OPCW

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REPORT BY THE DIRECTOR-GENERAL

FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS AND REPORT OF THE EXTERNAL AUDITOR FOR THE YEAR ENDING 31 DECEMBER 2015

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[1] The Financial Statements and Report of the External Auditor are copies of the original audited sets.

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 2015

FINANCIAL STATEMENTS

OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 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 64 to 99) 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 2015, 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

24 March 2016

STATEMENT OF INTERNAL CONTROL FOR 2015

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 2015, and up to the date of the approval of the Organisation's 2015 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 includes, but is 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 2015, 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 2015.

[signed]

Ahmet Üzümcü
Director-General
24 March 2016

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THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(expressed in euros)

	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	6.1	6,281,100	5,033,971
Intangible assets	6.2	621,424	461,109
Total non-current assets		**6,902,524**	**5,495,080**
Current assets			
Inventories	10	1,182,569	1,093,487
Assessed contributions recoverable	7	6,222,973	5,623,669
Article IV & V receivables	8	1,207,073	5,359,688
Other assets	9	9,350,637	28,033,752
Cash and cash equivalents	11	18,559,253	42,150,721
Total current assets		**36,522,505**	**82,261,317**
Total assets		**43,425,029**	**87,756,397**
Liabilities			
Non-current liabilities			
Working Capital Fund	13	4,159,978	4,178,472
Voluntary Fund for Assistance	14	1,542,396	1,532,041
Cash surplus - reimbursable to States Parties	15	-	1,530,991
Employee benefits	16	3,474,965	4,764,861
Other non-current liabilities	19.1	1,673,646	13,215,753
Total non-current liabilities		**10,850,985**	**25,222,118**
Current liabilities			
Cash surplus - reimbursable to States Parties	15	60,101	63,422
Employee benefits	16	6,915,678	5,495,414
Accounts payable	17	3,422,839	3,730,674
Provisions	18	15,000	39,500
Other current liabilities	19.2	13,896,610	53,923,320
Total current liabilities		**24,310,228**	**63,252,330**
Total liabilities		**35,161,213**	**88,474,448**
Net assets		**8,263,816**	**(718,051)**
Net assets			
Accumulated surplus/(deficits)	20	8,263,816	(718,051)
Other reserves		-	-
Total net assets		**8,263,816**	**(718,051)**

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

	Note	For the Period Ended 31 December 2015	For the Period Ended 31 December 2014 (Restated)*
Revenue			
Assessed contribution revenue	21	65,254,440	64,944,573
Voluntary contribution revenue	22	40,162,834	11,430,077
Article IV & V revenue	23	3,427,389	6,719,827
Other revenue	24	13,754,939	120,568
Total revenue		**122,599,602**	**83,215,045**
Other income	25	**218,124**	**62,319**
Expenses			
Employee benefit expenses	26	50,072,833	48,692,718
Travel expenses		9,320,810	9,938,287
Consultancy and contractual services	27	40,217,209	14,712,347
Internships, grants, contributions to seminars and workshops		654,147	803,172
General operating expenses	28	6,048,881	6,291,980
Depreciation and impairment of property, plant and equipment	6.1	1,255,959	944,851
Amortisation and impairment of intangible assets	6.2	280,847	182,360
Impairment of assessed contributions receivable	7.4	100,800	84,307
Impairment of Article IV & V receivables	8.5	4,890,078	-
Other operating expenses	29	646,877	326,777
Total expenses		**113,488,441**	**81,976,799**
Finance income	30	200,601	269,662
Finance costs	30	(183,649)	(328,886)
Net finance income/(cost)		**16,952**	**(59,224)**
Net surplus/(deficit) for the period		**9,346,237**	**1,241,341**

* See note 27 for further details of restatement of 2014 comparative information.

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2015
(expressed in euros)

	Note	Attributable to States Parties		
		Accumulated Surplus / (Deficit)	**Other Reserves**	**Total Net Assets**
Balance at 1 January 2015		**(718,051)**	**-**	**(718,051)**
Changes recognised in net assets:				
Actuarial gains/(losses) on post-employment benefit obligations	20	(364,370)	**-**	**(364,370)**
Net revenue recognised directly in net assets		**(364,370)**	**-**	**(364,370)**
Surplus/(deficit) for the period		9,346,237	**-**	**9,346,237**
Total recognised revenue and expense for the year 2015		**8,981,867**	**-**	**8,981,867**
Balance at 31 December 2015		**8,263,816**	**-**	**8,263,816**

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2014
(expressed in euros)

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

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015
(expressed in euros)

	Note	For the Year Ended 31 December 2015	For the Year Ended 31 December 2014
Cash flows from operating activities			
Net surplus/(deficit) for the period		9,346,237	1,241,341
Non-cash movements			
Depreciation and impairment of property, plant and equipment	6.1	1,255,959	944,851
Amortisation and impairment of intangible assets	6.2	280,847	182,360
(Gains)/losses on disposal of property, plant and equipment	25, 6.1	(134,696)	9,324
Increase/(decrease) in provision for impairment of assessed contributions recoverable	7.4	73,762	34,020
Increase/(decrease) in provision for impairment of Article IV & V receivables	8.5	4,667,128	-
Increase/(decrease) in 'Other non-current liabilities'	19.1	(11,542,107)	8,896,218
Increase/(decrease) in cash surplus (non-cash)	15	(1,530,991)	(621,073)
Movement in employee benefits (liability)	16, 20	(234,003)	(47,506)
Movements in provisions	18	(24,500)	(56,743)
Unrealised currency exchange gain/(loss)		(60,310)	(62,323)
Repayments of cash surplus	15	(3,321)	(1,524,153)
Changes in working capital			
(Increase)/decrease in assessed contributions recoverable (current)	7	(673,066)	(2,102,621)
(Increase)/decrease in Article IV & V receivables (current)	8	(514,512)	(3,824,503)
(Increase)/decrease in other current receivables	9	18,683,115	(23,992,321)
(Increase)/decrease in inventories	10	(89,083)	(182,596)
Increase/(decrease) in accounts payable and other current liabilities	17, 19.2	(40,334,545)	29,896,974
Net cash flows from operating activities		**(20,834,086)**	**8,791,249**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	25	147,557	6,000
Purchases of property, plant and equipment	6.1	(2,515,948)	(2,504,748)
Purchases of intangible assets	6.2	(441,162)	(302,830)
Net cash flows from investing activities		**(2,809,553)**	**(2,801,578)**
Cash flows from financing activities			
Increase/(decrease) in Working Capital Fund (ERP)	13.6	(19,332)	(5,737,688)
Proceeds received from the 'Working Capital Fund'	13.6	838	-
Proceeds received for the 'Voluntary Fund for Assistance'	14	10,355	5,974
Net cash flows from financing activities		**(8,139)**	**(5,731,714)**
Net increase/(decrease) in cash and cash equivalents		**(23,651,778)**	**257,957**
Cash and cash equivalents at beginning of the period		42,150,721	41,830,441
Unrealised currency exchange gain/(loss)		60,310	62,323
Cash and cash equivalents at end of the period	11	**18,559,253**	**42,150,721**

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(expressed in euros)

	Budgeted Amounts for the Period Ended 31 December 2015		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	**Final**		
Receipts				
Assessed contributions	65,529,600	65,529,600	65,534,000	(4,400)
Voluntary contributions	151,100	151,100	145,101	5,999
Articles IV & V	3,583,300	3,583,300	3,425,862	157,438
Miscellaneous income	55,000	55,000	244,274	(189,274)
Total receipts	**69,319,000**	**69,319,000**	**69,349,237**	**(30,237)**
Expenditure				
Verification				
Office of the Director	480,800	387,500	383,104	4,396
Chemical Demilitarisation Branch	1,250,400	1,220,400	1,213,510	6,890
Declarations Branch	2,486,800	2,442,800	2,434,474	8,326
Industry Verification Branch	1,263,700	1,288,000	1,283,790	4,210
OPCW Laboratory	1,643,000	1,406,000	1,401,571	4,429
Subtotal	**7,124,700**	**6,744,700**	**6,716,449**	**28,251**
Inspections				
Office of the Director	318,300	278,300	269,186	9,114
Operations and Planning Branch	3,273,500	2,797,500	2,788,514	8,986
Inspectorate Management Branch	522,600	402,600	399,435	3,165
Inspection Team Leaders and Personnel	21,592,200	23,313,200	23,309,032	4,168
Subtotal	**25,706,600**	**26,791,600**	**26,766,166**	**25,434**
Chapter One	**32,831,300**	**33,536,300**	**33,482,615**	**53,685**
International Cooperation and Assistance				
Office of the Director	322,800	330,800	328,821	1,979
Assistance and Protection Branch	1,881,400	1,881,400	1,879,594	1,806
Implementation Support Branch	2,149,100	1,919,100	1,863,456	55,644
International Cooperation Branch	2,681,200	2,548,200	2,545,649	2,551
Subtotal	**7,034,500**	**6,679,500**	**6,617,520**	**61,980**
Support to the Policy-Making Organs				
Office of the Director	1,443,100	1,345,100	1,332,299	12,801
Language Services Branch	3,225,500	3,593,500	3,576,109	17,391
Subtotal	**4,668,600**	**4,938,600**	**4,908,409**	**30,191**
External Relations				
Office of the Director	297,100	267,900	264,132	3,768
Government Relations and Political Affairs Branch	631,100	588,400	586,330	2,070
Media and Public Affairs Branch	569,800	478,800	477,590	1,210
Protocol and Visa Branch	607,100	575,000	567,070	7,930
Subtotal	**2,105,100**	**1,910,100**	**1,895,122**	**14,978**

	Budgeted Amounts for the Period Ended 31 December 2015		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
Executive Management				
Office of the Director-General	1,383,200	1,368,200	1,358,769	9,431
Office of the Deputy Director-General	598,300	528,300	524,101	4,199
Office of Internal Oversight	829,700	904,700	886,515	18,185
Office of the Legal Adviser	1,078,600	1,116,600	1,114,136	2,464
Office of Special Projects	1,624,400	1,601,400	1,582,008	19,392
Office of Confidentiality and Security	2,576,600	2,588,600	2,586,247	2,353
Health and Safety Branch	911,800	911,800	886,691	25,109
Subtotal	**9,002,600**	**9,019,600**	**8,938,467**	**81,133**
Administration				
Office of the Director	468,800	420,800	404,877	15,923
Budget, Planning and Control Branch	447,300	497,300	494,710	2,590
Finance and Accounts Branch	1,346,300	1,336,300	1,330,580	5,720
Human Resources Branch	1,825,100	1,791,100	1,755,821	35,279
Procurement and Support Services Branch	6,058,900	6,075,900	6,062,957	12,943
Information Services Branch	3,530,500	3,113,500	3,090,670	22,830
Subtotal	**13,676,900**	**13,234,900**	**13,139,615**	**95,285**
Chapter Two	**36,487,700**	**35,782,700**	**35,499,133**	**283,567**
Total expenditure	**69,319,000**	**69,319,000**	**68,981,748**	**337,252**
Net receipts/(expenditure)			**367,489**	**(367,489)**

* 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 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		
Receipts				
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)
Total receipts	**73,304,400**	**73,304,400**	**73,908,839**	**(604,439)**
Expenditure				
Verification				
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
Subtotal	**6,985,200**	**7,035,200**	**6,873,190**	**162,010**
Inspections				
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
Subtotal	**29,492,800**	**29,442,800**	**28,352,559**	**1,090,241**
Chapter One	**36,478,000**	**36,478,000**	**35,225,749**	**1,252,251**
International Cooperation and Assistance				
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
Subtotal	**6,880,000**	**6,971,500**	**6,887,968**	**83,532**
Support to the Policy-Making Organs				
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
Subtotal	**4,876,600**	**5,176,600**	**5,149,407**	**27,193**
External Relations				
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
Subtotal	**1,941,000**	**1,913,600**	**1,894,802**	**18,798**

	Budgeted Amounts for the Period Ended 31 December 2014		Actual* Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
Executive Management				
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
Subtotal	**9,259,400**	**8,700,750**	**8,648,930**	**51,820**
Administration				
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
Information Services Branch	3,388,800	3,693,350	3,625,768	67,582
Subtotal	**13,869,400**	**14,063,950**	**13,817,849**	**246,101**
Chapter Two	**36,826,400**	**36,826,400**	**36,398,955**	**427,445**
Total expenditure	**73,304,400**	**73,304,400**	**71,624,704**	**1,679,696**
Net receipts/(expenditure)	**-**	**-**	**2,284,135**	**(2,284,135)**

* 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 2015. 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	JPY/EUR
31 December 2015	0.914	1.354	0.008
Average 12 months	0.902	1.379	0.007

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

(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 2015.

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 when the gain/(loss) on the non-monetary items is recognised in net assets, 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.

Inventories

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

Property, plant and equipment

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

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

Asset	Estimated Useful Life
Inspection and verification equipment	Shorter of operational period of asset or 10 years
Security and health equipment	5 years
Office furniture and equipment	7 years
Hardware equipment	4 years
Vehicles	5 years
Leasehold Improvements	Shorter of lease term or useful life

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 3.24 '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' and 'other operating expenses' respectively 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.

Intangible assets

3.20 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 3.21 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 3.22. Costs associated with maintaining computer software programmes are recognised as expenses as incurred.

3.21 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.

3.22 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.

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

Asset	Estimated Useful Life
Acquired software	3 to 5 years
Internally developed software	3 years

Impairment of non-cash-generating assets

3.24 Non-cash-generating assets are property, plant and equipment, and intangible assets (note 6). As such, these are assessed at each reporting date to determine 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

<u>Short-term employee benefits</u>

3.25 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.

<u>Post-employment benefits</u>

3.26 Post-employment benefits include 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.

3.27 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 in the period in which they occur.

<u>Other long-term employee benefits</u>

3.28 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

3.29 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

3.30 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

3.31 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.

3.32 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

3.33 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

3.34 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

3.35 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

3.36 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.

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.

Revenue from exchange transactions

3.38 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.

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.

Expenses

3.40 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, 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

3.41 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.

3.42 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, the UK pound and the

Japanese yen. Payments to vendors that are denominated in currencies other than euros typically account for less than 5% of total payments.

5.5 At 31 December 2015, if the euro had weakened/strengthened by 10% against the US dollar, net surplus/deficit for the year would have been EUR 59,211 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 Global short-term rating of no lower than a P-1 rating. In 2014 the Moody's Financial Strength rating was also reported in the Financial Statements, however in 2015 Moody's withdrew this rating.

Moody's Investors Service Ratings	**31-Dec-15**	**31-Dec-14**
Rating P-1*	10,089,079	42,150,721
Non-rated	-	-
Total cash and cash equivalents	**10,089,079**	**42,150,721**

* Issuers (or supporting institutions) rated Prime-1 (P-1) have a superior ability to repay short-term debt obligations.

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 2015:

	Less Than 1 Year	**1 to 5 Years**	**5 to 10 Years**	**Beyond 10 Years**	**Undefined Maturity**	**Total**
Working Capital Fund	-	-	-	-	4,159,978	**4,159,978**
Voluntary Fund for Assistance	-	-	-	-	1,542,396	**1,542,396**
Cash surplus reimbursed to States Parties	60,101	-	-	-	-	**60,101**
Accounts payable	3,422,839	-	-	-	-	**3,422,839**
Total financial liabilities	**3,482,940**	-	-	-	**5,702,374**	**9,185,314**

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**
Total financial liabilities	**3,794,096**	**1,530,991**	-	-	**5,710,513**	**11,035,600**

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 3.30, 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 2015:

	Inspection and Verification Equipment	Security and Health Equipment	Office Furniture and Equipment	Hardware Equipment	Vehicles	Leasehold Improvements	Assets Under Construction	Total
At 1 January 2015:								
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)**
Net book amount	**3,438,470**	**249,412**	**450,141**	**492,380**	**90,512**	**-**	**313,056**	**5,033,971**
Year ended 31 December 2015:								
Opening net book amount	3,438,470	249,412	450,141	492,380	90,512	-	313,056	**5,033,971**
Additions	875,740	43,675	40,973	281,784	-	-	1,273,775	**2,515,947**
Transfers	1,377,974	-	-	-	-	208,857	(1,586,831)	**-**
Disposals	(272,775)	(12,482)	(15,606)	(79,911)	-	-	-	**(380,774)**
Accumulated depreciation on disposed assets	265,836	7,815	14,353	79,911	-	-	-	**367,915**
Depreciation charge	(755,211)	(94,699)	(100,872)	(236,931)	(25,721)	(38,290)		**(1,251,724)**
Impairment losses	(6,104)	-	-	-	-	-	-	**(6,104)**
Impairment losses reversed	1,869	-	-	-	-	-	-	**1,869**
Closing net book amount	**4,925,799**	**193,721**	**388,989**	**537,233**	**64,791**	**170,567**	**-**	**6,281,100**
At 31 December 2015:								
Cost	8,513,487	977,413	1,114,310	1,795,301	274,931	208,857	-	**12,884,299**
Accumulated depreciation and impairment	(3,587,688)	(783,693)	(725,321)	(1,258,068)	(210,139)	(38,290)	-	**(6,603,199)**
Net book amount	**4,925,799**	**193,720**	**388,989**	**537,233**	**64,792**	**170,567**	**-**	**6,281,100**

As at 31 December 2014:

	Inspection and Verification Equipment	Security and Health Equipment	Office Furniture and Equipment	Hardware Equipment	Vehicles	Leasehold Improvements	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)**
Net book amount	**2,672,124**	**311,717**	**235,734**	**211,654**	**58,169**	**-**	**-**	**3,489,399**
Year ended 31 December 2014:								
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**
Closing net book amount	**3,438,470**	**249,412**	**450,142**	**492,379**	**90,512**	**-**	**313,056**	**5,033,971**
At 31 December 2014:								
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)**
Net book amount	**3,438,470**	**249,412**	**450,142**	**492,379**	**90,512**	**-**	**313,056**	**5,033,971**

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

6.2 Intangible assets

As at 31 December 2015:

	Acquired Software	Internally Generated Software	Software Under Development	Assets Under Construction	Total
Balance as at 1 January 2015:					
Cost	362,321	345,142	34,378	-	**741,841**
Accumulated amortisation and impairment	(128,761)	(151,971)	-	-	**(280,732)**
Net book amount	**233,560**	**193,171**	**34,378**	-	**461,109**
As at 31 December 2015:					
Opening net book value	233,560	193,171	34,378	-	**461,109**
Additions	46,491	104,918	500	289,253	**441,162**
Transfers	289,253	34,378	(34,378)	**(289,253)**	-
Amortisation charge	(157,521)	(118,937)	-	-	**(276,458)**
Impairment losses	(4,389)	-	-	-	**(4,389)**
Other movements					
Net book amount as at 31 December 2015	**407,394**	**213,530**	**500**	-	**621,424**
As at 31 December 2015:					
Cost	698,065	484,438	500	-	**1,183,003**
Accumulated amortisation and impairment	(290,671)	(270,908)	-	-	**(561,579)**
Net book amount as at 31 December 2015	**407,394**	**213,530**	**500**	-	**621,424**

As at 31 December 2014:

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

7. ASSESSED CONTRIBUTIONS RECOVERABLE

	2015	2014
Assessed contributions	6,964,566	6,291,499
Less: allowance for impairment of assessed contributions	(741,593)	(667,830)
Total assessed contributions - net	**6,222,973**	**5,623,669**

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 2015, assessed contributions of EUR 6,222,973 (2014: EUR 5,623,669) 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:

	2015	2014
Up to 1 year old	3,425,319	3,497,691
Older than 1 year and up to 2 years	2,652,223	2,034,415
Older than 2 years and up to 3 years	73,633	8,630
Older than 3 years and up to 10 years	25,538	38,736
Older than 10 years	46,260	44,197
	6,222,973	**5,623,669**

7.3 As of 31 December 2015, assessed contributions of EUR 741,593 (2014: EUR 667,830) were impaired and provided for. The amount impaired as at 2015 year end includes the accumulated unpaid assessed contributions net of corresponding cash surplus, as at 31 December 2014, of States Parties who are in arrears with respect to the financial period 2012 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:

	2015	2014
Up to 1 year old	-	-
Older than 1 year and up to 2 years	86,721	79,670
Older than 2 years and up to 3 years	85,032	80,649
Older than 3 years and up to 10 years	374,090	325,209
Older than 10 years	195,750	182,302
	741,593	**667,830**

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:

	2015	2014
At 1 January	667,830	633,810
Provision for impairment of assessed contributions (write-down)	100,800	84,307
Unused amounts reversed (other income)	(27,037)	(50,287)
At 31 December	**741,593**	**667,830**

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. ARTICLE IV AND V RECEIVABLES

	2015	2014
Article IV & V receivables	6,097,151	5,582,638
Less: allowance for impairment of Article IV & V receivables (write-down)	(4,890,078)	(222,950)
Total Article IV & V receivables - net	**1,207,073**	**5,359,688**

8.1 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.

8.2 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.

8.3 As of 31 December 2015, Article IV and V receivables of EUR 1,207,073 (2014: EUR 5,359,688) 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:

	2015	2014
Up to 3 months	1,071,222	2,616,271
Older than 3 months and up to 6 months	135,851	2,743,417
Older than 6 months and up to 1 year	-	-
	1,207,073	**5,359,688**

8.4 As of 31 December 2015, Article IV and V receivables of EUR 4,890,078 (2014: 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:

	2015	2014
Up to 3 months	637,464	-
6 months to 1 year	752,208	-
Older than 1 year and up to 2 years	3,500,406	-
Older than 3 years and up to 10 years	-	222,950
	4,890,078	**222,950**

8.5 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:

At 1 January	**2015**	**2014**
Beginning of period	222,950	222,950
Provision for impairment of Article IV & V receivables	4,890,078	-
Amounts repaid	(222,950)	-
At 31 December	**4,890,078**	**222,950**

8.6 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.

9. OTHER ASSETS

9.1 Other assets comprise the following items:

	2015	2014
Voluntary contributions recoverable	2,164,732	-
Receivables from staff members*	1,066,400	1,376,906
Value-added tax and other recoverable taxes**	1,083,038	936,329
Interest receivable	-	608
Receivables from vendors	55,454	67,426
'Working Capital Fund' receivable	6,757	6,757
Miscellaneous	9,121	7,557
Prepayments - vendors***	1,214,212	999,861
Prepayments - UNOPS	3,693,946	24,544,463
Prepayments - UNDP	56,977	93,845
Other assets	**9,350,637**	**28,033,752**

* '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.

Voluntary contributions recoverable

9.2 The OPCW receives voluntary contributions which are used for various purposes as specified in the donor agreement. In certain agreements, donors advance a proportion of the total agreement amount at the project inception, and pay the remaining amount upon receipt of a final project report. Voluntary contributions receivable represent the final amounts payable to the OPCW under these agreements, to the extent that eligible expenses have been incurred. The corresponding non-exchange revenue in relation to these agreements is included within voluntary contribution revenue (note 22).

10. INVENTORIES

	2015		
	Primary	**Secondary**	**Total**
At 1 January 2015	**511,177**	**582,310**	**1,093,487**
Purchases	71,153	189,656	**260,809**
Inventory consumed	(64,433)	(93,603)	**(158,036)**
Other adjustments	(17,497)	3,807	**(13,690)**
At 31 December 2015	**500,400**	**682,170**	**1,182,570**

	2014		
	Primary	**Secondary**	**Total**
At 1 January 2014	**485,956**	**424,935**	**910,891**
Purchases	113,633	276,997	**390,630**
Inventory consumed	(94,143)	(154,011)	**(248,154)**
Other adjustments	5,731	34,389	**40,120**
At 31 December 2014	**511,177**	**582,310**	**1,093,487**

10.1 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.

10.2 The physical stock count of primary and secondary consumables was carried out as at 31 December 2015. The carrying amount of inventories is shown at lower of cost or current replacement cost as at 31 December 2015.

11. CASH AND CASH EQUIVALENTS

	2015	2014
Unrestricted		
Interest-bearing current accounts	16,863,650	34,242,889
Time deposits	-	1,244,206
Total unrestricted	**16,863,650**	**35,487,095**
Restricted		
Interest-bearing current accounts	153,207	218,981
Time deposits	1,542,396	6,444,645
Total restricted	**1,695,603**	**6,663,626**
Total cash and cash equivalents	**18,559,253**	**42,150,721**

11.1 The following amounts of cash and cash equivalents are not available for use by the OPCW without prior approval:

	Note	2015	2014
Restricted cash and cash equivalents			
Working Capital Fund *	11.2	153,207	5,122,687
Voluntary Fund for Assistance	11.3	1,542,396	1,540,939
Total restricted cash and cash equivalents		**1,695,603**	**6,663,626**

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

Working Capital Fund

11.2 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. In 2015, EUR 4 million was transferred from the Working Capital Fund to the OPCW General Fund to provide short-term liquidity. This amount will be reimbursed to the Working Capital Fund in 2016 in line with Financial Regulation 6.6. Refer to further information disclosed in note 13 ‘Working Capital Fund’.

