term employee benefits | 16.2 | - | 599,444 | 599,444 | - | 457,159 | 457,159 |
| | | | | | | | |
| **Total short-term employee benefits** | | **-** | **3,789,151** | **3,789,151** | **-** | **3,982,747** | **3,982,747** |
| | | | | | | | |
| **Total employee benefits** | | **4,190,521** | **5,649,645** | **9,840,166** | **3,526,705** | **7,032,937** | **10,559,641** |

### Short-term employee benefits

16.2 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), other short-term benefits (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.

16.3 Disclosure of these items is provided in note 26 'Employee-benefit expenses' and note 33 'Related party transactions'.

**Post-employment benefits**

Defined contribution plans

16.4 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 2012, a Provident Fund contribution of EUR 7,058,480 (2011: EUR 7,035,662) has been recognised in the employee-benefit expenses line of the statement of financial performance.

Defined benefit plans

16.5 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 | Per Actuarial Valuation |
|---|---:|
| Balance as at 1 January 2012 | 6,018,182 |
| Current service cost | 1,122,838 |
| Interest cost | 136,839 |
| Contributions by plan participants | - |
| Actuarial (gains)/losses | (13,355) |
| Foreign currency-exchange differences | - |
| Benefits paid | (1,788,353) |
| Past service cost | - |
| Curtailments | - |
| Settlements | - |
| **Balance as at 31 December 2012** | **5,476,151** |

| Post-Employment Benefits | Per Actuarial Valuation |
|---|---:|
| Balance as at 1 January 2011 | 5,156,472 |
| Current service cost | 1,244,749 |
| Interest cost | 126,086 |
| Contributions by plan participants | - |
| Actuarial (gains)/losses | 288,927 |
| Foreign currency-exchange differences | - |
| Benefits paid | (798,052) |
| Past service cost | - |
| Curtailments | - |
| Settlements | - |
| **Balance as at 31 December 2011** | **6,018,182** |

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

| Post-Employment Benefits | 2012 | 2011 |
|---|---|---|
| Balance as at 31 December | | |
| Present value of defined benefit obligation | 5,476,151 | 6,018,182 |
| Fair value of plan assets | - | - |
| Deficit/(surplus) in the plan | 5,476,151 | 6,018,182 |
| Experience adjustments on plan liabilities | - | - |
| Experience adjustments on plan assets | - | - |

16.7 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 | 2012 | 2011 |
|---|---|---|
| Present value of funded obligations | - | - |
| Fair value of plan assets | - | - |
| Present value of unfunded obligations | 5,476,151 | 6,018,182 |
| 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** | **5,476,151** | **6,018,182** |

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

| Post-Employment Benefits | 2012 | 2011 |
|---|---|---|
| Current service cost | 1,122,838 | 1,244,749 |
| Interest cost | 136,839 | 126,086 |
| 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** | **1,259,677** | **1,370,835** |

16.9 The statement of changes in net assets/equity includes a positive change of EUR 13,355 relating to actuarial gains and losses in 2012 (2011: negative change of EUR 288,927) and EUR 0 relating to the effect of the limit on the asset per IPSAS 25.69.b.

16.10 Expected total contribution to post-employment benefit plans (expected benefit payment to beneficiaries) for the year ended 31 December 2013 is EUR 1,328,008 (2012: EUR 2,515,029).

**Other long-term employee benefits**

16.11 As described in note 3.29, other long-term employee benefits include home-leave benefits. The discount rate used is 0.75%. Disclosure of these items is provided in note 26 '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)** | **2012** | **2011** |
|---|---|---|
| Balance as at 1 January | 558,713 | 770,523 |
| Current service cost | 619,403 | 720,211 |
| Interest cost | 18,211 | 16,512 |
| Contributions by plan participants | - | - |
| Actuarial (gains)/losses | (14,226) | (44,092) |
| Foreign currency-exchange differences | - | |
| Benefits paid | (607,237) | (904,442) |
| Past service cost | - | - |
| Curtailments | - | - |
| Settlements | - | - |
| **Balance as at 31 December** | **574,864** | **558,713** |

16.12 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)** | **2012** | **2011** |
|---|---|---|
| Balance as at 31 December | | |
| Present value of defined benefit obligation | 574,864 | 558,713 |
| Fair value of plan assets | - | - |
| Deficit/(surplus) in the plan | 574,864 | 558,713 |
| Experience adjustments on plan liabilities | - | - |
| Experience adjustments on plan assets | - | - |

16.13 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)** | **2012** | **2011** |
|---|---|---|
| Current service cost | 619,403 | 720,211 |
| Interest cost | 18,211 | 16,512 |
| Expected return on plan assets | - | - |
| Expected return on any reimbursement right recognised as an asset | - | - |
| Actuarial (gains)/losses | (14,226) | (44,092) |
| Past service cost | - | - |
| Effect of curtailment/settlement | - | - |
| Effect of amount not recognised as an asset | - | - |
| **Total expense recognised in statement of financial performance** | **623,388** | **692,631** |

16.14 The principal assumptions used for post-employment benefits and other long-term employee benefits as of 31 December 2012 are the following:

| **Long-term employee benefits** | **2012** | **2011** |
|---|---|---|
| Discount rate: Death benefits | 3.00% | 4.00% |
| Discount rate: Repatriation grant, removal costs, travel costs | 1.20% | 2.25% |
| Discount rate: Home leave | 0.75% | 2.00% |
| 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 | - | - |

16.15 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 37,292 lower or EUR 36,971 higher, respectively.

**Termination benefits**

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

## 17. ACCOUNTS PAYABLE

17.1 Accounts payable comprise:

| | 2012 | 2011 |
|---|---|---|
| Accounts payable - vendors | 1,780,460 | 1,388,126 |
| Reimbursements to governments | 237,736 | - |
| Accounts payable - staff | 149,366 | 305,313 |
| Other | - | - |
| | **2,167,562** | **1,693,440** |

**Accounts payable - vendors**

17.2 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 2012.

**Reimbursements to governments**

17.3 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**

17.4 Accounts payable - staff relate to staff medical insurance premiums and other travel related staff claims that are payable as at 31 December 2012.

## 18. PROVISIONS

**Legal claims**

18.1 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 2012, provision is recognised at EUR 82,500 (2011: EUR 82,000) with respect to the liability that is expected to arise as result of these decisions.

18.2 The movements in the provisions in 2012 comprise:

| | Staff Provisions |
|---|---|
| **At 1 January 2012** | **82,000** |
| Increase of provisions | 22,500 |
| Used during the year | (6,000) |
| Reversal of unused provisions | (16,000) |
| **At 31 December 2012** | **82,500** |

## 19. OTHER LIABILITIES

### Other non-current liabilities

19.1 IPSAS requires that a liability be 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 2012 with respect to assessed contributions received or receivable of EUR 2,384,278 (2011: EUR 3,691,937) requiring recognition of a corresponding liability. This liability is shown in the statement of financial position as other non-current liabilities.

### Other current liabilities

19.2 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 2012 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 8,576,268 (2011: EUR 6,282,213) is recognised in the statement of financial position as other current liabilities.

## 20. NET ASSETS/EQUITY

As at 31 December 2012:

| | 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 2012 | (6,138,924) | - | - | - | (6,138,924) | - | **(6,138,924)** |
| Movements during the reporting period | 2,655,935 | 13,355 | - | - | **2,669,290** | - | **2,669,290** |
| **At 31 December 2012** | **(3,482,989)** | **13,355** | **-** | **-** | **(3,469,634)** | **-** | **(3,469,634)** |

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 December 2011** | **(5,894,090)** | **(244,835)** | **-** | **-** | **(6,138,924)** | **-** | **(6,138,924)** |

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 16 'Employee benefits' for additional information. The actuarial gains/losses are recognised in full in the period in which they arise.

## 21. 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 2012 is EUR 67,389,600 (2011: EUR 68,368,500). 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 2012 with respect to inflow of resources in assessed contributions as well as reduction of previously recognised liabilities relating to satisfied obligations is EUR 67,513,754 (2011: EUR 67,712,488). 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 Appendix 5.6).

## 22. 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 8 'Voluntary contributions recoverable' for additional information regarding voluntary contributions recoverable at the reporting date. Refer to note 19 'Other liabilities' for additional information regarding liabilities recognised in respect of conditions relating to voluntary contributions.

## 23. ARTICLE IV AND V REVENUE

23.1 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.

23.2 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.

## 24. OTHER REVENUE

| | 2012 | 2011 |
|---|---:|---:|
| Goods in kind | - | - |
| Other operating revenue | 55,613 | 94,195 |
| **Total other operating revenue** | **55,613** | **94,195** |

## 25. OTHER INCOME

| | 2012 | 2011 |
|---|---:|---:|
| Rental income | 42,553 | 47,307 |
| Other/miscellaneous | 21,142 | 1,730 |
| Write-down of other non-current liabilities | 80,369 | 516,051 |
| Gain on sale of assets | 2,164 | 2,815 |
| **Total other income** | **146,228** | **567,903** |

25.1 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.

25.2 Other income has been recognised in respect of write-down of 'Other non-current liabilities' in the amount of EUR 80,369 (2011: EUR 516,051). These liabilities relate to inflow of resources recognised as assets (assessed contributions recoverable) against which obligations exist in the form of potential cash surpluses reimbursable to States Parties upon collection of the recoverables. The assets underlying these liabilities have been impaired (see notes 7.4 and 9.5). 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.

## 26. EMPLOYEE-BENEFIT EXPENSES

| | 2012 | 2011 |
|---|---|---|
| **Short-term employee-benefit expenses** | | |
| Salaries and post-adjustment expense | 30,676,175 | 32,317,049 |
| Dependency allowances | 789,446 | 838,962 |
| Rental subsidies | 196,434 | 223,544 |
| Medical insurance subsidies | 984,112 | 1,088,867 |
| Death and disability insurance | 310,785 | 330,448 |
| Annual leave expense | 3,361,261 | 4,842,988 |
| Child care allowances | 464,872 | 389,484 |
| Incoming employee expenses (including travel expenses, removal costs and assignment grant) | 488,730 | 626,028 |
| Income tax reimbursement | 73,807 | 143,330 |
| Education grant and travel expenses | 2,073,735 | 2,164,943 |
| Others | 81,786 | 25,050 |
| **Total short-term employee-benefit expenses** | **39,501,143** | **42,990,694** |
| | | |
| **Post-employment benefit expenses** | | |
| Provident Fund pension expense (defined contribution plan) | 7,058,480 | 7,035,662 |
| Death benefit expense | 46,528 | 51,930 |
| Repatriation grant expense | 1,109,626 | 474,877 |
| Travel costs upon separation from the OPCW | 628,629 | 27,123 |
| Removal costs upon separation from the OPCW | 459,879 | 369,929 |
| **Total post-employment benefit expenses** | **9,303,142** | **7,959,521** |
| | | |
| **Other long-term employee benefit expenses** | | |
| Home leave expense | 622,064 | 786,342 |
| **Total other long-term employee benefit expenses** | **622,064** | **786,342** |
| | | |
| **Termination benefit expenses** | **-** | **55** |
| | | |
| **Total – Employee-benefit expenses** | **49,426,349** | **51,736,612** |
| | | |
| Less: Capitalised employee-benefit expenses - Software under development by OPCW staff | (90,645) | (64,283) |
| | | |
| **Net employee-benefit expenses** | **49,335,704** | **51,672,329** |

## 27. GENERAL OPERATING EXPENSES

General operating expenses comprise the following:

| | 2012 | 2011 |
|---|---|---|
| Operating lease rental expense | 3,387,542 | 3,383,894 |
| Supplies and materials | 315,463 | 416,478 |
| Utilities | 344,528 | 339,747 |
| Maintenance | 427,684 | 482,147 |
| Inventories | 213,579 | 316,498 |
| Impairment of other accounts receivable | - | 11,219 |
| Other general operating expenses | 852,175 | 908,035 |
| **Total general operating expenses** | **5,540,971** | **5,858,018** |
| | | |
| Less: Capitalised general operating expenses - Software under development by OPCW staff | - | (4,431) |
| **Net general operating expenses** | **5,540,971** | **5,853,588** |

## 28. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

| | 2012 | 2011 |
|---|---|---|
| Loss on disposal of property, plant and equipment | (14,625) | 9,898 |
| Purchases of furniture and equipment | 420,274 | 538,480 |
| Other staff costs | 13,627 | 97,651 |
| Legal compensation payments | 6,000 | - |
| Provisions | 500 | 82,000 |
| **Total other expenses** | **426,136** | **728,029** |

## 29. FINANCE INCOME AND COSTS

| | 2012 | 2011 |
|---|---|---|
| **Finance income** | | |
| Interest income arising on cash and cash equivalents | 90,348 | 330,196 |
| Foreign currency gains | (10,523) | 101,031 |
| Other finance income | - | - |
| **Total finance income** | **79,825** | **431,227** |
| | | |
| Finance costs | | |
| Unwinding of discount on post-employment benefits (note 16.8) | 136,839 | 126,086 |
| Unwinding of discount on other long-term employee benefits (note 16.11) | 18,211 | 16,512 |
| Foreign currency losses | 155 | 116,473 |
| Other interest expense | - | - |
| **Total finance income/(costs)** | **155,205** | **259,072** |
| | | |
| **Net finance costs** | **(75,380)** | **172,155** |

## 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 for which estimates cannot be made at present. Outstanding legal cases with probable obligations for which estimates are available have been provided for in note 18 ‘Provisions’.

## 32. COMMITMENTS

**Capital commitments**

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

| **Capital Commitments** | **2012** | **2011** |
|---|---|---|
| Property, plant and equipment | 468,890 | 488,048 |
| Intangible assets | 19,487 | - |
| | **488,377** | **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)** | **2012** | **2011** |
|---|---|---|
| No later than 1 year | 3,412,462 | 2,947,981 |
| Later than 1 year and no later than 5 years | 261,900 | 2,801,916 |
| Later than 5 years | - | - |
| | **3,674,362** | **5,749,897** |

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 amount to EUR 3,387,542 (2011: EUR 3,383,894). Sublease payments received from the rental of office space in one of the OPCW’s buildings is disclosed in note 25 ‘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:

| | **2012** | |
|---|---|---|
| | **Number of Individuals** | **Aggregate Remuneration** |
| Director-General and Deputy Director-General | 2 | 589,232 |

| | **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.

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 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

(d) 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)

(e) Trust fund for the Associate Programme

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

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

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

(i) 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

(j) Trust fund for the Scientific Advisory Board

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

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

(m) Trust fund for training: support to the OPCW in its transition as its main activities change focus, with work on verifying destruction of chemical weapons stockpiles moving towards completion

(n) Trust fund of Canada for Libya established to assist the Libyan chemical weapons destruction programme

(o) Trust fund for the International Support Network for Victims of Chemical Weapons

(p) European Union support for OPCW Activities 2012 in the framework of the implementation of the European Union Strategy against Proliferation of Weapons of Mass Destruction

**Segment Information**
**For the period ended 31 December 2012**

| | 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** | **7,995,239** | **26,447,107** | **6,535,731** | **4,825,254** | **1,939,057** | **8,311,175** | **14,044,244** | **1,359,607** | **146,228** | **71,603,642** |
| Segment revenue from budget allocation | - | - | - | - | - | - | - | - | - | - |
| Assessed contributions | 7,995,239 | 23,863,054 | 6,535,731 | 4,825,254 | 1,939,057 | 8,311,175 | 14,044,244 | - | - | 67,513,754 |
| Article IV & V revenue | - | 2,528,440 | - | - | - | - | - | - | - | 2,528,440 |
| Segment revenue from external sources | - | - | - | - | - | - | - | - | - | - |
| Voluntary contributions | - | - | - | - | - | - | - | 1,359,607 | - | 1,359,607 |
| Inter-segment revenue | - | - | - | - | - | - | - | - | - | - |
| Other income / revenue | - | 55,613 | - | - | - | - | - | - | 146,228 | 201,841 |
| | | | | | | | | | | |
| **Total segment expense** | **7,166,744** | **22,714,957** | **5,904,226** | **4,591,909** | **1,810,750** | **7,997,317** | **14,381,763** | **1,303,267** | **3,001,395** | **68,872,327** |
| Employee-benefit expenses | 6,410,955 | 17,598,732 | 2,505,416 | 3,589,588 | 1,507,738 | 7,122,341 | 8,630,150 | 66,158 | 1,904,626 | 49,335,704 |
| Travel expenses | 295,294 | 3,015,531 | 2,707,734 | 302,244 | 91,208 | 429,044 | 68,291 | 834,418 | - | 7,743,764 |
| Other | 460,495 | 2,100,694 | 691,076 | 700,077 | 211,804 | 445,932 | 5,683,322 | 402,691 | 1,096,768 | 11,792,859 |

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

**Segment Information**
**For the period ended 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.

## 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 2012 to 31 December 2012 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 the budgetary accounts is presented in the Appendix to these financial statements. The Appendix 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 original budget and the final budget remained stable and consistent in 2011, and constant at programme levels. Adjustments were made between subprogrammes of the same programme in accordance with Financial Regulation 4.6 as detailed under EC-71/DG.14 C-18/DG.2, dated 5 February 2013.

36.4 The level of expenditure for 2012 reflects a utilisation rate of 96.5%, where Chapter One reflects a utilisation rate of 97.7% and Chapter Two a rate of 95.4%.

36.5 The Secretariat spent less than the revised budget in all programmes. The underutilisation of the revised budget (between 10.4% and 1.8%) is of acceptable margin of variation for a large number of programmes. For those programmes where the underutilisation exceeds 5%, the 2012 Programme Performance Report will be utilised to explain these variations and the 2014 Programme and Budget formulation will be utilised to address and correct these trends where necessary.

