



**OPCW**

**Executive Council**

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Eightieth Session  
6 – 9 October 2015

EC-80/DG.1  
C-20/DG.4  
13 July 2015  
Original: ENGLISH

**FINANCIAL STATEMENTS OF THE  
ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
AND REPORT OF THE EXTERNAL AUDITOR  
FOR THE YEAR ENDING 31 DECEMBER 2014**



## TABLE OF CONTENTS

		<b>Page</b>
Annex 1	Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the Year Ended 31 December 2014	3 - 99
Annex 2	Report of the External Auditor on the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the Year Ended 31 December 2014	100 - 125
Annex 3	Response of the Director-General to the Report of the External Auditor on the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the Year Ended 31 December 2014	126
Annex 4	Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (OPCW) for the Year Ended 31 December 2014	127 - 151
Annex 5	Report of the External Auditor on the Audit of the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the Year Ended 31 December 2014	152 - 163
Annex 6	Response of the Chairperson of the Provident Fund Management Board to the Report of the External Auditor on the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the Year Ended 31 December 2014	164

**Annex 1**



**ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS**

**FINANCIAL STATEMENTS**

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

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**FINANCIAL STATEMENTS  
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**Statement by the Director-General**

1. Financial Regulation 11.1 of the OPCW stipulates that the Director-General is responsible for submitting annually financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS) for the financial period to which they relate. The regulation further states that the financial statements and the notes to the financial statements, including significant accounting policies, shall include all funds, where such funds include, amongst other things, the Regular Budget Fund, the Working Capital Fund and the Voluntary Fund for Assistance. The account(s) shall provide comparative figures for the financial period prior to that being reported on.
2. We believe that the financial statements for the year ended 31 December 2014 are presented fairly according to the requirements of IPSAS and the OPCW's Financial Regulations and Rules (reference OPCW-S/DGB/22, dated 14 December 2012).
3. Any other specific directions of the OPCW's policy-making organs as well as additional information prescribed in Financial Regulations 11.1(a) to (e) are presented within the Appendix to the financial statements. The additional information in the Appendix (pages 57 to 95) is not part of the IPSAS-compliant financial statements.
4. It is also our opinion that the financial statements present a view which is consistent with our understanding of the OPCW's financial position as at 31 December 2014, results of its operations, changes in net assets, and cash flows for the year then ended.
5. This statement of the Director-General is made pursuant to Financial Regulation 11.1(a).

[Signed]

Ahmet Üzümcü  
Director-General

[Signed]

William Amoroso  
Director, Administration  
Principal Financial Officer

29 April 2015

## **STATEMENT OF INTERNAL CONTROL FOR 2014**

### **Scope of responsibility**

As Director-General of the Organisation for the Prohibition of Chemical Weapons (OPCW), in accordance with the responsibility assigned to me and, in particular, Article 10 of the Financial Regulations, I am accountable for maintaining a sound system of internal control to “establish detailed financial rules and procedures to ensure: effective financial administration; the exercise of economy; the efficient use of resources; and the proper custody of the OPCW’s physical assets”.

### **Purpose of the system of internal control**

Internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Organisation's aims, objectives and related policies. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks, and manage them efficiently, effectively and economically.

Internal control is a process effected by the Policy-Making Organs, the Director-General, senior management and other personnel, and designed to provide reasonable assurance on the achievement of the effectiveness and efficiency of operations and the safeguarding of assets, the reliability of financial reporting and compliance with the applicable rules and regulations.

Thus, on an operational level, the OPCW's internal control system is not solely a policy or procedure that is performed at certain points in time but, rather, operated continually at all levels within the Organisation through internal control processes to ensure the above objectives.

My current statement on the OPCW's internal control processes, as described above, applies for the year ended 31 December 2014, and up to the date of the approval of the Organisation's 2014 financial statements.

### **Risk management and control framework**

The Organisation is implementing a risk management programme which includes the identification of risks classified according to relevance, impact and probability of occurrence and recorded in the risk register accordingly. The Organisation has also established a Risk Management Committee whose mandate is to develop action plans to address major risks, build up an integrated risk-management framework, strengthen risk management capacities and a risk management culture, and regularly re-evaluate risks and the Organisation's tolerance levels in light of the evolving environment.

In addition, a comprehensive internal control system framework has been designed to ensure that the Organisation's objectives are achieved efficiently. The establishment of a policy framework for internal control comprising policies, procedures and processes underpinned by appropriate ethical values include, but are not limited to, current and comprehensive regulations, rules and directives for the management and control of administrative processes such as financial management, contracting, travel and human

resources. Furthermore, my senior team and I are committed to a continuous improvement programme to strengthen the system of internal control across the Organisation.

### **Review of effectiveness**

My review of the effectiveness of the system of internal controls is mainly informed by my senior managers, in particular the Deputy Director-General, Division Directors and Heads of Offices who play important roles and are accountable for expected results, performance, controlling their respective Division and Office activities and the resources entrusted to them. The information channels rely mainly on periodic meetings held by the Management Board. For the year ended 31 December 2014, control issues, together with a remedial action plan, have been identified through a self-assessment process, as confirmed by my Division and Office Directors' personal written attestations.

The Office of Internal Oversight, on whose reports of internal audits, evaluations and advisory services I rely, are also provided to the individual Division or Office for any corrective action. These include independent and objective information on the adequacy and effectiveness of the Organisation's system of internal controls and programme effectiveness, together with recommendations for improvement. Recommendations for improvement are also made by the External Auditor, whose comments are submitted to the Executive Council and the Conference of the States Parties.

I also receive guidance on risk control by the Risk Management Committee and am advised on administrative and financial related functions by the Advisory Body on Administrative and Financial Issues.

### **Conclusion**

Effective internal control, no matter how well designed, has inherent limitations - including the possibility of circumvention and, therefore, can provide only reasonable assurance. Furthermore, because of changes in conditions, the effectiveness of internal control may vary over time.

I am committed to addressing any weaknesses in internal controls noted during the year and brought to my attention.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses which would prevent the External Auditor from providing an unqualified opinion on the Organisation's financial statements, nor are there other significant matters arising which would need to be raised in the present document for the year ended 31 December 2014.

[signed]

Ahmet Üzümcü  
Director-General  
25 March 2015

## TABLE OF CONTENTS

<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>8</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE.....</b>	<b>9</b>
<b>STATEMENT OF CHANGES IN NET ASSETS/EQUITY.....</b>	<b>10</b>
<b>CASH FLOW STATEMENT .....</b>	<b>11</b>
<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....</b>	<b>14</b>
<b>ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>16</b>
1.    REPORTING ENTITY .....	16
2.    BASIS OF PREPARATION.....	16
3.    SIGNIFICANT ACCOUNTING POLICIES .....	16
4.    CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS.....	26
5.    FINANCIAL RISK MANAGEMENT .....	27
6.    PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS ..	30
7.    ASSESSED CONTRIBUTIONS RECOVERABLE.....	32
8.    VOLUNTARY CONTRIBUTIONS RECOVERABLE .....	33
9.    ARTICLE IV AND V RECEIVABLES.....	33
10.   OTHER ASSETS.....	35
11.   INVENTORIES .....	35
12.   CASH AND CASH EQUIVALENTS.....	36
13.   WORKING CAPITAL FUND .....	37
14.   VOLUNTARY FUND FOR ASSISTANCE.....	38
15.   CASH SURPLUS – REIMBURSABLE TO STATES PARTIES .....	38
16.   EMPLOYEE BENEFITS.....	39
17.   ACCOUNTS PAYABLE.....	44
18.   PROVISIONS .....	44
19.   OTHER LIABILITIES .....	45
20.   NET ASSETS/EQUITY .....	45
21.   ASSESSED CONTRIBUTION REVENUE .....	46
22.   VOLUNTARY CONTRIBUTION REVENUE.....	46
23.   ARTICLE IV AND V REVENUE .....	46
24.   OTHER REVENUE.....	47
25.   OTHER INCOME .....	47
26.   EMPLOYEE BENEFIT EXPENSES .....	48
27.   GENERAL OPERATING EXPENSES .....	48
28.   OTHER OPERATING EXPENSES.....	49
29.   FINANCE INCOME AND COSTS .....	49
30.   SERVICES IN KIND .....	49
31.   CONTINGENCIES.....	50
32.   COMMITMENTS.....	50
33.   RELATED PARTY TRANSACTIONS.....	51
34.   KEY MANAGEMENT COMPENSATION .....	51
35.   SEGMENT INFORMATION.....	51
36.   BUDGETARY INFORMATION .....	58
37.   EVENTS AFTER THE REPORTING PERIOD.....	60
38.   OTHER .....	60
<b>APPENDIX.....</b>	<b>61</b>
<b>ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS.....</b>	<b>61</b>

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**  
(expressed in euros)

	Note	2014	2013
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6.1	5,033,971	3,489,396
Intangible assets	6.2	461,109	340,639
<b>Total non-current assets</b>		<b>5,495,080</b>	<b>3,830,035</b>
<b>Current assets</b>			
Inventories	11	1,093,487	910,891
Assessed contributions recoverable	7	5,623,669	3,555,069
Article IV & V receivables	9	5,359,688	1,535,186
Other assets	10	28,033,752	4,041,433
Cash and cash equivalents	12	42,150,721	41,830,441
<b>Total current assets</b>		<b>82,261,317</b>	<b>51,873,020</b>
<b>Total assets</b>		<b>87,756,397</b>	<b>55,703,055</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Working Capital Fund	13	4,178,472	9,916,160
Voluntary Fund for Assistance	14	1,532,041	1,526,067
Cash surplus - reimbursable to States Parties	15	1,530,991	2,152,063
Employee benefits	16	4,764,861	3,949,719
Other non-current liabilities	19.1	13,215,753	4,319,535
<b>Total non-current liabilities</b>		<b>25,222,118</b>	<b>21,863,544</b>
<b>Current liabilities</b>			
Cash surplus - reimbursable to States Parties	15	63,422	1,587,575
Employee benefits	16	5,495,414	5,492,368
Accounts payable	17	3,730,674	2,166,367
Provisions	18	39,500	96,243
Other current liabilities	19.2	53,923,320	25,590,653
<b>Total current liabilities</b>		<b>63,252,330</b>	<b>34,933,206</b>
<b>Total liabilities</b>		<b>88,474,448</b>	<b>56,796,750</b>
<b>Net assets</b>		<b>(718,051)</b>	<b>(1,093,695)</b>
<b>Net assets/equity</b>			
Accumulated surplus/(deficits)	20	(718,051)	(1,093,695)
Other reserves		-	-
<b>Total net assets/equity</b>		<b>(718,051)</b>	<b>(1,093,695)</b>

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

	Note	For the Period Ended 31 December 2014	For the Period Ended 31 December 2013
<b>Revenue</b>			
Assessed contribution revenue	21	64,944,573	62,357,538
Voluntary contribution revenue	22	11,430,077	6,353,312
Article IV & V revenue	23	6,719,827	2,459,403
Other revenue	24	120,568	109,960
<b>Total revenue</b>		<b>83,215,045</b>	<b>71,280,213</b>
<b>Other income</b>	25	<b>62,319</b>	<b>69,164</b>
<b>Expenses</b>			
Employee benefit expenses	26	49,217,111	47,007,971
Travel expenses		9,938,287	8,213,570
Consultancy and contractual services		11,334,468	4,944,277
Internships, grants, contributions to seminars and workshops		803,172	295,851
General operating expenses	27	8,831,269	6,464,453
Depreciation and impairment of property, plant and equipment	6.1	944,851	701,647
Amortisation and impairment of intangible assets	6.2	182,360	74,061
Impairment of assessed contributions receivable	7.4	84,307	82,407
Impairment of Article IV & V receivables	9.5	-	-
Other operating expenses	28	640,974	1,360,217
<b>Total expenses</b>		<b>81,976,799</b>	<b>69,144,454</b>
Finance income	29	269,662	82,987
Finance costs	29	(328,886)	(215,568)
<b>Net finance income/(cost)</b>		<b>(59,224)</b>	<b>(132,581)</b>
<b>Net surplus/(deficit) for the period</b>		<b>1,241,341</b>	<b>2,072,342</b>

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(expressed in euros)

	Note	Attributable to States Parties		
		Accumulated Surplus/ (Deficit)	Other Reserves	Total Net Assets/ Equity
<b>Balance at 1 January 2014</b>		<b>(1,093,695)</b>	-	<b>(1,093,695)</b>
Changes recognised in net assets/equity:				
Actuarial gains/(losses) on post-employment benefit obligations	20	(865,697)	-	<b>(865,697)</b>
<b>Net revenue recognised directly in net assets/equity</b>		<b>(865,697)</b>	-	<b>(865,697)</b>
Surplus/(deficit) for the period		1,241,341	-	1,241,341
Total recognised revenue and expense for the year 2014		<b>375,644</b>	-	<b>375,644</b>
<b>Balance at 31 December 2014</b>		<b>(718,051)</b>	-	<b>(718,051)</b>

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013**

(expressed in euros)

	Note	Attributable to States Parties		
		Accumulated Surplus/ (Deficit)	Other Reserves	Total Net Assets/ Equity
<b>Balance at 1 January 2013</b>		<b>(3,469,634)</b>	-	<b>(3,469,634)</b>
Changes recognised in net assets/equity:				
Actuarial gains/(losses) on post-employment benefit obligations	20	303,595	-	<b>303,595</b>
Net revenue recognised directly in net assets/equity		303,595	-	<b>303,595</b>
Surplus/(deficit) for the period		2,072,344	-	<b>2,072,344</b>
Total recognised revenue and expense for the year 2013		2,375,939	-	<b>2,375,939</b>
<b>Balance at 31 December 2013</b>		<b>(1,093,695)</b>	-	<b>(1,093,695)</b>

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
(expressed in euros)

	Note	For the Year Ended 31 December 2014	For the Year Ended 31 December 2013
<b>Cash flows from operating activities</b>			
Net surplus/(deficit) for the period		1,241,341	2,072,342
<b>Non-cash movements</b>			
Depreciation and impairment of property, plant and equipment	6.1	944,851	701,647
Amortisation and impairment of intangible assets	6.2	182,360	74,061
(Gains)/losses on disposal of property, plant and equipment	25,28	9,324	161
Increase/(decrease) in provision for impairment of assessed contributions recoverable	7.4	34,020	78,162
Increase/(decrease) in provision for impairment of Article IV & V receivables	9.5	-	-
Increase/(decrease) in 'Other non-current liabilities'	19.1	8,896,218	1,935,251
Increase/(decrease) in Cash Surplus (non-cash)	15.5	(621,073)	2,152,063
Movement in employee benefit provisions (liability)		(47,506)	(94,485)
Movements in provisions	18	(56,743)	13,743
Unrealised currency exchange gain/(loss)		(62,323)	33,455
Repayments of ash surplus	15.5	(1,524,153)	(433,439)
<b>Changes in working capital</b>			
(Increase)/decrease in assessed contributions recoverable (current)	7	(2,102,621)	(55,284)
(Increase)/decrease in Article IV & V receivables (current)	9	(3,824,503)	(993,447)
(Increase)/decrease in other current receivables	10	(23,992,321)	(871,287)
(Increase)/decrease in inventories	11	(182,596)	(54,205)
Increase/(decrease) in accounts payable and other current liabilities	17, 19.2	29,896,974	17,013,190
<b>Net cash flows from operating activities</b>			
		<b>8,791,249</b>	<b>21,571,936</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	25	6,000	6,500
Purchases of property, plant and equipment	6.1	(2,504,748)	(1,537,372)
Purchases of intangible assets	6.2	(302,830)	(222,713)
<b>Net cash flows from investing activities</b>			
		<b>(2,801,578)</b>	<b>(1,753,585)</b>
<b>Cash flows from financing activities</b>			
Increase/(decrease) in Working Capital Fund (ERP)	13.5	(5,737,688)	-
Proceeds received from the 'Working Capital Fund'	13.4	-	3,690
Proceeds received for the 'Voluntary Fund for Assistance'	14	5,974	5,000
<b>Net cash flows from financing activities</b>			
		<b>(5,731,714)</b>	<b>8,690</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>257,957</b>	<b>19,827,043</b>
Cash and cash equivalents at beginning of the period		41,830,441	22,036,853
Unrealised currency exchange gain/(loss)		62,323	(33,455)
<b>Cash and cash equivalents at end of the period</b>			
	12	<b>42,150,721</b>	<b>41,830,441</b>

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(expressed in euros)

	Budgeted Amounts for the Period Ended 31 December 2014		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
<b>Receipts</b>				
Assessed contributions	67,859,500	67,859,500	67,859,500	-
Voluntary contributions	148,600	148,600	148,619	(19)
Articles IV & V	5,236,300	5,236,300	5,698,805	(462,505)
Miscellaneous income	60,000	60,000	201,915	(141,915)
<b>Total receipts</b>	<b>73,304,400</b>	<b>73,304,400</b>	<b>73,908,839</b>	<b>(604,439)</b>
<b>Expenditure</b>				
<b>Verification</b>				
Office of the Director	499,000	533,000	480,261	52,739
Chemical Demilitarisation Branch	1,299,800	1,444,800	1,423,580	21,220
Declarations Branch	2,553,200	2,338,070	2,287,002	51,068
Industry Verification Branch	1,279,000	1,207,000	1,192,400	14,600
OPCW Laboratory	1,354,200	1,512,330	1,489,947	22,383
<b>Subtotal</b>	<b>6,985,200</b>	<b>7,035,200</b>	<b>6,873,190</b>	<b>162,010</b>
<b>Inspections</b>				
Office of the Director	323,500	302,500	259,143	43,357
Operations and Planning Branch	562,600	593,600	557,867	35,733
Inspectorate Management Branch	3,009,200	3,453,200	3,344,293	108,907
Inspection Team Leaders and Personnel	25,597,500	25,093,500	24,191,256	902,244
<b>Subtotal</b>	<b>29,492,800</b>	<b>29,442,800</b>	<b>28,352,559</b>	<b>1,090,241</b>
<b>Chapter One</b>	<b>36,478,000</b>	<b>36,478,000</b>	<b>35,225,749</b>	<b>1,252,251</b>
<b>International Cooperation and Assistance</b>				
Office of the Director	327,600	323,350	322,132	1,218
Assistance and Protection Branch	1,871,900	1,843,650	1,834,859	8,791
Implementation Support Branch	1,982,000	2,163,000	2,135,166	27,834
International Cooperation Branch	2,698,500	2,641,500	2,595,810	45,690
<b>Subtotal</b>	<b>6,880,000</b>	<b>6,971,500</b>	<b>6,887,968</b>	<b>83,532</b>
<b>Support to the Policy-Making Organs</b>				
Office of the Director	1,480,700	1,339,700	1,326,074	13,626
Language Services Branch	3,395,900	3,836,900	3,823,333	13,567
<b>Subtotal</b>	<b>4,876,600</b>	<b>5,176,600</b>	<b>5,149,407</b>	<b>27,193</b>
<b>External Relations</b>				
Office of the Director	314,000	243,183	241,961	1,222
Government Relations and Political Affairs Branch	540,700	529,617	527,381	2,236
Media and Public Affairs Branch	454,200	512,500	512,153	347
Protocol and Visa Branch	632,100	628,300	613,308	14,992
<b>Subtotal</b>	<b>1,941,000</b>	<b>1,913,600</b>	<b>1,894,802</b>	<b>18,798</b>

	Budgeted Amounts for the Period Ended 31 December 2014		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
<b>Executive Management</b>				
Office of the Director-General	1,425,900	1,341,900	1,327,898	14,002
Office of the Deputy Director-General	667,300	472,300	470,747	1,553
Office of Internal Oversight	833,400	759,400	755,268	4,132
Office of the Legal Adviser	1,092,600	1,006,300	1,003,504	2,796
Office of Special Projects	1,609,000	1,565,000	1,547,130	17,870
Office of Confidentiality and Security	2,628,000	2,710,450	2,709,231	1,219
Health and Safety Branch	1,003,200	845,400	835,152	10,248
<b>Subtotal</b>	<b>9,259,400</b>	<b>8,700,750</b>	<b>8,648,930</b>	<b>51,820</b>
<b>Administration</b>				
Office of the Director	515,400	529,400	508,374	21,026
Budget, Planning and Control Branch	451,600	445,600	445,557	43
Finance and Accounts Branch	1,386,900	1,509,400	1,508,424	976
Human Resources Branch	2,034,800	1,954,960	1,896,234	58,726
Procurement and Support Services Branch	6,091,900	5,931,240	5,833,493	97,747
Training, Development and Results-Based Management Branch	-	-	-	-
Information Services Branch	3,388,800	3,693,350	3,625,768	67,582
<b>Subtotal</b>	<b>13,869,400</b>	<b>14,063,950</b>	<b>13,817,849</b>	<b>246,101</b>
<b>Chapter Two</b>	<b>36,826,400</b>	<b>36,826,400</b>	<b>36,398,955</b>	<b>427,445</b>
<b>Total expenditure</b>	<b>73,304,400</b>	<b>73,304,400</b>	<b>71,624,704</b>	<b>1,679,696</b>
<b>Net receipts/(expenditure)</b>	<b>-</b>	<b>-</b>	<b>2,284,135</b>	<b>(2,284,135)</b>

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

**THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

(expressed in euros)

	Budgeted Amounts for the Period Ended 31 December 2013		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
<b>Receipts</b>				
Assessed contributions	66,516,600	66,516,600	66,516,600	-
Voluntary contributions	-	-	181,075	(181,075)
Articles IV & V	3,080,200	3,080,200	2,480,885	599,315
Miscellaneous income	207,000	207,000	95,426	111,574
<b>Total receipts</b>	<b>69,803,800</b>	<b>69,803,800</b>	<b>69,273,986</b>	<b>529,814</b>
<b>Expenditure</b>				
<b>Verification</b>				
Office of the Director	498,500	498,500	490,906	7,594
Chemical Demilitarisation Branch	1,261,200	1,311,200	1,306,340	4,860
Declarations Branch	2,549,100	2,499,100	2,203,669	295,431
Industry Verification Branch	1,276,600	1,276,600	1,237,996	38,604
OPCW Laboratory	1,369,000	1,369,000	1,106,417	262,583
<b>Subtotal</b>	<b>6,954,400</b>	<b>6,954,400</b>	<b>6,345,327</b>	<b>609,073</b>
<b>Inspections</b>				
Office of the Director	323,400	323,400	288,421	34,979
Operations and Planning Branch	3,043,900	3,243,900	3,234,771	9,129
Inspectorate Management Branch	539,100	539,100	505,209	33,891
Inspection Team Leaders and Personnel	21,306,100	21,106,100	20,136,563	969,537
<b>Subtotal</b>	<b>25,212,500</b>	<b>25,212,500</b>	<b>24,164,963</b>	<b>1,047,537</b>
<b>Chapter One</b>	<b>32,166,900</b>	<b>32,166,900</b>	<b>30,510,291</b>	<b>1,656,609</b>
<b>International Cooperation and Assistance</b>				
Office of the Director	386,700	386,700	300,323	86,377
Assistance and Protection Branch	1,814,800	1,759,800	1,522,935	236,865
Implementation Support Branch	1,975,700	1,865,700	1,789,489	76,211
International Cooperation Branch	2,601,700	2,416,700	2,142,298	274,402
<b>Subtotal</b>	<b>6,778,900</b>	<b>6,428,900</b>	<b>5,755,045</b>	<b>673,855</b>
<b>Support to the Policy-Making Organs</b>				
Office of the Director	1,997,000	1,907,000	1,855,996	51,004
Language Services Branch	3,615,700	3,870,700	3,867,984	2,716
<b>Subtotal</b>	<b>5,612,700</b>	<b>5,777,700</b>	<b>5,723,980</b>	<b>53,720</b>
<b>External Relations</b>				
Office of the Director	293,900	293,900	252,099	41,801
Government Relations and Political Affairs Branch	576,000	576,000	532,198	43,802
Media and Public Affairs Branch	461,400	461,400	404,213	57,187
Protocol and Visa Branch	564,400	564,400	502,621	61,779
<b>Subtotal</b>	<b>1,895,700</b>	<b>1,895,700</b>	<b>1,691,130</b>	<b>204,570</b>

	Budgeted Amounts for the Period Ended 31 December 2013		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
<b>Executive Management</b>				
Office of the Director-General	1,420,800	1,420,800	1,379,584	41,216
Office of the Deputy Director-General	687,700	717,700	712,901	4,799
Office of Internal Oversight	835,700	865,700	861,708	3,992
Office of the Legal Adviser	1,080,100	1,073,100	1,043,887	29,213
Office of Special Projects	1,527,300	1,504,300	1,313,550	190,750
Office of Confidentiality and Security	2,851,000	2,851,000	2,837,283	13,717
Health and Safety Branch	1,035,800	1,005,800	952,143	53,657
<b>Subtotal</b>	<b>9,438,400</b>	<b>9,438,400</b>	<b>9,101,055</b>	<b>337,345</b>
<b>Administration</b>				
Office of the Director	466,800	442,800	436,960	5,840
Budget, Planning and Control Branch	469,200	469,200	463,526	5,674
Finance and Accounts Branch	1,352,200	1,412,200	1,409,796	2,404
Human Resources Branch	1,625,200	1,625,200	1,590,247	34,953
Procurement and Support Services Branch	6,143,900	6,428,900	6,320,802	108,098
Training, Development and Results-Based Management Branch	627,200	491,200	437,152	54,048
Information Services Branch	3,226,700	3,226,700	3,183,105	43,595
<b>Subtotal</b>	<b>13,911,200</b>	<b>14,096,200</b>	<b>13,841,589</b>	<b>254,611</b>
<b>Chapter Two</b>	<b>37,636,900</b>	<b>37,636,900</b>	<b>36,112,798</b>	<b>1,524,102</b>
<b>Total expenditure</b>	<b>69,803,800</b>	<b>69,803,800</b>	<b>66,623,089</b>	<b>3,180,711</b>
<b>Net receipts/(expenditure)</b>	<b>-</b>	<b>-</b>	<b>2,650,897</b>	<b>(2,650,897)</b>

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

## **ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**

### **1. REPORTING ENTITY**

- 1.1 The Organisation for the Prohibition of Chemical Weapons (OPCW) is an international organisation which was established by the States Parties to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (hereinafter “the Convention”). The Convention entered into force on 29 April 1997, and the OPCW is located at Johan de Wittlaan 32, 2517 JR The Hague, the Netherlands.
- 1.2 The mission of the OPCW is to achieve the object and purpose of the Convention, to ensure the implementation of its provisions, including those for international verification, and to provide a forum for consultation and cooperation among States Parties.
- 1.3 The continued existence of the OPCW in its present form, with its present programmes of activity, is dependent on States Parties and their continuing annual appropriations and financial contributions.
- 1.4 The reporting entity, the OPCW, comprises the General Fund, the Working Capital Fund, Special Accounts, the Voluntary Fund for Assistance, and the Trust Funds.

### **2. BASIS OF PREPARATION**

- 2.1 The financial statements have been prepared on an accruals and going-concern basis and comply with the requirements of IPSAS. Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied.
- 2.2 The financial statements are presented in euros. These financial statements cover the calendar year ended 31 December 2014. The financial period is the calendar year.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Consolidation**

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

### Foreign currency translation

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

Period	USD/EUR	GBP/EUR	CAD/EUR
31 December 2014	0.820	1.273	0.007
Average 12 months	0.751	1.239	0.007

Period	USD/EUR	GBP/EUR	CAD/EUR
31 December 2013	0.725	1.198	0.679
Average 12 months	0.755	1.177	0.733

- (a) Functional and presentation currency: Items included in the financial statements are measured using the euro, the functional currency, which is the currency of the primary economic environment in which the OPCW operates. The financial statements are also presented in euros, the presentation currency of the OPCW.
- (b) Transactions and balances: Foreign currency transactions are translated into the functional currency using the United Nations Operational Rate of Exchange (UNORE) prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applicable on 31 December 2014.

### Cash and cash equivalents

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

### Financial assets

#### Classification

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

- (a) Financial assets at fair value through surplus or deficit: This category has two subcategories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the OPCW. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the reporting date. As at the reporting date, no such assets are held by the OPCW.
- (b) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months of the reporting date, which are classified as non-current. The OPCW's loans and receivables comprise 'receivables and recoverables from non-exchange transactions' and 'receivables from exchange transactions'.
- (c) Held-to-maturity financial assets: Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the OPCW has the positive intention and ability to hold to maturity. If the OPCW were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than 12 months of the reporting date, which are classified as current assets. As at the reporting date, no such assets are held by the OPCW.
- (d) Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the OPCW intends to dispose of the financial asset within 12 months of the reporting date. As at the reporting date, no such assets are held by the OPCW.

#### Recognition and measurement

- 3.6 Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity assets and available-for-sale financial assets are recognised on the trade date—the date on which the OPCW commits to purchasing or selling the asset.
- 3.7 Financial assets carried at fair value through surplus or deficit are initially recognised at fair value, and transaction costs are expensed in the statement of financial performance. The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received).
- 3.8 Financial assets that are not carried at fair value through surplus or deficit are initially recognised at fair value plus transaction costs.
- 3.9 Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the OPCW has transferred substantially all risks and rewards of ownership.

### Subsequent measurement

- 3.10 Available-for-sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.
- 3.11 Gains and losses arising from changes in the fair value of the financial assets at fair value through surplus or deficit are included in the statement of financial performance in the period in which they arise. Dividend income from financial assets at fair value through surplus or deficit is recognised in the statement of financial performance as part of other income when the OPCW's right to receive payment is established.
- 3.12 Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences arising on monetary items are recognised in the statement of financial performance. Translation differences arising on non-monetary items are recognised in net assets/equity when the gain/(loss) on the non-monetary items is recognised in net assets/equity, and are recognised in the statement of financial performance when the gain/(loss) on the non-monetary item is recognised in the statement of financial performance.
- 3.13 When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available-for-sale financial assets are recognised when the OPCW's right to receive payment is established.

### Impairment

- 3.14 All financial assets except those measured at fair value through surplus or deficit are subject to review for impairment. The OPCW assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.
- (a) Assets carried at amortised cost: If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for

measuring any impairment loss is the current effective interest rate determined under the contract.

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

### **Inventories**

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

### **Property, plant and equipment**

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

<b>Asset</b>	<b>Estimated Useful Life</b>
Inspection and verification equipment	10 years
Security and health equipment	5 years
Office furniture and equipment	7 years
Hardware equipment	4 years
Vehicles	5 years

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

### **Leases**

#### Operating lease

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

#### Finance lease

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

### **Intangible assets**

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

The cost of internally generated software is determined based on a standard rate that includes cost elements stated in note 3.23. Costs associated with maintaining computer software programmes are recognised as expenses as incurred.

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

- (a) it is technically feasible to complete the software product so that it will be available for use;
- (b) management intends to complete the software product and use or sell it;
- (c) there is an ability to use or sell the software product;
- (d) it can be demonstrated how the software product will generate probable future economic benefits or service potential;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- (f) the expenditure attributable to the software product during its development can be reliably measured.

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

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

<b>Asset</b>	<b>Estimated Useful Life</b>
Acquired software	3 years
Internally developed software	3 years

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

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

## **Employee benefits**

### Short-term employee benefits

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

### Post-employment benefits

- 3.27 Post-employment benefits include pension plans, travel and removal costs at separation, and repatriation grants and death benefits after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.
- 3.28 For defined contribution post-employment plans, the obligation for each period is determined by the amounts to be contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. Actuarial gains and losses are recognised in net assets/equity in the period in which they occur.

### Other long-term employee benefits

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

### Termination benefits

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

## **Financial liabilities**

- 3.31 The OPCW's financial liabilities include accounts payable, 'Working Capital Fund', 'Voluntary Fund for Assistance' and 'Cash surplus reimbursable to States Parties'. These financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The financial liabilities 'Working Capital Fund', 'Voluntary Fund for Assistance' and 'Cash

surplus' are not discounted considering the specific objectives and the indefinite nature of these amounts (similar to a permanent advance) and the restrictions imposed on these amounts.

### **Provisions and contingencies**

#### Provisions

- 3.32 Provisions are recognised for future expenditures of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.
- 3.33 Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

#### Contingent liabilities

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

#### Contingent assets

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

### **Taxes**

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

### **Revenue recognition**

#### Revenue from non-exchange transactions

- 3.37 Non-exchange revenue represents transactions in which OPCW receives value from another entity without providing approximately equal value to another entity in exchange. For non-exchange transactions, revenue is recognised on the inflow of assets except to the extent that a liability, representing a present obligation to the OPCW, exists. As the OPCW satisfies this present obligation, it reduces the carrying amount of the liability and recognises revenue. Non-exchange revenue is measured at the amount of the increase in net assets recognised by the OPCW. A recoverable relating to non-exchange revenue is recognised at the net realisable amount, after

reducing any impaired receivable from the carrying amount. Goods in kind are recognised as assets when the goods are received or when there is a binding agreement to receive the goods and no conditions are attached. Services in kind are not recognised.

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

#### Revenue from exchange transactions

- 3.39 Revenue from exchange transactions is measured at the fair value of the consideration received or receivable and is recognised as services are rendered according to the estimated stage of completion when the outcome of a transaction can be estimated reliably. Revenue is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. When the outcome of the transaction cannot be estimated reliably, revenue is recognised to the extent of the expenses recognised that are recoverable. Revenue from services is recognised at the fair value of the consideration received or receivable. When a receivable is impaired, the carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the receivable. Subsequent recoveries of amounts previously written off are credited to miscellaneous income within the statement of financial performance. Interest income is recognised on a time-proportion basis using the effective interest method.
- 3.40 The OPCW's major category of exchange revenue is Article IV and V revenue, amounts that are invoiced to States Parties for various services (as described in note 23 'Article IV and V revenue') provided in the verification of and destruction of chemical weapons.

#### **Expenses**

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

#### **Segment information**

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

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

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

- 4.2 The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Actuarial assumptions are established to anticipate future events and are used in calculating post-employment benefits and other long-term employee benefits expense and liability. Assumptions have been made with respect to the discount rate, inflation, indexation, rates of future compensation increases, turnover rates, and life expectancy. Any changes in these assumptions will impact the amount of benefits expense and the related liability.
- 4.3 The OPCW determines the discount rate annually. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the OPCW considers the interest rate of government bonds within the Eurozone that have terms to maturity approximating the terms of the related employee benefit liabilities.
- 4.4 The other assumptions are based in part on current market conditions and historical experience of the OPCW. Additional information is disclosed in note 16 'Employee benefits'.