Voluntary Fund for Assistance

11.3 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. CONTINGENT ASSETS

12.1 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.

12.2 At 31 December 2015, the OPCW reported a final cash deficit of EUR 680,232 for 2014 (Appendix 5.5), instead of a cash surplus, primarily due to arrears in assessed contributions and Article IV and V receivables.

12.3 In the event of a cash deficit, the OPCW may obtain the right, through a decision by the Conference, to recover the amount of the cash deficit from States Parties. The basis of this recovery is determined in the decision made by the Conference, as the Financial Regulation does not prescribe the steps to be taken in the event of cash deficit.

12.4 Given the uncertainty of the amount that may be recoverable by the OPCW, and timing of this decision, no asset is recognised for this amount. Instead, a contingent asset of EUR 680,232 (2014: nil) is disclosed.

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 In 2015, an additional EUR 19,332 was transferred from the Working Capital Fund to the special ERP fund following approval of the final Programme and Budget for 2015 (C-19/DEC.4, dated 3 December 2014).

13.5 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. In 2015, two new States Parties joined the OPCW and made contributions to the Working Capital Fund (2014: nil).

13.6 The movement in the balance of the Working Capital Fund during the reporting period, and the amount held in it, is explained as follows:

	Note	2015	2014
Movement in the 'Working Capital Fund' liability			
At 1 January	Appendix 5.7	4,178,472	9,916,160
Contributions of new States Parties		838	-
Transfer to the special account for new ERP *	Appendix 5.7	(19,332)	(5,737,688)
Total Working Capital Fund as at 31 December		**4,159,978**	**4,178,472**
Of which:			
Non-current portion 'Working Capital Fund' liability	Appendix 5.7	4,159,978	4,178,472
Current portion of 'Working Capital Fund' liability		-	-
Total Working Capital Fund as at 31 December		**4,159,978**	**4,178,472**

* 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'.

13.7 Restrictions regarding the availability of use by the OPCW of amounts of the Working Capital Fund are disclosed in note 11 'Cash and cash equivalents'.

13.8 The Working Capital Fund liability balance differs to the Working Capital Fund cash balance reported in note 11.1 due to the temporary transfer of EUR 4 million to the General Fund in 2015. The Working Capital Fund liability reflects the line of credit provided by States Parties, as set out in Financial Regulation 6.4 and determined by the Conference.

14. VOLUNTARY FUND FOR ASSISTANCE

14.1 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.

14.2 The movement of the Voluntary Fund for Assistance during the reporting period is as follows:

	2015	2014
Balance as at 1 January	**1,532,041**	**1,526,067**
Contributions received/disbursement from States Parties	10,000	5,001
Interest earned and bank charges	355	973
Net proceeds received for Voluntary Fund for Assistance	**10,355**	**5,974**
Total Voluntary Fund for Assistance as at 31 December	**1,542,396**	**1,532,041**
Of which:		
Non-current portion Voluntary Fund for Assistance	1,542,396	1,532,041
Current portion of Voluntary Fund for Assistance	-	-
Total Voluntary Fund for Assistance as at 31 December	**1,542,396**	**1,532,041**

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 ERP fund to be established for the purpose of implementation of a new ERP system.

15.3 At its Twentieth Session, the Conference (C-20/DEC.11, dated 3 December 2015) approved the suspension of the application of Financial Regulation 6.3 of the OPCW, on an exceptional basis, with regard to the allocation of the cash surplus for 2013 among States Parties, and authorised the transfer of the cash surplus for 2013 to the special fund for OPCW special missions.

15.4 An amount of EUR 3,321 (2014: 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.

15.5 Current liabilities at 31 December 2015 of EUR 60,101 (2014: EUR 63,422) represent cash surpluses from 2011 and prior years withheld from the States Parties due to non-payment of assessed contributions to the OPCW.

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

		2015	
		Non-current	Current
Balance as at 1 January 2015		**1,530,991**	**63,422**
Transfer of 2013 cash surplus to special fund for OPCW special missions *		(1,530,991)	-
Distributed cash surplus *	Appendix 5.13	-	(3,321)
Final cash surplus for 2014**	Appendix 5.5	-	-
Balance as at 31 December 2015		**-**	**60,101**

		2014	
		Non-current	Current
Balance as at 1 January 2014		**2,152,063**	**1,587,575**
Transfer of 2012 cash surplus to the special account for the new ERP *		(2,152,063)	-
Distributed cash surplus *		-	(1,524,153)
Final cash surplus for 2013	Appendix 5.5	1,530,991	-
Balance as at 31 December 2014		**1,530,991**	**63,422**

* The transfer of the final 2012 and 2013 cash surpluses and distributed cash surpluses 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'.

** As per Appendix 5.5, 2014 resulted in a final cash deficit. No cash surplus is therefore payable to States Parties for 2014.

16. EMPLOYEE BENEFITS

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

Employee Benefit	Note	2015			2014		
		Non-current	Current	Total	Non-current	Current	Total
Long-term employee benefits							
Post-employment benefits							
Repatriation grant	16.5	2,159,787	2,239,641	4,399,428	2,900,302	1,235,194	4,135,496
Removal	16.5	636,646	614,337	1,250,983	955,113	414,901	1,370,014
Repatriation travel	16.5	314,187	327,726	641,913	545,485	202,045	747,530
Death benefit	16.5	364,345	36,103	400,448	330,898	160,505	491,403
Total post-employment benefits	16.5	**3,474,965**	**3,217,807**	**6,692,772**	**4,731,798**	**2,012,645**	**6,744,443**
Other long-term employee benefits							
Home leave	16.11	-	594,025	594,025	33,063	468,079	501,143
Total long-term employee benefits		**3,474,965**	**3,811,832**	**7,286,797**	**4,764,861**	**2,480,724**	**7,245,586**
Short-term employee benefits							
Annual leave	16.2	-	2,232,583	2,232,583	-	2,391,438	2,391,438
Other short-term employee benefits	16.2	-	871,263	871,263	-	623,252	623,252
Total short-term employee benefits		**-**	**3,103,846**	**3,103,846**	**-**	**3,014,690**	**3,014,690**
Total employee benefits		**3,474,965**	**6,915,678**	**10,390,643**	**4,764,861**	**5,495,414**	**10,260,276**

Short-term employee benefits

16.2 As described in note 3.25, 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 35 ‘Key management remuneration’.

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 2015, a Provident Fund contribution of EUR 7,811,345 (2014: EUR 6,872,005) has been recognised in the employee benefit expenses line of the statement of financial performance (note 26).

Defined benefit plans

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

Post-Employment Benefits	**Per Actuarial Valuation**	
	2015	**2014**
Balance as at 1 January	**6,744,443**	**5,382,107**
Current service cost	1,196,120	1,060,715
Interest cost	23,182	64,355
Contributions by plan participants	-	-
Actuarial (gains)/losses	364,370	865,695
Foreign currency-exchange differences	-	-
Benefits paid	(1,635,343)	(628,429)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Balance as at 31 December	**6,692,772**	**6,744,443**

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

Post-Employment Benefits	2015	2014
Balance as at 31 December		
Present value of defined benefit obligation	6,692,772	6,744,443
Fair value of plan assets	-	-
Deficit/(surplus) in the plan	**6,692,772**	**6,744,443**

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

Post-Employment Benefits	2015	2014
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	6,692,772	6,744,443
Unrecognised actuarial (gains)/losses	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	-	-
Fair value of reimbursement right recognised as an asset	-	-
Other amounts recognised in statement of financial position	-	-
Liability in the statement of financial position	**6,692,772**	**6,744,443**

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

Post-Employment Benefits	2015	2014
Current service cost	1,196,120	1,060,715
Interest cost	23,182	64,355
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial (gains)/losses	-	-
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
Total expense recognised in statement of financial performance	**1,219,302**	**1,125,070**

16.9 The statement of changes in net assets includes a negative change of EUR 364,370 relating to actuarial gains and losses in 2015 (2014: EUR 865,695) 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 2016 is EUR 3,217,807 (2015: EUR 2,012,645).

Other long-term employee benefits

16.11 As described in note 3.28, other long-term employee benefits include home-leave benefits. The discount rate used is 0.00% (2014: 0.20%). Disclosure of these items is provided in note 26 'Employee benefit expenses'. The movement in other long-term employee benefits liabilities over the year is as follows:

Other long-term employee benefits (home-leave benefits)	**2015**	**2014**
Balance as at 1 January	**501,143**	**556,550**
Current service cost	537,943	633,128
Interest cost	1,610	4,480
Contributions by plan participants	-	-
Actuarial (gains)/losses	82,603	(5,490)
Foreign currency-exchange differences	-	-
Benefits paid	(529,274)	(687,525)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Balance as at 31 December	**594,025**	**501,143**

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.

Other long-term employee benefits (home-leave benefits)	**2015**	**2014**
Balance as at 31 December		
Present value of defined benefit obligation	594,025	501,143
Fair value of plan assets	-	-
Deficit/(surplus) in the plan	**594,025**	**501,143**

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

Other long-term employee benefits (home-leave benefits)	**2015**	**2014**
Current service cost	537,943	633,128
Interest cost	1,610	4,480
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial (gains)/losses	82,603	(5,490)
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
Total expense recognised in statement of financial performance	**622,156**	**632,118**

16.14 The principal assumptions used for post-employment benefits and other long-term employee benefits as of 31 December 2015 are the following:

Long-term employee benefits	**2015**	**2014**
Discount rate: Death benefits	1.45%	1.50%
Discount rate: Repatriation grant, removal costs, travel costs	0.00%	0.25%
Discount rate: Home leave	0.00%	0.20%
Expected rate of return for periods presented in financial statements on any reimbursement right	0.00%	0.00%
Inflation	2.00%	2.00%
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 (to minimum rate of 0.0%), the carrying amount of the benefit liability would be an estimated EUR 37,840 (2014: 36,035) lower or EUR 10,455 (2014: 39,821) higher, respectively.

Termination benefits

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

17. ACCOUNTS PAYABLE

17.1 Accounts payable comprise:

	2015	**2014**
Accounts payable - vendors	2,722,003	3,590,347
Reimbursements to governments	360,929	31,932
Accounts payable - staff	339,907	108,395
	3,422,839	**3,730,674**

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 2015.

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 2015.

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 2015, provision is recognised at EUR 15,000 (2014: EUR 39,500) with respect to the outflow that is expected to arise as result of these decisions.

18.2 The movements in the provisions in 2015 comprise:

Provisions for Legal Claims	**2015**	**2014**
At 1 January	39,500	96,243
Increase of provisions	15,000	39,500
Used during the year	(39,500)	(47,743)
Reversal of unused provisions	-	(48,500)
At 31 December	**15,000**	**39,500**

19. OTHER LIABILITIES

Other non-current liabilities

19.1 IPSAS requires that a liability be recognised in respect of an inflow of resources from a non-exchange transaction that are also recognised as assets, to the extent that a present obligation exists against the same inflow. Performance obligations exist as at 31 December 2015 with respect to assessed contributions received or receivable of EUR 1,673,646 (2014: EUR 5,669,451) requiring recognition of a corresponding liability. This liability is shown in the statement of financial position as other non-current liabilities. In 2014, a non-current liability in the amount of EUR 7,546,302 was also recognised for the non-current portion of the special fund for the new ERP. In 2015 this was recognised as other revenue upon project initiation.

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 for trust funds as at 31 December 2015 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 total, an amount of EUR 13,896,610 (2014: EUR 53,923,320) is recognised in the statement of financial position as other current liabilities, including EUR 5,685,619 relating to various trust funds for Syria (2014: EUR 42,210,042), EUR 6,671,887 relating to other trust funds (2014: EUR 6,011,382) and EUR 1,539,104 relating to assessed contributions received in advance (2014: 5,701,896).

20. NET ASSETS

As at 31 December 2015:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/Losses	Total
At 1 January 2015	**(718,051)**	-	**(718,051)**
Movements during the reporting period	9,346,237	(364,370)	**8,981,867**
At 31 December 2015	**8,628,186**	**(364,370)**	**8,263,816**

As at 31 December 2014:

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

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 2015 is EUR 69,319,000 (2014: EUR 67,859,500). 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 2015 with respect to inflow of resources in assessed contributions as well as reduction of previously recognised liabilities relating to satisfied obligations is EUR 65,254,440 (2014: EUR 64,944,573). 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 5.5).

22. VOLUNTARY CONTRIBUTION REVENUE

22.1 Certain States Parties make voluntary contributions which are used for various purposes under conditions as specified by the donor. 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.

22.2 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

	2015	**2014**
Revenue for special funds for the new ERP and OPCW special missions	9,124,822	-
Write-down of other non-current liabilities	4,525,353	84,307
Other operating revenue	104,764	36,261
Total other operating revenue	**13,754,939**	**120,568**

24.1 Other revenue includes EUR 7,909,084 relating to the special fund for the new ERP following project initiation, and EUR 1,215,738 relating to the special fund for OPCW special missions, to the extent that eligible expenditure has been incurred (2014: EUR 0).

24.2 Other revenue of EUR 4,525,353 (2014: EUR 84,307) relates to reduction of 'Other non-current liabilities'. These liabilities are linked to inflow of resources recognised as assets (assessed contributions recoverable and Article IV and V receivables) against which obligations exist in the form of potential cash surpluses reimbursable to

States Parties upon collection of the recoverable and receivables. The assets underlying these liabilities have been impaired (see notes 7.4 and 8.5). 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.

24.3 Other operating revenue represents exchange revenue relating to recovery of costs of inspections of old and abandoned chemical weapons from a State Party.

25. OTHER INCOME

	2015	**2014**
Rental income	45,595	44,621
Other/miscellaneous	24,973	11,698
Gain on sale of assets	147,557	6,000
Total other income	**218,124**	**62,319**

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

	2015	2014 (restated)
Short-term employee benefit expenses		
Salaries and post-adjustment expense *	30,708,412	30,438,453
Dependency allowances	754,090	757,970
Rental subsidies	186,158	169,493
Medical insurance subsidies	944,298	904,277
Death and disability insurance	321,177	280,627
Annual leave expense	3,689,642	3,629,888
Child care allowances	525,704	441,241
Incoming employee expenses (including travel expenses, removal costs and assignment grant)	719,990	828,282
Income tax reimbursement	61,283	(15,509)
Education grant and travel expenses	1,880,902	1,771,277
Others	356,360	726,457
Total short-term employee benefit expenses	**40,148,016**	**39,932,456**
Post-employment benefit expenses		
Provident Fund pension expense (defined contribution plan)	7,811,345	6,872,005
Death benefit expense	55,907	47,378
Repatriation grant expense	795,498	632,478
Travel costs upon separation from the OPCW	597,543	331,772
Removal costs upon separation from the OPCW	342,299	353,104
Total post-employment benefit expenses	**9,602,592**	**8,236,737**
Other long-term employee benefit expenses		
Home leave expense	406,049	607,157
Total other long-term employee benefit expenses	**406,049**	**607,157**
Total – Employee benefit expenses	**50,156,657**	**48,776,350**
Less: Capitalised employee benefit expenses - Software under development by OPCW staff	(83,824)	(83,632)
Net employee benefit expenses	**50,072,833**	**48,692,718**

* Expenses in the amount of EUR 524,393 reported as ‘salaries and post-adjustment expense’ in the 2014 Financial Statements have been reclassified to ‘contractual services’ in the 2014 comparative figures in the 2015 Financial Statements in order to facilitate comparison, in line with IPSAS 1.55. Refer to note 27.

27. CONTRACTUAL SERVICES

27.1 Contractual services of EUR 40,217,209 (2014: EUR 14,712,347) represent expenses incurred in relation to the destruction of chemical weapons and chemical weapons production facilities by contractual partners, as well as consultant fees, interpretation services, laboratory and inspector services.

27.2 Expenses in the amount of EUR 3,377,879 reported as ‘salaries and post-adjustment expense’, ‘operating lease rental expense’, ‘other general operating expenses’ and ‘purchases of furniture and equipment’ in the 2014 Financial Statements have been reclassified to ‘contractual services’ in the 2014 comparative figures in the 2015

Financial Statements in order to facilitate comparison, in line with IPSAS 1.55. Refer to notes 26, 28 and 29. The reclassification is summarised in the table below:

	Note	Reported in 2014 Financial Statements for the Period Ended 31 Dec 2014	Reclassification	Reclassified Value for the Period Ended 31 Dec 2014
Consultancy and contractual services	27	11,334,468	3,377,879	14,712,347
Salaries and post-adjustment expenses	26	30,962,846	(524,393)	30,438,453
Operating lease rental expense	28	3,783,323	(82,923)	3,700,400
Other general operating expenses	28	3,598,110	(2,456,366)	1,141,744
Purchases of furniture and equipment	29	549,885	(314,197)	235,688

28. GENERAL OPERATING EXPENSES

General operating expenses comprise the following:

	2015	2014 (restated)
Operating lease rental expense *	3,474,081	3,700,400
Supplies and materials	358,395	416,890
Utilities	310,020	347,126
Maintenance	528,460	423,656
Inventories	321,436	267,320
Impairment of other accounts receivable	1,508	-
Other general operating expenses *	1,061,341	1,141,744
Total general operating expenses	**6,055,241**	**6,297,136**
Less: Capitalised general operating expenses - Software under development by OPCW staff	(6,360)	(5,156)
Net general operating expenses	**6,048,881**	**6,291,980**

* Expenses in the amount of EUR 82,923 and EUR 2,456,366 reported as 'operating lease rental expense' and 'other general operating expenses' respectively in the 2014 Financial Statements have been reclassified to 'contractual services' in the 2014 comparative figures in the 2015 Financial Statements in order to facilitate comparison, in line with IPSAS 1.55. Refer to note 27.

29. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2015	2014 (Restated)
Loss on disposal of property, plant and equipment	12,208	15,325
Purchases of furniture and equipment *	505,442	235,688
Other staff costs	114,227	84,764
Movement in provisions **	15,000	(9,000)
Total other expenses	**646,877**	**326,777**

* Expenses in the amount of EUR 314,197 reported as 'purchases of furniture and equipment' in the 2014 Financial Statements have been reclassified to 'contractual services' in the 2014 comparative figures in the 2015 Financial Statements in order to facilitate comparison, in line with IPSAS 1.55. Refer to note 27.

** In the 2014 Financial Statements, movements in provisions were presented separately as payments and reductions/increases in provisions. In the 2015 Financial Statements, these amounts are shown net and the 2014 comparative has been revised to reflect this change.

30. FINANCE INCOME AND COSTS

	2015	2014
Finance income		
Interest income arising on cash and cash equivalents	7,235	69,074
Foreign currency gains	193,366	200,588
Other finance income	-	-
Total finance income	**200,601**	**269,662**
Finance costs		
Unwinding of discount on post-employment benefits (note 16.8)	23,182	64,355
Unwinding of discount on other long-term employee benefits (note 16.11)	1,610	4,480
Foreign currency losses	158,857	260,051
Other interest expense	-	-
Total finance costs	**183,649**	**328,886**
Net finance income/(costs)	**16,952**	**(59,224)**

31. SERVICES IN KIND

31.1 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

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

Security services

31.3 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

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

Usage of facilities

31.5 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

31.6 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

31.7 The staff members of the Finance and Accounts Branch provide the OPCW's Provident Fund with disbursements, accounting, reporting, and other administrative services. The Provident Fund Management Board is formed of six staff members including the Deputy Director-General, the Director of Administration, two Professional and higher staff and two General-Service staff, who provide services on a voluntary basis. 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.

32. CONTINGENT LIABILITIES

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'.

33. COMMITMENTS

Capital commitments

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

Capital Commitments	2015	2014
Property, plant and equipment	1,703,822	1,083,232
Intangible assets	20,000	67,143
	1,723,822	**1,150,375**

Operating lease commitments

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

Operating Leases (OPCW as Lessee)	2015	2014
No later than 1 year	3,126,930	2,990,348
Later than 1 year and no later than 5 years	3,639,206	6,177,781
Later than 5 years	-	-
	6,766,136	**9,168,129**

33.3 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 3,474,081 (2014: EUR 3,700,400). The operating lease expense is also disclosed in note 28 ‘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’.

34. RELATED PARTY TRANSACTIONS

34.1 The OPCW is not controlled by another entity, however the OPCW Provident Fund is considered a related party of the OPCW as it shares key management personnel (Deputy Director-General), and the OPCW provides the principal source of Provident Fund Participants’ contributions.

34.2 The OPCW provides administrative support to the Provident Fund free of charge (note 31.7). All other transactions between the OPCW and the Provident Fund are conducted at arm’s length. As at 31 December 2015, a balance in the amount of EUR 149 was payable from the OPCW to the Provident Fund.

34.3 The OPCW is not party to any further arrangements that could be considered as related parties.

35. KEY MANAGEMENT REMUNERATION

35.1 Key management personnel for the OPCW are the Director-General and Deputy Director-General. The remuneration paid or payable to key management for employee services is shown below, and includes benefits available in line with the OPCW Staff Regulations (e.g. base salary, post adjustment, provident fund contributions, education grant, home leave and repatriation costs):

	2015	
	Number of Posts	**Aggregate Remuneration**
Director-General and Deputy Director-General *	2	719,640

* The former Deputy Director-General's remuneration up to 15 July 2015 is also included in addition to the current Deputy Director-General's remuneration.

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

35.2 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.

36. SEGMENT INFORMATION

36.1 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

36.2 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.

36.3 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

36.4 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.

36.5 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

36.6 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.

36.7 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

36.8 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.

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

External Relations

36.10 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.

36.11 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

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

36.13 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

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

36.15 The following subprogrammes are included: Office of the Director; Budget, Planning and Control Branch; Finance and Accounts Branch; Human Resources Branch; Information Services Branch; and Procurement and Support Services Branch.

Special accounts and Voluntary Fund for Assistance

36.16 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.

36.17 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.

36.18 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, dated 3 December 2014.

36.19 Special fund for OPCW special missions: The purpose of this fund is to provide a funding source for future, unforeseen special mission deployments, which will be undertaken at short notice and outside the regular programme of work, as set out in Conference decision C-20/DEC.11.

36.20 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

36.21 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 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

(t) Trust Fund for Syria Missions established in November 2015 to support full elimination of the Syrian Chemical Weapons Programme and clarification of facts related to the alleged use of chemical weapons, in accordance with the relevant decisions of the policy-making organs of the OPCW.

Segment Information
For the period ended 31 December 2015

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / income	**6,349,221**	**28,752,810**	**6,287,844**	**4,649,022**	**1,798,100**	**8,490,730**	**12,458,864**	**49,142,556**	**4,888,579**	**122,817,726**
Segment revenue from budget allocation										
Assessed contributions	6,349,221	25,220,659	6,287,844	4,649,022	1,798,100	8,490,730	12,458,864	-	-	65,254,440
Article IV & V revenue	-	3,427,389	-	-	-	-	-	-	-	3,427,389
Segment revenue from external sources										
Voluntary contributions	-	-	-	-	-	-	-	40,017,733	145,101	40,162,834
Other income / revenue	-	104,762	-	-	-	-	-	9,124,823	4,743,478	13,973,063
Total segment expense	**6,140,225**	**24,802,790**	**6,501,192**	**4,695,779**	**1,855,029**	**8,595,127**	**12,760,053**	**40,040,470**	**8,097,776**	**113,488,441**
Employee benefit expenses	5,360,243	18,815,779	2,508,337	3,649,665	1,487,860	7,673,748	6,868,312	1,892,224	1,816,667	50,072,835
Travel expenses	174,558	3,715,777	2,908,344	253,646	52,328	424,163	50,806	1,741,187	-	9,320,809
Contractual services	401,901	1,683,382	303,235	354,045	152,613	394,025	1,207,154	35,720,852	-	40,217,207
General operating expenses	126,863	528,062	127,652	415,931	136,386	88,329	4,276,845	138,073	210,742	6,048,883
Others	76,660	59,790	653,624	22,492	25,842	14,862	356,936	548,134	6,070,367	7,828,707

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

Segment Information
For the period ended 31 December 2014 (Restated*)

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / income	**6,232,887**	**32,841,152**	**6,176,452**	**4,586,247**	**1,695,368**	**7,708,493**	**12,460,060**	**11,281,458**	**295,247**	**83,277,364**
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
Other income / revenue	-	36,261	-	-	-	-	-	-	146,626	182,887
Total segment expense	**6,168,575**	**26,639,009**	**6,817,581**	**4,910,141**	**1,834,170**	**8,394,568**	**12,910,723**	**11,104,183**	**3,197,849**	**81,976,799**
Employee benefit expenses *	5,620,697	18,657,373	2,597,875	3,655,122	1,497,147	7,505,518	7,233,416	237,275	1,688,295	48,692,718
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	9,057,203	(177)	14,712,347
General operating expenses *	85,612	709,054	134,260	489,056	94,720	75,807	4,116,277	247,561	339,633	6,291,980
Others *	21,310	99,037	612,556	-	74,485	46,537	301,292	16,152	1,170,098	2,341,467

* Expenses in the amount of EUR 3,377,879 reported as ‘salaries and post-adjustment expense’, ‘operating lease rental expense’, ‘other general operating expenses’ and ‘purchases of furniture and equipment’ in the 2014 Financial Statements have been reclassified to ‘contractual services’ in the 2014 comparative figures in the 2015 Financial Statements in order to facilitate comparison, in line with IPSAS 1.55. Refer to notes 26, 27, 28 and 29.

