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**AUDITED FINANCIAL STATEMENTS OF THE  
ORGANISATION FOR THE PROHIBITION OF CHEMICAL  
WEAPONS AND THE PROVIDENT FUND OF THE ORGANISATION  
FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE  
PERIOD ENDED 31 DECEMBER 2001**



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**24 May, 2002**

**The Chairman of the Conference of the States Parties  
Organisation for the Prohibition of Chemical Weapons  
Johan de Wittlaan 32  
2517 JR THE HAGUE  
The Netherlands**

**Excellency,**

I have the honour to submit the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the period ended 31 December 2001, together with my opinion and report thereon, in accordance with Regulation 13.10 of the OPCW's Financial Regulations and Draft Financial Rules.

**Yours faithfully,**

**(Vijayendra N. Kaul)  
Comptroller and Auditor General of India.**

**OPINION OF THE EXTERNAL AUDITOR  
ON THE FINANCIAL STATEMENTS OF THE  
ORGANISATION FOR THE  
PROHIBITION OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDED 31 DECEMBER 2001**

**To: The Conference of the States Parties**

I have audited the appended Financial Statements, comprising Statements I to IX, Schedule I and the supporting notes, of the Organisation for the Prohibition of Chemical Weapons (hereafter "the OPCW") for the financial period ended 31 December 2001.

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.

I conducted my audit in accordance with the auditing standards of the International Organisation of Supreme Audit Institutions and the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialised Agencies and the International Atomic Energy Agency. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included 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.

As a result of my audit, I am of the opinion that the financial statements present fairly the financial position as at 31 December 2001 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on consistent basis with the previous period); and the transactions were in accordance with the Financial Regulations and legislative authority.

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

**(Vijayendra N. Kaul)**  
**Comptroller and Auditor General of India**

**REPORT OF THE EXTERNAL AUDITOR  
ON THE  
FINANCIAL STATEMENTS  
OF THE  
ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDED 31 DECEMBER 2001**

**INTRODUCTION**

**1. SCOPE OF AUDIT**

- 1.1** I have audited the Financial Statements of the Organisation for Prohibition of Chemical Weapons for the period ended 31 December 2001 in accordance with Regulation 13.3 of the OPCW's Financial Regulations and Draft Financial Rules and the Additional Terms of Reference Governing External Audit (Annex to the OPCW's Financial Regulations and Draft Financial Rules). Audit of the Financial Statements has been conducted in accordance with the auditing standards of the International Organisation of Supreme Audit Institutions and the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialised Agencies and the International Atomic Energy Agency. These standards require that reasonable assurance is obtained as to whether the Financial Statements are free of material misstatement.
- 1.2** The Audit included a general review of the accounting and financial management procedures and of the accounting records to form an opinion on the financial statements.
- 1.3** I have expressed a separate audit opinion on the Financial Statements which show the status of the OPCW's Provident Fund for the period ended 31 December 2001.

**2. REPORTING**

- 2.1** During the course of audit such explanations, as were considered necessary under the circumstances, were sought on matters arising from examination of internal controls, accounting records and Financial Statements. The Management was also kept apprised of the original observations. Subsequently a management letter was issued keeping in view replies to the observations and further comments, where required, in respect of the desired action. Other matters not included here have been separately intimated in the management letter.

### **3. AUDIT OBJECTIVES**

**3.1** Objectives of audit were mainly to form an opinion as to whether the expenditure recorded up to 31 December 2001, had been incurred for the purposes approved by the Organisation and was recorded in accordance with the OPCW's Financial Regulations and Draft Financial Rules. It was also designed to discover if the Financial Statements presented fairly the financial position of the OPCW as on 31 December 2001.

**3.2** My examination was based on a test audit, in which all areas of the Financial Statements were subjected to a direct substantive test of transactions from a statistical sample. The audit exercise included:

- an assessment of internal controls to ensure that they were in place;
- substantive testing of transactions occurring during financial period ending 31 December 2001;
- a general examination of unliquidated obligations carried forward;
- a review of the Management response and compliance of recommendations of previous audit; and
- a review of the Financial Statements to ensure that they correctly reflected the OPCW's accounting records.

### **4. OVERALL RESULTS**

The examination revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the Financial Statements as a whole. Accordingly, I have placed an unqualified opinion on the OPCW's Financial Statements for the period ended 31 December 2001. Our findings and recommendations are given in the enclosed statement.

## FINDINGS AND RECOMMENDATIONS

### 1 Budget and Financial Issues:

- 1.1 The Financial Regulations of OPCW, finalised on 24 July 1997 and revised on 30 March 2001, have been firmed up but the draft Financial Rules and Staff Rules though finalised still remained at 'draft' stage only.

*We recommend that Financial Rules and Staff Rules may be got finalised at the earliest so that the Organisation has definite authority under Rules.*

- 1.2 During the year 2001, transfers were made between chapters, programmes/sub-programmes. These transfers were made in accordance with the Financial Regulations 4.5 and 4.6 and none of the transfers exceeded the percentage limits prescribed in this regard. It was, however, observed that transfer from Programme 9 (Common Services not distributed to programmes) of € 1,880,000 was made during the year to other Programmes which amounted to 19% of the approved budget of Programme 9. Subsequently, there was unspent balance in Programme 9 to the extent of € 1,028,055 which was 13% of the revised budget allocations for this programme. Thus, there appeared to be lower requirement of funds under Programme 9, than budgeted for.

*We recommend that the budgetary provisions should be made and approved realistically and suitable provisions should be made in the Financial Regulations and draft Financial Rules.*

### 2. Accounting Issues

We note with appreciation that the Financial Statements for the year ending 31 December 2001 as approved by the DG on 15 March 2002 were revised after carrying out a number of corrections by making journal entries on the basis of observations made by the External Audit team and revised accounts were signed by the DG on 5 April 2002.

*In adherence to Regulation 11.4 of the OPCW Financial Regulation and generally accepted international accounting practices, we recommend that after approval of the accounts by the competent authority, if any change is to be made in the signed accounts either by the management on its own or at the instance of external audit, the same should be done only with the approval of the competent authority and provision to this effect may be made in the Financial Rules of the OPCW.*



### **3. Management Issues**

#### **3.1 Timely collection of contributions from the Member States**

We noted that a sum of € 1,057,726 on account of contributions recoverable from the Member States was outstanding as on 31 December 2001. Out of this, € 925,415 was recoverable from 7 Member States. Further, € 2,896,612 on account of reimbursable costs under Article IV and V of the Convention was also receivable from the Member States.

*We appreciate steps already taken by the management in this regard. We, however, recommend that protracted efforts and innovative methods may be put in to increase the frequency of the reminders to the Member States for an easier and timely cash in flow for OPCW.*

#### **3.2 Implementation of Smart Stream Project**

€ 763, 561.18 had been spent on the procurement of software and ensuing activities meant for customisation, integration and fixing of parameters of the software on Smart Stream in the last five years till 2001. Delay in complete implementation of the Smart Stream Project has denied OPCW the benefits envisaged by the objectives of the project and in addition the delay also resulted in technological obsolescence, turnover of trained manpower and sagging motivation level of the users.

*We recommend that Smart Stream Project with all its functionalities is implemented at the earliest.*

#### **3.3 Sale of Spectrometer**

We noted that 3 Neutron Induced prompt photon spectrometers valuing NLG 450,000 (equivalent to € 204,201) procured in 1995 could not be utilised because of certain restrictions imposed on their use by the Government of the supplier country and these were sold to the supplier during 2001 at a loss of € 148,051.

*We recommend that in case of sensitive purchases the final decision to procure the equipment should be taken only after getting all the intricacies of clearances sorted out to avoid blocking of resources, and eventual loss of money.*

### **4 Compliance with the Report of Office of Internal Oversight (OIO)**

We noted that out of total of 54 recommendations made by the OIO during the year 2001 management implemented only 34 recommendations (66.66% of the total recommendations) without giving any reasons for non-implementation of the remaining recommendations.

*We recommend concerted follow-up action to enhance the implementation of the recommendations pertaining to the OIO or at least the reasons for non-implementation of the OIO's recommendations should be given and the matter settled.*

**5 Compliance with the External Auditor's Report - 2000 Accounts**

A report containing the Management's response to the External Auditor's report issued on the 2000 accounts of the OPCW was reviewed. This has been reviewed in the document placed at Annexure I. It was seen that the Management has taken steps to comply with the previous recommendations of the External Auditor.

**6 Acknowledgement**

I am thankful to the Director-General of the Organisation for Prohibition of Chemical Weapons and members of the staff of the Technical Secretariat for their cooperation during the course of audit.

**(Vijayendra N. Kaul)**  
**Comptroller and Auditor General of India**

## ANNEXURE I

### COMPLIANCE OF THE MANAGEMENT OF OPCW TO THE RECOMMENDATIONS FOR THE ACCOUNTING YEAR 2000

#### Summary of Recommendations and Compliance Thereto

#### 1. Appropriations and Expenditure

The Secretariat has fully agreed with the observation made by the External Audit regarding the realistic budget formulation and stated that the efforts are on for implementing the result based budgeting.

#### 2. Budget and Finance Management

The action has been taken to implement the recommendation.

#### 3. Budgetary Transfers

- (a) Format of budget status report needs to be amended.

This has been complied with.

- (b) Provisions of Regulation 4.5 and 4.6 to be strictly complied with.

This is under the active consideration of the management.

- (c) Realistic budget formulation to obviate the need for frequent budgetary transfers.

The Management found it difficult to fully implement this recommendation but they are making every effort to bring it in line with organisations such as International Atomic Energy Agency (IAEA) and World International Property Organisation (WIPO).

#### 4. Contributions from the Member States

The Secretariat has drawn the attention of the Member States to the assessed contribution in each session of the Council and expressed their concern about the outstanding assessed contribution.

#### 5. Miscellaneous Income

According to the Management reply the Secretariat made efforts to draw the attention of the Member States towards the outstanding reimbursement of verification costs, etc during 2001. This issue was also discussed at each session of the Council.

**6. Investment in Institutions**

This has been complied with.

**7. Short term Investments**

The Management expressed their inability to implement this recommendation due to low rate of interest and need for keeping the fund available with them for use at 24 hours notice.

**8. Separation Benefits**

This is under consideration of the management.

**9. Cash Surplus**

This is under consideration of the management. The provisions of Financial Regulations 6.2 and 6.3 are being considered for inclusion by the management.

**10. Procurement**

Updating specifications for goods and services is under process by the management.

**11. OPCW Laboratory and Equipment Store**

Disposal of items nearing their serviceable period. This has been complied with.

**12. Human Resources**

Adequate provisions for education grant—This has been fully implemented by the Secretariat.

## **FINANCIAL STATEMENTS**

**OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**

**FOR THE PERIOD ENDING 31 DECEMBER 2001**

**APPROVAL OF THE FINANCIAL STATEMENTS OF THE ORGANISATION  
FOR THE PROHIBITION OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDING 31 DECEMBER 2001**

The following appended financial statements, comprising statements I to IX, Schedule 1 and supporting notes, were properly prepared in accordance with Financial Regulation 11.1, and the United Nations System Accounting Standards and are hereby approved.