##### **Receivables: Determination of impairment**

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

## 5. FINANCIAL RISK MANAGEMENT

### Financial risk factors

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

### Market risk: Foreign exchange risk

- 5.2 Foreign exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The OPCW operates internationally and is exposed to limited foreign exchange risk arising from certain currency exposures.
- 5.3 The OPCW's cash inflows from assessed contributions as determined by the Conference are denominated in euros. Receipts of assessed contributions can be in currencies other than euros; however, the States Parties are responsible for any foreign currency fluctuations that may arise. Voluntary contributions are primarily denominated in euros, US dollars, UK pounds, Norwegian kroner, and Canadian dollars. Foreign-currency exposure arises on voluntary contributions denominated in currencies other than euros. However, the OPCW minimises this risk by immediately converting all foreign currency denominated voluntary contributions into euros at the spot rate of the receiving bank. The OPCW records the contributions at the actual euro amounts received, and all corresponding expenses are reported to the donors in euros. If there is an unused balance, the OPCW refunds the euro balance, which the bank converts back to the original currency at the spot rate prevailing at the time of payment.
- 5.4 The OPCW's cash outflows relate primarily to payments to employees and payments to vendors. Employee salaries are denominated in US dollars, however, are paid in euros. Payments to vendors are typically denominated in euros. Certain payments are denominated in foreign currencies, primarily the US dollar and the UK pound. Payments to vendors that are denominated in currencies other than euros typically account for less than 7% of total payments.
- 5.5 At 31 December 2014, if the euro had weakened/strengthened by 10% against the US dollar, net surplus/deficit for the year would have been EUR 27,467 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated assessed contributions recoverable, voluntary contributions recoverable, and accounts payable.

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

#### **Market risk: Interest rate risk**

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

#### **Credit risk**

- 5.8 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents with banks and financial institutions and exposures to receivables from States Parties. The OPCW's Investment Committee meets at least quarterly to review the OPCW's investment policies for financial assets. The Investment Committee may meet more frequently if economic circumstances demand additional attention. The Investment Committee determines which financial institutions may be used for the investment of cash and cash equivalents. The OPCW will only invest deposits in financial institutions with a Moody's Investors Service rating of no lower than a P-1 rating. The OPCW also used a bank which is not rated by Moody's Investors Service because of its supranational nature. The balance on this account on 31 December 2014 was EUR 0 (2013: EUR 3,149,870). In addition to the P-1 requirement, Moody's financial strength ratings are used as a guide for determining which financial institutions may be used to hold deposits. Investments with banks and financial institutions are spread amongst a number of institutions to avoid a concentration of funds. Information regarding the credit quality of the banks and financial institutions in which the OPCW's cash and cash equivalents are invested as of the reporting date is as follows (Moody's ratings referenced):

<b>Moody's Investors Service Ratings</b>	<b>31-Dec-14</b>	<b>31-Dec-13</b>
Rating P-1	42,150,721	38,664,440
Non-rated	-	3,149,870
<b>Total cash and cash equivalents</b>	<b>42,150,721</b>	<b>41,814,310</b>
<b>Moody's Financial Strength Rating</b>	<b>31-Dec-14</b>	<b>31-Dec-13</b>
Rating B+	-	-
Rating B-	-	6,531,445
Rating C+	-	-
Rating C	4,087,247	6,209,489
Rating C-	38,063,474	25,923,506
Non-rated	-	3,149,870
<b>Total cash and cash equivalents</b>	<b>42,150,721</b>	<b>41,814,310</b>

- 5.9 Credit risk arises from receivables from States Parties.

## Liquidity risk

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

As at 31 December 2014:

	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Working Capital Fund	-	-	-	-	4,178,472	4,178,472
Voluntary Fund for Assistance	-	-	-	-	1,532,041	1,532,041
Cash surplus reimbursed to States Parties	63,422	1,530,991	-	-	-	1,594,413
Accounts payable	3,730,674	-	-	-	-	3,730,674
<b>Total financial liabilities</b>	<b>3,794,096</b>	<b>1,530,991</b>	-	-	<b>5,710,513</b>	<b>11,035,600</b>

As at 31 December 2013:

	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Working Capital Fund	-	-	-	-	9,916,160	9,916,160
Voluntary Fund for Assistance	-	-	-	-	1,526,067	1,526,067
Cash surplus reimbursed to States Parties	1,587,575	2,152,063	-	-	-	3,739,638
Accounts payable	2,166,367	-	-	-	-	2,166,367
<b>Total financial liabilities</b>	<b>3,753,942</b>	<b>2,152,063</b>	-	-	<b>11,442,227</b>	<b>17,348,232</b>

## Capital risk management

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

## Fair value estimation

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

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

### 6.1 Property, plant and equipment

As at 31 December 2014:

	Inspection and Verification Equipment	Security and Health Equipment	Office Furniture and Equipment	Hardware Equipment	Vehicles	Assets under construction	Total
At 1 January 2014:							
Cost	5,257,219	934,911	813,160	1,208,055	217,554	-	8,430,899
Accumulated depreciation and impairment	(2,585,095)	(623,193)	(577,426)	(996,401)	(159,385)	-	(4,941,500)
<b>Net book amount</b>	<b>2,672,124</b>	<b>311,717</b>	<b>235,734</b>	<b>211,654</b>	<b>58,169</b>	-	<b>3,489,399</b>
<b>Year ended 31 December 2014:</b>							
Opening net book amount	2,672,124	311,717	235,734	211,654	58,169	-	3,489,398
Additions	1,352,128	35,732	293,308	453,147	57,377	313,056	2,504,748
Transfers	-	-	-	-	-	-	-
Disposals	(76,799)	(24,423)	(17,525)	(67,774)	-	-	(186,521)
Accumulated depreciation on disposed assets	62,054	23,843	17,525	67,774	-	-	171,197
Depreciation charge	(559,884)	(97,458)	(78,901)	(171,150)	(25,034)	-	(932,426)
Impairment losses	(22,571)	-	-	(1,272)	-	-	(23,843)
Impairment losses reversed	11,418	-	-	-	-	-	11,418
Other movements	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>3,438,470</b>	<b>249,412</b>	<b>450,142</b>	<b>492,379</b>	<b>90,512</b>	<b>313,056</b>	<b>5,033,971</b>
<b>At 31 December 2014:</b>							
Cost	6,532,548	946,220	1,088,943	1,593,428	274,931	313,056	10,749,126
Accumulated depreciation and impairment	(3,094,078)	(696,808)	(638,802)	(1,101,048)	(184,419)	-	(5,715,155)
<b>Net book amount</b>	<b>3,438,470</b>	<b>249,412</b>	<b>450,142</b>	<b>492,379</b>	<b>90,512</b>	<b>313,056</b>	<b>5,033,971</b>

As at 31 December 2013:

	Inspection and Verification Equipment	Security and Health Equipment	Office Furniture and Equipment	Hardware Equipment	Vehicles	Assets under construction	Total
At 1 January 2013:							
Cost	4,527,973	825,534	749,460	1,183,105	173,317	-	7,459,389
Accumulated depreciation and impairment	(2,503,713)	(680,958)	(538,804)	(937,899)	(137,681)	-	(4,799,054)
<b>Net book amount</b>	<b>2,024,261</b>	<b>144,576</b>	<b>210,656</b>	<b>245,206</b>	<b>35,636</b>	-	<b>2,660,335</b>
<b>Year ended 31 December 2013:</b>							
Opening net book amount	2,024,261	144,576	210,656	245,206	35,636	-	2,660,335
Additions	1,084,563	233,545	87,291	87,736	44,237	-	1,537,372
Transfers	-	-	-	-	-	-	-
Disposals	(355,317)	(5,790)	(23,591)	(62,786)	-	-	(447,484)
Accumulated depreciation on disposed assets	348,686	5,790	23,561	62,786	-	-	440,822
Depreciation charge	(429,089)	(66,404)	(62,183)	(121,287)	(21,704)	-	(700,668)
Impairment losses	(11,418)	-	-	-	-	-	(11,418)
Impairment losses reversed	10,439	-	-	-	-	-	10,439
Other movements - cost*	-	(118,378)	-	-	-	-	(118,378)
Other movements - depreciation*	-	118,378	-	-	-	-	118,378
<b>Closing net book amount</b>	<b>2,672,124</b>	<b>311,717</b>	<b>235,734</b>	<b>211,654</b>	<b>58,169</b>	-	<b>3,489,399</b>
<b>At 31 December 2013:</b>							
Cost	5,257,219	934,911	813,160	1,208,055	217,554	-	8,430,899
Accumulated depreciation and impairment	(2,585,096)	(623,193)	(577,426)	(996,401)	(159,385)	-	(4,941,500)
<b>Net book amount</b>	<b>2,672,124</b>	<b>311,717</b>	<b>235,734</b>	<b>211,654</b>	<b>58,169</b>	-	<b>3,489,399</b>

\* 'Other movements' refer to deletions of fully depreciated assets.

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

## 6.2 Intangible assets

As at 31 December 2014:

	Acquired Software	Internally Generated Software	Software Under Development	Total
<b>Balance as at 1 January 2014:</b>				
Cost	160,577	259,185	19,249	<b>439,011</b>
Accumulated amortisation and impairment	(43,724)	(54,648)	-	<b>(98,372)</b>
<b>Net book amount</b>	<b>116,853</b>	<b>204,537</b>	<b>19,249</b>	<b>340,639</b>
<b>As at 31 December 2014:</b>				
Opening net book value	116,853	204,537	19,249	<b>340,639</b>
Additions	201,744	66,707	34,379	<b>302,830</b>
Transfers		19,249	(19,249)	-
Amortisation charge	(85,037)	(97,323)	-	<b>(182,360)</b>
Other movements	-	-	-	-
<b>Net book amount as at 31 December 2014</b>	<b>233,560</b>	<b>193,171</b>	<b>34,378</b>	<b>461,109</b>
<b>As at 31 December 2014:</b>				
Cost	362,321	345,142	34,378	<b>741,841</b>
Accumulated amortisation and impairment	(128,761)	(151,971)	-	<b>(280,732)</b>
<b>Net book amount as at 31 December 2014</b>	<b>233,560</b>	<b>193,171</b>	<b>34,378</b>	<b>461,109</b>

As at 31 December 2013:

	Acquired Software	Internally Generated Software	Software Under Development	Total
<b>Balance as at 1 January 2013:</b>				
Cost	50,277	94,681	71,340	<b>216,298</b>
Accumulated amortisation and impairment	(8,554)	(15,758)	-	<b>(24,311)</b>
<b>Net book amount</b>	<b>41,723</b>	<b>78,924</b>	<b>71,340</b>	<b>191,986</b>
<b>As at 31 December 2013:</b>				
Opening net book value	41,723	78,924	71,340	<b>191,986</b>
Additions	110,300	112,413	-	<b>222,713</b>
Transfers	-	52,090	(52,090)	-
Amortisation charge	(35,171)	(38,890)	-	<b>(74,061)</b>
Other movements	-	-	-	-
<b>Net book amount as at 31 December 2013</b>	<b>116,853</b>	<b>204,537</b>	<b>19,249</b>	<b>340,639</b>
<b>As at 31 December 2013:</b>				
Cost	160,577	259,185	19,249	<b>439,011</b>
Accumulated amortisation and impairment	(43,724)	(54,648)	-	<b>(98,372)</b>
<b>Net book amount as at 31 December 2013</b>	<b>116,853</b>	<b>204,537</b>	<b>19,249</b>	<b>340,639</b>

## 7. ASSESSED CONTRIBUTIONS RECOVERABLE

	2014	2013
Assessed contributions	6,291,499	4,188,879
Less: allowance for impairment of assessed contributions	(667,830)	(633,810)
<b>Total assessed contributions - net</b>	<b>5,623,669</b>	<b>3,555,069</b>

7.1 Every Member State is assessed an annual contribution due to the OPCW. These amounts are enforceable amounts due by the States Parties to the OPCW each year. The assessed contributions are issued at the beginning of each calendar year and are payable in full within 30 days of States Parties' receipt of the requests for payments or on the first day of the financial period to which they relate, whichever is later. The fair value of these assessed contributions approximates the carrying amount; as the amounts due after more than one year are insignificant, the impact of discounting is immaterial.

7.2 As of 31 December 2014, assessed contributions of EUR 5,623,669 (2013: EUR 3,555,069) were past due but not impaired. These include assessed contributions recoverable of States Parties with arrears of less than three years old and receivables from States Parties who have made proposal for multi-year payment plans, irrespective of the age of the receivables. The ageing analysis of these assessed contributions is as follows:

	2014	2013
Up to 1 year old	3,497,691	2,955,808
Older than 1 year and up to 2 years	2,034,415	255,300
Older than 2 years and up to 3 years	8,630	236,119
Older than 3 years and up to 10 years	38,736	61,814
Older than 10 years	44,197	46,027
	<b>5,623,669</b>	<b>3,555,069</b>

7.3 As of 31 December 2014, assessed contributions of EUR 667,830 (2013: EUR 633,810) were impaired and provided for. The amount impaired as at 2014 year end includes the accumulated unpaid assessed contributions net of corresponding cash surplus, as at 31 December 2013, of States Parties who are in arrears with respect to the financial period 2011 and before. The assessed contributions recoverable in the statement of financial position are shown net of this provision, which does not constitute legal discharges of concerned States Parties from their obligations to make payments to the OPCW. The ageing analysis of these assessed contributions is as follows:

	2014	2013
Up to 1 year old	-	-
Older than 1 year and up to 2 years	79,670	83,369
Older than 2 years and up to 3 years	80,649	82,596
Older than 3 years and up to 10 years	325,209	293,058
Older than 10 years	182,302	174,788
	<b>667,830</b>	<b>633,810</b>

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

	<b>2014</b>	<b>2013</b>
Beginning of period	633,810	555,648
Provision for impairment of assessed contributions (write-down)	84,307	82,407
Unused amounts reversed (other income)	(50,287)	(4,245)
Unwinding of discount	-	-
	<b>667,830</b>	<b>633,810</b>

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

## 8. VOLUNTARY CONTRIBUTIONS RECOVERABLE

The OPCW receives voluntary contributions which are used for various purposes as specified in the donor agreement. Voluntary contributions can include specified performance obligations by the OPCW, the consideration payable by the donor, and other general terms and conditions. Conditions that may be attached to the contributions include, inter alia, stipulations that a training or workshop be organised in a certain region, conditions related to progress and completion of research performed, and refund of unspent amounts contributed. The carrying amounts of the voluntary contributions are primarily denominated in euros, US dollars, UK pounds, and Canadian dollars. The conditions associated with voluntary contributions received by the OPCW are disclosed in note 19 'Other liabilities'. At 31 December 2014, there were EUR 0 voluntary contributions recoverable (2013: EUR 0).

## 9. ARTICLE IV AND V RECEIVABLES

	<b>2014</b>	<b>2013</b>
Article IV & V receivables	5,582,638	1,758,136
Less: allowance for impairment of Article IV & V receivables	(222,950)	(222,950)
<b>Total Article IV &amp; V receivables - net</b>	<b>5,359,688</b>	<b>1,535,186</b>
Less: non-current portion - Article IV & V receivables	-	-
<b>Current portion - Article IV &amp; V receivables</b>	<b>5,359,688</b>	<b>1,535,186</b>

- 9.1 The OPCW charges States Parties for its services provided in the verification of and destruction of chemical weapons. The amounts charged to States Parties for services provided include amounts to cover the OPCW's staff costs, travel expenses, daily subsistence allowance, and transportation charges for hazardous materials. The rates relating to staff costs charged to States Parties by the OPCW are established annually by agreement of the States Parties, taking into account actual expenses incurred. The

OPCW provides services in exchange for generating this revenue in the form of expertise of its employees regarding chemical weapons.

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

9.3 As of 31 December 2014, Article IV and V receivables of EUR 5,359,688 (2013: EUR 1,535,186) were past due but not impaired. Amounts are impaired, without implying legal discharge of the concerned States Parties obligation to pay, when there is no expectation of recovering additional cash. The ageing analysis of the Article IV and V receivables is as follows:

	<b>2014</b>	<b>2013</b>
Up to 3 months	2,616,271	1,017,996
Older than 3 months and up to 6 months	2,743,417	517,189
Older than 6 months and up to 1 year	-	-
	<b>5,359,688</b>	<b>1,535,186</b>

9.4 As of 31 December 2014, Article IV and V receivables of EUR 222,950 (2013: EUR 222,950) were impaired and provided for, without legally discharging the concerned States Parties' obligations to make payments to the OPCW. The Article IV and V receivables in the statement of financial position are shown net of this provision. The ageing analysis of these receivables is as follows:

	<b>2014</b>	<b>2013</b>
Older than 1 year and up to 2 years	-	-
Older than 2 years and up to 3 years	-	-
Older than 3 years and up to 10 years	222,950	222,950
	<b>222,950</b>	<b>222,950</b>

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

	<b>2014</b>	<b>2013</b>
Beginning of period	222,950	222,950
Provision for impairment of Article IV & V receivables	-	-
Unused amounts reversed	-	-
	<b>222,950</b>	<b>222,950</b>

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

## 10. OTHER ASSETS

Other assets comprise the following items:

	2014	2013
Receivables from staff members*	1,376,906	1,212,114
Value-added tax and other recoverable taxes**	936,329	1,024,030
Interest receivable	608	1,344
Receivables from vendors	67,426	390,692
'Working Capital Fund' receivable	6,757	10,447
Miscellaneous	7,557	(19,512)
Prepayments - vendors***	999,861	879,857
Prepayments – UNOPS****	24,544,463	450,328
Prepayments - UNDP	93,845	92,132
<b>Other assets</b>	<b>28,033,752</b>	<b>4,041,433</b>

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

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

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

\*\*\*\* Prepayments to UNOPS were included within 'Receivables from vendors' in the 2013 financial statements. In 2014 this amount is shown separately.

## 11. INVENTORIES

	2014	2013
Inventories - Primary	511,177	485,955
Inventories - Secondary	582,310	424,935
	<b>1,093,487</b>	<b>910,890</b>

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

11.2 Physical stock count of primary and secondary consumables was carried out as at 31 December 2014. The carrying amount of inventories is shown at lower of cost or current replacement cost as at 31 December 2014.

**12. CASH AND CASH EQUIVALENTS**

<b>Unrestricted</b>	<b>2014</b>	<b>2013</b>
Interest-bearing current accounts	34,242,889	19,753,211
Cash on hand	-	16,130
Time deposits	1,244,206	10,628,710
<b>Total unrestricted</b>	<b>35,487,095</b>	<b>30,398,051</b>
<b>Restricted</b>		
Interest-bearing current accounts	218,981	204,972
Time deposits	6,444,645	11,227,418
<b>Total restricted</b>	<b>6,663,626</b>	<b>11,432,390</b>
Imprest accounts	-	-
<b>Total cash and cash equivalents</b>	<b>42,150,721</b>	<b>41,830,441</b>

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

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Restricted cash and cash equivalents			
Working Capital Fund *	12.2	5,122,687	9,906,322
Voluntary Fund for Assistance **	12.3	1,540,939	1,526,068
<b>Total restricted cash and cash equivalents</b>		<b>6,663,626</b>	<b>11,432,390</b>

\* Restricted cash in the Working Capital Fund bank accounts at 31 December 2014 includes EUR 944,215 payable to the ERP fund.

\*\* Restricted cash in the Voluntary Fund for Assistance bank account at 31 December 2014 includes EUR 9,006 payable to the other funds relating to Voluntary Contributions, and excludes EUR 108 accrued bank interest.

**Working Capital Fund**

12.2 The Working Capital Fund is a fund that has been established to meet short-term liquidity problems. The required balance of this fund is determined by the Conference. These funds are managed in a segregated bank account. Refer to further information disclosed in note 13 'Working Capital Fund'.

**Voluntary Fund for Assistance**

12.3 The Voluntary Fund for Assistance has been established in accordance with the Convention to coordinate and deliver assistance to a State Party when requested. Contributions to the fund may be accepted from States Parties, non-governmental organisations, institutions, private parties or individuals. These funds are managed in a segregated bank account. Restrictions placed by donors on the use of the contributions may apply only where acceptance of such funds is exceptionally authorised by the Conference. Restrictions on the availability of these amounts are imposed by the Convention and not by donors of the contributions. Refer to further information disclosed in note 14 'Voluntary Fund for Assistance'.

- 12.4 The amount of liabilities recognised in respect of voluntary contributions is disclosed in note 19.1 'Other non-current liabilities'. The maximum exposure to credit risk at the reporting date is equal to the carrying amount of cash and cash equivalents.

### 13. WORKING CAPITAL FUND

- 13.1 The Working Capital Fund has been established to meet short-term liquidity problems, including temporarily funding appropriated budgetary expenditures pending the receipt of contributions. The Working Capital Fund is financed from advances by all States Parties in accordance with the scale of assessment determined by the Conference.
- 13.2 A Working Capital Fund in the amount of EUR 4,537,802 was established by the Conference at its First Session (C-I/DEC.74\*, dated 23 May 1997). At its Ninth Session, the Conference (C-9/DEC.12, dated 2 December 2004) decided to increase the Working Capital Fund to the amount of EUR 9,900,000, based on the OPCW's scale of assessment for 2005.
- 13.3 At its Nineteenth Session, the Conference (C-19/DEC.8, dated 3 December 2014) decided to reduce the Working Capital Fund to a level of EUR 4.2 million, in accordance with Financial Regulations 6.4 and 6.5 of the OPCW and based on the draft Programme and Budget for 2015 (EC-77/DEC.4, dated 9 October 2014), and decided to transfer the surplus of EUR 5.7 million arising from the reduction of the WCF to a special enterprise-resource-planning (ERP) fund to be established for the purpose of implementation of a new ERP system.
- 13.4 Any new States Parties joining the OPCW make an advance to the Working Capital Fund in accordance with the scale of assessment applicable to the budget of the year of their ratification of, or accession to, the Convention. The level of the Working Capital Fund is increased by any amounts that new States Parties are required to pay, until the Conference establishes a new level for the Fund.
- 13.5 The increase in the level of the Working Capital Fund during the reporting period, and the amount held in it, is explained as follows:

	Note	2014	2013
<b>Movement in the 'Working Capital Fund' liability</b>			
At 1 January	Appendix 5.7	9,916,160	9,912,470
Contributions of new States Parties		-	3,690
Disbursements to/from General Fund		-	-
Transfer to Other Liabilities (ERP fund)*	19.1, Appendix 5.7	(5,737,688)	-
<b>Total Working Capital Fund as at 31 December</b>		<b>4,178,472</b>	<b>9,916,160</b>
Of which:			
Non-current portion 'Working Capital Fund' liability	Appendix 5.7	4,178,472	9,916,160
Current portion of 'Working Capital Fund' liability		-	-
<b>Total Working Capital Fund as at 31 December</b>		<b>4,178,472</b>	<b>9,916,160</b>

\* The transfer to other liabilities is shown as a decrease in the Working Capital Fund in the cash flow statement under 'Cash flows from financing activities'.

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

#### 14. VOLUNTARY FUND FOR ASSISTANCE

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

	2014	2013
<b>Balance as at 1 January</b>	<b>1,526,067</b>	<b>1,521,067</b>
Contributions received/disbursement from States Parties	5,001	5,000
Interest earned	973	-
<b>Net proceeds received for Voluntary Fund for Assistance</b>	<b>5,974</b>	<b>5,000</b>
<b>Total Voluntary Fund for Assistance as at 31 December</b>	<b>1,532,041</b>	<b>1,526,067</b>
Of which:		
Non-current portion Voluntary Fund for Assistance	1,532,041	1,526,067
Current portion of Voluntary Fund for Assistance	-	-
<b>Total Voluntary Fund for Assistance as at 31 December</b>	<b>1,532,041</b>	<b>1,526,067</b>

#### 15. CASH SURPLUS – REIMBURSABLE TO STATES PARTIES

- 15.1 In accordance with the OPCW's regulations, a cash surplus based on the cash basis of accounting is applied to the OPCW's budget. After finalisation, this amount, including any necessary adjustments, is returned to States Parties proportional to the assessed contributions in the year in which the surplus arose, by means of an adjustment to the assessed contributions.
- 15.2 At its Nineteenth Session, the Conference (C-19/DEC.9, dated 3 December 2014) approved the suspension by States Parties, on an exceptional basis, of the application of Financial Regulation 6.3 of the OPCW with regard to the allocation of the cash surplus for 2012 among States Parties, and approved the transfer of the cash surplus for 2012 to a special enterprise-resource-planning (ERP) fund to be established for the purpose of implementation of a new ERP system.
- 15.3 An amount of EUR 1,524,153 represents final cash surpluses from 2011 and prior years, allocated during the reporting period to States Parties which owed amounts to the OPCW and have paid their assessed annual contributions in full for the financial period to which the surplus relates. The final cash surplus of 2010 and prior years allocated (reimbursed) to States Parties in 2013 in a similar manner was EUR 433,439.
- 15.4 Current liabilities at 31 December 2014 of EUR 63,422 represent amounts withheld from the States Parties due to non-payment of assessed contributions to the OPCW.

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

		2014	
		Non-current	Current
<b>Balance as at 1 January 2014</b>		<b>2,152,063</b>	<b>1,587,575</b>
Transfer of 2012 Cash Surplus to Other Liabilities (ERP fund)*		(2,152,063)	-
Transfer of cash surplus from non-current to current liability		-	-
Distributed cash surplus	Appendix 5.13	-	(1,524,153)
Final cash surplus for 2013*	Appendix 5.5	1,530,991	-
<b>Balance as at 31 December 2014</b>		<b>1,530,991</b>	<b>63,422</b>

\* The transfer of 2012 Cash Surplus to Other Liabilities (ERP fund) and distributed cash surplus are included in the cash flow statement under 'Cash flows from operating activities', as the original cash flows from Assessed Contributions are also included within 'Cash flows from operating activities'.

		2013	
		Non-current	Current
<b>Balance as at 1 January 2013</b>		<b>1,608,485</b>	<b>412,529</b>
Transfer of cash surplus from non-current to current liability		(1,608,485)	1,608,485
Distributed cash surplus		-	(433,439)
Final cash surplus for 2012	Appendix 5.5	2,152,063	-
<b>Balance as at 31 December 2013</b>		<b>2,152,063</b>	<b>1,587,575</b>

## 16. EMPLOYEE BENEFITS

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

Employee Benefit	Note	2014			2013		
		Non-current	Current	Total	Non-current	Current	Total
<b>Long-term employee benefits</b>							
<b>Post-employment benefits</b>							
Repatriation grant	16.5	2,900,302	1,235,194	4,135,496	2,322,538	872,772	3,195,310
Removal	16.5	955,113	414,901	1,370,014	865,300	370,837	1,236,137
Repatriation travel	16.5	545,485	202,045	747,530	508,468	160,265	668,733
Death benefit	16.5	330,898	160,505	491,403	253,413	28,514	281,927
<b>Total post-employment benefits</b>	16.5	<b>4,731,798</b>	<b>2,012,645</b>	<b>6,744,443</b>	<b>3,949,719</b>	<b>1,432,388</b>	<b>5,382,107</b>
<b>Other long-term employee benefits</b>							
Home leave	16.11	33,063	468,079	501,143	-	556,550	556,550
<b>Total long-term employee benefits</b>		<b>4,764,861</b>	<b>2,480,724</b>	<b>7,245,586</b>	<b>3,949,719</b>	<b>1,988,938</b>	<b>5,938,657</b>
<b>Short-term employee benefits</b>							
Annual leave	16.2	-	2,391,438	2,391,438	-	2,775,435	2,775,435
Other short-term employee benefits	16.2	-	623,252	623,252	-	727,994	727,994
<b>Total short-term employee benefits</b>		<b>-</b>	<b>3,014,690</b>	<b>3,014,690</b>	<b>-</b>	<b>3,503,429</b>	<b>3,503,429</b>
<b>Total employee benefits</b>		<b>4,764,861</b>	<b>5,495,414</b>	<b>10,260,276</b>	<b>3,949,719</b>	<b>5,492,367</b>	<b>9,442,086</b>

### Short-term employee benefits

16.2 As described in accounting note 3.26, short-term employee benefits comprise recurring benefits, deductions and contributions (including salaries, post adjustments, dependency allowances), compensated absences (annual leave), other short-term benefits (retroactive payments, education grants, income tax reimbursements, travel

and removal costs at initial appointment, assignment grants) and the current portion of long-term benefits provided to current employees.

- 16.3 Disclosure of these items is provided in note 26 'Employee benefit expenses' and note 34 'Key management compensation'.

### **Post-employment benefits**

#### Defined contribution plans

- 16.4 The OPCW's pension plan is the Provident Fund. The OPCW contributes a fixed amount for all employees into the Provident Fund. Upon departure from the OPCW (provided a minimum service period of three months has been performed), the employee receives contributions made by the OPCW on their behalf and accrued interest. After this payment upon departure, the OPCW has no remaining legal or constructive obligations to pay further contributions. During the period ended 31 December 2014, a Provident Fund contribution of EUR 6,872,005 (2013: EUR 6,770,748) has been recognised in the employee benefit expenses line of the statement of financial performance.

#### Defined benefit plans

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

<b>Post-Employment Benefits</b>	<b>Per Actuarial Valuation</b>
<b>Balance as at 1 January 2014</b>	<b>5,382,107</b>
Current service cost	1,060,715
Interest cost	64,355
Contributions by plan participants	-
Actuarial (gains)/losses	865,695
Foreign currency-exchange differences	-
Benefits paid	(628,429)
Past service cost	-
Curtailments	-
Settlements	-
<b>Balance as at 31 December 2014</b>	<b>6,744,443</b>

<b>Post-Employment Benefits</b>	<b>Per Actuarial Valuation</b>
<b>Balance as at 1 January 2013</b>	<b>5,476,151</b>
Current service cost	1,147,276
Interest cost	77,014
Contributions by plan participants	-
Actuarial (gains)/losses	(303,596)
Foreign currency-exchange differences	-
Benefits paid	(1,014,738)
Past service cost	-
Curtailments	-
Settlements	-
<b>Balance as at 31 December 2013</b>	<b>5,382,107</b>

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

<b>Post-Employment Benefits</b>	<b>2014</b>	<b>2013</b>
<b>Balance as at 31 December</b>		
Present value of defined benefit obligation	6,744,443	5,382,107
Fair value of plan assets	-	-
<b>Deficit/(surplus) in the plan</b>	<b>6,744,443</b>	<b>5,382,107</b>

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

<b>Post-Employment Benefits</b>	<b>2014</b>	<b>2013</b>
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	6,744,443	5,382,107
Unrecognised actuarial (gains)/losses	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	-	-
Fair value of reimbursement right recognised as an asset	-	-
Other amounts recognised in statement of financial position	-	-
<b>Liability in the statement of financial position</b>	<b>6,744,443</b>	<b>5,382,107</b>

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

<b>Post-Employment Benefits</b>	<b>2014</b>	<b>2013</b>
Current service cost	1,060,715	1,147,276
Interest cost	64,355	77,014
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial (gains)/losses	-	-
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
<b>Total expense recognised in statement of financial performance</b>	<b>1,125,070</b>	<b>1,224,290</b>

- 16.9 The statement of changes in net assets/equity includes a negative change of EUR 865,695 relating to actuarial gains and losses in 2014 (2013: positive change of EUR 303,596) and EUR 0 relating to the effect of the limit on the asset per IPSAS 25.69.b.
- 16.10 Expected total contribution to post-employment benefit plans (expected benefit payment to beneficiaries) for the year ended 31 December 2015 is EUR 2,012,645 (2014: EUR 1,432,388).

#### **Other long-term employee benefits**

- 16.11 As described in note 3.29, other long-term employee benefits include home-leave benefits. The discount rate used is 0.20% (2013: 0.50%). Disclosure of these items is provided in note 26 'Employee benefit expenses'. The movement in other long-term employee benefits liabilities over the year is as follows:

<b>Other long-term employee benefits (home-leave benefits)</b>	<b>2014</b>	<b>2013</b>
<b>Balance as at 1 January</b>	<b>556,550</b>	<b>574,864</b>
Current service cost	633,128	685,480
Interest cost	4,480	7,456
Contributions by plan participants	-	-
Actuarial (gains)/losses	(5,490)	(150,601)
Foreign currency-exchange differences	-	-
Benefits paid	(687,525)	(560,649)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
<b>Balance as at 31 December</b>	<b>501,143</b>	<b>556,550</b>

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

<b>Other long-term employee benefits (home-leave benefits)</b>	<b>2014</b>	<b>2013</b>
<b>Balance as at 31 December</b>		
Present value of defined benefit obligation	501,143	556,550
Fair value of plan assets	-	-
<b>Deficit/(surplus) in the plan</b>	<b>501,143</b>	<b>556,550</b>

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

<b>Other long-term employee benefits (home-leave benefits)</b>	<b>2014</b>	<b>2013</b>
Current service cost	633,128	685,480
Interest cost	4,480	7,456
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial (gains)/losses	(5,490)	(150,601)
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
<b>Total expense recognised in statement of financial performance</b>	<b>632,118</b>	<b>542,335</b>

16.14 The principal assumptions used for post-employment benefits and other long-term employee benefits as of 31 December 2014 are the following:

<b>Long-term employee benefits</b>	<b>2014</b>	<b>2013</b>
Discount rate: Death benefits	1.50%	3.25%
Discount rate: Repatriation grant, removal costs, travel costs	0.25%	1.00%
Discount rate: Home leave	0.20%	0.50%
Expected rate of return for periods presented in financial statements on any reimbursement right	0.00%	0.00%
Inflation	2.00%	2.25%
Indexation: Travel and removal costs	2.25%	2.25%
Mortality tables: Dutch generational tables "AG prognosis table 2014"	-	-
Future salary increases: Based on UN salary scales	-	-

16.15 If the discount rates used in the determination of the employee benefit expense and liability were higher or lower by 0.25% from management's estimate, the carrying amount of the benefit liability would be an estimated EUR 36,035 (2013: 32,865) lower or EUR 39,821 (2013: 33,457) higher, respectively.

#### **Termination benefits**

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

**17. ACCOUNTS PAYABLE**

17.1 Accounts payable comprise:

	<b>2014</b>	<b>2013</b>
Accounts payable - vendors	3,590,347	2,064,474
Reimbursements to governments	31,932	14,720
Accounts payable - staff	108,395	87,173
	<b>3,730,674</b>	<b>2,166,367</b>

**Accounts payable - vendors**

17.2 Accounts payable - vendors relate to the purchase of goods and services that have been received or rendered but not yet paid for as at 31 December 2014.

**Reimbursements to governments**

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

**Accounts payable - staff**

17.4 Accounts payable - staff relate to staff medical insurance premiums and other travel related staff claims that are payable as at 31 December 2014.

**18. PROVISIONS****Legal claims**

18.1 There are legal cases filed at the International Labour Organisation Administrative Tribunal (ILOAT) against the OPCW by former staff members and the cases are expected to be decided upon in the subsequent financial year. As at 31 December 2014, provision is recognised at EUR 39,500 (2013: EUR 96,243) with respect to the outflow that is expected to arise as result of these decisions.

18.2 The movements in the provisions in 2014 comprise:

<b>Staff Provisions</b>	<b>2014</b>	<b>2013</b>
At 1 January	96,243	82,500
Increase of provisions	39,500	25,243
Used during the year	(47,743)	(11,500)
Reversal of unused provisions	(48,500)	-
<b>At 31 December</b>	<b>39,500</b>	<b>96,243</b>

## 19. OTHER LIABILITIES

### Other non-current liabilities

- 19.1 IPSAS requires that a liability be recognised in respect of an inflow of resources from a non-exchange transaction that are also recognised as assets, to the extent that a present obligation exists against the same inflow. Performance obligations exist as at 31 December 2014 with respect to assessed contributions received or receivable of EUR 5,669,451 (2013: EUR 4,319,535) requiring recognition of a corresponding liability. This liability is shown in the statement of financial position as other non-current liabilities. Other non-current liabilities also include an amount of EUR 7,546,302 (2013: EUR 0) representing the non-current balance held in a special fund set aside to meet the financial requirements of implementing the new ERP, as set out in Conference decision C-19/DEC.7, dated 3 December 2014.