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

37. BUDGETARY INFORMATION

37.1 The approved Programme and Budget covers the period 1 January 2015 through 31 December 2015. 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

37.2 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 12 of these financial statements.

37.3 There was no change between the overall original and final budgets during 2015, which totalled EUR 69,319,000.

37.4 Transfers were made between programmes and subprogrammes in accordance with Financial Regulation 4.6, as detailed under EC-81/DG.8 C-21/DG.1, dated 16 February 2016.

37.5 The level of expenditure for 2015 reflects an overall budget utilisation rate of 99.5%. The Chapter One utilisation rate was 99.8%; the Chapter Two rate was 99.2%.

37.6 The Secretariat spent less than the final budget in all programmes. The utilisation of programme budgets was between 99.1% and 99.9%. Factors contributing to the underutilisation will be detailed in the 2015 Programme Performance Report and taken into consideration when formulating the 2017 Programme and Budget.

Reconciliation of actual amounts from budgetary basis to financial statement basis

37.7 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 2015:

	Operating	Financing	Investing	Total
Actual net surplus amount on budgetary basis (Statement of Comparison of Budget and Actual Amounts)	**367,489**	**-**	**-**	**367,489**
Basis differences				
Unliquidated obligations	2,687,630	-	-	2,687,630
Assessed contributions revenue	(1,053,426)	-	-	(1,053,426)
Articles IV and V revenue	(4,938,109)	-	-	(4,938,109)
Employee benefits	505,176	-	-	505,176
Other basis differences	2,398,615	-	(1,749,851)	648,764
Budgetary (General Fund) results on cash basis	**(32,625)**	-	**(1,749,851)**	**(1,782,476)**
Entity differences				
Trust funds and special accounts	(20,801,461)	(8,139)	(1,059,702)	(21,869,302)
Timing differences	-	-	-	-
Actual amount in the IPSAS cash flow statement	**(20,834,086)**	**(8,139)**	**(2,809,553)**	**(23,651,778)**

For the year ended 31 December 2014:

	Operating	Financing	Investing	Total
Actual net surplus amount on budgetary basis (Statement of Comparison of Budget and Actual Amounts)	**2,284,132**	-	-	**2,284,132**
Basis differences				
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
Budgetary (General Fund) results on cash basis	**2,350,537**	-	**(2,021,442)**	**329,095**
Entity differences				
Trust funds and special accounts	6,440,712	(5,731,714)	(780,136)	(71,138)
Timing differences	-	-	-	-
Actual amount in the IPSAS cash flow statement	**8,791,249**	**(5,731,714)**	**(2,801,578)**	**257,957**

37.8 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

37.9 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.

	2015	2014
Budgetary Accounts (all funds) - excess/(shortfall) of income over expenditure (Appendix 5.1)	**(13,038,291)**	**(5,475,567)**
Prior year adjustments reclassified as current year revenue and expense	(26,882)	1,397,895
Net excess/(shortfall) of income over expenditure	**(13,065,173)**	**(4,077,672)**
Differences		
Expenses of the budgetary accounts reclassified as property, plant and equipment	1,174,535	856,574
Expenses of the budgetary accounts reclassified as inventories	125,545	491,689
Expenses of the budgetary accounts reclassified as intangible assets	304,292	166,927
Recognition of expenses against inventories consumed	(158,036)	(248,154)
Recognition of depreciation and impairment expense on property, plant and equipment	(1,255,959)	(944,851)
Recognition of amortisation and impairment expense (intangible assets)	(280,847)	(182,360)
Derecognition of unliquidated obligations	5,600,467	39,755,443
Recognition of long-term employee benefit expenses	488,718	(514,162)
Recognition of short-term employee benefit expenses	250,461	(496,665)
Assessed contribution recognised as other non-current liabilities	(279,560)	(2,914,928)
Recognition of impairment expense of assessed contributions	(100,800)	(84,307)
Recognition of impairment expense of Articles IV and V receivables	(4,890,078)	-
Recognition of other impairment	(13,718)	(23,943)
Recognition of write-down of other non-current liabilities	4,525,353	84,307
Recognition of expenses based on current year receipt of goods and services	(30,382,387)	(5,652,220)
Recognition of provisions (legal cases)	24,500	56,743
Gain (loss) on disposal of property, plant and equipment	135,982	6,000
Miscellaneous adjustments to expense	1,301,445	135,134
Miscellaneous adjustments to income	11,806	1,632
Adjustments to exchange revenue	956	1,021,022
Income and expense reclassified as finance income/finance cost	(1,322,761)	(266,181)
Adjustments to non-exchange revenue (voluntary contributions with conditions)	47,204,715	(25,928,687)
Total differences	**22,411,410**	**5,319,013**
IPSAS net surplus/(deficit) for the period	**9,346,237**	**1,241,341**

38. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date. The date of authorisation for issue is the date at which the financial statements are certified by the external auditors.

39. 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 (Unaudited): Additional Information to the Financial Statements

Appendix

(UNAUDITED)

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 reserves 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 reserves 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, Voluntary Fund for Assistance 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, special accounts and Voluntary Fund for Assistance (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 37.9 'Reconciliation from budgetary 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 2015 (expressed in euros)

Funding Programme	Appropriations[2]			Expenditure			Balance
	Appropriations	Transfers	Revised	Disbursements	Unliquidated Obligations[3]	Total Expenditure[4]	
Programme 1. Verification	7,124,700	(380,000)	**6,744,700**	6,487,114	229,335	**6,716,449**	**28,251**
Programme 2. Inspections	25,706,600	1,085,000	**26,791,600**	25,576,425	1,189,741	**26,766,166**	**25,434**
Total verification costs (Chapter 1)	**32,831,300**	705,000	**33,536,300**	**32,063,539**	**1,419,077**	**33,482,615**	**53,685**
Programme 3. International Cooperation and Assistance	7,034,500	(355,000)	**6,679,500**	6,233,440	384,080	**6,617,520**	**61,980**
Programme 4. Support to the Policy-Making Organs	4,668,600	270,000	**4,938,600**	4,773,087	135,322	**4,908,409**	**30,191**
Programme 5. External Relations	2,105,100	(195,000)	**1,910,100**	1,877,680	17,442	**1,895,122**	**14,978**
Programme 6. Executive Management	9,002,600	17,000	**9,019,600**	8,632,359	306,108	**8,938,467**	**81,133**
Programme 7. Administration	13,676,900	(442,000)	**13,234,900**	12,714,012	425,603	**13,139,615**	**95,285**
Total administrative and other costs (Chapter 2)	**36,487,700**	(705,000)	**35,782,700**	**34,230,578**	**1,268,555**	**35,499,133**	**283,567**
TOTAL (paragraph 5.8(a) and 5.9(a))	**69,319,000**	-	**69,319,000**	**66,294,117**	**2,687,631**	**68,981,748**	**337,252**

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2 Appropriations for 2015, in the total amount of EUR 69,319,000 (2014: EUR 73,304,400), were approved by the Conference at its Nineteenth Session (C-19/DEC.4). The agreed appropriations were to be financed from assessed annual contributions paid by all States Parties in the amount of EUR 65,529,600 (2014: EUR 67,859,500) and from budgeted direct income in the amount of EUR 3,789,400 (2014: EUR 5,444,900). The balance (budget less expenditures) of EUR 337,252 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 2015 (2014: 0.0%).

3 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.

4 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 2014 (expressed in euros)

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

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 2015 (expressed in euros)

<table>
<tr><th>Fund</th><th>Cash</th><th>Term Deposits</th><th>Total</th></tr>
<tr><td>General Fund</td><td>2,420,960</td><td>-</td><td>2,420,960</td></tr>
<tr><td>Working Capital Fund</td><td>153,208</td><td>-</td><td>153,208</td></tr>
<tr><td>Voluntary Fund for Assistance</td><td>1,542,396</td><td>-</td><td>1,542,396</td></tr>
<tr><td>United States voluntary trust fund</td><td>1,396,442</td><td>-</td><td>1,396,442</td></tr>
<tr><td>Trust fund of Canada for Libya</td><td>148,312</td><td>-</td><td>148,312</td></tr>
<tr><td>Trust fund for European Union Council Decision 2015</td><td>710,712</td><td>-</td><td>710,712</td></tr>
<tr><td>European Union support for OPCW activities 2012</td><td>72,043</td><td>-</td><td>72,043</td></tr>
<tr><td>Special account for the OPCW Equipment Store</td><td rowspan="4">5,093,634*</td><td rowspan="4">-</td><td rowspan="4">5,093,634</td></tr>
<tr><td>Special account for designated laboratories</td></tr>
<tr><td>Special account for the implementation of a new ERP system</td></tr>
<tr><td>Special fund for special missions</td></tr>
<tr><td>Trust Fund for Syria</td><td>51,924</td><td>-</td><td>51,924</td></tr>
<tr><td>Syria Trust Fund for the Destruction of Chemical Weapons</td><td>3,948,988</td><td>-</td><td>3,948,988</td></tr>
<tr><td>Trust Fund for Syria Missions</td><td>850,000</td><td>-</td><td>850,000</td></tr>
<tr><td>OPCW Nobel Prize trust fund</td><td>901,176</td><td>-</td><td>901,176</td></tr>
<tr><td>Regional seminars</td><td rowspan="13">1,269,458*</td><td rowspan="13">-</td><td>160,351</td></tr>
<tr><td>Courses for personnel of National Authorities</td><td>158,088</td></tr>
<tr><td>Implementation of Article X</td><td>483,928</td></tr>
<tr><td>Associate Programme</td><td>4,904</td></tr>
<tr><td>Procurement of GC/MS systems</td><td>57,279</td></tr>
<tr><td>Implementation of Article VII obligations</td><td>140,924</td></tr>
<tr><td>Scientific Advisory Board</td><td>45,800</td></tr>
<tr><td>Internship-Support Programme</td><td>5,770</td></tr>
<tr><td>NGO participation in OPCW events</td><td>783</td></tr>
<tr><td>Conference on International Cooperation and Chemical Safety & Security</td><td>23,412</td></tr>
<tr><td>Trust fund for training</td><td>79,383</td></tr>
<tr><td>Trust fund for the International Support Network for Victims of Chemical Weapons</td><td>87,457</td></tr>
<tr><td>Trust fund for programme support costs</td><td>21,380</td></tr>
<tr><td>TOTAL CASH AND TERM DEPOSITS</td><td>18,559,253</td><td>-</td><td>18,559,253</td></tr>
</table>

* Some trust fund and special accounts 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 2014 (expressed in euros)

Fund	Cash	Term Deposits	Total
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	5,669,465*	-	155,582
Special account for designated laboratories		-	726,062
Special account for the implementation of a new ERP system		-	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 the International Support Network for Victims of Chemical Weapons			34,643
Trust fund for programme support costs			218,605
TOTAL CASH AND TERM DEPOSITS	**34,461,872**	**7,688,851**	**42,150,723**

* Some trust fund and special accounts 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 2015 (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	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
INCOME											
Assessed annual contributions[5]	5.6	65,529,600	67,859,500	-	-	-	-	-	-	**65,529,600**	**67,859,500**
Voluntary contributions	5.15	145,101	148,619	-	-	10,000	5,000	1,927,840	37,205,145	**2,082,941**	**37,358,764**
Miscellaneous income:											
Verification contributions under Articles IV & V	5.14	3,425,862	5,698,805	-	-	-	-	-	-	**3,425,862**	**5,698,805**
Assessed annual contributions - new Member States		4,400	-	-	-	-	-	-	-	**4,400**	-
Interest income		4,021	48,158	-	-	367	1,304	2,847	20,587	**7,235**	**70,049**
Currency-exchange gains		80,371	62,809	-	-	-	-	-	-	**80,371**	**62,809**
Other income		159,882	90,948	-	-	-	-	1,281,112	404,763	**1,440,994**	**495,711**
TOTAL INCOME		**69,349,237**	**73,908,839**	**-**	**-**	**10,367**	**6,304**	**3,211,799**	**37,630,495**	**72,571,403**	**111,545,638**
EXPENDITURE											
Staff costs		49,120,364	48,589,267	-	-	2,861	-	1,895,805	9,504,192	**51,019,030**	**58,093,459**
Travel costs		7,686,402	8,509,679	-	-	224,320	-	1,363,872	2,138,477	**9,274,594**	**10,648,156**
Contractual services		4,806,548	5,851,349	-	-	1,372,508	3,000	1,943,612	17,970,571	**8,122,668**	**23,824,920**
Internships, grants, contributions to seminars and workshops		648,598	633,084	-	-	-	-	958	165,215	**649,556**	**798,299**
General operating expenses		5,969,201	6,294,132	-	-	34,508	2,408	1,387,532	12,843,389	**7,391,241**	**19,139,929**
Furniture and equipment		750,635	1,747,196	-	-	-	281,626	8,428,854	1,089,724	**9,179,489**	**3,118,546**
TOTAL EXPENDITURE	5.8	**68,981,748**	**71,624,707**	**-**	**-**	**1,634,197**	**287,034**	**15,020,633**	**43,711,568**	**85,636,578**	**115,623,309**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		**367,489**	**2,284,132**	**-**	**-**	**(1,623,832)**	**(280,730)**	**(11,808,831)**	**(6,081,073)**	**(13,065,174)**	**(4,077,671)**
Prior period adjustments		252,850	(94,257)	-	-	-	-	(225,968)	(1,303,639)	26,882	(1,397,896)
NET EXCESS/(SHORTFALL) OF INCOME OVER EXPENDITURE		**620,339**	**2,189,875**	**-**	**-**	**(1,623,832)**	**(280,730)**	**(12,034,798)**	**(7,384,712)**	**(13,038,291)**	**(5,475,567)**
Savings on prior period's obligations	5.11	796,236	717,913	-	-	12	45	1,683,036	104,023	**2,479,284**	**821,981**
Transfers to/from other funds		-	-	(19,332)	(5,737,688)	19,332	5,737,688	-	-	**-**	**-**
Credits to Member States[6]	5.13	(3,321)	(1,524,153)	-	-	-	-	-	-	**(3,321)**	**(1,524,153)**
Retention of cash surplus for 2012 and 2013	5.13	(1,530,991)	(2,152,063)	-	-	1,530,991	2,152,063	-	-	**-**	**-**
Increase in Working Capital Fund		-	-	**838**	-	-	-	-	-	**838**	**-**
Reserves and fund balances, beginning of period		6,546,343	7,314,771	4,178,472	9,916,160	10,206,271	2,597,206	16,750,461	24,031,151	**37,681,547**	**43,859,288**
RESERVES AND FUND BALANCES, END OF PERIOD		**6,428,606**	**6,546,343**	**4,159,978**	**4,178,472**	**10,132,774**	**10,206,272**	**6,398,699**	**16,750,462**	**27,120,057**	**37,681,549**

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5 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.

6 The amount of EUR 3,321 (2014: EUR 1,524,153) 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 2015 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 2015 (expressed in euros)

	Reference (Appendix)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance		Trust Funds		TOTAL	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS											
Cash and term deposits	4	2,420,960	4,203,437	153,208	5,122,687	6,636,030	7,210,405	9,349,055	25,614,194	**18,559,253**	**42,150,723**
Accounts receivable:											
Assessed annual contributions from Member States	5.6	6,964,566	6,291,500	-	-	-	-	-	-	**6,964,566**	**6,291,500**
Voluntary contributions		-	-	-	-	-	-	-	-	**-**	**-**
Verification contributions under Articles IV & V [7]	5.14	5,631,626	4,531,393	-	-	-	-	465,525	1,051,246	**6,097,151**	**5,582,639**
Other contributions receivable		-	-	-	-	-	-	-	-	**-**	**-**
Advances		-	-	6,757	6,757	-	-	-	-	**6,757**	**6,757**
Inter-fund balances		1,045,495	1,491,402	4,000,013	-	3,658,036	3,268,910	742,019	454,299	**9,445,563**	**5,214,611**
Other receivables		1,601,030	1,742,363	-	375	91	107	25,301,298	27,065,474	**26,902,419**	**28,808,319**
Other assets		2,376,623	2,642,856	-	-	80,675	-	4,212	1,177	**2,461,510**	**2,644,033**
TOTAL ASSETS		**20,040,300**	**20,902,951**	**4,159,978**	**5,129,819**	**10,374,832**	**10,479,422**	**35,862,109**	**54,186,390**	**70,437,219**	**90,698,582**
LIABILITIES											
Contributions received in advance	5.6, 5.14	1,541,779	5,704,570	-	-	-	-	681,611	144,261	**2,223,390**	**5,848,831**
Unliquidated obligations	5,5, 5.9	2,687,631	3,785,470	-	-	113,016	134,616	27,036,509	35,835,357	**29,837,156**	**39,755,443**
Accounts payable:											
Inter-fund balances		8,400,071	3,723,212	-	951,347	129,041	138,534	916,453	401,517	**9,445,565**	**5,214,610**
Other payables		982,213	1,143,357	-	-	-	-	828,837	1,054,794	**1,811,050**	**2,198,151**
Other liabilities		-	-	-	-	-	-	-	-	**-**	**-**
TOTAL LIABILITIES		**13,611,694**	**14,356,609**	**-**	**951,347**	**242,057**	**273,150**	**29,463,409**	**37,435,929**	**43,317,161**	**53,017,035**
RESERVES AND FUND BALANCES											
Fund balances [8]		6,428,606	6,546,343	4,159,978	4,178,472	10,132,774	10,206,272	6,398,699	16,750,461	**27,120,057**	**37,681,548**
TOTAL RESERVES AND FUND BALANCES		**6,428,606**	**6,546,343**	**4,159,978**	**4,178,472**	**10,132,774**	**10,206,272**	**6,398,699**	**16,750,461**	**27,120,057**	**37,681,548**
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		**20,040,300**	**20,902,952**	**4,159,978**	**5,129,819**	**10,374,832**	**10,479,422**	**35,862,109**	**54,186,390**	**70,437,219**	**90,698,583**

7 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 2015 or missions for which billing information had not yet been fully received as at the same date.

8 Reconciliation of the total fund balances of the budgetary accounts to the net assets of the IPSAS financial statements has been provided in note 37 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 2015 (expressed in euros)

	OPCW Equipment Store		Designated Laboratories		Implementation of new ERP system		Special Fund for Special Missions		Voluntary Fund for Assistance		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
INCOME												
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Voluntary contributions	-	-	-	-	-	-	-	-	10,000	5,000	**10,000**	**5,000**
Miscellaneous income:	-	-	-	-	-	-	-	-	-	-	**-**	
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	**-**	-
Assessed annual contributions - new Member States	-	-	-	-	-	-	-	-	-	-	**-**	-
Interest income	-	69	-	262	-	-	-	-	367	973	**367**	**1,304**
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	**-**	-
Other income	-	-	-	-	-	-	-	-	-	-	**-**	-
TOTAL INCOME	**-**	**69**	**-**	**262**	**-**		**-**		**10,367**	**5,973**	**10,367**	**6,304**
EXPENDITURE												
Staff costs	-	-	-	-	1,903	-	958	-	-	-	**2,861**	-
Travel costs	-	-	-	-	11,410	-	212,910	-	-	-	**224,320**	-
Contractual services	-	3,000	21,348	-	334,028	-	1,017,132	-	-	-	**1,372,508**	**3,000**
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	**-**	-
General operating expenses	305	2,408	20	-	1,358	-	32,814	-	11	-	**34,508**	**2,408**
Furniture and equipment	-	91,283	-	190,343	-	-	-	-	-	-	**-**	**281,626**
TOTAL EXPENDITURE	**305**	**96,691**	**21,368**	**190,343**	**348,699**	**-**	**1,263,814**	**-**	**11**	**-**	**1,634,197**	**287,034**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(305)**	**(96,622)**	**(21,368)**	**(190,081)**	**(348,700)**	**-**	**(1,263,814)**	**-**	**10,355**	**5,973**	**(1,623,832)**	**(280,730)**
Prior period adjustments	-	-	-	-	-	-	-	-	-	-	**-**	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(305)**	**(96,622)**	**(21,368)**	**(190,081)**	**(348,700)**	**-**	**(1,263,814)**	**-**	**10,355**	**5,973**	**(1,623,832)**	**(280,730)**
Savings on prior period’s obligations	12	45	-	-	-	-	-	-	-	-	**12**	**45**
Transfers to/from other funds	-	-	-	-	19,332	7,889,751	-	-	-	-	**19,332**	**7,889,751**
Credits to Member States	-	-	-	-	-	-	-	-	-	-	**-**	-
Retention of cash surplus for 2012 and 2013	-	-	-	-	-	-	1,530,991	-	-	-	**1,530,991**	-
Increase in Working Capital Fund	-	-	-	-	-	-	-	-	-	-	**-**	-
Reserves and fund balances, beginning of period	22,909	119,487	761,571	951,652	7,889,751	-	-	-	1,532,040	1,526,067	**10,206,271**	**2,597,206**
RESERVES AND FUND BALANCES, END OF PERIOD	**22,616**	**22,910**	**740,203**	**761,571**	**7,560,383**	**7,889,751**	**267,177**	**-**	**1,542,395**	**1,532,040**	**10,132,774**	**10,206,272**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2015 (expressed in euros)

	Regional Seminars		Courses for Personnel of National Authorities		US Voluntary Fund		Implementation of Article X		Associate Programme		Scientific Advisory Board	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
INCOME												
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	386,905	303,033	-	77,998	-	-	212,575	149,101	-	-	2,000	29,654
Miscellaneous income:												
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	88	-	33	93	701	-	43	-	1	-	7
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**386,905**	**303,121**	**-**	**78,031**	**93**	**701**	**212,575**	**149,144**	**-**	**1**	**2,000**	**29,661**
EXPENDITURE												
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-
Travel costs	264,397	195,416	-	40,272	54,484	15,536	49,365	89,382	-	-	9,251	18,965
Contractual services	14,701	16,616	-	1,182	1,890	20,843	31,557	3,347	-	-	1,176	300
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	-	14,566
General operating expenses	5,747	5,579	-	107	3,259	13	800	1,350	-	-	109	42
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**284,845**	**217,611**	**-**	**41,561**	**59,633**	**36,392**	**81,722**	**94,079**	**-**	**-**	**10,536**	**33,873**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**102,061**	**85,510**	**-**	**36,470**	**(59,540)**	**(35,691)**	**130,853**	**55,065**	**-**	**1**	**(8,536)**	**(4,212)**
Prior period adjustments	(25,380)	-	-	-	(12,050)	(10,773)	(23,539)	-	-	-	-	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**76,681**	**85,510**	**-**	**36,470**	**(71,590)**	**(46,464)**	**107,314**	**55,065**	**-**	**1**	**(8,536)**	**(4,212)**
Savings on prior period's obligations	30,002	3,102	-	-	12,968	-	-	4,402	-	-	-	12
Transfers to/from other funds	-	-	-	-	-	2,567	-	-	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	285,292	196,680	165,063	128,593	1,464,356	1,508,253	138,790	79,323	5,024	5,023	31,700	35,900
RESERVES AND FUND BALANCES, END OF PERIOD	**391,975**	**285,292**	**165,063**	**165,063**	**1,405,734**	**1,464,356**	**246,104**	**138,790**	**5,024**	**5,024**	**23,164**	**31,700**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds
- For the period ended 31 December 2015 (expressed in euros) (continued)

	NGO Participation in OPCW Events		Procurement of GC/MS Systems		Implementation of Article VII Obligations		Programme Support Costs		Trust Fund for Syria Missions		Internship Support Project	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
INCOME												
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	59,344	-	-	600,000	-	-	-
Miscellaneous income: Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	10	-	29	-	-	-	-	-	1
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	1,276,899	404,763	-	-	-	-
TOTAL INCOME	**-**	**-**	**-**	**10**	**-**	**59,373**	**1,276,899**	**404,763**	**600,000**	**-**	**-**	**1**
EXPENDITURE												
Staff costs	-	-	-	-	-	-	1,231,275	124,855	-	-	-	-
Travel costs	-	-	-	-	-	56,781	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	9,060	-	5,070	-	-	-
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	-	-
General operating expenses	-	-	-	-	-	-	1,218	-	-	-	-	-
Furniture and equipment	-	-	-	-	-	-	16,009	-	-	-	-	-
TOTAL EXPENDITURE	**-**	**-**	**-**	**-**	**-**	**56,781**	**1,257,562**	**124,855**	**5,070**	**-**	**-**	**-**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**-**	**-**	**-**	**10**	**-**	**2,592**	**19,337**	**279,908**	**594,930**	**-**	**-**	**1**
Prior period adjustments	-	(1,164)	-	-	(11,100)	-	(248,506)	-	-	-	-	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**-**	**(1,164)**	**-**	**10**	**(11,100)**	**2,592**	**(229,169)**	**279,908**	**594,930**	**-**	**-**	**1**
Savings on prior period's obligations	-	-	-	-	-	58	-	-	-	-	-	-
Transfers to/from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	(252)	912	60,623	60,613	114,054	111,404	279,908	-	-	-	5,912	5,911
RESERVES AND FUND BALANCES, END OF PERIOD	**(252)**	**(252)**	**60,623**	**60,623**	**102,954**	**114,054**	**50,739**	**279,908**	**594,930**	**-**	**5,912**	**5,912**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds
- For the period ended 31 December 2015 (expressed in euros) (continued)