### Reconciliation of actual amounts from budgetary basis to financial statement basis

36.6 The modified 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 2012:

| | Operating | Financing | Investing | Total |
|---|---|---|---|---|
| **Actual net surplus amount on budgetary basis (per Statement of Comparison of Budget and Actual Amounts)** | **2,031,375** | **-** | **-** | **2,031,375** |
| | | | | |
| **Basis differences** | | | | |
| Unliquidated obligations | 3,070,146 | - | - | 3,070,146 |
| Assessed contributions revenue | (717,146) | - | - | (717,146) |
| Article IV and V revenue | 1,229,904 | - | - | 1,229,904 |
| Employee benefits | (1,617,794) | - | - | (1,617,794) |
| Other basis differences | (4,681,266) | 63,992 | (1,009,920) | (5,627,194) |
| **Budgetary (General Fund) results on cash basis** | **(684,781)** | **63,992** | **(1,009,920)** | **(1,630,709)** |
| | | | | |
| Entity differences | | | | |
| Trust funds and Special Accounts | 5,001,200 | 93,775 | (46,908) | 5,048,067 |
| | | | | |
| **Timing differences** | **-** | **-** | **-** | **-** |
| | | | | |
| **Actual amount in the IPSAS cash flow statement** | **4,316,418** | **157,767** | **(1,056,828)** | **3,417,357** |

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** | **7,194,674** | **(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** |

36.7 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**

36.8 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.

| | 2012 | 2011 |
|---|---|---|
| **Budgetary Accounts (all funds) - excess/(shortfall) of income over expenditure (Appendix 5.1)** | **5,765,083** | **1,269,937** |
| Prior year adjustments reclassified as current year revenue and expense | **274,872** | **91,608** |
| **Net excess/(shortfall) of income over expenditure** | **6,039,955** | **1,361,545** |
| | | |
| **Differences** | | |
| Expenses of the budgetary accounts reclassified as property, plant and equipment | 507,358 | 176,922 |
| Expenses of the budgetary accounts reclassified as inventories | 158,841 | - |
| Expenses of the budgetary accounts reclassified as intangible assets | 139,876 | 1,040 |
| Recognition of expenses against inventories consumed | (147,457) | (119,428) |
| Recognition of depreciation and impairment expense on property, plant and equipment | (792,829) | (1,043,369) |
| Recognition of amortization and impairment expense (intangible assets) | (20,557) | - |
| Derecognition of unliquidated obligations | 3,649,481 | 4,344,625 |
| Recognition of long-term employee-benefit expenses | 300,815 | (527,717) |
| Recognition of short-term employee-benefit expenses | (1,206,303) | (430,669) |
| Assessed contribution recognised as other non-current liabilities | 59,948 | (656,012) |
| Recognition of impairment expense of assessed contributions | (80,369) | (75,038) |
| Recognition of impairment expense of Article IV and V receivables | - | (441,013) |
| Recognition of other impairment | (67,041) | (11,219) |
| Recognition of write-down of other non-current liabilities | 80,369 | 516,051 |
| Recognition of expenses based on current year receipt of goods and services | (1,328,336) | (2,170,887) |
| Recognition of provisions (legal cases) | (500) | (69,609) |
| Gain (loss) on disposal of property, plant and equipment | (334,059) | (7,083) |
| Miscellaneous adjustments to expense | - | - |
| Miscellaneous adjustments to income | 79,284 | 939 |
| Adjustments to exchange revenue | (5,762) | 90,953 |
| Income and expense reclassified as finance income/finance cost | (10,678) | (147,491) |
| Adjustments to non-exchange revenue (voluntary contributions with conditions) | (4,366,101) | (347,477) |
| **Total differences** | (3,384,020) | (916,482) |
| | | |
| **IPSAS net surplus/(deficit) for the period** | **2,655,935** | **445,062** |

## 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 Appendix.

Appendix: Additional Information to the Financial Statements

## Appendix

## 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 Appendix 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 Appendix.

(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 Article 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 statements and schedules in the Appendix, 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 under note 36.8 "Reconciliation from budget result to IPSAS result".

The reconciliation of the budgetary result to the IPSAS result shows a 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 Appendix, 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 ended 31 December 2012 (expressed in euros)

| Funding Programme | Appropriations (i) | | | Expenditure | | | Balance |
|---|---|---|---|---|---|---|---|
| | Appropriation | Transfers | Revised | Disbursements | Unliquidated Obligations(ii) | Total Expenditure (iii) | |
| Programme 1. Verification | 8,356,200 | - | **8,356,200** | 7,576,813 | 478,508 | **8,055,321** | **300,879** |
| Programme 2. Inspections | 24,940,400 | - | **24,940,400** | 23,441,090 | 1,029,572 | **24,470,662** | **469,738** |
| **Total verification costs (Chapter 1)** | **33,296,600** | - | **33,296,600** | **31,017,903** | **1,508,080** | **32,525,983** | **770,617** |
| Programme 3. International Cooperation and Assistance | 6,830,800 | - | **6,830,800** | 5,788,146 | 333,304 | **6,121,450** | **709,350** |
| Programme 4. Support to the Policy-Making Organs | 5,043,100 | - | **5,043,100** | 4,518,894 | 239,531 | **4,758,425** | **284,675** |
| Programme 5. External Relations | 2,026,600 | - | **2,026,600** | 1,836,161 | 76,911 | **1,913,072** | **113,528** |
| Programme 6. Executive Management | 8,686,400 | - | **8,686,400** | 8,040,778 | 295,206 | **8,335,984** | **350,416** |
| Programme 7. Administration | 14,678,300 | - | **14,678,300** | 13,801,332 | 617,115 | **14,418,442** | **259,858** |
| **Total administrative and other costs (Chapter 2)** | **37,265,200** | - | **37,265,200** | **33,985,311** | **1,562,067** | **35,547,373** | **1,717,827** |
| **TOTAL** | **70,561,800** | - | **70,561,800** | **65,003,214** | **3,070,147** | **68,073,356** | **2,488,444** |

### 3.2 Statement of appropriations - General Fund - For the period ended 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** | **2,508,385** |

(i) Appropriations for 2012, in the total amount of EUR 70,561,800 (2011: EUR 74,553,600), were approved by the Conference at its Sixteenth Session (C-16/DEC.12, 2 December 2011). The agreed appropriations were to be financed from assessed annual contributions paid by all States Parties in the amount of EUR 67,389,600 (2011: EUR 68,368,500) and from budgeted direct income in the amount of EUR 3,172,200 (2011: EUR 6,185,100). The balance (budget less expenditures) of EUR 2,488,439 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 2012 is 0.4% (2011: 0.5%).

(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 2012 (expressed in euros)

| Fund | Cash | Term Deposits | Total |
|---|---|---|---|
| General Fund | 1,659,788 | - | 1,659,788 |
| Working Capital Fund | 526 | 9,905,792 | 9,906,318 |
| Voluntary Fund for Assistance | 199,446 | 1,321,622 | 1,521,068 |
| United States voluntary trust fund | 123,540 | 1,488,225 | 1,611,765 |
| European Union support for OPCW activities in 2009 | 221,661 | - | 221,661 |
| Trust fund of Canada for Libya | 85,135 | 4,257,672 | 4,342,807 |
| European Union support for OPCW activities in 2012 | 668,930 | - | 668,930 |
| Special account for the OPCW Equipment Store | 72,007 | 186,147 | 258,154 |
| Special account for designated laboratories | 107,491 | 866,056 | 973,547 |
| Regional seminars | 372,308* | 500,505* | 313,918 |
| Courses for personnel of National Authorities | | | 126,808 |
| Implementation of Article X | | | 88,511 |
| Associate Programme | | | 5,023 |
| Procurement of GC/MS systems | | | 72,958 |
| Implementation of Article VII obligations | | | 165,475 |
| Scientific Advisory Board | | | 39,860 |
| Internship-Support Programme | | | 5,911 |
| NGO participation in OPCW events | | | 802 |
| Conference on International Cooperation and Chemical Safety & Security | | | 23,475 |
| Trust fund for training | | | 15,075 |
| Trust Fund for International Support Network for Victims of chemical weapons | | | 15,000 |
| **TOTAL CASH AND TERM DEPOSITS** | **3,510,833** | **18,526,019** | **22,036,853** |

* Some trust fund 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 2011 (expressed in euros)

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

* Some trust fund cash balances held in current accounts have been pooled to a single current account, some of which has been placed in term deposits.

## 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 ended 31 December 2012 (expressed in euros)

| | Reference (Appendix) | General Fund | | Working Capital Fund | | Special Accounts and Voluntary Fund for Assistance (Appendix 5.3) | | Trust Funds (Appendix 5.4) | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **INCOME** | | | | | | | | | | | |
| Assessed annual contributions (i) | 5.6 | 67,389,600 | 68,368,500 | - | - | - | - | - | - | **67,389,600** | **68,368,500** |
| Voluntary contributions | 5.12 | - | - | - | - | 90,067 | 5,000 | 5,635,641 | 1,824,645 | **5,725,708** | **1,829,645** |
| Miscellaneous income: | | | | | | | | | | | |
| Verification contributions under Articles IV & V | 5.11 | 2,534,202 | 4,210,101 | - | - | - | - | - | - | **2,534,202** | **4,210,101** |
| Assessed annual contributions - new Member States | 5.6 | - | - | - | - | - | - | - | - | **-** | **-** |
| Interest income | | 74,535 | 278,875 | - | - | 7,514 | 26,208 | 8,299 | 25,111 | **90,348** | **330,194** |
| Currency-exchange gains | | - | - | - | - | - | - | - | - | **-** | **-** |
| Other income | | 106,394 | 142,293 | - | - | - | - | - | - | **106,394** | **142,293** |
| **TOTAL INCOME** | | **70,104,731** | **72,999,769** | **-** | **-** | **97,581** | **31,208** | **5,643,940** | **1,849,756** | **75,846,252** | **74,880,733** |
| **EXPENDITURE** | | | | | | | | | | | |
| Staff costs | | 49,632,215 | 52,439,557 | - | - | - | - | 72,343 | 96,538 | **49,704,558** | **52,536,095** |
| Travel costs | | 7,034,363 | 7,208,313 | - | - | - | - | 854,044 | 920,452 | **7,888,407** | **8,128,765** |
| Contractual services | | 4,230,758 | 5,097,507 | - | - | 45,000 | 44,955 | 303,522 | 280,747 | **4,579,280** | **5,423,209** |
| Internships, grants, contributions to seminars and workshops | | 511,388 | 424,838 | - | - | - | - | 28,749 | 34,946 | **540,137** | **459,784** |
| General operating expenses | | 5,679,516 | 5,800,374 | - | - | 522 | 713 | 85,442 | 66,136 | **5,765,479** | **5,867,223** |
| Furniture and equipment | | 985,116 | 1,074,628 | - | - | 137,614 | 29,487 | 205,703 | - | **1,328,433** | **1,104,115** |
| **TOTAL EXPENDITURE** | **5.3, 5.4** | **68,073,356** | **72,045,217** | **-** | **-** | **183,136** | **75,155** | **1,549,803** | **1,398,819** | **69,806,294** | **73,519,191** |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | | **2,031,376** | **954,552** | **-** | **-** | **(85,555)** | **(43,947)** | **4,094,137** | **450,937** | **6,039,958** | **1,361,542** |
| Prior period adjustments | | (47,039) | (88,255) | - | - | (935) | - | (226,896) | (3,352) | **(274,870)** | **(91,607)** |
| **NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | | **1,984,337** | **866,297** | **-** | **-** | **(86,490)** | **(43,947)** | **3,867,241** | **447,585** | **5,765,088** | **1,269,935** |
| Savings on prior period's obligations | 5.9 | 651,973 | 512,929 | - | - | - | 86,198 | 32,413 | 31,162 | **684,386** | **630,289** |
| Transfers to/from other funds | | (275,321) | (181,254) | - | - | 275,321 | 181,302 | - | (48) | **-** | **-** |
| Credits to Member States (ii) | 5.10 | (1,544,493) | (4,904,164) | - | - | - | - | - | - | **(1,544,493)** | **(4,904,164)** |
| Increase in Working Capital Fund | | - | - | - | - | - | - | - | - | **-** | **-** |
| Reserves and fund balances, beginning 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** |
| **RESERVES AND FUND BALANCES, END OF PERIOD** | | **4,730,594** | **3,914,098** | **9,912,470** | **9,912,470** | **3,026,772** | **2,837,941** | **6,585,364** | **2,685,710** | **24,255,200** | **19,350,219** |

(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 1,544,493 (2011: EUR 4,904,164) represents final cash surpluses from 2009 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 2012 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 2012 (expressed in euros)

| | Reference (Appendix) | General Fund | | Working Capital Fund | | Special Accounts and Voluntary Fund for Assistance | | Trust Funds | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **ASSETS** | | | | | | | | | | | |
| Cash and term deposits | 4 | 1,659,788 | 3,290,496 | 9,906,317 | 9,921,722 | 2,752,769 | 2,699,781 | 7,717,979 | 2,707,499 | **22,036,853** | **18,619,498** |
| Accounts receivable: | | | | | | | | | | | |
| Assessed annual contributions from Member States | 5.6 | 4,133,595 | 3,436,872 | - | - | - | - | - | - | **4,133,595** | **3,436,872** |
| Voluntary contributions | | - | - | - | - | - | - | - | 6,439 | **-** | **6,439** |
| Verification contributions under Articles IV & V (i) | 5.11 | 764,688 | 2,000,354 | - | - | - | - | - | - | **764,688** | **2,000,354** |
| Other contributions receivable | | - | - | - | - | - | - | - | - | **-** | **-** |
| Advances | | - | - | 6,853 | 7,970 | - | - | - | - | **6,853** | **7,970** |
| Inter-fund balances | | 58,248 | 59,053 | - | - | 275,330 | 181,865 | 17,585 | 90,186 | **351,163** | **331,104** |
| Other receivables | | 1,506,808 | 2,118,139 | 276 | 5,646 | - | 1,248 | 291,344 | 12,331 | **1,798,428** | **2,137,364** |
| Other assets | | 2,557,380 | 2,538,999 | - | - | - | - | - | - | **2,557,380** | **2,538,999** |
| **TOTAL ASSETS** | | **10,680,507** | **13,443,913** | **9,913,446** | **9,935,338** | **3,028,099** | **2,882,894** | **8,026,908** | **2,816,455** | **31,648,960** | **29,078,600** |
| | | | | | | | | | | | |
| **LIABILITIES** | | | | | | | | | | | |
| Contributions received in advance | | 1,722,007 | 4,006,159 | - | - | - | - | 584,300 | 67,500 | **2,306,307** | **4,073,659** |
| Unliquidated obligations | | 3,070,146 | 4,265,456 | - | - | 1,318 | 30,000 | 578,017 | 49,170 | **3,649,481** | **4,344,626** |
| Accounts payable: | | | | | | | | | | | |
| Inter-fund balances | | 292,920 | 279,369 | 976 | 22,867 | 9 | 14,955 | 57,258 | 13,912 | **351,163** | **331,103** |
| Other payables | | 864,841 | 978,830 | - | - | - | - | 221,969 | 161 | **1,086,810** | **978,991** |
| Other liabilities | | - | - | - | - | - | - | - | - | **-** | **-** |
| **TOTAL LIABILITIES** | | **5,949,914** | **9,529,814** | **976** | **22,867** | **1,327** | **44,955** | **1,441,544** | **130,743** | **7,393,761** | **9,728,379** |
| | | | | | | | | | | | |
| **RESERVES AND FUND BALANCES** | | | | | | | | | | | |
| Fund balances (ii) | | 4,730,593 | 3,914,098 | 9,912,470 | 9,912,470 | 3,026,772 | 2,837,941 | 6,585,364 | 2,685,710 | **24,255,199** | **19,350,219** |
| **TOTAL RESERVES AND FUND BALANCES** | | **4,730,593** | **3,914,098** | **9,912,470** | **9,912,470** | **3,026,772** | **2,837,941** | **6,585,364** | **2,685,710** | **24,255,199** | **19,350,219** |
| **TOTAL LIABILITIES, RESERVES AND FUND BALANCES** | | **10,680,507** | **13,443,912** | **9,913,446** | **9,935,337** | **3,028,099** | **2,882,896** | **8,026,908** | **2,816,453** | **31,648,960** | **29,078,598** |

(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 2012 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 36 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 ended 31 December 2012 (expressed in euros)

| | OPCW Equipment Store | | Designated Laboratories | | Voluntary Fund for Assistance | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **INCOME** | | | | | | | | |
| Assessed annual contributions | - | - | - | - | - | - | - | - |
| Voluntary contributions | - | - | - | - | 90,067 | 5,000 | 90,067 | 5,000 |
| Miscellaneous income: | | | | | | | | |
| Verification contributions under Articles IV & V | - | - | - | - | - | - | - | - |
| Assessed annual contributions - new Member States | - | - | - | - | - | - | - | - |
| Interest income | 1,389 | 4,077 | 2,419 | 8,234 | 3,706 | 13,897 | 7,514 | 26,208 |
| Currency-exchange gains | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - |
| **TOTAL INCOME** | **1,389** | **4,077** | **2,419** | **8,234** | **93,773** | **18,897** | **97,581** | **31,208** |
| **EXPENDITURE** | | | | | | | | |
| Staff costs | - | - | - | - | - | - | - | - |
| Travel costs | - | - | - | - | - | - | - | - |
| Contractual services | - | - | 45,000 | 44,955 | - | - | 45,000 | 44,955 |
| Internships, grants, contributions to seminars and workshops | - | - | - | - | - | - | - | - |
| General operating expenses | 117 | 662 | 405 | 51 | - | - | 522 | 713 |
| Furniture and equipment | 137,614 | 29,487 | - | - | - | - | 137,614 | 29,487 |
| **TOTAL EXPENDITURE** | **137,731** | **30,149** | **45,405** | **45,006** | **-** | **-** | **183,136** | **75,155** |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **(136,342)** | **(26,072)** | **(42,986)** | **(36,772)** | **93,773** | **18,897** | **(85,555)** | **(43,947)** |
| Prior period adjustments | - | - | (935) | - | - | - | (935) | - |
| **NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **(136,342)** | **(26,072)** | **(43,921)** | **(36,772)** | **93,773** | **18,897** | **(86,490)** | **(43,947)** |
| Savings on prior period's obligations | - | 66,199 | - | 19,999 | - | - | - | 86,198 |
| Transfers to/from other funds | 126,200 | 41,302 | 149,121 | 140,000 | - | - | 275,321 | 181,302 |
| Credits to Member States | - | - | - | - | - | - | - | - |
| Increase in Working Capital Fund | - | - | - | - | - | - | - | - |
| Reserves and fund balances, beginning of period | 393,186 | 311,757 | 1,017,461 | 894,234 | 1,427,294 | 1,408,397 | 2,837,941 | 2,614,388 |
| **RESERVES AND FUND BALANCES, END OF PERIOD** | **383,044** | **393,186** | **1,122,661** | **1,017,461** | **1,521,067** | **1,427,294** | **3,026,772** | **2,837,941** |