### Other current liabilities

- 19.2 The OPCW received some assessed contributions relating to the subsequent financial year during the reporting period. These receipts represent liabilities since they apply to a future financial year. Some voluntary contributions received as at 31 December 2014 also require the recognition of liabilities, as they involve conditions. The liabilities established based on such conditions are reduced and revenue is recognised only when the OPCW fulfils the conditions. In addition, a current liability of EUR 343,450 (2013: EUR 0) is included relating to the portion of the ERP special fund which is budgeted to be spent in 2015. In total, an amount of EUR 53,923,320 (2013: EUR 25,590,653) is recognised in the statement of financial position as other current liabilities.

## 20. NET ASSETS/EQUITY

As at 31 December 2014:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Total
<b>At 1 January 2014</b>	<b>(1,093,695)</b>	-	<b>(1,093,695)</b>
Movements during the reporting period	1,241,341	(865,697)	<b>375,644</b>
<b>At 31 December 2014</b>	<b>147,646</b>	<b>(865,697)</b>	<b>(718,051)</b>

As at 31 December 2013:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Total
<b>At 1 January 2013</b>	<b>(3,469,634)</b>	-	<b>(3,469,634)</b>
Movements during the reporting period	2,072,345	303,595	<b>2,375,940</b>
<b>At 31 December 2013</b>	<b>(1,397,289)</b>	<b>303,595</b>	<b>(1,093,694)</b>

The reserve for actuarial gains/losses reflects the recognition of actuarial gains and losses arising on the OPCW's post-employment benefit liabilities (refer to note 3.27 and note 16 'Employee benefits' for additional information. The actuarial gains/losses are recognised in full in the period in which they arise.

## **21. ASSESSED CONTRIBUTION REVENUE**

Every Member State is assessed a contribution due to the OPCW each year. The amounts of assessed contributions approved by the Conference for the year 2014 is EUR 67,859,500 (2013: EUR 66,516,600). IPSAS require that inflow of resources from a non-exchange transaction are recognised as asset and revenue, except to the extent that a present obligation exists in respect of the same inflow, which needs to be recognised as liability. The carrying amount of the liability is reduced and revenue is recognised equal to that reduction as the OPCW satisfies the present obligations. The amount recognised as revenue in 2014 with respect to inflow of resources in assessed contributions as well as reduction of previously recognised liabilities relating to satisfied obligations is EUR 64,944,573 (2013: EUR 62,357,538). Amounts for which the OPCW does not satisfy the obligations are reimbursable to States Parties as cash surplus that is determined in the budgetary accounts (see Appendix 5.6).

## **22. VOLUNTARY CONTRIBUTION REVENUE**

Certain States Parties make voluntary contributions which are used for various purposes under conditions as specified by the donor. Refer to note 8 'Voluntary contributions recoverable' for additional information regarding voluntary contributions recoverable at the reporting date. Refer to note 19 'Other liabilities' for additional information regarding liabilities recognised in respect of conditions relating to voluntary contributions.

## **23. ARTICLE IV AND V REVENUE**

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

- (a) Inspections of chemical weapons storage facilities accounting for stocks of chemical weapons;
- (b) Expert on-site verification of the destruction of chemical weapons stockpiles and chemical weapons related items at the chemical weapons destruction facilities;
- (c) Inspections of sites in relation to various categories of chemical weapons (old or abandoned chemical weapons) and prior destroyed or converted chemical weapons production facilities for peaceful purposes; and
- (d) Transportation, storage, and analyses of hazardous samples collected during inspections using the OPCW mobile laboratory.

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

## 24. OTHER REVENUE

	2014	2013
Other operating revenue	36,261	27,553
Write-down of other non-current liabilities	84,307	82,407
<b>Total other operating revenue</b>	<b>120,568</b>	<b>109,960</b>

- 24.1 Other operating revenue represents exchange revenue relating to recovery of costs of inspections of old and abandoned chemical weapons from a State Party.
- 24.2 Other revenue of EUR 84,307 (2013: EUR 82,407) relates to reduction of ‘Other non-current liabilities’. These liabilities are linked to inflow of resources recognised as assets (assessed contributions recoverable) against which obligations exist in the form of potential cash surpluses reimbursable to States Parties upon collection of the recoverables. The assets underlying these liabilities have been impaired (see notes 7.4 and 9.5). Accordingly, recognition of write-down of the liabilities is also necessary to the extent of impairment of the underlying assets, since the OPCW is not required to reimburse cash surplus to States Parties against resources not received.

## 25. OTHER INCOME

	2014	2013
Rental income	44,621	43,625
Other/miscellaneous	11,698	19,039
Gain on sale of assets*	6,000	6,500
<b>Total other income</b>	<b>62,319</b>	<b>69,164</b>

\* In the 2013 financial statements, gains on sale of assets were included in other/miscellaneous income in note 25 and were included within ‘cash flows from operating activities’ in the cash flow statement. In the 2014 financial statements this amount has been reported separately for both 2014 and 2013, and has been reported in within ‘cash flows from investing activities’ in the cash flow statement.

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

**26. EMPLOYEE BENEFIT EXPENSES**

	2014	2013
<b>Short-term employee benefit expenses</b>		
Salaries and post-adjustment expense	30,962,846	29,928,901
Dependency allowances	757,970	726,143
Rental subsidies	169,493	171,627
Medical insurance subsidies	904,277	848,507
Death and disability insurance	280,627	280,305
Annual leave expense	3,629,888	3,314,970
Child care allowances	441,241	498,396
Incoming employee expenses (including travel expenses, removal costs and assignment grant)	828,282	510,051
Income tax reimbursement	(15,509)	116,125
Education grant and travel expenses	1,771,277	1,869,472
Others	726,457	232,810
<b>Total short-term employee benefit expenses</b>	<b>40,456,849</b>	<b>38,497,308</b>
<b>Post-employment benefit expenses</b>		
Provident Fund pension expense (defined contribution plan)	6,872,005	6,770,748
Death benefit expense	47,378	35,581
Repatriation grant expense	632,478	476,969
Travel costs upon separation from the OPCW	331,772	430,191
Removal costs upon separation from the OPCW	353,104	369,373
<b>Total post-employment benefit expenses</b>	<b>8,236,737</b>	<b>8,082,862</b>
<b>Other long-term employee benefit expenses</b>		
Home leave expense	607,157	533,227
<b>Total other long-term employee benefit expenses</b>	<b>607,157</b>	<b>533,227</b>
<b>Total – Employee benefit expenses</b>	<b>49,300,743</b>	<b>47,113,397</b>
Less: Capitalised employee benefit expenses - Software under development by OPCW staff	(83,632)	(105,426)
<b>Net employee benefit expenses</b>	<b>49,217,111</b>	<b>47,007,971</b>

**27. GENERAL OPERATING EXPENSES**

General operating expenses comprise the following:

	2014	2013
Operating lease rental expense	3,783,323	3,934,163
Supplies and materials	416,890	625,211
Utilities	347,126	350,577
Maintenance	423,656	484,384
Inventories	267,320	209,334
Impairment of other accounts receivable	-	20,246
Other general operating expenses	3,598,110	847,524
<b>Total general operating expenses</b>	<b>8,836,425</b>	<b>6,471,439</b>
Less: Capitalised general operating expenses - Software under development by OPCW staff	(5,156)	(6,988)
<b>Net general operating expenses</b>	<b>8,831,269</b>	<b>6,464,451</b>

## 28. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2014	2013
Loss on disposal of property, plant and equipment	15,325	6,661
Purchases of furniture and equipment	549,885	1,313,139
Other staff costs	84,764	15,172
Legal compensation payments	47,743	11,500
Movement in provisions	(56,743)	13,743
<b>Total other expenses</b>	<b>640,974</b>	<b>1,360,215</b>

## 29. FINANCE INCOME AND COSTS

	2014	2013
<b>Finance income</b>		
Interest income arising on cash and cash equivalents	69,074	8,913
Foreign currency gains	200,588	74,076
Other finance income	-	-
<b>Total finance income</b>	<b>269,662</b>	<b>82,989</b>
<b>Finance costs</b>		
Unwinding of discount on post-employment benefits (note 16.8)	64,355	77,014
Unwinding of discount on other long-term employee benefits (note 16.11)	4,480	7,456
Foreign currency losses	260,051	131,098
Other interest expense	-	-
<b>Total finance costs</b>	<b>328,886</b>	<b>215,568</b>
<b>Net finance income/(costs)</b>	<b>(59,224)</b>	<b>(132,579)</b>

## 30. SERVICES IN KIND

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

### Accommodation and transportation services

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

### Security services

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

### Laboratory services

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

**Usage of facilities**

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

**Other services**

- 30.6 Other services provided to the OPCW include the transportation and destruction of chemical weapons, specialised employees for the delivery of training courses, and services provided by students during the Summer Training Programme with the OPCW.

**Services provided by the OPCW to the Provident Fund**

- 30.7 The staff members of the Finance and Accounts Branch provide the OPCW's Provident Fund with disbursements, accounting, reporting, and other administrative services. Other six staff members volunteer the Provident Fund Management Board's memberships. The OPCW provides necessary materials and facilities needed for the Provident Fund's operations. The Provident Fund does not compensate the staff members for such services.

**31. CONTINGENCIES**

The OPCW has contingent liabilities in respect of legal claims arising in the course of business for which estimates cannot be made at present. Outstanding legal cases with probable obligations for which estimates are available have been provided for in note 18 'Provisions'.

**32. COMMITMENTS****Capital commitments**

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

<b>Capital Commitments</b>	<b>2014</b>	<b>2013</b>
Property, plant and equipment	1,083,232	1,477,979
Intangible assets	67,143	2,243
	<b>1,150,375</b>	<b>1,480,222</b>

**Operating lease commitments**

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

<b>Operating Leases (OPCW as Lessee)</b>	<b>2014</b>	<b>2013</b>
No later than 1 year	2,990,348	2,931,073
Later than 1 year and no later than 5 years	6,177,781	10,453,253
Later than 5 years	-	-
	<b>9,168,129</b>	<b>13,384,326</b>

- 32.3 The OPCW leases various buildings (including its Headquarters in The Hague, the Netherlands), office space, conference facilities, parking facilities, and various items of office and laboratory equipment under non-cancellable operating leases. The lease terms generally range from one year to 15 years. The OPCW is typically required to provide a notice period in order to cancel any of these operating lease agreements. Operating lease payments that are recognised in the statement of financial performance amount to EUR 3,783,323 (2013: EUR 3,934,163). The operating lease expense is also disclosed in note 27 'General operating expenses'. Sublease payments received from the rental of office space in one of the OPCW's buildings is disclosed in note 25 'Other income'.

### 33. RELATED PARTY TRANSACTIONS

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

### 34. KEY MANAGEMENT COMPENSATION

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

	2014	
	Number of Individuals	Aggregate Remuneration
Director-General and Deputy Director-General	2	589,488

	2013	
	Number of Individuals	Aggregate Remuneration
Director-General and Deputy Director-General	2	619,105

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

### 35. SEGMENT INFORMATION

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

#### Verification

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

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

### **Inspections**

- 35.4 The main activities are related to providing inspections to verify the destruction and storage of chemical weapons by States Parties, inspecting the status of production facilities, and non-proliferation of chemical weapons in compliance with the Convention.
- 35.5 The following subprogrammes are included: Office of the Director, Operations and Planning Branch, Inspectorate Management Branch, and Inspection Team Leaders and Personnel.

### **International Cooperation and Assistance**

- 35.6 The main activities include promoting the peaceful use of chemistry, facilitating implementation by States Parties of their national obligations under the Convention, and assisting States Parties to develop capabilities to deal with any situation arising out of the use or threat of use of chemical weapons.
- 35.7 The following subprogrammes are included: Office of the Director, Assistance and Protection Branch, International Cooperation Branch, and Implementation Support Branch.

### **Support to the Policy-Making Organs**

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

### **External Relations**

- 35.10 The main activities include support and encouraging cooperation between the OPCW and States Parties in implementing the Convention, increasing the international level of involvement in OPCW activities and events, and enhancing partnerships and cooperation between the OPCW and the United Nations and other regional and international organisations.
- 35.11 The following subprogrammes are included: Office of the Director, Government Relations and Political Affairs Branch, Media and Public Affairs Branch, and Protocol and Visa Branch.

### **Executive Management**

- 35.12 The main activities are related to providing strategic guidance and direction, effective governance and accountability, and organisational management and leadership within the Secretariat.
- 35.13 The following subprogrammes are included: Office of the Director-General, Office of the Deputy Director-General, Office of Internal Oversight, Office of the Legal Adviser, Office of Special Projects, Office of Confidentiality and Security, and Health and Safety Branch.

### **Administration**

- 35.14 The main activities are related to providing support for budget, finance, human resources, information services, procurement and infrastructure support, and training.
- 35.15 The following subprogrammes are included: Office of the Director; Budget, Planning and Control Branch; Finance and Accounts Branch; Human Resources Branch; Information Services Branch; Procurement and Support Services Branch; and Training, Development and Results-Based Management Branch.

### **Special Accounts and Voluntary Fund for Assistance**

- 35.16 Special account for the OPCW Equipment Store: The purposes of this special account are:
- (a) to provide a basis for evaluating new technologies and samples of new equipment, the availability of which cannot be forecast on a calendar basis, and for purchasing new equipment approved by the Conference, which cannot necessarily be accomplished within the calendar year;
  - (b) to provide an account from which to make payments for reimbursements to States Parties for costs incurred in disposing of or decontaminating equipment on site.
- 35.17 Special account for activities related to designated laboratories: The purpose of this special account is to provide funds for paying designated laboratories for the analysis of samples taken during on-site inspections.
- 35.18 Special account for new enterprise-resource-planning (ERP) system: The purpose of this special account is to provide funds to meet the financial requirements of implementing the new ERP, as set out in Conference decision C-19/DEC.7.
- 35.19 Voluntary Fund for Assistance: The main activities of this fund are to coordinate and deliver assistance, in terms of Article X of the Convention, to a State Party when requested.

### **Trust Funds**

- 35.20 Trust funds are established to account for voluntary contributions. They may be established by the Conference or the Director-General for clearly defined activities that are consistent with the policies, aims and activities of the OPCW for the

implementation of the Convention. Presently, the following trust funds are operational within the OPCW:

- (a) Trust fund for Regional Seminars
- (b) Trust fund for Courses for personnel of National Authorities
- (c) Trust fund for the implementation of Article X in relation to the provision of assistance and protection, on request, to any Member State in the event of the use or threat of use of chemical weapons
- (d) United States voluntary trust fund to meet costs associated with the inspection-and-verification regime and with international cooperation (including support for enhancing national measures to combat chemical terrorism)
- (e) Trust fund for the Associate Programme
- (f) Trust fund for the procurement of GC-MS systems to support on- and off-site chemical analysis
- (g) Trust fund for the implementation of Article VII obligations
- (h) Trust fund for the Internship-Support Programme to finance four internships at OPCW Headquarters and the OPCW Laboratory
- (i) Trust fund for the Scientific Advisory Board
- (j) Trust fund to support participation in the OPCW events of a broader group of NGOs from Africa, Asia and Latin America
- (k) Trust fund for the conference on international cooperation and chemical safety and security
- (l) Trust fund for training: support to the OPCW in its transition as its main activities change focus, with work on verifying destruction of chemical weapons stockpiles moving towards completion
- (m) Trust fund of Canada for Libya established to assist the Libyan chemical weapons destruction programme
- (n) Trust fund for the International Support Network for Victims of Chemical Weapons
- (o) European Union support for OPCW activities 2012 in the framework of the implementation of the European Union Strategy against Proliferation of Weapons of Mass Destruction
- (p) Trust Fund for Syria to support inspections in the Syrian Arab Republic pursuant to the decision of the Executive Council (EC-M-33/DEC.1, dated 27 September 2013)

- (q) Syria Trust Fund for the Destruction of Chemical Weapons pursuant to the decision of the Executive Council (EC-M-34/DEC.1, dated 15 November 2013)
- (r) OPCW Nobel Prize Trust Fund to support the allocation of an annual prize to nominees selected by the OPCW Prize Committee for their contribution to the Convention.
- (s) Trust fund for the Programme Support Costs established in September 2014 to recover indirect support costs associated with the implementation and administration of programme activities funded by voluntary contributions.

**Segment Information**  
**For the period ended 31 December 2014**

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
<b>Total segment revenue / income</b>	<b>6,232,887</b>	<b>32,841,152</b>	<b>6,176,452</b>	<b>4,586,247</b>	<b>1,695,368</b>	<b>7,708,493</b>	<b>12,460,060</b>	<b>11,281,458</b>	<b>295,247</b>	<b>83,277,364</b>
Segment revenue from budget allocation										
Assessed contributions	6,232,887	26,085,065	6,176,452	4,586,247	1,695,368	7,708,493	12,460,060	-	-	64,944,572
Article IV & V revenue	-	6,719,826	-	-	-	-	-	-	-	6,719,826
Segment revenue from external sources	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	11,281,458	148,621	11,430,079
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Other income / revenue	-	36,261	-	-	-	-	-	-	146,626	182,887
<b>Total segment expense</b>	<b>6,168,575</b>	<b>26,639,009</b>	<b>6,817,581</b>	<b>4,910,141</b>	<b>1,834,170</b>	<b>8,394,568</b>	<b>12,910,723</b>	<b>11,104,180</b>	<b>3,197,849</b>	<b>81,976,799</b>
Employee benefit expenses	5,620,697	18,657,373	2,597,875	3,655,122	1,497,147	7,505,518	7,233,416	761,667	1,688,295	49,217,110
Travel expenses	185,099	4,216,075	3,164,387	369,496	71,382	332,629	53,227	1,545,992	-	9,938,287
Contractual services	255,857	2,957,470	308,503	396,467	96,436	434,077	1,206,511	5,679,324	(177)	11,334,468
General operating expenses	85,612	709,054	134,260	489,056	94,720	75,807	4,116,277	2,786,848	339,633	8,831,267
Others	21,310	99,037	612,556	-	74,485	46,537	301,292	330,349	1,170,098	2,655,667

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

**For the period ended 31 December 2013**

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
<b>Total segment revenue / income</b>	<b>6,211,906</b>	<b>25,007,615</b>	<b>5,742,511</b>	<b>5,160,837</b>	<b>1,693,303</b>	<b>8,430,698</b>	<b>12,591,203</b>	<b>6,172,237</b>	<b>339,066</b>	<b>71,349,376</b>
Segment revenue from budget allocation										
Assessed contributions	6,211,906	22,520,659	5,742,511	5,160,837	1,693,303	8,430,698	12,591,203	-	-	62,351,117
Article IV & V revenue	-	2,459,403	-	-	-	-	-	-	-	2,459,403
Segment revenue from external sources	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	6,172,237	181,075	6,353,312
Inter-segment revenue	-	27,553	-	-	-	-	-	-	-	27,553
Other income / revenue	-	-	-	-	-	-	-	-	157,991	157,991
<b>Total segment expense</b>	<b>6,038,925</b>	<b>22,328,918</b>	<b>5,486,451</b>	<b>5,494,304</b>	<b>1,551,506</b>	<b>8,743,471</b>	<b>12,477,369</b>	<b>4,189,620</b>	<b>2,833,890</b>	<b>69,144,454</b>
Employee benefit expenses	5,638,001	17,551,274	2,157,036	3,676,164	1,335,165	7,824,476	7,048,137	124,758	1,652,960	47,007,971
Travel expenses	140,550	2,772,299	2,631,501	440,167	13,297	323,674	44,477	1,847,604	-	8,213,569
Contractual services	169,398	1,518,079	358,280	407,959	96,896	463,604	1,084,293	845,768	-	4,944,277
General operating expenses	72,232	464,694	46,137	958,514	99,376	92,419	4,180,960	247,712	302,411	6,464,455
Others	18,744	22,572	293,497	11,500	6,772	39,298	119,502	1,123,778	878,519	2,514,182

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

## **36. BUDGETARY INFORMATION**

36.1 The approved Programme and Budget covers the period 1 January 2014 through 31 December 2014. No additional entities are included. The Budget is prepared using a combination of cash and commitment based accounting whilst these financial statements are prepared using accrual based accounting. Additional information regarding the budgetary accounts is presented as an Appendix. The Appendix is not considered part of the IPSAS financial statements.

### **Differences between budget and actual amounts**

36.2 The following is an overview of the significant differences that have arisen between the OPCW's revised budget and actual amounts, presented in the 'Statement of comparison of budget and actual amounts' on page 14 of these financial statements.

36.3 There was no change between the overall original and final budgets during 2014, which totalled EUR 73,304,400.

36.4 Transfers were made between programmes and subprogrammes in accordance with Financial Regulation 4.6, as detailed under EC-78/DG.7 C-20/DG.1, dated 12 February 2015.

36.5 The level of expenditure for 2014 reflects an overall budget utilisation rate of 97.7%. The Chapter One utilisation rate was 96.6%; the Chapter Two rate was 98.8%.

36.6 The Secretariat spent less than the final budget in all programmes. The utilisation of programme budgets was between 96.3% and 99.5%. Factors contributing to the underutilisation will be detailed in the 2014 Programme Performance Report and taken into consideration when formulating the 2016 Programme and Budget.

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

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

For the year ended 31 December 2014:

	Operating	Financing	Investing	Total
<b>Actual net surplus amount on budgetary basis (Statement of Comparison of Budget and Actual Amounts)</b>	<b>2,284,135</b>	-	-	<b>2,284,135</b>
<b>Basis differences</b>				
Unliquidated obligations	3,785,469			3,785,469
Assessed contributions revenue	(5,101,855)			(5,101,855)
Articles IV and V revenue	(2,803,482)			(2,803,482)
Employee benefits	(1,070,593)			(1,070,593)
Other basis differences	5,256,862	-	(2,021,442)	3,235,420
<b>Budgetary (General Fund) results on cash basis</b>	<b>2,350,537</b>	-	<b>(2,021,442)</b>	<b>329,095</b>
<b>Entity differences</b>				
Trust funds and Special Accounts	6,440,712	(5,731,714)	(780,136)	(71,138)
<b>Timing differences</b>	-	-	-	-
<b>Actual amount in the IPSAS cash flow statement</b>	<b>8,791,249</b>	<b>(5,731,714)</b>	<b>(2,801,578)</b>	<b>257,957</b>

For the year ended 31 December 2013:

	Operating	Financing	Investing	Total
<b>Actual net surplus amount on budgetary basis (Statement of Comparison of Budget and Actual Amounts)</b>	<b>2,650,896</b>	-	-	<b>2,650,896</b>
<b>Basis differences</b>				
Unliquidated obligations	4,470,865	-	-	4,470,865
Assessed contributions revenue	(4,303,173)	-	-	(4,303,173)
Articles IV and V revenue	(987,375)	-	-	(987,375)
Employee benefits	(494,319)	-	-	(494,319)
Other basis differences	1,630,505	-	(752,846)	877,659
<b>Budgetary (General Fund) results on cash basis</b>	<b>2,967,399</b>	-	<b>(752,846)</b>	<b>2,214,553</b>
<b>Entity differences</b>				
Trust funds and Special Accounts	18,604,538	8,690	(1,000,739)	17,612,489
<b>Timing differences</b>	-	-	-	-
<b>Actual amount in the IPSAS cash flow statement</b>	<b>21,571,937</b>	<b>8,690</b>	<b>(1,753,585)</b>	<b>19,827,042</b>

36.8 The differences arising are basis and entity differences. Basis differences arise because the budgetary amounts are prepared on a different basis than the IPSAS financial statements, as described above. Entity differences typically arise because the budget includes transactions relating to the General Fund only, whereas the OPCW consolidated IPSAS financial statements include all programmes and entities. Timing differences typically do not arise because the budget period and the reporting period for these financial statements are identical.

### Reconciliation from budgetary result to IPSAS result

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

	2014	2013
<b>Budgetary Accounts (all funds) - excess/(shortfall) of income over expenditure (Appendix 5.1)</b>	<b>(5,475,567)</b>	<b>19,372,905</b>
Prior year adjustments reclassified as current year revenue and expense	1,397,895	128,880
<b>Net excess/(shortfall) of income over expenditure</b>	<b>(4,077,672)</b>	<b>19,501,785</b>
<b>Differences</b>		
Expenses of the budgetary accounts reclassified as property, plant and equipment	856,574	862,751
Expenses of the budgetary accounts reclassified as inventories	491,689	335,516
Expenses of the budgetary accounts reclassified as intangible assets	166,927	163,886
Recognition of expenses against inventories consumed	(248,154)	(289,728)
Recognition of depreciation and impairment expense on property, plant and equipment	(944,851)	(701,647)
Recognition of amortisation and impairment expense (intangible assets)	(182,360)	(74,061)
Derecognition of unliquidated obligations	39,755,443	6,094,174
Recognition of long-term employee benefit expenses	(514,162)	131,711
Recognition of short-term employee benefit expenses	(496,665)	(538,864)
Assessed contribution recognised as other non-current liabilities	(2,914,928)	(4,165,482)
Recognition of impairment expense of assessed contributions	(84,307)	(82,407)
Recognition of impairment expense of Articles IV and V receivables	-	-
Recognition of other impairment	(23,943)	(31,720)
Recognition of write-down of other non-current liabilities	84,307	82,407
Recognition of expenses based on current year receipt of goods and services	(5,652,220)	(2,462,558)
Recognition of provisions (legal cases)	56,743	(13,743)
Gain (loss) on disposal of property, plant and equipment	6,000	6,500
Miscellaneous adjustments to expense	135,134	35,408
Miscellaneous adjustments to income	1,632	(17,837)
Adjustments to exchange revenue	1,021,022	6,072
Income and expense reclassified as finance income/finance cost	(266,181)	71,098
Adjustments to non-exchange revenue (voluntary contributions with conditions)	(25,928,687)	(16,840,920)
<b>Total differences</b>	<b>5,319,013</b>	<b>(17,429,445)</b>
<b>IPSAS net surplus/(deficit) for the period</b>	<b>1,241,341</b>	<b>2,072,342</b>

### 37. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

### 38. OTHER

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

Appendix: Additional Information to the Financial Statements

## Appendix

### ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 1. BUDGETARY ACCOUNTS

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

- (a) a statement for the status of appropriations, as per Financial Regulation 11.1(b), including:
  - (i) the original budget appropriations;
  - (ii) the appropriations as modified by any transfers of funds;
  - (iii) credits, if any, other than appropriations approved by the Conference;
  - (iv) the amounts charged against the appropriations and/or other credits; and
  - (v) an unobligated balance of appropriations.
- (b) a statement on the investments held at 31 December as per Financial Regulation 11.1(c);
- (c) such notes, other statements, and schedules, as are required to provide a fair presentation of the financial statements and the results of the OPCW's operations for the financial period as per Financial Regulation 11.1(d); and
- (d) a statement of all losses, as per Financial Regulation 11.1(e).

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

- (a) Statement for the status of appropriations (paragraph 3)
- (b) Statement of cash and investments (paragraph 4)

- (c) Income, expenditure, and changes in reserve and fund balances for all funds (paragraph 5.1)
- (d) Assets, liabilities and reserves and fund balances for all funds (paragraph 5.2)
- (e) Income, expenditure and changes in reserve and fund balances for the Special Accounts and Voluntary Fund for Assistance (paragraph 5.3)
- (f) Income, expenditure and changes in reserve and fund balances for all trust funds (paragraph 5.4)
- (g) Statement of cash surpluses – general fund (paragraph 5.5)
- (h) Status of assessed annual contributions – general fund (paragraph 5.6)
- (i) Status of advances to the Working Capital Fund (paragraph 5.7)
- (j) Statement of expenditure by funding programme and major expenditure category – General Fund (paragraph 5.8)
- (k) Statement of budgetary obligations by funding programme and major expenditure category – General Fund (paragraph 5.9)
- (l) Statement of budgetary obligations by funding programme and major expenditure category – Special Accounts and Trust Funds (paragraph 5.10)
- (m) Statement of savings on prior year's obligations – General Fund (paragraph 5.11)
- (n) Statement of savings on prior year's obligations – Trust Funds (paragraph 5.12)
- (o) Statement of cash surpluses credited to Member States – General Fund (paragraph 5.13)
- (p) Reimbursements for inspections invoiced under Articles IV and V (paragraph 5.14)
- (q) Trust funds – voluntary contributions by donors (paragraph 5.15)
- (r) Statement of losses (paragraph 6)

## **2. RECONCILIATION OF BUDGETARY RESULTS TO IPSAS RESULTS**

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

financial statements under note 36.8 'Reconciliation from budget result to IPSAS result'.

The reconciliation of the budgetary result to the IPSAS result shows a breakdown of the major areas of differences between the amounts of 'Excess/(shortfall) of income over expenditure' reported under the budgetary accounts to the net surplus/(deficit) reported under the IPSAS-based statement of financial performance.

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

### 3. STATEMENT FOR THE STATUS OF APPROPRIATIONS (FINANCIAL REGULATION 11.1(B))

#### 3.1 Statement of appropriations - General Fund - For the period ended 31 December 2014 (expressed in euros)

Funding Programme	Appropriations <sup>1</sup>			Expenditure			Balance
	Appropriations	Transfers	Revised	Disbursements	Unliquidated <sup>2</sup> Obligations	Total <sup>3</sup> Expenditure	
Programme 1. Verification	6,985,200	50,000	<b>7,035,200</b>	6,464,141	409,049	<b>6,873,190</b>	<b>162,010</b>
Programme 2. Inspections	29,492,800	(50,000)	<b>29,442,800</b>	26,637,246	1,715,313	<b>28,352,559</b>	<b>1,090,241</b>
<b>Total verification costs (Chapter 1)</b>	<b>36,478,000</b>	-	<b>36,478,000</b>	<b>33,101,387</b>	<b>2,124,362</b>	<b>35,225,749</b>	<b>1,252,251</b>
Programme 3. International Cooperation and Assistance	6,880,000	91,500	<b>6,971,500</b>	6,619,739	268,229	<b>6,887,968</b>	<b>83,532</b>
Programme 4. Support to the Policy-Making Organs	4,876,600	300,000	<b>5,176,600</b>	4,956,864	192,543	<b>5,149,407</b>	<b>27,193</b>
Programme 5. External Relations	1,941,000	(27,400)	<b>1,913,600</b>	1,821,690	73,114	<b>1,894,804</b>	<b>18,796</b>
Programme 6. Executive Management	9,259,400	(558,650)	<b>8,700,750</b>	8,376,145	272,785	<b>8,648,930</b>	<b>51,820</b>
Programme 7. Administration	13,869,400	194,550	<b>14,063,950</b>	12,963,410	854,439	<b>13,817,849</b>	<b>246,101</b>
<b>Total administrative and other costs (Chapter 2)</b>	<b>36,826,400</b>	-	<b>36,826,400</b>	<b>34,737,848</b>	<b>1,661,110</b>	<b>36,398,958</b>	<b>427,442</b>
<b>TOTAL (paragraphs 5.8(a) and 5.9(a))</b>	<b>73,304,400</b>	-	<b>73,304,400</b>	<b>67,839,235</b>	<b>3,785,472</b>	<b>71,624,707</b>	<b>1,679,693</b>

<sup>1</sup> Appropriations for 2014, in the total amount of EUR 73,304,400 (2013: EUR 69,803,800), were approved by the Conference at its Eighteenth Session (C-18/DEC.6, 4 December 2013). The agreed appropriations were to be financed from assessed annual contributions paid by all States Parties in the amount of EUR 67,859,500 (2013: EUR 66,516,600) and from budgeted direct income in the amount of EUR 5,444,900 (2013: EUR 3,287,200). The balance (budget less expenditures) of EUR 1,679,693 represents a surplus over the amount appropriated, not the amount allotted. The difference between allotment and appropriation is the amount withheld according to Financial Regulation 4.7 (contingency margin to account for assessments not likely to be received in the financial period). The amount of the contingency margin is based on the average of the collection rate for the previous three years (Financial Rule 4.7.01). No contingency margin was utilised in 2014 (2013: 1.0%).

<sup>2</sup> Expenditure obligations which are established during the financial period, and remain outstanding as at the end of the reporting period, are recognised under the budgetary accounts as expenditure for the financial period when they are based on a contract, binding purchase order, agreement or other form of undertaking by the OPCW before the end of the financial period, or are based on a liability recognised by the OPCW. In this context, the cost of goods (supplies, furniture, equipment, and other property) ordered before the end of the financial period but received (and paid for) in the following period is recognised as expenditure, and a liability, in the reporting period. The cost of services, including staff costs, is recognised as expenditure, and a liability, during the reporting period only to the extent that the associated services are rendered up to the end of the reporting period.

<sup>3</sup> In the budgetary accounts, expenditures include costs of furniture, equipment, and other non-expendable property (NEP) acquired during the financial year. Benefits payable to employees on separation from the service of the OPCW, as well as obligations attributable to accumulated annual leave and other staff entitlements, are recorded as expenditure in the year in which the benefits are paid to, or on behalf of, a staff member.