José M. Bustani  
Director-General

Herbert W. Schulz  
Director Administration Division

The Hague, 5 April 2002

**ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**

**The Financial Statements for  
the period ending 31 December 2001**

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**2. Schedules**

Schedule 1	General Fund Status of Assessed Contributions as at 31 December 2001
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**3. Notes**

Notes to the Financial Statements
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**STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES**  
**For the period ending 31 December 2001**  
(Expressed in Euros)

	Schedule/ Note	General Fund		Working Capital Fund		Special Accounts (Statement V )		Trust Funds (Statement VII )		TOTAL	
		31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>INCOME</b>											
Assessed contributions	S1,N4	54,898,400	47,834,652	-	-	-	-	-	-	54,898,400	47,834,652
Voluntary contributions	N5	48,612	-	-	-	-	-	332,663	43,539	381,275	43,539
Other/Miscellaneous income											
Assessed contributions - new Member States	N6	117,202	138,612	-	-	-	-	-	-	117,202	138,612
Interest income	N7	791,267	787,930	-	-	67,056	61,350	31,062	28,242	889,385	877,522
Currency exchange adjustments		6,980	6,859	-	-	-	-	5,907	-	12,887	6,859
Other/Miscellaneous	N8	3,774,275	6,479,624	-	-	-	-	-	-	3,774,275	6,479,624
<b>TOTAL INCOME</b>		<b>59,636,736</b>	<b>55,247,677</b>	<b>-</b>	<b>-</b>	<b>67,056</b>	<b>61,350</b>	<b>369,632</b>	<b>71,781</b>	<b>60,073,424</b>	<b>55,380,808</b>
<b>EXPENDITURE</b>		<b>55,928,911</b>	<b>59,894,123</b>	<b>-</b>	<b>-</b>	<b>1,865</b>	<b>212,950</b>	<b>14,451</b>	<b>208</b>	<b>55,945,227</b>	<b>60,107,281</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>		<b>3,707,825</b>	<b>(4,646,446)</b>	<b>-</b>	<b>-</b>	<b>65,191</b>	<b>(151,600)</b>	<b>355,181</b>	<b>71,573</b>	<b>4,128,197</b>	<b>(4,726,473)</b>
Prior period adjustments		(18,343)	(50,404)	-	-	-	-	(9,222)	-	(27,565)	(50,404)
Prior period adjustment on Art. IV and V			1,223,942								1,223,942
Reserve for uncollected contributions			-								-
Provision for contingency			(114,806)								(114,806)
<b>NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>		<b>3,689,482</b>	<b>(3,587,714)</b>	<b>-</b>	<b>-</b>	<b>65,191</b>	<b>(151,600)</b>	<b>345,959</b>	<b>71,573</b>	<b>4,100,632</b>	<b>(3,667,741)</b>
Savings on prior periods' obligations		384,169	226,184	-	-	-	-	-	-	384,169	226,184
Transfers to/from other funds	N9	61,350	-	-	-	(61,350)	-	-	-	-	-
Credits to Member States	N10	(359,662)	(7,423,521)	-	-	-	-	-	-	(359,662)	(7,423,521)
Other adjustments to reserves and fund balances			-	227	26,945	-	-			227	26,945
Reserves and fund balances, beginning of period		548,966	11,334,017	4,827,128	4,800,183	1,399,857	1,551,457	790,825	719,252	7,566,776	18,404,909
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>		<b>4,324,305</b>	<b>548,966</b>	<b>4,827,355</b>	<b>4,827,128</b>	<b>1,403,698</b>	<b>1,399,857</b>	<b>1,136,784</b>	<b>790,825</b>	<b>11,692,142</b>	<b>7,566,776</b>



**STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES**  
**As at 31 December 2001**  
 (Expressed in Euros)

	Schedule/ Notes	General Fund		Working Capital Fund (Notes 27, 28)		Special Accounts (Statement VI)		Trust Funds (Statement VIII)		TOTAL	
		31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>ASSETS</b>											
Cash and term deposits	N11	6,287,492	1,975,540	4,857,505	5,065,452	1,464,285	1,501,170	1,027,442	725,053	13,636,724	9,267,215
Accounts receivable			-		-		-		-		-
Assessed contributions receivable from Member States	S1, N12	2,710,670	3,031,429	-	-	-	-	-	-	2,710,670	3,031,429
Voluntary contributions receivable		-	-	-	-	-	-	-	-	-	-
Advances receivable		-	-	28,290	40,945	-	-	-	-	28,290	40,945
Inter-fund balances	N13	120,885	301,197	-	-	128,858	-	108,247	60,576	357,990	361,773
Inter-entity balances		41,182	70,663	-	-	-	-	-	-	41,182	70,663
Other	N14	3,874,254	5,147,448	-	-	1,271	20,880	1,095	6,926	3,876,620	5,175,254
Other assets	N15	2,874,095	2,073,520	-	-	-	-	-	-	2,874,095	2,073,520
											-
<b>TOTAL ASSETS</b>		<b>15,908,578</b>	<b>12,599,797</b>	<b>4,885,795</b>	<b>5,106,397</b>	<b>1,594,414</b>	<b>1,522,050</b>	<b>1,136,784</b>	<b>792,555</b>	<b>23,525,571</b>	<b>20,020,799</b>
<b>LIABILITIES</b>											
Contributions or payments received in advance	N16	9,002,721	7,325,737	-	-	-	-	-	-	9,002,721	7,325,737
Unliquidated obligations	N17	1,522,634	1,921,433	-	-	-	122,193	-	-	1,522,634	2,043,626
Accounts payable			-		-		-		-		-
Inter-fund balances	N18	108,833	80,776	58,440	279,269	190,716	-	-	1,730	357,989	361,775
Inter-entity balances		-	-	-	-	-	-	-	-	-	-
Other	N19	950,085	2,722,885	-	-	-	-	-	-	950,085	2,722,885
Other liabilities											
<b>TOTAL LIABILITIES</b>		<b>11,584,273</b>	<b>12,050,831</b>	<b>58,440</b>	<b>279,269</b>	<b>190,716</b>	<b>122,193</b>	<b>-</b>	<b>1,730</b>	<b>11,833,429</b>	<b>12,454,023</b>
<b>RESERVES AND FUND BALANCES</b>											
Fund balances	N26	4,324,305	548,966	4,827,355	4,827,128	1,403,698	1,399,857	1,136,784	790,825	11,692,142	7,566,776
<b>TOTAL RESERVES AND FUND BALANCES</b>		<b>4,324,305</b>	<b>548,966</b>	<b>4,827,355</b>	<b>4,827,128</b>	<b>1,403,698</b>	<b>1,399,857</b>	<b>1,136,784</b>	<b>790,825</b>	<b>11,692,142</b>	<b>7,566,776</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>		<b>15,908,578</b>	<b>12,599,797</b>	<b>4,885,795</b>	<b>5,106,397</b>	<b>1,594,414</b>	<b>1,522,050</b>	<b>1,136,784</b>	<b>792,555</b>	<b>23,525,571</b>	<b>20,020,799</b>

**GENERAL FUND**  
**Statement of Cash Flow**  
**for the period ending 31 December 2001**  
**(Expressed in Euros)**

	<b>31-Dec-01</b>	<b>31-Dec-00</b>
<b>Cash flows from operating activities</b>		
Net excess (shortfall) of income over expenditure (Statement I)	3,689,482	(3,587,714)
(Increase) decrease in contributions receivable (Statement II)	320,759	682,483
(Increase) decrease in other accounts receivable (Statement II)	1,273,194	697,843
(Increase) decrease in other assets (Statement II)	(800,575)	629,908
Increase (decrease) in contributions or payments received in advance	1,676,984	(10,485,861)
Increase (decrease) in accounts payable (Statement II)	(1,772,800)	394,879
Increase (decrease) in unliquidated obligations (Statement II)	(398,799)	(1,212,414)
Increase (decrease) in other liabilities (Statement II)	-	-
Less: Interest income (Statement I)	(791,267)	(787,930)
Plus: Interest expense	-	-
<b>Net cash from operating activities</b>	<b>3,196,978</b>	<b>(13,668,806)</b>
<b>Cash flows from investing and financing activities</b>		
(Increase) decrease in investments		
(Increase) decrease in inter-fund balances receivable (Statement II)	180,312	(301,197)
(Increase) decrease in inter-entity balances receivable (Statement II)	29,481	(70,663)
Increase (decrease) in inter-fund balances payable (Statement II)	28,057	(1,123,719)
Increase (decrease) in inter-entity balances payable (Statement II)	-	
Increase (decrease) in borrowings (Statement II)		
Plus: Interest income (Statement I)	791,267	787,930
Less: Interest expense		
<b>Net cash from investing and financing activities</b>	<b>1,029,117</b>	<b>(707,649)</b>
<b>Cash flows from other sources</b>		
Savings on or cancellation of prior periods' obligations (Statement I)	384,169	226,184
Transfers (to)/from reserves	-	
Transfers (to)/from other funds (Statement I)	61,350	
Credits to Member States (Statement I)	(359,662)	(7,423,521)
Other adjustments to reserves and fund balances	-	
<b>Net cash from other sources</b>	<b>85,857</b>	<b>(7,197,337)</b>
<b>Net increase (decrease) in cash and term deposits (Statement II)</b>	<b>4,311,952</b>	<b>(21,573,792)</b>
<b>Cash and term deposits, beginning of period (Statement II)</b>	<b>1,975,540</b>	<b>23,549,332</b>
<b>Cash and term deposits, end of period (Statement II)</b>	<b>6,287,492</b>	<b>1,975,540</b>

**GENERAL FUND****Statement of Appropriations for the  
period ending 31 December 2001  
(Expressed in Euros)**

PROGRAMME	APPROPRIATIONS			EXPENDITURE			BALANCE
	2001 APPROVED BUDGET	TRANSFERS	2001 REVISED BUDGET	OBLIGA- TIONS	DISBURSE- MENTS	EXPEN- DITURE	
1	2	3	4(2+3)	5	6	7(5+6)	8(4-7)
Programme 1 Verification	5,872,000	200,000	6,072,000	73,638	5,760,714	5,834,352	237,648
Programme 2 Inspection Management and Operations	23,674,800	1,600,000	25,274,800	386,813	24,245,326	24,632,139	642,661
Total Verification Costs	29,546,800	1,800,000	31,346,800	460,451	30,006,040	30,466,491	880,309
Programme 3 International Cooperation and Assistance	3,347,500	0	3,347,500	96,311	2,065,416	2,161,727	1,185,773
Programme 4 Policy-Making and Subsidiary Bodies	4,205,000	0	4,205,000	30,935	3,886,288	3,917,223	287,777
Programme 5 External Relations	1,528,000	0	1,528,000	44,729	1,260,986	1,305,715	222,285
Programme 6 Executive Management	5,139,800	312,400	5,452,200	73,714	5,366,794	5,440,508	11,692
Programme 7 Administration	4,538,800	(232,400)	4,306,400	26,870	3,865,463	3,892,333	414,067
Programme 8 Information systems	2,140,700	0	2,140,700	297,761	1,563,407	1,861,168	279,532
Programme 9 Common Services not Distributed to Programmes	9,791,800	(1,880,000)	7,911,800	491,863	6,391,883	6,883,746	1,028,054
Total Administrative and Other Costs	30,691,600	(1,800,000)	28,891,600	1,062,183	24,400,237	25,462,420	3,429,180
<b>TOTAL REGULAR BUDGET</b>	<b>60,238,400</b>	<b>0</b>	<b>60,238,400</b>	<b>1,522,634</b>	<b>54,406,277</b>	<b>55,928,911</b>	<b>4,309,489</b>

**STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES**  
**Special Accounts for the period ending 31 December 2001**  
(Expressed in Euros)

	OPCW Equipment Store (Notes 29-33)		Designated Laboratories (Notes 29-33)		Funding of a Post Classification Study		Total	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>INCOME</b>								
Assessed contributions	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	-
Other/Miscellaneous income								
Allocations from other funds	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-
Interest income	38,735	35,407	28,321	25,943	-	-	67,056	61,350
Currency exchange adjustments	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>38,735</b>	<b>35,407</b>	<b>28,321</b>	<b>25,943</b>	<b>-</b>	<b>-</b>	<b>67,056</b>	<b>61,350</b>
<b>EXPENDITURE</b>	<b>-</b>	<b>122,193</b>	<b>1,865</b>	<b>-</b>	<b>-</b>	<b>90,757</b>	<b>1,865</b>	<b>212,950</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>38,735</b>	<b>(86,786)</b>	<b>26,456</b>	<b>25,943</b>	<b>-</b>	<b>(90,757)</b>	<b>65,191</b>	<b>(151,600)</b>
Prior period adjustments	-	-	-	-	-	-	-	-
<b>NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>38,735</b>	<b>(86,786)</b>	<b>26,456</b>	<b>25,943</b>	<b>-</b>	<b>(90,757)</b>	<b>65,191</b>	<b>(151,600)</b>
Savings on prior periods' obligations	-	-	-	-	-	-	-	-
Transfers to/from other funds	(6,867)	-	(54,483)	-	-	-	(61,350)	-
Credits to Member States	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	740,961	827,747	658,896	632,953	-	90,757	1,399,857	1,551,457
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>772,829</b>	<b>740,961</b>	<b>630,869</b>	<b>658,896</b>	<b>-</b>	<b>-</b>	<b>1,403,698</b>	<b>1,399,857</b>

**STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES**  
**Special Accounts as at 31 December 2001**  
 (Expressed in Euros)

	OPCW Equipment Store (Notes 29-33)		Designated Laboratories (Notes 29-33)		Funding of a Post Classification Study		Total	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>ASSETS</b>								
Cash and term deposits	900,514	850,674	563,771	650,496	-	-	1,464,285	1,501,170
Accounts receivable								
Assessed contributions receivable from Member States	-	-	-	-	-	-	-	-
Voluntary contributions receivable	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-
Inter-fund balances	586	-	128,272	-	-	-	128,858	-
Inter-entity balances	-	-	-	-	-	-	-	-
Other	-	12,480	1,271	8,400	-	-	1,271	20,880
Other assets	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>901,100</b>	<b>863,154</b>	<b>693,314</b>	<b>658,896</b>	<b>-</b>	<b>-</b>	<b>1,594,414</b>	<b>1,522,050</b>
<b>LIABILITIES</b>								
Contributions or payments received in advance	-	-	-	-	-	-	-	-
Unliquidated obligations	-	122,193	-	-	-	-	-	122,193
Accounts payable								
Inter-fund balances	128,271	-	62,445	-	-	-	190,716	-
Inter-entity balances	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Borrowings payable after one year	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>128,271</b>	<b>122,193</b>	<b>62,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,716</b>	<b>122,193</b>
<b>RESERVES AND FUND BALANCES</b>								
Fund balances	772,829	740,961	630,869	658,896	-	-	1,403,698	1,399,857
<b>TOTAL RESERVES AND FUND BALANCES</b>	<b>772,829</b>	<b>740,961</b>	<b>630,869</b>	<b>658,896</b>	<b>-</b>	<b>-</b>	<b>1,403,698</b>	<b>1,399,857</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>	<b>901,100</b>	<b>863,154</b>	<b>693,314</b>	<b>658,896</b>	<b>-</b>	<b>-</b>	<b>1,594,414</b>	<b>1,522,050</b>

**STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES**  
**Trust Funds for the period ending 31 December 2001**  
(Expressed in Euros)

	Regional Seminars (Note 36)		Courses for Personnel of National Authorities (Note 37)		Voluntary Fund for Assistance (Note 38)		TOTAL	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>INCOME</b>								
Assessed contributions	-	-	-	-	-	-	-	-
Voluntary contributions	126,136	-	-	5,073	206,527	38,466	332,663	43,539
Other/Miscellaneous income								
Allocations from other funds	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-
Interest income	226	233	4,088	4,312	26,748	23,697	31,062	28,242
Currency exchange adjustments	307	-	3,217	-	2,383	-	5,907	-
Other/Miscellaneous	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>126,669</b>	<b>233</b>	<b>7,305</b>	<b>9,385</b>	<b>235,658</b>	<b>62,163</b>	<b>369,632</b>	<b>71,781</b>
<b>EXPENDITURE</b>	<b>14,397</b>	<b>2</b>	<b>-</b>	<b>12</b>	<b>54</b>	<b>194</b>	<b>14,451</b>	<b>208</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>112,272</b>	<b>231</b>	<b>7,305</b>	<b>9,373</b>	<b>235,604</b>	<b>61,969</b>	<b>355,181</b>	<b>71,573</b>
Prior period adjustments	(9,222)	-	-	-	-	-	(9,222)	-
<b>NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>103,050</b>	<b>231</b>	<b>7,305</b>	<b>9,373</b>	<b>235,604</b>	<b>61,969</b>	<b>345,959</b>	<b>71,573</b>
Savings on prior periods' obligations	-	-	-	-	-	-	-	-
Transfers to/from other funds	-	-	-	-	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	13,721	13,490	122,184	112,811	654,920	592,951	790,825	719,252
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>116,771</b>	<b>13,721</b>	<b>129,489</b>	<b>122,184</b>	<b>890,524</b>	<b>654,920</b>	<b>1,136,784</b>	<b>790,825</b>

**STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES**  
**Trust Funds as at 31 December 2001**  
(Expressed in Euros)

	Regional Seminars (Note 36)		Courses for Personnel of National Authorities (Note 37)		Voluntary Fund for Assistance (Note 38)		TOTAL	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<b>ASSETS</b>								
Cash and term deposits	21,185	4,424	117,396	100,294	888,861	620,336	1,027,442	725,054
Accounts receivable								
Assessed contributions receivable from Member States	-	-	-	-	-	-	-	-
Voluntary contributions receivable	-	-	-	-	-	-	-	-
Inter-fund balances	94,491	10,951	12,093	20,598	1,663	29,027	108,247	60,576
Inter-entity balances	-	-	-	-	-	-	-	-
Other	1,095	76	-	1,292	-	5,557	1,095	6,925
Other assets	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>116,771</b>	<b>15,451</b>	<b>129,489</b>	<b>122,184</b>	<b>890,524</b>	<b>654,920</b>	<b>1,136,784</b>	<b>792,555</b>
<b>LIABILITIES</b>								
Contributions or payments received in advance	-	-	-	-	-	-	-	-
Unliquidated obligations	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Inter-fund balances	-	1,730	-	-	-	-	-	1,730
Other	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Borrowings payable after one year	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,730</b>
<b>RESERVES AND FUND BALANCES</b>								
Fund Balances	116,771	13,721	129,489	122,184	890,524	654,920	1,136,784	790,825
<b>TOTAL RESERVES AND FUND BALANCES</b>	<b>116,771</b>	<b>13,721</b>	<b>129,489</b>	<b>122,184</b>	<b>890,524</b>	<b>654,920</b>	<b>1,136,784</b>	<b>790,825</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>	<b>116,771</b>	<b>15,451</b>	<b>129,489</b>	<b>122,184</b>	<b>890,524</b>	<b>654,920</b>	<b>1,136,784</b>	<b>792,555</b>

**GENERAL FUND  
STATUS OF CASH SURPLUS (DEFICIT)  
(Expressed in Euros)**

	<u>2001</u>	<u>2000</u>
<b><u>Provisional Cash Surplus</u></b>		
Receipts	55,740,200	50,488,235
Disbursements (Statement IV)	(54,406,277)	(57,972,689)
Excess (shortfall) of receipts over disbursements	<b>1,333,923</b>	<b>(7,484,454)</b>
Unliquidated obligations	(1,522,634)	(1,921,433)
	<hr/>	<hr/>
<b>Provisional surplus (deficit)</b>	<b>(188,711)</b>	<b>(9,405,887)</b>
<b><u>Budgetary surplus</u></b>		
Contributions receivable	1,059,144	1,159,839
Miscellaneous income receivable	2,898,742	3,599,602
	3,769,175	(4,646,446)
Less: Transfers of interest from Special Accounts	(61,350)	
	<hr/>	<hr/>
<b>Excess of income over expenditure - Budgetary surplus (Statement I)</b>	<b>3,707,825</b>	<b>(4,646,446)</b>

	<u>2000</u>	<u>1999</u>
<b><u>Final cash surplus -prior year</u></b>		
Prior year provisional deficit	(9,405,887)	(2,272,093)
Receipt of		
Contributions all prior years	1,334,365	1,842,322
Miscellaneous income	3,599,484	4,029,491
Savings on liquidation of prior years' obligations: (Statement I)	382,304	226,184
	<hr/>	<hr/>
Prior year cash surplus	<b>(4,089,735)</b>	<b>3,825,904</b>
Transfer to special funds		(1,548,479)
Prior period adjustment	1,058,732	432,189
	<hr/>	<hr/>
<b>Cash surplus before adjustment</b>	<b>(3,031,003)</b>	<b>2,709,614</b>
Cash surplus 1999 adjusted against 2000 deficit as approved by Sixth Session of Conference of States Parties	2,709,614	
	<hr/>	<hr/>
<b>Final cash surplus (deficit) (Please See Note 10)</b>	<b>(321,389)</b>	<b>2,709,614</b>



**GENERAL FUND**  
**STATUS OF ASSESSED CONTRIBUTIONS AS AT 31 DECEMBER 2001**

	PREPARATORY COMMISSION				OPCW										Commission & OPCW	
	1993	1994-1997	Sub-total		1997	1998	1999	1993-1999	2000	2001				2002	Total	
	Balance Outstanding in EUR	Balance Outstanding In EUR	Outstanding in EUR	Over Payments in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Assessments in EUR	Collections in EUR	Balance Outstanding in EUR	Over Payments in EUR	Payments in advance in EUR	Balance Outstanding in EUR	Over/Advance Payments in EUR
<b>Member States</b>																
Albania	-	-	-	-	-	-	-	-	-	1,646	1,646	-	1,337	-	-	1,337
Algeria	-	-	-	-	-	-	-	-	-	47,192	47,192	-	-	-	-	-
Argentina	-	-	-	-	-	-	-	-	-	605,263	1,231	604,032	-	-	604,032	-
Armenia	8,590	46,666	55,256	-	22,078	28,812	5,427	111,573	2,884	3,292	-	3,292	-	-	117,749	-
Australia	-	-	-	-	-	-	-	-	-	813,785	813,785	-	-	953,669	-	953,669
Austria	-	-	-	-	-	-	-	-	-	516,915	516,915	-	67,607	-	-	67,607
Azerbaijan	21,927	89,533	111,460	-	-	-	-	111,460	3,965	6,036	-	6,036	-	-	121,461	-
Bahrain	-	-	-	-	-	-	651	651	5,293	9,329	-	9,329	-	-	15,273	-
Bangladesh	-	-	-	-	-	-	-	-	-	5,487	5,487	-	6	-	-	6
Belarus	-	-	-	-	-	-	-	-	-	31,278	31,278	-	72,450	-	-	72,450
Belgium	-	-	-	-	-	-	-	-	-	605,811	605,811	-	-	-	-	-
Benin	-	2,258	2,258	-	-	3,241	987	6,486	961	1,097	-	1,097	-	-	8,544	-
Bolivia	-	-	-	-	-	109	3,454	3,563	3,364	3,841	-	3,841	-	-	10,768	-
Bosnia-Herzegovina	-	-	-	-	-	-	-	-	-	2,744	2,744	-	4,294	-	-	4,294
Botswana	-	-	-	-	-	-	-	-	-	5,487	5,487	-	-	-	-	-
Brazil	-	-	-	-	-	-	-	-	-	807,200	807,200	-	-	-	-	-
Brunei Darussalam	-	-	-	-	-	-	-	-	-	10,975	10,975	-	-	19,190	-	19,190
Bulgaria	-	-	-	-	-	-	-	-	-	6,036	6,036	-	6,838	-	-	6,838
Burkina Faso	-	3,407	3,407	-	2,518	5,556	987	12,468	961	1,097	-	1,097	-	-	14,526	-
Burundi	996	5,853	6,849	-	-	1,389	490	8,728	478	549	-	549	-	-	9,755	-
Cameroon	-	-	-	-	-	-	-	-	-	7,134	7,134	-	9,200	-	-	9,200
Canada	-	-	-	-	-	-	-	-	-	1,499,164	1,499,164	-	-	1,499,703	-	1,499,703
Chile	-	-	-	-	-	-	-	-	-	74,629	74,629	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	545,999	545,999	-	-	898,426	-	898,426
Colombia	-	-	-	-	-	-	-	-	-	59,813	59,813	-	-	1,250	-	1,250
Cook Islands	-	-	-	-	-	-	-	-	-	549	549	-	2,951	-	-	2,951
Costa Rica	-	-	-	-	-	-	-	-	-	8,780	8,780	-	2,286	-	-	2,286
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	4,939	4,939	-	1,536	-	-	1,536
Croatia	-	-	-	-	-	-	-	-	-	16,462	16,462	-	-	7,844	-	7,844
Cuba	-	-	-	-	-	-	-	-	-	13,170	13,170	-	-	-	-	-
Cyprus	-	-	-	-	-	-	-	-	-	18,657	18,657	-	777	21,320	-	22,097
Czech Republic (the)	-	-	-	-	-	-	-	-	-	58,715	58,715	-	227	-	-	227
Denmark	-	-	-	-	-	-	-	-	-	379,730	379,730	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-	-	10,975	5,397	5,578	-	-	5,578	-
El Salvador	996	5,853	6,849	-	4,028	5,556	5,920	22,353	5,768	6,585	-	6,585	-	-	34,706	-
Equatorial Guinea	996	5,853	6,849	-	4,028	5,556	490	16,923	478	549	-	549	-	-	17,950	-
Eritrea	-	-	-	-	-	-	-	-	-	549	-	549	-	-	549	-
Estonia	-	-	-	-	-	-	-	-	-	6,585	6,585	-	2,919	2,000	-	4,919
Ethiopia	-	-	-	-	-	-	-	-	-	3,292	3,292	-	-	2,326	-	2,326
Federal Republic of Yugoslavia (the)	-	-	-	-	-	-	-	-	-	14,267	14,267	-	-	-	-	-
Fiji	-	-	-	-	-	3,494	1,973	5,467	1,923	2,195	-	2,195	-	-	9,585	-
Finland	-	-	-	-	-	-	-	-	-	297,967	297,967	-	-	-	-	-
France	-	-	-	-	-	-	-	-	-	3,591,520	3,591,520	-	-	-	-	-
Gabon	1,993	7,416	9,409	-	-	-	-	9,409	1,802	8,231	-	8,231	-	-	19,442	-