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2012 (expressed in euros)

| | Regional Seminars | | Courses for Personnel of National Authorities | | Training | | US Voluntary Fund | | Implementation of Article X | | Associate Programme | | Scientific Advisory Board | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** | **2012** | **2011** |
| **INCOME** | | | | | | | | | | | | | | |
| Assessed annual contributions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Voluntary contributions | 197,862 | 108,338 | - | - | - | - | 73,350 | 372,700 | 132,483 | 63,986 | - | 23,427 | 38,842 | 24,523 |
| Miscellaneous income: | | | | | | | | | | | | | | |
| Verification contributions under Articles IV & V | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Assessed contributions - new Member States | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest income | 963 | 2,529 | 26 | 574 | - | 5 | 2,999 | 13,904 | 15 | 373 | 5 | 115 | 8 | 178 |
| Currency-exchange gains | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL INCOME** | **198,825** | **110,867** | **26** | **574** | **-** | **5** | **76,349** | **386,604** | **132,498** | **64,359** | **5** | **23,542** | **38,850** | **24,701** |
| **EXPENDITURE** | | | | | | | | | | | | | | |
| Staff costs | - | - | - | - | - | - | 36,709 | - | - | - | - | - | - | - |
| Travel costs | 147,584 | 89,269 | 3,587 | - | - | - | 140,722 | - | 145,549 | 69,787 | - | - | 53,681 | 19,317 |
| Contractual services | 30,280 | 18 | - | - | - | 2,300 | 46,650 | 26,018 | 11,273 | 16,111 | - | - | - | - |
| Internships, grants, contributions to seminars and workshops | - | - | - | - | - | - | 28,749 | - | - | 3,990 | - | 23,427 | - | - |
| General operating expenses | 4,263 | 883 | 2 | - | - | - | 1,290 | 55 | 2,279 | 2,622 | - | - | 14 | 35 |
| Furniture and equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL EXPENDITURE** | **182,127** | **90,170** | **3,589** | **-** | **-** | **2,300** | **254,120** | **26,073** | **159,101** | **92,510** | **-** | **23,427** | **53,695** | **19,352** |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **16,698** | **20,697** | **(3,563)** | **574** | **-** | **(2,295)** | **(177,771)** | **360,531** | **(26,603)** | **(28,151)** | **5** | **115** | **(14,845)** | **5,349** |
| Prior period adjustments | (132) | 8 | - | - | 1 | - | - | - | - | (862) | - | - | - | - |
| **NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **16,566** | **20,705** | **(3,563)** | **574** | **1** | **(2,295)** | **(177,771)** | **360,531** | **(26,603)** | **(29,013)** | **5** | **115** | **(14,845)** | **5,349** |
| Savings on prior period's obligations | 1,581 | 93 | - | - | - | - | - | - | 243 | 3 | - | - | 1,727 | 2 |
| Transfers to/from other funds | 49,964 | (14,354) | - | (10,000) | - | - | - | (29,290) | 40,972 | 13,486 | - | - | - | - |
| Credits to Member States | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other adjustments to reserves and fund balances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves and fund balances, beginning 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 |
| **RESERVES AND FUND BALANCES, END OF PERIOD** | **194,341** | **126,230** | **129,736** | **133,299** | **-** | **(1)** | **1,549,959** | **1,727,730** | **87,941** | **73,329** | **4,709** | **4,704** | **20,324** | **33,442** |

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2012 (expressed in euros) (continued)

| | NGO Participation in OPCW Events | | Procurement of GC/MS Systems | | Implementation of Article VII Obligations | | Internship-Support Programme | | 2006 EU Support for OPCW Activities | | 2007 EU Support for OPCW Activities | | 2009 EU Support for OPCW Activities | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **INCOME** | | | | | | | | | | | | | | |
| Assessed annual contributions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Voluntary contributions | - | 12,743 | - | - | 59,201 | 190,355 | - | - | - | - | - | - | - | 932,553 |
| Miscellaneous income: | | | | | | | | | | | | | | |
| Verification contributions under Articles IV & V | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Assessed contributions - new Member States | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest income | 1 | 21 | 14 | 309 | 75 | 623 | 1 | 21 | - | - | - | - | 392 | 6,333 |
| Currency exchange gains | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL INCOME** | **1** | **12,764** | **14** | **309** | **59,276** | **190,978** | **1** | **21** | **-** | **-** | **-** | **-** | **392** | **938,886** |
| EXPENDITURE | | | | | | | | | | | | | | |
| Staff costs | - | - | - | - | - | - | - | - | - | - | - | - | - | 96,538 |
| Travel costs | - | 25,558 | - | - | 85,605 | - | - | - | - | - | - | - | - | 613,009 |
| Contractual services | - | - | 24,689 | - | - | - | - | - | - | - | - | - | - | 235,436 |
| Internships, grants, contributions to seminars and workshops | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General operating expenses | - | 731 | - | 3,154 | 422 | (2) | - | - | - | - | - | - | - | 51,270 |
| Furniture and equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL EXPENDITURE** | **-** | **26,289** | **24,689** | **3,154** | **86,027** | **(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **996,253** |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **1** | **(13,525)** | **(24,675)** | **(2,845)** | **(26,751)** | **190,980** | **1** | **21** | **-** | **-** | **-** | **-** | **392** | **(57,367)** |
| Prior period adjustments | - | - | - | - | - | (300) | - | (1,340) | - | - | - | (811) | (220,326) | (47) |
| **NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **1** | **(13,525)** | **(24,675)** | **(2,845)** | **(26,751)** | **190,680** | **1** | **(1,319)** | **-** | **-** | **-** | **(811)** | **(219,934)** | **(57,414)** |
| Savings on prior period's obligations | (174) | - | - | - | - | 17,077 | - | 101 | - | - | - | - | 19,344 | 13,886 |
| Transfers to/from other funds | - | 14,610 | - | - | (90,936) | (17,877) | - | - | - | (48) | - | - | - | - |
| Credits to Member States | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other adjustments to reserves and fund balances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves and fund balances, beginning of period | 1,085 | - | 72,943 | 75,788 | 286,171 | 96,291 | 5,910 | 7,128 | - | 48 | - | 811 | 200,590 | 244,118 |
| **RESERVES AND FUND BALANCES, END OF PERIOD** | **912** | **1,085** | **48,268** | **72,943** | **168,484** | **286,171** | **5,911** | **5,910** | **-** | **-** | **-** | **-** | **-** | **200,590** |

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2012 (expressed in euros) (continued)

| | Conference on International Cooperation and Chemical Safety & Security | | Trust Fund for Training | | Trust Fund of Canada for Libya | | 2012 EU Support for OPCW Activities | | International Support Network for Victims of Chemical Weapons | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| **INCOME** | | | | | | | | | | | | |
| Assessed annual contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Voluntary contributions | - | 96,020 | 29,825 | - | 4,554,078 | - | 535,000 | - | 15,000 | - | 5,635,641 | 1,824,645 |
| Miscellaneous income: | | | | | | | | | | | | |
| Verification contributions under Articles IV & V | - | - | - | - | - | - | - | - | - | - | - | - |
| Assessed contributions - new Member States | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest income | 9 | 126 | - | - | 3,702 | - | 89 | - | - | - | 8,299 | 25,111 |
| Currency-exchange gains | - | - | - | - | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL INCOME** | **9** | **96,146** | **29,825** | **-** | **4,557,780** | **-** | **535,089** | **-** | **15,000** | **-** | **5,643,940** | **1,849,756** |
| | | | | | | | | | | | | |
| **EXPENDITURE** | | | | | | | | | | | | |
| Staff costs | - | - | - | - | - | - | 35,634 | - | - | - | 72,343 | 96,538 |
| Travel costs | - | 103,512 | - | - | 11,271 | - | 266,045 | - | - | - | 854,044 | 920,452 |
| Contractual services | - | 864 | 14,750 | - | 5,594 | - | 170,286 | - | - | - | 303,522 | 280,747 |
| Internships, grants, contributions to seminars and workshops | - | 7,529 | - | - | - | - | - | - | - | - | 28,749 | 34,946 |
| General operating expenses | - | 7,388 | - | - | 66,890 | - | 10,282 | - | - | - | 85,442 | 66,136 |
| Furniture and equipment | - | - | - | - | 205,703 | - | - | - | - | - | 205,703 | - |
| **TOTAL EXPENDITURE** | **-** | **119,293** | **14,750** | **-** | **289,458** | **-** | **482,247** | **-** | **-** | **-** | **1,549,803** | **1,398,819** |
| | | | | | | | | | | | | |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **9** | **(23,147)** | **15,075** | **-** | **4,268,322** | **-** | **52,842** | **-** | **15,000** | **-** | **4,094,137** | **450,937** |
| Prior period adjustments | (6,439) | - | - | - | - | - | - | - | - | - | (226,896) | (3,352) |
| **NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE** | **(6,430)** | **(23,147)** | **15,075** | **-** | **4,268,322** | **-** | **52,842** | **-** | **15,000** | **-** | **3,867,241** | **447,585** |
| Savings on prior period's obligations | 9,692 | - | - | - | - | - | - | - | - | - | 32,413 | 31,162 |
| Transfers to/from other funds | - | 43,425 | - | - | - | - | - | - | - | - | - | (48) |
| Credits to Member States | - | - | - | - | - | - | - | - | - | - | - | - |
| Other adjustments to reserves and fund balances | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves and fund balances, beginning of period | 20,278 | - | - | - | - | - | - | - | - | - | 2,685,710 | 2,207,011 |
| **RESERVES AND FUND BALANCES, END OF PERIOD** | **23,540** | **20,278** | **15,075** | **-** | **4,268,322** | **-** | **52,842** | **-** | **15,000** | **-** | **6,585,364** | **2,685,710** |

5.5 Budgetary accounts: Statement of cash surpluses - General Fund - as at 31 December 2012 (expressed in euros)

| **PROVISIONAL CASH SURPLUS - CURRENT YEAR** | **2012** | **2011** |
|---|---|---|
| Receipts | 66,513,753 | 69,147,246 |
| Disbursements | (65,003,218) | (67,779,761) |
| **EXCESS / (SHORTFALL) OF RECEIPTS OVER DISBURSEMENTS** | **1,510,535** | **1,367,485** |
| Unliquidated obligations (i) | (3,070,146) | (4,265,455) |
| Transfers to/from other funds | (275,321) | (181,254) |
| **PROVISIONAL SURPLUS / (DEFICIT) AS AT END OF THE REPORTING PERIOD** | **(1,834,932)** | **(3,079,224)** |
| **BUDGETARY SURPLUS** | | |
| Contributions receivable | 3,049,516 | 2,516,233 |
| Miscellaneous income receivable | 541,462 | 1,336,290 |
| Transfers to/from other funds | 275,321 | 181,254 |
| **EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE - (STATEMENT I) BUDGETARY SURPLUS :** | **2,031,367** | **954,553** |
| **FINAL CASH SURPLUS - PRIOR YEAR** | **2011** | **2010** |
| **PROVISIONAL SURPLUS / (DEFICIT)** | **(3,079,224)** | **(5,346,914)** |
| Receipt of: | | |
| Arrears from prior years' annual contributions | 2,352,793 | 2,200,259 |
| Miscellaneous income from prior years | 1,771,198 | 3,142,406 |
| Savings on prior period's obligations | 651,973 | 512,929 |
| **PRIOR YEAR CASH SURPLUS / (DEFICIT)** | **1,696,740** | **508,680** |
| Prior period adjustment | (88,255) | (158,353) |
| Prior period transfers from the General Fund to Special Accounts | | |
| **FINAL CASH SURPLUS / (DEFICIT)** | **1,608,485** | **350,327** |

(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 2012 (expressed in euros)

| Member State | Outstanding Contributions from the Prep. Comm. 1993 - 1997 | Outstanding Annual Contributions 1997 - 2010 | 2011 Annual Contributions | | | 2012 Annual Contributions | | | Total Balance Outstanding 1993 - 2012 | Overpayments / Payments in Advance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Assessment | Receipts | Balance Outstanding | Assessment | Receipts | Balance Outstanding | | |
| Afghanistan | - | - | 2,753 | 2,753 | - | 2,714 | 2,714 | - | - | |
| Albania | - | - | 6,883 | 6,883 | - | 6,785 | - | 6,785 | 6,785 | |
| Algeria | - | - | 88,104 | 88,104 | - | 86,842 | 86,842 | - | - | |
| Andorra | - | - | 4,818 | 4,818 | - | 4,749 | 4,749 | - | - | |
| Antigua and Barbuda | - | 8,334 | 1,377 | - | 1,377 | 1,357 | - | 1,357 | 11,068 | |
| Argentina | - | - | 197,545 | 197,545 | - | 194,717 | 194,717 | - | - | |
| Armenia | - | - | 3,442 | 3,442 | - | 3,392 | 3,392 | - | - | |
| Australia | - | - | 1,330,505 | 1,330,505 | - | 1,311,456 | 1,311,456 | - | - | |
| Austria | - | - | 585,753 | 585,753 | - | 577,366 | 577,366 | - | - | |
| Azerbaijan | - | - | 10,325 | 10,325 | - | 10,177 | 10,177 | - | - | |
| Bahamas | - | - | 12,390 | 12,390 | - | 12,212 | 12,212 | - | - | |
| Bahrain | - | - | 26,844 | 26,844 | - | 26,460 | 26,460 | - | - | |
| Bangladesh | - | - | 6,883 | 6,883 | - | 6,785 | 6,785 | - | - | |
| Barbados | - | - | 5,506 | 5,506 | - | 5,428 | 5,428 | - | - | |
| Belarus | - | - | 28,909 | 28,909 | - | 28,495 | 28,495 | - | - | |
| Belgium | - | - | 739,935 | 739,935 | - | 729,340 | 729,340 | - | - | |
| Belize | - | 1,154 | 684 | - | 684 | 674 | - | 674 | 2,512 | |
| Benin | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | 137 |
| Bhutan | - | - | 684 | 684 | - | 674 | 658 | 16 | 16 | |
| Bolivia (Plurinational State of) | - | - | 4,818 | 4,818 | - | 4,749 | 120 | 4,629 | 4,629 | |
| Bosnia and Herzegovina | - | - | 9,636 | 9,636 | - | 9,498 | 9,498 | - | - | |
| Botswana | - | - | 12,390 | 12,390 | - | 12,212 | 12,212 | - | - | |
| Brazil | - | - | 1,108,870 | 1,108,870 | - | 1,092,993 | 1,092,993 | - | - | |
| Brunei Darussalam | - | - | 19,273 | 19,273 | - | 18,997 | 18,997 | - | - | |
| Bulgaria | - | - | 26,156 | 26,156 | - | 25,781 | 25,781 | - | - | |
| Burkina Faso | - | - | 684 | 684 | - | 674 | 674 | - | - | 2,048 |
| Burundi | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | |
| Cambodia | - | - | 7,571 | 7,571 | - | 7,463 | 7,463 | - | - | 9,497 |
| Cameroon | - | - | 7,571 | 7,571 | - | 7,463 | 7,463 | - | - | 9,497 |
| Canada | - | - | 2,207,414 | 2,207,414 | - | 2,175,809 | 2,175,809 | - | - | |
| Cape Verde | 3,652 | 4,930 | 684 | - | 684 | 674 | - | 674 | 9,940 | |
| Central African Republic | 6,522 | 2,905 | 684 | - | 684 | 674 | - | 674 | 10,785 | |
| Chad | - | - | 1,377 | 1,377 | - | 1,357 | 1,357 | - | - | 6,845 |
| Chile | - | - | 162,442 | 162,442 | - | 160,116 | 160,116 | - | - | 2,558 |
| China | - | - | 2,195,024 | 2,195,024 | - | 2,163,597 | 2,163,597 | - | - | |
| Colombia | - | - | 99,117 | 99,117 | - | 97,698 | 97,698 | - | - | |
| Comoros | 6,522 | 2,964 | 684 | - | 684 | 674 | - | 674 | 10,844 | |
| Congo | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | 20 |
| Cook Islands | - | - | 684 | 54 | 630 | 674 | - | 674 | 1,304 | |
| Costa Rica | - | - | 23,403 | 23,403 | - | 23,068 | 23,068 | - | - | 1,737 |