3.2 Statement of appropriations - General Fund - For the period ended 31 December 2013 (expressed in euros)

Funding Programme	Appropriations			Expenditure			Balance
	Appropriations	Transfers	Revised	Disbursements	Unliquidated Obligations	Total Expenditure	
Programme 1. Verification	6,954,400	-	6,954,400	6,161,494	183,835	6,345,329	609,071
Programme 2. Inspections	25,212,500	-	25,212,500	22,234,175	1,930,789	24,164,964	1,047,536
<b>Total verification costs (Chapter 1)</b>	<b>32,166,900</b>	<b>-</b>	<b>32,166,900</b>	<b>28,395,669</b>	<b>2,114,624</b>	<b>30,510,293</b>	<b>1,656,607</b>
Programme 3. International Cooperation and Assistance	6,778,900	(350,000)	6,428,900	5,129,323	625,721	5,755,044	673,856
Programme 4. Support to the Policy-Making Organs	5,612,700	165,000	5,777,700	5,506,890	217,091	5,723,981	53,719
Programme 5. External Relations	1,895,700	-	1,895,700	1,621,872	69,257	1,691,129	204,571
Programme 6. Executive Management	9,438,400	-	9,438,400	8,836,019	265,036	9,101,055	337,345
Programme 7. Administration	13,911,200	185,000	14,096,200	12,662,452	1,179,136	13,841,588	254,612
<b>Total administrative and other costs (Chapter 2)</b>	<b>37,636,900</b>	<b>-</b>	<b>37,636,900</b>	<b>33,756,556</b>	<b>2,356,241</b>	<b>36,112,797</b>	<b>1,524,103</b>
<b>TOTAL (Paragraph 5.8(b) and 5.9(b))</b>	<b>69,803,800</b>	<b>-</b>	<b>69,803,800</b>	<b>62,152,225</b>	<b>4,470,865</b>	<b>66,623,090</b>	<b>3,180,710</b>

**4. STATEMENT OF CASH AND INVESTMENTS (TERM DEPOSITS) - ALL FUNDS (FINANCIAL REGULATION 11.1(C))**

4.1 Statement of cash and investments (term deposits) - All funds as at 31 December 2014 (expressed in euros)

<b>Fund</b>	<b>Cash</b>	<b>Term Deposits</b>	<b>Total</b>		
General Fund	4,203,437	-	4,203,437		
Working Capital Fund	526	5,122,161	5,122,687		
Voluntary Fund for Assistance	218,456	1,322,484	1,540,940		
United States voluntary trust fund	227,651	1,244,206	1,471,857		
Trust fund of Canada for Libya	2,371,438	-	2,371,438		
European Union support for OPCW activities 2012	430,710	-	430,710		
Special account for the OPCW Equipment Store	155,582	-	155,582		
Special account for designated laboratories	726,062	-	726,062		
Special account for the implementation of a new ERP system	4,787,821	-	4,787,821		
Trust Fund for Syria	223,399	-	223,399		
Syria Trust Fund for the Destruction of Chemical Weapons	18,953,906	-	18,953,906		
OPCW Nobel Prize Trust Fund	905,936	-	905,936		
Regional seminars	1,256,948*	-	249,366		
Courses for personnel of National Authorities			157,322		
Implementation of Article X			270,214		
Associate Programme			4,904		
Procurement of GC/MS systems			57,279		
Implementation of Article VII obligations			152,025		
Scientific Advisory Board			43,800		
Internship-Support Programme			5,770		
NGO participation in OPCW events			783		
Conference on International Cooperation and Chemical Safety & Security			23,412		
Trust fund for training			38,825		
Trust Fund for International Support Network for Victims of Chemical Weapons			34,643		
Trust fund for Programme Support Costs			218,605		
<b>TOTAL CASH AND TERM DEPOSITS</b>			<b>34,461,872</b>	<b>7,688,851</b>	<b>42,150,723</b>

\* Some trust fund cash balances held in current accounts have been pooled to a single current account.

4.2 Statement of cash and investments (term deposits) - All funds as at 31 December 2013  
(expressed in euros)

<b>Fund</b>	<b>Cash</b>	<b>Term Deposits</b>	<b>Total</b>
General Fund	1,073,881	2,800,462	3,874,342
Working Capital Fund	526	9,905,796	9,906,322
Voluntary Fund for Assistance	204,446	1,321,622	1,526,068
United States voluntary trust fund	119,942	1,388,304	1,508,246
Trust fund of Canada for Libya	146,997	2,387,216	2,534,213
European Union support for OPCW activities 2012	934,600	-	934,600
Special account for the OPCW Equipment Store	17,211	193,669	210,880
Special account for designated laboratories	76,296	858,534	934,831
Trust Fund for Syria	5,529,877	2,500,018	8,029,895
Syria Trust Fund for the Destruction of Chemical Weapons	10,339,758	-	10,339,758
OPCW Nobel Prize Trust Fund	885,936	-	885,936
Regional seminars			342,282
Courses for personnel of National Authorities			206,591
Implementation of Article X			294,732
Associate Programme			5,023
Procurement of GC/MS systems			60,613
Implementation of Article VII obligations			111,605
Scientific Advisory Board	644,843*	500,507*	40,472
Internship-Support Programme			5,911
NGO participation in OPCW events			802
Conference on International Cooperation and Chemical Safety & Security			23,475
Trust fund for training			38,845
Trust Fund for International Support Network for Victims of Chemical Weapons			15,000
<b>TOTAL CASH AND TERM DEPOSITS</b>	<b>19,974,313</b>	<b>21,856,128</b>	<b>41,830,441</b>

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

## 5. OTHER STATEMENTS (FINANCIAL REGULATION 11.1(D))

### 5.1 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - All Funds - For the period ended 31 December 2014 (expressed in euros)

	Reference (Appendix)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance (Appendix 5.3)		Trust Funds (Appendix 5.4)		TOTAL	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>INCOME</b>											
Assessed annual contributions <sup>4</sup>	5.6	67,859,500	66,516,600	-	-	-	-	-	-	67,859,500	66,516,600
Voluntary contributions	5.15	148,619	181,075	-	-	5,000	5,000	37,205,145	23,008,157	37,358,764	23,194,232
Miscellaneous income:											
Verification contributions under Articles IV & V	5.14	5,698,805	2,480,885	-	-	-	-	-	-	5,698,805	2,480,885
Assessed annual contributions - new Member States		-	6,420	-	-	-	-	-	-	-	6,420
Interest income		48,158	8,504	-	-	1,304	-	20,587	409	70,049	8,913
Currency-exchange gains		62,809	-	-	-	-	-	-	-	62,809	-
Other income		90,948	80,502	-	-	-	-	404,763	-	495,711	80,502
<b>TOTAL INCOME</b>		<b>73,908,839</b>	<b>69,273,986</b>	-	-	<b>6,304</b>	<b>5,000</b>	<b>37,630,495</b>	<b>23,008,566</b>	<b>111,545,638</b>	<b>92,287,552</b>
<b>EXPENDITURE</b>											
Staff costs		48,589,267	47,850,011	-	-	-	-	9,504,192	121,809	58,093,459	47,971,820
Travel costs		8,509,679	6,552,916	-	-	-	-	2,138,477	1,885,087	10,648,156	8,438,003
Contractual services		5,851,349	4,261,305	-	-	3,000	25,190	17,970,571	865,780	23,824,920	5,152,275
Internships, grants, contributions to seminars and workshops		633,084	318,026	-	-	-	-	165,215	4,353	798,299	322,379
General operating expenses		6,294,132	6,307,133	-	-	2,408	25,912	12,843,389	497,400	19,139,929	6,830,445
Furniture and equipment		1,747,196	1,333,699	-	-	281,626	520,651	1,089,724	2,216,493	3,118,546	4,070,843
<b>TOTAL EXPENDITURE</b>	5.8	<b>71,624,707</b>	<b>66,623,090</b>	-	-	<b>287,034</b>	<b>571,753</b>	<b>43,711,568</b>	<b>5,590,922</b>	<b>115,623,309</b>	<b>72,785,765</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>		<b>2,284,132</b>	<b>2,650,896</b>	-	-	<b>(280,730)</b>	<b>(566,753)</b>	<b>(6,081,073)</b>	<b>17,417,644</b>	<b>(4,077,671)</b>	<b>19,501,787</b>
Prior period adjustments		(94,257)	(109,623)	-	-	-	-	(1,303,639)	(19,259)	(1,397,896)	(128,882)
<b>NET EXCESS/(SHORTFALL) OF INCOME OVER EXPENDITURE</b>		<b>2,189,875</b>	<b>2,541,273</b>	-	-	<b>(280,730)</b>	<b>(566,753)</b>	<b>(7,384,712)</b>	<b>17,398,385</b>	<b>(5,475,567)</b>	<b>19,372,905</b>
Savings on prior period's obligations	5.12	717,912	613,529	-	-	45	2	104,023	47,402	821,980	660,933
Transfers to/from other funds		-	(137,185)	(5,737,688)	-	5,737,688	137,185	-	-	-	-
Credits to Member States <sup>5</sup>	5.13	(1,524,153)	(433,439)	-	-	-	-	-	-	(1,524,153)	(433,439)
Retention of Cash Surplus for 2012	5.13	(2,152,063)	-	-	-	2,152,063	-	-	-	-	-
Increase in Working Capital Fund		-	-	-	3,690	-	-	-	-	-	3,690
Reserves and fund balances, beginning of period		7,314,771	4,730,593	9,916,160	9,912,470	2,597,206	3,026,772	24,031,151	6,585,364	43,859,288	24,255,199
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>		<b>6,546,342</b>	<b>7,314,771</b>	<b>4,178,472</b>	<b>9,916,160</b>	<b>10,206,272</b>	<b>2,597,206</b>	<b>16,750,462</b>	<b>24,031,151</b>	<b>37,681,548</b>	<b>43,859,288</b>

<sup>4</sup> Assessed annual contributions received in advance, during the reporting period, are considered liabilities owed to States Parties, and are recorded as income in the periods to which the contributions relate.

<sup>5</sup> The amount of EUR 1,524,153 (2013: EUR 433,439) represents final cash surpluses from 2011 and prior years, applied during the reporting period to States Parties which owed amounts to the OPCW and have paid their assessed annual contributions in full for the financial period to which the surplus relates. The detailed application of surpluses during 2014 for each State Party is shown in paragraph 5.13.

5.2 Budgetary accounts: Assets, liabilities and reserves and fund balances - All Funds - As at 31 December 2014 (expressed in euros)

	Reference (Appendix)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance		Trust Funds		TOTAL	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>											
Cash and term deposits	4	4,203,437	3,874,342	5,122,687	9,906,322	7,210,405	2,671,778	25,614,194	25,377,999	42,150,723	41,830,441
Accounts receivable:											
Assessed annual contributions from Member States	5.6	6,291,500	4,188,879	-	-	-	-	-	-	6,291,500	4,188,879
Voluntary contributions		-	-	-	-	-	-	-	-	-	-
Verification contributions under Articles IV & V <sup>6</sup>	5.14	4,531,393	1,758,136	-	-	-	-	1,051,246	-	5,582,639	1,758,136
Other contributions receivable		-	-	-	-	-	-	-	-	-	-
Advances		-	-	6,757	10,447	-	-	-	-	6,757	10,447
Inter-fund balances		1,491,402	3,826,897	-	-	3,268,910	137,186	454,299	3,836,364	5,214,611	7,800,447
Other receivables		1,742,363	2,109,156	375	1,239	107	-	27,065,474	941,211	28,808,319	3,051,606
Other assets		2,642,856	2,375,031	-	-	-	-	1,177	-	2,644,033	2,375,031
<b>TOTAL ASSETS</b>		<b>20,902,951</b>	<b>18,132,441</b>	<b>5,129,819</b>	<b>9,918,008</b>	<b>10,479,422</b>	<b>2,808,964</b>	<b>54,186,390</b>	<b>30,155,574</b>	<b>90,698,582</b>	<b>61,014,987</b>
<b>LIABILITIES</b>											
Contributions received in advance	5.6, 5.14	5,704,570	1,705,420	-	-	-	-	144,261	887,535	5,848,831	2,592,955
Unliquidated obligations	5.5, 5.9	3,785,470	4,470,865	-	-	134,616	207,034	35,835,357	1,416,276	39,755,443	6,094,175
Accounts payable:											
Inter-fund balances		3,723,212	3,973,555	951,347	1,848	138,534	4,724	401,517	3,820,321	5,214,610	7,800,448
Other payables		1,143,357	667,829	-	-	-	-	1,054,794	291	2,198,151	668,120
Other liabilities		-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>14,356,609</b>	<b>10,817,669</b>	<b>951,347</b>	<b>1,848</b>	<b>273,150</b>	<b>211,758</b>	<b>37,435,929</b>	<b>6,124,423</b>	<b>53,017,035</b>	<b>17,155,698</b>
<b>RESERVES AND FUND BALANCES</b>											
Fund balances <sup>7</sup>		6,546,342	7,314,771	4,178,472	9,916,160	10,206,272	2,597,206	16,750,461	24,031,151	37,681,547	43,859,288
<b>TOTAL RESERVES AND FUND BALANCES</b>		<b>6,546,342</b>	<b>7,314,771</b>	<b>4,178,472</b>	<b>9,916,160</b>	<b>10,206,272</b>	<b>2,597,206</b>	<b>16,750,461</b>	<b>24,031,151</b>	<b>37,681,547</b>	<b>43,859,288</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>		<b>20,902,951</b>	<b>18,132,440</b>	<b>5,129,819</b>	<b>9,918,008</b>	<b>10,479,422</b>	<b>2,808,964</b>	<b>54,186,390</b>	<b>30,155,574</b>	<b>90,698,582</b>	<b>61,014,986</b>

<sup>6</sup> Receivables pertaining to reimbursement of verification costs under Articles IV and V of the Convention include accruals for inspection missions that were in progress as at 31 December 2014 or missions for which billing information had not yet been fully received as at the same date.

<sup>7</sup> Reconciliation of the total fund balances of the budgetary accounts to the net assets of the IPSAS financial statements has been provided in note 36 to the financial statements.

5.3 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Special Accounts and Voluntary Fund for Assistance - For the period ended 31 December 2014 (expressed in euros)

	OPCW Equipment Store		Designated Laboratories		Implementation of new ERP system		Voluntary Fund for Assistance		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>INCOME</b>										
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	5,000	5,000	5,000	5,000
Miscellaneous income:										
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-
Assessed annual contributions - new Member States	-	-	-	-	-	-	-	-	-	-
Interest income	69	-	262	-	-	-	973	-	1,304	-
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>69</b>	<b>-</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,973</b>	<b>5,000</b>	<b>6,304</b>	<b>5,000</b>
<b>EXPENDITURE</b>										
Staff costs	-	-	-	-	-	-	-	-	-	-
Travel costs	-	-	-	-	-	-	-	-	-	-
Contractual services	3,000	1,190	-	24,000	-	-	-	-	3,000	25,190
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-
General operating expenses	2,408	25,912	-	-	-	-	-	-	2,408	25,912
Furniture and equipment	91,283	236,457	190,343	284,194	-	-	-	-	281,626	520,651
<b>TOTAL EXPENDITURE</b>	<b>96,691</b>	<b>263,559</b>	<b>190,343</b>	<b>308,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,034</b>	<b>571,753</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(96,622)</b>	<b>(263,559)</b>	<b>(190,081)</b>	<b>(308,194)</b>	<b>-</b>	<b>-</b>	<b>5,973</b>	<b>5,000</b>	<b>(280,730)</b>	<b>(566,753)</b>
Prior period adjustments	-	-	-	-	-	-	-	-	-	-
<b>NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(96,622)</b>	<b>(263,559)</b>	<b>(190,081)</b>	<b>(308,194)</b>	<b>-</b>	<b>-</b>	<b>5,973</b>	<b>5,000</b>	<b>(280,730)</b>	<b>(566,753)</b>
Savings on prior period's obligations	45	2	-	-	-	-	-	-	45	2
Transfers to/from other funds	-	-	-	137,185	7,889,751	-	-	-	7,889,751	137,185
Credits to Member States	-	-	-	-	-	-	-	-	-	-
Increase in Working Capital Fund	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	119,487	383,044	951,652	1,122,661	-	-	1,526,067	1,521,067	2,597,206	3,026,772
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>22,910</b>	<b>119,487</b>	<b>761,571</b>	<b>951,652</b>	<b>7,889,751</b>	<b>-</b>	<b>1,532,040</b>	<b>1,526,067</b>	<b>10,206,272</b>	<b>2,597,206</b>

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2014 (expressed in euros)

	Regional Seminars		Courses for Personnel of National Authorities		US Voluntary Fund		Implementation of Article X		Associate Programme		Scientific Advisory Board	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>INCOME</b>												
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	303,033	216,306	77,998	-	-	72,263	149,101	98,587	-	-	29,654	27,785
Miscellaneous income:												
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	88	2	33	-	701	87	43	-	1	-	7	-
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>303,121</b>	<b>216,308</b>	<b>78,031</b>	<b>-</b>	<b>701</b>	<b>72,350</b>	<b>149,144</b>	<b>98,587</b>	<b>1</b>	<b>-</b>	<b>29,661</b>	<b>27,785</b>
<b>EXPENDITURE</b>												
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-
Travel costs	195,416	173,521	40,272	-	15,536	71,102	89,382	88,435	-	-	18,965	11,399
Contractual services	16,616	31,128	1,182	-	20,843	43,240	3,347	22,081	-	-	300	1,331
Internships, grants, contributions to seminars and workshops	-	4,353	-	-	-	-	-	-	-	-	14,566	-
General operating expenses	5,579	9,235	107	-	13	8,037	1,350	5,858	-	-	42	73
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>217,611</b>	<b>218,237</b>	<b>41,561</b>	<b>-</b>	<b>36,392</b>	<b>122,379</b>	<b>94,079</b>	<b>116,374</b>	<b>-</b>	<b>-</b>	<b>33,873</b>	<b>12,803</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>85,510</b>	<b>(1,929)</b>	<b>36,470</b>	<b>-</b>	<b>(35,691)</b>	<b>(50,029)</b>	<b>55,065</b>	<b>(17,787)</b>	<b>1</b>	<b>-</b>	<b>(4,212)</b>	<b>14,982</b>
Prior period adjustments	-	(582)	-	(213)	(10,773)	(1,192)	-	(2,647)	-	314	-	(1,244)
<b>NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>85,510</b>	<b>(2,511)</b>	<b>36,470</b>	<b>(213)</b>	<b>(46,464)</b>	<b>(51,221)</b>	<b>55,065</b>	<b>(20,434)</b>	<b>1</b>	<b>314</b>	<b>(4,212)</b>	<b>13,738</b>
Savings on prior period's obligations	3,102	7,436	-	2	-	9,515	4,402	299	-	-	12	1,838
Transfers to/from other funds	-	(2,586)	-	(932)	2,567	-	-	11,517	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	196,680	194,341	128,593	129,736	1,508,253	1,549,959	79,323	87,941	5,023	4,709	35,900	20,324
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>285,292</b>	<b>196,680</b>	<b>165,063</b>	<b>128,593</b>	<b>1,464,356</b>	<b>1,508,253</b>	<b>138,790</b>	<b>79,323</b>	<b>5,024</b>	<b>5,023</b>	<b>31,700</b>	<b>35,900</b>

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2014 (expressed in euros) (continued)

	NGO Participation in OPCW Events		Procurement of GC/MS Systems		Implementation of Article VII Obligations		Programme Support Costs		Internship Support Project		Conference on International Cooperation and Chemical Safety & Security		Trust Fund for Training	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>INCOME</b>														
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	59,344	-	-	-	-	-	-	-	-	34,823
Miscellaneous income:														
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	10	-	29	-	-	-	1	-	4	-	7	-
Currency exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	404,763	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>59,373</b>	<b>-</b>	<b>404,763</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>7</b>	<b>34,823</b>
<b>EXPENDITURE</b>														
Staff costs	-	-	-	-	-	-	124,855	-	-	-	-	-	-	-
Travel costs	-	-	-	-	56,781	44,864	-	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	3,024	-	-	-	-	-	-	-	11,053
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating expenses	-	-	-	-	-	1,349	-	-	-	-	-	-	-	-
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,781</b>	<b>49,237</b>	<b>124,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,053</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>2,592</b>	<b>(49,237)</b>	<b>279,908</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>7</b>	<b>23,770</b>
Prior period adjustments	(1,164)	-	-	-	-	(33)	-	-	-	-	-	-	-	-
<b>NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(1,164)</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>2,592</b>	<b>(49,270)</b>	<b>279,908</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>7</b>	<b>23,770</b>
Savings on prior period's obligations	-	-	-	12,345	58	190	-	-	-	-	-	-	-	-
Transfers to/from other funds	-	-	-	-	-	(8,000)	-	-	-	-	(2,567)	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	912	912	60,613	48,268	111,404	168,484	-	-	5,911	5,911	23,540	23,540	38,845	15,075
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>(252)</b>	<b>912</b>	<b>60,623</b>	<b>60,613</b>	<b>114,054</b>	<b>111,404</b>	<b>279,908</b>	<b>-</b>	<b>5,912</b>	<b>5,911</b>	<b>20,977</b>	<b>23,540</b>	<b>38,852</b>	<b>38,845</b>

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2014 (expressed in euros) (continued)

	Trust Fund of Canada for Libya		EU Support for OPCW Activities 2012		International Support Network for Victims of Chemical Weapons		Trust Fund for Syria		Syria Trust Fund for the Destruction of Chemical Weapons		OPCW Nobel Prize Trust Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>INCOME</b>														
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	488,333	976,667	-	-	-	6,560,223	36,057,682	14,135,567	40,000	885,936	37,205,145	23,008,157
Miscellaneous income:														
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	942	276	14	-	3	-	24	44	18,680	-	-	-	20,587	409
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	404,763	-
<b>TOTAL INCOME</b>	<b>942</b>	<b>276</b>	<b>488,347</b>	<b>976,667</b>	<b>3</b>	<b>-</b>	<b>24</b>	<b>6,560,267</b>	<b>36,076,362</b>	<b>14,135,567</b>	<b>40,000</b>	<b>885,936</b>	<b>37,630,495</b>	<b>23,008,566</b>
<b>EXPENDITURE</b>														
Staff costs	-	-	73,020	109,410	-	-	21,090	12,399	9,285,227	-	-	-	9,504,192	121,809
Travel costs	126,794	460,178	399,697	364,067	-	-	228,963	671,521	966,671	-	-	-	2,138,477	1,885,087
Contractual services	400,898	148,888	72,357	128,643	-	-	2,304,370	476,392	15,150,658	-	-	-	17,970,571	865,780
Internships, grants, contributions to seminars and workshops	-	-	150,649	-	-	-	-	-	-	-	-	-	165,215	4,353
General operating expenses	2,439	16,034	4,433	9,705	-	-	79,964	447,109	12,746,481	-	2,981	-	12,843,389	497,400
Furniture and equipment	-	792,505	29,977	-	-	-	565,621	1,423,988	494,126	-	-	-	1,089,724	2,216,493
<b>TOTAL EXPENDITURE</b>	<b>530,131</b>	<b>1,417,605</b>	<b>730,133</b>	<b>611,825</b>	<b>-</b>	<b>-</b>	<b>3,200,008</b>	<b>3,031,409</b>	<b>38,643,163</b>	<b>-</b>	<b>2,981</b>	<b>-</b>	<b>43,711,568</b>	<b>5,590,922</b>
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(529,189)</b>	<b>(1,417,329)</b>	<b>(241,786)</b>	<b>364,842</b>	<b>3</b>	<b>-</b>	<b>(3,199,984)</b>	<b>3,528,858</b>	<b>(2,566,801)</b>	<b>14,135,567</b>	<b>37,019</b>	<b>885,936</b>	<b>(6,081,073)</b>	<b>17,417,644</b>
Prior period adjustments	11,519	(15,233)	10,740	1,571	-	-	(271,945)	-	(1,042,016)	-	-	-	(1,303,639)	(19,259)
<b>NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(517,670)</b>	<b>(1,432,562)</b>	<b>(231,046)</b>	<b>366,413</b>	<b>3</b>	<b>-</b>	<b>(3,471,929)</b>	<b>3,528,858</b>	<b>(3,608,817)</b>	<b>14,135,567</b>	<b>37,019</b>	<b>885,936</b>	<b>(7,384,712)</b>	<b>17,398,385</b>
Savings on prior period's obligations	1,033	12,653	138	3,124	-	-	95,278	-	-	-	-	-	104,023	47,402
Transfers to/from other funds	-	-	-	-	20,000	-	33,358	-	(33,358)	-	(20,000)	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	2,848,413	4,268,322	422,379	52,842	15,000	15,000	3,528,858	-	14,135,567	-	885,936	-	24,031,150	6,585,364
<b>RESERVES AND FUND BALANCES, END OF PERIOD</b>	<b>2,331,776</b>	<b>2,848,413</b>	<b>191,471</b>	<b>422,379</b>	<b>35,003</b>	<b>15,000</b>	<b>185,565</b>	<b>3,528,858</b>	<b>10,493,392</b>	<b>14,135,567</b>	<b>902,955</b>	<b>885,936</b>	<b>16,750,461</b>	<b>24,031,151</b>

5.5 Budgetary accounts: Statement of cash surpluses - General Fund - as at 31 December 2014 (expressed in euros)

<b>PROVISIONAL CASH SURPLUS - CURRENT YEAR</b>	<b>2014</b>	<b>2013</b>
Receipts	66,102,706	64,782,946
Disbursements	(67,839,234)	(62,152,225)
<b>EXCESS / (SHORTFALL) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,736,528)</b>	<b>2,630,721</b>
Unliquidated obligations <sup>8</sup>	(3,785,470)	(4,470,865)
Transfers to/from other funds	-	(137,185)
<b>PROVISIONAL SURPLUS / (DEFICIT) AS AT END OF THE REPORTING PERIOD</b>	<b>(5,521,998)</b>	<b>(1,977,329)</b>
<b>BUDGETARY SURPLUS</b>		
Contributions receivable	3,497,691	2,955,808
Miscellaneous income receivable	4,308,442	1,535,232
Transfers to/from other funds	-	137,185
<b>EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE - (STATEMENT I) BUDGETARY SURPLUS</b>	<b>2,284,135</b>	<b>2,650,896</b>
<b>FINAL CASH SURPLUS - PRIOR YEAR</b>	<b>2013</b>	<b>2012</b>
<b>PROVISIONAL SURPLUS / (DEFICIT)</b>	<b>(1,977,329)</b>	<b>(1,834,932)</b>
Receipt of:		
Arrears from prior years' annual contributions	1,395,070	2,900,524
Miscellaneous income from prior years	1,504,961	519,981
Savings on prior period's obligations (paragraph 5.11)	717,912	613,529
<b>PRIOR YEAR CASH SURPLUS / (DEFICIT)</b>	<b>1,640,614</b>	<b>2,199,102</b>
Prior period adjustment	(109,623)	(47,039)
Prior period transfers from the General Fund to Special Accounts	-	-
<b>FINAL CASH SURPLUS / (DEFICIT)</b>	<b>1,530,991</b>	<b>2,152,063</b>

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

5.6 Status of assessed annual contributions - General Fund - As at 31 December 2014 (expressed in euros)

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2012	2013 Annual Contributions			2014 Annual Contributions			Total Balance Outstanding 1993 - 2014	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Afghanistan	-	-	3,351	3,351	-	3,417	65	3,352	3,352	-
Albania	-	-	6,703	80	6,623	6,835	-	6,835	13,458	-
Algeria	-	-	91,827	91,827	-	93,637	93,637	-	-	-
Andorra	-	-	5,362	5,362	-	5,468	5,468	-	-	-
Antigua and Barbuda	-	11,068	1,341	-	1,341	1,367	-	1,367	13,776	-
Argentina	-	-	289,558	289,558	-	295,263	4,648	290,615	290,615	-
Armenia	-	-	4,692	4,692	-	4,784	4,784	-	-	-
Australia	-	-	1,390,146	1,390,146	-	1,417,533	1,417,533	-	-	1,368,865
Austria	-	-	534,878	534,878	-	545,416	545,416	-	-	-
Azerbaijan	-	-	26,811	26,811	-	27,339	27,339	-	-	-
Bahamas	-	-	11,395	11,395	-	11,619	284	11,335	11,335	-
Bahrain	-	-	26,141	26,141	-	26,656	26,597	59	59	-
Bangladesh	-	-	6,703	6,703	-	6,835	-	6,835	6,835	-
Barbados	-	-	5,362	5,362	-	5,468	5,468	-	-	-
Belarus	-	-	37,535	37,535	-	38,275	-	-	-	-
Belgium	-	-	668,932	668,932	-	682,111	682,111	-	-	-
Belize	-	-	665	665	-	679	34	645	645	16
Benin	-	-	2,011	197	1,814	2,050	-	2,050	3,864	-
Bhutan	-	-	665	665	-	679	679	-	-	-
Bolivia (Plurinational State of)	-	-	6,032	6,032	-	6,151	6,151	-	-	-
Bosnia and Herzegovina	-	-	11,395	11,395	-	11,619	11,619	-	-	-
Botswana	-	-	11,395	11,395	-	11,619	11,619	-	-	-
Brazil	-	-	1,966,580	31,620	1,934,960	2,005,325	-	2,005,325	3,940,285	-
Brunei Darussalam	-	-	17,427	17,427	-	17,770	17,770	-	-	-
Bulgaria	-	-	31,503	31,503	-	32,123	32,123	-	-	-
Burkina Faso	-	-	2,011	2,011	-	2,050	99	1,951	1,951	-
Burundi	-	-	665	665	-	679	679	-	-	724
Cambodia	-	-	2,681	2,681	-	2,734	2,734	-	-	-
Cameroon	-	-	8,043	8,043	-	8,202	1,671	6,531	6,531	-
Canada	-	-	2,000,094	2,000,094	-	2,039,498	2,039,498	-	-	1,969,475
Cabo Verde	-	-	665	665	-	679	442	237	237	-
Central African Republic	6,580	4,263	665	-	665	679	-	679	12,187	-
Chad	-	-	1,341	1,341	-	1,367	1,367	-	-	4,176
Chile	-	-	223,871	223,871	-	228,282	228,282	-	-	3,822
China	-	-	3,450,564	3,450,564	-	3,518,544	3,518,544	-	-	-
Colombia	-	-	173,601	173,601	-	177,021	177,021	-	-	-
Comoros	6,580	4,322	665	-	665	679	-	679	12,246	-
Congo	-	-	3,351	3,351	-	3,417	73	3,344	3,344	-
Cook Islands	-	-	665	665	-	679	661	18	18	-
Costa Rica	-	-	25,470	25,470	-	25,972	25,972	-	-	1,186
Côte d'Ivoire	-	-	7,373	7,373	-	7,518	7,518	-	-	266

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2012	2013 Annual Contributions			2014 Annual Contributions			Total Balance Outstanding 1993 - 2014	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Croatia	-	-	84,454	84,454	-	86,118	86,118	-	-	-
Cuba	-	-	46,249	46,249	-	47,160	151	47,009	47,009	-
Cyprus	-	-	31,503	31,503	-	32,123	32,123	-	-	-
Czech Republic	-	-	258,725	258,725	-	263,823	263,823	-	-	-
Democratic Republic of the Congo	6,538	14,830	2,011	-	2,011	2,050	-	2,050	25,429	-
Denmark	-	-	452,434	452,434	-	461,348	461,348	-	-	445,508
Djibouti	5,974	4,729	665	-	665	679	-	679	12,047	-
Dominica	4,302	7,860	665	-	665	679	-	679	13,506	-
Dominican Republic	8,872	98,519	30,162	-	30,162	30,757	-	30,757	168,310	-
Ecuador	-	-	29,492	29,492	-	30,073	30,073	-	-	-
El Salvador	6,580	176,671	10,724	-	10,724	10,936	-	10,936	204,911	-
Equatorial Guinea	-	-	6,703	6,703	-	6,835	130	6,705	6,705	-
Eritrea	-	-	665	665	-	679	16	663	663	-
Estonia	-	-	26,811	26,811	-	27,339	27,339	-	-	26,400
Ethiopia	-	-	6,703	6,703	-	6,835	130	6,705	6,705	-
Fiji	-	-	2,011	2,011	-	2,050	2,050	-	-	22
Finland	-	-	347,872	347,872	-	354,725	354,725	-	-	-
France	-	-	3,748,836	3,748,836	-	3,822,692	3,822,692	-	-	-
Gabon	-	-	13,405	13,405	-	13,670	13,670	-	-	62
Gambia	-	-	665	665	-	679	16	663	663	-
Georgia	-	-	4,692	4,692	-	4,784	4,784	-	-	1,861
Germany	-	-	4,786,418	4,786,418	-	4,880,716	4,880,716	-	-	-
Ghana	-	-	9,384	9,384	-	9,569	9,569	-	-	97
Greece	-	-	427,634	427,634	-	436,059	436,059	-	-	-
Grenada	-	2,512	665	-	665	679	-	679	3,856	-
Guatemala	-	-	18,097	18,097	-	18,454	1,005	17,449	17,449	-
Guinea	6,580	29,303	665	-	665	679	-	679	37,227	-
Guinea-Bissau	6,580	3,119	665	-	665	679	-	679	11,043	-
Guyana	-	-	665	665	-	679	679	-	-	19,674
Haiti	-	-	2,011	2,011	-	2,050	2,050	-	-	-
Holy See	-	-	665	665	-	679	679	-	-	-
Honduras	-	-	5,362	5,362	-	5,468	5,468	-	-	973
Hungary	-	-	178,293	178,293	-	181,805	181,805	-	-	-
Iceland	-	-	18,097	18,097	-	18,454	18,454	-	-	-
India	-	-	446,402	446,402	-	455,196	455,196	-	-	-
Indonesia	-	-	231,914	231,914	-	236,483	236,483	-	-	-
Iran (Islamic Republic of)	-	-	238,617	230,074	8,543	243,318	-	243,318	251,861	-
Iraq	-	-	45,579	45,579	-	46,477	46,477	-	-	-
Ireland	-	-	280,174	280,174	-	285,694	285,694	-	-	275,885
Italy	-	-	2,981,373	2,981,373	-	3,040,110	3,040,110	-	-	410,259
Jamaica	-	36,819	7,373	-	7,373	7,518	-	7,518	51,710	-
Japan	-	-	7,261,065	7,261,065	-	7,404,117	7,404,117	-	-	-
Jordan	-	-	14,746	14,746	-	15,037	15,037	-	-	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2012	2013 Annual Contributions			2014 Annual Contributions			Total Balance Outstanding 1993 - 2014	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Kazakhstan	-	-	81,103	81,103	-	82,701	82,591	110	110	-
Kenya	-	-	8,714	8,714	-	8,885	8,885	-	-	-
Kiribati	-	1,086	665	-	665	679	-	679	2,430	-
Kuwait	-	-	182,984	182,984	-	186,590	186,590	-	-	-
Kyrgyzstan	28,475	6,341	1,341	-	1,341	1,367	-	1,367	37,524	-
Lao People's Democratic Republic	-	-	1,341	1,341	-	1,367	1,367	-	-	-
Latvia	-	-	31,503	31,503	-	32,123	32,123	-	-	-
Lebanon	-	-	28,151	28,151	-	28,706	28,706	-	-	-
Lesotho	-	-	665	665	-	679	679	-	-	-
Liberia	-	-	665	665	-	679	679	-	-	1,324
Libya	-	-	95,179	95,179	-	97,054	2,089	94,965	94,965	-
Liechtenstein	-	-	6,032	6,032	-	6,151	6,151	-	-	-
Lithuania	-	-	48,930	48,930	-	49,894	49,894	-	-	-
Luxembourg	-	-	54,292	54,292	-	55,362	55,362	-	-	-
Madagascar	-	4,807	2,011	-	2,011	2,050	-	2,050	8,868	-
Malawi	-	1,237	1,341	-	1,341	1,367	-	1,367	3,945	-
Malaysia	-	-	188,347	188,347	-	192,057	192,057	-	-	-
Maldives	-	1,705	665	-	665	679	-	679	3,049	-
Mali	-	-	2,681	2,681	-	2,734	2,734	-	-	25,427
Malta	-	-	10,724	10,724	-	10,936	10,936	-	-	-
Marshall Islands	-	4,222	665	-	665	679	-	679	5,566	-
Mauritania	-	-	1,341	1,341	-	1,367	773	594	594	-
Mauritius	-	-	8,714	8,714	-	8,885	8,885	-	-	-
Mexico	-	-	1,234,643	1,234,643	-	1,258,966	1,258,966	-	-	-
Micronesia (Federated States of)	-	5,308	665	-	665	679	-	679	6,652	-
Monaco	-	-	8,043	8,043	-	8,202	8,202	-	-	-
Mongolia	-	-	2,011	2,011	-	2,050	2,045	5	5	-
Montenegro	-	-	3,351	3,351	-	3,417	3,417	-	-	-
Morocco	-	-	41,557	41,557	-	42,376	42,376	-	-	-
Mozambique	-	-	2,011	2,011	-	2,050	2,050	-	-	49
Namibia	-	-	6,703	6,703	-	6,835	6,835	-	-	-
Nauru	4,064	6,821	665	-	665	679	-	679	12,229	-
Nepal	-	-	4,022	100	3,922	4,101	-	4,101	8,023	-
Netherlands	-	-	1,108,631	1,108,631	-	1,130,472	1,130,472	-	-	1,091,660
New Zealand	-	-	169,579	169,579	-	172,920	172,920	-	-	-
Nicaragua	-	9,081	2,011	-	2,011	2,050	-	2,050	13,142	-
Niger	6,580	22,097	1,341	-	1,341	1,367	-	1,367	31,385	-
Nigeria	-	-	60,325	84	60,241	61,513	-	61,513	121,754	-
Niue	-	-	665	665	-	679	16	663	663	-
Norway	-	-	570,402	570,402	-	581,640	581,640	-	-	-
Oman	-	-	68,368	68,368	-	69,715	69,715	-	-	-
Pakistan	-	-	56,973	56,973	-	58,096	58,096	-	-	15,763
Palau	-	2,876	665	-	665	679	-	679	4,220	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2012	2013 Annual Contributions			2014 Annual Contributions			Total Balance Outstanding 1993 - 2014	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Panama	-	-	17,427	17,427	-	17,770	17,770	-	-	11,014
Papua New Guinea	-	1,189	2,681	-	2,681	2,734	-	2,734	6,604	-
Paraguay	-	52,375	6,703	-	6,703	6,835	-	6,835	65,913	-
Peru	-	-	78,422	78,422	-	79,967	9,469	70,498	70,498	-
Philippines	-	-	103,222	103,222	-	105,256	105,256	-	-	-
Poland	-	-	617,321	617,321	-	629,483	629,483	-	-	-
Portugal	-	-	317,709	317,709	-	323,969	323,969	-	-	-
Qatar	-	-	140,087	140,087	-	142,847	142,847	-	-	4,000
Republic of Korea	-	-	1,336,524	1,336,524	-	1,362,854	1,362,854	-	-	-
Republic of Moldova	-	-	2,011	2,011	-	2,050	2,050	-	-	1,901
Romania	-	-	151,482	151,482	-	154,466	154,466	-	-	-
Russian Federation	-	-	1,634,125	1,634,125	-	1,666,319	1,666,319	-	-	-
Rwanda	-	588	1,341	-	1,341	1,367	-	1,367	3,296	-
Saint Kitts and Nevis	-	-	665	665	-	679	679	-	-	461
Saint Lucia	-	-	665	665	-	679	664	15	15	-
Saint Vincent and the Grenadines	5,974	6,967	665	-	665	679	-	679	14,285	-
Samoa	-	140	665	-	665	679	-	679	1,484	-
San Marino	-	-	2,011	2,011	-	2,050	2,050	-	-	-
Sao Tome and Principe	-	6,341	665	-	665	679	-	679	7,685	-
Saudi Arabia	-	-	579,116	579,116	-	590,525	590,525	-	-	-
Senegal	-	-	4,022	4,022	-	4,101	4,101	-	-	97
Serbia	-	-	26,811	26,811	-	27,339	27,339	-	-	-
Seychelles	-	-	665	665	-	679	679	-	-	-
Sierra Leone	6,580	5,666	665	-	665	679	-	679	13,590	-
Singapore	-	-	257,385	257,385	-	262,456	262,456	-	-	-
Slovakia	-	-	114,617	114,617	-	116,875	116,875	-	-	-
Slovenia	-	-	67,027	67,027	-	68,348	68,348	-	-	-
Solomon Islands	-	2,395	665	-	665	679	-	679	3,739	-
Somalia	-	-	388	-	388	679	-	679	1,067	-
South Africa	-	-	249,341	249,341	-	254,254	254,254	-	-	-
Spain	-	-	1,992,721	1,992,721	-	2,031,979	2,031,979	-	-	-
Sri Lanka	-	-	16,757	16,757	-	17,087	17,087	-	-	-
Sudan	-	-	6,703	6,703	-	6,835	162	6,673	6,673	-
Suriname	-	-	2,681	2,681	-	2,734	2,734	-	-	-
Swaziland	-	-	2,011	2,011	-	2,050	2,050	-	-	-
Sweden	-	-	643,462	643,462	-	656,139	656,139	-	-	-
Switzerland	-	-	701,776	701,776	-	715,602	715,602	-	-	-
Syrian Arab Republic	-	-	6,032	6,032	-	24,605	24,605	-	-	-
Tajikistan	-	-	2,011	2,011	-	2,050	1,258	792	792	-
Thailand	-	-	160,195	160,195	-	163,351	163,351	-	-	-
The former Yugoslav Republic of Macedonia	-	-	5,362	138	5,224	5,468	-	5,468	10,692	-
Timor-Leste	-	-	1,341	1,341	-	1,367	1,367	-	-	46