	Conference on International Cooperation and Chemical Safety & Security		Trust Fund for Training		Trust Fund of Canada for Libya		EU Support for OPCW Activities 2012		EU Council Decision 2015		International Support Network for Victims of Chemical Weapons	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
INCOME												
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	41,073	-	-	-	-	488,333	632,017	-	-	-
Miscellaneous income:												
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	4	-	7	160	942	-	14	-	-	-	3
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**-**	**4**	**41,073**	**7**	**160**	**942**	**-**	**488,347**	**632,017**	**-**	**-**	**3**
EXPENDITURE												
Staff costs	-	-	-	-	-	-	15,523	73,020	33,279	-	-	-
Travel costs	-	-	514	-	2,271	126,794	48	399,697	227,220	-	16,694	-
Contractual services	1,000	-	19,430	-	59,251	400,898	-	72,357	148,560	-	11,254	-
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	150,649	958	-	-	-
General operating expenses	1,450	-	10	-	11	2,439	126,170	4,433	7,314	-	157	-
Furniture and equipment	-	-	-	-	2,150,206	-	-	29,977	8,899	-	-	-
TOTAL EXPENDITURE	**2,450**	**-**	**19,954**	**-**	**2,211,739**	**530,131**	**141,741**	**730,133**	**426,230**	**-**	**28,105**	**-**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(2,450)**	**4**	**21,119**	**7**	**(2,211,578)**	**(529,189)**	**(141,741)**	**(241,786)**	**205,787**	**-**	**(28,105)**	**3**
Prior period adjustments	-	-	(3,451)	-	-	11,519	(71,015)	10,740	-	-	-	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(2,450)**	**4**	**17,668**	**7**	**(2,211,578)**	**(517,670)**	**(212,756)**	**(231,046)**	**205,787**		**(28,105)**	**3**
Savings on prior period's obligations	-	-	-	-	-	1,033	21,285	138	-	-	-	-
Transfers to/from other funds	-	(2,567)	-	-	-	-	-	-	-	-	45,000	20,000
Credits to Member States	-	-	-	-	-		-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	20,977	23,540	38,852	38,845	2,331,776	2,848,413	191,471	422,379	-	-	35,003	15,000
RESERVES AND FUND BALANCES, END OF PERIOD	**18,527**	**20,977**	**56,520**	**38,852**	**120,198**	**2,331,776**	**-**	**191,471**	**205,787**	**-**	**51,898**	**35,003**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds
- For the period ended 31 December 2015 (expressed in euros) (continued)

	Trust Fund for Syria		Syria Trust Fund for the Destruction of Chemical Weapons		OPCW Nobel Prize Trust Fund		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
INCOME								
Assessed annual contributions	-	-	-	-	-	-	**-**	**-**
Voluntary contributions	-	-	13,270	36,057,682	40,000	40,000	**1,927,840**	**37,205,145**
Miscellaneous income:								
Verification contributions under Articles IV & V	-	-	-	-	-	-	**-**	**-**
Assessed contributions - new Member States	-	-	-	-	-	-	**-**	**-**
Interest income	-	24	2,594	18,680	-	-	**2,847**	**20,587**
Currency-exchange gains	-	-	-	-	-	-	**-**	**-**
Other income	-	-	4,213	-	-	-	**1,281,112**	**404,763**
TOTAL INCOME	**-**	**24**	**20,077**	**36,076,362**	**40,000**	**40,000**	**3,211,799**	**37,630,495**
EXPENDITURE								
Staff costs	318,435	21,090	297,293	9,285,227	-	-	**1,895,805**	**9,504,192**
Travel costs	75,628	228,963	660,051	966,671	3,949	-	**1,363,872**	**2,138,477**
Contractual services	44,260	2,304,370	1,593,999	15,150,658	2,404	-	**1,943,612**	**17,970,571**
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	**958**	**165,215**
General operating expenses	160,004	79,964	1,035,833	12,746,481	45,450	2,981	**1,387,532**	**12,843,389**
Furniture and equipment	-	565,621	6,253,740	494,126	-	-	**8,428,854**	**1,089,724**
TOTAL EXPENDITURE	**598,327**	**3,200,008**	**9,840,916**	**38,643,163**	**51,803**	**2,981**	**15,020,633**	**43,711,568**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(598,326)**	**(3,199,984)**	**(9,820,839)**	**(2,566,801)**	**(11,803)**	**37,019**	**(11,808,831)**	**(6,081,073)**
Prior period adjustments	324,020	(271,945)	(154,947)	(1,042,016)	-	-	**(225,968)**	**(1,303,639)**
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(274,305)**	**(3,471,929)**	**(9,975,786)**	**(3,608,817)**	**(11,803)**	**37,019**	**(12,034,798)**	**(7,384,712)**
Savings on prior period's obligations	-	95,278	1,618,781	-	-	-	**1,683,036**	**104,023**
Transfers to/from other funds	-	33,358	-	(33,358)	(45,000)	(20,000)	**-**	**-**
Credits to Member States	-	-	-	-	-	-	**-**	**-**
Other adjustments to reserves and fund balances	-	-	-	-	-	-	**-**	**-**
Reserves and fund balances, beginning of period	185,565	3,528,858	10,493,392	14,135,567	902,955	885,936	**16,750,461**	**24,031,150**
RESERVES AND FUND BALANCES, END OF PERIOD	**(88,740)**[9]	**185,565**	**2,136,387**	**10,493,392**	**846,152**	**902,955**	**6,398,699**	**16,750,462**

9 The balance for the Trust Fund for Syria is negative, pending payment of a final instalment from one donor, in line with the contractual arrangements. Income relating to this final payment will be recognised when the cash is receipted in 2016, at which point the fund will return to a positive balance.

5.5 Budgetary accounts: Statement of cash surpluses - General Fund - as at 31 December 2015 (expressed in euros)

PROVISIONAL CASH SURPLUS - CURRENT YEAR	**2015**	**2014**
Receipts	64,023,400	66,102,706
Disbursements	(66,294,117)	(67,839,234)
EXCESS / (SHORTFALL) OF RECEIPTS OVER DISBURSEMENTS	**(2,270,717)**	**(1,736,528)**
Unliquidated obligations	(2,687,631)	(3,785,470)
Transfers to/from other funds	-	-
PROVISIONAL SURPLUS / (DEFICIT) AS AT END OF THE REPORTING PERIOD	**(4,958,349)**	**(5,521,998)**
BUDGETARY SURPLUS		
Contributions receivable	3,425,318	3,497,691
Miscellaneous income receivable	1,900,519	4,308,442
Transfers to/from other funds	-	-
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE - (STATEMENT I) BUDGETARY SURPLUS	**367,489**	**2,284,135**
FINAL CASH SURPLUS - PRIOR YEAR	**2014**	**2013**
PROVISIONAL SURPLUS / (DEFICIT)	**(5,521,998)**	**(1,977,329)**
Receipt of:		
Arrears from prior years' annual contributions	2,752,252	1,395,070
Miscellaneous income from prior years	1,387,534	1,504,961
Savings on prior period's obligations (paragraph 5.11)	796,236	717,912
PRIOR YEAR CASH SURPLUS / (DEFICIT)	**(585,975)**	**1,640,614**
Prior period adjustment	(94,257)	(109,623)
Prior period transfers from the General Fund to special accounts	-	-
FINAL CASH SURPLUS[10] / (DEFICIT)	**(680,232)**	**1,530,991**

10 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 2015 (expressed in euros)

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2013	2014 Annual Contributions			2015 Annual Contributions			Total Balance Outstanding 1993 - 2015	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Afghanistan	-	-	3,417	3,417	-	3,300	3,300	-	-	-
Albania	-	-	6,835	6,835	-	6,600	6,600	-	-	-
Algeria	-	-	93,637	93,637	-	90,422	90,422	-	-	-
Andorra	-	-	5,468	5,468	-	5,280	5,280	-	-	-
Antigua and Barbuda	-	12,409	1,367	-	1,367	1,320	-	1,320	15,096	-
Argentina	-	-	295,263	295,263	-	285,125	-	285,125	285,125	-
Armenia	-	-	4,784	4,784	-	4,620	4,620	-	-	-
Australia	-	-	1,417,533	1,417,533	-	1,368,865	1,368,865	-	-	-
Austria	-	-	545,416	545,416	-	526,689	526,689	-	-	-
Azerbaijan	-	-	27,339	27,339	-	26,400	26,400	-	-	-
Bahamas	-	-	11,619	284	11,335	11,220	-	11,220	22,555	-
Bahrain	-	-	26,656	26,656	-	25,740	25,681	59	59	-
Bangladesh	-	-	6,835	6,835	-	6,600	6,600	-	-	-
Barbados	-	-	5,468	5,468	-	5,280	5,280	-	-	-
Belarus	-	-	38,275	38,275	-	36,961	36,961	-	-	-
Belgium	-	-	682,111	682,111	-	658,692	658,692	-	-	-
Belize	-	-	679	679	-	655	16	639	639	-
Benin	-	1,814	2,050	-	2,050	1,980	-	1,980	5,844	-
Bhutan	-	-	679	679	-	655	655	-	-	-
Bolivia (Plurinational State of)	-	-	6,151	6,151	-	5,940	5,940	-	-	-
Bosnia and Herzegovina	-	-	11,619	11,619	-	11,220	11,220	-	-	-
Botswana	-	-	11,619	11,619	-	11,220	11,220	-	-	-
Brazil	-	-	2,005,325	25,938	1,979,387	1,936,475	-	1,936,475	3,915,862	-
Brunei Darussalam	-	-	17,770	17,770	-	17,160	17,160	-	-	-
Bulgaria	-	-	32,123	32,123	-	31,021	31,021	-	-	31,013
Burkina Faso	-	-	2,050	99	1,951	1,980	-	1,980	3,931	-
Burundi	-	-	679	679	-	655	655	-	-	655
Cambodia	-	-	2,734	2,734	-	2,640	2,640	-	-	-
Cameroon	-	-	8,202	8,200	2	7,920	-	7,920	7,922	-
Canada	-	-	2,039,498	2,039,498	-	1,969,475	1,969,475	-	-	-
Cabo Verde	-	-	679	442	237	655	-	655	892	-
Central African Republic	6,663	4,928	679	-	679	655	-	655	12,925	-
Chad	-	-	1,367	1,367	-	1,320	1,320	-	-	2,856
Chile	-	-	228,282	228,282	-	220,444	220,444	-	-	3,822
China	-	-	3,518,544	3,518,544	-	3,397,740	3,397,740	-	-	-
Colombia	-	-	177,021	177,021	-	170,943	-	170,943	170,943	-
Comoros	6,663	4,987	679	-	679	655	-	655	12,984	-
Congo	-	-	3,417	73	3,344	3,300	-	3,300	6,644	-
Cook Islands	-	-	679	679	-	655	627	28	28	-
Costa Rica	-	-	25,972	25,972	-	25,080	25,080	-	-	2,182
Côte d'Ivoire	-	-	7,518	7,518	-	7,260	7,260	-	-	-
Croatia	-	-	86,118	86,118	-	83,161	83,161	-	-	-
Cuba	-	-	47,160	151	47,009	45,541	-	45,541	92,550	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2013	2014 Annual Contributions			2015 Annual Contributions			Total Balance Outstanding 1993 - 2015	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Cyprus	-	-	32,123	32,123	-	31,021	31,021	-	-	-
Czech Republic	-	-	263,823	263,823	-	254,764	254,764	-	-	-
Democratic Republic of the Congo	6,615	16,841	2,050	-	2,050	1,980	-	1,980	27,486	-
Denmark	-	-	461,348	461,348	-	445,508	445,508	-	-	-
Djibouti	5,987	5,394	679	-	679	655	-	655	12,715	-
Dominica	4,302	8,525	679	-	679	655	-	655	14,161	-
Dominican Republic	9,038	128,681	30,757	-	30,757	29,701	-	29,701	198,177	-
Ecuador	-	-	30,073	30,073	-	29,041	29,041	-	-	-
El Salvador	6,664	187,395	10,936	-	10,936	10,560	-	10,560	215,555	-
Equatorial Guinea	-	-	6,835	130	6,705	6,600	-	6,600	13,305	-
Eritrea	-	-	679	16	663	655	-	655	1,318	-
Estonia	-	-	27,339	27,339	-	26,400	26,400	-	-	-
Ethiopia	-	-	6,835	6,835	-	6,600	6,600	-	-	-
Fiji	-	-	2,050	2,050	-	1,980	1,980	-	-	22
Finland	-	-	354,725	354,725	-	342,546	342,546	-	-	-
France	-	-	3,822,692	3,822,692	-	3,691,445	3,691,445	-	-	-
Gabon	-	-	13,670	13,670	-	13,200	62	13,138	13,138	-
Gambia	-	-	679	16	663	655	-	655	1,318	-
Georgia	-	-	4,784	4,784	-	4,620	4,620	-	-	-
Germany	-	-	4,880,716	4,880,716	-	4,713,143	4,713,143	-	-	-
Ghana	-	-	9,569	9,569	-	9,240	97	9,143	9,143	-
Greece	-	-	436,059	436,059	-	421,087	421,087	-	-	-
Grenada	-	**3,177**	679	-	679	655	-	655	4,511	-
Guatemala	-	-	18,454	18,454	-	17,820	17,820	-	-	5,374
Guinea	6,664	29,968	679	-	679	655	-	655	37,966	-
Guinea-Bissau	6,664	3,784	679	-	679	655	-	655	11,782	-
Guyana	-	-	679	679	-	655	655	-	-	19,019
Haiti	-	-	2,050	2,050	-	1,980	1,980	-	-	2,049
Holy See	-	-	679	679	-	655	655	-	-	-
Honduras	-	-	5,468	5,468	-	5,280	5,259	21	21	-
Hungary	-	-	181,805	181,805	-	175,563	175,563	-	-	-
Iceland	-	-	18,454	18,454	-	17,820	17,820	-	-	-
India	-	-	455,196	455,196	-	439,568	439,568	-	-	-
Indonesia	-	-	236,483	236,483	-	228,364	228,364	-	-	-
Iran (Islamic Republic of)	-	-	243,318	243,318	-	234,964	-	234,964	234,964	-
Iraq	-	-	46,477	46,477	-	44,881	44,881	-	-	-
Ireland	-	-	285,694	285,694	-	275,885	275,885	-	-	275,814
Italy	-	-	3,040,110	3,040,110	-	2,935,732	2,935,732	-	-	-
Jamaica	-	44,192	7,518	-	7,518	7,260	-	7,260	58,970	-
Japan	-	-	7,404,117	7,404,117	-	7,149,905	7,149,905	-	-	-
Jordan	-	-	15,037	15,037	-	14,520	14,520	-	-	-
Kazakhstan	-	-	82,701	82,701	-	79,861	79,861	-	-	-
Kenya	-	-	8,885	8,885	-	8,580	8,580	-	-	-
Kiribati	-	1,751	679	-	679	655	-	655	3,085	-
Kuwait	-	-	186,590	186,590	-	180,183	180,183	-	-	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2013	2014 Annual Contributions			2015 Annual Contributions			Total Balance Outstanding 1993 - 2015	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Kyrgyzstan	28,975	7,682	1,367	-	1,367	1,320	-	1,320	39,344	-
Lao People's Democratic Republic	-	-	1,367	1,367	-	1,320	1,320	-	-	-
Latvia	-	-	32,123	32,123	-	31,021	31,021	-	-	-
Lebanon	-	-	28,706	28,706	-	27,720	27,720	-	-	-
Lesotho	-	-	679	679	-	655	-	655	655	-
Liberia	-	-	679	679	-	655	655	-	-	669
Libya	-	-	97,054	2,089	94,965	93,722	-	93,722	188,687	-
Liechtenstein	-	-	6,151	6,151	-	5,940	5,940	-	-	-
Lithuania	-	-	49,894	49,894	-	48,181	48,181	-	-	48,168
Luxembourg	-	-	55,362	55,362	-	53,461	53,461	-	-	-
Madagascar	-	4,395	2,050	-	2,050	1,980	-	1,980	8,425	-
Malawi	-	-	1,367	1,367	-	1,320	1,320	-	-	16
Malaysia	-	-	192,057	192,057	-	185,463	185,463	-	-	-
Maldives	-	2,370	679	-	679	655	-	655	3,704	-
Mali	-	-	2,734	2,734	-	2,640	2,640	-	-	22,787
Malta	-	-	10,936	10,936	-	10,560	10,560	-	-	-
Marshall Islands	-	4,887	679	-	679	655	-	655	6,221	-
Mauritania	-	-	1,367	773	594	1,320	-	1,320	1,914	-
Mauritius	-	-	8,885	8,885	-	8,580	8,580	-	-	-
Mexico	-	-	1,258,966	1,258,966	-	1,215,742	1,215,742	-	-	-
Micronesia (Federated States of)	-	5,973	679	-	679	655	-	655	7,307	-
Monaco	-	-	8,202	8,202	-	7,920	7,920	-	-	-
Mongolia	-	-	2,050	2,045	5	1,980	-	1,980	1,985	-
Montenegro	-	-	3,417	3,417	-	3,300	3,300	-	-	-
Morocco	-	-	42,376	42,376	-	40,921	40,921	-	-	-
Mozambique	-	-	2,050	2,050	-	1,980	1,980	-	-	48
Namibia	-	-	6,835	6,835	-	6,600	-	6,600	6,600	-
Nauru	4,064	7,486	679	-	679	655	-	655	12,884	-
Nepal	-	3,922	4,101	-	4,101	3,960	-	3,960	11,983	-
Netherlands	-	-	1,130,472	1,130,472	-	1,091,660	1,091,660	-	-	1,091,377
New Zealand	-	-	172,920	172,920	-	166,983	166,983	-	-	-
Nicaragua	-	8,725	2,050	-	2,050	1,980	-	1,980	12,755	-
Niger	6,664	23,438	1,367	-	1,367	1,320	-	1,320	32,789	-
Nigeria	-	60,241	61,513	-	61,513	59,401	-	59,401	181,155	-
Niue	-	-	679	679	-	655	640	15	15	-
Norway	-	-	581,640	581,640	-	561,670	561,670	-	-	-
Oman	-	-	69,715	69,715	-	67,321	67,321	-	-	-
Pakistan	-	-	58,096	58,096	-	56,101	56,101	-	-	24,416
Palau	-	-	679	679	-	655	439	216	216	-
Panama	-	-	17,770	17,770	-	17,160	17,160	-	-	615
Papua New Guinea	-	-	2,734	2,734	-	2,640	2,640	-	-	-
Paraguay	-	40,104	6,835	-	6,835	6,600	-	6,600	53,539	-
Peru	-	-	79,967	79,967	-	77,221	77,221	-	-	2,852
Philippines	-	-	105,256	105,256	-	101,642	101,642	-	-	3
Poland	-	-	629,483	629,483	-	607,871	607,871	-	-	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2013	2014 Annual Contributions			2015 Annual Contributions			Total Balance Outstanding 1993 - 2015	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Portugal	-	-	323,969	323,969	-	312,845	312,845	-	-	-
Qatar	-	-	142,847	142,847	-	137,942	137,942	-	-	4,000
Republic of Korea	-	-	1,362,854	1,362,854	-	1,316,064	1,316,064	-	-	-
Republic of Moldova	-	-	2,050	2,050	-	1,980	1,980	-	-	-
Romania	-	-	154,466	154,466	-	149,163	149,163	-	-	-
Russian Federation	-	-	1,666,319	1,666,319	-	1,609,109	1,609,109	-	-	-
Rwanda	-	-	1,367	1,367	-	1,320	1,320	-	-	-
Saint Kitts and Nevis	-	-	679	679	-	655	461	194	194	-
Saint Lucia	-	-	679	664	15	655	-	655	670	-
Saint Vincent and the Grenadines	5,987	7,632	679	-	679	655	-	655	14,953	-
Samoa	-	-	679	679	-	655	655	-	-	-
San Marino	-	-	2,050	2,050	-	1,980	1,980	-	-	-
Sao Tome and Principe	-	7,006	679	-	679	655	-	655	8,340	-
Saudi Arabia	-	-	590,525	590,525	-	570,250	570,250	-	-	-
Senegal	-	-	4,101	4,101	-	3,960	97	3,863	3,863	-
Serbia	-	-	27,339	27,339	-	26,400	26,400	-	-	-
Seychelles	-	-	679	679	-	655	655	-	-	-
Sierra Leone	6,664	6,331	679	-	679	655	-	655	14,329	-
Singapore	-	-	262,456	262,456	-	253,444	253,444	-	-	-
Slovakia	-	-	116,875	116,875	-	112,862	112,862	-	-	-
Slovenia	-	-	68,348	68,348	-	66,001	66,001	-	-	-
Solomon Islands	-	3,060	679	-	679	655	-	655	4,394	-
Somalia	-	388	679	-	679	655	-	655	1,722	-
South Africa	-	-	254,254	254,254	-	245,524	245,524	-	-	-
Spain	-	-	2,031,979	2,031,979	-	1,962,215	1,962,215	-	-	-
Sri Lanka	-	-	17,087	17,087	-	16,500	16,500	-	-	-
Sudan	-	6,623	6,835	-	6,835	6,600	-	6,600	20,058	-
Suriname	-	-	2,734	2,734	-	2,640	2,640	-	-	-
Swaziland	-	-	2,050	2,050	-	1,980	-	1,980	1,980	-
Sweden	-	-	656,139	656,139	-	633,612	633,612	-	-	-
Switzerland	-	-	715,602	715,602	-	691,033	691,033	-	-	-
Syrian Arab Republic	-	-	24,605	24,605	-	23,760	23,760	-	-	-
Tajikistan	-	-	2,050	2,050	-	1,980	1,188	792	792	-
Thailand	-	-	163,351	163,351	-	157,743	157,743	-	-	-
The former Yugoslav Republic of Macedonia	-	-	5,468	5,468	-	5,280	5,280	-	-	-
Timor-Leste	-	-	1,367	1,367	-	1,320	46	1,274	1,274	-
Togo	-	645	679	-	679	655	-	655	1,979	-
Tonga	-	-	679	679	-	655	655	-	-	1,326
Trinidad and Tobago	-	-	30,073	30,073	-	29,041	29,041	-	-	-
Tunisia	-	-	24,605	24,605	-	23,760	23,760	-	-	-
Turkey	-	-	907,659	907,659	-	876,496	876,496	-	-	-
Turkmenistan	-	-	12,986	12,986	-	12,540	12,540	-	-	-
Tuvalu	-	899	679	-	679	655	-	655	2,233	-
Uganda	-	-	4,101	4,101	-	3,960	3,960	-	-	24

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2013	2014 Annual Contributions			2015 Annual Contributions			Total Balance Outstanding 1993 - 2015	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Ukraine	-	-	67,664	67,664	-	65,341	65,341	-	-	-
United Arab Emirates	-	-	406,669	406,669	-	392,707	392,707	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	3,539,732	3,539,732	-	3,418,200	3,418,200	-	-	-
United Republic of Tanzania	-	-	6,151	117	6,034	5,940	-	5,940	11,974	-
United States of America	-	-	14,929,089	14,929,089	-	14,416,513	14,416,513	-	-	-
Uruguay	-	-	35,541	35,541	-	34,321	34,321	-	-	-
Uzbekistan	-	10,492	10,252	10,252	-	9,900	9,900	-	10,492	-
Vanuatu	-	5,629	679	-	679	655	-	655	6,963	-
Venezuela (Bolivarian Republic of)	-	-	428,541	5,085	423,456	413,827	-	413,827	837,283	-
Viet Nam	-	-	28,706	28,706	-	27,720	27,720	-	-	-
Yemen	-	13,180	6,835	-	6,835	6,600	-	6,600	26,615	-
Zambia	-	-	4,101	4,101	-	3,960	-	3,960	3,960	-
Zimbabwe	-	3,737	1,367	-	1,367	1,320	-	1,320	6,424	-
Subtotal	**111,614**	**688,691**	**67,859,500**	**65,120,557**	**2,738,943**	**65,529,600**	**62,106,564**	**3,423,036**	**6,962,284**	**1,539,107**
New Members in 2015:										
Myanmar						2,750	468	2,282	2,282	-
Angola						1,650	1,650	-	-	-
Subtotal						**4,400**	**2,118**	**2,282**	**2,282**	**-**
Total as at 31 December 2015	**111,614**	**688,691**	**67,859,500**	**65,120,557**	**2,738,943**	**65,534,000**	**62,108,682**	**3,425,318**	**6,964,566**	**1,539,107**

5.7 Status of advances to the Working Capital Fund - As at 31 December 2015 (expressed in euros)

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a New ERP[11]	WCF After Transfers to Special Account for a New ERP
	Original	Increment	Total				
Afghanistan	408	102	510	510	-	161	349
Albania	454	255	709	709	-	320	389
Algeria	7,958	3,877	11,835	11,835	-	5,020	6,815
Andorra	181	255	436	436	-	281	155
Antigua and Barbuda	142	158	300	-	300	178	122
Argentina	23,875	48,764	72,639	72,639	-	52,194	20,445
Armenia	2,487	102	2,589	2,589	-	459	2,130
Australia	73,615	81,205	154,820	154,820	-	91,780	63,040
Austria	43,274	43,816	87,090	87,090	-	50,033	37,057
Azerbaijan	501	255	756	756	-	327	429
Bahamas	732	865	1,597	1,597	-	970	627
Bahrain	995	1,530	2,525	2,525	-	1,673	852
Bangladesh	454	510	964	964	-	575	389
Barbados	412	487	899	899	-	546	353
Belarus	13,927	918	14,845	14,845	-	2,919	11,926
Belgium	50,237	54,528	104,765	104,765	-	61,745	43,020
Belize	45	51	96	96	-	57	39
Benin	454	102	556	556	-	167	389
Bhutan	46	53	99	99	-	60	39
Bolivia (Plurinational State of)	454	459	913	913	-	524	389
Bosnia and Herzegovina	454	153	607	607	-	218	389
Botswana	454	612	1,066	1,066	-	677	389
Brazil	80,579	77,685	158,264	158,264	-	89,261	69,003
Brunei Darussalam	995	1,734	2,729	2,729	-	1,877	852
Bulgaria	3,979	867	4,846	4,846	-	1,439	3,407
Burkina Faso	454	102	556	556	-	167	389
Burundi	454	51	505	505	-	116	389
Cambodia	95	105	200	200	-	119	81
Cameroon	454	408	862	862	-	473	389
Canada	154,692	143,486	298,178	298,178	-	165,708	132,470
Cabo Verde	45	51	96	96	-	57	39
Central African Republic	46	53	99	-	99	60	39
Chad	45	51	96	96	-	57	39
Chile	3,979	11,375	15,354	15,354	-	11,947	3,407
China	36,808	104,719	141,527	141,527	-	110,007	31,520
Colombia	4,970	7,906	12,876	12,876	-	8,620	4,256
Comoros	46	53	99	-	99	60	39
Congo	45	54	99	99	-	60	39
Cook Islands	454	51	505	505	-	116	389
Costa Rica	454	1,530	1,984	1,984	-	1,595	389
Côte d'Ivoire	454	510	964	964	-	575	389
Croatia	4,476	1,887	6,363	6,363	-	2,530	3,833
Cuba	2,487	2,193	4,680	4,680	-	2,550	2,130
Cyprus	1,398	1,989	3,387	3,387	-	2,190	1,197

[11] In 2014, EUR 5,737,688 was transferred from the Working Capital Fund (WCF) to the special ERP fund based on the provisional Programme and Budget for 2015 (C-19/DEC.8). Following finalisation of the Programme and Budget for 2015, an additional amount of EUR 19,322 was transferred from WCF to the special ERP fund in 2015.