| Member State | Outstanding Contributions from the Prep. Comm. 1993 - 1997 | Outstanding Annual Contributions 1997 - 2010 | 2011 Annual Contributions | | | 2012 Annual Contributions | | | Total Balance Outstanding 1993 - 2012 | Overpayments / Payments in Advance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Assessment | Receipts | Balance Outstanding | Assessment | Receipts | Balance Outstanding | | |
| Côte d'Ivoire | - | - | 6,883 | 6,883 | - | 6,785 | 6,785 | - | - | 35 |
| Croatia | - | - | 66,766 | 66,766 | - | 65,810 | 65,810 | - | - | |
| Cuba | - | - | 48,870 | 48,870 | - | 48,170 | 48,170 | - | - | |
| Cyprus | - | - | 31,662 | 31,662 | - | 31,209 | 31,209 | - | - | |
| Czech Republic | - | - | 240,221 | 240,221 | - | 236,781 | 236,781 | - | - | |
| Democratic Republic of the Congo | 6,483 | 10,730 | 2,065 | - | 2,065 | 2,035 | - | 2,035 | 21,313 | |
| Denmark | - | - | 506,597 | 506,597 | - | 499,344 | 499,344 | - | - | |
| Djibouti | 5,964 | 3,371 | 684 | - | 684 | 674 | - | 674 | 10,693 | |
| Dominica | 4,302 | 6,502 | 684 | - | 684 | 674 | - | 674 | 12,162 | |
| Dominican Republic | 8,754 | 41,115 | 28,909 | - | 28,909 | 28,495 | - | 28,495 | 107,273 | |
| Ecuador | - | - | 27,532 | 27,532 | - | 27,138 | 27,138 | - | - | |
| El Salvador | 6,522 | 150,702 | 13,078 | - | 13,078 | 12,891 | - | 12,891 | 183,193 | |
| Equatorial Guinea | - | - | 5,506 | 159 | 5,347 | 5,428 | - | 5,428 | 10,775 | |
| Eritrea | - | - | 684 | 684 | - | 674 | 658 | 16 | 16 | |
| Estonia | - | - | 27,532 | 27,532 | - | 27,138 | 27,138 | - | - | |
| Ethiopia | - | - | 5,506 | 5,506 | - | 5,428 | 5,428 | - | - | |
| Fiji | - | - | 2,753 | 2,753 | - | 2,714 | 2,714 | - | - | 22 |
| Finland | - | - | 389,584 | 389,584 | - | 384,006 | 384,006 | - | - | |
| France | - | - | 4,214,531 | 4,214,531 | - | 4,154,187 | 4,154,187 | - | - | |
| Gabon | - | 1,234 | 9,636 | - | 9,636 | 9,498 | - | 9,498 | 20,368 | |
| Gambia | - | - | 684 | 684 | - | 674 | 674 | - | - | |
| Georgia | - | 26,413 | 4,130 | 4,130 | - | 4,071 | 4,071 | - | 26,413 | |
| Germany | - | - | 5,518,881 | 5,518,881 | - | 5,439,861 | 5,439,862 | (1) | (1) | |
| Ghana | - | - | 4,130 | 1,719 | 2,411 | 4,071 | - | 4,071 | 6,482 | |
| Greece | - | - | 475,623 | 475,623 | - | 468,813 | 11,906 | 456,907 | 456,907 | |
| Grenada | - | 1,154 | 684 | - | 684 | 674 | - | 674 | 2,512 | |
| Guatemala | - | - | 19,273 | 19,273 | - | 18,997 | 18,997 | - | - | |
| Guinea | 6,522 | 26,569 | 1,377 | - | 1,377 | 1,357 | - | 1,357 | 35,825 | |
| Guinea-Bissau | 6,522 | 1,761 | 684 | - | 684 | 674 | - | 674 | 9,641 | |
| Guyana | - | - | 684 | 684 | - | 674 | 674 | - | - | 20,998 |
| Haiti | - | - | 2,065 | 2,065 | - | 2,035 | 1,553 | 482 | 482 | |
| Holy See | - | - | 684 | 684 | - | 674 | 674 | - | - | |
| Honduras | - | 15,463 | 5,506 | - | 5,506 | 5,428 | - | 5,428 | 26,397 | |
| Hungary | - | - | 200,299 | 200,299 | - | 197,431 | 197,431 | - | - | |
| Iceland | - | - | 28,909 | 28,909 | - | 28,495 | 28,495 | - | - | |
| India | - | - | 367,558 | 367,558 | - | 362,296 | 362,296 | - | - | |
| Indonesia | - | - | 163,818 | 163,818 | - | 161,473 | 161,473 | - | - | |
| Iran (Islamic Republic of) | - | - | 160,377 | 160,377 | - | 158,080 | 822 | 157,258 | 157,258 | |
| Iraq | | - | 13,766 | 13,766 | - | 13,569 | 13,569 | - | - | |
| Ireland | - | - | 342,779 | 342,779 | - | 337,871 | 337,871 | - | - | 331,738 |
| Italy | - | - | 3,440,868 | 3,440,868 | - | 3,391,603 | 3,391,603 | - | - | |
| Jamaica | - | 17,685 | 9,636 | - | 9,636 | 9,498 | - | 9,498 | 36,819 | |

| Member State | Outstanding Contributions from the Prep. Comm. 1993 - 1997 | Outstanding Annual Contributions 1997 - 2010 | 2011 Annual Contributions | | | 2012 Annual Contributions | | | Total Balance Outstanding 1993 - 2012 | Overpayments / Payments in Advance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Assessment | Receipts | Balance Outstanding | Assessment | Receipts | Balance Outstanding | | |
| Japan | - | - | 8,624,542 | 8,624,542 | - | 8,501,056 | 8,501,056 | - | - | |
| Jordan | - | - | 9,636 | 9,636 | - | 9,498 | 9,498 | - | - | |
| Kazakhstan | - | - | 52,312 | 52,312 | - | 51,563 | 51,563 | - | - | |
| Kenya | - | - | 8,260 | 8,260 | - | 8,141 | 8,141 | - | - | 11 |
| Kiribati | - | - | 684 | 268 | 416 | 674 | - | 674 | 1,090 | |
| Kuwait | - | - | 181,026 | 181,026 | - | 178,434 | 178,434 | - | - | |
| Kyrgyzstan | 28,124 | 4,983 | 684 | - | 684 | 674 | - | 674 | 34,465 | |
| Lao People’s Democratic Republic | - | - | 684 | 684 | - | 674 | 674 | - | - | 326 |
| Latvia | - | - | 26,156 | 26,156 | - | 25,781 | 25,781 | - | - | |
| Lebanon | - | - | 22,714 | 21,698 | 1,016 | 22,389 | - | 22,389 | 23,405 | |
| Lesotho | - | - | 684 | 684 | - | 674 | 48 | 626 | 626 | |
| Liberia | 5,584 | 3,313 | 684 | - | 684 | 674 | - | 674 | 10,255 | |
| Libya | - | - | 88,792 | 88,792 | - | 87,521 | 455 | 87,066 | 87,066 | |
| Liechtenstein | - | - | 6,195 | 6,195 | - | 6,106 | 6,106 | - | - | |
| Lithuania | - | - | 44,740 | 44,740 | - | 44,100 | 44,100 | - | - | |
| Luxembourg | - | - | 61,948 | 61,948 | - | 61,061 | 61,061 | - | - | |
| Madagascar | - | 2,746 | 2,065 | - | 2,065 | 2,035 | - | 2,035 | 6,846 | |
| Malawi | - | - | 684 | 121 | 563 | 674 | - | 674 | 1,237 | |
| Malaysia | - | - | 174,143 | 174,143 | - | 171,649 | 171,649 | - | - | |
| Maldives | - | 347 | 684 | - | 684 | 674 | - | 674 | 1,705 | |
| Mali | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | 30,781 |
| Malta | - | - | 11,701 | 11,701 | - | 11,534 | 11,534 | - | - | |
| Marshall Islands | - | 2,864 | 684 | - | 684 | 674 | - | 674 | 4,222 | |
| Mauritania | - | - | 684 | 684 | - | 674 | 674 | - | - | 2,094 |
| Mauritius | - | - | 7,571 | 7,571 | - | 7,463 | 7,463 | - | - | |
| Mexico | - | - | 1,621,661 | 1,621,661 | - | 1,598,443 | 1,598,443 | - | - | |
| Micronesia (Federated States of) | - | 3,950 | 684 | - | 684 | 674 | - | 674 | 5,308 | |
| Monaco | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | |
| Mongolia | - | - | 1,377 | 1,377 | - | 1,357 | 283 | 1,074 | 1,074 | |
| Montenegro | - | - | 2,753 | 2,753 | - | 2,714 | 2,714 | - | - | |
| Morocco | - | - | 39,922 | 39,922 | - | 39,350 | 39,350 | - | - | |
| Mozambique | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | 120 |
| Namibia | - | - | 5,506 | 5,506 | - | 5,428 | 123 | 5,305 | 5,305 | |
| Nauru | 4,064 | 5,463 | 684 | - | 684 | 674 | - | 674 | 10,885 | |
| Nepal | - | - | 4,130 | 4,130 | - | 4,071 | 4,071 | - | - | |
| Netherlands | - | - | 1,276,817 | 1,276,817 | - | 1,258,536 | 1,258,536 | - | - | 1,235,692 |
| New Zealand | - | - | 187,909 | 187,909 | - | 185,219 | 185,219 | - | - | |
| Nicaragua | 3,937 | 9,503 | 2,065 | - | 2,065 | 2,035 | - | 2,035 | 17,540 | |
| Niger | 6,522 | 19,363 | 1,377 | - | 1,377 | 1,357 | - | 1,357 | 28,619 | |
| Nigeria | - | - | 53,688 | 53,688 | - | 52,920 | 1,038 | 51,882 | 51,882 | |
| Niue | - | - | 684 | 684 | - | 674 | 663 | 11 | 11 | |
| Norway | - | - | 599,519 | 599,519 | - | 590,935 | 590,935 | - | - | |

| Member State | Outstanding Contributions from the Prep. Comm. 1993 - 1997 | Outstanding Annual Contributions 1997 - 2010 | 2011 Annual Contributions | | | 2012 Annual Contributions | | | Total Balance Outstanding 1993 - 2012 | Overpayments / Payments in Advance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Assessment | Receipts | Balance Outstanding | Assessment | Receipts | Balance Outstanding | | |
| Oman | - | - | 59,195 | 59,195 | - | 58,347 | 58,347 | - | - | |
| Pakistan | - | - | 56,442 | 56,442 | - | 55,633 | 55,633 | - | - | 32,564 |
| Palau | - | 1,518 | 684 | - | 684 | 674 | - | 674 | 2,876 | |
| Panama | - | 4,412 | 15,143 | - | 15,143 | 14,926 | - | 14,926 | 34,481 | |
| Papua New Guinea | - | - | 1,377 | 1,377 | - | 1,357 | 136 | 1,221 | 1,221 | |
| Paraguay | - | 52,921 | 4,818 | - | 4,818 | 4,749 | - | 4,749 | 62,488 | |
| Peru | - | 39,460 | 61,948 | - | 61,948 | 61,061 | - | 61,061 | 162,469 | |
| Philippines | - | - | 61,948 | 61,948 | - | 61,061 | 61,061 | - | - | |
| Poland | - | - | 569,922 | 569,922 | - | 561,762 | 561,762 | - | - | |
| Portugal | - | - | 351,727 | 351,727 | - | 346,691 | 346,691 | - | - | 8,375 |
| Qatar | - | - | 92,922 | 92,922 | - | 91,592 | 91,592 | - | - | |
| Republic of Korea | - | - | 1,555,583 | 1,555,583 | - | 1,533,311 | 1,533,311 | - | - | |
| Republic of Moldova | - | - | 1,377 | 1,377 | - | 1,357 | 1,357 | - | - | 5,923 |
| Romania | - | - | 121,831 | 121,831 | - | 120,087 | 120,087 | - | - | |
| Russian Federation | - | - | 1,102,674 | 1,102,674 | - | 1,086,887 | 1,086,887 | - | - | |
| Rwanda | - | - | 684 | 684 | - | 674 | 70 | 604 | 604 | |
| Saint Kitts and Nevis | - | - | 684 | 684 | - | 674 | 674 | - | - | 441 |
| Saint Lucia | - | - | 684 | 684 | - | 674 | 663 | 11 | 11 | |
| Saint Vincent and the Grenadines | 5,964 | 5,609 | 684 | - | 684 | 674 | - | 674 | 12,931 | |
| Samoa | - | - | 684 | 684 | - | 674 | 518 | 156 | 156 | |
| San Marino | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | |
| Sao Tome and Principe | - | 4,983 | 684 | - | 684 | 674 | - | 674 | 6,341 | |
| Saudi Arabia | - | - | 571,299 | 571,299 | - | 563,119 | 563,119 | - | - | |
| Senegal | - | - | 4,130 | 265 | 3,865 | 4,071 | - | 4,071 | 7,936 | |
| Serbia | - | - | 25,468 | 25,468 | - | 25,103 | 25,103 | - | - | |
| Seychelles | - | - | 1,377 | 1,377 | - | 1,357 | 1,357 | - | - | |
| Sierra Leone | 6,522 | 4,308 | 684 | - | 684 | 674 | - | 674 | 12,188 | |
| Singapore | - | - | 230,584 | 230,584 | - | 227,283 | 227,283 | - | - | |
| Slovakia | - | - | 97,740 | 97,740 | - | 96,341 | 96,341 | - | - | |
| Slovenia | - | - | 70,896 | 70,896 | - | 69,881 | 69,881 | - | - | 1,526 |
| Solomon Islands | - | 1,037 | 684 | - | 684 | 674 | - | 674 | 2,395 | |
| South Africa | - | - | 265,000 | 265,000 | - | 261,206 | 261,206 | - | - | |
| Spain | - | - | 2,186,766 | 2,186,766 | - | 2,155,455 | 349,395 | 1,806,060 | 1,806,060 | |
| Sri Lanka | - | - | 13,078 | 13,078 | - | 12,891 | 12,891 | - | - | |
| Sudan | - | - | 6,883 | 695 | 6,188 | 6,785 | - | 6,785 | 12,973 | |
| Suriname | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | |
| Swaziland | - | - | 2,065 | 2,065 | - | 2,035 | 2,035 | - | - | |
| Sweden | - | - | 732,363 | 732,363 | - | 721,877 | 721,877 | - | - | |
| Switzerland | - | - | 777,792 | 777,792 | - | 766,656 | 766,656 | - | - | |
| Tajikistan | - | - | 1,377 | 1,377 | - | 1,357 | 1,357 | - | - | |
| Thailand | - | - | 143,857 | 143,857 | - | 141,797 | 141,797 | - | - | |

| Member State | Outstanding Contributions from the Prep. Comm. 1993 - 1997 | Outstanding Annual Contributions 1997 - 2010 | 2011 Annual Contributions | | | 2012 Annual Contributions | | | Total Balance Outstanding 1993 - 2012 | Overpayments / Payments in Advance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Assessment | Receipts | Balance Outstanding | Assessment | Receipts | Balance Outstanding | | |
| The former Yugoslav Republic of Macedonia | - | - | 4,818 | 4,818 | - | 4,749 | 4,749 | - | - | |
| Timor-Leste | - | - | 684 | 684 | - | 674 | 141 | 533 | 533 | |
| Togo | - | - | 684 | 684 | - | 674 | 21 | 653 | 653 | |
| Tonga | - | - | 684 | 684 | - | 674 | 674 | - | - | 3,305 |
| Trinidad and Tobago | - | - | 30,286 | 30,286 | - | 29,852 | 29,852 | - | - | |
| Tunisia | - | - | 20,649 | 20,649 | - | 20,354 | 600 | 19,754 | 19,754 | |
| Turkey | - | - | 424,688 | 424,688 | - | 418,607 | 418,607 | - | - | |
| Turkmenistan | - | - | 17,896 | 17,896 | - | 17,640 | 17,640 | - | - | |
| Tuvalu | - | - | 684 | 684 | - | 674 | 424 | 250 | 250 | |
| Uganda | - | 2,660 | 4,130 | - | 4,130 | 4,071 | - | 4,071 | 10,861 | |
| Ukraine | - | - | 59,883 | 59,883 | - | 59,026 | 59,026 | - | - | |
| United Arab Emirates | - | - | 269,130 | 269,130 | - | 265,276 | 265,276 | - | - | |
| United Kingdom of Great Britain and Northern Ireland | - | - | 4,545,608 | 4,545,608 | - | 4,480,525 | 4,480,525 | - | - | |
| United Republic of Tanzania | - | 8,347 | 5,506 | - | 5,506 | 5,428 | - | 5,429 | 19,282 | |
| United States of America | - | - | 15,041,069 | 15,041,069 | - | 14,825,712 | 14,825,712 | - | - | |
| Uruguay | - | - | 18,584 | 18,584 | - | 18,318 | 18,318 | - | - | 2,046 |
| Uzbekistan | - | 35,559 | 6,883 | - | 6,880 | 6,785 | 6,785 | - | 42,439 | |
| Vanuatu | - | 3,606 | 684 | - | 684 | 674 | - | 674 | 4,964 | |
| Venezuela (Bolivarian Republic of) | - | - | 216,130 | 4,568 | 211,562 | 213,035 | - | 213,035 | 424,597 | |
| Viet Nam | - | - | 22,714 | 22,714 | - | 22,389 | 22,389 | - | - | |
| Yemen | - | - | 6,883 | 6,883 | - | 6,785 | 146 | 6,639 | 6,639 | |
| Zambia | - | - | 2,753 | 2,753 | - | 2,714 | 2,708 | 6 | 6 | |
| Zimbabwe | - | - | 2,065 | 1,704 | 361 | 2,035 | - | 2,035 | 2,396 | |
| | | | | | | | | | | |
| **Subtotal** | **122,482** | **539,938** | **68,368,500** | **67,946,838** | **421,659** | **67,389,600** | **64,340,085** | **3,049,516** | **4,133,595** | **1,698,839** |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **New Members in 2012:** | | | | | | | | | | |
| | | | | | | | | | | |
| **Subtotal** | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| **Total Member States** | **122,482** | **539,938** | **68,368,500** | **67,946,838** | **421,659** | **67,389,600** | **64,340,085** | **3,049,516** | **4,133,595** | **1,698,839** |
| | | | | | | | | | | |
| **Non-Member States:** | | | | | | | | | | |
| **Israel** | - | - | - | - | - | - | - | - | - | **13,595** |
| **Myanmar** | - | - | - | - | - | - | - | - | - | **887** |
| | | | | | | | | | | |
| **Total Non-Members of OPCW** | - | - | - | - | - | - | - | - | - | **14,482** |
| **Total as at 31 December 2012** | **122,482** | **539,938** | **68,368,500** | **67,946,838** | **421,659** | **67,389,600** | **64,340,085** | **3,049,516** | **4,133,595** | **1,713,321** |

5.7 Status of advances to the Working Capital Fund - As at 31 December 2012 (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** | **-** |
| Côte 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** |

| Member State | Working Capital Fund Assessment | | | Receipts | Balance Outstanding |
|---|---|---|---|---|---|
| | Original | Increment | Total | | |
| 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** | **-** |
| 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** | **-** |

| Member State | Working Capital Fund Assessment | | | Receipts | Balance Outstanding |
|---|---|---|---|---|---|
| | Original | Increment | Total | | |
| 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** | **1,066** | **-** |
| Peru | 2,984 | 4,693 | **7,677** | **7,677** | **-** |
| Philippines | 2,985 | 4,846 | **7,831** | **7,831** | **-** |
| 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** | **-** |

| Member State | Working Capital Fund Assessment | | | Receipts | Balance Outstanding |
|---|---|---|---|---|---|
| | Original | Increment | Total | | |
| 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 (Bolivarian Republic of) | 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** | **9,905,617** | **6,853** |
| | | | | | |
| **New Member States in 2012:** | | | | | |
| | | | | | |
| **Subtotal** | **-** | **-** | **-** | **-** | **-** |
| **Total as at 31 December 2012** | **4,855,164** | **5,057,306** | **9,912,470** | **9,905,617** | **6,853** |
| **Total as at 31 December 2011** | **4,855,164** | **5,057,306** | **9,912,470** | **9,904,500** | **7,970** |