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2012	2013 Annual Contributions			2014 Annual Contributions			Total Balance Outstanding 1993 - 2014	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Togo	-	-	665	20	645	679	-	679	1,324	-
Tonga	-	-	665	665	-	679	679	-	-	1,981
Trinidad and Tobago	-	-	29,492	29,492	-	30,073	30,073	-	-	-
Tunisia	-	-	24,130	24,130	-	24,605	24,605	-	-	-
Turkey	-	-	890,122	890,122	-	907,659	907,659	-	-	-
Turkmenistan	-	-	12,735	12,735	-	12,986	12,986	-	-	-
Tuvalu	-	234	665	-	665	679	-	679	1,578	-
Uganda	-	-	4,022	4,022	-	4,101	4,101	-	-	3,984
Ukraine	-	-	66,357	66,357	-	67,664	1,409	66,255	66,255	-
United Arab Emirates	-	-	398,812	398,812	-	406,669	406,669	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	3,471,344	3,471,344	-	3,539,732	3,539,732	-	-	-
United Republic of Tanzania	-	-	6,032	6,032	-	6,151	117	6,034	6,034	-
United States of America	-	-	14,633,652	14,633,652	-	14,929,089	14,929,089	-	-	-
Uruguay	-	-	34,854	34,854	-	35,541	35,541	-	-	437
Uzbekistan	-	20,138	10,054	10,054	-	10,252	10,252	-	20,138	-
Vanuatu	-	4,964	665	-	665	679	-	679	6,308	-
Venezuela (Bolivarian Republic of)	-	-	420,261	420,261	-	428,541	5,085	423,456	423,456	-
Viet Nam	-	-	28,151	28,151	-	28,706	28,706	-	-	-
Yemen	-	6,477	6,703	-	6,703	6,835	-	6,835	20,015	-
Zambia	-	-	4,022	4,022	-	4,101	4,101	-	-	-
Zimbabwe	-	2,396	1,341	-	1,341	1,367	-	1,367	5,104	-
<b>Subtotal</b>	<b>110,259</b>	<b>569,466</b>	<b>66,523,020</b>	<b>64,408,935</b>	<b>2,114,085</b>	<b>67,859,500</b>	<b>64,361,809</b>	<b>3,497,691</b>	<b>6,291,501</b>	<b>5,687,415</b>
<b>New Members in 2014:</b>										
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Member States</b>	<b>110,259</b>	<b>569,466</b>	<b>66,523,020</b>	<b>64,408,935</b>	<b>2,114,085</b>	<b>67,859,500</b>	<b>64,361,809</b>	<b>3,497,691</b>	<b>6,291,501</b>	<b>5,687,415</b>
<b>Non-Member States:</b>										
Israel	-	-	-	-	-	-	-	-	-	13,595
Myanmar	-	-	-	-	-	-	-	-	-	887
<b>Total Non-Members of OPCW</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,482</b>
<b>Total as at 31 December 2014</b>	<b>110,259</b>	<b>569,466</b>	<b>66,523,020</b>	<b>64,408,935</b>	<b>2,114,085</b>	<b>67,859,500</b>	<b>64,361,809</b>	<b>3,497,691</b>	<b>6,291,501</b>	<b>5,701,897</b>

5.7 Status of advances to the Working Capital Fund - As at 31 December 2014  
(expressed in euros)

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a new ERP	WCF after transfer to Special Account for a new ERP
	Original	Increment	Total				
Afghanistan	408	102	510	510	-	159	351
Albania	454	255	709	709	-	318	391
Algeria	7,958	3,877	11,835	11,835	-	4,989	6,846
Andorra	181	255	436	436	-	280	156
Antigua and Barbuda	142	158	300	-	300	178	122
Argentina	23,875	48,764	72,639	72,639	-	52,099	20,540
Armenia	2,487	102	2,589	2,589	-	449	2,140
Australia	73,615	81,205	154,820	154,820	-	91,487	63,333
Austria	43,274	43,816	87,090	87,090	-	49,860	37,230
Azerbaijan	501	255	756	756	-	325	431
Bahamas	732	865	1,597	1,597	-	967	630
Bahrain	995	1,530	2,525	2,525	-	1,669	856
Bangladesh	454	510	964	964	-	573	391
Barbados	412	487	899	899	-	545	354
Belarus	13,927	918	14,845	14,845	-	2,863	11,982
Belgium	50,237	54,528	104,765	104,765	-	61,545	43,220
Belize	45	51	96	96	-	57	39
Benin	454	102	556	556	-	165	391
Bhutan	46	53	99	99	-	59	40
Bolivia (Plurinational State of)	454	459	913	913	-	522	391
Bosnia and Herzegovina	454	153	607	607	-	216	391
Botswana	454	612	1,066	1,066	-	675	391
Brazil	80,579	77,685	158,264	158,264	-	88,940	69,324
Brunei Darussalam	995	1,734	2,729	2,729	-	1,873	856
Bulgaria	3,979	867	4,846	4,846	-	1,423	3,423
Burkina Faso	454	102	556	556	-	165	391
Burundi	454	51	505	505	-	114	391
Cambodia	95	105	200	200	-	118	82
Cameroon	454	408	862	862	-	471	391
Canada	154,692	143,486	298,178	298,178	-	165,093	133,085
Cabo Verde	45	51	96	96	-	57	39
Central African Republic	46	53	99	-	99	59	40
Chad	45	51	96	96	-	57	39
Chile	3,979	11,375	15,354	15,354	-	11,931	3,423
China	36,808	104,719	141,527	141,527	-	109,860	31,667
Colombia	4,970	7,906	12,876	12,876	-	8,600	4,276
Comoros	46	53	99	-	99	59	40
Congo	45	54	99	99	-	60	39
Cook Islands	454	51	505	505	-	114	391
Costa Rica	454	1,530	1,984	1,984	-	1,593	391
Côte d'Ivoire	454	510	964	964	-	573	391
Croatia	4,476	1,887	6,363	6,363	-	2,512	3,851
Cuba	2,487	2,193	4,680	4,680	-	2,540	2,140
Cyprus	1,398	1,989	3,387	3,387	-	2,184	1,203
Czech Republic	12,435	9,335	21,770	21,770	-	11,072	10,698
Democratic Republic of the Congo	142	158	300	-	300	178	122

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a new ERP	WCF after transfer to Special Account for a new ERP
	Original	Increment	Total				
Denmark	35,813	36,624	72,437	72,437	-	41,626	30,811
Djibouti	46	53	99	-	99	59	40
Dominica	45	51	96	-	96	57	39
Dominican Republic	1,098	1,297	2,395	-	2,395	1,450	945
Ecuador	995	969	1,964	1,964	-	1,108	856
El Salvador	454	1,122	1,576	-	1,576	1,185	391
Equatorial Guinea	454	102	556	556	-	165	391
Eritrea	44	51	95	95	-	57	38
Estonia	685	612	1,297	1,297	-	708	589
Ethiopia	454	204	658	658	-	267	391
Fiji	454	204	658	658	-	267	391
Finland	30,839	27,187	58,026	58,026	-	31,494	26,532
France	319,332	307,579	626,911	626,911	-	352,182	274,729
Gabon	684	459	1,143	1,143	-	555	588
Gambia	454	51	505	505	-	114	391
Georgia	5,471	153	5,624	5,624	-	917	4,707
Germany	450,646	441,833	892,479	892,479	-	504,777	387,702
Ghana	454	204	658	658	-	267	391
Greece	18,900	27,034	45,934	45,934	-	29,674	16,260
Grenada	46	53	99	99	-	59	40
Guatemala	1,224	1,530	2,754	2,754	-	1,701	1,053
Guinea	454	153	607	-	607	216	391
Guinea-Bissau	45	54	99	-	99	60	39
Guyana	454	51	505	505	-	114	391
Haiti	142	158	300	300	-	178	122
Holy See	46	51	97	97	-	57	40
Honduras	237	263	500	500	-	296	204
Hungary	6,964	6,427	13,391	13,391	-	7,400	5,991
Iceland	1,492	1,734	3,226	3,226	-	1,942	1,284
India	15,419	21,474	36,893	36,893	-	23,628	13,265
Indonesia	6,527	7,243	13,770	13,770	-	8,155	5,615
Iran (Islamic Republic of)	22,383	8,008	30,391	30,391	-	11,134	19,257
Iraq	686	811	1,497	1,497	-	907	590
Ireland	10,445	17,853	28,298	28,298	-	19,312	8,986
Italy	261,135	249,175	510,310	510,310	-	285,649	224,661
Jamaica	274	408	682	682	-	446	236
Japan	778,435	993,029	1,771,464	1,771,464	-	1,101,757	669,707
Jordan	454	561	1,015	1,015	-	624	391
Kazakhstan	2,189	1,275	3,464	3,464	-	1,581	1,883
Kenya	454	459	913	913	-	522	391
Kiribati	45	51	96	96	-	57	39
Kuwait	9,451	8,263	17,714	17,714	-	9,583	8,131
Kyrgyzstan	45	51	96	-	96	57	39
Lao People's Democratic Republic	454	51	505	505	-	114	391
Latvia	3,979	765	4,744	4,744	-	1,321	3,423
Lebanon	1,555	1,838	3,393	3,393	-	2,055	1,338
Lesotho	454	51	505	505	-	114	391
Liberia	46	53	99	99	-	59	40
Libya	6,061	6,733	12,794	12,794	-	7,580	5,214

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a new ERP	WCF after transfer to Special Account for a new ERP
	Original	Increment	Total				
Liechtenstein	274	255	529	529	-	293	236
Lithuania	3,730	1,224	4,954	4,954	-	1,745	3,209
Luxembourg	3,482	3,928	7,410	7,410	-	4,414	2,996
Madagascar	138	153	291	291	-	172	119
Malawi	454	51	505	505	-	114	391
Malaysia	8,344	10,355	18,699	18,699	-	11,520	7,179
Maldives	454	51	505	505	-	114	391
Mali	454	102	556	556	-	165	391
Malta	454	714	1,168	1,168	-	777	391
Marshall Islands	45	51	96	96	-	57	39
Mauritania	454	51	505	505	-	114	391
Mauritius	454	561	1,015	1,015	-	624	391
Mexico	39,295	96,048	135,343	135,343	-	101,536	33,807
Micronesia (Federated States of)	46	51	97	97	-	57	40
Monaco	454	153	607	607	-	216	391
Mongolia	454	51	505	505	-	114	391
Montenegro	46	53	99	99	-	59	40
Morocco	1,492	2,397	3,889	3,889	-	2,605	1,284
Mozambique	45	51	96	96	-	57	39
Namibia	454	306	760	760	-	369	391
Nauru	45	51	96	96	-	57	39
Nepal	454	204	658	658	-	267	391
Netherlands	79,087	86,204	165,291	165,291	-	97,251	68,040
New Zealand	11,938	11,273	23,211	23,211	-	12,940	10,271
Nicaragua	46	51	97	97	-	57	40
Niger	454	51	505	-	505	114	391
Nigeria	1,826	2,142	3,968	3,968	-	2,397	1,571
Niue	46	53	99	99	-	59	40
Norway	27,854	34,635	62,489	62,489	-	38,526	23,963
Oman	1,990	3,571	5,561	5,561	-	3,849	1,712
Pakistan	2,984	2,805	5,789	5,789	-	3,222	2,567
Palau	45	51	96	96	-	57	39
Panama	454	969	1,423	1,423	-	1,032	391
Papua New Guinea	454	153	607	607	-	216	391
Paraguay	454	612	1,066	1,066	-	675	391
Peru	2,984	4,693	7,677	7,677	-	5,110	2,567
Philippines	2,985	4,846	7,831	7,831	-	5,263	2,568
Poland	16,414	23,515	39,929	39,929	-	25,808	14,121
Portugal	13,927	23,974	37,901	37,901	-	25,919	11,982
Qatar	1,990	3,265	5,255	5,255	-	3,543	1,712
Republic of Korea	40,787	91,610	132,397	132,397	-	97,307	35,090
Republic of Moldova	3,979	51	4,030	4,030	-	607	3,423
Romania	7,461	3,060	10,521	10,521	-	4,102	6,419
Russian Federation	212,391	56,108	268,499	268,499	-	85,774	182,725
Rwanda	45	51	96	96	-	57	39
Saint Kitts and Nevis	45	51	96	96	-	57	39
Saint Lucia	454	102	556	556	-	165	391
Saint Vincent and the Grenadines	45	51	96	-	96	57	39
Samoa	45	51	96	96	-	57	39

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a new ERP	WCF after transfer to Special Account for a new ERP
	Original	Increment	Total				
San Marino	91	153	244	244	-	166	78
Sao Tome and Principe	45	51	96	-	96	57	39
Saudi Arabia	35,315	36,369	71,684	71,684	-	41,302	30,382
Senegal	454	255	709	709	-	318	391
Serbia	1,185	969	2,154	2,154	-	1,135	1,019
Seychelles	454	102	556	556	-	165	391
Sierra Leone	45	51	96	-	96	57	39
Singapore	6,964	19,791	26,755	26,755	-	20,764	5,991
Slovakia	3,979	2,601	6,580	6,580	-	3,157	3,423
Slovenia	3,482	4,183	7,665	7,665	-	4,669	2,996
Solomon Islands	45	51	96	96	-	57	39
Somalia	45	54	99	-	99	60	39
South Africa	15,917	14,894	30,811	30,811	-	17,117	13,694
Spain	118,382	128,540	246,922	246,922	-	145,075	101,847
Sri Lanka	454	867	1,321	1,321	-	930	391
Sudan	318	408	726	726	-	453	273
Suriname	454	51	505	505	-	114	391
Swaziland	454	102	556	556	-	165	391
Sweden	61,179	50,906	112,085	112,085	-	59,451	52,634
Switzerland	60,186	61,057	121,243	121,243	-	69,463	51,780
Syrian Arab Republic	1,646	1,945	3,591	3,591	-	2,175	1,416
Tajikistan	995	51	1,046	1,046	-	190	856
Thailand	13,333	10,661	23,994	23,994	-	12,523	11,471
The former Yugoslav Republic of Macedonia	454	306	760	760	-	369	391
Timor-Leste	45	51	96	96	-	57	39
Togo	454	51	505	505	-	114	391
Tonga	45	51	96	96	-	57	39
Trinidad and Tobago	1,492	1,122	2,614	2,614	-	1,330	1,284
Tunisia	1,492	1,632	3,124	3,124	-	1,840	1,284
Turkey	18,902	18,975	37,877	37,877	-	21,615	16,262
Turkmenistan	1,492	255	1,747	1,747	-	463	1,284
Tuvalu	45	51	96	96	-	57	39
Uganda	45	306	351	351	-	312	39
Ukraine	50,819	1,989	52,808	52,808	-	9,087	43,721
United Arab Emirates	8,115	11,987	20,102	20,102	-	13,120	6,982
United Kingdom of Great Britain and Northern Ireland	264,618	312,527	577,145	577,145	-	349,488	227,657
United Republic of Tanzania	454	306	760	760	-	369	391
United States of America	1,134,451	1,111,127	2,245,578	2,245,578	-	1,269,582	975,996
Uruguay	1,990	2,448	4,438	4,438	-	2,726	1,712
Uzbekistan	6,466	714	7,180	7,180	-	1,617	5,563
Vanuatu	46	53	99	-	99	59	40
Venezuela (Bolivarian Republic of)	15,385	8,722	24,107	24,107	-	10,871	13,236
Viet Nam	454	1,071	1,525	1,525	-	1,134	391
Yemen	456	306	762	762	-	370	392
Zambia	91	102	193	193	-	115	78
Zimbabwe	454	357	811	811	-	420	391
<b>Subtotal</b>	<b>4,856,855</b>	<b>5,059,305</b>	<b>9,916,160</b>	<b>9,909,403</b>	<b>6,757</b>	<b>5,737,688</b>	<b>4,178,472</b>

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a new ERP	WCF after transfer to Special Account for a new ERP
	Original	Increment	Total				
New Members in 2014:							
	-	-	-	-	-		
<b>Subtotal</b>	-	-	-	-	-		
<b>Total as at 31 December 2014</b>	<b>4,856,855</b>	<b>5,059,305</b>	<b>9,916,160</b>	<b>9,909,403</b>	<b>6,757</b>	<b>5,737,688</b>	<b>4,178,472</b>
<b>Total as at 31 December 2013</b>	<b>4,856,855</b>	<b>5,059,305</b>	<b>9,916,160</b>	<b>9,905,713</b>	<b>10,447</b>	-	<b>9,916,160</b>

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

(a) For the period ended 31 December 2014:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	5,891,830	183,992	247,158	-	86,014	464,196	<b>6,873,190</b>
Programme 2. Inspections	19,443,960	4,268,982	3,091,226	-	1,080,306	468,085	<b>28,352,559</b>
<b>Total verification costs (Chapter 1)</b>	<b>25,335,790</b>	<b>4,452,974</b>	<b>3,338,384</b>	<b>-</b>	<b>1,166,320</b>	<b>932,281</b>	<b>35,225,749</b>
Programme 3. International Cooperation and Assistance	2,649,752	3,186,065	311,462	588,513	133,006	19,170	<b>6,887,968</b>
Programme 4. Support to the Policy-Making Organs	3,826,774	413,082	406,199	-	503,352	-	<b>5,149,407</b>
Programme 5. External Relations	1,571,244	66,894	112,538	18,000	107,610	18,518	<b>1,894,804</b>
Programme 6. Executive Management	7,687,116	338,017	463,875	26,571	86,181	47,170	<b>8,648,930</b>
Programme 7. Administration	7,518,591	52,647	1,218,891	-	4,297,663	730,057	<b>13,817,849</b>
<b>Total administrative and other costs (Chapter 2)</b>	<b>23,253,477</b>	<b>4,056,705</b>	<b>2,512,965</b>	<b>633,084</b>	<b>5,127,812</b>	<b>814,915</b>	<b>36,398,958</b>
<b>TOTAL EXPENDITURE</b>	<b>48,589,267</b>	<b>8,509,679</b>	<b>5,851,349</b>	<b>633,084</b>	<b>6,294,132</b>	<b>1,747,196</b>	<b>71,624,707</b>

(b) For the period ended 31 December 2013:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	5,905,250	140,468	184,454	-	71,406	43,751	6,345,329
Programme 2. Inspections	18,451,637	2,814,203	1,677,969	-	760,835	460,320	24,164,964
<b>Total verification costs (Chapter 1)</b>	<b>24,356,887</b>	<b>2,954,671</b>	<b>1,862,423</b>	<b>-</b>	<b>832,241</b>	<b>504,071</b>	<b>30,510,293</b>
Programme 3. International Cooperation and Assistance	2,333,956	2,694,414	365,099	318,026	43,549	-	5,755,044
Programme 4. Support to the Policy-Making Organs	3,906,090	441,337	422,137	-	954,417	-	5,723,981
Programme 5. External Relations	1,461,843	20,012	98,690	-	99,679	10,905	1,691,129
Programme 6. Executive Management	8,128,640	323,030	484,004	-	92,822	72,559	9,101,055
Programme 7. Administration	7,660,874	41,716	1,108,409	-	4,284,425	746,164	13,841,588
<b>Total administrative and other costs (Chapter 2)</b>	<b>23,491,403</b>	<b>3,520,509</b>	<b>2,478,339</b>	<b>318,026</b>	<b>5,474,892</b>	<b>829,628</b>	<b>36,112,797</b>
<b>TOTAL EXPENDITURE</b>	<b>47,848,290</b>	<b>6,475,180</b>	<b>4,340,762</b>	<b>318,026</b>	<b>6,307,133</b>	<b>1,333,699</b>	<b>66,623,090</b>

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

(a) For the period ended 31 December 2014:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Programme 1. Verification	112,858	3,807	17,257	-	4,133	270,994	409,049
Programme 2. Inspections	432,741	245,462	396,057	-	215,857	425,196	1,715,313
<b>Total verification costs (Chapter 1)</b>	<b>545,599</b>	<b>249,269</b>	<b>413,314</b>	<b>-</b>	<b>219,990</b>	<b>696,190</b>	<b>2,124,362</b>
Programme 3. International Cooperation and Assistance	54,524	145,269	22,168	42,225	4,043	-	268,229
Programme 4. Support to the Policy-Making Organs	100,002	27,713	22,247	-	42,581	-	192,543
Programme 5. External Relations	30,566	4,555	13,965	-	18,448	5,580	73,114
Programme 6. Executive Management	128,464	16,926	74,759	-	19,625	33,011	272,785
Programme 7. Administration	159,254	4,721	136,035	-	95,192	459,237	854,439
<b>Total administrative and other costs (Chapter 2)</b>	<b>472,810</b>	<b>199,184</b>	<b>269,174</b>	<b>42,225</b>	<b>179,889</b>	<b>497,828</b>	<b>1,661,110</b>
<b>TOTAL EXPENDITURE</b>	<b>1,018,409</b>	<b>448,453</b>	<b>682,488</b>	<b>42,225</b>	<b>399,879</b>	<b>1,194,018</b>	<b>3,785,472</b>

(b) For the period ended 31 December 2013:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Programme 1. Verification	141,168	10,271	19,498	-	7,164	5,734	183,835
Programme 2. Inspections	522,919	427,646	341,960	-	185,539	452,725	1,930,789
<b>Total verification costs (Chapter 1)</b>	<b>664,087</b>	<b>437,917</b>	<b>361,458</b>	<b>-</b>	<b>192,703</b>	<b>458,459</b>	<b>2,114,624</b>
Programme 3. International Cooperation and Assistance	113,024	299,169	49,687	160,648	3,193	-	625,721
Programme 4. Support to the Policy-Making Organs	96,127	58,547	46,634	-	15,782	-	217,091
Programme 5. External Relations	52,886	1,529	2,700	-	12,142	-	69,257
Programme 6. Executive Management	82,789	42,954	85,543	-	18,482	35,268	265,036
Programme 7. Administration	141,018	3,596	213,067	-	216,562	604,894	1,179,136
<b>Total administrative and other costs (Chapter 2)</b>	<b>485,844</b>	<b>405,795</b>	<b>397,631</b>	<b>160,648</b>	<b>266,161</b>	<b>640,162</b>	<b>2,356,241</b>
<b>TOTAL EXPENDITURE</b>	<b>1,149,931</b>	<b>843,712</b>	<b>759,089</b>	<b>160,648</b>	<b>458,864</b>	<b>1,098,621</b>	<b>4,470,865</b>

5.10 Budgetary accounts: Statement of budgetary obligations by funding programme and major expenditure category - Special Accounts, Voluntary Fund for Assistance and Trust Funds - (expressed in euros)

(a) For the period ended 31 December 2014:

Fund	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
<b>Special Accounts</b>							
OPCW Equipment Store	-	-	-	-	718	2,425	3,143
Designated Laboratories	-	-	-	-	-	131,473	131,473
<b>Subtotal</b>	-	-	-	-	<b>718</b>	<b>133,898</b>	<b>134,616</b>
<b>Trust Funds</b>							
Regional seminars	-	56,300	7,400	-	5,329	-	69,029
United States voluntary trust fund	-	2,911	12,050	-	13	-	14,974
Trust fund of Canada for Libya	-	-	51,122	-	-	-	51,122
European Union support for OPCW activities 2012	-	66,599	15,200	150,649	1,118	14,045	247,611
Trust Fund for Syria	-	-	186,265	-	-	-	186,265
Syria Trust Fund for the Destruction of Chemical Weapons	9,266,917	682,065	14,874,097	-	9,946,294	494,126	35,263,499
Trust Fund for the Programme Support Costs	2,856	-	-	-	-	-	2,856
<b>Subtotal</b>	<b>9,269,773</b>	<b>807,875</b>	<b>15,146,134</b>	<b>150,649</b>	<b>9,952,754</b>	<b>508,171</b>	<b>35,835,357</b>
<b>Grand total</b>	<b>9,269,773</b>	<b>807,875</b>	<b>15,146,134</b>	<b>150,649</b>	<b>9,953,472</b>	<b>642,069</b>	<b>35,969,972</b>

(b) For the period ended 31 December 2013:

Funds	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
<b>Special Accounts</b>							
OPCW Equipment Store	-	-	-	-	17,643	69,026	86,669
Designated Laboratories	-	-	561	-	-	119,804	120,365
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>-</b>	<b>17,643</b>	<b>188,830</b>	<b>207,034</b>
<b>Trust Funds</b>							
Regional Seminars	-	5,318	-	-	56	-	5,374
Implementation of Article X	-	31,347	2,229	-	193	-	33,769
Implementation of Article VII obligations	-	183	-	-	-	-	183
Scientific Advisory Board	-	4,358	-	-	73	-	4,431
Trust fund of Canada for Libya	-	44,000	29,000	-	-	181,499	254,499
European Union support for OPCW activities 2012	-	138	-	-	-	-	138
Trust Fund for Syria	4,369	209,941	78,160	-	79,232	746,180	1,117,882
<b>Subtotal</b>	<b>4,369</b>	<b>295,285</b>	<b>109,389</b>	<b>-</b>	<b>79,554</b>	<b>927,678</b>	<b>1,416,276</b>
<b>Grand total</b>	<b>4,369</b>	<b>295,285</b>	<b>109,950</b>	<b>-</b>	<b>97,197</b>	<b>1,116,508</b>	<b>1,623,310</b>

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

(a) For the period ended 31 December 2014

Funding Programme	Unliquidated Obligations as at End of 2013	Disbursements During 2014	Savings on Prior Year's Obligations
Programme 1. Verification	183,835	137,296	<b>46,539</b>
Programme 2. Inspections	1,930,789	1,571,879	<b>358,910</b>
<b>Total verification costs (Chapter 1)</b>	<b>2,114,624</b>	<b>1,709,175</b>	<b>405,449</b>
Programme 3. International Cooperation and Assistance	625,721	563,689	<b>62,032</b>
Programme 4. Support to the Policy-Making Organs	217,091	162,821	<b>54,270</b>
Programme 5. External Relations	69,257	62,797	<b>6,460</b>
Programme 6. Executive Management	265,036	200,070	<b>64,966</b>
Programme 7. Administration	1,179,136	1,054,401	<b>124,735</b>
<b>Total administrative and other costs (Chapter 2)</b>	<b>2,356,241</b>	<b>2,043,778</b>	<b>312,463</b>
<b>TOTAL</b>	<b>4,470,865</b>	<b>3,752,953</b>	<b>717,912</b>

(b) For the period ended 31 December 2013

Funding Programme	Unliquidated Obligations as at End of 2012	Disbursements During 2013	Savings on Prior Year's Obligations
Programme 1. Verification	478,508	410,844	67,664
Programme 2. Inspections	1,029,572	806,857	222,715
<b>Total verification costs (Chapter 1)</b>	<b>1,508,080</b>	<b>1,217,701</b>	<b>290,379</b>
Programme 3. International Cooperation and Assistance	333,304	241,695	91,609
Programme 4. Support to the Policy-Making Organs	239,531	202,086	37,445
Programme 5. External Relations	76,911	35,216	41,695
Programme 6. Executive Management	295,206	243,304	51,902
Programme 7. Administration	617,110	516,615	100,495
<b>Total administrative and other costs (Chapter 2)</b>	<b>1,562,062</b>	<b>1,238,916</b>	<b>323,146</b>
<b>TOTAL</b>	<b>3,070,142</b>	<b>2,456,617</b>	<b>613,525</b>

5.12 Budgetary accounts: Statement of savings on prior year's obligations - Trust Funds, Special Accounts and Voluntary Fund for Assistance (expressed in euros)

(a) For the period ended 31 December 2014

<b>Funding Programme</b>	<b>Unliquidated Obligations as at End of 2013</b>	<b>Disbursements During 2014</b>	<b>Savings on Prior Year's Obligations</b>
OPCW Equipment Store	86,669	86,624	45
Designated Laboratories	120,365	120,365	-
<b>Total Special Accounts and Voluntary Fund for Assistance</b>	<b>207,034</b>	<b>206,989</b>	<b>45</b>
Regional Seminars	5,374	2,272	3,102
Implementation of Article X	33,769	29,367	4,402
Scientific Advisory Board	4,431	4,419	12
Implementation of Article VII obligations	183	124	59
Trust fund of Canada for Libya	254,499	253,466	1,033
European Unity support for OPCW activities 2012	138	-	138
Trust Fund for Syria	1,117,882	1,022,604	95,278
<b>Total Trust Funds</b>	<b>1,416,276</b>	<b>1,312,252</b>	<b>104,024</b>

(b) For the period ended 31 December 2013

<b>Funding Programme</b>	<b>Unliquidated Obligations as at End of 2012</b>	<b>Disbursements During 2013</b>	<b>Savings on Prior Year's Obligations</b>
OPCW Equipment Store	1,318	1,316	2
<b>Total Special Accounts and Voluntary Fund for Assistance</b>	<b>1,318</b>	<b>1,316</b>	<b>2</b>
Regional Seminars	76,182	68,746	7,436
Courses for personnel of National Authorities	2	-	2
United States Voluntary Fund	71,912	62,397	9,515
Implementation of Article X	1,447	1,149	299
Associate Programme	-	-	-
Scientific Advisory Board	1,854	15	1,838
Procurement of GC/MS systems	12,345	-	12,345
Implementation of Article VII obligations	190	-	190
Trust fund of Canada for Libya	274,297	261,644	12,653
European Union support for OPCW activities 2012	139,788	136,664	3,124
<b>Total Trust Funds</b>	<b>578,017</b>	<b>530,614</b>	<b>47,402</b>

5.13 Budgetary accounts: Statement of cash surpluses credited to Member States - General Fund – During the period ended 31 December 2014 (expressed in euros)