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a New ERP[11]	WCF After Transfers to Special Account for a New ERP
	Original	Increment	Total				
Czech Republic	12,435	9,335	21,770	21,770	-	11,121	10,649
Democratic Republic of the Congo	142	158	300	-	300	178	122
Denmark	35,813	36,624	72,437	72,437	-	41,769	30,668
Djibouti	46	53	99	-	99	60	39
Dominica	45	51	96	-	96	58	38
Dominican Republic	1,098	1,297	2,395	-	2,395	1,455	940
Ecuador	995	969	1,964	1,964	-	1,112	852
El Salvador	454	1,122	1,576	-	1,576	1,187	389
Equatorial Guinea	454	102	556	556	-	167	389
Eritrea	44	51	95	95	-	58	37
Estonia	685	612	1,297	1,297	-	710	587
Ethiopia	454	204	658	658	-	269	389
Fiji	454	204	658	658	-	269	389
Finland	30,839	27,187	58,026	58,026	-	31,617	26,409
France	319,332	307,579	626,911	626,911	-	353,453	273,458
Gabon	684	459	1,143	1,143	-	557	586
Gambia	454	51	505	505	-	116	389
Georgia	5,471	153	5,624	5,624	-	939	4,685
Germany	450,646	441,833	892,479	892,479	-	506,571	385,908
Ghana	454	204	658	658	-	269	389
Greece	18,900	27,034	45,934	45,934	-	29,749	16,185
Grenada	46	53	99	99	-	60	39
Guatemala	1,224	1,530	2,754	2,754	-	1,706	1,048
Guinea	454	153	607	-	607	218	389
Guinea-Bissau	45	54	99	-	99	60	39
Guyana	454	51	505	505	-	116	389
Haiti	142	158	300	300	-	178	122
Holy See	46	51	97	97	-	58	39
Honduras	237	263	500	500	-	297	203
Hungary	6,964	6,427	13,391	13,391	-	7,427	5,964
Iceland	1,492	1,734	3,226	3,226	-	1,948	1,278
India	15,419	21,474	36,893	36,893	-	23,689	13,204
Indonesia	6,527	7,243	13,770	13,770	-	8,181	5,589
Iran (Islamic Republic of)	22,383	8,008	30,391	30,391	-	11,223	19,168
Iraq	686	811	1,497	1,497	-	910	587
Ireland	10,445	17,853	28,298	28,298	-	19,354	8,944
Italy	261,135	249,175	510,310	510,310	-	286,689	223,621
Jamaica	274	408	682	682	-	447	235
Japan	778,435	993,029	1,771,464	1,771,464	-	1,104,856	666,608
Jordan	454	561	1,015	1,015	-	626	389
Kazakhstan	2,189	1,275	3,464	3,464	-	1,589	1,875
Kenya	454	459	913	913	-	524	389
Kiribati	45	51	96	96	-	58	38
Kuwait	9,451	8,263	17,714	17,714	-	9,621	8,093
Kyrgyzstan	45	51	96	-	96	57	39
Lao People’s Democratic Republic	454	51	505	505	-	116	389
Latvia	3,979	765	4,744	4,744	-	1,337	3,407
Lebanon	1,555	1,838	3,393	3,393	-	2,061	1,332
Lesotho	454	51	505	505	-	116	389
Liberia	46	53	99	99	-	60	39
Libya	6,061	6,733	12,794	12,794	-	7,604	5,190
Liechtenstein	274	255	529	529	-	294	235

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a New ERP[11]	WCF After Transfers to Special Account for a New ERP
	Original	Increment	Total				
Lithuania	3,730	1,224	4,954	4,954	-	1,760	3,194
Luxembourg	3,482	3,928	7,410	7,410	-	4,428	2,982
Madagascar	138	153	291	291	-	173	118
Malawi	454	51	505	505	-	116	389
Malaysia	8,344	10,355	18,699	18,699	-	11,554	7,145
Maldives	454	51	505	505	-	116	389
Mali	454	102	556	556	-	167	389
Malta	454	714	1,168	1,168	-	779	389
Marshall Islands	45	51	96	96	-	57	39
Mauritania	454	51	505	505	-	116	389
Mauritius	454	561	1,015	1,015	-	626	389
Mexico	39,295	96,048	135,343	135,343	-	101,693	33,650
Micronesia (Federated States of)	46	51	97	97	-	58	39
Monaco	454	153	607	607	-	218	389
Mongolia	454	51	505	505	-	116	389
Montenegro	46	53	99	99	-	60	39
Morocco	1,492	2,397	3,889	3,889	-	2,611	1,278
Mozambique	45	51	96	96	-	58	38
Namibia	454	306	760	760	-	371	389
Nauru	45	51	96	96	-	58	38
Nepal	454	204	658	658	-	269	389
Netherlands	79,087	86,204	165,291	165,291	-	97,565	67,726
New Zealand	11,938	11,273	23,211	23,211	-	12,988	10,223
Nicaragua	46	51	97	97	-	58	39
Niger	454	51	505	-	505	116	389
Nigeria	1,826	2,142	3,968	3,968	-	2,404	1,564
Niue	46	53	99	99	-	60	39
Norway	27,854	34,635	62,489	62,489	-	38,636	23,853
Oman	1,990	3,571	5,561	5,561	-	3,857	1,704
Pakistan	2,984	2,805	5,789	5,789	-	3,234	2,555
Palau	45	51	96	96	-	57	39
Panama	454	969	1,423	1,423	-	1,034	389
Papua New Guinea	454	153	607	607	-	218	389
Paraguay	454	612	1,066	1,066	-	677	389
Peru	2,984	4,693	7,677	7,677	-	5,122	2,555
Philippines	2,985	4,846	7,831	7,831	-	5,275	2,556
Poland	16,414	23,515	39,929	39,929	-	25,873	14,056
Portugal	13,927	23,974	37,901	37,901	-	25,975	11,926
Qatar	1,990	3,265	5,255	5,255	-	3,551	1,704
Republic of Korea	40,787	91,610	132,397	132,397	-	97,469	34,928
Republic of Moldova	3,979	51	4,030	4,030	-	623	3,407
Romania	7,461	3,060	10,521	10,521	-	4,132	6,389
Russian Federation	212,391	56,108	268,499	268,499	-	86,619	181,880
Rwanda	45	51	96	96	-	57	39
Saint Kitts and Nevis	45	51	96	96	-	57	39
Saint Lucia	454	102	556	556	-	167	389
Saint Vincent and the Grenadines	45	51	96	-	96	57	39
Samoa	45	51	96	96	-	57	39
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	-	41,442	30,242
Senegal	454	255	709	709	-	320	389

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding	Transfers to Special Account for a New ERP[11]	WCF After Transfers to Special Account for a New ERP
	Original	Increment	Total				
Serbia	1,185	969	2,154	2,154	-	1,139	1,015
Seychelles	454	102	556	556	-	167	389
Sierra Leone	45	51	96	-	96	57	39
Singapore	6,964	19,791	26,755	26,755	-	20,791	5,964
Slovakia	3,979	2,601	6,580	6,580	-	3,173	3,407
Slovenia	3,482	4,183	7,665	7,665	-	4,683	2,982
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	-	17,181	13,630
Spain	118,382	128,540	246,922	246,922	-	145,546	101,376
Sri Lanka	454	867	1,321	1,321	-	932	389
Sudan	318	408	726	726	-	454	272
Suriname	454	51	505	505	-	116	389
Swaziland	454	102	556	556	-	167	389
Sweden	61,179	50,906	112,085	112,085	-	59,695	52,390
Switzerland	60,186	61,057	121,243	121,243	-	69,703	51,540
Syrian Arab Republic	1,646	1,945	3,591	3,591	-	2,181	1,410
Tajikistan	995	51	1,046	1,046	-	194	852
Thailand	13,333	10,661	23,994	23,994	-	12,576	11,418
The former Yugoslav Republic of Macedonia	454	306	760	760	-	371	389
Timor-Leste	45	51	96	96	-	57	39
Togo	454	51	505	505	-	116	389
Tonga	45	51	96	96	-	57	39
Trinidad and Tobago	1,492	1,122	2,614	2,614	-	1,336	1,278
Tunisia	1,492	1,632	3,124	3,124	-	1,846	1,278
Turkey	18,902	18,975	37,877	37,877	-	21,690	16,187
Turkmenistan	1,492	255	1,747	1,747	-	469	1,278
Tuvalu	45	51	96	96	-	57	39
Uganda	45	306	351	351	-	312	39
Ukraine	50,819	1,989	52,808	52,808	-	9,289	43,519
United Arab Emirates	8,115	11,987	20,102	20,102	-	13,153	6,949
United Kingdom of Great Britain and Northern Ireland	264,618	312,527	577,145	577,145	-	350,541	226,604
United Republic of Tanzania	454	306	760	760	-	371	389
United States of America	1,134,451	1,111,127	2,245,578	2,245,578	-	1,274,097	971,481
Uruguay	1,990	2,448	4,438	4,438	-	2,734	1,704
Uzbekistan	6,466	714	7,180	7,180	-	1,643	5,537
Vanuatu	46	53	99	-	99	60	39
Venezuela (Bolivarian Republic of)	15,385	8,722	24,107	24,107	-	10,932	13,175
Viet Nam	454	1,071	1,525	1,525	-	1,136	389
Yemen	456	306	762	762	-	372	390
Zambia	91	102	193	193	-	115	78
Zimbabwe	454	357	811	811	-	422	389
Subtotal	**4,856,855**	**5,059,305**	**9,916,160**	**9,909,403**	**6,757**	**5,757,020**	**4,159,140**
New Members in 2015:							
Myanmar	419	-	419	419	-	-	419
Angola	419	-	419	419	-	-	419
Subtotal	**838**	**-**	**838**	**838**	**-**	**-**	**838**
Total as at 31 December 2015	**4,857,693**	**5,059,305**	**9,916,998**	**9,910,241**	**6,757**	**5,757,020**	**4,159,978**
Total as at 31 December 2014	**4,856,855**	**5,059,305**	**9,916,160**	**9,909,403**	**6,757**	**5,737,688**	**4,178,472**

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 2015:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	5,680,300	174,839	402,315	-	131,917	327,078	**6,716,449**
Programme 2. Inspections	20,212,186	3,830,990	1,881,934	-	673,736	167,320	**26,766,166**
Total verification costs (Chapter 1)	**25,892,486**	**4,005,829**	**2,284,249**	-	**805,653**	**494,398**	**33,482,615**
Programme 3. International Cooperation and Assistance	2,642,508	2,891,114	307,589	648,598	127,711	-	**6,617,520**
Programme 4. Support to the Policy-Making Organs	3,857,611	254,590	366,629	-	429,579	-	**4,908,409**
Programme 5. External Relations	1,537,870	57,109	166,419	-	125,994	7,730	**1,895,122**
Programme 6. Executive Management	7,971,527	425,304	435,903	-	85,650	20,082	**8,938,466**
Programme 7. Administration	7,218,362	52,456	1,245,759	-	4,394,614	228,425	**13,139,616**
Total administrative and other costs (Chapter 2)	**23,227,878**	**3,680,573**	**2,522,299**	**648,598**	**5,163,548**	**256,237**	**35,499,133**
TOTAL EXPENDITURE	**49,120,364**	**7,686,402**	**4,806,548**	**648,598**	**5,969,201**	**750,635**	**68,981,748**

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

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 2015:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Programme 1. Verification	157,638	1,778	32,396	-	5,182	32,341	**229,335**
Programme 2. Inspections	468,627	291,559	306,469	-	73,719	49,367	**1,189,741**
Total verification costs (Chapter 1)	**626,265**	**293,337**	**338,865**	-	**78,901**	**81,708**	**1,419,076**
Programme 3. International Cooperation and Assistance	46,191	136,600	51,622	143,524	6,143	-	**384,080**
Programme 4. Support to the Policy-Making Organs	54,661	18,907	36,771	-	24,983	-	**135,322**
Programme 5. External Relations	9,810	-	4,234	-	3,156	242	**17,442**
Programme 6. Executive Management	136,533	15,231	127,386	-	14,086	12,873	**306,109**
Programme 7. Administration	145,608	71	97,287	-	96,446	86,190	**425,602**
Total administrative and other costs (Chapter 2)	**392,803**	**170,809**	**317,300**	**143,524**	**144,814**	**99,305**	**1,268,555**
TOTAL EXPENDITURE	**1,019,068**	**464,146**	**656,165**	**143,524**	**223,715**	**181,013**	**2,687,631**

(b) 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
Total verification costs (Chapter 1)	**545,599**	**249,269**	**413,314**	**-**	**219,990**	**696,190**	**2,124,362**
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
Total administrative and other costs (Chapter 2)	**472,810**	**199,184**	**269,174**	**42,225**	**179,889**	**497,828**	**1,661,110**
TOTAL EXPENDITURE	**1,018,409**	**448,453**	**682,488**	**42,225**	**399,879**	**1,194,018**	**3,785,472**

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 2015:

Fund	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Special Accounts							
Designated laboratories	-	-	21,348	-	-	-	21,348
Implementation of a new ERP system	-	-	24,387	-	381	-	24,768
Special fund for special missions	-	3,203	57,648	-	6,050	-	66,901
Subtotal	**-**	**3,203**	**103,383**	**-**	**6,431**	**-**	**113,017**
Trust Funds							
Trust fund for programme support costs	-	-	5,963	-	-	-	5,963
Trust fund for EU Council Decision 2015	-	45,246	4,856	435	829	-	51,366
Regional seminars	-	17,653	2,000	-	358	-	20,011
United States voluntary fund	-		-	-	45	-	45
Scientific Advisory Board	-	1,928	-	-	-	-	1,928
Trust fund of Canada for Libya	-	-	61,047	-	-	1,878,604	1,939,651
Trust fund for the International Support Network for Victims of Chemical Weapons	-	-	-	-	20	-	20
OPCW Nobel Prize trust fund	-	7	2,404	-	-	-	2,411
Trust Fund for Syria Missions	-	-	5,070	-	-	-	5,070
Syria Trust Fund for the Destruction of Chemical Weapons	3,112,234	607,911	16,020,602	-	4,366,733	902,564	25,010,044
Subtotal	**3,112,234**	**672,745**	**16,101,942**	**435**	**4,367,985**	**2,781,168**	**27,036,509**
Grand total	**3,112,234**	**675,945**	**16,205,324**	**435**	**4,374,416**	**2,781,168**	**27,149,522**

(b) For the period ended 31 December 2014:

Funds	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Special Accounts							
OPCW Equipment Store	-	-	-	-	718	2,425	3,143
Designated laboratories	-	-	-	-	-	131,473	131,473
Subtotal	-	-	-	-	**718**	**133,898**	**134,616**
Trust Funds							
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 programme support costs	2,856	-	-	-	-	-	2,856
Subtotal	**9,269,773**	**807,875**	**15,146,134**	**150,649**	**9,952,754**	**508,171**	**35,835,357**
Grand total	**9,269,773**	**807,875**	**15,146,134**	**150,649**	**9,953,472**	**642,069**	**35,969,972**

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

(a) For the period ended 31 December 2015

Funding Programme	Unliquidated Obligations as at End of 2014	Disbursements During 2015	Savings on Prior Year's Obligations
Programme 1. Verification	409,049	398,115	**7,497**
Programme 2. Inspections	1,715,313	1,259,192	**455,009**
Total verification costs (Chapter 1)	**2,124,362**	**1,657,307**	**462,506**
Programme 3. International Cooperation and Assistance	268,229	234,734	**33,543**
Programme 4. Support to the Policy-Making Organs	192,543	120,669	**71,874**
Programme 5. External Relations	73,114	73,156	**14,102**
Programme 6. Executive Management	272,785	197,127	**80,158**
Programme 7. Administration	854,439	706,241	**134,052**
Total administrative and other costs (Chapter 2)	**1,661,110**	**1,331,927**	**333,730**
TOTAL	**3,785,472**	**2,989,234**	**796,236**

(b) 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	**46,539**
Programme 2. Inspections	1,930,789	1,571,879	**358,910**
Total verification costs (Chapter 1)	**2,114,624**	**1,709,175**	**405,449**
Programme 3. International Cooperation and Assistance	625,721	563,689	**62,032**
Programme 4. Support to the Policy-Making Organs	217,091	162,821	**54,270**
Programme 5. External Relations	69,257	62,797	**6,460**
Programme 6. Executive Management	265,036	200,070	**64,966**
Programme 7. Administration	1,179,136	1,054,401	**124,735**
Total administrative and other costs (Chapter 2)	**2,356,241**	**2,043,778**	**312,463**
TOTAL	**4,470,865**	**3,752,953**	**717,912**

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 2015

Funding Programme	Unliquidated Obligations as at End of 2014	Disbursements During 2015	Savings on Prior Year's Obligations
OPCW Equipment Store	3,143	3,131	**12**
Designated laboratories	131,473	131,473	-
Total special accounts and Voluntary Fund for Assistance	**134,616**	**134,604**	**12**
Regional seminars	69,029	39,027	**30,002**
United States voluntary fund	14,974	2,007	**12,968**
Trust fund of Canada for Libya	51,122	-	-
European Union support for OPCW activities 2012	247,611	226,326	**21,285**
Trust Fund for Syria	186,265	186,265	-
Syria Trust Fund for the Destruction of Chemical Weapons	35,263,499	9,459,151	**1,618,781**
Trust fund for programme support costs	2,856	2,856	-
Total trust funds	**35,835,356**	**9,915,631**	**1,683,036**

(b) 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
OPCW Equipment Store	86,669	86,624	**45**
Designated laboratories	120,365	120,365	-
Total special accounts and Voluntary Fund for Assistance	**207,034**	**206,989**	**45**
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 Union support for OPCW activities 2012	138	-	**138**
Trust Fund for Syria	1,117,882	1,022,604	**95,278**
Total trust funds	**1,416,276**	**1,312,252**	**104,024**

5.13 Budgetary accounts: Statement of cash surpluses credited to Member States - General Fund - During the period ended 31 December 2015 (expressed in euros)

Member State	Cash Surpluses Applied During 2015		Total
	2011	1993-2010	
Madagascar	-	11	**11**
Malawi	16	-	**16**
Nicaragua	-	317	**317**
Palau	16	70	**86**
Paraguay	-	2,363	**2,363**
Uzbekistan	-	528	**528**
TOTAL	**32**	**3,289**	**3,321**

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 ERP fund to be established for the purpose of implementation of a new ERP system.

At its Twentieth Session the Conference (C-20/DEC.11) 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 1,530,991 cash surplus for 2013 among States Parties, and approved the transfer of the cash surplus for 2013 to a special fund for OPCW special missions.

No cash surpluses relating to 2012 or 2013 were therefore applied in 2015.

5.14 Budgetary accounts: Reimbursements for inspections invoiced under Articles IV and V of the Chemical Weapons Convention
- As at 31 December 2015 (expressed in euros)

(a) General Fund:

Member State	Total Outstanding 1997-2014	2015 Article IV and V Contributions			Total Balance Outstanding 1997-2015	Income Accrued	Total	Overpayment	2015 Income		
		Invoiced	Receipts	Balance Outstanding					Invoiced in 2015	Income Accrued	Total Income
Albania	-	-	-	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	1,691	-	-	-
Iraq	-	-	-	-	-	-	-	-	-	-	-
Libya	467,979	-	-	-	467,979	-	467,979	982	-	-	-
Russian Federation	-	2,269,913	1,491,249	778,664	778,664	-	778,664	-	2,269,913	-	2,269,913
Syrian Arab Republic	3,263,127	693,447	-	693,447	3,956,574	-	3,956,574	-	693,447	-	693,447
United States of America	-	462,501	34,092	428,409	428,409	-	428,409	-	462,501	-	462,501
Total as at 31 December 2015	**3,731,106**	**3,425,861**	**1,525,341**	**1,900,520**	**5,631,626**	**-**	**5,631,626**	**2,673**	**3,425,861**	**-**	**3,425,861**
Total as at 31 December 2014	**222,950**	**5,676,339**	**1,390,363**	**4,285,976**	**4,508,926**	**22,465**	**4,531,391**	**2,673**	**5,676,339**	**22,465**	**5,698,804**

(b) Trust Funds:

Member State	Total Outstanding 1997-2014	2015 Articles IV and V Contributions			Total Balance Outstanding 1997-2015	Income Accrued	Total	Overpayment	2015 Income		
		Invoiced*	Receipts	Balance Outstanding					Invoiced in 2015	Income Accrued	Total Income
Libya	465,525	-	-	-	465,525	-	465,525	-	-	-	-
Total as at 31 December 2015	**465,525**	**-**	**-**	**-**	**465,525**	**-**	**465,525**	**-**	**-**	**-**	**-**
Total as at 31 December 2014	**-**	**1,036,720**	**-**	**1,036,720**	**1,036,720**	**14,526**	**1,051,246**	**-**	**-**	**-**	**-**

* 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)

Donor	2015[12]
General Fund	
Netherlands	145,101
Total General Fund	**145,101**
Voluntary Fund for Assistance	
Mexico	10,000
Total Voluntary Fund for Assistance	**10,000**
Trust Funds	
Regional Seminars	
China	30,768
Republic of Korea	57,297
Qatar	298,840
Subtotal	**386,905**
Implementation of Article X	
Czech Republic	9,006
New Zealand	17,799
United States of America	185,770
Subtotal	**212,575**
Trust Fund for Training	
United Kingdom of Great Britain and Northern Ireland	41,073
Subtotal	**41,073**
Scientific Advisory Board	
Turkey	2,000
Subtotal	**2,000**
Trust Fund for European Union Council Decision 2015	
European Union (EU)	632,017
Subtotal	**632,017**
Syria Trust Fund for the Destruction of Chemical Weapons	
Chile	13,270
Subtotal	**13,270**

12 The following contributions were received in 2015 and deferred to 2016:

Regional seminars:		
China	EUR	18,886
Republic of Korea	EUR	73,380
Qatar	EUR	153,956
Implementation of Article X:		
Czech Republic	EUR	7,362
Trust fund for EU Council Decision 2015:		
European Union	EUR	446,911
Trust fund for training:		
Spain	EUR	20,000
Trust Fund for Syria Missions:		
France	EUR	250,000
Total	**EUR**	**970,495**

Donor	2015[12]
OPCW Nobel Prize Trust Fund	
The Hague Municipality	40,000
Subtotal	**40,000**
Trust Fund for Syria Missions	
Germany	600,000
Subtotal	**600,000**
Total trust funds	**1,927,840**
Total all funds	**2,082,941**

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

During the 2015 financial year the following items have been written off based on proposals by the Secretariat approved by the Conference (C-20/DEC.8, dated 3 December 2015):

(a) staff receivables of EUR 1,237; and

(b) five items of non-expendable assets with an individual net book value exceeding EUR 500 totalling EUR 3,397.