**GENERAL FUND**  
**STATUS OF CONTRIBUTIONS AS AT 31 DECEMBER 2001**

	PREPARATORY COMMISSION				OPCW									Commission & OPCW		
	1993	1994-1997	Sub-total	Over	1997	1998	1999	1993-1999	2000	2001			2002	Total		
	Balance Outstanding in EUR	Balance Outstanding In EUR	Outstanding in EUR	Payments in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Assessments in EUR	Collections in EUR	Balance Outstanding in EUR	Over Payments in EUR	Payments in advance in EUR	Balance Outstanding in EUR	Over/Advance Payments in EUR
<b>Member States</b>																
Gambia (the)	-	-	-	-	-	2,632	490	3,122	478	549	-	549	-	-	4,149	-
Georgia	20,930	87,970	108,900	-	48,572	63,387	9,374	230,233	3,364	3,841	-	3,841	-	-	237,438	-
Germany	-	-	-	-	-	-	-	-	-	5,408,955	5,408,955	-	-	-	-	-
Ghana	-	1,876	1,876	-	2,518	5,556	3,454	13,404	3,364	3,841	-	3,841	-	-	20,609	-
Greece	-	-	-	-	-	-	-	-	-	192,609	192,609	-	-	-	-	-
Guinea	996	5,853	6,849	-	3,021	5,556	1,480	16,906	1,442	1,646	-	1,646	-	-	19,994	-
Guyana	-	4,865	4,865	-	1,511	5,556	490	12,422	478	549	-	549	-	-	13,449	-
Holy See (the)	-	-	-	-	-	-	-	-	-	549	549	-	-	582	-	582
Hungary	-	-	-	-	-	-	-	-	-	65,849	65,849	-	-	70,362	-	70,362
Iceland	-	-	-	-	-	-	-	-	-	17,560	17,560	-	17,560	-	-	17,560
India	-	-	-	-	-	-	-	-	-	164,074	164,074	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-	89,449	103,164	-	103,164	-	-	192,613	-
Iran (Islamic Republic of)	-	-	-	-	-	-	-	-	-	88,348	75,206	13,141	-	-	13,141	-
Ireland	-	-	-	-	-	-	-	-	-	122,918	122,918	-	-	172,667	-	172,667
Italy	-	-	-	-	-	-	-	-	-	2,983,514	2,983,514	-	374,039	-	-	374,039
Jamaica	-	-	-	-	-	-	-	-	721	3,292	3,292	-	-	721	721	721
Japan	-	-	-	-	-	-	-	-	-	11,289,281	11,289,281	-	-	-	-	-
Jordan	-	-	-	-	-	-	-	-	-	3,292	3,292	-	-	-	-	-
Kazakhstan	27,251	147,230	174,481	-	-	-	174,481	17,302	17,302	26,340	-	26,340	-	-	218,123	-
Kenya	-	-	-	-	-	-	-	-	-	3,841	3,841	-	1,239	4,652	-	5,891
Kiribati	-	-	-	-	-	-	-	-	-	549	549	-	-	26	-	26
Kuwait	-	-	-	-	-	-	-	-	-	70,239	70,239	-	-	86,063	-	86,063
Lao People's Democratic Republic (the)	-	3,088	3,088	-	4,028	5,556	490	13,162	478	549	-	549	-	-	14,189	-
Latvia	-	-	-	-	-	-	-	-	-	9,329	9,329	-	11,733	-	-	11,733
Lesotho	-	-	-	-	-	-	-	-	-	1,097	1,097	-	538	44	-	582
Liechtenstein	-	-	-	-	-	-	-	-	-	3,292	3,292	-	-	3,489	-	3,489
Lithuania	-	-	-	-	-	-	-	-	-	8,231	8,231	-	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-	-	37,314	37,314	-	-	-	-	-
Malawi	996	5,853	6,849	-	-	2,778	987	10,614	961	1,097	-	1,097	-	-	12,672	-
Malaysia	-	-	-	-	-	-	-	-	-	100,420	100,420	-	-	-	-	-
Maldives	-	-	-	-	3,787	5,556	490	9,833	478	549	-	549	-	-	10,860	-
Mali	996	5,853	6,849	-	4,028	5,556	987	17,420	961	1,097	-	1,097	-	-	19,478	-
Malta	-	-	-	-	-	-	-	-	-	7,682	7,682	-	-	8,723	-	8,723
Mauritania	996	5,853	6,849	-	-	4,630	490	11,969	478	549	-	549	-	-	12,996	-
Mauritius	-	-	-	-	-	-	-	-	-	4,939	4,939	-	-	6,397	-	6,397
Mexico	-	-	-	-	-	-	-	-	-	545,999	545,999	-	-	661	-	661
Micronesia (Federated States of)	-	-	-	-	-	-	-	-	-	549	549	-	712	1,205	-	1,917
Monaco	-	-	-	-	-	-	-	-	-	2,195	2,195	-	-	-	-	-
Mongolia	-	3,491	3,491	-	4,028	5,556	987	14,062	961	1,097	-	1,097	-	-	16,120	-
Morocco	-	-	-	-	-	-	-	-	-	22,498	22,498	-	672	-	-	672
Mozambique	-	-	-	-	-	-	-	-	159	549	-	549	-	-	708	-
Namibia	-	-	-	-	-	-	-	-	-	3,841	774	3,067	-	-	3,067	-
Nepal	-	-	-	-	-	-	-	-	-	2,195	2,195	-	70	-	-	70
Netherlands (the)	-	-	-	-	-	-	-	-	-	895,549	895,550	-	-	-	-	-

**GENERAL FUND**  
**STATUS OF CONTRIBUTIONS AS AT 31 DECEMBER 2001**

	PREPARATORY COMMISSION				OPCW									Commission & OPCW		
	1993	1994-1997	Sub-total		1997	1998	1999	1993-1999	2000	2001			2002	Total		
	Balance Outstanding in EUR	Balance Outstanding In EUR	Over Outstanding in EUR	Payments in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Assessments - in EUR	Collections - in EUR	Balance Outstanding in EUR	Over Payments in EUR	Payments in advance in EUR	Balance Outstanding in EUR	Over/Advance Payments in EUR
Member States																
New Zealand	-	-	-	-	-	-	-	-	-	121,272	121,272	-	-	141,306	-	141,306
Nicaragua	996	5,853	6,849	-	-	-	41	6,890	478	549	-	549	-	-	7,917	-
Niger (the)	996	5,853	6,849	-	4,028	5,556	987	17,420	961	1,097	-	1,097	-	-	19,478	-
Nigeria	-	-	-	-	-	-	-	-	-	17,560	17,560	-	7,851	24,713	-	32,564
Norway	-	-	-	-	-	-	-	-	-	334,733	334,734	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-	-	27,986	27,986	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-	-	32,376	32,376	-	-	35,472	-	35,472
Panama	-	-	-	-	-	-	-	-	-	7,134	5,599	1,535	-	-	1,535	-
Papua New Guinea	-	-	-	-	-	2,653	3,454	6,107	3,364	3,841	-	3,841	-	-	13,312	-
Paraguay	-	-	-	-	3,527	5,556	6,907	15,990	6,729	7,682	-	7,682	-	-	30,401	-
Peru	-	-	-	-	-	-	-	-	22,077	54,326	-	54,326	-	-	76,403	-
Philippines (the)	-	-	-	-	-	-	-	-	-	44,448	43,733	716	-	-	716	-
Poland	-	-	-	-	-	-	-	-	-	107,554	107,554	-	46,684	138,816	-	185,500
Portugal	-	-	-	-	-	-	-	-	-	236,508	236,508	-	-	-	-	-
Qatar	-	-	-	-	-	-	-	-	-	18,109	18,109	-	1,119	18,652	-	19,771
Republic of Korea (the)	-	-	-	-	-	-	-	-	-	552,035	552,035	-	-	-	-	-
Republic of Moldova (the)	14,950	62,663	77,613	-	35,325	46,100	8,880	167,918	4,806	5,487	-	5,487	-	-	178,211	-
Romania	-	-	-	-	-	-	-	-	-	30,730	30,730	-	-	-	-	-
Russian Federation (the)	-	-	-	-	-	-	-	-	-	590,996	590,996	-	-	-	-	-
Saint Lucia	-	-	-	-	-	-	-	-	-	549	549	-	1,684	-	-	1,684
San Marino	-	-	-	-	-	-	-	-	-	1,097	1,097	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-	-	-	-	308,393	308,393	-	-	325,062	-	325,062
Senegal	-	3,374	3,374	-	-	2,315	2,960	8,649	2,884	3,292	-	3,292	-	-	14,825	-
Seychelles	996	5,853	6,849	-	4,028	5,556	987	17,420	961	1,097	-	1,097	-	-	19,478	-
Singapore	-	-	-	-	-	-	-	-	-	98,225	98,225	-	-	230,276	-	230,276
Slovakia	-	-	-	-	-	-	-	-	-	19,206	19,206	-	-	25,005	-	25,005
Slovenia	-	-	-	-	-	-	-	-	-	33,473	33,473	-	5,439	41,663	-	47,102
South Africa	-	-	-	-	-	-	-	-	-	200,840	200,841	-	-	238,999	-	238,999
Spain	-	-	-	-	-	-	-	-	-	1,421,793	1,421,793	-	-	-	-	-
Sri Lanka	-	-	-	-	-	-	-	-	-	6,585	6,585	-	-	9,304	-	9,304
Sudan (the)	-	-	-	-	-	-	-	-	-	3,841	3,835	6	-	-	6	-
Suriname	-	-	-	-	-	-	-	-	852	2,195	-	2,195	-	-	3,047	-
Swaziland	-	-	-	-	-	-	-	-	-	1,097	1,097	-	4,576	-	-	4,576
Sweden	-	-	-	-	-	-	-	-	-	592,093	592,093	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-	-	-	666,722	666,722	-	-	-	-	-
Tajikistan	3,972	17,615	21,587	-	8,831	11,525	2,467	44,410	1,923	2,195	-	2,195	-	-	48,528	-
The former Yugoslav Republic of Macedonia	-	-	-	-	-	-	-	-	-	2,195	382	1,813	-	-	1,813	-
Togo	996	5,853	6,849	-	4,028	5,556	490	16,921	479	549	-	551	-	-	17,951	-
Trinidad & Tobago	-	-	-	-	9,935	17,287	8,387	35,609	7,690	8,780	-	8,780	-	-	52,079	-
Tunisia	-	-	-	-	-	-	-	-	-	15,365	15,365	-	12,323	-	-	12,323
Turkey	-	-	-	-	-	-	-	-	-	241,447	241,447	-	-	-	-	-
Turkmenistan	993	24,087	25,080	-	13,247	17,287	3,947	59,561	2,884	3,292	-	3,292	-	-	65,737	-
Ukraine	-	-	-	-	-	-	-	-	-	104,261	104,261	-	-	71,228	-	71,228
United Arab Emirates (The)	-	-	-	-	-	-	-	-	-	97,676	15,151	82,525	-	-	82,525	-