Member State	Cash Surpluses Applied During 2014			Total
	2011	2010	1993 - 2009	
Afghanistan	65	-	-	65
Albania	-	-	-	-
Algeria	2,073	-	-	2,073
Andorra	113	-	-	113
Antigua and Barbuda	-	-	-	-
Argentina	4,648	-	-	4,648
Armenia	81	-	-	81
Australia	31,302	-	-	31,302
Austria	13,781	-	-	13,781
Azerbaijan	243	-	-	243
Bahamas	284	-	-	284
Bahrain	573	-	-	573
Bangladesh	-	-	-	-
Barbados	130	-	-	130
Belarus	680	-	-	680
Belgium	17,408	-	-	17,408
Belize	16	-	-	16
Benin	-	-	-	-
Bhutan	-	-	-	-
Bolivia (Plurinational State of)	113	-	-	113
Bosnia and Herzegovina	227	-	-	227
Botswana	291	-	-	291
Brazil	-	-	-	-
Brunei Darussalam	453	-	-	453
Bulgaria	615	-	-	615
Burkina Faso	-	-	-	-
Burundi	16	-	-	16
Cambodia	49	-	-	49
Cameroon	178	-	-	178
Canada	51,933	-	-	51,933
Cabo Verde	16	-	-	16
Central African Republic	-	-	-	-
Chad	32	-	-	32
Chile	3,822	-	-	3,822
China	51,642	-	-	51,642
Colombia	2,332	-	-	2,332
Comoros	-	-	-	-
Congo	49	-	-	49
Cook Islands	-	-	-	-
Costa Rica	551	-	-	551
Côte d'Ivoire	162	-	-	162
Croatia	-	-	-	-
Cuba	-	-	-	-
Cyprus	745	-	-	745
Czech Republic	5,652	-	-	5,652
Democratic Republic of the Congo	-	-	-	-
Denmark	11,919	-	-	11,919
Djibouti	-	-	-	-

Member State	Cash Surpluses Applied During 2014			Total
	2011	2010	1993 - 2009	
Dominica	-	-	-	-
Dominican Republic	-	-	-	-
Ecuador	648	-	-	648
El Salvador	-	-	-	-
Equatorial Guinea	130	-	-	130
Eritrea	-	-	-	-
Estonia	648	-	-	648
Ethiopia	130	-	-	130
Fiji	65	-	-	65
Finland	9,166	-	-	9,166
France	99,154	-	-	99,154
Gabon	227	-	-	227
Gambia	-	-	-	-
Georgia	97	21	1,743	1,861
Germany	129,841	-	-	129,841
Ghana	97	-	-	97
Greece	11,190	-	-	11,190
Grenada	-	-	-	-
Guatemala	453	-	-	453
Guinea	-	-	-	-
Guinea-Bissau	-	-	-	-
Guyana	16	-	-	16
Haiti	49	-	-	49
Holy See	16	-	-	16
Honduras	130	28	872	1,030
Hungary	4,712	-	-	4,712
Iceland	680	-	-	680
India	8,647	-	-	8,647
Indonesia	3,854	-	-	3,854
Iran (Islamic Republic of)	-	-	-	-
Iraq	48	-	-	48
Ireland	8,064	-	-	8,064
Italy	80,952	-	-	80,952
Jamaica	-	-	-	-
Japan	202,907	-	-	202,907
Jordan	227	-	-	227
Kazakhstan	1,121	-	-	1,121
Kenya	194	-	-	194
Kiribati	-	-	-	-
Kuwait	4,259	-	-	4,259
Kyrgyzstan	-	-	-	-
Lao People's Democratic Republic	16	-	-	16
Latvia	615	-	-	615
Lebanon	-	-	-	-
Lesotho	16	-	-	16
Liberia	16	4	1,058	1,078
Libya	2,089	-	-	2,089
Liechtenstein	146	-	-	146
Lithuania	1,053	-	-	1,053
Luxembourg	1,457	-	-	1,457
Madagascar	-	-	-	-
Malawi	-	-	-	-

Member State	Cash Surpluses Applied During 2014			Total
	2011	2010	1993 - 2009	
Malaysia	4,097	-	-	<b>4,097</b>
Maldives	-	-	-	-
Mali	49	-	-	<b>49</b>
Malta	275	-	-	<b>275</b>
Marshall Islands	-	-	-	-
Mauritania	16	-	-	<b>16</b>
Mauritius	178	-	-	<b>178</b>
Mexico	38,152	-	-	<b>38,152</b>
Micronesia (Federated States of)	-	-	-	-
Monaco	49	-	-	<b>49</b>
Mongolia	32	-	-	<b>32</b>
Montenegro	65	-	-	<b>65</b>
Morocco	939	-	-	<b>939</b>
Mozambique	49	-	-	<b>49</b>
Namibia	130	-	-	<b>130</b>
Nauru	-	-	-	-
Nepal	-	-	-	-
Netherlands	30,039	-	-	<b>30,039</b>
New Zealand	4,421	-	-	<b>4,421</b>
Nicaragua	-	-	969	<b>969</b>
Niger	-	-	-	-
Nigeria	-	-	-	-
Niue	16	-	-	<b>16</b>
Norway	14,105	-	-	<b>14,105</b>
Oman	1,393	-	-	<b>1,393</b>
Pakistan	1,328	-	-	<b>1,328</b>
Palau	-	-	-	-
Panama	356	78	-	<b>434</b>
Papua New Guinea	-	-	-	-
Paraguay	-	-	490	<b>490</b>
Peru	-	-	-	-
Philippines	1,457	-	-	<b>1,457</b>
Poland	13,408	-	-	<b>13,408</b>
Portugal	8,275	-	-	<b>8,275</b>
Qatar	2,186	-	-	<b>2,186</b>
Republic of Korea	36,598	-	-	<b>36,598</b>
Republic of Moldova	32	-	-	<b>32</b>
Romania	2,866	-	-	<b>2,866</b>
Russian Federation	25,942	-	-	<b>25,942</b>
Rwanda	-	-	-	-
Saint Kitts and Nevis	16	-	-	<b>16</b>
Saint Lucia	2	-	-	<b>2</b>
Saint Vincent and the Grenadines	-	-	-	-
Samoa	-	-	-	-
San Marino	49	-	-	<b>49</b>
Sao Tome and Principe	-	-	-	-
Saudi Arabia	13,441	-	-	<b>13,441</b>
Senegal	97	-	-	<b>97</b>
Serbia	599	-	-	<b>599</b>
Seychelles	32	-	-	<b>32</b>
Sierra Leone	-	-	-	-
Singapore	5,425	-	-	<b>5,425</b>

Member State	Cash Surpluses Applied During 2014			Total
	2011	2010	1993 - 2009	
Slovakia	2,300	-	-	<b>2,300</b>
Slovenia	1,668	-	-	<b>1,668</b>
Solomon Islands	-	-	-	-
Somalia	-	-	-	-
South Africa	6,235	-	-	<b>6,235</b>
Spain	-	-	-	-
Sri Lanka	308	-	-	<b>308</b>
Sudan	-	-	-	-
Suriname	49	-	-	<b>49</b>
Swaziland	-	-	-	-
Sweden	17,230	-	-	<b>17,230</b>
Switzerland	18,299	-	-	<b>18,299</b>
Syrian Arab Republic	-	-	-	-
Tajikistan	-	-	-	-
Thailand	3,384	-	-	<b>3,384</b>
The former Yugoslav Republic of Macedonia	-	-	-	-
Timor-Leste	-	-	-	-
Togo	-	-	-	-
Tonga	16	-	-	<b>16</b>
Trinidad and Tobago	713	-	-	<b>713</b>
Tunisia	486	-	-	<b>486</b>
Turkey	9,992	-	-	<b>9,992</b>
Turkmenistan	421	-	-	<b>421</b>
Tuvalu	-	-	-	-
Uganda	97	-	-	<b>97</b>
Ukraine	1,409	-	-	<b>1,409</b>
United Arab Emirates	6,332	-	-	<b>6,332</b>
United Kingdom of Great Britain and Northern Ireland	106,943	-	-	<b>106,943</b>
United Republic of Tanzania	117	-	-	<b>117</b>
United States of America	353,866	-	-	<b>353,866</b>
Uruguay	-	-	-	-
Uzbekistan	-	-	1,902	<b>1,902</b>
Vanuatu	-	-	-	-
Venezuela (Bolivarian Republic of)	5,085	-	-	<b>5,085</b>
Viet Nam	534	-	-	<b>534</b>
Yemen	-	-	-	-
Zambia	65	-	-	<b>65</b>
Zimbabwe	-	-	-	-
<b>TOTAL</b>	<b>1,516,987</b>	<b>131</b>	<b>7,034</b>	<b>1,524,153</b>

At its Nineteenth Session the Conference (C-19/DEC.9) approved the suspension by States Parties, on an exceptional basis, of the application of Financial Regulation 6.3 of the OPCW with regard to the allocation of the EUR 2,152,063 cash surplus for 2012 among States Parties, and approved the transfer of the cash surplus for 2012 to a special enterprise-resource-planning (ERP) fund to be established for the purpose of implementation of a new ERP system.

5.14 Budgetary accounts: Reimbursements for inspections invoiced under Articles IV and V of the Chemical Weapons Convention – As at 31 December 2014 (expressed in euros)

(a) General Fund:

Member State	Total Outstanding 1997-2013	2014 Article IV and V Contributions			Total Balance Outstanding 1997-2014	Income Accrued	Total	Overpayment
		Invoiced	Receipts	Balance Outstanding				
Albania	222,950	-	-	-	222,950	-	222,950	-
France	-	-	-	-	-	-	-	1,691
Iraq	-	7,368	-	7,368	7,368	-	7,368	-
Libya	-	467,979	-	467,979	467,979	-	467,979	982
Russian Federation	-	2,454,109	1,334,388	1,119,721	1,119,721	-	1,119,721	-
Syrian Arab Republic	-	2,653,414	-	2,653,414	2,653,414	22,465	2,675,879	-
United States of America	-	93,469	55,975	37,494	37,494	-	37,494	-
<b>Total as at 31 December 2014</b>	<b>222,950</b>	<b>5,676,339</b>	<b>1,390,363</b>	<b>4,285,976</b>	<b>4,508,926</b>	<b>22,465</b>	<b>4,531,391</b>	<b>2,673</b>
<b>Total as at 31 December 2013</b>	<b>222,950</b>	<b>2,403,098</b>	<b>945,697</b>	<b>1,457,401</b>	<b>1,680,351</b>	<b>77,785</b>	<b>1,758,136</b>	<b>2,673</b>

2014 Income		
Invoiced in 2014	Income accrued	Total Income
-	-	-
-	-	-
7,368	-	7,368
467,979	-	467,979
2,454,109	-	2,454,109
2,653,414	22,465	2,675,879
93,469	-	93,469
<b>5,676,339</b>	<b>22,465</b>	<b>5,698,804</b>
<b>2,403,098</b>	<b>77,785</b>	<b>2,480,883</b>

(b) Trust Funds:

Member State	Total Outstanding 1997-2013	2014 Articles IV and V Contributions			Total Balance Outstanding 1997-2014	Income Accrued	Total	Overpayment
		Invoiced	Receipts	Balance Outstanding				
Libya	-	465,525	-	465,525	465,525	-	465,525	-
Syrian Arab Republic	-	571,195	-	571,195	571,195	14,526	585,721	-
<b>Total as at 31 December 2014</b>	<b>-</b>	<b>1,036,720</b>	<b>-</b>	<b>1,036,720</b>	<b>1,036,720</b>	<b>14,526</b>	<b>1,051,246</b>	<b>-</b>
<b>Total as at 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2014 Income		
Invoiced in 2014	Income accrued	Total Income
465,525	-	465,525
571,195	14,526	585,721
<b>1,036,720</b>	<b>14,526</b>	<b>1,051,246</b>
<b>-</b>	<b>-</b>	<b>-</b>

\* The amounts shown as invoiced under the Trust Funds table is held as a liability refundable to donors.

5.15 Voluntary contributions by donors (expressed in euros)

<b>Donor</b>	<b>2014<sup>9</sup></b>
<b><u>General Fund</u></b>	
Netherlands	148,619
<b>Total General Fund</b>	<b>148,619</b>
<b><u>Trust Funds</u></b>	
<b>Regional Seminars</b>	
Republic of Korea	58,619
Qatar	185,069
Norway	59,344
<b>Subtotal</b>	<b>303,033</b>
<b>National Authorities</b>	
Saudi Arabia	77,998
<b>Subtotal</b>	<b>77,998</b>
<b>Implementation of Article X</b>	
New Zealand	18,396
Norway	59,344
United Kingdom of Great Britain and Northern Ireland	71,361
<b>Subtotal</b>	<b>149,101</b>
<b>Implementation of Article VII</b>	
Norway	59,344
<b>Subtotal</b>	<b>59,344</b>
<b>Scientific Advisory Board</b>	
Australia	16,943
United Kingdom of Great Britain and Northern Ireland	12,711
<b>Subtotal</b>	<b>29,654</b>
<b>European Union support for OPCW activities 2012</b>	
European Union (EU)	488,333
<b>Subtotal</b>	<b>488,333</b>
<b>Syria Trust Fund for the Destruction of Chemical Weapons</b>	
Argentina	12,500
Australia	1,318,200
Bulgaria	102,250
Canada	6,475,426
Chile	10,991
European Union (EU)	11,400,000
India	722,011

<sup>9</sup>

The following contributions were received in 2014 and deferred to 2015:

**Regional Seminars:**

Republic of Korea EUR 57,297  
 Qatar EUR 77,958

**Implementation of Article X:**

Czech Republic EUR 9,006  
**Total EUR 144,261**

<b>Donor</b>	<b>2014<sup>9</sup></b>
Italy	2,000,000
Japan	13,254,579
Republic of Korea	359,635
Switzerland	402,091
<b>Subtotal</b>	<b>36,057,682</b>
<b>OPCW Nobel Prize Trust Fund</b>	
The Hague Municipality	40,000
<b>Subtotal</b>	<b>40,000</b>
<b>Total Trust Funds</b>	<b>37,205,144</b>

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

During the 2014 financial year the following items have been written off based on proposals by the Secretariat approved by the Conference:

- (a) Irrecoverable accounts receivable (VAT) in the amount of EUR 18,003.

The OPCW Property Survey Board did not make any recommendation for write-off of assets as losses during 2014.

**Annex 2**



**President of the  
Federal Court of Auditors  
Germany**

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53113 Bonn**  
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Email: kay.scheller@brh.bund.de

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

28 May 2015

Sir,

I have the honour to transmit the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2014, which were submitted to me by the Director-General in accordance with Financial Rule 11.1.02. I have audited these statements and have expressed my opinion thereon.

Further, in accordance with Financial Regulation 13.9 and the Annex thereto, I have the honour to present my report on the accounts of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2014.

Accept Sir, the assurances of my highest consideration.

[Signed]

Kay Scheller  
President of the Federal Court of Auditors  
Germany  
External Auditor

Enclosures

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

## INDEPENDENT AUDITOR'S REPORT

### **CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

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

#### Identification of the financial statements

I have audited the Financial Statements of the Organisation for the Prohibition of Chemical Weapons (OPCW) for the financial period ended 31 December 2014, comprising

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

#### Statement of Responsibilities

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

#### Basis of Opinion

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

#### Opinion

As a result of my audit, I am of the opinion that the Financial Statements present fairly the financial position as at 31 December 2014 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on a basis consistent with the previous period);

EC-80/DG.1  
C-20/DG.4  
Annex 2  
page 102

and that the transactions were in accordance with the Financial Regulations and legislative authority.

Report Reference

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

[Signed]

Kay Scheller  
President of the Federal Court of Auditors  
Germany  
External Auditor

Bonn, 28 May 2015

**REPORT OF THE INDEPENDENT EXTERNAL AUDITOR  
ON THE AUDIT OF THE FINANCIAL STATEMENTS  
OF THE ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS (OPCW)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>Chapter</b>	<b>Title</b>	<b>Paragraph/s</b>
1.	Executive summary	1 – 14
2.	Scope and approach of the audit:	15 – 25
	- Scope of the audit	15 – 19
	- Audit objective and approach	20 – 24
	- Audi conclusion	25
3.	Financial audit	26 – 49
3.1	General	26
3.2	Contributions	27 – 31
3.3	Expenditure	32
3.4	IPSAS	32 – 33
3.4.1	Statement of Financial Position:	34 – 49
	- Cash and cash equivalents	34
	- Assessed contributions recoverable	35 – 37
	- Property, plant and equipment	38
	- Intangible assets	39
	- Employee benefits and actuarial valuation	40 – 41
	- Other non-current liabilities (contributions)	42 – 43
	- Net assets/equity and unfunded liabilities	44 – 45
3.4.2	Statement of Financial Performance:	46 – 49
	- Revenue and expenses	46
	- Employee benefits expenditure	47 – 49
4.	Performance audit	50 - 80
4.1	Office of internal oversight (OIO)	50
4.1.1	Independence of the OIO	51 – 56
4.1.2	Quality assurance by OIO	57 – 59

4.1.3	Budgetary and staffing provisions	60 – 63
4.1.4	Director OIO	64 – 66
4.1.5	Use of consultants	67 – 71
4.1.6	Annual work programme and annual reporting	72 – 74
4.1.7	Operational duties	75 – 77
4.1.8	Evaluation manual	78 – 80
5.	Cases of fraud or suspected fraud	81
6.	Follow-up	82 – 96
6.1	Restructuring the Technical Secretariat	82 – 85
6.2	Enterprise resource planning system	89 – 89
6.3	Risk management and statement of internal control	90 – 92
6.4	Reimbursement of verification activities	93 – 96
7.	Acknowledgement	97

## 1. EXECUTIVE SUMMARY

<p>My team and I have audited the financial statements of the OPCW.</p>	<p>1. My team and I have audited the financial statements of the OPCW for the financial period from 1 January to 31 December 2014.</p>
<p>Responsibility of management. OPCW delivered financial statements under IPSAS.</p>	<p>2. The Director-General is responsible for preparing the financial statements in accordance with the Financial Regulations and Rules of the OPCW. The financial statements for the year ending 31 December 2014 are prepared and presented in accordance with IPSAS.</p>
<p>Responsibility of the External Auditor.</p>	<p>3. According to Article 13 of the Financial Regulations, my responsibility is to express an opinion on these financial statements on the basis of my audit.</p>
<p>Scope of the audit.</p>	<p>4. The audit included the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also included an assessment of the accounting principles used, and significant estimates made by the Director-General, as well as an evaluation of the overall financial statement presentation.</p>
<p>I have conducted my audit in conformity with international standards.</p>	<p>5. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the financial statements are free from material misstatement.</p>
<p>My audit provides a reasonable basis for the audit opinion.</p>	<p>6. The ISA, as well as the ISSAI under the new standard 200 and specified by Series 1000, require the auditor to carry out an audit of an organisation's accounts and financial transactions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles and significant estimates made by the Director-General, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for the audit opinion.</p>
<p>The financial statements present fairly the financial position.</p>	<p>7. As a result of my audit, I am of the opinion that the financial statements present fairly, in all material respects, the financial position as at 31 December 2014, that they were prepared in accordance with the OPCW's stated accounting policies, and that the transactions were in accordance with the Financial Regulations and Rules.</p>
<p>I have issued an unqualified opinion on the financial statements.</p>	<p>8. The audit examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole, and I have issued an unqualified audit opinion on the OPCW's financial statements for 2014.</p>

Areas covered by this report.	9. My report includes observations and recommendations intended to contribute to enhancing financial management and control of the Secretariat . As to 2014, my audit work has mainly covered the areas described in the following paragraphs.
Overall financial situation (Part 3).	10. In accordance with Article 13 of the Financial Regulations, I present an analysis of the OPCW's financial statements. In part 3 of my report I comment on the overall financial situation.
Performance audit (Part 4).	11. Article 13 of the Financial Regulations stipulates that my annual audit shall also include "management" or "value for money" examinations.
Performance audit was based on ISSAI 300 and series 3000.	12. Series 3000 of the ISSAI provides guidelines for such performance audits. I have examined some areas in line with these standards and identified fields in which improvement may be possible, or which might be of particular interest to States Parties. The detailed findings of the audit are shown in Part 4 of the report.
Follow-up (Part 6).	13. In my last report (2013) I commented on a number of aspects such as restructuring the Secretariat and the Enterprise Resource Planning (ERP) System. My team reviewed the implementation of these recommendations as set out in Part 6 of this report.
Acknowledgement (Part 7).	14. I wish to convey my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat. I am very grateful for their assistance during the entire external audit process.

## 2. SCOPE AND APPROACH OF THE AUDIT

### Scope of the audit

Principles governing my audit.	15. My staff and I have audited the financial statements of the OPCW for the financial period from 1 January to 31 December 2014. These statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement, the statement of comparison of budgeted and actual amounts, accounting policies and notes to the financial statements. We also examined the related financial accounts and transactions.
Responsibility of management.	16. The Director-General is responsible for the preparation and fair presentation of these financial statements in accordance with the OPCW's Financial Regulations and Rules, and with such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the External Auditor.	17. I am responsible for expressing an opinion on the financial statements based on evidence obtained during my audit. I planned and performed the audit in such a way as to obtain reasonable assurance that the financial statements are free from material misstatement.
Financial audit.	18. The financial statements of the OPCW, together with my audit report and the audit opinion, have been discussed with the Director-General. He has taken note of the contents of my report.
Performance audit.	19. In addition to my audit of the OPCW's financial statements, accounts and financial transactions, I carried out the reviews (under Regulation 13.3 of the Financial Regulations) that I deemed necessary with respect to the efficiency and effectiveness of the Secretariat, and its accounting system, its internal controls, and the financial consequences of existing administrative practices.

Audit objective and approach

Objective of financial audit: Forming the audit opinion.	20. The main purpose of the audit was to enable me to form an opinion on whether the expenditure recorded for the year had been incurred for the purposes approved by the Conference of States the Parties; whether income and expenditure were properly classified and recorded in accordance with the OPCW's Financial Regulations and Rules and whether the financial statements presented fairly the financial position as at 31 December 2014.
Objective of performance audit: Giving advice.	21. In addition, I examined the Secretariat's performance in order to assess whether expenses were incurred according to the principles of economy, efficiency and effectiveness. This enabled me to pursue my objective of giving constructive advice.
Substantive testing convinced me of the accuracy of the OPCW's records.	22. My audit opinion is based on substantive testing of the transactions recorded in the financial statements. The examination was carried out to ensure that the financial statements accurately reflect the accounting records and present fairly the financial situation of the OPCW.
My team examined the accounting records.	23. My audit examination included a general review, and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily to allow an opinion on the OPCW's financial statements to be formed. We audited the accounting records using two kinds of audit methods. These are the following:
Random sample check.	24. Using the audit software "IDEA", we analysed 18,590 data records including inter alia all transactions with domestic and international vendors. We excluded all invoices related to staff and salaries. We took a random sample of a significant number of all remaining invoices worth more than EUR 51.7 million in total.

Audit conclusion

There were no material weaknesses that affected the audit opinion.

25. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole. None of these matters affects my audit opinion on the financial statements and schedules, and I have issued an unqualified opinion on the OPCW's financial statements for 2014.

**3. FINANCIAL AUDIT**

3.1 General

I report on the OPCW's financial development.

26. In the following paragraphs I provide information showing trends, tendencies and background information. For that purpose, my staff carried out an analysis of several of the Organisation's key figures and their development.

3.2 Contributions

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

27. Article VIII of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (The Convention) states that the costs of the Organisation's activities shall be met by States Parties in accordance with the United Nations (UN) scale of assessment adjusted to take into account differences in membership between the UN and this Organisation, and subject to the provisions of Articles IV and V.

I analysed the development of contributions.

28. I extended my last year's analysis of the development of contributions received from 2011 to cover the reporting year 2014. I examined the payment of contributions during 2014 and its effect on the execution of the budget.

Payment	2011		2012		2013		2014	
Status	SP	CR	SP	CR	SP	CR	SP	CR
Full payment	114	64,523,726	117	63,966,936	126	63,463,629	117	64,220,109
Partial payment	23	1,328,543	23	373,149	17	103,583	28	141,700
No payment	51		48		47		45	

**Table 1** (Source: Financial Statements of the OPCW)

Amounts in EUR

SP = States Parties

CR = Contributions Received

45 States Parties still have not paid any contributions.

States Parties should at least make use of payment plans.

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

29. In 2014, 145 States Parties (76.3% of the total of 190) had fully or partially paid their contributions. In relation to previous years, the number of States Parties (45) which have not paid any contributions has decreased. Unfortunately, compared to 2013, the number of States Parties that fully paid their contributions decreased by 7.1%.

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

31. I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable does not relieve States Parties from their obligation to pay assessed contributions.

### 3.3 Expenditure

Expenditure	2011	2012	2013	2014	Increase/ (decrease) in 2014 compared to 2013
Chapter 1 Verification and Inspections	34,927	32,526	30,510	35,226	15.46 %
Chapter 2 Administration and Other	37,118	35,547	36,113	36,399	0.01 %
<b>Total</b>	<b>72,045</b>	<b>68,073</b>	<b>66,623</b>	<b>71,625</b>	<b>7.51 %</b>

**Table 2** (Source: Financial Statements of the OPCW for the years 2011 to 2014)

Amounts in thousands of EUR

### 3.4 IPSAS

Statement of Financial Position is compliant with IPSAS.

32. My team examined the Statement of Financial Position regarding compliance with IPSAS and the presentation of the underlying accounts. It fulfils the structural requirements of IPSAS 1.88.

Accounting policies have already been audited and are IPSAS-compliant.

33. The significant accounting policies are presented in Note 3 to the financial statements. The application of accounting policies is consistent as compared to the previous year. The accounting policies developed by the Secretariat have already been audited and are compliant with IPSAS.

#### 3.4.1 Statement of Financial Position

##### Cash and cash equivalents

Cash and cash equivalents remain equal.

34. Compared to the balance in the previous year, cash, cash equivalents and investments increased only from EUR 41.8 million to EUR 42.2 million.

##### Assessed contributions recoverable

Unpaid assessed contributions recoverable were written down.

35. The OPCW adopted the accounting policy to write down assessed contributions recoverable from any States Party that has three or more years of unpaid contributions to the full extent, except for the unpaid contributions relating to the reporting period. This means that as of the reporting day (31 December 2014) States Parties were selected that had not paid any contributions for the last three years (until 2011). All unpaid contributions up to 2013 were written down.

The Secretariat wrote down the assessed contributions from 30 countries in the amount of EUR 667,830.

36. Based on this, the Secretariat wrote down the assessed contributions from 30 countries in the amount of EUR 667,830 using the following breakdown:

Older than 10 years:	182,302 EUR
Older than 3 years and up to 10 years:	325,209 EUR
Older than 2 years and up to 3 years:	80,649 EUR
Older than 1 year and up to 2 years:	79,670 EUR
<b>Total:</b>	<b>667,830 EUR</b>

Amounts written down.

37. Of this total amount, EUR 633,810 had already been written down as at 31 December 2013. Some countries with contribution arrears in previous years paid these arrears while others were unable to do so in 2014. The net amount of EUR 34,020 was additionally written down as at 31 December 2014.

### Property, plant and equipment (PPE)

The value of PPE as at 31 December 2014 amounts to EUR 5.0 million.	38. On 31 December 2013 OPCW's stocktaking records showed total property, plant and equipment at a net book value of approximately EUR 3.5 million. The value of this property, plant and equipment as at 31 December 2014 increased to EUR 5.0 million. Current values were determined by depreciating the original cost over the estimated useful life of the items.
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### Intangible assets

OPCW's intangible assets showed a net book value of some EUR 0.5 million. Almost half of these relate to internally developed software.	39. As at 31 December 2014, OPCW's intangible assets showed a net book value of approximately EUR 0.5 million. The Secretariat recognised both acquired and internally generated software at a cost of EUR 1,000 and above as intangible assets. As at 31 December 2014 approximately 51% of the total net book value of intangible assets amounting to EUR 0.2 million relates to acquired software. The part of intangible assets totalling EUR 0.2 million relates to internally generated software (42%) and software under development (7%).
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### Employee benefits and actuarial valuation

Pertinent information on employee benefit liabilities and expenses are disclosed.	40. In accordance with IPSAS, the Secretariat disclosed pertinent information regarding the nature of its defined benefit plans and the financial aspects of changes in those plans during the period. The Secretariat reported on short-term and long-term (non-current and current) liabilities and employee benefit expenses in detail. An external consultant is in charge of performing the annual actuarial valuation of employee benefits.
Net assets/equity is still negative.	41. The impact of the employee benefit liabilities on the financial position is significant. For that reason, the OPCW's net assets/equity is still negative under IPSAS.

### Other non-current liabilities (contributions)

Recognition of liabilities pending receipt of contributions.	42. Pending receipt of outstanding voluntary contributions, the Secretariat still has an obligation to implement the approved programme activities that have to be financed from these contributions. It also has an obligation to States Parties to distribute cash surplus if such receivables are collected in the following financial year.
IPSAS requirements.	43. IPSAS require that such obligations to distribute any potential cash surplus be recognised as liabilities. These liabilities were reported as other non-current liabilities of EUR 5.7 million on 31 December 2014.

Net assets/equity and unfunded liabilities

Financial liabilities are not fully funded. Net assets/equity still accrued negative.

44. Differing from the UNSAS balance sheet the financial position of the OPCW is now - as a major dividend of IPSAS - realistically reflected and transparent to States Parties, including some of those future financial liabilities that are not (fully) funded. By year-end 2014, the net assets/equity still accrued negative:

Net assets/equity on 31 December 2013	(1,093,695) EUR
Actuarial gain and net surplus in 2014	375,644 EUR
Net assets/equity on 31 December 2014	(718,051) EUR

Going concern.

45. A negative balance is no problem if the valid principle of going concern is applied. But nevertheless, a negative balance should not be maintained over a longer period. Therefore, I recommend deliberating on how these liabilities could be funded.

3.4.2 Statement of Financial Performance

Revenue and expenses

Revenue and expenses

46. The table below shows comparative figures for Revenue and Expenses of 2012, 2013 and 2014 based on IPSAS.

<b>Revenue</b>	<b>2012 IPSAS</b>	<b>2013 IPSAS</b>	<b>2014 IPSAS</b>	<b>Increase/(decrease) 2014 compared to 2013 IPSAS</b>
Assessed contributions	67,513,754	62,357,538	64,944,573	2,587,035
Voluntary contributions	1,359,607	6,353,312	11,430,077	5,076,765
Articles IV and V	2,528,440	2,459,403	6,719,827	4,260,424
Other	201,841	179,124	182,887	3,763
<b>Total</b>	<b>71,603,642</b>	<b>71,349,377</b>	<b>83,277,364</b>	<b>11,927,987</b>
<b>Expenses</b>				
Employee benefits expenses	49,335,704	47,007,971	49,217,111	2,209,140
Travel expenses	7,743,764	8,213,570	9,938,257	1,724,717
(Consultancy and) contractual services	4,377,477	4,944,277	11,334,468	6,390,191
Internships, grants, contributions to seminars	554,520	295,851	803,172	507,321
General operating expenses	5,540,971	6,464,453	8,831,269	2,366,816
Depreciation and impairment of PP&E	792,829	701,647	944,851	243,204
Amortisation and impairment of intangible assets	20,557	74,061	182,360	108,299
Impairment of assessed contributions recoverable	80,369	82,407	84,307	1,900
Impairment of Article IV and V receivables	0	0	0	0
Other	501,516	1,492,798	700,198	(792,600)
<b>Total</b>	<b>68,947,707</b>	<b>69,277,035</b>	<b>82,036,023</b>	<b>12,758,988</b>
<b>Net surplus/(deficit)</b>	<b>2,655,935</b>	<b>2,072,342</b>	<b>1,241,341</b>	<b>(831,001)</b>

Table 3 (Revenue and expenses, Sources: Statement of Financial Performance)

Employee benefits expenditure

Short-term employee benefits expenditure roughly EUR 40.5 million.

47. Short-term employee benefits expenditure of roughly EUR 40.5 million mainly consists of salaries and post adjustments including major items of short-term employee benefits such as annual leave expenditure of almost EUR 3.6 million, and education grant/travel expenses of nearly EUR 1.8 million.

Post-employment benefits expenditure consisted mainly of contributions to the Provident Fund.

48. Post-employment benefits expenditure derives predominantly from OPCW's pension plan which is the Provident Fund. The Provident Fund is a defined contribution plan to which the Organisation contributes a fixed amount for all employees, in a two third (the Organisation's share) to one third (the employee's share) proportion.

Expenses related to Provident Fund amounting to EUR 6.9 million.

49. Upon departure from OPCW, the employee receives the contributions made, plus accrued interest, under the Provident Fund's Charter and Administrative Rules. Following this payment, no legal or contractual obligation remains. Thus, the obligation for each period is determined by the amounts contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. For the fiscal year 2014, the expenditure relating to the Provident Fund amounted to some EUR 6.9 million.

## 4. PERFORMANCE AUDIT

### 4.1 Office of Internal Oversight (OIO)

OIO's purpose and tasks	50. According to the OPCW Financial Regulations and Rules, Article 12, OIO shall assist the Director-General in the management of the OPCW's resources, through internal audit, inspection, evaluation, investigation and monitoring in order to enhance the efficiency and economy of the operations of the OPCW. My team reviewed OIO's organisation and performance in the period 2012 to 2014.
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#### 4.1.1 Independence of the OIO

Internal oversight activities shall be conducted according to standards.	51. As stated in Financial Regulation 12.6, internal oversight activities shall be conducted in accordance with best professional practice and, in the case of internal audits, in accordance with the auditing standards (standards) promulgated by the Institute of Internal Auditors (IIA). Accordingly, the OIO charter defines the purpose, authority, and responsibility of the internal audit.
The OIO Charter was approved by the Director-General.	52. Following the IIA's standards, the "Internal Audit Charter" provides a recognised statement for review and acceptance by management and for approval by the board. Applied to the OPCW, the "board" corresponds to the Conference of the States Parties (CSP). However, the current OIO Charter was approved by the Director-General. The Secretariat states that it will study further whether the OIO Charter should be approved by the CSP.
Audit committees oversee audit and control functions of organisations. Internal audit function should have a direct reporting line to the audit committee.	53. The governance body that is charged with oversight of the organisation's audit and control functions is the audit committee as defined by the IIA. These fiduciary duties are often delegated to an audit committee of the board of directors. A similar definition has been developed in the INTOSAI Internal Control Standards. In 2012, 16 out of 21 UN organisations had established an audit committee. Independence of the internal audit activity is established, inter alia, by the organisation's reporting structure. Best practice suggests that the internal audit function should have a direct reporting line to the audit committee.
The OIO Charter does not explicitly refer to the role of the ABAF as audit committee.	54. In the OPCW, the Advisory Body on Administrative and Financial Matters (ABAF) has OIO-related responsibilities. However, the OIO Charter does not explicitly refer to the role of the ABAF as audit committee. What is more, the Financial Regulations and Rules suggest that OIO's direct reporting on their own initiative to the ABAF can be restrained. For example, copies of the OIO reports shall be provided to the ABAF, <i>if requested</i> . The ABAF shall, <i>where appropriate</i> , examine and comment on the internal oversight/audit reports. According to the OIO Charter, OIO shall attend the ABAF meeting, <i>when required</i> , to provide information on oversight activities and its reports.

An independent assessor recommended that the ABAF should be mentioned as audit committee.

I recommend that the ABAF should be referred to as audit committee.

55. In validating the 2009 OIO self-assessment in accordance with the Quality Assessment Manual of the IIA, the independent assessor recommended that the OIO Charter should include an explicit reference to the role of ABAF as audit committee. The OIO responded that its Charter would be revised to this end in 2010. However, this revision did not materialise.