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

(a) For the period ended 31 December 2012:

| Funding Programme | Staff Costs | Travel Costs | Contractual Services | Workshops, Seminars and Meetings | General Operating Expenses | Furniture and Equipment | Total Expenditure |
|---|---|---|---|---|---|---|---|
| Programme 1. Verification | 6,937,984 | 294,888 | 404,211 | - | 130,336 | 287,902 | **8,055,321** |
| Programme 2. Inspections | 18,845,083 | 3,097,067 | 1,718,228 | - | 621,187 | 189,097 | **24,470,662** |
| **Total verification costs (Chapter 1)** | **25,783,067** | **3,391,955** | **2,122,439** | **-** | **751,523** | **476,999** | 32,525,983 |
| Programme 3. International Cooperation and Assistance | 2,685,856 | 2,752,428 | 104,209 | 501,774 | 77,183 | - | **6,121,450** |
| Programme 4. Support to the Policy-Making Organs | 3,719,873 | 302,699 | 287,317 | - | 448,536 | - | **4,758,425** |
| Programme 5. External Relations | 1,605,769 | 92,906 | 118,240 | 9,614 | 73,567 | 12,976 | **1,913,072** |
| Programme 6. Executive Management | 7,347,667 | 431,060 | 405,877 | - | 84,715 | 66,665 | **8,335,984** |
| Programme 7. Administration | 8,489,983 | 63,315 | 1,192,676 | - | 4,243,992 | 428,476 | **14,418,442** |
| **Total administrative and other costs (Chapter 2)** | **23,849,148** | **3,642,408** | **2,108,319** | **511,388** | **4,927,993** | **508,117** | 35,547,373 |
| **TOTAL EXPENDITURE** | **49,632,215** | **7,034,363** | **4,230,758** | **511,388** | **5,679,516** | **985,116** | 68,073,356 |

(b) For the period ended 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** |

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

(a) For the period ended 31 December 2012

| Funding Programme | Unliquidated Obligations as at End of 2011 | Disbursements During 2012 | Savings on Prior Year's Obligations |
|---|---|---|---|
| Programme 1. Verification | 377,334 | 353,638 | 23,696 |
| Programme 2. Inspections | 1,122,182 | 769,648 | 352,534 |
| **Total verification costs (Chapter 1)** | **1,499,516** | **1,123,286** | **376,230** |
| Programme 3. International Cooperation and Assistance | 524,321 | 406,126 | 118,195 |
| Programme 4. Support to the Policy-Making Organs | 58,493 | 23,955 | 34,538 |
| Programme 5. External Relations | 36,601 | 27,975 | 8,626 |
| Programme 6. Executive Management | 107,037 | 84,995 | 22,042 |
| Programme 7. Administration | 2,039,487 | 1,947,145 | 92,342 |
| **Total administrative and other costs (Chapter 2)** | **2,765,939** | **2,490,196** | **275,743** |
| **TOTAL** | **4,265,455** | **3,613,482** | **651,973** |

(b) For the period ended 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** |

5.10 Budgetary accounts: Statement of cash surpluses credited to Member States - General Fund – During the period ended 31 December 2012 (expressed in euros)

| Member State | Cash Surpluses Applied During 2012 | | | Total |
|---|---|---|---|---|
| | 2010 | 2009 | 1993 - 2008 | |
| Afghanistan | - | 16 | - | 16 |
| Albania | 35 | - | - | 35 |
| Algeria | - | 1,350 | - | 1,350 |
| Andorra | - | - | - | - |
| Antigua and Barbuda | - | - | - | - |
| Argentina | - | 5,164 | - | 5,164 |
| Armenia | - | 31 | - | 31 |
| Australia | - | 28,394 | - | 28,394 |
| Austria | - | 14,095 | - | 14,095 |
| Azerbaijan | - | 79 | - | 79 |
| Bahamas | 7 | 211 | - | 218 |
| Bahrain | 59 | 451 | - | 510 |
| Bangladesh | - | - | - | - |
| Barbados | - | 142 | - | 142 |
| Belarus | - | 317 | - | 317 |
| Belgium | - | 17,511 | - | 17,511 |
| Belize | - | - | - | - |
| Benin | - | 16 | 158 | 174 |
| Bhutan | 4 | - | - | 4 |
| Bolivia (Plurinational State of) | 25 | 95 | - | 120 |
| Bosnia and Herzegovina | - | 95 | - | 95 |
| Botswana | - | 229 | 700 | 929 |
| Brazil | 150 | 13,820 | - | 13,970 |
| Brunei Darussalam | - | - | - | - |
| Bulgaria | - | 317 | - | 317 |
| Burkina Faso | 11 | - | - | 11 |
| Burundi | - | 16 | - | 16 |
| Cambodia | - | 16 | - | 16 |
| Cameroon | - | 142 | - | 142 |
| Canada | - | 47,303 | - | 47,303 |
| Cape Verde | - | - | - | - |
| Central African Republic | - | - | - | - |
| Chad | - | 16 | - | 16 |
| Chile | - | 2,558 | - | 2,558 |
| China | - | 42,377 | - | 42,377 |
| Colombia | - | 1,669 | - | 1,669 |
| Comoros | - | - | - | - |
| Congo | - | 20 | - | 20 |
| Cook Islands | 4 | - | - | 4 |
| Costa Rica | - | 508 | - | 508 |
| Côte d'Ivoire | - | 142 | - | 142 |
| Croatia | - | 795 | - | 795 |
| Cuba | - | 858 | - | 858 |
| Cyprus | - | 700 | - | 700 |
| Czech Republic | - | 4,466 | - | 4,466 |
| Democratic Republic of the Congo | - | - | - | - |
| Denmark | - | 11,742 | - | 11,742 |

| Member State | Cash Surpluses Applied During 2012 | | | Total |
|---|---|---|---|---|
| | 2010 | 2009 | 1993 - 2008 | |
| Djibouti | - | - | - | - |
| Dominica | - | - | - | - |
| Dominican Republic | - | - | - | - |
| Ecuador | - | 334 | - | 334 |
| El Salvador | - | - | - | - |
| Equatorial Guinea | 28 | - | - | 28 |
| Eritrea | 4 | 16 | - | 20 |
| Estonia | - | 255 | - | 255 |
| Ethiopia | 20 | 25 | - | 45 |
| Fiji | - | 47 | - | 47 |
| Finland | - | 8,962 | - | 8,962 |
| France | - | 100,122 | - | 100,122 |
| Gabon | - | - | - | - |
| Gambia | - | 2 | - | 2 |
| Georgia | - | - | - | - |
| Germany | - | 136,287 | - | 136,287 |
| Ghana | 21 | - | - | 21 |
| Greece | 2,436 | - | - | 2,436 |
| Grenada | - | - | - | - |
| Guatemala | - | 508 | - | 508 |
| Guinea | - | - | - | - |
| Guinea-Bissau | - | - | - | - |
| Guyana | - | 16 | - | 16 |
| Haiti | 11 | 31 | 1,508 | 1,550 |
| Holy See | - | 16 | - | 16 |
| Honduras | - | - | - | - |
| Hungary | - | 3,877 | - | 3,877 |
| Iceland | - | 588 | - | 588 |
| India | 20 | 7,150 | - | 7,170 |
| Indonesia | - | 2,558 | - | 2,558 |
| Iran (Islamic Republic of) | 822 | - | - | 822 |
| Iraq | - | 394 | - | 394 |
| Ireland | - | 7,071 | - | 7,071 |
| Italy | - | 80,704 | - | 80,704 |
| Jamaica | - | - | 1,058 | 1,058 |
| Japan | - | 264,155 | - | 264,155 |
| Jordan | - | 191 | - | 191 |
| Kazakhstan | 110 | 372 | - | 482 |
| Kenya | - | 159 | - | 159 |
| Kiribati | 4 | - | - | 4 |
| Kuwait | - | 2,892 | - | 2,892 |
| Kyrgyzstan | - | - | - | - |
| Lao People’s Democratic Republic | - | 16 | - | 16 |
| Latvia | - | 286 | - | 286 |
| Lebanon | 116 | - | - | 116 |
| Lesotho | 4 | 16 | 50 | 70 |
| Liberia | - | - | - | - |
| Libya | 455 | - | - | 455 |
| Liechtenstein | - | 159 | - | 159 |
| Lithuania | - | 493 | - | 493 |

| Member State | Cash Surpluses Applied During 2012 | | | Total |
|---|---|---|---|---|
| | 2010 | 2009 | 1993 - 2008 | |
| Luxembourg | - | 1,350 | - | 1,350 |
| Madagascar | - | - | - | - |
| Malawi | 4 | - | - | 4 |
| Malaysia | - | 3,020 | - | 3,020 |
| Maldives | - | - | - | - |
| Mali | - | 16 | 4,524 | 4,540 |
| Malta | - | 270 | - | 270 |
| Marshall Islands | - | - | - | - |
| Mauritania | - | 16 | 2,239 | 2,255 |
| Mauritius | - | 175 | - | 175 |
| Mexico | - | 35,861 | - | 35,861 |
| Micronesia (Federated States of) | - | - | - | - |
| Monaco | - | 47 | - | 47 |
| Mongolia | 7 | 16 | 50 | 73 |
| Montenegro | - | - | - | - |
| Morocco | - | 667 | - | 667 |
| Mozambique | - | - | - | - |
| Namibia | 28 | 95 | - | 123 |
| Nauru | - | - | - | - |
| Nepal | 18 | - | - | 18 |
| Netherlands | - | 29,759 | - | 29,759 |
| New Zealand | - | 4,069 | - | 4,069 |
| Nicaragua | - | - | - | - |
| Niger | - | - | - | - |
| Nigeria | 275 | - | - | 275 |
| Niue | 4 | - | - | 4 |
| Norway | - | 12,426 | - | 12,426 |
| Oman | - | 1,160 | - | 1,160 |
| Pakistan | - | 938 | - | 938 |
| Palau | - | 7,960 | - | 7,960 |
| Panama | - | - | - | - |
| Papua New Guinea | 7 | - | - | 7 |
| Paraguay | - | - | 2,942 | 2,942 |
| Peru | - | 1,239 | - | 1,239 |
| Philippines | - | 1,239 | - | 1,239 |
| Poland | - | - | - | - |
| Portugal | - | - | - | - |
| Qatar | - | 1,350 | - | 1,350 |
| Republic of Korea | - | 34,528 | - | 34,528 |
| Republic of Moldova | - | 16 | 7,264 | 7,280 |
| Romania | - | - | - | - |
| Russian Federation | - | 19,068 | - | 19,068 |
| Rwanda | 4 | 16 | 50 | 70 |
| Saint Kitts and Nevis | - | - | - | - |
| Saint Lucia | 4 | - | - | 4 |
| Saint Vincent and the Grenadines | - | - | - | - |
| Samoa | 4 | 16 | - | 20 |
| San Marino | - | 47 | - | 47 |
| Sao Tome and Principe | - | - | - | - |
| Saudi Arabia | - | 11,886 | - | 11,886 |

| Member State | Cash Surpluses Applied During 2012 | | | Total |
|---|---|---|---|---|
| | 2010 | 2009 | 1993 - 2008 | |
| Senegal | 21 | - | - | 21 |
| Serbia | - | 334 | - | 334 |
| Seychelles | - | 31 | - | 31 |
| Sierra Leone | - | - | - | - |
| Singapore | - | 5,514 | - | 5,514 |
| Slovakia | - | 1,001 | - | 1,001 |
| Slovenia | - | 1,526 | - | 1,526 |
| Solomon Islands | - | - | - | - |
| South Africa | - | 4,609 | - | 4,609 |
| Spain | - | 11,204 | - | 11,204 |
| Sri Lanka | - | 256 | - | 256 |
| Sudan | 35 | - | - | 35 |
| Suriname | - | 17 | - | 17 |
| Swaziland | - | 32 | - | 32 |
| Sweden | - | 17,019 | - | 17,019 |
| Switzerland | - | 19,323 | - | 19,323 |
| Tajikistan | - | - | - | - |
| Thailand | - | 2,957 | - | 2,957 |
| The former Yugoslav Republic of Macedonia | - | 80 | - | 80 |
| Timor-Leste | 4 | 17 | 50 | 71 |
| Togo | 4 | 17 | - | 21 |
| Tonga | - | - | 3,981 | 3,981 |
| Trinidad and Tobago | - | 430 | - | 430 |
| Tunisia | 106 | 494 | - | 600 |
| Turkey | - | 6,056 | - | 6,056 |
| Turkmenistan | - | 96 | - | 96 |
| Tuvalu | 4 | 17 | 403 | 424 |
| Uganda | - | 48 | 1,308 | 1,356 |
| Ukraine | - | 714 | - | 714 |
| United Arab Emirates | - | 4,799 | - | 4,799 |
| United Kingdom of Great Britain and Northern Ireland | - | 105,540 | - | 105,540 |
| United Republic of Tanzania | - | - | - | - |
| United States of America | - | 347,295 | - | 347,295 |
| Uruguay | - | - | - | - |
| Uzbekistan | - | - | 1,634 | 1,634 |
| Vanuatu | - | - | - | - |
| Venezuela (Bolivarian Republic of) | 1,107 | - | - | 1,107 |
| Viet Nam | - | 382 | - | 382 |
| Yemen | 35 | 111 | - | 146 |
| Zambia | 14 | - | - | 14 |
| Zimbabwe | 11 | - | - | 11 |
| **TOTAL** | **6,042** | **1,510,532** | **27,919** | **1,544,493** |

5.11 Budgetary accounts: Reimbursements for inspections invoiced under Articles IV and V of the Chemical Weapons Convention – As at 31 December 2012 (expressed in euros)

| Member State | Total Outstanding 1997-2011 | 2012 Article IV and V Contributions | | | Total Balance Outstanding 1997-2011 | Income Accrued | Total | Overpayment |
|---|---|---|---|---|---|---|---|---|
| | | Invoiced | Receipts | Balance Outstanding | | | | |
| A State Party | - | - | - | - | - | - | - | - |
| Another State Party | - | - | - | - | - | - | - | - |
| Albania | 222,950 | - | - | - | 222,950 | - | 222,950 | - |
| Bosnia and Herzegovina | - | - | - | - | - | - | - | - |
| China | - | - | - | - | - | - | - | - |
| France | - | - | - | - | - | - | - | 1,691 |
| India | - | - | - | - | - | - | - | - |
| Iran (Islamic Republic of) | - | - | - | - | - | - | - | - |
| Iraq | 276 | - | - | - | 276 | - | 276 | - |
| Japan | - | - | - | - | - | - | - | - |
| Libya | - | - | - | - | - | - | - | 982 |
| Russian Federation | - | 2,264,915 | 1,847,149 | 417,766 | 417,766 | 117,404 | 535,170 | - |
| Serbia | - | - | - | - | - | - | - | - |
| United Kingdom of Great Britain and Northern Ireland | - | 5,609 | 5,609 | - | - | - | - | - |
| United States of America | - | 146,276 | 139,984 | 6,292 | 6,292 | - | 6,292 | - |
| **Total as at 31 December 2012** | **223,226** | **2,416,800** | **1,992,742** | **424,058** | **647,284** | **117,404** | **764,688** | **2,673** |
| **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** |

| Member State | 2012 Income | | |
|---|---|---|---|
| | Invoiced in 2012 | Income Accrued | Total Income |
| A State Party | - | - | - |
| Another State Party | - | - | - |
| Albania | - | - | - |
| Bosnia and Herzegovina | - | - | - |
| China | - | - | - |
| France | - | - | - |
| India | - | - | - |
| Iran (Islamic Republic of) | - | - | - |
| Iraq | - | - | - |
| Japan | - | - | - |
| Libya | - | - | - |
| Russian Federation | 2,264,915 | 117,404 | 2,382,319 |
| Serbia | - | - | - |
| United Kingdom of Great Britain and Northern Ireland | 5,609 | - | 5,609 |
| United States of America | 146,276 | - | 146,276 |
| **Total as at 31 December 2012** | **2,416,800** | **117,404** | **2,534,202** |
| **Total as at 31 December 2011** | **3,999,859** | **210,243** | **4,210,102** |

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

| Donor | 2012 |
|---|---|
| **Regional seminars** | |
| Republic of Korea | 67,500 |
| Qatar | 71,161 |
| Norway | 59,201 |
| **Total** | **197,862** |
| | |
| **Implementation of Article X** | |
| Norway | 86,000 |
| United Kingdom of Great Britain and Northern Ireland | 46,483 |
| **Total** | **132,483** |
| | |
| **United States Voluntary Trust Fund** | |
| United States of America | 73,350 |
| **Total** | **73,350** |
| | |
| **Implementation of Article VII obligations** | |
| Norway | 59,201 |
| **Total** | **59,201** |
| | |
| **Scientific Advisory Board** | |
| Turkey | 2,000 |
| United Kingdom of Great Britain and Northern Ireland | 36,842 |
| **Total** | **38,842** |
| | |
| **Trust fund of Canada for Libya** | |
| Canada | 4,554,078 |
| **Total** | **4,554,078** |
| | |
| **Trust Fund for Training** | |
| United Kingdom of Great Britain and Northern Ireland | 29,825 |
| **Total** | **29,825** |
| | |
| **International Support Network for Victims of Chemical Weapons** | |
| Iran (Islamic Republic of) | 15,000 |
| **Total** | **15,000** |
| | |
| **2012 EU Support for OPCW activities** | |
| European Union (EU) (i) | 535,000 |
| **Total** | **535,000** |
| | |
| **Grand Total** | **5,635,641** |

(i) The total amount received from EU in 2012 was EUR 1,050,000. The income with respect to this receipt has been apportioned (in the budgetary accounts) between 2012 and subsequent financial years based on the period covered by the contribution. Accordingly, EUR 535,000 has been recognised as income in 2012 and the remaining amount of EUR 515,000 has been recorded as contributions received in advance.