In addition, the OPCW Property Survey Board recommended during 2015 the write-off of further assets as losses.

Annex 2

**FINANCIAL STATEMENTS
OF THE PROVIDENT FUND
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
(OPCW)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015 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 2015, financial performance, and cash flows for the year then ended.

[Signed]

The Hague, 23 March 2016

Hamid Ali Rao
Chairperson, Management
Board of the Provident Fund

FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITBTION OF CHEMICAL WEAPONS FOR THE YEAR ENDED 31 DECEMBER 2015

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THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(expressed in euros)

	Notes	2015	2014 (Restated)[13]
Assets			
Current assets			
Investments	6	535,632	521,101
Accounts receivable	7	149	161
Cash and cash equivalents	8	58,294,176	62,918,068
Total current assets		**58,829,957**	**63,439,330**
Total assets		**58,829,957**	**63,439,330**
Liabilities			
Current liabilities			
Accounts payable	9, 12	6,530,233	1,641,594
Total current liabilities		**6,530,233**	**1,641,594**
Total liabilities		**6,530,233**	**1,641,594**
Net assets		**52,299,724**	**61,797,736**
Net assets/equity			
Participants’ capital accounts	11.1, 12	52,226,247	61,724,266
Special reserves	11.2	62,744	62,744
Accumulated surplus/(deficit)	11.3	10,733	10,726
Total net assets/equity		**52,299,724**	**61,797,736**

13 See note 12 for further details of restatement of 2014 comparative information.

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015
(expressed in euros)

	Notes	2015	2014
Revenue			
Interest income on Participants' capital accounts	13	925,223	1,105,488
Gain on changes in fair value of investments	6, 14	6,467	33,174
Other income	15	-	6,104
Total revenue		**931,690**	**1,144,766**
Expenses			
Bank charges	16.1	41	304
Loss on changes in fair value of investments	16.2	1,355	721
Total expenses		**1,396**	**1,025**
Finance income	17	22,687	27,517
Finance cost	17	(238)	(69)
Net finance income/(cost)		**22,449**	**27,448**
Net surplus/(deficit) for the period		**952,743**	**1,171,189**
Net surplus/(deficit) for the period			
Attributable to Participants of the Provident Fund		952,743	1,165,316
Attributable to special reserve		-	-
Accumulated surplus/(deficit)		-	5,873
		952,743	**1,171,189**

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

	For the Year Ended 31 December 2015				For the Year Ended 31 December 2014 (Restated)[14]			
	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total Net Assets/ Equity	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total Net Assets/ Equity
Balance at 1 January	**61,724,266**	**62,744**	**10,726**	**61,797,736**	**56,222,634**	**70,460**	**4,853**	**56,297,947**
Changes recognised in net assets/equity:								
Add: Current year contributions	11,574,364	-	-	**11,574,364**	10,783,785	-	-	**10,783,785**
Deduct: Payouts[15]	(22,025,119)	-	-	**(22,025,119)**	(6,447,469)	-	-	**(6,447,469)**
Other adjustments to net assets/equity:								
Establish liabilities to underpaid separated Participants	-	-	-	-	-	(7,716)	-	**(7,716)**
Subtotal	**(10,450,755)**	-	-	**(10,450,755)**	**4,336,316**	**(7,716)**	-	**4,328,600**
Surplus/(deficit) for the period	952,736	-	7	**952,743**	1,165,316	-	5,873	**1,171,189**
Total recognised revenue and expense for the period	**952,736**	-	**7**	**952,743**	**1,165,316**	-	**5,873**	**1,171,189**
Balance at 31 December	**52,226,247**	**62,744**	**10,733**	**52,299,724**	**61,724,266**	**62,744**	**10,726**	**61,797,736**

14 See note 12 for further details of restatement of 2014 comparative information.

15 Payouts include transfers to the United Nations Joint Staff Pension Fund (UNJSFP) and payouts requests outstanding at 31 December.

THE PROVIDENT FUND OF THE OPCW
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015
(expressed in euros)

	Notes	2015	2014 (Restated)[16]
Cash from operating activities			
Net surplus/(deficit) for the period		952,743	1,171,189
Non-cash movements			
(Increase) / decrease in accounts receivable	7	12	(161)
Increase / (decrease) in accounts payable	9	4,888,638	1,611,610
Reclassification of net assets/equity to liability	9	(4,894,573)	(1,079,445)
Interest paid to underpaid former Participants	9	-	1,717
Unrealised currency exchange loss/gain on cash and cash equivalents		(9,774)	(12,425)
Currency exchange gains/loss on investments		(12,558)	(15,021)
(Gain)/loss on changes in fair value of investments	6, 14	(6,467)	(33,174)
Loss/(gain) on changes in fair value of investments	6,16.2	1,355	721
Net cash flows from operating activities		**919,376**	**1,645,011**
Cash flows from investing activities			
Proceeds from sale of investments	6	3,139	65,533
Net cash flows from investing activities		**3,139**	**65,533**
Cash flows from financing activities			
Participants' contributions		11,574,364	10,783,785
Payout to separated Participants		(17,130,545)	(5,375,742)
Reinstatement of contributions paid out in previous years		-	-
Interest paid to underpaid former Participants		-	(1,717)
Finance income		-	-
Finance cost		-	-
Net cash flows from financing activities		**(5,556,181)**	**5,406,327**
Net increase / (decrease) in cash and cash equivalents		**(4,633,666)**	**7,116,871**
Unrealised currency exchange loss/gain on cash and cash equivalents		**9,774**	**12,425**
Cash and cash equivalents at beginning of the period		**62,918,068**	**55,788,772**
Cash and cash equivalents at end of the period		**58,294,176**	**62,918,068**

16 See note 12 for further details of restatement of 2014 comparative information.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, three former Participants made such transfers to the UNJSPF under the agreement (2014: 5 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 2015, no participant made such transfer from the UNJSPF (2014: 1 participant).

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, (following receipt of a valid payout request from Participants), they are recognised as a liability (note 9).

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 2015.

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
31 December 2015	0.914
Average 12 months	0.902

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

(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 2015. 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 2015.

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

(b) Receivables:

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

(c) Held-to-maturity financial assets:

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

(d) Available-for-sale financial assets:

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

Recognition and measurement

3.6 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.

<u>Impairment</u>

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) <u>Financial assets carried at amortised cost:</u> 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.

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.

Tax

3.17 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

3.18 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).

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 18).

Revenue from exchange transactions

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

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.

Expenses

3.22 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 2015.

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 656). 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 2015, if the euro had weakened/strengthened by 10% against the US dollar, net deficit for the year would have been EUR 21,228 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.

5.9 The Provident Fund does not guarantee an interest rate to Participants and hence does not bear the interest rate risk. Interest rates applicable in the reporting period are as follows:

	2015		**2014**	
	for EUR accounts	**for USD accounts**	**for EUR accounts**	**for USD accounts**
Average interest rate	1.52%	0.00%	1.95%	0.00%
Interest rate at 31 December	1.40%	0.00%	1.80%	0.00%

Market risk: Other price risk

5.10 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

5.11 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. As at 31 December 2015, ABN AMRO was 77% owned by the Dutch Government (2014: 100%). 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 Global Short-Term Treasury ratings referenced):

ABN AMRO

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

UBS AG

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

* Issuers (or supporting institutions) rated Prime-1 (P-1) have a superior ability to repay short-term debt obligations.

Liquidity risk

5.12 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	6,530,233	-	-	-	-	6,530,233
Total financial liabilities	**6,530,233**	**-**	**-**	**-**	**-**	**6,530,233**

Capital risk management

5.13 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

5.14 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.

Investments	Yield (USD)		Balanced (USD)		Growth (USD)		Yield (EUR)		Balanced (EUR)		Growth (EUR)		Total
	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	In EUR
Balance as at 31 December 2014	**316**	**27,540**	**778**	**68,401**	**167**	**14,962**	**344**	**36,746**	**2,810**	**303,115**	**644**	**70,337**	**521,101**
Total gains/loss in surplus/(deficit)													
- realised capital gain	-	-	-	-	-	-	-	-	-	119	-	-	119
- unrealised capital gain	-	-	-	-	-	-	-	151	-	4,201	-	1,996	6,348
- unrealised capital loss	-	(363)	-	(797)	-	(195)	-	-	-	-	-	-	(1,355)
Subtotal	**-**	**(363)**	**-**	**(797)**	**-**	**(195)**	**-**	**151**	**-**	**4,320**	**-**	**1,996**	**5,112**
- realised currency exchange gain	-	-	-	-	-	-	-	-	-	-	-	-	-
- unrealised currency exchange gain	-	3,115	-	7,750	-	1,693	-	-	-	-	-	-	12,558
Total	**-**	**2,752**	**-**	**6,953**	**-**	**1,498**	**-**	**151**	**-**	**4,320**	**-**	**1,996**	**17,670**
Add: Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduct: Redemptions	-	-	-	-	-	-	-	-	28	3,139	-	-	3,139
Balance as at 31 December 2015	**316**	**30,292**	**778**	**75,354**	**167**	**16,460**	**344**	**36,897**	**2,782**	**304,296**	**644**	**72,333**	**535,632**

7. ACCOUNTS RECEIVABLE

The receivable amount of EUR 149 as at 31 December 2015 represents an amount due to the Provident Fund from the OPCW.

8. CASH AND CASH EQUIVALENTS

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

	2015	**2014**
Unrestricted		
Interest-bearing current accounts in EUR	90,983	96,954
Interest-bearing current accounts in USD	656	588
Total unrestricted	**91,639**	**97,542**
Restricted		
Interest-bearing current and savings accounts in EUR	58,112,358	62,729,857
Interest-bearing current and savings accounts in USD	90,179	90,669
Total restricted	**58,202,537**	**62,820,526**
Total cash and cash equivalents	**58,294,176**	**62,918,068**

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. The breakdown of cash and cash equivalents into these categories is presented as follows:

Interest-bearing current and savings accounts in EUR	**2015**	**2014**
Participants' contributions (A accounts)	15,388,398	16,665,389
OPCW's contributions (B accounts)	30,776,782	33,330,752
Participants' contributions (A+B) before 17 December 2007	10,561,747	11,393,356
Participants' voluntary contributions (C accounts)	1,385,431	1,340,360
Total	**58,112,358**	**62,729,857**

9. ACCOUNTS PAYABLE

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

	2015	**2014 (Restated)**
Amounts payable to separating Participants	6,511,935	1,617,360
Amounts payable to former Participants	18,298	24,234
Total	**6,530,233**	**1,641,594**

Amounts payable to separating Participants

9.2 Participants may request payout from the Provident Fund up to three months prior to separation. Amounts payable to separating Participants represent payouts requested by Participants that remain unpaid as at the reporting date.

Amounts payable to former Participants

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 the years 2001 to 2009.

9.4 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 2014.

9.5 In 2014, the Board also presented the decision to pay compound interest owed to 75 former Participants from the Special Reserve. In 2015, three former Participants were paid (2014: 31). The balance remaining at 31 December 2015 represents the amount payable to the remaining 41 Participants.

Accounts payable to former Participants	**2015**	**2014**
Opening balance	**24,234**	**29,985**
Compound interest payable to former Participants	-	7,716
Cancelled balances less than EUR 100	-	(5,957)
Amounts paid to former Participants in 2014	(5,936)	(7,510)
Closing balance	**18,298**	**24,234**

10. OTHER FINANCIAL LIABILITIES/PROVISIONS

Legal claims

There are no legal cases involving the Provident Fund as at 31 December 2015 (2014: nil).

11. NET ASSETS/EQUITY

11.1 Participants’ capital (EUR 52,226,247) 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 2015.

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 3.18. There were no such new cases during 2015.

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 2015 is reflected in the statement of changes in net assets/equity.

12. RESTATEMENT OF 2014 COMPARATIVE AMOUNTS

12.1 Certain comparative amounts as at 31 December 2014 have been restated to clarify the point at which the OPCW Provident Fund recognises a liability for payouts requested by Participants that remain unpaid as at the reporting date.

12.2 In the restated comparatives, the obligating event leading to the recognition of a liability is the point at which a payout request is received from a participant.

12.3 The net impact of this restatement is to reclassify net assets of EUR 1,071,726 to accounts payable liabilities for the year ended 31 December 2014.

Statement of Financial Position	Note	31 December 2014	Adjustment	31 December 2014 (Restated)
Accounts payable (liabilities)	9	569,868	1,071,726	1,641,594
Participant's capital accounts (Net Assets)		62,795,992	(1,071,726)	61,724,266

12.4 As a result of this restatement, the comparative amounts for the following statements and note have been revised:

(a) Statement of Financial Position;

(b) Statement of Net Assets;

(c) Cash Flow Statement; and

(d) Note 9 (Accounts Payable).

13. INTEREST INCOME ON PARTICIPANTS' CAPITAL ACCOUNTS

Interest on Participants' accounts with ABN AMRO for the year ended 31 December 2015 was as follows:

	2015	2014
Interest on Participants' contributions (A accounts)	246,084	287,055
Interest on OPCW's contributions (B accounts)	492,187	574,109
Interest on contributions (A+B) before 17 December 2007	165,645	21,777
Interest on voluntary contributions (C accounts)	21,307	222,547
Total	**925,223**	**1,105,488**

14. 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 2015 there is a gain of EUR 6,467 (see note 6) due to changes in fair value of the UBS units (2014: EUR 33,174/gain).

15. OTHER INCOME

There is no other income recorded in 2015. (2014: EUR 6,104). Income in 2014 related to balances under EUR 100 not paid to former Participants following the Board decision in April 2014.

16. EXPENSES

General operating expenses

16.1 The Provident Fund operating expenses in the year 2015 of EUR 41 were mainly bank charges (2014: EUR 304). 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

16.2 The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. As at 31 December 2015 there is a loss of EUR 1,355 related to changes in fair value of UBS investments (2014: EUR 721).

17. 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.

	2015	**2014**
Finance income		
Interest income arising on cash and cash equivalents	-	2
Foreign currency revaluation gains	22,687	27,515
Other finance income	-	-
Total finance income	**22,687**	**27,517**
Finance costs		
Foreign currency revaluation losses	(238)	(69)
Other interest expense	-	-
Total finance costs	**(238)**	**(69)**
Net finance income/(cost)	**22,449**	**27,448**

18. SERVICES IN KIND

18.1 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

18.2 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

18.3 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.

19. CONTINGENCIES

The Provident Fund does not have any contingent liabilities as at 31 December 2015.

20. RELATED PARTY TRANSACTIONS

20.1 The Provident Fund is not controlled by another entity; however the OPCW is considered a related party of the Provident Fund as it shares key management personnel and provides the principal source of Participants' contributions.

20.2 The OPCW provides administrative support to the Provident Fund free of charge (note 18.3). All other transactions between the Provident Fund and the OPCW are conducted at arm's length. As at 31 December 2015, a balance of EUR 149 was payable from the OPCW to the Provident Fund (note 7).

20.3 The Provident Fund is not party to any further arrangements that could be considered as related parties.

21. KEY MANAGEMENT REMUNERATION

21.1 Members of the Provident Fund Management Board play the key management role as regards to the Provident Fund. The six members of the Board include the Deputy Director-General and Principle Financial Officer of the OPCW, and four members elected by Provident Fund Participants.

21.2 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.

22. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date. The date of authorisation for issue is the date at which the financial statements are certified by the external auditor.

23. 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 3

National Audit Office

Helping the nation spend wisely

Comptroller and Auditor General
Sir Amyas Morse KCB

Telephone +44 (0)20 7798 7777
Facsimile +44 (0)20 7798 7990
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Executive Council of the
Organisation for the Prohibition of Chemical Weapons
Johan de Wittlaan 32
2517 JR – The Hague
The Netherlands

Reference AM/1300/16
Date 27 May 2016

I have the honour to transmit the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2015, 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 2015.

[signed]

Amyas C E Morse

157-197 Buckingham Palace Road, Victoria, London SW1W 9SP
020 7798 7000 www.nao.org.uk

INDEPENDENT AUDITOR'S REPORT TO THE CONFERENCE OF THE STATES PARTIES OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

I have audited the accompanying financial statements of the Organisation for the Prohibition of Chemical Weapons, which comprise the Statement of Financial Position as at 31 December 2015, the Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and Statement of Comparison of Budget and Actual Amounts for the year ending 31 December 2015, and a summary of significant accounting policies and the related notes.

The Director-General's Responsibility for the Financial Statements

The Director-General is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and the Organisation for the Prohibition of Chemical Weapons' Financial regulation 11, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I and my staff comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Organisation for the Prohibition of Chemical Weapons as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Opinion on Regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Conference of the States Parties and the financial transactions conform to the Financial Regulations and Rules and the Staff Regulations and Interim Staff Rules.

External Auditor's Report

In accordance with the Financial Regulations, I have also issued an External Auditor's Report on my audit of the Organisation for the Prohibition of Chemical Weapons 2015 financial statements.

[Signed]

Sir Amyas C E Morse **Date 27 May 2016**

Comptroller and Auditor General

United Kingdom National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

National Audit Office

Helping the nation spend wisely

Comptroller and Auditor General
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Reference AM/1301/16
Date 27 May 2016

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

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 2015 which were submitted to me by the Chairperson of the Management Board of the Provident Fund. The Financial Statements are attached to my report.

[signed]

Amyas C E Morse

157-197 Buckingham Palace Road, Victoria, London SW1W 9SP
020 7798 7000 www.nao.org.uk

INDEPENDENT AUDITOR'S REPORT TO THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

I have audited the accompanying financial statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons, which comprise the statement of financial position as at 31 December 2015, and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Management Board of the Provident Fund's Responsibility for the Financial Statements

The Management Board of the Provident Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and the Charter and Administrative Rules of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I and my staff comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Opinion on Regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Provident Fund of the Organisation for the Prohibition of Chemical Weapons and the financial transactions conform to Charter and Administrative Rules of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons.

Report

I have no observations to make on these financial statements.

[Signed]

Sir Amyas C E Morse **Date 27 May 2016**
Comptroller and Auditor General

United Kingdom National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

National Audit Office

May 2016

Organisation for the Prohibition of Chemical Weapons

External Auditor's Report on the 2015 OPCW and OPCW Provident Fund Financial Statements

The aim of the audit is to provide independent assurance to States Parties; to add value to the OPCW's financial management and governance; and to support your objectives through the external audit process.

The Comptroller and Auditor General is the head of the National Audit Office (NAO), the United Kingdom's Supreme Audit Institution. The Comptroller and Auditor General and the NAO are independent of the United Kingdom Government and ensure the proper and efficient spending of public funds and accountability to the United Kingdom's Parliament. We audit the accounts of all central public sector bodies as well as a number of international organizations. The NAO provides external audit services to a number of international organizations, working independently of its role as the Supreme Audit Institution of the United Kingdom.

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National Audit Office
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157-197 Buckingham Palace Road
Victoria
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SW1W 9SP

INTRODUCTION

1. The Organisation for the Prohibition of Chemical Weapons is the implementing body of the Chemical Weapons Convention, which entered into force in 1997. The Organisation has some 192 Member States who share the collective goal of preventing chemistry being utilised for warfare, thereby strengthening international security. Its profile has increased in recent years with weapons inspection activities and it has received additional funding to undertake these missions. As it discharges its mandate it is moving towards a phase where destruction activity will be completed in the 2020s and it will be considering how it can best evolve its mandate to ensure the peaceful use of chemistry.
2. In addition to our opinion on the financial statements of the OPCW and OPCW Provident Fund, this report presents the key findings and recommendations arising from our work including our observations on financial management; governance and the Enterprise Resource Planning project. These elements were selected as we considered these to be key areas of risk to cover in the first year of our mandate.
3. Our report focuses on the activities of the OPCW and there are no separate matters to report in respect of the Provident Fund. We have also followed up the progress made implementing previous recommendations. Our audit findings have been communicated to the Secretariat and to the Advisory Body on Administrative and Financial Matters (ABAF).

Key observations

<u>Audit opinion on Financial Statements</u>

4. Our audit comprised the examination of the financial statements and underlying transactions for both the OPCW and OPCW Provident Fund financial statements for 2015, and was conducted in accordance with International Standards on Auditing and the financial regulations. We provided an unqualified audit opinion on both sets of financial statements and found the quality of financial reporting to be good. We have noted the potential to streamline the accounts in 2016 to make them more concise. We also noted the level of manual intervention required due to the complex audit trail associated with the Smartstream IT system.

<u>Financial management</u>

5. During 2015 the OPCW faced significant General Fund cash pressures arising mainly from delayed payment of assessed contributions and Article IV & V inspection reimbursements. While management has taken steps to tighten the allotment of budget, financial pressures will remain unless States Parties meet their Convention obligations in a timely manner. The Organisation has depended upon the use of cash from special funds and trusts to meet financial pressures, however, these can only be a temporary remedy. The Organisation needs to rebuild the Working Capital Fund on a sustainable basis, taking a more structured approach to building up an appropriate level of reserves as part of a longer term approach to financial planning in order to meet the challenges of the 2025 vision. This should include the further consideration of ways to reduce organisational costs.
6. Financial pressures have helped to facilitate the further development of effective budget monitoring and forecasting tools. These have been used throughout 2015 and have provided a mechanism to facilitate improved financial management, combined with the better attribution of costs to special project funds where appropriate. While in-year budgeting is sound we have identified a need to consider the development of longer-term resource planning, linked to the

evolving strategy of the Organisation. In particular we have highlighted the need to link resources to the medium-term plan and the longer-term resource assumptions to deliver the 2025 vision.

Governance and internal control

7. Governments and donors are increasingly demanding of high standards in corporate governance to provide them with assurance over the effective and efficient use of resources. In this first year of our mandate we have reviewed key areas of corporate governance within OPCW. Most of the key aspects of good governance are present, but we have identified areas for further improvement.

8. Key to effective governance is the oversight of key control processes. While the Organisation has the valuable insight of the Advisory Body on Administrative and Financial Matters (ABAF), we have identified that further improvement could be gained through the establishment of an audit committee. This would provide greater challenge and insight over risk, the quality of the audit functions and of internal control. Such a committee would meet once or twice a year and would have a small but expert membership. The mandate of the committee would not include policy or budgetary matters and would be distinct from the detailed budget scrutiny performed by ABAF.

9. In 2014 the Organisation created a risk register which collated the risks identified at divisional level to provide a comprehensive assessment of the risks which had to be managed by the Secretariat. In 2015 we noted that the risks had not been subject to review and that the process was not being used to inform management decision making. While we note some renewed attention to risk management in 2016, we observed that the risk management process did not operate effectively during the year. Greater attention needs to be given to keeping risks and their mitigations under regular review, and for the risk process to be better embedded.

10. We reviewed the Secretariat's processes for determining fraud risk and how it might respond to instances of identified fraud. We noted that there was currently no fraud risk assessment and the lack of clear fraud response plans. We further noted that staff did not receive guidance on how they might report valid fraud allegations in a manner which would protect them and ensure the issue was appropriately investigated. We have highlighted the need to address these risks and to promote an effective whistleblowing policy. We have also recommended that the Secretariat consider an appropriate way to ensure investigations are conducted with sufficient independence and objectivity.