56. The Secretariat is of the opinion that OIO can bring to the attention of the ABAF any situation that impedes the OIO's independence and operations. While this may be current practice, in my view OIO's independence should be strengthened as a first step by ABAF taking over the role of audit committee but moreover by establishing an Audit Committee. The OIO Charter should clearly spell this out.

#### 4.1.2 Quality assurance by OIO

In overseeing the "Quality Assurance", OIO performs a management activity.

The "Raad voor Accreditatie" is involved in the oversight of the QA.

The Divisions concerned should perform the QA oversight.

57. According to Financial Regulation 12.2, the OIO shall carry out audits including Quality Assurance (QA). On the other hand, OIO exercises oversight of QA. As the oversight of QA is a management responsibility, this can impair OIO's independence and objectivity.

58. The Secretariat states that the oversight of the QA is actually performed by the "Raad voor Accreditatie" (RvA), an external entity that performs QA on chemical laboratories throughout the Netherlands. The OIO regards its own expertise as limited in the field of chemical laboratories. In case this oversight responsibility would be given to OPCW Divisions, the lack of objectivity remained an issue.

59. In my view, its role of overseeing QA can impair OIO's independence and objectivity. The responsibility for QA oversight should be transferred from OIO to QA officers in the Divisions concerned. These officers should report directly to the Director-General. The RvA should proceed with the actual oversight of QA.

#### 4.1.3 Budgetary and staffing provisions

OIO's budget is appropriate and sufficient.

60. In 2006 and 2009, the UN Joint Inspection Unit (JIU) reviewed and reported on the oversight function in the UN system<sup>10</sup>. According to that, 0.6 to 0.9 per cent of the total budget of an organisation should be spent on internal oversight. In the period 2012 to 2014, OPCW on average spent 1.26 per cent of its total budget on OIO. Compared to the JIU suggestion, OIO's budgetary provision is appropriate and sufficient.

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| OIO is well staffed. But long post vacancies could negatively impact its effectiveness and efficiency. | 61. The JIU recommends a minimum level of three professionals and adequate support staff for an effective internal oversight unit. OIO, apart from the Director, has three professional posts (two auditors and one evaluator) and three general service staff posts. The evaluator post was vacant from November 2013 to April 2015. According to the Secretariat the long post vacancy was mainly due to the absence of suitable candidates. Compared to the JIU suggestion, OIO is well staffed. But, as three professionals are the minimum required level, long post vacancies should be avoided. Otherwise, OIO would not be able to fulfil its tasks effectively and efficiently. |
| Need for timely recruitments   | 62. By 2017, two auditors have to leave the OPCW due to expiry of tenure. To avoid negative impacts on the work programme, I recommended timely recruitment efforts.   |
| Future vacancies will be advertised in due time.   | 63. The Secretariat promised to advertise the posts in good time before the departure of the auditors, in order to assure business continuity and adequate knowledge transfer.   |

#### 4.1.4 Director OIO

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| Post was filled without prior competitive recruitment.                           | 64. A proper selection and appointment process further strengthens the position of the Director OIO in terms of independence and objectivity, and hence the OIO function in total. My team noted that the post of the OIO Director was filled without prior competitive recruitment.  |
| Directors have been appointed in line with a longstanding and accepted practice. | 65. The Secretariat mentioned that the appointment of Directors has been in line with a longstanding and accepted practice, taking into consideration, inter alia, the provisions of the Convention, Article VIII, para. 44, related to wide geographical representation. Appointments have been made in consultation with regional groups. This practice will continue as it has been agreed with States Parties.  |
| Vacancy announcements also to be issued for Director's posts.                    | 66. I admit that a wide geographical distribution and a practice agreed with the States Parties have to be considered when Directors are to be appointed. Nevertheless, the paramount consideration in the employment of staff shall be the necessity of securing the highest standards of efficiency, competence and integrity. <sup>11</sup> This requirement also applies to the Director's level and can be best achieved by announcing every vacancy and by competitive recruitment. |

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11 The Convention, Article VIII, para.44 and Staff Regulations and Interim Staff Rules, Article IV, Regulations 4.2 and 4.3.

#### 4.1.5 Use of consultants

Weaknesses in the use of consultants	67. During the period under review, the Secretariat hired three consultants under Special Service Agreements (SSA) to conduct evaluations. Two of them were former staff members. My team identified, inter alia, the following weaknesses:
Partially imprecise terms of reference	68. The terms of reference (ToR) referred more or less to the general tasks of an evaluator but did not contain any concrete assignments. Partially, no concrete delivery date was agreed. The monitoring and evaluation of the work performed is only possible to a limited extent if the ToR are imprecise.
One consultant was deployed in her/his former area of responsibility.	69. One consultant conducted an evaluation related to her/his prior area of responsibility. The initial six months contract was shortened to three months and she/he returned to that Branch. In this case, a conflict of interests seemed to exist.
Consultants had been monitored and guided. The risk of loss of objectivity had been mitigated by an extra level of control.	70. The Secretariat responded that the consultants had been monitored and guided on a regular basis and that they all performed well. A formal evaluation of SSAs is required to be done only if the contracts are for more than six months. However, the Secretariat acknowledged that evaluation documents should be available on the proof of delivery of satisfactory services for all SSAs. In the case of the consultant who conducted an evaluation in her/his former area of responsibility, OIO has been challenged in finding an external specialist with the required background within a restricted time frame. Being aware that a risk of the loss of objectivity existed, the Secretariat stated that the research had been managed closely by and issued under an OIO staff member.
Scope for further improvement.	71. I welcome the measures taken. However, the Secretariat should pay due regard to more precise ToR. Furthermore, any situation that could be perceived as a conflict of interest should be avoided.

#### 4.1.6 Annual work programme and annual reporting

Annual work programmes were not realistic.	72. In principle, the internal auditors have to perform four assignments each year and a number of continuous activities. A number of unplanned audits occur regularly. Therefore, planned audits could often only be completed in the following year. Until 2014 this was not reflected in the annual work programme. As a result the work programmes gave no realistic picture. Starting in 2015 OIO changed its approach. Now, the work programme encompasses a maximum of four assignments per auditor including audits not yet started in the previous year and new assignments.
Annual summary report should also be updated.	73. I welcome OIO's new approach. But, in the annual summary report it is also unclear which planned audits have been completed. I recommended including a comparison of the work programme with the actual audits performed in the annual summary report.

OIO will update the annual summary report.	74. The Secretariat concurs with my recommendation. OIO will incorporate such a comparison in future annual summary reports.
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#### 4.1.7 Operational duties

OIO staff shall not perform operational functions.	75. According to the OIO Charter, in order to preserve the OIO's staff independence and to enable the OIO staff to carry out internal oversight work objectively and render impartial judgments, they shall not perform any other operational functions.
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The Confidentiality Auditor took part in a review led by the Deputy Director-General	76. In one case, the OIO's Confidentiality Auditor (CA) was a member of a cross-functional team led by the Deputy Director-General that reviewed a security incident in 2014. The objective of the review was to determine whether there was scope for improvement of the Secretariat's applicable practices and procedures. The CA did not report to the Director OIO but to the Deputy Director-General. The Secretariat argued that, in the review, the CA provided only advisory services to assist management in meeting its objectives, strengthening internal controls and enhancing programme effectiveness. It stated that the CA never took part in any operational decision-making.
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Internal auditors should not be placed in situations that could impair their ability to form objective professional judgments.	77. The involvement of the CA in the review can be considered as participating in an operational duty. If the expertise and skill of OIO staff are crucial these undertakings should be done as part of the internal oversight work. Furthermore, even assuming that the involvement in the review was a consulting (or advisory) service, internal auditors should maintain objectivity. Objectivity requires that they do not subordinate their judgment on audit matters to others. Internal auditors should not be placed in situations that could impair their ability to form objective professional judgments.
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#### 4.1.8 Evaluation manual

OIO has no Evaluation Manual tailored to its needs.	78. OIO conducts evaluations in accordance with best professional practice and due consideration to the 13 Norms and 50 Standards for Evaluation issued by the UN Evaluation Group. Evaluation is an assessment of programme relevance, effectiveness, impact and efficiency.
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A mere reference to the many UN evaluation norms and standards is inexpedient.	79. In my view, a mere reference to best practices and to the many UN evaluation norms and standards is inexpedient. I recommended preparing an evaluation manual that provides the core methodology and processes OIO applies in undertaking its evaluations. This manual should be addressed to evaluation staff and consultants.
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OIO will compile an Evaluation Manual. | 80. The Secretariat concurs with my recommendation and will compile current evaluation practices into an OIO Evaluation Manual.

## 5. CASES OF FRAUD OR SUSPECTED FRAUD

No cases of fraud or suspected fraud were reported. | 81. Management did not report to us any cases of fraud. During our audit my team did not find any cases of fraud or presumptive fraud.

## 6. FOLLOW-UP

### 6.1 Restructuring the Technical Secretariat

My team followed the process of realignment of the Secretariat to meet new challenges for the OPCW. | 82. New challenges in the field of chemical weapons like the current developments in Syria and the destruction of more and more chemical weapons worldwide have considerable impacts on the future of the OPCW. My team has monitored this process of realignment of the OPCW for several years and I addressed some issues in my report for the year ending on 31 December 2013. Hiring an external expert “to draft detailed recommendations for a future structure of the OPCW” without having a coordinated organisation-internal plan and engaging an external communication expert for “delivering staff members’ opinions to senior management” and to “provide managers with skills that should be basic requirements for leaders” evokes severe incomprehension.

The Secretariat continued its work to develop a long-term strategy. | 83. The Secretariat accepted my recommendations and continued its work to develop a long-term strategy. This is also a necessary foundation of other decisions such as the implementation of an ERP system. The Executive Council incorporated the new strategic focus in the Medium-Term Plan for the period from 2015 to 2019.

A Staff Welfare Officer was recruited and an Independent Mediator hired. | 84. A new post was created and meanwhile filled with a Staff Welfare Officer. Furthermore an Independent Mediator was hired and a corresponding new staff rule was adopted by the Executive Council. Both shall “provide staff with alternative and additional mechanisms to ensure a healthy, fair and harmonious work place”.

Recommendation | 85. Nevertheless I reiterate my recommendation that all managers in the Secretariat seek direct and continuous communication with their staff on all relevant issues.

## 6.2 Enterprise resource planning system

I audited the decision process in case of the ERP system.	86. Enterprise resource planning (ERP) is business management software that consists of integrated core business processes. In my reports of the last years I followed up the development and the decision process in case of the ERP system. In my report for the financial year ended 31 December 2013 I recommended strengthening the decision process within the Secretariat and using the significant amount available according to the recommendation of the ABAF to reduce the Working Capital Fund.
Conference of the States Parties approved the implementation of an ERP system and the establishment of a special fund.	87. The Secretariat accepted my recommendation. The implementation of an ERP system and the establishment of a special fund were approved by the Conference of the States Parties at its Nineteenth Session. I strongly support the decision since a fully integrated ERP system will reduce the manual workload, prevent duplication of transactions by using Excel worksheets as well as the dependence on particular staff members and thus will solve deficiencies preparing the financial statements.
The Secretariat immediately started an implementation project and is looking for experiences.	88. The Secretariat appointed an interim project manager and established a team for the ERP Implementation Project. The analysis and clarification of the business requirements were expected to be finished in March 2015. I welcome the implementation of another of my earlier recommendations, namely contacting other international organisation to benefit from their experiences implementing an ERP system.
Recommendation	89. I recommend paying special attention to the business processes in order to simplify and streamline these. Henceforth manual intermediate steps using additional software (e.g. Excel for financial statements) or manual calculations (e.g. travel costs) should be avoided. I further recommend implementing the ERP system to the full extent including reporting, especially where the financial statements are concerned, but customising as little as possible to avoid long-lasting expenditures for the implementation of changes.

## 6.3 Risk management and statement of internal control

The risk register now encompasses 72 risks.	90. The Secretariat further developed its risk register. Now it encompasses 72 risks, their potential impact and the risk-response strategy by project.
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The Director-General issued SIC, but there is still work to be done.

91. The Secretariat initiated a self-assessment and attestation of compliance for Branch Heads and Division Directors. Together with the 2014 Financial Statements the Director-General issued a Statement of Internal Control (SIC). We are grateful for the progress made, but it appears that the implementation of all features of an SIC takes longer than initially expected. I still do not see the clear distribution of duties from the top down through the Organisation and the assurances of the relevant managers.

OIO will audit risk management only in 2015.

92. Furthermore, OIO was not included in the process as required. In 2014, OIO planned to audit the implementation of risk management. Due to work programme adjustments, this assignment has been carried forward to 2015. Considering the importance of risk management I encourage OIO to carry out this audit with priority. The audit should also cover the implementation of the SIC.

#### 6.4 Reimbursement of verification activities

EUR 4.2 million were spent for verification activities in Syria and Libya.

93. In 2013 and 2014 the Secretariat spent a total of EUR 4.2 million for the verification activities in Syria and Libya, of which EUR 3.1 million were spent from regular budget resources. According to Articles IV and V of the Convention, each State Party shall meet the costs of verification of storage and destruction of chemical weapons it is obliged to destroy.

Invoices sent by the Secretariat were not paid.

94. The Secretariat sent invoices to both countries and requested reimbursement with a deadline of 90 days after receipt of the invoice. According to IPSAS 9 revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. Unfortunately no payment was effected or announced.

It is uncertain whether the amounts due will be collectable.

95. Therefore, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense. Consequently, this amount needs to be written down.

I recommend monitoring and following up the accounts receivables with the States Parties.

96. I recommend that these accounts receivable should be closely monitored and assessed for recoverability in 2015. As mentioned in paragraph 31 in this report, I emphasise that the OPCW's accounting policy to write-down accounts receivable that are not considered to be paid does not relieve States Parties from their legal obligations.

## 7. ACKNOWLEDGEMENT

I am grateful for the support received during the audit.

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

Annex A

Issues	Reference: Report EA Chapter, Year	Recommendation referring to the present Report 2014
Office of Internal Oversight (OIO).	4.1/2014	My team reviewed OIO's organisation and performance in the period 2012 to 2014 with the following results:
Approval of OIO Charter by CSP required	4.1.1/2014	Following the IIA's standards, the "Internal Audit Charter" provides a recognised statement for review and acceptance by management and for approval by the board. Applied to the OPCW, the "board" corresponds to the Conference of the States Parties (CSP). However, the current OIO Charter was approved by the Director-General. The Secretariat states that it will study further whether the OIO Charter should be approved by the CSP.
Establishment of an Audit Committee	4.1.1/2014	The governance body that is charged with oversight of the organisation's audit and control functions is the audit committee as defined by the IIA. These fiduciary duties are often delegated to an audit committee of the board of directors. In the OPCW, the Advisory Body on Administrative and Financial Matters (ABAF) has OIO-related responsibilities. However, the OIO Charter does not explicitly refer to the role of the ABAF as audit committee. While this may be current practice, in my view OIO's independence should be strengthened as a first step by ABAF taking over the role of audit committee but moreover by establishing an Audit Committee.
Responsibility for Quality Assurance	4.1.2/2014	According to Financial Regulation 12.2, the OIO shall carry out audits including Quality Assurance (QA). On the other hand, OIO exercises oversight of QA. As the oversight of QA is a management responsibility, this can impair OIO's independence and objectivity. I recommend transferring the responsibility for QA oversight from OIO to QA officers in the Divisions concerned.
Former staff members as Consultants	4.1.5/2014	During the period under review, the Secretariat hired three consultants under Special Service Agreements (SSA) to conduct evaluations. Two of them were former staff members. In such cases, the Secretariat should pay due regard to any situation that could be perceived as a conflict of interest should be avoided.
Deficiency in OIO's annual work programme	4.1.6/2014	In principle, the internal auditors have to perform four assignments each year and a number of continuous activities. A number of unplanned audits occur regularly. Therefore, planned audits could often only be completed in the following year. Until 2014 this was not reflected in the annual work programme. As a result the work programmes gave no realistic picture. Starting in 2015 OIO changed its approach. Now, the work programme encompasses a maximum of four assignments per auditor including audits not yet started in the previous year and new assignments. I welcome OIO's new approach. I recommended including a comparison of the work programme with the actual audits performed in the annual summary report.

Prior Years' Issues	Reference: Report EA Chapter, Year	Referring to prior Reports
Assessed contributions	3.2/2011 3.2/2012 3.2/2013 3.2/2014	In relation to previous years, the number of States Parties which have not paid any contributions has decreased in 2014. Unfortunately, compared to 2013, the number of States Parties that fully paid their contributions decreased by 7.1%. I repeatedly pointed out that it is hardly acceptable that contributions are not paid. I encourage the States Parties to pay their contributions or at least to make use of the payment plans offered by the Secretariat.
Net assets/equity and unfunded liabilities	3.4.1/2012 3.4.1/2013 3.4.1/2014	As at 31 December 2014, total liabilities exceeded total assets by EUR 0.7 million. Although the Secretariat is of the view that there is no need of additional funding as long as States Parties continue to support the OPCW, I still recommend that States Parties should start considering how future liabilities could be funded, as a negative balance should not be maintained over a longer period.
Restructuring the Secretariat not yet completed	4.5/2013 4.6/2013 6.1/2014	The Secretariat is working in close co-operation with the States Parties to develop a long term strategy for a necessary adaption of the OPCW to the challenges of the future. For that purpose, the Secretariat engaged an external consultant in April 2011. Two years later, the final plan to restructure the Secretariat had not been completed due to the fact that discussions on the future mission and direction of the Organisation are still ongoing among the States Parties. In the meantime, the Secretariat continued its work to develop a long-term strategy. The Executive Council incorporated the new strategic focus in the Medium-Term Plan for the period from 2015 to 2019. Nevertheless, I reiterate my recommendation to bring this issue forward. Particularly I encourage all managers in the Secretariat seeking direct and continuous communication with their staff on all relevant issues.
Risk Management and Statement of Internal Control (SIC)	4.2/2011 6.1/2012 6.3/2013 6.3/2014	The Secretariat put into effect a risk management policy in February 2013 and stated its intention to develop a control framework that would allow the Director-General to issue a Statement of Internal Control. Together with the 2014 Financial Statements the Director General issued a Statement of Internal Control (SIC). We are grateful for the progress made, but it appears that the implementation of all features of an SIC takes longer than initially expected. I still do not see the clear distribution of duties down through the organisation and the assurances of the relevant managers and OIO.
Enterprise resource Planning (ERP) System	4.3/2010 7.3/2011 6.3/2012 6.4/2013 6.2/2014	Enterprise resource planning (ERP) is business management software that consists of integrated core business processes. In my report for the financial year ended 31 December 2013 I recommended using a significant amount available according to the recommendation of the ABAF to reduce the Working Capital Fund and using this amount for a future ERP system as soon as possible. The Secretariat accepted my recommendation. Meanwhile the Secretariat appointed an interim project manager and established a team for the ERP Implementation Project. The analysis and clarification of the business requirements were expected to be finished in March 2015. I welcome these developments.
Reimbursement of Verification Activities in Syria and Libya is outstanding.	3.5.1/2013 6.4/2014	In 2013 and 2014 the Secretariat spent EUR 4.2 million for verification activities in Syria and Libya, out of which EUR 3.1 million were charged to Regular Budget resources. According to Articles IV and V of the Convention, each State Party shall meet the costs of verification of storage and destruction of chemical weapons it is obliged to destroy. The Secretariat sent invoices to both countries and requested reimbursement with a deadline of 90 days after receipt of the invoice. According to IPSAS 9 revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. Unfortunately no payment was effected or announced. Therefore, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense. Consequently, this amount needs to be written down. I recommend keeping these accounts receivable under review for recoverability.

**Annex 3**

**RESPONSE OF THE DIRECTOR-GENERAL  
TO THE  
REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS  
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. The Director-General wishes to express his appreciation for the observations and recommendations received from the President of the Federal Court of Audit of Germany and his staff, on the occasion of the external audit of the financial statements of the OPCW for the period ended 31 December 2014.
2. The Director-General notes that, in the External Auditor's opinion, the financial statements present fairly the financial position as at 31 December 2014 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on a basis consistent with the previous period); and that the transactions were in accordance with the Financial Regulations and legislative authority.
3. The Director-General notes the observations and recommendations made by the External Auditor, and action has been initiated to implement these recommendations as appropriate.

**Annex 4**

**FINANCIAL STATEMENTS  
OF THE PROVIDENT FUND  
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
(OPCW)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

The Management Board of the Provident Fund believes that the attached financial statements of the Provident Fund of the OPCW for the year ended 31 December 2014 are presented according to the requirements of:

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

It is the Board's opinion that the financial statements present a view that is consistent with its understanding of the Provident Fund's financial position as at 31 December 2014, financial performance, and cash flows for the year then ended.

[Signed]

The Hague, 14 April 2015

Grace Asirwatham  
Chairperson, Management  
Board of the Provident Fund

**FINANCIAL STATEMENTS  
THE PROVIDENT FUND OF THE OPCW  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**Table of Contents**

1. Statements

Statement of Financial Position as at 31 December 2014	129
Statement of Financial Performance for the Year Ended 31 December 2014	130
Statement of Changes in Net Assets/Equity for the Year Ended 31 December 2014	131
Cash Flow Statement for the Year Ended 31 December 2014	132

2. Notes to the Financial Statements

**THE PROVIDENT FUND OF THE OPCW**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

(expressed in euros)

	Notes	2014	2013
<b>Assets</b>			
<b>Current assets</b>			
Investments	6	521,101	539,159
Accounts receivable	7	161	-
Cash and cash equivalents	8	62,918,068	55,788,772
<b>Total current assets</b>		<b>63,439,330</b>	<b>56,327,932</b>
<b>Total assets</b>		<b>63,439,330</b>	<b>56,327,932</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	9	569,868	29,985
<b>Total current liabilities</b>		<b>569,868</b>	<b>29,985</b>
<b>Total liabilities</b>		<b>569,868</b>	<b>29,985</b>
Net assets		<b>62,869,462</b>	<b>56,297,947</b>
<b>Net assets/equity</b>			
Participants' capital accounts	11.1	62,795,992	56,222,634
Special reserves	11.2	62,744	70,460
Accumulated surplus/(deficit)	11.3	10,726	4,853
<b>Total net assets/equity</b>		<b>62,869,462</b>	<b>56,297,947</b>

**THE PROVIDENT FUND OF THE OPCW**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
(expressed in euros)

	Notes	2014	2013
<b>Revenue</b>			
Interest income on Participants' capital accounts	12	1,105,488	1,063,578
Gain on changes in fair value of investments	6, 13	33,174	45,217
Other income	14	6,104	-
<b>Total revenue</b>		<b>1,144,766</b>	<b>1,108,795</b>
<b>Expenses</b>			
Bank charges	15.1	304	80
Loss on changes in fair value of investments	15.2	721	-
<b>Total expenses</b>		<b>1,025</b>	<b>80</b>
Finance income	16	27,517	909
Finance cost	16	(69)	(9,497)
<b>Net finance income/(cost)</b>		<b>27,448</b>	<b>(8,589)</b>
<b>Net surplus/(deficit) for the period</b>		<b>1,171,189</b>	<b>1,100,126</b>
<b>Net surplus/(deficit) for the period</b>			
Attributable to Participants of the Provident Fund		1,165,316	1,100,235
Attributable to special reserve		-	-
Accumulated surplus/(deficit)		5,873	(109)
		<b>1,171,189</b>	<b>1,100,126</b>

**THE PROVIDENT FUND OF THE OPCW**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
(expressed in euros)

	For the Year Ended 31 December 2014				For the Year Ended 31 December 2013			
	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total Net Assets/ Equity	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total Net Assets/ Equity
<b>Balance at 1 January</b>	<b>56,222,634</b>	<b>70,460</b>	<b>4,853</b>	<b>56,297,947</b>	<b>50,063,937</b>	<b>70,460</b>	<b>4,962</b>	<b>50,139,359</b>
Changes recognised in net assets/equity:								
Add: Current year contributions	10,783,785	-	-	<b>10,783,785</b>	10,498,561	-	-	10,498,561
Deduct: Payouts <sup>12</sup>	(5,375,743)	-	-	<b>(5,375,743)</b>	(5,597,055)	-	-	(5,597,055)
Other adjustments to net assets/equity:								
Reinstatement of contributions paid out in previous years	-	-	-	-	156,955	-	-	156,955
Establish liabilities to underpaid separated Participants	-	(7,716)	-	<b>(7,716)</b>	-	-	-	-
<b>Subtotal</b>	<b>5,408,042</b>	<b>(7,716)</b>	-	<b>5,400,326</b>	<b>5,058,462</b>	-	-	<b>5,058,462</b>
Surplus/(deficit) for the period	1,165,316	-	5,873	<b>1,171,189</b>	1,100,235	-	(109)	1,100,126
<b>Total recognised revenue and expense for the period</b>	<b>1,165,316</b>	-	<b>5,873</b>	<b>1,171,189</b>	<b>1,100,235</b>	-	<b>(109)</b>	<b>1,100,126</b>
<b>Balance at 31 December</b>	<b>62,795,992</b>	<b>62,744</b>	<b>10,726</b>	<b>62,869,462</b>	<b>56,222,634</b>	<b>70,460</b>	<b>4,853</b>	<b>56,297,947</b>

<sup>12</sup> The payouts include transfers to the United Nations Joint Staff Pension Fund (UNJSPF).

**THE PROVIDENT FUND OF THE OPCW**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
(expressed in euros)

	Notes	2014	2013
<b>Cash from operating activities</b>			
Net surplus/(deficit) for the period		1,171,189	1,100,126
<b>Non-cash movements</b>			
(Increase) / decrease in accounts receivable	7	(161)	5,244
Increase / (decrease) in accounts payable	9	539,883	-
Reclassification of net assets/equity to liability	9	(7,716)	-
Interest paid to underpaid former Participants	9	1,717	-
Unrealised currency exchange loss/gain on cash and cash equivalents		(12,425)	4,587
Currency exchange gains/loss on investments		(15,021)	4,687
(Gain)/loss on changes in fair value of investments	6, 13	(33,174)	(45,217)
Loss/(gain) on changes in fair value of investments	6,15.2	721	-
<b>Net cash flows from operating activities</b>		<b>1,645,013</b>	<b>1,069,427</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments	6	65,533	69,139
<b>Net cash flows from investing activities</b>		<b>65,533</b>	<b>69,139</b>
<b>Cash flows from financing activities</b>			
Participants' contributions		10,783,785	10,498,561
Payout to separated Participants		(5,375,743)	(5,597,055)
Reinstatement of contributions paid out in previous years		-	156,955
Interest paid to underpaid former Participants	9	(1,717)	-
Finance income		-	-
Finance cost		-	-
<b>Net cash flows from financing activities</b>		<b>5,406,325</b>	<b>5,058,462</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>7,116,871</b>	<b>6,197,028</b>
Unrealised currency exchange loss/gain on cash and cash equivalents		12,425	(4,587)
Cash and cash equivalents at beginning of the period		55,788,772	49,596,331
<b>Cash and cash equivalents at end of the period</b>		<b>62,918,068</b>	<b>55,788,772</b>

**ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS  
OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. REPORTING ENTITY**

- 1.1 The Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter “the Provident Fund”) was established in June 1997 under the authority of the Director-General of the OPCW for the staff members of the Secretariat of the OPCW, and as provided for in Article VI of the Staff Regulations. The Provident Fund Management Board comprises six members and is chaired by the Deputy Director-General of the OPCW. The Board meets at least quarterly.
- 1.2 The object and purpose of the Provident Fund is to be an instrument of social security for staff members of the OPCW holding a fixed-term appointment. The Board administers resources, which are entrusted to the Provident Fund by eligible staff members and by the OPCW for the benefit of the participating eligible staff members (hereinafter “Participants”). This involves investing the resources as shall be determined from time to time in accordance with established investment policies and guidelines, and returning resources and income earned thereon to such Participants upon the termination of their employment with the OPCW.
- 1.3 The continued existence of the Provident Fund in its present form is dependent on the existence of the OPCW.
- 1.4 There are no controlling or controlled entities to the Provident Fund.
- 1.5 The accounts of the Provident Fund are maintained in accordance with the Charter and Administrative Rules of the Provident Fund, and the relevant OPCW Financial Regulations and Rules. In this regard, the financial statements of the Provident Fund are presented in euros and prepared in accordance with IPSAS. The following items are not relevant to the Provident Fund financial statements:
- (a) inventories
  - (b) property, plant and equipment
  - (c) leases
  - (d) intangible assets
  - (e) impairment of non-cash-generating assets
  - (f) employee benefits
  - (g) segment information
  - (h) budgetary information.

- 1.6 On January 2013, the OPCW entered into an agreement with the United Nations Joint Staff Pension Fund (UNJSPF) on transfer of pension rights of Participants. The agreement is voluntary for the OPCW staff members and relevant only for those former staff members who (1) join a UNJSPF member organisation and become a UNJSPF participant within one year after separation from the OPCW, and who (2) have not withdrawn their account balances from the Provident Fund. In 2014, five former Participants made such transfers to the UNJSPF under the agreement (2013: 2 participants). The agreement also allows a former UNJSPF participant who has not received a benefit from the UNJSPF and becomes a participant of the Provident Fund within one year after separation from the UNJSPF member organisation to transfer the accrued entitlements from the UNJSPF to the Provident Fund. In 2014, one participant made such transfer from the UNJSPF (2013: nil).
- 1.7 Upon separation from the OPCW, Participants' accumulated Provident Fund balances become due for payment. Upon Participants' requests and approval of the Board the Provident Fund balances of the separating Participants can be retained with the Provident Fund up to a period of one year unless they join a UNJSPF member organisation and opt to transfer their contribution to the UNJSPF, in which case their Provident Fund can be retained for up to two years. Once the Provident Fund balances become due for payment, they are recognised as liability.

## **2. BASIS OF PREPARATION**

- 2.1 The financial statements of the Provident Fund have been prepared on an accrual and going-concern basis and comply with the requirements of IPSAS. Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied.
- 2.2 Comparative information is provided for the previous year, in accordance with IPSAS. The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.
- 2.3 The financial statements are presented in euros and they cover the calendar year ended 31 December 2014.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The objective of these financial statements is to provide information about the financial position, performance and cash flows of the Provident Fund to demonstrate the accountability of the Provident Fund for the resources entrusted to it by Participants and the OPCW and to facilitate decision making by Participants and the Board.

### **Consolidation**

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

### Foreign currency translation

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

Period	USD/EUR	Period	USD/EUR
31 December 2014	0.820	31 December 2013	0.725
Average 12 months	0.751	Average 12 months	0.755

- (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Provident Fund operates, the functional currency, which is euros. Assets held in US dollars are converted to euros at the exchange rate of 31 December 2014. Currency gains/losses are recognised in the statement of financial performance throughout the year at the exchange rate applicable at the time of the transactions.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the United Nations Operational Rate of Exchange (UNORE) prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applicable on 31 December 2014.

### Cash and cash equivalents

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

## **Financial assets**

### Classification

- 3.5 The Provident Fund classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit; receivables; held-to-maturity financial assets; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The classification of the financial assets is determined at initial recognition and re-evaluated at each reporting date.
- (a) Financial assets at fair value through surplus or deficit: This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by the Provident Fund.
  - (b) Receivables: Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months of the reporting date in which case they are classified as non-current. The Provident Fund's receivables comprise mainly 'accounts receivable and recoverable from the OPCW and Participants'.
  - (c) Held-to-maturity financial assets: Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Provident Fund has the positive intention and ability to hold to maturity. If the Provident Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than 12 months of the reporting date, which are classified as current assets.
  - (d) Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Provident Fund intends to dispose of the financial asset within 12 months of the reporting date.

### Recognition and measurement

- 3.6 Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity and available-for-sale financial assets are recognised on the trade date—the date on which the Provident Fund commits to purchase or sell the asset.
- 3.7 Financial assets not carried at fair value through surplus or deficit are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the statement of financial performance. The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Provident Fund has transferred substantially all risks and rewards of ownership.

### Subsequent measurement

- 3.8 Available-for-sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.
- 3.9 Gains and losses arising from changes in the fair value of the financial assets at fair value through surplus or deficit are included in the statement of financial performance in the period in which they arise. Dividend income from financial assets at fair value through surplus or deficit is recognised in the statement of financial performance as part of other income when the Provident Fund's right to receive payments is established.
- 3.10 Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences arising on monetary items are recognised in the statement of financial performance. Translation differences arising on non-monetary items are recognised in net assets/equity when the gain/(loss) on the non-monetary items is recognised in net assets/equity, and are recognised in the statement of financial performance when the gain/(loss) on the non-monetary item is recognised in the statement of financial performance.
- 3.11 When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available-for-sale financial assets are recognised when the Provident Fund's right to receive payment is established.

### Impairment

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

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

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

### **Financial liabilities**

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

### **Provisions and contingencies**

#### Provisions

3.14 Provisions are recognised for future expenditures of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event,

and it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

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

#### Contingent liabilities

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

#### Contingent assets

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

### **Tax**

- 3.18 The Provident Fund as an affiliate of the OPCW enjoys the same privileged tax-exemption as the OPCW. As such, all contributions to the Participants' Provident Fund and interest income and gains on investments are exempt from all direct taxation. Any tax obligations of the Participants upon final settlement of their accumulated Provident Fund balances are borne by Participants themselves.

### **Revenue recognition**

#### Revenue from non-exchange transactions

- 3.19 Non-exchange revenue represents transactions in which the Provident Fund receives value from another entity without providing approximately equal value to another entity in exchange. For non-exchange transactions, revenue is recognised on the inflow of assets except to the extent that a liability exists, representing a present obligation of the Provident Fund. As the Provident Fund satisfies this present obligation, it reduces the carrying amount of the liability and recognises revenue. Non-exchange revenue is measured at the amount of the increase in net assets recognised by the Provident Fund. Recoverables relating to non-exchange revenue are recognised at net realisable amount. Goods in kind, if any, are recognised as assets when the goods are received or when there is a binding agreement to receive the goods and no conditions are attached. Services in kind are not recognised (see note 20).

- 3.20 The Provident Fund's sole source of non-exchange revenue is the OPCW's contribution to the Provident Fund of employees who separate from the OPCW, for reasons other than health, before completing the minimum three months of service. The Provident Fund recognises full amounts of such inflows as revenue since no corresponding liabilities exist and the Provident Fund gains control of the received cash resources for its own use (see also note 11.2).

#### Revenue from exchange transactions

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

#### **Expenses**

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

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

#### **Receivables: Determination of impairment**

- 4.2 The Provident Fund's receivables are required to be reviewed at the end of each reporting period for impairment and indications of uncollectibility. The Provident

Fund makes an estimate of the amount of receivables that it is not able to recover based on prior payment history and expectations of future amounts it expects to recover from these receivables. No impairment has been recognised in the financial statements of the Provident Fund as at 31 December 2014.