## 6. STATEMENT OF LOSSES (AS PER FINANCIAL REGULATION 11.1(E))

In the financial year 2012 no non-expendable assets were reported missing (2011: EUR 111,006). The OPCW Property Survey Board recommended in 2012 the write-off of the assets reported as missing in 2011 as losses, with an adjusted book value of EUR 105,553.

## Annex 2

**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

24 May 2013

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 2012, 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 Appendix 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 2012.

Accept Sir, the assurances of my highest consideration.

[Signed]

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 2012

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 2012, 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 2012 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.

[Signed]

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

Bonn, 24 May 2013

**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 2012**

## 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 2012. |
| 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 International Standards. | 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 organisation'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 2012, 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 2012. |

| | |
|---|---|
| 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 2012, 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 financial statements in accordance with IPSAS. | 13. The financial statements for the year ended 31 December 2012 are the second official financial statements to be prepared and presented in accordance with the International Public Sector Accounting Standards (IPSAS). |
| One case of suspected fraud (Part 5) | 14. In the year 2012, there was one case of suspected fraud in the Secretariat. Since this case was not completed in 2012 I will comment on this issue in my next report. |
| Follow-up (Part 6) | 15. In my last report (2011) I commented on a number of aspects such as conversion to IPSAS, contributions, effectiveness and efficiency in the Operations Centre, Statement of Internal Control, invoices to States Parties for costs of verification under articles IV and V of the chemical weapons convention and follow-up issues from the preceding reports (2009 and 2010). My team reviewed the implementation of these recommendations. |
| Acknowledgement (Part 7) | 16. I wish to convey my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat. 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 | 17. My staff and I have audited the financial statements of the OPCW for the financial period from 1 January to 31 December 2012. 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 | 18. 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 | 19. 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 | 20. 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 | 21. 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 | 22. 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 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 2012. |
| Objective of | 23. In addition, I examined the Secretariat's performance in order to |

| | |
|---|---|
| performance audit: Giving advice | 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. | 24. 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. | 25. 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. |
| Random sample check | 26. We analysed 16,905 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 14.7 million in total. |
| Complete revision of extracted invoices | 27. We examined two groups of invoices; 100 invoices from domestic and international vendors that contained payment requests for gross amounts between EUR 10,000 and EUR 20,000 and 100 invoices with an arbitrary value. 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. |
| Approach for performance audit | 28. During our audit we looked at the structure of the Secretariat and its internal procedures to identify potential weaknesses. |

<u>Audit conclusion</u>

| | |
|---|---|
| There were no material weaknesses that affected the audit opinion. | 29. 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 2012. |

## 3. FINANCIAL AUDIT

### 3.1 General

I report on the OPCW's financial development.

30. 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.

### 3.2 Contributions

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

31. 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.

I analysed the development of contributions.

32. I extended my last year's analysis of the development of the contributions received from 2008 until 2011 by the reporting year 2012. I examined the payment of contributions during 2012 and its effect on the execution of the budget.

| Payment | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Status | SP | CR | SP | CR | SP | CR | SP | CR | SP | CR |
| Full | 110 | 66,906,991 | 114 | 67,012,286 | 107 | 65,430,262 | 114 | 64,523,726 | 117 | 63,966,936 |
| Partial | 17 | 177,818 | 16 | 653,772 | 20 | 451,611 | 23 | 1,328,543 | 23 | 373,149 |
| None | 58 | | 58 | | 61 | | 51 | | 48 | |

Amounts in EUR
SP = States Parties
CR = Contributions Received
Table 1 (Source: Financial Statements of the OPCW)

48 States Parties still have not paid any contributions.

33. In 2012, 140 States Parties (75% of the total of 188) had fully or partially paid their contributions. In relation to previous years, the number of States Parties (48) which have not paid any contributions has decreased.

Number of States Parties paying

34. Again I noticed a positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed

| | |
|---|---|
| increased. | contributions. Compared to 2011, the number of States Parties that fully paid their contributions increased by 2.6%. |
| States Parties should at least make use of payment plans. | 35. 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. | 36. I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable does not relieve States Parties from their obligation to pay assessed contributions. |

3.3 Expenditure

| Expenditure Trend by Chapter | | | | | | |
|---|---|---|---|---|---|---|
| **Expenditure** | **2008** | **2009** | **2010** | **2011** | **2012** | **% Decrease compared to 2011** |
| Chapter 1 Verification and Inspections | 35,032 | 35,077 | 35,911 | 34,927 | 32,526 | (6.9%) |
| Chapter 2 Administration and Other | 36,090 | 36,333 | 37,047 | 37,118 | 35,547 | (4.2%) |
| **Total** | **71,122** | **71,410** | **72,958** | **72,045** | **68,073** | **(5.5%)** |

Amounts in thousands EUR
Table 2 (Source: Financial Statements of the OPCW for the years 2008 to 2012)

| | |
|---|---|
| Expenditure trend | 37. The level of expenditures for Chapter 1 and Chapter 2 activities shows a considerable decrease. This trend depends on the number of inspections carried out in future years. |

3.4 IPSAS

| | |
|---|---|
| Second official financial statements under IPSAS | 38. The OPCW decided to implement IPSAS as from 1 January 2011. With the financial statements as of 31 December 2012 the OPCW presents its second official financial statements under IPSAS. |
| IPSAS further needs involvement of manual work. | 39. Still, the financial transactions must be manually converted into IPSAS-based transactions by using Excel worksheets and entering journal vouchers, involving manual entries. |

| | |
|---|---|
| The financial statements provided by the Secretariat fulfil the structural requirements of IPSAS. | 40. 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:<br><br>• Statement of financial position, showing all assets and liabilities of the Organisation;<br>• Statement of financial performance, showing all the revenue and expenses recognised during the year;<br>• Statement of changes in net assets/equity, summarising the residual value of the assets of the Organisation, after deducting all liabilities;<br>• Cash flow statement, providing details of how cash resources have been utilised during the year;<br>• 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.<br><br>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. | 41. The current structure of the financial statements and the accounting policies are compliant with IPSAS. These financial statements are the second that have been prepared on a new basis. The application of accounting policies is consistent as compared to the previous year. |
| The significant accounting policies have been developed by the Secretariat. | 42. The significant accounting policies are presented in Note 3 to the financial statements. The accounting policies developed by the Secretariat were already audited. |

3.4.1 Statement of Financial Position

<u>Assets and Liabilities</u>

| | |
|---|---|
| My team examined the statement of assets and liabilities regarding compliance with IPSAS. | 43. 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 | 44. The Organisation's overall cash situation is satisfactory. Compared to the balance in the previous year, cash, cash equivalents and investments increased by almost 3.42 million (including trust fund cash) from EUR 18.62 million to EUR 22.04 million. |

Assessed Contributions Recoverable

| | |
|---|---|
| Assessed contributions recoverable of unpaid contributions were written down. | 45. 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 2012) States Parties were selected that have not paid for the last three years (until 2009). All unpaid contributions up to 2011 were written down. |
| The Secretariat wrote down the assessed contributions from 29 countries in the amount of EUR 0.5 million. | 46. Based on this, the Secretariat wrote down the assessed contributions from 29 countries in the amount of EUR 555,648 with a breakdown as follows: |

| | |
|---|---|
| Older than 10 years: | EUR 150,564 |
| Older than 3 years and up to 10 years: | EUR 236,852 |
| Older than 2 years and up to 3 years: | EUR 83,647 |
| Older than 1 year and up to 2 years: | EUR 84,585 |
| **Total:** | **EUR 555,648** |

Of this total amount, EUR 539,485 had already been written down as at 31 December 2011. Some countries that were impaired in previous years paid their arrears while others needed to be impaired in 2012. The net amount of EUR 16,163 was written down as at 31 December 2012.

Property, Plant and Equipment (PPE)

| | |
|---|---|
| The value of PPE as at 31 December 2012 amounts to EUR 2.7 million. | 47. On 31 December 2011 OPCW's stocktaking records showed total property, plant and equipment at a net book value of approximately EUR 2.3 million. The value of this property, plant and equipment as at 31 December 2012 amounts to EUR 2.7 million. Current values were determined by reducing the original cost over the estimated useful life of the items. |
| | 48. Compared to the value as of year-end 2011, it shows an increase of approximately 0.4 million EUR (16%). |

Intangible Assets

| | |
|---|---|
| The greater part of intangible assets still relates to internally developed software. | 49. The OPCW recognised as intangible assets both acquired and internally generated software with a cost of EUR 1,000 and above. As at 31 December 2012 approximately 22% of the total net book value of intangible assets totalling EUR 191,986 relates to acquired software. The greater part of intangible assets relates to internally generated software (41%) and software under development (37%). |

Disclosure of Employee Benefits and Actuarial Valuation

| | |
|---|---|
| Pertinent information on employee benefit liabilities and expenses are disclosed. | 50. 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 benefit expenses in detail. For the calculation of the present value of the Organisation's several defined benefit obligations the Secretariat applies the government bond rate to determine the applicable discount rate. |
| Due to Employee benefit liabilities net assets/equity is still negative. | 51. The impact of the employee benefit liabilities on the financial position is significant. Non-current liabilities of the employee benefits are EUR 4,190,521 and current liabilities are EUR 5,649,645. For that reason the OPCW's net assets/equity is still negative under IPSAS. |
| An external consultant is in charge to perform the annual actuarial valuation of employee benefits. | 52. The Secretariat engaged an external consultant (actuary) to perform the actuarial valuation of employee benefits in execution of the IPSAS 25 standard, as it may apply to one long term employee benefit (home leave) and four post-employment benefits (repatriation grant, removal and travel cost at separation and death benefit). The current agreement involves consultancy costs of roughly EUR 18,000 per year and is valid for the next 3 years. |
| The actuarial valuation is based on the most recent data. | 53. The Secretariat provides the actuary annually with the most recent data which is relevant to perform the valuation. The valuation is based on a range of demographic, financial and economic assumptions. According to the actuary's report 2012 the demographic assumptions for turnover and mortality remain unchanged compared to the first pro forma valuation in 2009. Nevertheless, the actuary kept track of the actual turnover and mortality rates vs. the initial assumptions. The actuary advised the Secretariat that the initial assumptions still reflect the best estimates and should not be adjusted every year. |

| | |
|---|---|
| The use of the initial demographic assumptions is IPSAS-compliant. | 54. The use of the initial turnover and mortality assumptions is IPSAS-compliant. However, I would like to point out that the determination of the assumptions to be used remains the Secretariat's final responsibility. Therefore, the Secretariat has to take care of updating the assumptions in case of big changes in the rates. Furthermore, the Secretariat should continue monitoring and consider updating the assumptions not every year but whenever necessary. |

Other non-current liabilities (assessed contributions)

| | |
|---|---|
| Recognition of liabilities pending receipt of assessed contributions. | 55. 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 recognised as liabilities. These liabilities were reported as other non-current liabilities of EUR 2,384,278 on 31 December 2012. |

Net assets/equity and unfunded liabilities

| | |
|---|---|
| Financial liabilities are not fully funded. | 56. Differently to the UNSAS balance sheet the financial position of the OPCW is now - as a major dividend of IPSAS - realistically reflected and transparent to States Parties, including some of those future financial liabilities not (fully) funded. |
| Net assets/equity still accrued negative. | 57. For the financial year 2011, as the first year of IPSAS, I already reported on the negative net assets/equity mainly deriving from unfunded employee benefits liabilities. By year-end 2012 the net assets/equity still accrued negative even though the total decreased by almost 2.7 million EUR due to net surplus in 2011 and 2012 and actuarial gain in 2012: |

| | |
|---|---|
| Net assets/equity on 31 December 2011<br>Actuarial gain and net surplus in 2012 | (6,138,924) EUR<br>2,699,290 EUR |
| Net assets/equity on 31 December 2012 | (3,469,635) EUR |

| | |
|---|---|
| Going concern | 58. A negative balance is not problematic if the valid principle of going concern is applied. |
| Recommendation | 59. But nevertheless, a negative balance should not be maintained over a longer period. Therefore, I recommend debating how these liabilities could be funded. |

### 3.4.2 Statement of Financial Performance

Revenue and Expenses

Revenue and expenses

60. The tables below show comparative figures for Revenue and Expenses of 2010, 2011 and 2012 based on IPSAS.

| | **2010 IPSAS** | **2011 IPSAS** | **2012 IPSAS** | **Increase/(decrease) 2012 compared to 2011 IPSAS** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Assessed contributions | 68,851,900 | 67,712,488 | 67,513,754 | (198,734) |
| Voluntary contributions | 958,899 | 1,496,066 | 1,359,607 | (136,459) |
| Articles IV and V | 4,962,211 | 4,267,950 | 2,528,440 | (1,739,510) |
| Other | 745,340 | 662,098 | 201,841 | (460,257) |
| **Total** | **75,518,350** | **74,138,602** | **71,603,642** | **(2,534,960)** |
| | | | | |
| | | | | |
| **Expenses** | | | | |
| Employee benefits expenses | 52,426,728 | 51,672,329 | 49,335,704 | (2,336,625) |
| Travel expenses | 8,751,115 | 8,128,137 | 7,743,764 | (384,373) |
| (Consultancy and) contractual services | 4,816,039 | 5,510,170 | 4,377,477 | (1,132,693) |
| General operating expenses | 5,555,084 | 5,853,588 | 5,540,971 | (312,617) |
| Depreciation and Impairment of PP&E | 790,432 | 1,039,615 | 792,829 | (246,786) |
| Impairment of assessed contributions recoverable | 464,447 | 75,038 | 80,369 | 5,331 |
| Impairment of Articles IV and V receivables | 223,080 | 441,013 | 0 | (441,013) |
| Other | 929,816 | 973,649 | 1,076,593 | 102,944 |
| | | | | |
| **Total** | **73,956,741** | **73,693,539** | **68,947,707** | **(4,745,832)** |
| | | | | |
| Shortfall of income over expenditure (2010 UNSAS) | | | | |
| **Net surplus/(deficit)** | **1,561,609** | **445,062** | **2,655,935** | **2,210,873** |

Table 3: Income and revenue, Sources: Statement of Financial Performance

Employee Benefits Expenses

| | |
|---|---|
| Short-term employee benefits expenses were roughly EUR 39.5 million, mainly for salaries. | 61. Short-term employee benefits expenses of roughly EUR 39.5 million consist mainly of salaries and post adjustments including major items of short-term employee benefits as annual leave expenses of almost EUR 3.3 million, and education grant/travel expenses of nearly EUR 2.1 million. |
| Post-employment benefits expenses were predominantly contributions to the Provident Fund. | 62. 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. | 63. 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 9.3 million. | 64. For the fiscal year 2012, the expenses related to the Provident Fund amounted to some EUR 7.1 million. Another EUR 2.2 million was expended for repatriation grant, removal upon separation, death benefit and travel upon separation. |

## 4. PERFORMANCE AUDIT

### 4.1 Programme Support Costs

| | |
|---|---|
| Voluntary contributions have increased. | 65. In the last years, regular budgets of international organisations have often been subject to zero-real-growth. As demands for the organisations' services have been growing, the Secretariats increasingly sought to receive voluntary contributions. The Member States were often responsive and increased their voluntary contributions. This is also the case for OPCW. |
| I recommended introducing a PSC scheme. | 66. Therefore, it was important to introduce a programme support cost (PSC) scheme for Extrabudgetary Funds, as these are administered by staff and resources are financed from the Regular Budget. So I recommended developing a policy for the establishment of a PSC scheme in the OPCW and charging 7% support costs to cover indirect variable costs on all future agreements. |
| Secretariat agreed. | 67. The Secretariat agreed to negotiate the inclusion of a 'de facto PSC rate of 7%' in all future high-value voluntary contributions. |

| | |
|---|---|
| The 'de facto harmonised PSC rate of 7%' for indirect costs | 68. This option follows the results of the 2007 deliberations in the UN Finance and Budget Network (where OPCW has observer status) to apply the 'de facto harmonised PSC rate of 7%' for indirect costs. Therefore, it is reasonable to join the UN family's approach and apply an estimated average of 7%. |
| European Commission approach | 69. On the contrary, the European Commission (EC) accepted to add support costs to its voluntary contributions. In this case it is particularly justified, because the conditions under which the EC provides funds are extremely challenging for the recipient organizations. |
| I recommend formulating a programme support policy. | 70. Therefore, I recommend formulating a programme support policy which would charge the UN-harmonized rate of 7% on the actual total direct cost regardless of the amount of the contribution. |

4.2 Outsourcing of electronic Performance Management Appraisal System data hosting

| | |
|---|---|
| A new electronic based appraisal system became operational in September 2012. | 71. In February 2012, the Secretariat introduced the electronic Performance Management Appraisal System "ePMAS". It became operational in September 2012 after Information Services Branch (ISB) and Human Resources Branch customised the infrastructure and software as a service provided by the UK-based commercial company Cornerstone OnDemand Limited ("Cornerstone"), a subsidiary of a US-company. ePMAS was therefore outsourced and is operated by Cornerstone. Therefore, all OPCW staff data required to operate ePMAS is stored on a Cornerstone owned cloud computer system in the UK. |
| Secretariat decided to use ePMAS. | 72. The Secretariat decided to use ePMAS as a "software as a service" (SaaS) solution. This means, OPCW pays for the ePMAS service delivered by a commercial company. |
| Secretariat implemented security measures. | 73. The Secretariat implemented security measures for the secure access by OPCW staff and for the integration of the SaaS into the OPCW software environment. |
| Secretariat visited Cornerstone. | 74. The Secretariat visited the Cornerstone datacentre to assess the physical security controls. Additionally, there is an annual renewed assurance expertise by Cornerstone's independent external auditor PricewaterhouseCoopers. |

| | |
|---|---|
| A Cost-benefit analysis was made but the process was delayed. | 75. A cost-benefit analysis comparing the outsourcing with an in-house solution before starting the project was conducted by ISB in August 2010. However, since there was a major shift in technology and most of the vendors providing an employee performance management solution had moved to cloud based computing, the Secretariat included this service in the contract with the provider. They claimed that the three year cost of ownership of the cloud based solution of EUR 84,775 was considerably lower than the cost of a possible in-house solution. However, I am of the view that it would have been useful to carry out another cost-benefit analysis for the cloud based solution before adopting this approach. |
| Planned expenditure exceeded by 45%. | 76. Furthermore at the start of the project in November 2010, the approved cumulative remuneration was EUR 83,100 for a three year period. The current cumulative agreement amount is EUR 120,700 for this period (plus 45%). The increase is due to the fact that both Learning Management System (LMS) and ePMAS reside under the same platform when LMS was also awarded to Cornerstone at a later stage. |
| Recommendation | 77. Therefore, I recommend setting up another cost-benefit analysis for the entire package comparing the outsourcing with an in-house solution before an extension of the current contract is considered. It should take into account that the inviolability of information stored inside and outside is absolutely ensured. The OPCW operates in a delicate environment. Therefore, confidentiality and integrity are essential for the credibility and the success of the Organisation and should be verified. |

## 5. CASES OF FRAUD OR SUSPECTED FRAUD

| | |
|---|---|
| One case of suspected fraud in 2012 - since the case is not closed yet. | 78. The Secretariat started investigating a case of suspected fraud in November 2012. In response to the findings of the investigation, the staff member was summarily dismissed for serious misconduct, as of 1 March 2013. At the same time, the staff member was formally requested to reimburse the Organisation the sum of money paid on the basis of claims which were considered to be fraudulent. |
| I will comment on this in my report 2013. | 79. Since the amounts in question were firstly identified and demanded back in the year 2013, and the case is not closed yet I will comment on this issue in my report for the year 2013 in detail. |

## 6. FOLLOW-UP

### 6.1 Risk Management and Statement of Internal Control

The Secretariat approved a risk management policy and intends to develop a Statement of Internal Control.