**GENERAL FUND**  
**STATUS OF CONTRIBUTIONS AS AT 31 DECEMBER 2001**

	PREPARATORY COMMISSION				OPCW								Commission & OPCW			
	1993	1994-1997	Sub-total	Over	1997	1998	1999	1993-1999	2000	2001			2002	Total		
	Balance Outstanding in EUR	Balance Outstanding In EUR	Balance Outstanding in EUR	Payments in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Assessments in EUR	Collections in EUR	Balance Outstanding in EUR	Over Payments in EUR	Payments in advance in EUR	Balance Outstanding in EUR	Over/Advance Payments in EUR
<b>Member States</b>																
United Kingdom of Great Britain and Northern Ireland (the)	-	-	-	-	-	-	-	-	-	2,794,198	2,794,198	-	-	3,244,220	-	3,244,220
United Republic of Tanzania (the)	-	5,462	5,462	-	-	2,778	1,480	9,720	1,442	1,646	-	1,646	-	-	12,808	-
United States of America (the)	-	-	-	-	-	-	-	-	-	13,724,601	13,724,601	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-	7,582	26,340	-	26,340	-	-	33,922	-
Uzbekistan	-	-	-	-	-	-	-	-	-	13,719	13,719	-	3,258	-	-	3,258
Venezuela	-	-	-	-	-	-	-	-	-	87,799	59,110	28,689	-	-	28,689	-
Viet Nam	-	-	-	-	-	-	-	-	-	3,841	3,841	-	1,259	-	-	1,259
Yemen	-	2,508	2,508	-	-	-	-	2,508	801	5,487	-	5,487	-	-	8,796	-
Zimbabwe	-	-	-	-	-	-	-	-	-	4,939	4,939	-	970	-	-	970
<b>Sub-total</b>	<b>111,563</b>	<b>577,891</b>	<b>689,454</b>	-	<b>187,094</b>	<b>288,201</b>	<b>81,085</b>	<b>1,245,832</b>	<b>214,864</b>	<b>55,014,184</b>	<b>53,956,463</b>	<b>1,057,726</b>	<b>664,154</b>	<b>8,306,036</b>	<b>2,518,422</b>	<b>8,970,190</b>
<b>New Members in 2001</b>																
Dominica	-	4,884	4,884	-	-	-	-	4,884	-	457	-	457	-	-	5,341	-
Nauru	-	4,064	4,064	-	-	-	-	4,064	-	46	-	46	-	-	4,110	-
Uganda	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Zambia	996	5,853	6,849	-	-	-	-	6,849	-	915	-	915	-	-	7,764	-
<b>Sub-total</b>	<b>1,992</b>	<b>20,654</b>	<b>22,646</b>	-	-	-	-	<b>22,646</b>	-	<b>1,418</b>	-	<b>1,418</b>	-	-	<b>24,064</b>	-
<b>Total Member States</b>	<b>113,556</b>	<b>598,544</b>	<b>712,100</b>	-	<b>187,094</b>	<b>288,201</b>	<b>81,085</b>	<b>1,268,478</b>	<b>214,864</b>	<b>55,015,602</b>	<b>53,956,463</b>	<b>1,059,144</b>	<b>664,154</b>	<b>8,306,036</b>	<b>2,542,486</b>	<b>8,970,190</b>
<b>Non-member States</b>																
Afghanistan	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Bahamas (the)	-	-	-	8,193	-	-	-	-	-	-	-	-	-	-	-	8,193
Bhutan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Cape Verde	-	3,652	3,652	-	-	-	-	3,652	-	-	-	-	-	-	3,652	-
Central African Republic (the)	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Chad	-	4,486	4,486	-	-	-	-	4,486	-	-	-	-	-	-	4,486	-
Comoros (the)	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Congo (the)	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Democratic Republic of the Congo (the)	938	5,853	6,791	-	-	-	-	6,791	-	-	-	-	-	-	6,791	-
Djibouti	165	5,853	6,018	-	-	-	-	6,018	-	-	-	-	-	-	6,018	-
Dominican Republic (the)	1,993	7,416	9,409	-	-	-	-	9,409	-	-	-	-	-	-	9,409	-
Grenada	-	-	-	47	-	-	-	-	-	-	-	-	-	-	-	47
Guatemala	1,993	11,706	13,699	-	-	-	-	13,699	-	-	-	-	-	-	13,699	-
Guinea-Bissau	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Haiti	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Honduras	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-
Israel	-	-	-	13,595	-	-	-	-	-	-	-	-	-	-	-	13,595
Kyrgyzstan	5,977	24,111	30,088	-	-	-	-	30,088	-	-	-	-	-	-	30,088	-
Liberia	-	5,584	5,584	-	-	-	-	5,584	-	-	-	-	-	-	5,584	-
Madagascar	996	5,853	6,849	-	-	-	-	6,849	-	-	-	-	-	-	6,849	-

**GENERAL FUND  
STATUS OF CONTRIBUTIONS AS AT 31 DECEMBER 2001**

	PREPARATORY COMMISSION				OPCW									Commission & OPCW		
	1993	1994-1997	Sub-total	Over	1997	1998	1999	1993-1999	2000	2001			2002	Total		
	Balance Outstanding in EUR	Balance Outstanding In EUR	Outstanding in EUR	Payments in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Balance Outstanding in EUR	Assessments in EUR	Collections in EUR	Balance Outstanding in EUR	Over Payments in EUR	Payments in advance in EUR	Balance Outstanding in EUR	Over/Advance Payments in EUR
<b>Non-member States</b>																
Marshall Islands (the)	-	-	-	859											-	859
Myanmar	-	-	-	887											-	887
Rwanda	496	5,853	6,349	-				6,349							6,349	-
Saint Kitts and Nevis	-	751	751	-				751							751	-
Saint Vincent and the Grenadines	165	5,853	6,018	-				6,018							6,018	-
Samoa	996	5,853	6,849	-				6,849							6,849	-
Sierra Leone	996	5,853	6,849	-				6,849							6,849	-
Thailand	-	-	-	8,951											-	8,951
<b>Total Non-members of OPCW</b>	<b>22,685</b>	<b>145,499</b>	<b>168,184</b>	<b>32,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,184</b>	<b>32,530</b>
<b>Total as at 31 December 2001</b>	<b>136,240</b>	<b>744,044</b>	<b>880,284</b>	<b>32,532</b>	<b>187,094</b>	<b>288,201</b>	<b>81,085</b>	<b>1,436,662</b>	<b>214,864</b>	<b>55,015,602</b>	<b>53,956,463</b>	<b>1,059,144</b>	<b>664,154</b>	<b>8,306,036</b>	<b>2,710,670</b>	<b>9,002,720</b>
<b>Total as at 31 December 2000</b>	<b>157,825</b>	<b>856,881</b>	<b>1,014,707</b>	<b>18,669</b>	<b>199,955</b>	<b>319,373</b>	<b>337,556</b>	<b>1,871,590</b>	<b>1,159,839</b>						<b>3,031,429</b>	<b>7,295,277</b>

## **Notes to the Financial Statements**

### **General Fund (Statements I - IV)**

#### **Note 1 Statement of the Organisation's objectives**

The Organisation for the Prohibition of Chemical Weapons, hereinafter called the 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 called the Convention, which entered into force on 29 April 1997. Its seat is in The Hague, the Netherlands. The purpose 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 of compliance with it, and to provide a forum for consultation and co-operation among States Parties.

#### **Note 2 Summary of significant accounting policies**

- (a) The accounts of the OPCW are maintained in accordance with the OPCW Financial Regulations adopted by the Conference of the States Parties at its First Session on 14 May 1997 and in conformity with the United Nations System Accounting Standards which reflect generally accepted accounting principles applicable to international intergovernmental organisations.
- (b) The accounts of the OPCW are maintained on a "fund accounting" basis. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or group of funds of the same nature.
- (c) The financial period of the OPCW is the calendar year, except for the first financial period of the OPCW, which ran from 1 June to 31 December 1997.
- (d) Income, expenditure, assets and liabilities except for items in notes 2 (j) and 2 (l) below are recognised on an accrual basis of accounting modified to reflect unliquidated obligations at the year end.
- (e) The financial statements of the OPCW for the period ending 31 December 2001 are presented in Euros and the comparative figures which were presented in NLG as at 31 December 2000 have been translated into Euros at the fixed rate of 2.20371. Accounts maintained in other currencies are translated into Euros at the time of the transaction at rates of exchange established by the Assistant Secretary-General for Financial Services of the United Nations. In respect of such currencies, the financial statements reflect the cash, investments and current accounts receivable and payable in currencies other than Netherlands Guilders, translated at the applicable United Nations rates of exchange in effect on the date of the financial statements. Exchange gains or losses resulting from the revaluation of the monetary assets and liabilities at the applicable

the applicable United Nations rates of exchange on the date of the financial statements are shown in the financial statements as miscellaneous income or expenditure.

- (f) Assessed contributions from Member States and income in respect of reimbursement of inspection costs under article IV and V of the Chemical Weapons Convention are recorded as income on an accrual basis. Assessments are established on the basis of the scale of assessments determined by the Conference of the States Parties. The scale is determined in accordance with the United Nations scale of assessments adjusted to take into account differences in membership between the United Nations and the OPCW. Payments made by a Member State are credited first to the Working Capital Fund and then to contributions due, in the order in which the Member State was assessed.
- (g) Voluntary contributions are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times or on the basis of the receipt of the contribution. Pledges received for future years are recorded as deferred income.
- (h) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown as cash in the statements of assets and liabilities. All investments are stated at cost, apart from changes in value arising from the retranslation of currencies as provided for in subparagraph (e) above.
- (i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial periods. Deferred income relates to income items chargeable as income to subsequent financial periods.
- (j) Furniture, equipment and other non-expendable property valued at EUR 900 and more per unit and with a serviceable life of more than one year are not included in the assets of the Organisation. Acquisitions are charged to expenditure against budgetary accounts in the year of purchase, see note 24.
- (k) Obligations which are established during the financial period ending 31 December 2001 and are unliquidated as at 31 December 2001 are recognised as expenditure against the available balance of the 2001 budget appropriations, when they are based on a contract, purchase order, agreement or other form of undertaking entered into by the Director-General on behalf of the OPCW before the end of the financial period or are based on a liability recognised by the OPCW. Goods (supplies, furniture, equipment, and other property) ordered before the end of the financial period but received in the following financial period are treated as unliquidated obligations. However, all services, including salaries, are only obligated to the extent that they are rendered up to the end of the financial period. The last date for the recording of obligations relating to the financial period is the last day in the first month following the financial period to which the obligations pertain. Liabilities incurred during the financial period for which no invoices have been received by the last day in the first

month following the financial period will be recorded on the basis of best estimates in the absence of actual figures.

- (l) Separation benefits payable to employees on separation from the service of the OPCW are recorded as expenditure in the year in which the benefits are paid.
- (m) All other income is classified as miscellaneous income, for credit to the General Fund, except:
  - (i) assessed contribution to the budget;
  - (ii) direct refunds of expenditure made during the financial year; and
  - (iii) advances or special accounts, deposits or voluntary contributions to trust funds and/or reserve funds.

In accordance with Financial Rule 7.1.01, miscellaneous income will also include the contributions of new States Parties.