## **5. FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

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

### **Market risk: Foreign exchange risk**

- 5.2 Foreign exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Provident Fund operates mainly in euros. Portions of the Provident Fund of some Participants are held in US dollars. Therefore, exposure to foreign exchange risk also exists to the extent of these US dollars holdings. Foreign exchange risk of the Provident Fund is attributed to the specific Participants that are party to the transaction embodying the risk and any ensuing loss is borne by these Participants.
- 5.3 ABN AMRO has been administering the Provident Fund's resources since 17 December 2007. As at this date, there were Participants whose Provident Fund balances were held in US dollars denominated accounts and/or in the form of investments managed by UBS denominated in US dollars and/or in euros. The Participants with US dollars holdings have since been afforded the choice to convert their US dollar balances to euros. While some Participants have exercised the choice to convert their US dollars holdings, others have opted to retain them to date. The Participants with UBS managed investments also have the choice to redeem their investment units that are held in US dollars and/or euros and transfer the amounts to the mainstream euro savings accounts maintained with the ABN AMRO. However,

there are some Participants who currently hold UBS investments in US dollars as well as euros. The Provident Fund does not currently accept new US dollar deposits or UBS investments. Any gains/(losses) on foreign exchange arising when Provident Fund balances in existing US dollar savings accounts or US dollar denominated UBS investments are converted for deposit into euro savings accounts are recognised as surplus or deficit in the period in which they arise. Such gain/(loss) is allocated to the Provident Fund of the individual Participant to whom the underlying foreign currency transaction corresponds (refer to note 6.2).

- 5.4 Gain/(loss) on foreign exchange attributable to US dollar deposits or UBS investments results from variations in the euro equivalents of the balances upon their revaluations based on different UNORE (see note 3.3(b)) prevailing at different reporting dates. The spot exchange rates reported by ABN AMRO do not have impact in this respect.
- 5.5 The main sources of the Provident Fund's cash inflows are the monthly contributions from Participants at the rate of 7.9% of their pensionable remunerations, and from the OPCW at the rate of 15.8% of the pensionable remunerations of the Participants. Participants may also make additional voluntary contributions to the Provident Fund. In the latter case, the OPCW does not make a matching contribution. Cash inflows attributable to these contributions are denominated in euros. The Provident Fund's cash outflows relate primarily to payments made to separating employees in respect of accumulated Provident Fund balances, which are composed of their contribution and the matching contribution of the OPCW. The Provident Fund makes payments predominantly in euros. Since these outflow and inflow are both in euros, there is no foreign exchange risk.
- 5.6 In addition to Provident Fund balances in US dollars held by the Participants, the Provident Fund has cash in US dollars that is not attributable to individual Participants. Currently, the total of US dollar cash holdings of this nature amounts to USD 717 (EUR 588). This represents an insignificant portion of the total cash resources of the Provident Fund. The US dollar cash balance is revalued at the end of each month to the euro equivalent at the prevailing UNORE rate and the resulting foreign exchange gain/(loss) is recognised in surplus/(deficit) of the current period.
- 5.7 At 31 December 2014, if the euro had weakened/strengthened by 5% against the US dollar, net deficit for the year would have been EUR 10,079 higher/lower mainly as a result of foreign exchange gains/losses on revaluation of Participants' US dollar denominated Provident Fund balances and other US dollars cash accounts of the Provident Fund.

**Market risk: Interest-rate risk**

- 5.8 Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Provident Fund places its cash and cash equivalents primarily in ABN AMRO savings accounts, which receive interest set for accounts categorised by the bank as 'Vermogens Spaarrekening' plus 0.1%. Interest rate on 'Vermogens Spaarrekening' accounts is

the highest rate that the bank offers to individual savings accounts. The future cash flows representing interest income from these deposits will fluctuate since they are not fixed and ABN AMRO may change the base rate at any time based on money and capital market situations.

**Market risk: Other price risk**

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

**Credit risk**

- 5.10 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents with banks and financial institutions. The Provident Fund Management Board, with the agreement of the Participants, determines the financial institutions with which the responsibilities for maintaining and administering the Provident Fund's resources are to be entrusted based on the investment policy of capital preservation. The majority of the Participants' Provident Fund balances (99%) as at the reporting date are maintained in ABN AMRO savings accounts. ABN AMRO is currently 100% owned by the Dutch Government. The Provident Fund and other account balances are covered by Deposit Guarantee Scheme, which provides for reimbursement of EUR 100,000 against the cumulative balance of an individual Participant in all ABN AMRO accounts held by her/him. The Deposit Guarantee Scheme enters into force once a bank facing problems is no longer able to pay customer's credit balances. Information regarding the credit quality of the banks and financial institutions in which the Provident Fund's cash and cash equivalents and investments are held as of the reporting date is as follows (Moody's ratings referenced):

**ABN AMRO**

<b>Moody's Investors Service Ratings</b>	<b>Rating</b>
Short-term credit rating	P-1

**UBS AG**

<b>Moody's Investors Service Ratings</b>	<b>Rating</b>
Short-term issuer level rating	P-1

### Liquidity risk

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

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

	Less than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Accounts payable	569,868	-	-	-	-	569,868
<b>Total financial liabilities</b>	<b>569,868</b>	-	-	-	-	<b>569,868</b>

### Capital risk management

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

### Fair value estimation

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

## **6. INVESTMENTS**

- 6.1 The Provident Fund has investments with UBS and these are designated as financial assets at fair value through surplus or deficit since such designation is deemed to result in more relevant information. The UBS investments are managed and their performances are evaluated on a fair value basis, in accordance with the risk management on investment strategy as stipulated in the Provident Fund's investment policies. Information about the performance of the investments is provided internally to the Board and to Participants.
- 6.2 Participants' Provident Fund balances held in UBS units are recognised as investments at fair value based on the market price. The movements in these investments during the financial year are shown in the table below.
- 6.3 Due to a new Dutch legislation in 2014 which prohibits banks from receiving distribution fees, ABN AMRO converted UBS funds from ones with a distribution fee to new funds without fee. As a result of conversion, the number of shares has been changed. The overall impact on the total value of the units was nil.

Investments	Yield (USD)		Balanced (USD)		Growth (USD)		Yield (EUR)		Balanced (EUR)		Growth (EUR)		Total
	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	In EUR						
<b>Balance as at 31 December 2013</b>	<b>15.912</b>	<b>32,988</b>	<b>43.824</b>	<b>83,538</b>	<b>7.931</b>	<b>17,359</b>	<b>13.445</b>	<b>39,912</b>	<b>131.372</b>	<b>297,123</b>	<b>24.638</b>	<b>68,239</b>	<b>539,159</b>
Total gains/loss in surplus/(deficit)													
• realised capital gain	-	336	-	351	-	181	-	218	-	524	-	161	1,771
• unrealised capital gain	-	1,228	-	4,049	-	797	-	2,052	-	18,987	-	4,290	31,403
• realised capital loss	-	(45)	-	(144)	-	(82)	-	(81)	-	(226)	-	(143)	(721)
<b>Subtotal</b>	<b>-</b>	<b>1,519</b>	<b>-</b>	<b>4,256</b>	<b>-</b>	<b>896</b>	<b>-</b>	<b>2,189</b>	<b>-</b>	<b>19,285</b>	<b>-</b>	<b>4,308</b>	<b>32,453</b>
• realised currency exchange gain	-	140	-	1,680	-	99	-	-	-	-	-	-	1,919
• unrealised currency exchange gain	-	3,186	-	8,181	-	1,736	-	-	-	-	-	-	13,103
<b>Total</b>	<b>-</b>	<b>4,845</b>	<b>-</b>	<b>14,117</b>	<b>-</b>	<b>2,731</b>	<b>-</b>	<b>2,189</b>	<b>-</b>	<b>19,285</b>	<b>-</b>	<b>4,308</b>	<b>47,475</b>
Add: Purchases before 30 June 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduct: Redemptions before 30 June 2014	(4.751)	(10,293)	(4.818)	(9,600)	(2.051)	(4,703)	(1.75)	(5,355)	(1.957)	(4,584)	(0.771)	(2,210)	(36,745)
Add adjustments at 30 June 2014 <sup>13</sup>	304.839	-	972.994	-	166.120	-	332.300	-	2,762.585	-	620.133	-	-
Add: Purchases after 30 June 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduct: Redemptions after 30 June 2014	-	-	(234.000)	(19,654)	(5.000)	(425)	-	-	(82.000)	(8,709)	-	-	(28,788)
<b>Balance as at 31 December 2014</b>	<b>316.000</b>	<b>27,540</b>	<b>778.000</b>	<b>68,401</b>	<b>167.000</b>	<b>14,962</b>	<b>344.000</b>	<b>36,746</b>	<b>2,810.000</b>	<b>303,115</b>	<b>644.000</b>	<b>70,337</b>	<b>521,101</b>

13

Adjustments due to change of legislation regarding distribution fees (see note 6.3).

## 7. ACCOUNTS RECEIVABLE

The receivable amount of EUR 161 as at 31 December 2014 represents a cancelled payment for an underpaid leaver due to the Provident Fund from the OPCW (2013: nil).

## 8. CASH AND CASH EQUIVALENTS

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

<b>Unrestricted</b>	<b>2014</b>	<b>2013</b>
Interest-bearing current accounts in EUR	96,954	104,585
Interest-bearing current accounts in USD	588	717
<b>Total unrestricted</b>	<b>97,542</b>	<b>105,302</b>
<b>Restricted</b>		
Interest-bearing current and savings accounts in EUR	62,729,857	55,586,219
Interest-bearing current and savings accounts in USD	90,669	97,251
<b>Total restricted</b>	<b>62,820,526</b>	<b>55,683,470</b>
<b>Total cash and cash equivalents</b>	<b>62,918,068</b>	<b>55,788,772</b>

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

## 9. ACCOUNTS PAYABLE

9.1 The breakdown of accounts payable between amounts payable to separating and former Participants is as follows:

	<b>2014</b>	<b>2013</b>
Amounts payable to separating Participants	545,634	-
Amounts payable to former Participants	24,234	29,985
<b>Total</b>	<b>569,868</b>	<b>29,985</b>

- 9.2 Amounts payable to separating Participants represent payments to be made to Participants leaving the Provident Fund in January 2015 where final payments have been determined but not paid by 31 December 2014. At 31 December 2013, all payments had been made and hence no such liability existed at that date.
- 9.3 During its Annual General Meeting in December 2012, the Board presented the decision to establish accounts payable of EUR 29,985 representing amounts payable to underpaid former Participants who have already left the Organisation in 2001-2009.

In 2014, the Board presented the decision to cancel all amounts owed to former Participants amounting to less than EUR 100. This has been recognised as miscellaneous income.

In addition, the Board presented the decision to pay compound interest of EUR 7,716 owed to 75 former Participants from the Special Reserve. In 2014, EUR 1,717 was paid with EUR 5,999 remaining to be paid to former Participants at 31 December 2014.

In 2014, 31 former Participants were paid, leading to a balance of EUR 24,234 as at 31 December 2014 (2013: EUR 29,985).

<b>Accounts payable to former Participants</b>	<b>2014</b>	<b>2013</b>
<b>Opening balance</b>	<b>29,985</b>	<b>29,985</b>
Compound interest payable to former Participants	7,716	-
Cancelled balances less than EUR 100	(5,957)	-
Amounts paid to former Participants in 2014	(7,510)	-
<b>Closing balance</b>	<b>24,234</b>	<b>29,985</b>

## **10. OTHER FINANCIAL LIABILITIES/PROVISIONS**

### **Legal claims**

There are no legal cases involving the Provident Fund as at 31 December 2014 (2013: nil).

## **11. NET ASSETS/EQUITY**

- 11.1 Participants' capital (EUR 62,795,992) represents the accumulated Provident Fund balances of Participants including their contributions (A accounts), the OPCW's matching contribution (B accounts), voluntary contributions by Participants (C accounts), and accumulated income earned (or losses incurred) on these resources as at 31 December 2014.
- 11.2 Special reserves (EUR 62,744) include the OPCW's matching contributions to Provident Fund accounts of Participants (B accounts) who cease to serve the OPCW for other than health reasons before serving the Organisation for a total period of more than three calendar months as noted in 3.20. There were no such new cases during

2014. The reported amount also includes the accumulated interest income on the cash balance corresponding to the special reserve. In 2014 the special reserve account was utilised to pay the compound interest (EUR 7,716) related to former underpaid Participants during the reporting period (see also note 9.3).

- 11.3 Accumulated surplus/(deficit) represents the cumulative gain/(loss) that is not attributable to specific Participants' accounts. The Board will decide how to use the surplus. The movement in 2014 is reflected in the statement of changes in net assets/equity.

## 12. INTEREST INCOME ON PARTICIPANTS' CAPITAL ACCOUNTS

Interest on Participants' accounts with ABN AMRO for the year ended 31 December 2014 was as follows:

	2014	2013
Interest on Participants' contributions (A accounts)	287,055	262,954
Interest on OPCW's contributions (B accounts)	574,109	525,891
Interest on contributions (A+B) before 17 December 2007	21,777	16,987
Interest on voluntary contributions (C accounts)	222,547	257,746
<b>Total</b>	<b>1,105,488</b>	<b>1,063,578</b>

## 13. GAIN ON FINANCIAL ASSETS

The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. It recognises gains arising from changes in the fair value of these financial assets as revenue. In 2014 there is a gain of EUR 33,174 (see note 6) due to changes in fair value of the UBS units (2013: EUR 45,217/gain).

## 14. OTHER INCOME

Other income of EUR 6,104 represents mainly balances under EUR 100 as at 31 December 2014 which will not be paid to former Participants following the Board decision in April 2014 (2013: nil) (see also note 9.3).

## 15. EXPENSES

### General operating expenses

- 15.1 The Provident Fund operating expenses in the year 2014 of EUR 304 were mainly bank charges (2013: EUR 80). The OPCW provides the necessary facilities and human resources for the internal management and administration of the Provident Fund. Therefore, it does not incur operating expenses for day-to-day administration.

**Loss on financial assets**

- 15.2 The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. As at 31 December 2014 there is a loss of EUR 721 related to changes in fair value of UBS investments (2013: nil).

**16. FINANCE INCOME AND FINANCE COST**

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

	<b>2014</b>	<b>2013</b>
<b>Finance income</b>		
Interest income arising on cash and cash equivalents	2	-
Foreign currency revaluation gains	27,515	909
Other finance income	-	-
<b>Total finance income</b>	<b>27,517</b>	<b>909</b>
<b>Finance costs</b>		
Foreign currency revaluation losses	(69)	(9,497)
Other interest expense	-	-
<b>Total finance costs</b>	<b>(69)</b>	<b>(9,497)</b>
<b>Net finance income/(cost)</b>	<b>27,448</b>	<b>(8,589)</b>

**17. SERVICES IN KIND**

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

**Management Board**

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

**Administrative support by the OPCW**

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

**18. CONTINGENCIES**

The Provident Fund does not have any contingent liabilities as at 31 December 2014.

**19. RELATED PARTY TRANSACTIONS**

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

**20. KEY MANAGEMENT COMPENSATION**

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

**21. EVENTS AFTER THE REPORTING PERIOD**

No significant event is reported after the reporting date.

**22. OTHER**

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

**Annex 5**



**President of the  
Federal Court of Auditors  
Germany**

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

and

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

28 May 2015

Sir/ Madam,

I have the honour to report, in accordance with Article 11 of the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons, on my audit of the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2014 which were submitted to me by the Chairperson of the Management Board of the Provident Fund. The Financial Statements are attached to my report.

Please accept the assurances of my highest consideration.

[Signed]

Kay Scheller  
President of the Federal Court of Auditors  
Germany  
External Auditor

Enclosures

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

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

**Opinion of the External Auditor  
on the Financial Statements of the Provident Fund of the  
Organisation for the Prohibition of Chemical Weapons (OPCW)  
for the Financial Period Ended 31 December 2014**

**To: OPCW and  
Annual General Meeting of the Provident Fund**

I have audited the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (hereinafter “the Provident Fund”) for the financial period ended 31 December 2014, comprising

- the Statement of Financial Position;
- the Statement of Financial Performance;
- the Statement of Changes in Net Assets/Equity;
- the Cash Flow Statement;
- the Accounting Policies; and
- Supporting Notes.

The Management Board of the Provident Fund, in accordance with the Charter of the Provident Fund (hereinafter “the Charter”), is responsible for preparing the Financial Statements of the Provident Fund. My responsibilities are, as stated in Article 11 of the Charter,

- to examine the statement of financial position and the statement of financial performance (which are the equivalents of balance sheet and profit and loss account as mentioned in the Charter and Administrative Rules of the Provident Fund);
- to report on the result of the examination to the Annual General Meeting of the Provident Fund (AGM) and to the OPCW.

Further responsibilities are, as stated in Rule 10 of the Administrative Rules of the Provident Fund of the OPCW (hereinafter “the Administrative Rules”), to audit the management of the Provident Fund and to issue an audit statement in respect of the Provident Fund’s Financial Statements.

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

EC-80/DG.1  
C-20/DG.4  
Annex 5  
page 154

As a result of my audit, I am of the opinion that the Financial Statements present fairly the financial position as at 31 December 2014. Furthermore, that they were prepared in accordance with the Charter, the Administrative Rules and the relevant OPCW's Financial Regulations and Rules. In this regard, the Financial Statements of the Provident Fund were presented in euros and prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

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

[Signed]

Kay Scheller  
President of the Federal Court of Auditors  
Germany  
External Auditor

Bonn, 28 May 2015

**REPORT OF THE EXTERNAL AUDITOR  
ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE  
PROVIDENT FUND OF THE  
ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

Comprising:

<b>1.</b>	<b>Executive Summary</b>	<b>(paragraphs 1 - 12)</b>
<b>2.</b>	<b>Scope of Audit</b>	<b>(paragraphs 13 - 19)</b>
<b>3.</b>	<b>Introduction</b>	<b>(paragraphs 20 - 27)</b>
<b>4.</b>	<b>Audit Findings</b>	<b>(paragraphs 28 - 44)</b>
	<b>The Provident Fund's Assets</b>	<b>(paragraphs 29 - 34)</b>
	<b>The Provident Fund's Income</b>	<b>(paragraph 35)</b>
	<b>Administrative Costs</b>	<b>(paragraphs 36 - 37)</b>
	<b>Surplus</b>	<b>(paragraphs 38 - 40)</b>
	<b>Special Reserve</b>	<b>(paragraphs 41 - 42)</b>
	<b>Transfer Agreement with UNJSPF</b>	<b>(paragraphs 43 - 44)</b>
<b>5.</b>	<b>Acknowledgement</b>	<b>(paragraph 45)</b>

## 1. EXECUTIVE SUMMARY

My staff and I have audited the Financial Statements of the Provident Fund.	1. My staff and I have audited the Financial Statements of the Provident Fund for the financial period 01 January to 31 December 2014.
Responsibility of the Board and the ABN AMRO Bank N.V.	2. The Provident Fund Management Board (hereinafter “the Board”) is responsible of submitting the Provident Fund’s Financial Statements which are prepared by the OPCW Finance and Accounts Branch (FIN) in accordance with the International Public Sector Accounting Standards (IPSAS). The ABN AMRO manages the moneys of the Provident Fund under the terms of agreements with the Provident Fund.
My responsibility is to issue an audit opinion on the Financial Statements.	3. My responsibility is to examine the statement of financial position and the statement of financial performance (which are the equivalents of balance sheet and profit and loss account as mentioned in the Charter and Administrative Rules of the Provident Fund) and to issue an audit opinion thereon. My audit was conducted to enable me to form an opinion as to whether the Financial Statements fairly present the financial position of the Provident Fund.
My audit provides a reasonable basis for the audit opinion.	4. The audit included examining evidence supporting the amounts and disclosures in the Financial Statements. It did not include an assessment of risks of the financial investments under the regime of the ABN AMRO Bank and their management. However, I believe that my audit provides a reasonable basis for the audit opinion.
The Financial Statements fairly present the financial position.	5. As a result of my audit, I am of the opinion that the Financial Statements fairly present the financial position as at 31 December 2014 and that the transactions were in accordance with the regulatory framework.
The Provident Fund had 478 Participants at year-end 2014.	6. The Provident Fund had 478 Participants as at 31 December 2014 compared to 469 at year-end 2013 (2012: 458). During the year 2014, due to separation from the OPCW, 44 Participants withdrew their Provident Fund accounts. 53 new Participants joined the Provident Fund.
Cash and cash equivalents amount to EUR 62,918,068.	7. Cash and cash equivalents amount to EUR 62,918,068. The US dollars’ share in cash and cash equivalents is down to 0,15 % and subject to currency exchange rate fluctuations.
UBS funds amount to EUR 512,101.	8. UBS funds held by 22 Participants amount to EUR 521,101. In 2014, ABN AMRO converted all UBS investments into distribution fee-free investment funds.

<p>The Provident Fund disclosed the administrative services provided by the OPCW.</p>	9. Staff members of the Secretariat perform administrative services related to the Provident Fund. Since the implementation of IPSAS the Provident Fund has disclosed these services in its Financial Statements.
<p>EUR 29,985 relate to underpaid former staff members.</p>	10. In 2014, the Board compensated former Participants with EUR 7,510 and paid EUR 1,717 as compound interest.
<p>A transfer agreement with the UNJSPF offers additional options.</p>	11. An agreement with the UNJSPF allows former Participants who have joined institutions of the “UN family” to transfer their pension rights to the UNJSPF and vice versa. Since 2013 seven former Participants have transferred their Provident Fund account balances to the UNJSPF and one UNJSPF participant has made such a transfer to the Provident Fund.
<p>I placed an unqualified opinion on the Financial Statements.</p>	12. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the Financial Statements as a whole. I have placed an unqualified audit opinion on the Financial Statements of the Provident Fund of the OPCW for the year ended 31 December 2014.

## 2. SCOPE OF AUDIT

<p>My staff and I audited the Financial Statements of the Provident Fund for the financial year 2014.</p>	13. My staff and I audited the Financial Statements of the Provident Fund for the financial period 01 January to 31 December 2014 in accordance with Article 11 of the Charter of the Provident Fund (hereinafter “the Charter”) and Rule 10 of the Administrative Rules of the Provident Fund of the OPCW (hereinafter “the Administrative Rules”). The Financial Statements comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the Cash Flow Statement, the Accounting Policies and Supporting Notes to the Financial Statements.
<p>I conducted my audit in conformity with international auditing standards.</p>	14. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the Financial Statements are free from material misstatements.
<p>The audit objective was to form an opinion on the Financial Statements.</p>	15. The audit procedures were designed primarily for the purpose of forming an opinion on the Financial Statements with a focus on the statements of financial position and financial performance. They did not aim at assessing risks of investments and fund management as performed by ABN AMRO under the agreements with the Provident Fund.

The examination of the accounting records assured me of the correctness of the Provident Fund's Financial Statements.	16. My team checked the figures provided in the Financial Statements against ledger balances and bank statements and included complementary records kept by the Secretariat. Records and payments were examined on a test basis. My team sought explanations from staff as deemed necessary. Audit procedures were executed in the light of existing control mechanisms. The examination of the accounting records assured me of the correctness of the Provident Fund's Financial Statements.
Rounding effects	17. FIN points out that due to the effect of rounding there may be differences of EUR 1 to 3 between the amounts indicated in the Financial Statements, notes and appendix.
The Financial Statements present fairly the financial position.	18. As a result of my audit, I am of the opinion that for the financial year 2014 the transactions were prepared, recorded, processed and summarised in accordance with the provisions of the Charter and Administrative Rules as well as the OPCW's Financial Regulations and Rules as far as applicable. The Financial Statements are in compliance with IPSAS and present fairly, in all material respects, the Provident Fund's financial position as at 31 December 2014.
I placed an unqualified opinion on the Financial Statements 2014.	19. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the Financial Statements as a whole. Thus, I have placed an unqualified audit opinion on the Financial Statements of the Provident Fund of the OPCW for the year ended 31 December 2014.

### 3. INTRODUCTION

The Provident Fund is an instrument of social security.	20. The Provident Fund is an instrument of social security. Staff members appointed by the OPCW for more than three months may participate in the Provident Fund (Participants).
Monthly payments are transferred at the end of each month.	21. The amounts to be credited to the Provident Fund accounts are deducted from the monthly salary payments of Participants and represent 7.9 % of the pensionable remuneration (account A). Another 15.8 % are added by the OPCW (account B). The whole amount plus Additional Voluntary Contributions that Participants wish to make from their salaries (account C) is transferred at the end of each month to the relevant accounts with ABN AMRO as a lump sum.
Participants receive the net value of their accounts when they cease their service.	22. Participants may draw money from their C accounts twice a year. They receive all of their A and B accounts when they cease their service with the Secretariat as provided for in the Administrative Rules.
The moneys of the Provident Fund are managed by ABN AMRO	23. The moneys of the Provident Fund are managed by ABN AMRO under the regime of the "Agreement concerning the Provision of Investment and Administration Services to the Provident Fund of the OPCW" of 21 November 2007 with annexes. Consequently, all

<p>The agreement with ABN AMRO has five times been extended for one year each.</p>	<p>assets of the Provident Fund - including some investments held in Union Bank of Switzerland (UBS) fund units originating from former investment activities - have been transferred to the ABN AMRO in December 2007.</p> <p>24. The agreement was initially concluded for a period of three years. Five one-year extensions have been agreed on since then, the current extension starting from 21 November 2014. In July 2010, ABN AMRO agreed to waive the annual administration fee that had been charged to each Participant who held investments in US dollars accounts and UBS funds from the year 2010 onward.</p>
<p>ABN AMRO reports regularly.</p>	<p>25. As stipulated in the Service Level Agreement between the OPCW Provident Fund and ABN AMRO annexed to the agreement mentioned in paragraph 21, the ABN AMRO provided regular reports including comprehensive information on the assets of the Provident Fund and the bank's management performance. The reports are available to all Participants on the intranet of the Secretariat (Port@I). In addition, Participants regularly receive statements on their individual accounts.</p>
<p>The reports allow assessment of the performance and investments.</p>	<p>26. The reports and statements of ABN AMRO allow sufficient and regular assessment of the overall performance, investment activities, market developments and individual allocation of funds to Participants.</p>
<p>The reports are a major control mechanism for the Provident Fund.</p>	<p>27. The aggregated figures of the Provident Fund's accounts as given in these periodical reports are to be monitored by the Board. Responsibility for checking the individual accounts rests with the Participants themselves.</p> <p>I consider these reports and statements an important control mechanism that essentially reduces the risk of incomplete or incorrect recordings. This needs to be taken into consideration when auditing the Financial Statements and determining the intensity of audit work.</p>

#### 4. AUDIT FINDINGS

<p>The Provident Fund had 478 Participants at year-end 2014.</p>	<p>28. As at 31 December 2014 the Provident Fund had 478 Participants compared to 469 at year-end 2013 (2012: 458). During the year 2014, due to separation from the OPCW, 44 Participants withdrew their Provident Fund accounts. 53 new Participants joined the Provident Fund.</p>
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### The Provident Fund's Assets

The Provident Fund's Assets increased by 12.6 %.

29. The overall value of the Provident Fund's assets in previous years up to the 31 December 2014 developed as shown in the table below.

Fund Assets (all figures given in EUR)	31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	increase/ (decrease) in %	
							2013 over 2012	2014 over 2013
Assets	49,781,931	47,895,592	46,591,964	50,169,344	56,327,932	<b>63,439,330</b>	12.3	<b>12.6</b>
Including:								
Cash and cash equivalents	48,612,075	47,164,541	46,021,009	49,596,332	55,788,772	<b>62,918,068</b>	12.5	<b>12.8</b>
UBS funds	1,169,856	731,051	561,978	567,768	539,159	<b>521,101</b>	5.0	<b>(3.4)</b>
Accounts receivable	-	-	8,977	5,244	-	<b>161</b>		

Source: Provident Fund Financial Statements for years 2009 to 2014

At year-end the minimal share of US dollars in cash and cash equivalents was down to 0.15 %.

UBS investments until October 2001 are subject to changes in market value.

UBS investments were converted to alternative investments charging no distribution fees.

The number of Participants holding UBS funds has continued decreasing.

30. The minimal portion of the cash and cash equivalents in US dollars has been decreasing continuously since 2009 from 1.2 % to 0.15 % at year-end 2014. The cash and cash equivalents in US dollars are subject to currency exchange rate fluctuations. Currently, the Provident Fund does not accept new US dollars deposits.

31. The Provident Fund's moneys still include UBS fund units originating from former investments. 75% of the units are held in euros and 25 % are held in US dollars (2013: nearly two thirds and one third). The UBS investments are by nature subject to changes in market value. That is reflected in the total value of assets as at year-end, as well as in realised and unrealised gains and losses. New investments in UBS funds have not been made since 2001.

32. Due to the ban on inducement, since 2014 ABN AMRO passes on UBS distribution fees to the Participants. This led to a slight increase in market price of the UBS investments. Furthermore, in the course of the year, ABN AMRO converted all UBS investments into distribution fee-free investment funds.

33. As at 31 December 2014 the number of Participants holding UBS funds further decreased to 22 compared to 24 at year-end 2013 (27 at year-end 2012). According to the conversion of the funds, 237 units were exchanged to 5059 units, thereby conserving the total value of funds.

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

34. The fair value of the investments to be shown in the Financial Statements is their nominal value at the reporting date, for the UBS funds it is the quoted market price (current bid price). Amounts denominated in US dollars are to be converted at the relevant UN exchange rate.

### The Provident Fund's Income

Evolution of the Provident Fund's Income

35. At year-end of 2014, interest income on Participants' and master accounts was EUR 41,910 more than interest income at the year-end of 2013. While in 2013 the average interest rate of 2.06% had decreased by more than 0.6% compared to the year before, in 2014 it decreased only slightly to 1.9 %. The Provident Fund's income evolved over the last six years as shown in the table below.

<b>Income</b> (all figures given in EUR)	2008	2009	2010	2011	2012	2013	<b>2014</b>
Interest income (Participants' accounts, Master account)	1,779,775	1,709,829	1,234,943	1,189,552	1,222,058	1,063,578	<b>1,105,488</b>
Income (loss) related to investments including	(478,152)	182,298	155,753	(19,815)	45,019	40,530	<b>47,475</b>
• Realised capital gain/(loss) on investments	(64,545)	38,426	11,982	890	1,212	3,757	<b>1,050</b>
• Unrealised gain/(loss) on market value (UBS)	(426,478)	146,353	50,878	(21,845)	48,673	41,460	<b>31,403</b>
• Net gain/(loss) on currency exchange movements	12,870	(2,481)	92,893	1,138	(4,866)	(4,687)	<b>15,021</b>

Source: Provident Fund Financial Statements for years 2008 to 2014

### Administrative Costs

FIN performs the Provident Fund's administrative services without consideration.

36. The staff of the FIN handles the Provident Fund's disbursements, accounting, reporting, preparation of the Financial Statements and other administrative services. The OPCW provides necessary materials and facilities needed for the running of the Provident Fund's operations. The Provident Fund does not compensate the staff or the OPCW for such administrative support.

The Provident Fund disclosed the services provided.

37. According to a survey conducted by the Secretariat in 2013, at my request, these services require an annual effort of more than 200 person-days. I appreciate that since the implementation of IPSAS the Provident Fund has disclosed these services in its Financial

Statements. Furthermore, the Secretariat will disclose the in-kind services provided in a note to the Financial Statements of the OPCW.

### Surplus

In 2011 there was an accumulated surplus of EUR 51,366

From the surplus an amount of EUR 29,985 related to underpaid former Participants.

The Board decided to compensate underpayments of EUR 100 and more.

38. In 2011 the cash and investments of the Provident Fund exceeded the total balances of Participants' accounts and the Special Reserve by EUR 51,366. The statement of financial position showed this amount as accumulated surplus.

39. Based on the Secretariat's analysis the Board decided in November 2012 to transfer EUR 21,381 from the surplus to the Special Reserve (the "reserve account"). The remaining EUR 29,985 related to underpaid former Participants who left the OPCW before 2005.

40. In April 2014, the Board decided not to settle underpayments less than EUR 100 amounting to a total of EUR 5,957. Thirty-one former underpaid Participants were compensated with EUR 7,341. Compound interest of EUR 7,716 is to be paid to 75 former Participants. The Board will decide how to use the remaining surplus of EUR 24,234.

### Special Reserve (the "reserve account")

From 2006 to 2013 the Special Reserve had increased from EUR 3,790 up to EUR 70,460.

41. According to Rule 7 of the Administrative Rules of the Provident Fund, the Special Reserve of the Provident Fund (the "reserve account") is supplied by the net value contained in a Participant's B account if the Participant ceases to serve with the Secretariat for a total period of less than three calendar months. Additionally, in 2010 an unsettled amount of EUR 34,201 from periods prior to 2008 was credited to the reserve account. In 2012, EUR 21,381 were transferred from the surplus as mentioned above. In 2014, compound interest of EUR 7,716 is to be paid to 75 former Participants as a consequence of underpayments in the past. How the reserve account evolved in euros from 2006 to 2014 is shown below:

2006	2007	2008	2009	2010	2011	2012	2013	2014
3,790	6,850	9,909	11,296	11,296	45,497	49,079	70,460	70,460
				+ 34,201		+21,381		-7,716
				45,497		70,460		62,744

The Board should consider whether risks for the Provident Fund are mitigated appropriately.

42. The Board may make use of the reserve account to cover any costs and administrative expenses involved in its operation of the Provident Fund. I recommend that the Board assesses the risks of future costs and administrative expenses for the Provident Fund and considers whether these risks are mitigated appropriately by the reserve account.

### **Transfer Agreement with UNJSPF**

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|--|---|
| A transfer agreement offers additional options for former Participants.                      | 43. A transfer agreement with the UNJSPF, in effect since 1 January 2013, offers additional options for former Participants who have joined institutions of the “UN family” and want to transfer their pension rights to the UNJSPF. In 2014, five former staff members transferred their Provident Fund account balances to the UNJSPF (2013: two former staff members). |
| Similarly, former UNJSPF participants may transfer their entitlements to the Provident Fund. | 44. The agreement also allows former UNJSPF participants who become Participants of the Provident Fund to transfer the accrued entitlements to the OPCW Provident Fund within one year after separation from the UNJSPF member organisation. In 2014, one UNJSPF participant made such a transfer (2013: nil).  |

### **5. ACKNOWLEDGEMENT**

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| I am grateful for the support received during the audit. | 45. I am grateful to the Provident Fund Management Board members and the management and relevant staff of the Secretariat for their cooperation and support during the audit of the Provident Fund’s Financial Statements for the year ended 31 December 2014. |
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**Annex 6**

**RESPONSE OF THE CHAIRPERSON OF THE PROVIDENT FUND  
MANAGEMENT BOARD  
TO THE  
REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS  
OF THE PROVIDENT FUND OF THE  
ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

The Chairperson of the Provident Fund Management Board would like to thank the External Auditor for the very useful work done in respect of the audit of the Provident Fund of the OPCW. The Chairperson notes with satisfaction that, in the External Auditor's opinion, the financial statements present fairly the financial position as at 31 December 2014 and that they were prepared in accordance with the stated accounting policies (applied as far as possible on a basis consistent with the previous period), and that the transactions were in accordance with the Charter and the Administrative Rules and with the OPCW's Financial Regulations (as far as applicable).

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