80. In my report 2012, I welcomed the actions taken by the Secretariat concerning risk management. The Secretariat made further progress and put into effect a risk management policy in February 2013.

81. Furthermore, I encouraged the Secretariat to develop a Statement of Internal Control (SIC). Internal controls are absolutely necessary and need to be applied in high risk areas. The Secretariat, however, carries out some internal controls which in my opinion are not related to risk areas. I recommended to finalise the risk management and to assess the proper relationship between risks and internal control. The Secretariat declared to develop a control framework that would allow the Director-General to issue a SIC.

82. I appreciate the steps taken and believe the Organisation is on the right track.

### 6.2 Improvements in the invoicing costs for Articles IV and V inspections

Invoicing of Articles IV and V inspections had weaknesses.

83. In my report for the year 2011, I commented on the invoicing of costs related to inspections under Articles IV and V of the Chemical Weapons Convention.

My team identified several deficiencies in the invoicing process.

84. My team identified several deficiencies in the invoicing process, such as: Inconsistent rules and regulations; Incomplete compilation of inspection costs; States Parties refusing full payment of all costs incurred by the Secretariat.

85. Additionally, the invoicing process was conducted with a high degree of manual work. A processing based on an IT-system, for example SmartStream, was not established.

I recommended measures to deal with weaknesses.

86. I recommended to adapt the administrative rules and regulations to the relevant States Parties decisions, revise and update the relevant procedures, increase the efficiency of their application and to augment the efforts to automate the invoicing process.

The Secretariat addressed most deficiencies.

87. The Secretariat shared my concerns and started immediately to address the described shortcomings.

| | |
|---|---|
| The result one year later was remarkable. | 88. One year later, my team re-assessed the invoicing of Articles IV and V inspections and found considerable improvements in the processing of inspection related costs such as revision of administrative directives and removal of ambiguities and deficiencies. Furthermore, considerable efforts were made in order to minimize losses due to costs that had been unintentionally disregarded in the invoicing process. |
| Two issues remain to be approached by the Secretariat and the States Parties. | 89. Despite the considerable progress, my team also identified two remaining issues as follows: |
| | 90. The invoicing process is not yet supported by the IT-system SmartStream. As a result, travel data have to be processed manually and all data need to be entered into an Excel spread sheet. When the invoice is completed, a receivable has to be created in SmartStream. This process requires a considerable manpower and is highly error-prone. |
| | 91. Additionally, I would like to remind all States Parties to support the Secretariat by paying inspection costs incurred by the Secretariat fully and in time. |

### 6.3 Enterprise Resource Planning (ERP) System

| | |
|---|---|
| The next steps to reduce manual workload and thereby risks should be proceeded. | 92. I followed up the development and the decision process with regard to the ERP system. In my last report, I recommended that the Secretariat should proceed with its planned next steps to reduce the manual workload and thereby decrease the risks by the manual conversion of the UNSAS-based general ledger data into an IPSAS-based ledger using Excel worksheets for the preparation of the financial statements. |
| | 93. Furthermore, I recommended conducting a detailed cost benefit analysis and risk assessment immediately, 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. |
| The Secretariat ran a risk analysis. | 94. The Secretariat ran the ERP system risk analysis as a comparative study of major risks in 2012. |

| | |
|---|---|
| Trained consultants for the current system are not available on the job market. Key staff for SMARTStream is expected to leave the Organisation in 2015. | 95. In the included SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) for the current ERP solution the Secretariat identified some threats and weaknesses. A possible threat is the non-availability of trained consultants on the job market. But this lacks the important fact that additionally SMARTStream key staff in the Information Service Branch is expected to leave the Organisation in 2015. The successive staff should be selected according to the needs for the chosen future ERP system. There will be an outstanding occasion to identify and engage key staff with custom-tailored knowledge and skills. |
| Expenditures are offset by significant savings. | 96. According to the SWOT analysis for a new ERP implementation, the greatest weakness is the need for substantial investment. In this regard, it should be also taken into account that significant savings may occur. Currently, there is a great manual effort and thus large risks are entailed by the manual preparation and conversion of financial statements. |
| Recommendation | 97. I support the final recommendations of the ERP system risk analysis to align the ERP strategy with the future business of the OPCW, to consider alternate funding and to explore hosting solutions as well as the cooperation with other organisations. |

## 7. ACKNOWLEDGEMENT

| | |
|---|---|
| I am grateful for the support received during the audit. | 98. 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 |
|---|---|---|
| Actuarial valuation of employee benefits | 3.4.1/2012 | The Secretariat provides the actuary annually with the most recent data which is relevant to perform the valuation. The valuation is based on a range of demographic, financial and economic assumptions. The Secretariat should update the assumptions in case of big changes in the rates. Furthermore, the Secretariat should continue monitoring and consider updating the assumptions not every year but whenever necessary. |
| Net assets/equity and unfunded liabilities | 3.4.1/2012 | I recommend that States Parties should start considering how future liabilities could be funded as a negative balance should not be maintained over a longer period. |
| Programme Support Costs | 4.1/2012 | I recommended developing a policy for the establishment of a PSC scheme in the OPCW and charging 7% support costs to cover indirect variable costs on all future agreements. The Secretariat agreed to negotiate the inclusion of a 'de facto PSC rate of 7%' in all future high-value voluntary contributions. I recommend formulating a programme support policy which would charge the UN-harmonized rate of 7% on the actual total direct cost regardless of the amount of the contribution. |
| Outsourcing of electronic Performance Management Appraisal System data hosting | 4.2/2012 | I recommend that the OPCW conduct another cost-benefit analysis before the current contract with the provider is renewed and continue to ensure the inviolability of the personal data as the Organisation operates in a delicate environment. Therefore, confidentiality and integrity are essential for the credibility and the success of the Organisation and should be verified. |

| Prior Years' Issues | Reference: Report EA Chapter, Year | Referring to the present Report 2012 |
|---|---|---|
| Assessed contributions | 3.2/2011<br>3.2/2012 | Again I noticed a positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed contributions. Compared to 2011 the number of States Parties that fully paid their contributions increased by 2.6 %.<br>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.<br>I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable does not relieve States Parties from their obligation to pay assessed contributions. |
| Risk Management and Statement of Internal Control (SIC) | 4.11/2009<br>7.2/2010<br>7.2/2011<br>4.2/2011<br>6.1/2012 | The Secretariat made further progress and put into effect a risk management policy in February 2013. Furthermore, the Secretariat declared to develop a control framework that would allow the Director-General to issue a SIC. I appreciate the steps taken and believe the Organisation is on the right track. I will go on focusing and reporting on these topics. |
| Invoices to Member States for costs of verification under Articles IV and V of the Chemical Weapons Convention | 4.3/2011<br>6.2/2012 | I recommended to adapt the administrative rules and regulations to the relevant States Parties decisions, revise and update the relevant procedures, increase the efficiency of their application and to augment the efforts to automate the invoicing process.<br>In 2012, my team re-assessed the invoicing of Articles IV and V inspections and found considerable improvements in the processing of inspection related costs. Still, my team identified two remaining issues as follows:<br>The invoicing process is not yet supported by the IT system SmartStream. Additionally, all States Parties should support the Secretariat by paying inspection costs incurred by the Secretariat fully and in time. |
| Enterprise Resource Planning (ERP) System | 4.3/2010<br>7.3/2011<br>6.3/2012 | I recommended that the Secretariat should proceed with its planned next steps to reduce the manual workload. Furthermore, I recommended conducting a detailed cost benefit analysis and risk assessment immediately.<br>The Secretariat ran the ERP system risk analysis as a comparative study of major risks in 2012 including a SWOT analysis. It identified as a possible threat the non-availability of trained consultants on the job market. But this lacks the important fact that additionally SMARTStream key staff in the Information Service Branch is expected to leave the Organisation in 2015. The successive staff should be selected according to the needs for the chosen future ERP system.<br>According to the SWOT analysis for a new ERP implementation, the greatest weakness is the need for substantial investment. In this regard, it should be also taken into account that significant savings may occur.<br>I support the final recommendations of the ERP system risk analysis to align the ERP strategy with the future business of the OPCW, to consider alternate funding and to explore hosting solutions as well as the cooperation with other organisations. |

| Prior Years' Issues | Reference: Report EA Chapter, Year | Referring to the present Report 2012 |
|---|---|---|
| Property Survey Board | 4.7/2009<br>7.3/2010<br>7.7/2011 | In its report on the status of implementation of the recommendations of the External Auditor as of 29 January 2013, 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 early in 2013.<br>Since the aforementioned revision had not yet been issued by the transmission date of this report, I repeat my recommendation to take action. |
| Strengthening Effectiveness and Efficiency in the Operations Centre | 4.1/2011 | I recommended that 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. I consider this recommendation as implemented. |

## Annex 3

## 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 ENDED 31 DECEMBER 2012

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 2012.

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 2012 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

## Annex 4

# FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2012

### 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 ended 31 December 2012 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 2012, financial performance, and cash flows for the year then ended.

[Signed]

The Hague, 28 March 2013

Grace Asirwatham
Chairperson, Management
Board of the Provident Fund

# FINANCIAL STATEMENTS
# THE PROVIDENT FUND OF THE OPCW
# FOR THE YEAR ENDED 31 DECEMBER 2012

## Table of Contents

**THE PROVIDENT FUND OF THE OPCW**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2012**
(expressed in euros)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | - | - |
| **Total non-current assets** | | - | - |
| | | | |
| **Current assets** | | | |
| Investments | 6 | 567,768 | 561,978 |
| Accounts receivable | 7 | 5,244 | 8,977 |
| Cash and cash equivalents | 9 | 49,596,332 | 46,021,009 |
| **Total current assets** | | **50,169,344** | **46,591,964** |
| **Total assets** | | **50,169,344** | **46,591,964** |
| | | | |
| **Liabilities** | | | |
| Non-current liabilities | | - | - |
| **Total non-current liabilities** | | - | - |
| | | | |
| **Current liabilities** | | | |
| Accounts payable | 10 | 29,985 | 1,334 |
| **Total current liabilities** | | **29,985** | **1,334** |
| **Total liabilities** | | **29,985** | **1,334** |
| | | | |
| **Net assets** | | **50,139,359** | **46,590,630** |
| | | | |
| **Net assets/equity** | | | |
| Participants’ capital accounts | 13.1 | 50,063,937 | 46,490,185 |
| Special reserves | 13.2, 13.3 | 70,460 | 49,079 |
| Accumulated surplus/(deficits) | 13.4 | 4,962 | 51,366 |
| | | **50,139,359** | **46,590,630** |
| Minority interest | | - | - |
| **Total net assets/equity** | | **50,139,359** | **46,590,630** |

**THE PROVIDENT FUND OF THE OPCW**
**STATEMENT OF FINANCIAL PERFORMANCE**
**FOR THE YEAR ENDED 31 DECEMBER 2012**
(expressed in euros)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **Revenue** | | | |
| Interest income on Participants' capital accounts | 14 | 1,222,058 | 1,199,734 |
| Contribution by the OPCW to early separating Participants | 15 | - | 3,582 |
| Gain on changes in fair value of investments | 6, 16 | 49,885 | 890 |
| Other income | 17 | - | 5,259 |
| **Total revenue** | | **1,271,943** | **1,209,465** |
| | | | |
| **Expenses** | | | |
| Bank charges | 18.1 | 51 | 212 |
| Loss on change in fair value of investments | 18.2 | - | 21,845 |
| **Total expenses** | | **51** | **22,056** |
| | | | |
| Finance income | 19 | 229 | 4,115 |
| Finance cost | 19 | (8,265) | (13,158) |
| **Net finance income** | | **(8,036)** | **(9,043)** |
| | | | |
| **Net surplus/(deficit) for the period** | | **1,263,856** | **1,178,366** |
| | | | |
| **Net surplus/(deficit) for the period:** | | | |
| Attributable to Participants of the Provident Fund | | 1,264,138 | 1,174,055 |
| Attributable to special reserve | | - | 3,582 |
| Accumulated surplus/deficit | | (283) | 729 |
| | | **1,263,856** | **1,178,366** |
| Minority interests | | - | - |

**THE PROVIDENT FUND OF THE OPCW**
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**
(expressed in euros)

| | Note | Participants' Capital Accounts | Special Reserve | Accumulated Surplus/Deficit | Total | Minority Interest | Total Net Assets/Equity |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Balance at 1 January 2012** | | 46,490,185 | 49,079 | 51,366 | 46,590,630 | - | 46,590,630 |
| Changes recognised in net assets/equity: | | | | | | | |
| Add: Current year contributions | | 10,629,310 | - | - | 10,629,310 | - | 10,629,310 |
| Deduct: Payouts | | (8,314,452) | - | - | (8,314,452) | | (8,314,452) |
| Available-for-sale financial asset reserve | | - | - | - | - | - | - |
| Other adjustments to net assets/equity: | | | | | | | |
| Recovery of previously written-off overpayment to leaver | | (5,244) | - | 5,244 | - | - | - |
| Transfer from accumulated surplus to special reserve | 13.3 | - | 21,381 | (21,381) | - | - | - |
| Establish liabilities to underpaid separated Participants | | - | - | (29,985) | (29,985) | - | (29,985) |
| Net revenue recognised directly in net assets/equity | | - | - | - | - | - | - |
| Surplus/(deficit) for the period | | 1,264,138 | - | (283) | 1,263,856 | - | 1,263,856 |
| Total recognised revenue and expense for the year 2012 | | 3,573,752 | 21,381 | (46,404) | 3,548,729 | - | 3,548,729 |
| **Balance at 31 December 2012** | | 50,063,937 | 70,460 | 4,962 | 50,139,359 | - | 50,139,359 |

**THE PROVIDENT FUND OF THE OPCW**
**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2012**
(expressed in euros)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **Cash from operating activities** | | | |
| Net surplus/(deficit) for the period | | 1,263,856 | 1,178,366 |
| **Non-cash movements:** | | | |
| (Increase) / decrease in accounts receivable | 7 | 3,733 | (8,977) |
| Increase / (decrease) in accounts payable | 10 | 28,651 | (283) |
| (Gain)/loss on changes in fair value of investments | 16 | (49,885) | 20,955 |
| **Net cash flows from operating activities** | | **1,246,355** | **1,190,062** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of investments | 6 | 39,229 | 149,258 |
| **Net cash flows from investing activities** | | 39,229 | 149,258 |
| **Cash flows from financing activities** | | | |
| Participants' contributions* | | 10,629,310 | 10,444,217 |
| Payout to separated Participants* | | (8,314,452) | (12,925,930) |
| Reclassification of net asset/equity to liability | 10 | (29,985) | - |
| Finance income | 6.2 | - | (3,173) |
| Finance cost | 6.2 | 4,866 | 2,035 |
| **Net cash flows from financing activities** | | **2,289,739** | **(2,482,851)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **3,575,323** | **(1,143,531)** |
| Cash and cash equivalents at beginning of the period | | **46,021,009** | **47,164,541** |
| **Cash and cash equivalents at end of the period** | | **49,596,332** | **46,021,009** |

Note: In 2011, Participants' contributions and payout to separated Participants were netted off. Current financial statements show the breakdown between the two.

# ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2012

## 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 six 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.

2.2 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 2012.

## 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.

**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 2012 | 0.754 |
| | |
| Average 12 months | 0.776 |

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

(a) Functional and presentation currency

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 2012. 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.

(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 euro on the basis of the exchange rates applicable on 31 December 2012.

**Cash and cash equivalents**

3.4 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

3.5 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 sub-categories: 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

3.6 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.

3.7 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

3.8 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.

3.9 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.

3.10 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.

3.11 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

3.12 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**

3.13 The Provident Fund does not hold any inventories.

**Property, plant and equipment**

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

**Leases**

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

**Intangible assets**

3.16 The Provident Fund does not own any intangible assets.

**Impairment of non-cash-generating assets**

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

**Employee benefits**

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

**Financial liabilities**

3.19 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

3.20 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.

3.21 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

3.22 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

3.23 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**

3.24 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

3.25 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 (see note 20).

3.26 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 (see note 15).

Revenue from exchange transactions

3.27 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.

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

**Expenses**

3.29 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**

3.30 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 2012.

## 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 Gain/(loss) on foreign exchange attributable to US dollar deposits or UBS investments results from variations in the euro equivalents of the balances upon their revaluations based on different UN exchange rates (see note 3.3(b)) prevailing at different reporting dates. The spot exchange rates reported by ABN AMRO do not have impact in this respect.

5.5 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.

5.6 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 988 (EUR 745). 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.

5.7 At 31 December 2012, if the euro had weakened/strengthened by 5% against the US dollar, net deficit for the year would have been EUR 14,465 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**

5.8 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**

5.9 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**

5.10 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 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**

5.11 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 | 29,985 | - | - | - | - | 29,985 |
| **Total financial liabilities** | **29,985** | **-** | **-** | **-** | **-** | **29,985** |

**Capital risk management**

5.12 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**

5.13 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. INVESTMENTS

6.1 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.