- (n) During 2000 OPCW changed its accounting policy of income recognition into an accrual basis in respect of reimbursements of verification costs under Article IV and V of the Chemical Weapons Convention.

### **Note 3** Format and Presentation of Financial Statements

The financial statements for the period ended 31 December 2001 have been prepared in accordance with the United Nations System Accounting Standards which were approved by the Administrative Committee on Coordination (ACC) in response to a request by the United Nations General Assembly, in its decision 46/445 of 20 December 1991 and which are contained in Annex III of document ACC/2000/6 and as given in the report of the Working Party on Accounting Standards, June 2001.

### **Note 4** Income: Assessed Contributions (Statement I)

The status of assessed contributions as at 31 December 2001 is shown in Schedule 1 to the financial statements.

### **Note 5** Voluntary Contributions (Statement I)

A voluntary contribution amounting to EUR 48,612 has been received from the United Kingdom of Great Britain and Northern Ireland to finance the replacement of three Security Critical Network servers.



**Note 6** Miscellaneous income-Assessed contributions - New Member States (Statement I)

The miscellaneous income of EUR 117,202 (2000 - EUR 138,612) relates to nine Member States which deposited their instrument of ratification subsequent to the adoption of the scale of assessments for the 2001 OPCW Budget by the Fifth Session of the Conference of the States Parties.

**Note 7** Miscellaneous income - Bank interest (Statement I)

Bank interest of EUR 791,267 (2000 - EUR 787,930) consists of interest earned on current accounts in the amount of EUR 148,924 (2000 - EUR 38,789) and interest earned on deposit accounts in the amount of EUR 642,343 (2000 - EUR 749,141).

**Note 8** Miscellaneous income-other (Statement I)

Miscellaneous income-other is comprised of the following items:

	<b>2001</b>	<b>2000</b>
Reimbursement of verification costs under Article IV and V of the Convention	3,106,436	3,255,596
Recoverable charges from OPCW Foundation for OPCW building rent, utilities, maintenance	534,583	3,168,112
Other	133,256	55,916
<b>Total</b>	<b>3,774,275</b>	<b>6,479,624</b>

Reimbursement of verification costs under Article IV and V of the Convention - The amount of EUR 3,106,436 (2000 - EUR 3,255,596) includes the amount of EUR 849,231 (2000 - EUR 1,844,199) in respect of reimbursement of verification costs for which invoices were not yet sent as at 31 December 2001.

Recoverable charges from OPCW Foundation for OPCW - The amount of EUR 534,583 (2000 - EUR 3,168,112) represents rent for the period January to 15 February 2001 and utilities and maintenance costs for the OPCW building which was first paid by the Technical Secretariat and is recoverable from the OPCW Foundation. At 31 December 2001, the unpaid balance of EUR 23,882 (2000 - EUR 182,361) is included under "accounts receivable-other". These charges were borne by the Host country for three years until 15 February 2001. Thereafter, the costs of rental, utilities and maintenance are fully covered by the OPCW.

**Note 9** Transfers to/from other funds

The amount of EUR 61,350 representing interest income on the special accounts for the period from 1 January 2000 to 31 December 2000 was transferred to the general fund to offset the 2001 cash deficit as approved by the Sixth Session of the Conference of the States Parties (C-VI/DEC.19).

**Note 10 Credits to Member States (Statement I)**

The amount of EUR 359,662 relates to withheld cash surplus of prior years which has been distributed to States Parties upon full payment of their contributions.

As decided at the Sixth Session of the Conference of the State Parties the cash surplus for the year 1999 in the amount of EUR 2,709,614 was applied to reduce the cash deficit incurred in the year 2000 in the amount of EUR 3,031,003. The cash deficit incurred in 2000 is thus reduced to EUR 321,389 which pending the amendment of Financial Regulation 6.3 as recommended by ABAF XI is charged to the provisional cash surplus of 2001, as specified in Statement IX.

**Note 11 Cash and term deposits (Statement II)**

Cash as at 31 December 2001 is analysed as follows:

	<b>2001</b>	<b>2000</b>
Cash in hand	1,377	1,277,660
Cash at banks		
in current accounts	1,280,815	697,880
in term deposit accounts	5,005,300	
<b>Total</b>	<b>6,287,492</b>	<b>1,975,540</b>

The balance of EUR 1,377 (2000 - EUR 1,277,660) represents only cash and no cheques.

The breakdown of the term deposit accounts is as follows:

Name of Bank	<b>2001</b>	<b>2000</b>
Skandinaviska Enskilda Banken, London	3,000,000	Nil
ING Bank, The Hague	2,005,300	Nil
<b>Total</b>	<b>5,005,300</b>	<b>Nil</b>

**Note 12 Assessed contributions receivable (Statement II)**

Assessed contributions receivable as at 31 December 2001 are shown in Schedule 1.

**Note 13 Accounts receivable - Inter-fund balances (Statement II)**

The inter-fund balances receivable as at 31 December 2001 are composed of the following items:

	<b>2001</b>	<b>2000</b>
Due from Working Capital Fund	58,440	279,269
Due from Special Account – Designated Laboratories	62,445	
Due from Voluntary Fund for Assistance		21,928
<b>Total</b>	<b>120,885</b>	<b>301,197</b>

**Note 14** Accounts receivable - other (Statement II)

The accounts receivable – other as at 31 December 2001 are analysed as follows:

	<b>2001</b>	<b>2000</b>
Staff members	642,011	524,322
Value-added and other tax claimable	202,165	323,478
Charges recoverable from OPCW Foundation	23,882	182,361
Reimbursements of verification costs under Article IV and V of the Convention	2,896,612	3,376,813
Other	109,584	740,474
<b>Total</b>	<b>3,874,254</b>	<b>5,147,448</b>

Reimbursement of verification costs under Article IV and V of the Convention - The amount of EUR 2,896,612 (2000 - EUR 3,376,813) includes the amount of EUR 849,231 (2000 - EUR 1,844,199) in respect of reimbursement of verification costs for which invoices were not yet sent as at 31 December 2001.

**Note 15** Other assets (Statement II)

Other assets as at 31 December 2001 are analysed below:

	<b>2001</b>	<b>2000</b>
Prepaid rent	709,019	36,870
Education grant advances	2,126,157	1,983,677
Other prepaid expenses	38,919	52,973
<b>Total</b>	<b>2,874,095</b>	<b>2,073,520</b>

The prepaid rent represents the OPCW building rent for the first quarter of the year 2002, whereas, the 2000 prepaid rent represents an amount of EUR 36,870 in respect of rental of a conference room in the Netherlands Congress Centre for the period from 1 January 2000 to 30 June 2001.

**Note 16** Contributions or payments received in advance (Statement II)

The balance as at 31 December 2001 is analysed below:

	<b>2001</b>	<b>2000</b>
Payments received in excess of assessed contributions and in advance (Schedule 1)	9,002,721	7,295,277
Contribution towards the rental of a conference room for the period 1 January 2000 to 30 June 2001	-	29,779
Other payments received in advance	-	681
<b>Total</b>	<b>9,002,721</b>	<b>7,325,737</b>

**Note 17** Unliquidated obligations (Statement II and IV)

The breakdown of the unliquidated obligations by programme as at 31 December 2001 is shown in Statement IV to the financial statements.

**Note 18** Accounts payable - Inter-fund balances (Statement II)

The inter-fund balances payable as at 31 December 2001 are composed of the following items:

	<b>2001</b>	<b>2000</b>
Due to Voluntary Fund for Assistance from the General Fund	1,663	49,226
Due to Trust Fund for Courses for Personnel of National Authorities	12,093	20,598
Due to Trust Fund for Regional Seminars	94,491	10,952
Due to Special Account – OPCW Equipment Store	586	
<b>Total</b>	<b>108,833</b>	<b>80,776</b>

**Note 19** Accounts payable - other (Statement II)

Accounts payable - other as at 31 December 2001 are analysed as follows:

	<b>2001</b>	<b>2000</b>
Staff members	397,694	756,682
Vendors	415,993	1,817,383
Other	136,398	148,820
<b>Total</b>	<b>950,085</b>	<b>2,722,885</b>

**Note 20** Status of appropriations (Statement IV)

The appropriations for the financial period 2001 in the total amount of EUR 60,238,400 (2000 - EUR 60,238,416 ) were approved by the Conference of the States Parties at its Fifth Session (C-V/DEC.18). The appropriations were financed from assessed contributions by all States Parties in the total amount of EUR 54,898,400 (2000 - EUR 47,834,652) and from miscellaneous income in the total amount of EUR 5,340,000 (2000 - EUR 7,413,024).

**Note 21** Transfers of funds (Statement IV)

Transfers within the General Fund

During 2001 all transfers were made in accordance with Financial Regulations 4.5 and 4.6, Financial Rule 4.5.01 and the decision made by the Conference at its Third Session (C-III/DEC.16).

**Note 22** Amounts written off, losses and fraud

During 2001 no write-offs of cash were made and no cases of fraud or presumptive fraud were reported.

**Note 23 Ex-gratia payments**

During 2001 no ex-gratia payment has been made (2000 - EUR 3,630).

**Note 24 Non-expendable property**

As stated in Note 2(j) above, non-expendable property is not included in the assets of the Organisation. Total non-expendable property accumulated at cost value as at 31 December 2001 is as follows:

	<b>2001</b>	<b>2000</b>
Office furniture and equipment	4,253,863	4,110,818
Motor vehicles	178,966	122,758
Data-processing equipment	4,905,595	4,435,603
Inspection and laboratory equipment	4,905,274	5,592,763
Training equipment	77,567	62,556
Medical equipment	38,420	38,353
Security Equipment	2,563,858	2,227,125
Office furniture and equipment on loan	179,431	171,907
<b>Total</b>	<b>17,102,974</b>	<b>16,981,884</b>

During 2001, non-expendable property amounting to EUR 1,134,450 previously reported under Office furniture and equipment has been reclassified under Security equipment; consequently, the 2000 figures have been restated for comparison purposes.

**Note 25 Separation benefits**

Under the Staff Regulations and Rules of the OPCW, staff members of the OPCW are eligible on separation to receive certain benefits from the service of the OPCW. The expenditures are recorded for the year in which the benefits are paid. Entitlements and corresponding liabilities as at 31 December 2001 are estimated as follows:

	<b>2001</b>	<b>2000</b>
Repatriation grants	5,462,928	4,227,239
Travel and removal of household effects	5,898,345	5,061,873
Accrued annual leave	3,335,270	2,957,542
<b>Total</b>	<b>14,796,543</b>	<b>12,246,654</b>

**Note 26 Reserves and Fund Balances**

In accordance with the accounting policy referred to in Note 25, the separation benefits and entitlements were not recorded in the liabilities and were not recognized as expenditures on an accrual basis. Had these liabilities been recorded on a full accrual basis, the Reserve and Fund Balances would have shown the following balances as at 31 December 2001:

	2001	2000
Reserves and Fund Balances	4,324,05	548,966
Less: Separation Benefits	(14,796,543)	(12,246,654)
<b>Net Surplus (Deficit) after Separation Benefits</b>	<b>(10,472,238)</b>	<b>(11,697,688)</b>

### **Working Capital Fund (Statements I and II)**

#### **Note 27 Authority for establishment of the Working Capital Fund of the OPCW**

A Working Capital Fund in the amount of EUR 4,537,802 was established by the Conference of the States Parties at its First Session. The Working Capital Fund, which is used to finance initial budgetary expenditures pending the receipt of assessed contributions, is financed from advances by all States Parties in accordance with the scale of assessments determined by the Conference.

#### **Note 28 Assets and Liabilities (Statement II)**

As at 31 December 2001, the total advances paid amounted to EUR 4,799,064 (2000-EUR 4,786,183). The difference of EUR 28,290 (2000 - EUR 40,945) between the cash and term deposits of EUR 4,857,505 (2000 - EUR 5,065,452) and the advances paid represents an inter-fund balance from the Working Capital Fund. The cash and term deposits consist of cash in current accounts of 2001 - Nil (2000 - Nil) and cash in term deposit accounts of EUR 4,857,505 (2000 - EUR 5,065,452).