11. The Office of Internal Oversight (OIO) is a key component of the system of internal control and an integral part of the assurance process upon which States Parties rely. While a recent review of OIO by the Institute of Internal Auditors Netherlands (IIA) has given an overall positive view, we are concerned that OIO faces skills and resource challenges. These will exacerbate the slippage in audit programmes. In our view the current focus and level of activity weakens the assurances to support for the Statement on Internal Control. We have also highlighted the need to consider enhancing the reporting lines of OIO to the governing body through an audit committee.

12. The Statement on Internal Control (SIC) is a key accountability document and the Organisation's use of the Statement represents good practice for an international organisation. However, we have reviewed the processes for its compilation and have identified areas where improvement is needed if it is to provide an appropriate degree of assurance to States Parties. In particular we felt that it overstated the quality of risk management and that the work of OIO

was not fully reflected in the Statement. Without improvement in these processes the Statement will lack credibility and will provide little value to States Parties as the processes which underpin it will lack an evidence base.

Enterprise Resource Planning implementation

13. During 2015 the Organisation began the process for planning the implementation of the upgrade to its business IT system, Smartstream. The project is at an early stage and at the time of our report the Secretariat had just taken a decision on its preferred solution. Overall the project is on track and there are appropriate governance and project management processes in place to support the implementation.

14. Business critical investments need sound business cases to establish clear deliverables and to assess and quantify benefits. We noted that the initially approved business case lacked a number of key points which we considered to be important, these included an absence of a clear quantification of business benefits; assumptions on savings arising from the investment, and a clear articulation of the business outcomes. We believe it is essential before the project progresses further for these to be fully documented.

15. The costs of the ERP are being carefully considered by the Secretariat who intend to minimise the need for customisation. Where non-standard packages are considered they should be assessed on a cost-benefit basis. The ERP system can deliver significant improvement to business processes. However, these need to be supported by clear and resourced plans to support business changes and to ensure adequate training and support. It is important that the ERP is seen in the context of a change programme and integrated with the future vision of OPCW.

PART ONE

Financial management

Overall audit results

1.1 Our audits of both the OPCW and the OPCW Provident Fund financial statements revealed no weaknesses or errors which we considered material to their accuracy, completeness or validity. The audit opinions confirm that these financial statements present fairly, in all material respects, the financial position of the OPCW and OPCW Provident Fund as at 31 December 2015 and of their financial performance and cash flows for the year then ended. It also confirms their preparation in accordance with International Public Sector Accounting Standards. The audits also confirmed that, in all material respects, the transactions underlying the financial statements have been made in accordance with the Financial Regulations and applied to the purposes intended by the Conference of the States Parties and the Provident Fund Management Board.

1.2 The audit included a general review of the OPCW and OPCW Provident Fund's accounting procedures, an assessment of internal controls that impact on our audit opinions; and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Our audit procedures were designed primarily for the purpose of forming an audit opinion. The audit did not involve a detailed review of all aspects of the budgetary and financial information systems, and the results should not be regarded as a comprehensive statement on them. Finally, an examination was carried out to ensure that the financial statements accurately reflected the accounting records and were fairly presented.

Financial commentary

1.3 The Organisation recognised revenues of some EUR 122.8 million in 2015 (2014: EUR 83.3 million), which primarily consisted of assessed and voluntary contributions from States Parties. The significant increase in revenues recognised during the year was due to the execution of activities funded from the trust and special funds for the Syrian Arab Republic and revenues recognised from the special ERP fund, totalling some EUR 49.1 million (2014: 11.3 million). Expenses in 2015 were EUR 113.5 million (2014: EUR 82 million), Trust Fund expenses, mainly due to missions in the Syrian Arab Republic, totalled some EUR 40 million (2014: EUR 11.1 million) and accounted for the significant increase in costs.

1.4 Cash balances declined by around EUR 23.5 million over the period, as a result of outflows associated with Trust Fund activities. However, the financial health of the OPCW as a whole has remained relatively consistent when measured on a total funds basis, despite the financial pressures in 2015. This has largely been due to the transfer of cash from the Working Capital Fund and the Enterprise Resource Planning Fund at the year end to secure the liquidity of the Organisation. This is a temporary measure, and is not a long term solution to relieve the pressure on regular budget resources.

1.5 Overall net assets were EUR 8.3 million, representing a significant improvement from the net deficit of 2014 of some EUR 0.7 million. This was largely as a result of the recognition of income arising from the ERP Fund which was correctly reclassified as a reserve asset in 2015. Although the overall net asset position has improved the Organisation faces pressures as a result of available funds being earmarked for specific purposes which can restrict the opportunity to utilise resources flexibly. This emphasises the need to ensure financial reporting meets business needs in providing appropriate data on fund balances on a timely basis.

FIGURE 1: FINANCIAL RATIOS FOR OVERALL OPCW FUNDS

Ratio	2015	2014	2013
Current ratio Current assets: Current liabilities [1]	1.5	1.30	1.48
Total assets: Total liabilities Assets: Liabilities [2]	1.24	0.99	0.98
Cash ratio Cash and deposits: Current liabilities [3]	0.76	0.67	1.20

[1] A high current ratio indicates an entity's ability to pay off its short-term liabilities.
[2] A high Assets to Liability ratio is a good indicator of solvency.
[3] The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or deposited funds there are in current assets to cover current liabilities.

Source: Audited Financial Statements of OPCW

1.6 Non-payment of 2015 assessed contributions and non-payment of verification reimbursements by the Syrian Arab Republic and Libya left the Secretariat facing significant resource pressures on their General Fund. We noted that while these liabilities remained outstanding obligations of the relevant States Parties, the Secretariat has recognised that these assets are not imminently receivable. These balances have accordingly been written down to their expected fair value in accordance with IPSAS requirements, representing an expense. These adjustments more fairly represent the value of the assets at the reporting date. Overall the level of outstanding assessed contributions on a gross basis was EUR 7.0 million (2014: EUR 6.3 million) and on Article IV and V EUR 6.1 million (2014: EUR 5.6 million). These levels of outstanding receivables constitute a significant financial burden on the available cash resources of the Organisation.

Working Capital Fund

1.7 The Working Capital Fund (WCF) was originally established in 1997 to meet short-term liquidity problems of the General Fund. At the end of 2015, the Organisation transferred EUR 4 million from the WCF, and EUR 3.1 million from the Special Fund for the Implementation of the ERP to the General Fund to provide short-term liquidity. As at 31 December 2015, the WCF cash balance stood at EUR 0.2 million. The amounts borrowed were refunded to the WCF in February 2016 in line with Financial Regulation 6.6:

> "All transfers of funds made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed as soon as feasible, but in any case within the financial period which follows the period in which they are made".

1.8 The Secretariat acknowledges that its financial situation is challenging. The Secretariat has been monitoring the cash flow situation on a monthly basis and, since the start of the 2016 financial year, at the request of the Conference of the States Parties, it has been providing monthly updates on the financial position supported by cash flow forecasts. As at 30 April the Secretariat was projecting a negative cash balance of around EUR 4.2 million for the year. We have noted that the current level of the now replenished WCF would cover less than one month of the OPCW's expenses of around EUR 5-6 million. It is therefore appropriate to consider the longer term financial health of the Organisation and whether the WCF needs to be increased to meet any future liquidity needs.

1.9 If, as forecast, a further negative cash balance on the General Fund materialises at the end of 2016, the Secretariat intends to take similar actions, borrowing from the WCF and/or the ERP Fund, depending on the severity of the situation. It remains incumbent on the States Parties to ensure timely remittance of assessed and other contributions due under the Convention. The Secretariat has limited means to force States Parties to make the payments. Measures such as borrowing from other funds or restricting the obligation of budget can only be a temporary mechanism to make good the absence of contributions due.

1.10 The Organisation's financial rules and regulations do not envisage how an in year negative cash balance will be funded, other than through utilisation of the WCF[17]. The Secretariat is considering the measures it can take to improve the financial position, in doing so it is important to demonstrate and evaluate all the potential options to provide insight to the States Parties. Potential options which the Secretariat might consider include:

- curtailing programme implementation by saving on operational (non-staff) spending;
- increasing the allocation of costs to the various trust funds to supplement the costs currently charged to the General Fund budget for appropriate types of expenditure;
- exploring the possibility of fewer restrictions on the use of trust funds and less specific earmarking of donor funds in the future;
- reducing the scope or re-phasing significant costs, for example, the new Enterprise Resource Planning (ERP) system; or
- seeking opportunities to look at measures to improve efficiency and cost effectiveness. For example, the Secretariat has reported to the ABAF that cost savings could be realised from adopting some flexibility in re-hiring technical and professional staff after a mandatory break of service, as at other international organisations, such as the CTBTO. In this example the ABAF has recommended that the Secretariat undertakes a cost-benefit analysis to identify potential savings. Other potential areas for efficiency could be further considered.

1.11 Improvements in strategic financial management will become more important in maintaining the delivery of the Organisation's mandate in the medium to long-term. Cost efficiency requires an organisation to take a strategic view in order to ensure that there is no adverse effect on service quality in priority areas. It is important to achieve this based on an

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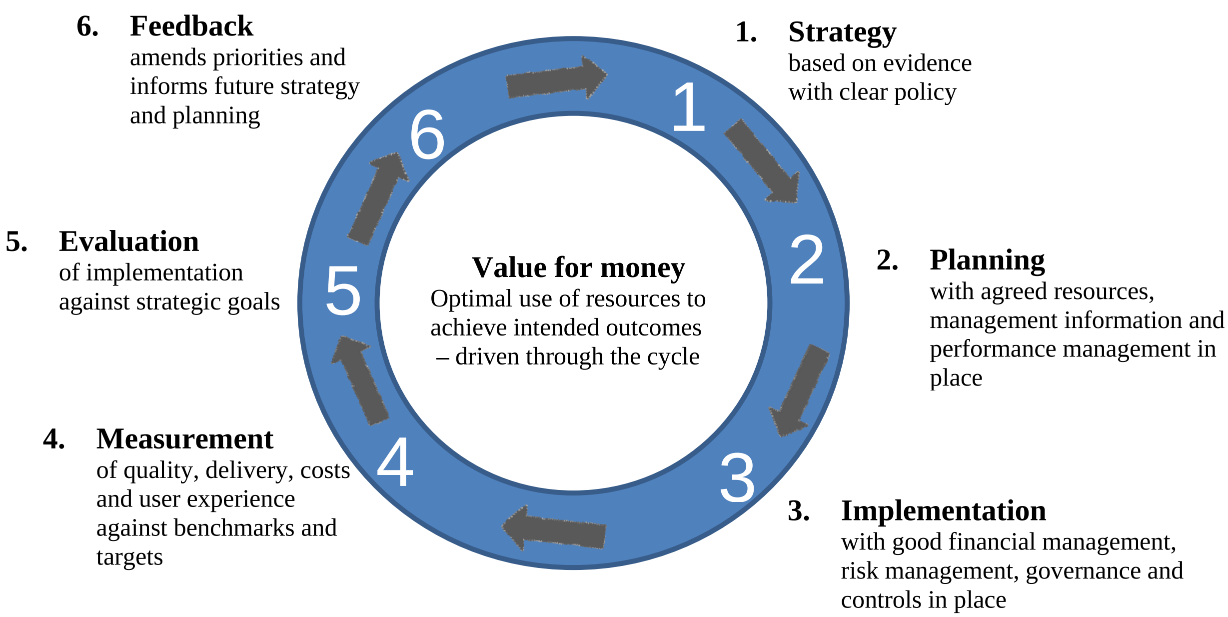
[17] The financial regulations and rules envisage a "cash surplus" which is determined as a budgetary surplus for a single financial year, rather than a cash balance.

accurate, realistic assessment of the costs, benefits and risks of the options. This involves considering different programmes and evaluating each element to identify those elements that are costly but make less of a contribution to programme effectiveness.

1.12 The UK NAO has established an approach to optimising the use of resources at Figure 2. A focused approach on the optimisation of resources is important at a time of significant resource pressures alongside longer term financial planning. In future years we will further explore the potential for considering Results Based Budgeting as a means to measure the link of resources to outcomes and to focus upon how the Organisation approaches efficiency and the prioritisation of its resources.

FIGURE 2: OPTIMISING THE USE OF RESOURCES



Source: United Kingdom National Audit Office

Recommendation 1: The Secretariat should continue to monitor and report on the timeliness of contributions, and remind States Parties of their obligations under the Convention in order to alleviate financial pressures on the General Fund.

Recommendation 2: The Secretariat should evaluate the potential options for cost reduction and efficiency to further alleviate financial pressures and plan for structured cost reductions as the Organisation downsizes to 2025.

Budgetary practices

1.13 Cash flow pressures have created an incentive for stronger internal budgetary reporting, some of which is now being shared with the States Parties. A number of valuable improvements to processes have been implemented, enhancing budget holder accountability and to better inform the strategic choices around the deployment of funds during the financial year. These have included improved reporting, adjusted budget allotments and a greater emphasis on cost allocation to special programmes. However, we have identified a need to consider longer term financial planning and for the Medium-Term Plan to incorporate more resource data to build a clearer picture of the longer-term funding and resource assumptions. Such longer term financial planning would not bind the annual budget process but would place it in a longer term context, which would help inform improved decision making to achieve the 2025 vision.

1.14 For programme budgeting purposes, the activities of the Organisation are grouped into two chapters, comprising a total of seven programmes:

- Chapter one covers verification and inspections programmes; and
- Chapter two covers all other activities which include international co-operation and assistance, support for the policy making organs, external relations, executive management, and administration.

1.15 The key programme budgeting document is the annual Programme and Budget which reflects the Organisation's long-term objectives and strategies, together with the planned activities and resource requirements for the period. The Programme and Budget is intended to be the key management tool that gives programme managers the opportunity to communicate their priorities to States Parties and, in turn, provides States Parties with the means to assess and approve the Organisation's priorities, operational plans and resource requirements.

1.16 In order to ensure the optimal utilisation of allotments, the Budget Planning and Control Branch (Budget) maintains a real-time online Budget Status report which is accessible to programme managers. Budget also prepares quarterly budget tracking reports which comprise:

- **Overview and analysis:** includes summaries of the budget status (by programme and in total) for the reporting period; an overview of transfers during the reporting period; and a programme and budget outlook;
- **Analysis of actual and forecast expenditure** by programme and a projection of potential programme over and under spends; and
- **Analysis of actual expenditure and available balances** by programme and sub-programme.

1.17 The purpose of these reports is to monitor budget implementation and provide early warning of potential programme over or under spends to enable appropriate management action. During 2015, the budget proved difficult to manage - the Organisation took on additional verification work in the Syrian Arab Republic which was funded from its regular budget; the weakening of the euro had a significant impact and cash resources were constrained as a consequence of delays in contributions. We saw clear evidence of how the tracking reports were used during the course of 2015 to highlight funding shortfalls and instigate programme transfers.

1.18 The controls over commitments are an important aspect of financial management. Programme managers are expected to conduct periodic reviews of unliquidated obligations and cancel any commitments that are no longer required. The Budget, Planning and Control branch subsequently ensures that cancelled obligations are cleared in a timely manner in order to provide an up-to-date picture of available resources. A number of transfers were made during December and January to address over and under spends and these were in line with Financial Regulations. Overall the rate of budget implementation was some 99.5 per cent (2014: 97.7 per cent), reflecting the financial pressures on the Organisation in 2015.

1.19 Effective strategic planning is critical to organisational success, and seeks to optimise the links between resources and outcomes. The Organisation produces a range of different planning documents (see Figure 3) but most do not make reference to the resources required to carry out future plans. The Medium-Term Plan sets out the objectives of the Organisation and provides the framework within in which the budget is prepared. The Office of Strategy and Policy are responsible for its preparation, but it is developed without reference to a budget envelope of longer term-financial resource plans or assumptions.

FIGURE 3: SUMMARY OF THE KEY DOCUMENTS SUPPORTING THE STRATEGIC PLANNING PROCESS

Document name	Purpose
Medium-Term Plan 2015 to 2019	• Outlines the strategic direction for the annual Programme and Budget in the medium-term. • Sets out the Organisation's seven core objectives and the four strategic enablers, the results the Organisation plans to achieve and how it intends to achieve them. • Does not identify the resource requirements associated with the planned activities.
The OPCW in 2025	• Builds on the Medium-Term Plan but adopts a longer time horizon to the year 2025 that goes beyond the currently anticipated end date of the destruction of declared chemical weapons stockpiles. • Does not identify the resource requirements associated with the planned activities.
Annual Programme and Budget	• Details outputs and activities in the short-term to achieve longer-term programme and organisational objectives. • Provides estimates of financial resources to deliver stated activities, outputs, and objectives. • Includes key performance indicators and targets at programme level.
Performance report	• Provides an analysis of results achieved against targets and gives explanations of variances, where applicable. • Measures achievements against the specific key performance indicators included in the Programme and Budget. • Not intended to be a report on financial performance.

1.20 The Medium-Term Plan makes some reference to the resource requirements which will need to be addressed if results are to be achieved. For example, maintaining an appropriate level of equipment to train participants in the practical use and application of chemical weapons protective equipment. However, the plan does not include estimates of the financial resources required to support the strategy.

1.21 Financial Regulation 3.8 states that "[t]he draft budget and preliminary estimates submitted to the Executive Council shall be accompanied by a medium-term plan. Such a plan would give an overview of the aims and programme priorities of the next few years, to be adjusted annually as necessary. The medium-term plan should not prejudge coming budgets". The Secretariat's interpretation of this regulation is that it prohibits the mid-term plan from making reference to costs. We consider that, by better demonstrating the links between resources and outcomes, much greater value can be gained from integrating strategic and financial planning to provide indicative cost envelopes.

1.22 In our view it is appropriate for organisations to look at the longer term resource horizon as a separate exercise from the annual budget planning cycle. This can help frame the discussions of States Parties and facilitate better planning for future business changes. We noted the ambitions to reshape the Organisation through to 2025[18], but observed that at present there are no financial assumptions being put compiled to indicate the longer-term resource needs to facilitate this. Longer-term and scenario planning does not preclude States Parties from the current annual process of budgeting. The Mid-To Long-Term Staffing Plan produced by the Secretariat in June 2015 states that while the staffing profile will need to adapt[19], reflecting the completion of the stockpile destruction programme. We are aware that the ABAF has asked for the staffing plan to be reflected in the annual programme and budget and encourage the Secretariat to meet this request along with other longer term resource assumptions.

Recommendation 3: The Secretariat should integrate strategic and financial planning within a longer-term financial planning horizon, and identify resource assumptions used to support the medium and long term financial plans.

<u>OPCW Provident Fund</u>

1.23 During 2015 the OPCW Provident Fund continued to achieve a surplus of EUR 952,743 (2014: EUR 1,171,189). Overall assets of the Provident Fund reduced to EUR 52.3 million (2014: EUR 61.8 million), reflecting the higher number of Participants separating in 2015. The financial obligations to Participants notifying their intention to separate before 31 December are now included as liabilities of the Provident Fund, in line with IPSAS. The change in policy, now these amounts have become material, better reflect the asset and liability position of the Fund.

1.24 Overall the Provident Fund had sufficient assets to cover its liabilities and had free reserves of some EUR 73,477 which were not attributable to specific Participants. These funds are available to the Provident Fund Board to defray the costs of operating the fund or to meet unforeseen liabilities in accordance with the Regulations.

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[18] *The OPCW in 2025: Ensuring A World Free of Chemical Weapons* (March 2015)

[19] The plan states that staff numbers are expected to reduce from 523 posts in 2011 to 481 by the end of 2015, and to 416 by 2020.

PART TWO

Governance and internal control

2.1 Effective governance and internal control are an integral part of providing States Parties with assurance over the use of resources. In our first year we have assessed key elements of the Organisation's governance processes which provide oversight. We have made a number of observations, highlighting areas for improvement in:

- independent oversight to support States Parties;
- assessing and managing business risks;
- fraud and whistleblowing arrangements;
- the Office of Internal Oversight; and
- supporting the Statement on Internal Control.

Oversight arrangements to support States Parties

2.2 Modern governance within international organisations has become increasingly demanding. Governments and donors seek clear and robust assurances over the resources enabling them to satisfy their own reporting requirements. It is important therefore for States Parties to have effective mechanisms to enable them to demonstrate their challenge. International organisations have been moving to a model of corporate governance which meets best practice, establishing audit committees to support their members in reviewing assurances.

2.3 The role of an audit committee would be to support the States Parties and Director-General by reviewing the comprehensiveness and reliability of assurances on risk management, the control environment, provision of internal and external audit and the integrity of financial statements. If arrangements operate effectively they can provide strong assurance.

2.4 We believe it is appropriate for the OPCW to review its existing governance mechanisms and to consider the implementation of an audit committee to provide independent and expert advice. This differs from the input and advice currently provided to States by the Advisory Body on Administrative and Financial Matters (ABAF), whose focus is on the budget and use of resources.

2.5 The ABAF comprises 16 members, appointed by the Executive Council on the nomination of States Parties, and its remit extends from advising and commenting on administrative matters, examining and reporting on amendments to financial regulations and rules, to examining and reporting on the Draft Programme and Budget, and where appropriate to examine and comment on internal and external audit reports. The arrangements primarily focus upon matters of budget and ABAF members have close links with their nominating states.

2.6 The ABAF met twice during 2015, with discussions focusing predominantly on budget and planning matters. In our view, the ABAF's role and remit does not focus on the core areas which would be the key mandate for an audit committee. We would expect an audit committee to challenge and advise on:

- the planned activity and results of internal and external audit, and support an objective assessment process to appoint a new external auditor;

- the adequacy of management response to issues identified by audit activity;
- assurances relating to the management of risk and corporate governance;
- the quality of the financial statements and the appropriateness of the accounting policies; and
- anti-fraud policies, whistleblowing processes, and arrangements for special investigations.

2.7 An audit committee would provide the Organisation with an objective and independent forum for scrutinising the actions of the Secretariat, advising on the reliability of the assurances. It would achieve this based upon the knowledge and expertise of its participating members. A committee which met on two or three occasions every year would provide regular rather than annual scrutiny. The timing of meetings would enable a committee to consider the adequacy of audit plans and resourcing, developments in internal control and risk management, the reports of OIO and the External Auditor and advise and comment on the implementation of all audit recommendations.

Recommendation 4: The OPCW should establish a small, independent, objective and expert Audit Committee to enhance the assurances to States Parties, focusing on internal control, risk management and audit provision.

Risk management

2.8 The value of a risk management process is to provide the means to identify and mitigate the risks that could adversely affect the Organisation and the achievement of its objectives. A risk record or register allows for assessment of the impact of risks and the allocation of ownership to manage them. A systematic risk management process encourages sound management, provides additional assurance to the senior management and enhances accountability. Given the challenging environment and the pending changes to the Organisation, this can add value to the Secretariat's work and enhance assurance to States Parties.

2.9 The Organisation produced a risk management policy in February 2013 but its principles have yet to become embedded. While there is a risk register which identifies risks and mitigating actions it dates from October 2014. At that point in time it captured 73 organisational risks, but the register has not been subsequently revised. 2015 saw an increase in the financial and operational risks to the OPCW, and updates to the register would have improved management oversight and increase the confidence which States Parties could obtain from risk management.

2.10 In its Audit of Risk Management report, OIO described the creation of the risk register as "a standalone process in which the participants are made aware of their risks but are not part of the decision-making process on defining objectives and allocating resources". The Director of Administration told us that there is a renewed interest in embedding risk management; the Risk Management Committee has met recently; there is an ongoing exercise to revise the existing register and plans to better integrate risk management as part of the decision-making process. We support these efforts and will report in our subsequent audit report on the improvements made during 2016 to ensure the risk management process properly supports the Secretariat's work.

2.11 Effective risk management can also provide a clear focus for the Organisation's objectives, through the identification of risks which might impact on delivery, such as the existence of suitably skilled staff, non-receipt of contributions, failure of key systems or equipment, or the inadequacy of funding. Risk management can therefore be used to promote and facilitate the achievement of objectives. The further added challenge of an audit committee would enhance the rigour of the risk management process.

Recommendation 5: The Secretariat should maintain and regularly update the risk register and ensure that it is used in the business decision making processes.

Recommendation 6: Risk management processes should be subject to a clear challenge process to support the embedding of risk management and to improve the quality of identified mitigations, ideally this could be conducted by an Audit Committee.

Fraud and whistleblowing arrangements

2.12 While our audit has not identified any fraud concerns we assessed the Organisation's approach to identifying, investigating and reporting fraud. We had intended to review the Organisation's arrangements in respect of fraud and whistleblowing, and to understand what steps had been taken to communicate and raise awareness of these policies. However, we learnt that there are no formal policies and procedures in place. Furthermore, there has been no fraud risks assessment undertaken to identify the areas where the Organisation might be most susceptible to fraud. Without appropriate policies the Organisation is vulnerable to both the risk of fraud and to having inadequate response plans to deal with an incident.

2.13 Enquiries with staff members and a search on the intranet further identified that there was no whistleblowing policy and no formal process for raising concerns about misappropriation, fraudulent or corrupt behaviour. It is important that organisations develop appropriate fraud and whistleblowing procedures and that staff are aware of them. Procedures should clearly identify who staff should approach in the event that they want to raise a disclosure. Such policies are becoming standard across international organisations, and they serve to protect the organisation and its staff, enhancing the compliance culture.