6.2 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 as follows:

| 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 2011** | 15.912 | 31,778 | 70.995 | 121,115 | 17.020 | 31,220 | 13.445 | 36,005 | 148.504 | 283,966 | 25.937 | 57,894 | 561,978 |
| Total gains/loss in surplus/deficit | | | | | | | | | | | | | |
| - realised capital gain (separated and current Participants) | - | - | - | 2 | - | - | - | - | - | 1,210 | - | - | 1,212 |
| - unrealised capital gain (current Participants) | - | 1,807 | - | 9,224 | - | 3,220 | - | 2,563 | - | 25,236 | - | 6,622 | 48,673 |
| Subtotal | - | 1,807 | - | 9,226 | - | 3,220 | - | 2,563 | - | 26,446 | - | 6,622 | 49,885 |
| - currency exchange gain (current Participants) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - currency exchange loss (current Participants) | - | (868) | - | (3,109) | - | (890) | - | - | - | - | - | - | (4,866) |
| Total | | 940 | | 6,118 | | 2,330 | | 2,563 | | 26,446 | | 6,622 | 45,018 |
| Add: Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deduct: Redemptions | - | - | 5.883 | 10,038 | - | - | - | - | 14.633 | 29,191 | - | - | 39,229 |
| **Balance as at 31 December 2012** | **15.912** | **32,718** | **65.112** | **117,194** | **17.020** | **33,550** | **13.445** | **38,569** | **133.871** | **281,222** | **25.937** | **64,515** | **567,768** |

## 7. ACCOUNTS RECEIVABLE

| | 2012 | 2011 |
|---|---|---|
| Receivables from staff members* | 5,244 | 5,244 |
| Interest receivable** | - | 3,733 |
| Less: allowance for impairment of accounts receivable | - | - |
| **Total accounts receivable** | **5,244** | **8,977** |
| | | |
| Less: non-current portion – accounts receivable | - | - |
| | | |
| **Current portion – accounts receivable** | **5,244** | **8,977** |

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

** 'Interest receivable' represents interest recognised during the reporting year and expected to be received in the subsequent year. As of 31 December 2012 interest receivable is nil (2011: EUR 3,733).

## 8. OTHER ASSETS

There are no other assets as at 31 December 2012.

## 9. CASH AND CASH EQUIVALENTS

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

| **Unrestricted** | **2012** | **2011** |
|---|---|---|
| Interest-bearing current accounts in EUR | 99,421 | 101,017 |
| Interest-bearing current accounts in USD | 745 | 766 |
| **Total unrestricted** | **100,166** | **101,783** |
| **Restricted** | | |
| Interest-bearing current and savings accounts | 49,496,166 | 45,919,226 |
| **Total restricted** | **49,596,332** | **45,919,226** |
| **Total cash and cash equivalents** | **49,596,332** | **46,021,009** |

9.2 Participants' capital represent 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.

## 10. ACCOUNTS PAYABLE

During its Annual General Meeting in December 2012, the Management Board presented the decision to establish accounts payable of EUR 29,985 out of EUR 51,366 identified as a accumulated surplus during 2011, since it was determined that the amount relates to underpaid former Participants who have already left the Organisation. The Board recommended that attempts be made to track and make payments to these former Participants. The balance of accounts payable in 2011 was EUR 1,334.

## 11. 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.

## 12. OTHER FINANCIAL LIABILITIES/PROVISIONS

### Legal claims

There are no legal cases involving the Provident Fund as at 31 December 2012.

## 13. NET ASSETS/EQUITY

13.1 Participants' capital (EUR 50,063,937) 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 earned (or losses incurred) on these resources as at 31 December 2012.

13.2 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 2012. The special reserve account was not utilised to cover any losses or administrative cost during the reporting period.

13.3 In addition, during 2012, the Board decided to transfer EUR 21,381 from the surplus of EUR 51,366 as at 31 December 2011 to the special reserve of the Provident Fund as it was determined that the amount represents accumulated interest on the euro current account not attributable to current or former Participants and net of bank charges for the period from 2005 to 2011.

13.4 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. The movement in 2012 is reflected in the statement of changes in net assets/equity.

## 14. INTEREST INCOME ON PARTICIPANTS' CAPITAL ACCOUNTS

Interest on Participants' accounts with ABN AMRO for the year ended 31 December 2012 was as follows:

| | **2012** | **2011** |
|---|---|---|
| Interest on Participants' contributions (A accounts) | 277,655 | 235,792 |
| Interest on OPCW's contributions (B accounts) | 555,273 | 467,200 |
| Interest on contributions (A+B) before 17 December 2007 | 372,683 | 486,272 |
| Interest on voluntary contributions (C accounts) | 16,447 | 10,470 |
| **Total** | **1,222,058** | **1,199,734** |

## 15. 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 the "Special Reserve" account. In 2012 there are no such cases (2011: EUR 3,582).

## 16. 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. In 2012 there is a gain of EUR 49,885 (see note 6) due to changes in fair value of the UBS units (2011: EUR 890/gain).

## 17. OTHER INCOME

There is no other income as at 31 December 2012 (2011: EUR 5,259).

## 18. EXPENSES

### General operating expenses

18.1 The Provident Fund operating expenses in the year 2012 of EUR 51 were mainly bank charges (2011: EUR 212).

### Loss on financial assets

18.2 The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. As at 31 December 2012 there is no loss related to changes in fair value of UBS investments (2011: EUR 21,845).

## 19. FINANCE INCOME AND FINANCE COST

The Provident Fund recognises interest earned on capital 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.

| | **2012** | **2011** |
|---|---:|---:|
| **Finance income:** | | |
| Interest income arising on cash and cash equivalents | 130 | 941 |
| Foreign currency revaluation gains | 99 | 3,173 |
| Other finance income | - | - |
| **Total finance income** | **229** | **4,114** |
| | | |
| **Finance costs:** | | |
| Foreign currency revaluation losses | (8,265) | (13,158) |
| Other interest expense | - | - |
| **Total finance costs** | **(8,265)** | **(13,158)** |
| | | |
| **Net finance costs** | **(8,036)** | **(9,043)** |

## 20. SERVICES IN KIND

20.1 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**

20.2 The Provident Fund Management Board's membership is composed of six 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 also does not reimburse the OPCW for the time spent by its staff members in managing the Provident Fund.

**Administrative support by the OPCW**

20.3 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.

## 21. CONTINGENCIES

The Provident Fund does not have any contingent liabilities as at 31 December 2012.

## 22. 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.

## 23. 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.

## 24. SEGMENT INFORMATION

The Provident Fund does not have segments.

## 25. BUDGETARY INFORMATION

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

## 26. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

# Annex 5

**President of the**

**Federal Court of Auditors**

**Germany**

**Adenauerallee 81**
**53113Bonn**
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

24 May 2013

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 2012 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.

[Signed]

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 2012**

**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 ended 31 December 2012, 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; and
- 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.

Further responsibilities are, 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 2012 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.

[Signed]

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

Bonn, 24 May 2013

# 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 2012

Comprising:

## 1. 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 01 January to 31 December 2012. |
| Responsibility of the Board and the ABN AMRO Bank N.V. | 2. The Provident Fund Management Board (hereinafter "the Board") is responsible of preparing the Provident Fund's financial statements in accordance with the relevant framework. The ABN AMRO Bank N.V. manages the moneys of the Provident Fund under the terms of agreements with the Provident Fund. |
| 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 2012 and that the transactions were in accordance with the regulatory framework. |
| This year's financial statements are the second presented in accordance with IPSAS. | 6. The Board decided to present the financial statements of the Provident Fund under International Public Sector Accounting Standards (IPSAS) as from 01 January 2011. Hence, the financial statements of the Provident Fund for the financial period ended 31 December 2012 are the second presented in accordance with IPSAS. |
| The Provident Fund had 458 participants at year-end 2012. | 7. As at 31 December 2012 the Provident Fund had 458 participants compared to 470 at year-end 2011 (2010: 501). During the year 2012, due to separation from the OPCW, 63 participants withdrew their Provident Fund accounts and 51 new participants joined the Provident Fund. |
| Cash and cash equivalents amount to 49,596,332 Euro. | 8. Cash and cash equivalents amount to 49,596,332 Euro. The US dollars' share in cash and cash equivalents is down to 0.2 % and subject to currency exchange rate fluctuations. |

| | |
|---|---|
| UBS funds amount to 567,768 Euro. | 9. UBS funds amount to 567,768 Euro. Nearly two thirds of the UBS fund units are held in Euro and one third is held in US dollars. The UBS fund units are by nature subject to changes in market value. |
| The Provident Fund disclosed the administrative services provided by the OPCW. | 10. Staff members of the Organisation for the Prohibition of Chemical Weapons (hereinafter "the OPCW") perform administrative services related to the Provident Fund. Since the implementation of IPSAS the Provident Fund has disclosed these services in its financial statements. |
| In regard of the surplus at the end of 2011 the Board took a first step to resolve the issue. | 11. The Technical Secretariat (hereinafter "the Secretariat") of the OPCW has been working on identifying the origin of the surplus of 51,366 Euro at the end of 2011. As a first step to resolve the issue the Board decided to establish accounts payable of 29,985 Euro and to transfer 21,381 Euro to the Special Reserve. |
| A transfer agreement with the UNJSPF was signed. | 12. The Secretariat signed a transfer agreement with the United Nations Joint Staff Pension Fund (UNJSPF) entering into force with effect from 01 January 2013. |
| I placed an unqualified opinion on the financial statements. | 13. 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. I have placed an unqualified audit opinion on the financial statements of the Provident Fund of the OPCW for the year ended 31 December 2012. |

## 2. SCOPE OF AUDIT

| | |
|---|---|
| My staff and I audited the financial statements of the Provident Fund for the financial year 2012. | 14. My staff and I audited the financial statements of the Provident Fund for the financial period 01 January to 31 December 2012 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. | 15. 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. |
| This year’s financial statements are the second presented under IPSAS. | 16. The Board decided to present the financial statements of the Provident Fund under International Public Sector Accounting Standards (IPSAS) as from 01 January 2011. Hence, the financial statements of the Provident Fund for the financial period ended 31 December 2012 are the second presented in accordance with IPSAS. |
| Examination of the accounting records assured me of the correctness of the Provident Fund’s financial statements. | 17. My team checked the figures provided in the financial statements against ledger balances and bank statements and included complementary records kept by the 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 Board. |
| The audit objective was to form an opinion on the financial statements. | 18. 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 position and financial performance. 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 position. | 19. As a result of my audit, I am of the opinion that for the financial year 2012 the transactions were recorded, processed and summarised in accordance with the provisions of the Charter and Administrative Rules 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 2012.

I placed an unqualified opinion on the financial statements 2012.

20. 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. Thus, I have placed an unqualified audit opinion on the financial statements of the Provident Fund of the OPCW for the year ended 31 December 2012.

## 3. INTRODUCTION

The moneys of the Provident Fund are managed by ABN AMRO Bank N.V.

21. 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 three times been extended for one year.

22. The agreement was initially concluded for a period of three years. Three extensions have been agreed on in November 2010, November 2011 and in November 2012 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 dollars accounts and UBS funds from the year 2010 onward.

ABN AMRO Bank N.V. reports regularly.

23. 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 21 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 Secretariat (Port@l). In addition, participants regularly receive statements on their individual accounts.

The reports allow assessment of the performance and investments.

24. 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.

25. The aggregated figures of the Provident Fund's accounts 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.

26. 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

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

## 4. AUDIT FINDINGS

The Provident Fund had 458 participants at year-end 2012.

28. As at 31 December 2012 the Provident Fund had 458 participants compared to 470 at year-end 2011 (2010: 501). During the year 2012, due to separation from the OPCW, 63 participants withdrew their Provident Fund accounts and 51 new participants joined the Provident Fund.

### The Provident Fund's Assets

The Provident Fund's Assets increased by 7.7 %.

29. The overall value of the Provident Fund's assets in previous years up to the 31 December 2012 developed as shown in the table below.

| **Fund Assets** (all figures given in Euro) | **31 Dec 2009** | **31 Dec 2010** | **31 Dec 2011** | **31 Dec 2012** | **increase/(decrease)** | |
|---|---|---|---|---|---|---|
| | | | | | **2011 over 2010 in %** | **2012 over 2011 in %** |
| Assets | 49,781,931 | 47,895,592 | 46,591,964 | 50,169,344 | (2.7) | 7.7 |
| Including | | | | | | |
| Cash and cash equivalents | 48,612,075 | 47,164,541 | 46,021,009 | 49,596,332 | (2.4) | 7.8 |
| UBS funds | 1,169,856 | 731,051 | 561,978 | 567,768 | (23.1) | 1.0 |
| Accounts receivable | - | - | 8,977 | 5,244 | n/a | (41.5) |

Source: Provident Fund Financial Statements for years 2009 to 2012

| | |
|---|---|
| The share of US dollars in cash and cash equivalents is down to 0.2 %. | 30. A portion of the cash and cash equivalents is still held in US dollars. In 2012 and 2011 that share was down to 0.2 %, compared to 1.2 % in 2009 and 0.6 % in 2010. The cash and cash equivalents in US dollars are subject to currency exchange rate fluctuations. |
| UBS fund units are subject to changes in market value. | 31. Nearly two thirds of the UBS fund units are held in Euro and one third is held in US dollars. The UBS fund units are by nature subject to changes in market value. That is reflected in the total value of assets as at year-end, as well as in realised and unrealised gains and losses. |
| The number of UBS units has continued decreasing. | 32. As at 31 December 2012 the number of UBS fund units had decreased from 291,813 to 271,297 units (7 %). The UBS funds' total market value increased from 561,978 Euro to 567,768 Euro (1 %).<br>27 participants held UBS funds (year-end 2011: 29 participants). |
| The fair value of the investments is either nominal value or market price. | 33. The fair value of the investments 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 dollars are to be converted at the relevant UN exchange rate. |
| I recommend elaborating only on the IPSAS requirements relevant to the Provident Fund's assets. | 34. The financial statements (Note 3.5) elaborate on the recognition and measurement of various sorts of financial assets partly not relevant to the Provident Fund. That applies to e. g. "financial assets carried at amortised cost" and "held-to-maturity financial assets". I recommend elaborating on the IPSAS requirements relevant to the Provident Fund's assets. |

## The Provident Fund's Income

| | |
|---|---|
| Development of the Income | 35. The income from investments developed over the last five years as shown in the table below. |

| **Income**<br>(all figures given in Euro) | **2008** | **2009** | **2010** | **2011** | **2012** |
|---|---|---|---|---|---|
| Interest income (Participants' accounts, Master account) | 1,779,775 | 1,709,829 | 1,234,943 | 1,189,552 | 1,218,888 |
| Income (loss) related to investments including | (478,152) | 182,298 | 155,753 | (19,815) | 45,019 |
| • Realised capital gain/(loss) on investments | (64,545) | 38,426 | 11,982 | 890 | 1,212 |
| • Unrealised gain/(loss) on market value | (426,478) | 146,353 | 50,878 | (21,845) | 48,673 |
| • Net gain/(loss) on currency exchange movements | 12,870 | (2,481) | 92,893 | 1,138 | (4,866) |

Source: Provident Fund financial statements for years 2008 to 2012 (including supporting information for 2011, 2012)

| | |
|---|---|
| The market value of UBS units increased strongly. | 36. Due to unrealised gains on market value the value of UBS units increased by more than 70,000 Euro by year-end. |

**Administrative Costs**

| | |
|---|---|
| FIN performs the Provident Fund's administrative services without consideration. | 37. The staff of the OPCW Finance and Accounts Branch (FIN) 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. |
| The Provident Fund disclosed the services provided. | 38. According to a recent survey conducted by the Secretariat, at my request, these services require an annual effort of more than 200 person-days. I appreciate that since the implementation of IPSAS the Provident Fund has disclosed these services in its financial statements. |

**Surplus**

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| In 2011 there was an accumulated surplus of 51,366 Euro. | 39. In 2011 the cash and investments of the Provident Fund exceeded the total balances of participants' accounts and the Special Reserve by 51,366 Euro. The statement of financial position showed this amount as accumulated surplus. |
| The Secretariat has been working on identifying the origin of the surplus. | 40. The Secretariat has been working on identifying the origin of the surplus. So far, it mainly found out that accumulated interests and recoveries of overpayments partly remained undistributed. What is more, there were underpayments to participants who left the OPCW before 2007. The Secretariat identified the persons concerned. The Board will decide how to proceed. |
| The Board took a decision how to use the surplus. | 41. Based on the Secretariat's analysis the Board made a decision on how to use the surplus in November 2012. It decided to establish accounts payable of 29,985 Euro and to transfer the remaining 21,381 Euro to the Special Reserve. The latter amount represents accumulated interest not attributable to current and former participants. The Board considers the measures taken as a first step to resolve the issue. |

**Cooperation Agreement with UNJSPF**

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| A transfer agreement with the UNJSPF was signed. It facilitates moving between UN institutions and the OPCW. | 42. The Secretariat signed a transfer agreement with the UNJSPF entering into force with effect from 01 January 2013. The agreement offers additional options for staff changing between OPCW and other institutions of the "UN family" as to their pension schemes. Thus, it facilitates job changes between OPCW and other UN organisations. |

## 5. FOLLOW-UP OF PREVIOUS YEAR'S AUDIT REPORT

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| Recoverable overpayments totalling 5,244 Euro are shown as accounts receivable. | 43. As already mentioned in my 2011 report overpayments to leavers amounting to 59,457 Euro were written-off, since the Board considered the collection as impossible. In 2012 one of these leavers joined the OPCW again and agreed that the overpayments totalling 5,244 Euro will be retained on separation. The Provident Fund presents the amount of 5,244 Euro as accounts receivable in the statement of changes in net assets/equity for the year ended 31 December 2012. |

## 6. ACKNOWLEDGEMENT


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| I am grateful for the support received during the audit. | 44. I am grateful to the Provident Fund Management Board members and the management and relevant staff of the Secretariat for their cooperation and support during the audit of the Provident Fund's financial statements for the year ended 31 December 2012. |

**Annex 6**

**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 ENDED 31 DECEMBER 2012**

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 2012 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).

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