As of 31 December 2001, the fund balance of the Working Capital Fund was EUR 4,827,355 (2000 -EUR 4,827,128), as in accordance with Financial Regulation 6.5 the level of the Working Capital Fund was increased by the amounts totaling EUR 227 (2000 -EUR 26,945) that the new States Parties were required to pay.

### **Special Accounts (Statements V and VI)**

#### **Note 29 Authority and purpose for the establishment of the special accounts**

The Conference has authorised the establishment of the following two special accounts at its Fourth Session from 28 June to 2 July 1999 in accordance with Financial Regulation 6.9:

- a) A special account for the OPCW Equipment Store. The purpose of the special account is 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 of the States Parties, which cannot necessarily be accomplished within the calendar year. Additionally, the purpose is 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. To date, no such payments have been made, and there appears to be no possibility of anticipating whether funds will be required and, if so, the amount.

- b) A 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. To date, no such analysis has been required, and there appears to be no possibility of anticipating whether funds will be required and, if so, the amount.

**Note 30 Operation of the two special accounts**

- (a) The special accounts will start operating from the date of approval by the Conference of the States Parties. They will be closed by the Conference whenever it deems appropriate, taking due consideration of operational requirements.
- (b) A transfer of amounts appropriated in the regular 1999 OPCW budget funds the accounts. The Conference will replenish the funds, as it deems necessary, by authorising appropriations for that purpose within future regular budgets.
- (c) Financial Regulations 4.2, 4.3 and 4.4 shall not apply to the special accounts, and balances remaining at the end of a financial period may be carried forward to subsequent financial periods.
- (d) Transfers between the two special accounts are not permitted.
- (e) The Director-General shall report to the Conference on the transactions made and on the status of each special account at least once per year as part of the annual audited financial statements of the OPCW, and shall administer each account in accordance with the applicable Financial Regulations and Rules.

**Note 31 Miscellaneous income - bank interest (Statement V)**

Bank interest for the period ended 31 December 2001 in the amount of EUR 67,056 (2000 - EUR 61,350) relates to interest earned from investments on time deposit accounts and interest earned on current accounts. The corresponding accrued interest receivable is shown under "accounts receivable - other".

**Note 32 Transfers to/from other funds**

The amount of EUR 61,350 representing interest income on the special accounts for the period from 1 January 2000 to 31 December 2000 was transferred to the general fund to offset the 2001 cash deficit as approved by the Sixth Session of the Conference of the States Parties (C-VI/DEC.19).

**Note 33 Cash and term deposits (Statement VI)**

Cash as at 31 December 2001 consists of two interest-bearing bank deposits of EUR 616,248 and EUR 487,977 (2000 - EUR 840,958 and EUR 649,407) and cash in current bank accounts of EUR 284,266 and EUR 75,794 (2000 - EUR 10,805).

**Trust Funds (Statements VII and VIII)**

**Note 34 Number and Purpose of Trust Funds**

The following three trust funds were in operation during the financial period:

Regional Seminars	This fund was established in 1994 to assist in funding the costs of regional seminars
Courses for Personnel of National Authorities	This fund was established in 1994 to assist in funding the costs of courses for personnel of National Authorities
Voluntary Fund for Assistance	This fund was established by the Conference of the States Parties at its First Session in May 1997. The objective of this fund is to coordinate and deliver assistance, in terms of Article X of the Convention, to a State Party, when requested.

**Note 35 Significant accounting policies**

The trust funds, which are administered in accordance with the OPCW Financial Regulations and Rules, are financed by voluntary contributions from Member States and non-governmental organisations. The same accounting policies are applicable as for the General Fund.

**Note 36 Regional Seminars – Voluntary contributions**

During 2001, the following voluntary contributions were received from the following member states:

<b><u>Member State</u></b>	
Canada	9,605
Norway	100,369
United Kingdom of Great Britain and Northern Ireland	16,162
Total	126,135

**Note 37 Courses for Personnel of National Authorities - Voluntary contributions (Statement VII)**

During 2001 no voluntary contribution was received.

**Note 38 Voluntary Fund for Assistance - Voluntary Contributions - (Statement VII)**

During 2001, the following voluntary contributions were received from the following member states:



<b>Member State</b>	
The Netherlands	200,000
Liechtenstein	6,527
<b>Total</b>	<b>206,527</b>

**Note 39 Contingent liabilities**

The contingent liability as at 31 December 2001 is Nil (2000 – EUR 114,806).

In January 2002, the International Labor Organisation Administrative Tribunal (ILOAT) whose appellate jurisdiction is recognised by the OPCW for civil suits brought against it by staff members ruled in favour of two separated staff members and ordered the OPCW to pay the former employees an amount of EUR 117,654 and as these cases have been finally settled, this amount has been accounted for under the heading Accounts payable – other as at 31 December 2001.

**Note 40 Balance of Appropriation – Statement IV**

The amount of EUR 4,309,487 (EUR 60,238,400 less EUR 55,928,911) represents the balance of appropriation which was not matched by the timely payments of assessed contributions and the reimbursement of costs of verification activities. The Director General is required under Financial Regulation 4.7 "to ensure that expenditures can be met from the funds available for such a period."

**24 May, 2002**

**The Chairman of the Executive Council  
Organisation for the Prohibition of Chemical Weapons  
Johan de Wittlaan 32  
2517 JR THE HAGUE  
The Netherlands**

**Excellency,**

I have the honour to submit, in accordance with Article 11 of the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons read in conjunction with Rule 10 of the Administrative Rules of the Provident Fund, the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the financial period ended 31 December 2001, together with my opinion and report thereon.

**Yours faithfully,**

**(Vijayendra N. Kaul)  
Comptroller and Auditor General of India.**

**OPINION OF THE EXTERNAL AUDITOR  
ON THE FINANCIAL STATEMENTS OF THE  
PROVIDENT FUND OF THE  
ORGANISATION FOR THE  
PROHIBITION OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDED 31 DECEMBER 2001**

**To: The Executive Council**

I have audited the appended Financial Statements, comprising Statements I and II, and the supporting notes, of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereafter "the OPCW") for the financial period ended 31 December 2001.

The Deputy Director-General, in accordance with the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereafter called "the Charter"), is responsible for preparing the financial statements. My responsibility, under Article 11 of the Charter, is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards of the International Organisation of Supreme Audit Institutions and the Common Auditing Standards of the Panel of External Auditors of the United Nations, specialised agencies and the International Atomic Energy Agency. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Deputy Director-General, as well as evaluating the overall financial statement presentation. 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 2001 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on a basis consistent with the previous period); and the transactions were in accordance with the Financial Regulations and legislative authority.

In accordance with Article 11 of the Charter, I have also prepared a report on the financial statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons.

**(Vijayendra N. Kaul)**  
**Comptroller and Auditor General of India**

**REPORT OF THE EXTERNAL AUDITOR  
ON THE  
FINANCIAL STATEMENTS  
OF THE  
PROVIDENT FUND OF THE  
ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDED 31 DECEMBER 2001**

**INTRODUCTION**

**1. Scope of Audit**

**1.1** I have audited the Financial Statements of the Provident Fund of the Organisation for Prohibition of Chemical Weapons for the period ended 31 December 2001 in accordance with Article 11 of the Charter. Audit of the Financial Statements has been conducted in accordance with the auditing standards of the International Organisation of Supreme Audit Institutions and the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialised Agencies and the International Atomic Energy Agency. These standards require that reasonable assurance is obtained as to whether the Financial Statements are free of material misstatement.

**1.2** The Audit included a general review of the accounting and financial management procedures and of the accounting records to form an opinion on the financial statements.

**2. Audit Objectives and Methodology**

**2.1** The main purpose of audit was to enable me to form an opinion as to whether the expenditure recorded in 2001 had been incurred for the purpose approved by the Management Board; whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations of the OPCW; and whether the Financial Statements of the Provident Fund presented fairly the financial position as of 31 December 2001.

**2.2** Examination of the Financial Statements of the Provident Fund was based on substantive tests carried out on a statistical sample of transactions pertaining to contributions and deposits. The audit included:

- An assessment of internal control environment;
- Detailed substantive testing on sample of transactions taking place during January to December 2001; and
- A general review to ensure that the Financial Statements accurately reflected the Fund's accounting records.

### 3. Overall results

- 3.1 My examination revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the Financial Statements of the Provident Fund as a whole. Accordingly, I have placed an unqualified opinion on the Financial Statements of the Provident Fund for the period ended 31 December 2001.
- 3.2 In accordance with the OPCW Interim Staff Regulation 6.1, the Charter and Administrative Rules of the Provident Fund for the OPCW was issued by the DG on 13 July 1998 (OPCW-TS/AD/26). The Management Board of the Provident Fund (PFMB) was established in January 1998. The main objective of the Provident Fund was to be an instrument of social security for staff members of the OPCW appointed for a continuous period of more than three months, since as per article 22 of the agreement between the OPCW and Kingdom of the Netherlands, approved by the Conference of State Parties on 14 May 1997, the OPCW officials were not covered by the social security regulations of the Kingdom of the Netherlands.
- 3.3 Rule 6.3 of the Administrative Rules of the Provident Fund of the OPCW stipulates that the Management Board shall develop an investment policy for the Provident Fund to ensure that no investment is made without a 100 per cent capital value preservation guarantee. To fulfil this responsibility, the OPCW Management appointed a Provident Fund Administrator, from 1 October 1998 for a period of three years, on the advice of its Financial Advisor. We noticed that during the year 2001, there was a loss of €438,846 on the investments as compared to income of € 1,442,382 during the year 2000. After adjusting interest income (€ 28,276) and administrative expenses (€ 70,266) the loss during the year amounted to €48,836 as compared to profit of € 1,393,495 during the year 2000.
- 3.4 The OPCW Management in response to the Audit Observation mentioned the principal factors which affected the operation of the fund in 2001 and stated that the overall performance of the fund has been satisfactory and that it has performed on par with and better than many pension funds over the same period. They have also observed that the conclusion by the External Audit that the fund has not achieved its main objective of providing an instrument of social security to staff members is not correct and they have stated that since there were problems with the fund administrator, the Board took immediate action to sort these problems out.
- 3.5 *We appreciate the steps taken by the OPCW management to sort out the various problems that were faced by them regarding the administration of the fund. We, however, feel that since the funds of the employees are involved, steps need to be taken so that more effective control over the investment decisions of the Fund Adviser is exercised to ensure that the social security objective is fully realised.*
- 3.6 We note with appreciation that the Financial Statements of the Provident Fund ended 31 December 2001 as approved by the Chairman, Management Board of the Provident Fund on 22 March 2002 were revised on the basis of audit observations and revised accounts were signed by the Chairman on 5 April 2002.
- 3.7 The balance in the Participants' Capital Accounts amounted to € 35,908,093 as on 31 December 2001. This balance has been arrived at after taking into account the

opening balance as on 1 January 2001 of € 27,628,045 on the basis of figures supplied by the Fund Administrator. The opening balance could not be verified in audit since the detailed records of Provident Fund are not available with the PFMB secretariat.

- 3.8** Out of the available balance in the Capital Account, a sum of € 31,758,053 has been invested. This as per Accounting policy (note 2(iv)), has been valued at market price. The Market Value of the investments as on 31 December 2001 was € 33,117,314 on the basis of certificates given by the Fund Managers. Note 6 gives the details of market price of each investment but the cost price of each investment has not been given in the notes to accounts. The Management agreed to disclose the cost price of the individual investment portfolios in future as an additional information.

**(Vijayendra N. Kaul)**  
**Comptroller and Auditor General of India**

**FINANCIAL STATEMENTS**

**OF THE PROVIDENT FUND OF THE**

**ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**

**FOR THE PERIOD ENDING 31 DECEMBER 2001**

The following appended financial statements comprising Statements I and II and supporting notes were properly prepared in accordance with the Charter and Administrative Rules of the Provident Fund of the OPCW, the relevant OPCW Financial Regulations and Rules and the United Nations System Accounting Standards.