2.14 The Financial Regulations and Rules state that the internal oversight mechanism should "...carry out the functions of internal audit, inspection, evaluation and investigation" (12.1.01) and conduct "enquiries into issues of waste, fraud and mismanagement that come to its attention" (12.2.02). The Director of OIO confirmed that no such matters have been brought to their attention during 2015. However, we further noted that decisions on which investigations should be pursued rest with the Director-General[20]. We consider that there should be clearer separation of the responsibilities for investigations between OIO and the Director-General to avoid any perception that the arrangements or decisions might lack objectivity.

2.15 International organisations are increasingly recognising the need to ensure greater separation between investigative and management functions and for separate independent processes to enable staff to raise concerns. These place the organisation in a stronger position in the event of any challenges or appeals by persons investigated. We would normally expect such investigations to be determined and overseen by the Director of OIO.

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[20] Administrative Directive AD/ADM/26.

Recommendation 7: We recommend that the Organisation conducts a comprehensive fraud risk assessment to determine the Organisation's potential vulnerabilities and exposure to risks of fraud. The Organisation should use the results of this assessment to prepare a fraud and corruption risk strategy.

Recommendation 8: The Organisation should raise awareness of fraud risks through regular communication of fraud issues and through mandatory training courses for all staff on their induction to the Organisation.

Recommendation 9: The Organisation should develop a whistleblowing policy to set out how staff can raise valid concerns which will be appropriately and independently investigated and provide assurance over the protection it offers to staff. Such policies should be clearly accessible and promoted.

Recommendation 10: The Organisation should provide greater clarity over responsibilities and arrangements for the response to an identified fraud by means of an approved fraud response plan. This should include establishing clear independence processes to determine the approach and staffing required to appropriately investigate any fraud allegations.

Office of Internal Oversight (OIO)

Independence and objectivity

2.16 Internal Oversight plays an important role in providing assurance over the operation and effectiveness of an organisation's internal controls. Their reports and findings provide assurance to the Director-General and can also help to direct our own audit work towards risk areas and, subject to auditing standards, can provide us with assurances on which we can rely.

2.17 Currently, OIO operates under the authority of the Director-General. In our view, the role of internal oversight is to provide objective assurance, independent of management. We are concerned that the present status of OIO could be perceived to lack independence. We believe there is scope to enhance the direct reporting lines to the Conference of the States Parties through an audit committee, which would enhance the status and independence of OIO. It is normal for the head of OIO to have a reporting line to the Chair of an audit committee or directly to the governing body in addition to the Director-General.

Work programme

2.18 OIO determines its work programme through a risk assessment methodology, developed in consultation with management and stakeholders about their risks and concerns. OIO assesses and prioritises potential topics by assessing and scoring the risk with reference to eight categories: strategy, operations, reporting, compliance, governance, financial, human resources and information. Assignments with the highest risk value are selected for the draft version of the annual work programme which is submitted to the Director-General for consideration and approval. The Director-General may also request OIO to carry out unplanned audits or evaluations if deemed necessary.

2.19 In 2015, OIO's work programme included 15 planned assignments. Its finalised output was less than originally anticipated: one audit (Manpower Planning in the Inspectorate Division) is expected to be finalised in 2016, and two further assignments (Implementation of the Confidentiality Regime in the Declarations Branch and Developed Selection Methods for Plant Site Selection of Schedule 3 Plant Sites) were postponed and are expected to be conducted in 2016. Organisations need overall assurance on core systems but there will also be other significant risks that internal audit should consider. Other risks may for example relate to controls over delivering major business projects or reputational issues, a more mature risk management process would help OPCW and OIO in exploring these risks and how they can be incorporated into OIO's plans.

2.20 We understand that the OIO has faced resource constraints because of two vacant professional positions, one of which has since been filled. We emphasise the importance of the internal audit plan in covering key financial controls and other critical organisational risks and systems, and for management to ensure that OIO is suitably resourced. Rotation will result in the departure of one of the most experienced internal auditors within OIO, and it is important that future recruitment ensures the Division has appropriate experience and skills to deliver the programme to quality standards. Despite the best efforts of OIO, we consider the current level of activity to fall below the level needed to support the assertions made in the Statement on Internal Control.

Reporting

2.21 Financial rules and regulations specify that the Director of OIO shall prepare an annual summary report on the internal oversight activities for that year, including the status of recommendations. The Director-General is required to submit the report, along with any supporting comments, through the Executive Council to the Conference of the States Parties.

2.22 We believe that it is important for the OIO to have a direct reporting line to ABAF, or ideally an audit committee, which can challenge and advise on the sufficiency of audit activity in providing assurance over the Organisation's internal controls. While the financial regulations and rules (12.4.01) set out that ABAF may request copies of internal oversight reports, it does not receive reports as a matter of routine. In our view, such practice is essential if there is to be transparency about weaknesses in the internal control environment and if the ABAF is to assess the quality of OIO outputs. Increasingly international organisations are seeking to publish such reports on their external websites, we would see sharing the detailed reports with an audit committee as an appropriate level of disclosure.

Recommendation 11: As the Organisation takes steps to develop its risk management processes, we would expect OIO to play a greater role in providing management with assurance over its significant risks within its annual programme.

Recommendation 12: Greater focus needs to be given to succession planning and to ensuring that the skills and resources of OIO are sufficient to deliver effective assurance across key risks to a professional standard. The Director of OIO should make a clear statement each year on the sufficiency of the assurance coverage and resourcing in his annual report.

Recommendation 13: OIO should have a direct reporting line to an audit committee which has full view of the planned range and scope of activities and can ensure these are sufficient to enable the assurances contained in the Statement on Internal Control.

The Statement on Internal Control

2.23 The Secretariat produced a Statement on Internal Control (SIC) for the first time in 2014. While we would agree with the previous External Auditor in commending the Organisation on its efforts to produce a SIC, they highlighted some concerns about its production. Our review of the SIC focused on an examination of:

- the governance arrangements and processes underlying its production, and
- the assurances supporting the Director-General's assessment of the effectiveness of internal controls.

2.24 The SIC should be used to provide a transparent and accountable report of the control issues and risks faced by organisations. It should be a by-product of day-to-day processes and be informed by the essential components and interactions within a well-functioning governance and internal control framework. The effectiveness of internal controls should be kept under constant review, informed by inputs from OIO and the External Auditor, in addition to the day to day observations of management.

Governance arrangements and processes supporting the SIC

2.25 The SIC is produced by the Office of the Director of Administration. We would expect it to be subject to challenge at different stages of the production process, and for discussions to take place with senior management. This process enables common internal control issues to be highlighted and helps to build a more complete evidence base. The involvement of OIO is essential, they should be the primary information source advising the Director-General on the effectiveness of internal control processes, informed by the results of risk focused audit activity. We saw no evidence that the SIC was challenged at any stage of the production process. For example, we are aware that an audit by OIO identified weaknesses in risk management, but the SIC did not make any disclosures in this regard. We would expect the SIC to reflect the findings of any internal and external reports which highlight weaknesses in internal control. In this way the SIC can act as a transparent statement of the current framework. It can also be used to reflect future planned improvements and to demonstrate the commitment to enhancing the control environment.

2.26 All Directors are asked to assess and provide assurance to the Director-General on the control framework within their own divisions via signed attestations. The attestations seek confirmation from Directors that "…necessary measures have been taken to implement internal controls…and, any identified areas where controls are missing or are insufficient, including those that may have been identified during the course of audits and evaluations, have been considered for further reinforcement". All of the attestations we examined were signed, but do not include comments or descriptions of any control weaknesses within divisions. Although this is fully compliant with what is being asked of Directors, it is not helpful in providing senior management and the Director-General with information to provide an informative Statement.

2.27 We are unclear to what extent individual managers are encouraged to provide a detailed assessment or whether they have sufficient training and guidance to properly assess their compliance. Managers should be encouraged to provide narrative on how they have made their assessments and, what they have done within their own divisions to satisfy themselves about the operation of internal control and risk management. To further improve this process we would encourage OIO to have a cyclical approach to auditing these divisional assessments, to bring more rigour to the process.

Recommendation 14: Governance arrangements overseeing the production of the SIC should be strengthened. Senior management need to be more involved in challenging the SIC to ensure the statements made are supported by assurance work and highlight areas where control improvements are planned.

Furthermore, the SIC should be subject to review by the Director of OIO and provide some summary which captures the outcomes from their work, and their overall conclusion in respect of internal controls.

PART THREE

Enterprise Resource Planning (ERP) system

Background

3.1 The Organisation recognised the need to replace its current Smartstream IT system with a modern information system to enhance business reporting and improve business processes; one of the key IT initiatives proposed in the Medium-Term Plan for 2015 to 2019. The primary motive for ERP implementation, as set out in the business case[21], is to "enhance the effectiveness and efficiency of the Organisation's operations". It is anticipated that the preferred solution will transform internal business systems into a smarter, more agile, and better integrated set of processes. It also addresses the Secretariat's concern about the complexity of the current system, the need for manual interventions and the risks of operating a system which is no longer supported.

3.2 In December 2014, the Conference of the States Parties gave authorisation for the establishment of a special fund for the purposes of implementing an ERP solution. An approved transfer of EUR 5.7 million from the Working Capital Fund plus the EUR 2.2 million cash surplus provided a total ERP Fund of EUR 7.9 million, intended to cover the development and implementation costs of the project. The project is in its early stages and expenses to 31 December 2015 were around EUR 0.33 million and related predominantly to the consultancy costs associated with the project, which is expected to go-live in 2018.

3.3 Progression of the project is dependent upon sign off of these stages. Project milestones associated with both phases of the project have been well defined. The project follows recognised project management techniques by utilising the PRINCE2 project management methodology and documentation, and is divided into two phases:

- Phase one (Analysis) includes identifying business requirements, solution evaluation and selection, and tender preparation and evaluation;
- Phase two (Implementation) includes tender award and solution implementation.

Project management and governance

3.4 The implementation of an ERP system is a critical risk in any organisation. Clear accountabilities and governance mechanisms are essential to provide assurance and to monitor the achievement of objectives. The Secretariat provides periodic reports to the Executive Council on the status of implementation of the ERP system, as requested by the Conference of the States Parties.

3.5 We note that the Organisation has defined a three tier project management structure for the project, comprising the following elements:

- The **ERP Project Board** is the highest level in the project organisation structure. It is responsible for the overall direction and management of the project, and is

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[21] *Enterprise Resource Planning Strategy of the OPCW* presented to the Executive Council, Seventy-Seventh Session, 7-10 October 2014

intended to oversee delivery of the project on time and within budget. The Board meets at least quarterly or as and when required.

- The **ERP Project Steering Committee** comprises individuals within the Organisation that are actively involved in the project, or whose interests may be affected as a result of the project execution or completion. The role of the Steering Committee is to provide strategic direction to the Project Manager and make decisions and recommendations on defined project activities, with the goal of ensuring project delivery within the allocated time and budgeted cost. The Steering Committee reports to the Project Board and makes recommendations to them. The Steering Committee provides regular updates on the project status to the Office of the Deputy Director-General and the Office of the Director-General. These updates are delivered by the Project Sponsor and the Project Manager. The Steering Committee meets monthly.

- **The ERP Project Team** is responsible for the delivery of defined products to an agreed level of quality, and within the planned timeframe and budgeted cost. The Project Manager provides status reports to the Project Steering Committee and the Project Board. The Project Team meets weekly and consists of experienced IT project managers.

3.6 We examined minutes and papers to get an insight into the quality of the information relating to the project that went to the Board and Steering Committee during 2015. Papers included status updates on the project, its milestones, deliverables, associated risks, and spend to date. Minutes suggest that the project is subject to close scrutiny and it is important that this scrutiny continues throughout Phase 2. We note that the existing project management governance mechanisms are expected to continue throughout the duration of Phase 1 and Phase 2.

Business case

3.7 The business case for any significant investment is the key document which States Parties can rely upon to support both the investment decision and to assess the ultimate success of a project. The ERP business case identified the functional gaps in the present system and considered the extent to which existing processes met current business needs. It established that the ERP system implementation would have a significant impact on business units, addressing the current risks around manual operation and the longer term sustainability of the system. However, it did not specifically identify or quantify the potential cost benefits.

3.8 The initial business case supporting the investment decision did not provide any benchmark data to enable the measurement of cost benefits arising from the implementation. The absence of this does not undermine the case for change, but it does reduce the potential for assessing value. Manual entries and adjustments necessitated by the current system are now being quantified (volume and cost) for all business processes and will be used to calculate a total estimate of the financial benefits anticipated from the new system. The Secretariat informed us that this was due to resource constraints when making the initial investment proposals.

3.9 While a process to collect this data in 2016 is welcome, the absence of this baseline data to support the initial decision weakened the approval process, as it did not provide the Conference with a clear view of the return on the investment. We are concerned that the

Secretariat has not yet collected baseline data against which improvements in processes can be measured. The risk remains that the Secretariat will be unable to accurately assess the financial benefits against which the success of the project implementation can be assessed.

3.10 The ERP project team intends to develop performance indicators so that the anticipated improvements and benefits can be measured. We would have expected the benefits to have been fully explored and used to support the case for investment in a new system rather than at the programme design stage. We consider the articulation of these to be key to enabling the Organisation to assess the value for money of the investment and to assess whether the ERP project achieves its stated goals. We will review the benefit assumptions in our future work.

Recommendation 15: The Secretariat should ensure it completes its recent exercise to estimate the level of savings arising from the ERP implementation. Sufficient data should be collated to enable an auditable measurement of realised cost benefits on completion of the implementation.

Recommendation 16: The Organisation should formalise its plan to measure benefits and efficiencies over time with a formal benefits realisation plan.

Project status

3.11 The selection of an ERP solution was originally expected to have been achieved towards the end of 2015 but there has been some delay, largely attributed to vendor availability for product demonstrations and completion of product evaluations by business users. The Secretariat consider the implementation to be on track to achieve the 2018 go-live. A series of milestones has been agreed, against which progress will be measured.

FIGURE 4: ERP IMPLEMENTATION: PROJECT MILESTONES*

Milestone (Phase)	Description	Status
1 (1)	Sign-off project governance	Completed April 2015
2 (1)	Sign-off "as-is" business requirements	Completed May 2015
3 (1)	Sign-off "to-be" business requirements	Completed June 2015
4 (1)	Sign-off recommended ERP solution	Completed April 2016
5 (1)	Sign-off recommended ERP infrastructure	Expected July 2016
6 (1)	Sign-off recommended implementation partner	Expected August 2016
7 (2)	ERP contracts signed	Expected Q3 2016
8 (2)	Sign-off of data migration strategy	See note 1 for this and subsequent milestones.
9 (2)	Sign-off of training strategy	
10 (2)	Sign-off of testing strategy	
11 (2)	Sign-off of implementation plan	
12 (2)	Sign-off of solution design	
13 (2)	Sign-off of business process re-engineering	
14 (2)	Sign-off of ERP solution implementation	

* Source: OPCW - Milestones and Deliverables as at March 2016

NOTES:

1. The Project Team intends to initiate and finalise Phase 2 planning subject to the acceptance of the ERP solution recommendation and the signature of the ERP Solutions Licenses and Support Contract.

3.12 The Organisation has decided on its preferred core solution following an evaluation of tenders received. The “to-be” business requirements were used to evaluate the various ERP solutions, with penalties built into the scoring criteria for customisation. The Organisation's view is that customisation carries a cost and, since most of its business processes are fairly standard, most processes can be supported by an “off the shelf”, vanilla package. We support this approach as departures from standard packages increase costs and can create further expense when systems need to be upgraded.

3.13 The Organisation has identified five business processes that it considered could not be met by a core solution. For these business processes - recruitment, talent management, learning management, travel management, and asset management,- additional work is currently being undertaken to examine alternative commercial-off-the-shelf (COTS) solutions. The Organisation is confident that the costs will be met from within the existing ERP special fund. We would expect the Organisation to demonstrate to States Parties that the preferred solutions represent the most cost-effective option.

3.14 Phase 2, implementation of the solution, is currently scheduled to start in summer 2016 with an anticipated “Go-live” date of 2018. It is intended that legacy systems will be run in parallel during this time with testing and data migration to take place throughout 2017.

3.15 While we can see that there is scope for improvements in the efficiency of business processes and the internal control system through the implementation of a new system, we are aware of problems that have occurred in implementing ERP systems at other organisations and encourage the Organisation to learn from these lessons. We note that concerns have been raised by the Project Board that the timelines of the project will be impacted by resource constraints.

3.16 Time and resource requirements should not be underestimated. Introducing standardised business processes and new ways of working is challenging, it requires collective working to identify what is needed to get business units ready to implement the system, and to make efficient and appropriate use of the new functionalities. Division and Branch heads can play an important role in the promotion of change, and they will need to release resources that are needed for the implementation of the project. This will include encouraging staff to give priority to ERP activities so that planned project timelines can be met. Changes of this nature also need to be supported by appropriate change management initiatives and training in order for the full benefits of process changes to be realised. This is particularly important as the Organisation will be progressing towards the 2025 vision.

Recommendation 17: To ensure efficient delivery of the implementation the Secretariat should clearly demonstrate the business need for selecting a hybrid solution for business processes comprised of “commercial-off-the-shelf” packages and include these in the fully costed budget for the implementation.

Recommendation 18: The Organisation should plan to give sufficient emphasis and resource to implementing new business processes and new ways of working and providing high-quality training for staff. It should create a clear plan to support the business change process alongside the schedule for the system implementation, supported by adequate training plans and post implementation support.

PART FOUR

Prior Year Recommendations

4.1 As at April 2016, of the 11 recommendations outstanding for 2015 and previous years, we consider that four recommendations were implemented during the year, and seven recommendations remained under implementation, four of which relate to the periods prior to 2014. The Appendix contains a detailed commentary on the status of previous recommendations.

4.2 The Secretariat reports twice each year to the Executive Council on the status of implementation. Our review of previous recommendations identified that responses lacked clear accountability such as assigning actions to specific individuals and expected timescales for implementation. In our view, the Secretariat should enhance the way in which it tracks the implementation of recommendations and the detail of its response. This is an additional area where external scrutiny by a body such as an Audit Committee could provide useful support to the Director-General and States Parties to ensure the issues arising from both OIO and the External Auditor work are given suitable attention and priority.

Recommendation 19: The Secretariat should review the way in which it responds to assurance recommendations and provide more specific and measurable plans for implementation; these should be supported by a suitable governance process to consider the appropriateness of management responses.

Acknowledgments

4.3 We would like to thank the Director-General and his staff for their co-operation in facilitating their first year of our audit engagement and to the Bundesrechnungshof in supporting the transition of external audit provision.

[signed]

Sir Amyas C E Morse
Comptroller and Auditor General, United Kingdom - External Auditor

27 May 2016

Appendix

FOLLOW-UP OF PRIOR YEAR RECOMMENDATIONS

Follow-up of 2014 recommendations		
Recommendation	**Management comment**	**External auditors' comments**
Recommendation 1: 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. 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 Conference*.	The Secretariat is reviewing the Charter with a view to assessing whether a change is required. The OIO will consider amendments to ensure further alignment with IIA standards.	Ongoing. We note the opinion of the IIA that OIO should ask the Executive Council, as the executive organ of the OPCW, for formal approval of the OIO Charter, preferably on an annual basis. We would suggest that an audit committee could better fulfil this task and provide greater oversight on planning and reporting in general.
Recommendation 2: The governance body that is charged with the 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*.	The Secretariat is studying the tasks and functioning of audit committees in other similar international organisations.	Ongoing. We support and encourage the creation of an audit committee and its role in improving the Organisation's internal control system.
Recommendation 3: 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*.	The Secretariat is of the view that QA should be centralised rather than dispersed. The distinction between the oversight responsibilities and the operational responsibilities will be further clarified. The tasks for the Senior Quality Assurance and Evaluation Manager will be clarified by referring to the audit responsibility on the implemented QA, exclusive of operational responsibilities.	Ongoing. We are supportive of efforts to clarify the distinction between the oversight and operational responsibilities and consider a clear separation to be important to ensure the robustness of the assurance process.

Follow-up of 2014 recommendations		
Recommendation	**Management comment**	**External auditors' comments**
Recommendation 4: 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.*	The Secretariat continues to pay due regard to potential conflict of interest situations when recruiting consultants and other former members of staff under special service agreements. This recommendation is accepted by the Secretariat and may be closed.	Implemented. We will take a continued interest in the Organisation's arrangements to safeguard conflict of interest situations.
Recommendation 5: 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 programme 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.*	The Secretariat accepts this recommendation and will follow it up in future reports; it may be closed.	Implemented. We note that the annual summary report provides information which enables a comparison to be made between planned and actual audits performed. However, we have noted that there are risks going forward in respect of the number of vacant posts and that the overall level of assurance activity has historically been less than originally planned.

Follow up of recommendations carried forward from earlier years

Recommendation	Management comment	External auditors' comments
Assessed contributions: 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.*	The Secretariat continues to remind States Parties of their unpaid assessed contributions on every possible occasion and also sends individual letters to those in arrears on a regular basis. The non-payment of prior years' assessed contributions has a negative impact on the cash position of the Secretariat, and States Parties must meet their legal obligations to pay all outstanding contributions in full.	Ongoing. We have noted that the level of outstanding contributions continues to increase and that States Parties need to ensure they fulfil their Convention obligations subscribing to payment plans to provide more certainty of cash flows.
Net assets/equity and unfunded liabilities: 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*.	As at 31 December 2014, total liabilities exceeded total assets by EUR 0.7 million, a decrease from EUR 1.1 million as at 31 December 2013. This decrease is due to one-time transactions and does not mean that the financial position of the Secretariat has improved. The status as at 31 December 2015 will be determined by 31 March 2016; the Secretariat continues to monitor the situation.	Ongoing. We note that as at 31 December 2015, total assets exceeded total liabilities by EUR 8.27 million. This was due to the reclassification of the Special Fund for the Implementation of the ERP, which was taken to reserves in year, reflecting the correct classification under IPSAS. The underlying position remains one which needs to be addressed, as we have noted in our report.
Restructuring the Secretariat not yet completed: 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.*	After issuance of the Mid-to Long-term Staffing Plan, the Secretariat engaged in discussion with States Parties with regard to structural and staff changes implemented through the Programme and Budget for 2016. Within the Secretariat, efforts will continue to engage staff members at all levels. The Secretariat will also continue to discuss ways to gradually implement the changes through the annual Programme and Budget cycle with the States Parties.	Ongoing. We consider that greater attention needs to be given to longer-term financial planning, and how the ambition to achieve 2025 will be achieved.

Follow up of recommendations carried forward from earlier years

Recommendation	Management comment	External auditors' comments
Risk management and the Statement of Internal Control (SIC): 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 a 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*.	The Secretariat maintains a risk register based on its risk management policy that designates risk owner, risk type, potential impact, probability, and risk response strategy. Along with the Financial Statements for 2014, the Secretariat issued for the first time a statement of internal control, demonstrating the increase in the importance of risk management within the Secretariat.	Ongoing. While we welcome the commitment to introducing the SIC we consider that its value is diminished by the absence of clear processes of assurance to support the underlying statement and have identified that risk processes in 2015 have been ineffective.
Enterprise resource planning (ERP) system: 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*.	A dedicated ERP project team was established in February 2015 and project governance and quality assurance have been in place. The project has finalised the "as-is business process" and "to-be business requirements" that are used for criteria of the ERP solution selection to finalise a request for proposal for ERP licenses in 2016, followed by a tendering process for the implementation of the selected ERP solution.	Implemented. We are content that business processes have been evaluated as part of the tender specification.
Reimbursement of verification activities in the Syrian Arab Republic and Libya is outstanding: In 2013 and 2014 the Secretariat spent EUR 4.2 million for verification activities in the Syrian Arab Republic 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.*	The non-payment of such costs by these two States Parties, together with the non-payment of the prior year's assessed contributions, negatively affects the cash position of the Secretariat. In order to present a realistic picture of the Organisation's financial position in accordance with IPSAS requirements, the Secretariat has written down the receivables from the 2015 Financial Statements. It should be noted that the Secretariat has not discharged these two States Parties from their legal obligations, and will continue its efforts to recover the unpaid costs.	Implemented. The Secretariat have made the necessary accounting adjustments to reflect the potential delays in receipt, without impacting on the legal obligation of the States to pay these contributions.

Annex 4

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 2015

1. The Director-General wishes to express his appreciation for the observations and recommendations received from the Comptroller and Auditor General and his staff, on the occasion of the external audit of the financial statements of the OPCW for the period ended 31 December 2015.

2. The Director-General notes that, in the External Auditor's opinion, the financial statements present fairly the financial position as at 31 December 2015 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 5

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 2015

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 2015 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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