The Hague, 5 April 2002

John Gee  
Chairman, Management Board  
of the Provident Fund

Statement I

**PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF  
CHEMICAL WEAPONS**

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**Statement of Income and Expenditure**  
**for the period ending 31 December 2001**  
(Expressed in Euros)

	2001	2000
<u>Income</u>		
Interest income (Note 3)	25,539	36,386
Other income (Note 3)	(438,846)	1,442,382
Adjustment to prior years	2,737	13,632
Total Income (Loss)	(410,570)	1,492,400
<u>Expenditure</u>		
Administrative expenses (Note 4)	70,266	98,905
<b>Total Expenditure</b>	<b>70,266</b>	<b>98,905</b>
<b>Excess of income (loss) over expenditure</b>	<b>(480,836)</b>	<b>1,393,495</b>



**PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF  
CHEMICAL WEAPONS**

**Statement of Assets and Liabilities**  
**as at 31 December 2001**  
(Expressed in Euros)

	<b><u>2001</u></b>	<b><u>2000</u></b>
<b><u>Assets</u></b>		
Cash and term deposits (Note 5)	2,826,483	1,108,604
Investments (Note 6)	33,117,314	26,597,769
Accounts receivable - other (Note 7)	5,478	9,521
Inter-fund balances		
	<hr/>	<hr/>
<b>Total Assets</b>	<b>35,949,275</b>	<b>27,715,894</b>
<b><u>Liabilities</u></b>		
Inter-fund balances (Note 8)	41,182	70,662
Accounts payable - other (Note 9)		17,187
Separated participants' capital accounts		-
Continuing participants' capital accounts (Note 10)	35,908,093	27,628,045
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>35,949,275</b>	<b>27,715,894</b>

## **Notes to the Financial Statements**

### **Note 1 Authority for the establishment of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons**

A Provident Fund of the Organisation for the Prohibition of Chemical Weapons, hereinafter called the Provident Fund, was established by the Director-General of the OPCW for the staff members of the Secretariat of the OPCW, in June 1997, as authorised by the Conference of the States Parties at its First Session held from 6 to 23 May 1997 and as provided for in Article VI of the Interim Staff Regulations. The object and purpose of the Provident Fund is to be an instrument of social security for staff members of the Organisation appointed for a continuous period of more than three months (hereinafter "eligible staff members"); to administer resources which are entrusted to the Provident Fund by eligible staff members of the Secretariat and by the Organisation for the benefit of such eligible staff members, to invest such resources as shall be determined from time to time in accordance with established investment policies and guidelines, and to return resources and income earned thereon to such eligible staff members upon the termination of their employment with the Organisation.

### **Note 2 Significant accounting policies**

The following significant accounting policies have been applied:

- a. The accounts of the Provident Fund are maintained in accordance with the Charter and Administrative Rules of the Provident Fund, the relevant OPCW Financial Regulations and the United Nations System Accounting Standards.
- b. The financial period of the Provident Fund is the calendar year.
- c. The financial statements of the Provident Fund are presented in Euros and the comparative figures which were presented in Netherlands Guilders as at 31 December 2000 have been translated into Euros at the fixed rate of 2.20371.
- d. Investments of the Provident Fund are valued at market value and investments other than Euros have been translated at the applicable UN operational exchange rates on the date of the financial statements.
- e. Income, expenditure, assets and liabilities are recognised on an accrual basis of accounting.
- f. The Provident Fund is financed by monthly contributions from eligible staff members at the rate of 7.9% of their pensionable remuneration and by the Organisation at the rate of 15.8% of the pensionable remuneration of the participant pursuant to Interim Staff Rule 6.1.01. Eligible staff members may make additional voluntary contributions to the Provident Fund; the OPCW shall not make a matching contribution.

- g. All interest and other income earned on the Provident Fund's capital assets during each financial period less all administrative expenses and any losses resulting from the operations of the Provident Fund for that financial period are calculated and distributed to the capital accounts of each participant in the fund on a monthly basis.
- h. Payments to leaving participants from the Provident Fund are made in the reference currency (EUR or USD) as per participants' investment choice.

**Note 3 Interest and other income on investments (Statement I)**

As at 31 December 2001, the net increase on the value of the investments is EUR 1,785,050 representing the difference between total continuing participants contributions of EUR 34,123,043 and the net value of capital of continuing participants of (EUR 35,908,093). This amounts to an increase of 5.23% earned on the amount of the Provident fund capital invested.

During 2001, the total interest and other income (loss) earned on Provident Fund investments amounts to total loss of EUR 410,570 (2000 - EUR 1,478,767 income). This includes interests from current accounts and term deposits for EUR 25,539 (2000 - EUR 36,386) and investment losses of EUR 438,846 (2000 - EUR 1,442,382 investment income). The value of the investments made by the staff members was equal to EUR 33,117,314 as at 31 December 2001 (2000 - EUR 26,597,769). This amount includes the 2001 investment losses of EUR 438,846 (2000 - EUR 1,442,382 investment income).

**Note 4 Administrative expenses (Statement I)**

The administrative expenses comprise (a) EUR 34,033 (2000 - EUR 40,840) paid to the Provident Fund Administrator Ernst & Young Actuarial Advisory Group, hereinafter Ernst & Young, for the administration of the fund from 1 January to 31 October 2001, (b) EUR 35,491 (2000 - EUR 50,281) paid to the Provident Fund Adviser Fulcra, International Financial Planning B.V., hereinafter Fulcra, for providing ongoing advice on the administration and performance monitoring of the fund for the period from 1 January to 30 November 2001, and (c) EUR 684 (2000 - EUR 7,784) for bank charges and currency exchange loss of EUR 58 (2000 - nil).

**Note 5 Cash and Term Deposits (Statement II)**

The balance of EUR 2,826,483 comprises the following:

	<u>2001</u>	<u>2000</u>
Cash in bank	119,183	1,108,604
Term deposits:		
ING Bank N.V	921,700	-
Fortis Bank (Nederland) N.V.	1,785,600	-
<b>Total</b>	<u>2,707,300</u>	
<b>TOTAL</b>	<u><b>2,826,483</b></u>	<u><b>1,108,604</b></u>

The holdings in term deposits represents investments from October 2001 when the Management Board of the Provident Fund moved to a very conservative investment policy to ensure the preservation of the funds invested.

**Note 6 Provident Fund Investments (Statement II)**

The market value of the investments as at 31 December 2001 and 2000 is analysed as follows:

	<u>Units held</u> <u>2001</u>	<u>Total EUR</u> <u>2001</u>	<u>Units held</u> <u>2000</u>	<u>Total EUR</u> <u>2000</u>
<b>Scottish Equitable</b>				
100% Option (US Dollar)	3,227,178.704	4,398,488	2,559,949.956	3,323,950
97.5% Option (US Dollar)	2,652,478.899	3,373,922	2,240,808.972	2,944,849
100% Option (EURO)	3,490,203.567	3,772,352	2,211,080.853	2,375,497
97.5% Option (EURO)	3,294,050.027	3,222,931	2,009,693.356	2,117,413
USD Cash			146,349.156	185,742
EURO Cash			1,045,370.918	1,120,847
<b>Total Scottish Equitable</b>		<b><u>14,767,693</u></b>		<b><u>12,068,298</u></b>
<b>UBS</b>				
Yield (US Dollar)	953,469	1,931,529	698.707	1,340,927
Balanced (US Dollar)	2,896,458	5,269,117	2,436.749	4,390,269
Growth (US Dollar)	752,521	1,612,136	697.519	1,544,481
Yield (EURO)	1,046,073	2,250,783	569.722	1,218,590
Balanced (EURO)	3,053,673	5,209,994	2,387.631	4,238,380
Growth (EURO)	922,522	2,076,062	733.185	1,796,824
<b>Total UBS</b>		<b><u>18,349,621</u></b>		<b><u>14,529,471</u></b>
<b>Total value of investments</b>		<b><u>33,117,314</u></b>		<b><u>26,597,769</u></b>

The total value of the investments at cost as at 31 December 2001 amounts to EUR 31,758,053 (2000 - EUR 23,854,788). The market value in Euros was arrived at by converting the US Dollar holdings at the UN operational exchange rates of EUR 1.123 to 1 USD prevailing at the balance sheet date.

**Note 7 Accounts receivable - other (Statement II)**

Accounts receivable - other as at 31 December 2001 is comprised of accrued interest receivable EUR 5,478 (2000 - EUR 6,865). During 2001, there are no other amounts receivable (2000 - EUR 2,655).

**Note 8 Inter-fund balance (Statement II)**

The inter-fund balance of EUR 41,182 (2000 - EUR 70,662) due to the General Fund represents the difference between the Provident Fund contributions and the investments during 2001.

**Note 9 Accounts payable - other**

There are no outstanding amounts payable as at 31 December 2001 (2000-EUR 17,187).

**Note 10 Staff Provident Fund capital accounts (Statement II)**

The balance as at 31 December 2001 comprises the following:

	<u>2001</u>	<u>2000</u>
Continuing participants' capital accounts	35,908,093	27,628,045
Separated participants' capital accounts	-	-
<b>Total capital accounts</b>	<b>35,908,093</b>	<b>27,628,045</b>

**Note 11 Movement in the participants' capital accounts**

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The movement in the participants' capital accounts during 2001 was as follows:

	<u>2001</u>	<u>2000</u>
Balance as of 1 January	27,628,045	18,512,770
Add		
Contributions of the OPCW	7,279,104	6,773,873
Contributions of the staff members	3,816,299	3,676,177
Income earned on investments	(410,570)	1,492,400
	38,312,878	30,455,220
Less		
Payments to separated participants	(2,334,519)	(2,728,271)
Administrative Expenses	(70,266)	(98,905)
Balance as of 31 December	<b>35,908,093</b>	<b>27,628,045</b>

**RESPONSE OF THE CHAIRMAN 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 PERIOD ENDING 31 DECEMBER 2001**

1. The Chairman of the Provident 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. He notes with satisfaction that the examination of the Auditors revealed no weakness or errors considered material to the accuracy, completeness, and validity of the financial statements of the Provident Fund.
2. The Chairman has accepted in principle all the recommendations of the External Auditor. Some of the recommendations have already been implemented as recognised by the Auditor and mentioned in paragraph 3.5 of the report. The remaining recommendations will be implemented during the course of the year.
3. The Chairman wishes to note that the reference in paragraph 3.3 of the report of the External Auditor to Rule 6.3 of the Administrative Rules of the Provident Fund requiring a guarantee of capital value preservation appears to be a mistake. There is no such stipulation in Rule 6.3 or elsewhere in the Charter and Administrative Rules of the Provident Fund. However, the Chairman wishes to point out that the Fund is managed in accordance with the provisions of the Charter and Administrative Rules of the Provident Fund with due regard to observance, *mutatis mutandis*, of the relevant Financial Regulations and Financial Rules of the OPCW. Investments shall be made with view to preserve the assets of the Funds and efforts shall be made to ensure that the Fund does not incur losses.
4. Concerning paragraph 3.7 of the External Auditor's report, the Chairman would like to note that at the time of the external audit, some of the detailed records were with the former Fund Administrator whilst various problems with the administration of the Fund were being resolved. This process is now nearing completion at which point the former Fund Administrator will hand all records back to the OPCW. The Provident Fund Management Board does not employ additional resources. The Fund is managed with the help of Budget and Finance Branch. All relevant records are kept in accordance with the rules and regulations.

**RESPONSE OF THE ACTING DIRECTOR-GENERAL  
TO THE  
REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS  
OF THE ORGANISATION FOR PROHIBITION OF CHEMICAL WEAPONS  
FOR THE PERIOD ENDING 31 DECEMBER 2001**

1. The Acting Director-General wishes to express his appreciation for the observations, recommendations, and support received from the Auditor-General of India, and his staff, on the occasion of the external audit of the financial statements of the OPCW for the period ended 31 December 2001.
2. It is gratifying to note that the External Auditor, in his Reports stated that the audit revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the financial statements of the OPCW as a whole, and that, accordingly, an unqualified opinion has been placed on these statements.
3. The Acting 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.

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