OPCW

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FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS AND REPORT OF THE EXTERNAL AUDITOR FOR THE YEAR ENDING 31 DECEMBER 2013

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Annex 1

ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

FINANCIAL STATEMENTS

OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL STATEMENTS
OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 are presented fairly according to the requirements of IPSAS and the OPCW's Financial Regulations and Rules (reference OPCW-S/DGB/22, dated 14 December 2012).

3. Any other specific directions of the OPCW's policy-making organs as well as additional information prescribed in Financial Regulations 11.1(a) to (e) are presented within the Appendix to the financial statements. The additional information in the Appendix (pages 57 to 95) is not part of the IPSAS-compliant financial statements.

4. It is also our opinion that the financial statements present a view which is consistent with our understanding of the OPCW's financial position as at 31 December 2013, results of its operations, changes in net assets, and cash flows for the year then ended.

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

[Signed]

Ahmet Üzümcü
Director-General

[Signed]

John Sequeira
Director, Administration
Principal Financial Officer

4 April 2014

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THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(expressed in euros)

	Note	**2013**	**2012**
Assets			
Non-current assets			
Property, plant and equipment	6.1	3,489,396	2,660,333
Intangible assets	6.2	340,639	191,986
Total non-current assets		**3,830,035**	**2,852,319**
Current assets			
Inventories	11	910,891	856,686
Assessed contributions recoverable	7	3,555,069	3,577,947
Article IV & V receivables	9	1,535,186	541,738
Other assets	10	4,041,433	3,170,148
Cash and cash equivalents	12	41,830,441	22,036,853
Total current assets		**51,873,020**	**30,183,372**
Total assets		**55,703,055**	**33,035,691**
Liabilities			
Non-current liabilities			
Working Capital Fund	13	9,916,160	9,912,470
Voluntary Fund for Assistance	14	1,526,067	1,521,067
Cash surplus - reimbursable to States Parties	15	2,152,063	1,608,485
Employee benefits	16	3,949,719	4,190,521
Other non-current liabilities	19.1	4,319,535	2,384,278
Total non-current liabilities		**21,863,544**	**19,616,821**
Current liabilities			
Cash surplus - reimbursable to States Parties	15	1,587,575	412,529
Employee benefits	16	5,492,368	5,649,645
Accounts payable	17	2,166,367	2,173,572
Provisions	18	96,243	82,500
Other current liabilities	19.2	25,590,653	8,570,258
Total current liabilities		**34,933,206**	**16,888,504**
Total liabilities		**56,796,750**	**36,505,325**
Net assets		**(1,093,695)**	**(3,469,634)**
Net assets/equity			
Accumulated surplus/(deficits)	20	(1,093,695)	(3,469,634)
Other reserves		-	-
Total net assets/equity attributable to States Parties		**(1,093,695)**	**(3,469,634)**
Minority interest		-	-
Total net assets/equity		**(1,093,695)**	**(3,469,634)**

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

	Note	For the Period Ended 31 December 2013	For the Period Ended 31 December 2012
Revenue			
Assessed contribution revenue	21	62,357,538	67,513,754
Voluntary contribution revenue	22	6,353,312	1,359,607
Article IV & V revenue	23	2,459,403	2,528,440
Other revenue	24	109,960	135,982
Total revenue		**71,280,213**	**71,537,783**
Other income	25	**69,164**	**65,859**
Expenses			
Employee benefit expenses	26	47,007,971	49,335,704
Travel expenses		8,213,570	7,743,764
Consultancy and contractual services		4,944,277	4,377,477
Internships, grants, contributions to seminars and workshops		295,851	554,520
General operating expenses	27	6,464,453	5,540,971
Depreciation and impairment of property, plant and equipment	6.1	701,647	792,829
Amortisation and impairment of intangible assets	6.2	74,061	20,557
Impairment of assessed contributions receivable	7.4	82,407	80,369
Impairment of Article IV & V receivables	9.5	-	-
Other operating expenses	28	1,360,217	426,136
Total expenses		**69,144,454**	**68,872,327**
Finance income	29	82,987	79,825
Finance costs	29	(215,568)	(155,205)
Net finance income/(cost)		**(132,581)**	**(75,380)**
Net surplus/(deficit) for the period		**2,072,342**	**2,655,935**
Net surplus/(deficit) for the period attributable to:			
States Parties		**2,072,342**	**2,655,935**

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

(expressed in euros)

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

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

(expressed in euros)

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

THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

(expressed in euros)

	Note	**For the Year Ended 31 December 2013**	**For the Year Ended 31 December 2012**
Cash flows from operating activities			
Net surplus/(deficit) for the period		2,072,342	2,655,935
Non-cash movements			
Depreciation and impairment of property, plant and equipment	6.1	701,647	792,829
Amortisation and impairment of intangible assets	6.2	74,061	20,557
(Gains)/losses on disposal of property, plant and equipment		-	(14,265)
Increase/(decrease) in provision for impairment of assessed contributions recoverable	7.4	78,162	16,163
Increase/(decrease) in provision for impairment of Article IV & V receivables	9.5	-	(441,144)
Increase/(decrease) in other non-current liabilities	19.1	1,935,257	(1,307,659)
Movement in employee benefit provisions (liability)		(94,484)	(706,121)
Other movements	6, 18	20,404	(223,195)
Unrealised currency exchange gain/(loss)		33,455	433
Changes in working capital			
(Increase)/decrease in assessed contributions recoverable (current)		(55,284)	(696,723)
(Increase)/decrease in Article IV & V receivables (current)		(993,447)	1,235,666
(Increase)/decrease in other current receivables		(871,285)	177,648
(Increase)/decrease in inventories		(54,205)	38,549
Increase/(decrease) in accounts payable		17,013,190	2,768,178
Net cash flows from operating activities		**19,859,814**	**4,316,851**
Cash flows from investing activities			
Purchases of property, plant and equipment	6.1	(1,537,372)	(913,438)
Purchases of intangible assets	6.2	(222,713)	(143,390)
Net cash flows from investing activities		**(1,760,085)**	**(1,056,828)**
Cash flows from financing activities			
Repayments of cash surplus	15.2	(433,439)	(1,544,493)
Final cash surplus - payable to States Parties	15.3	2,152,063	1,608,485
Proceeds received from the Working Capital Fund	13.4	3,690	-
Proceeds received for the Voluntary Fund for Assistance	14	5,000	93,775
Net cash flows from financing activities		**1,727,314**	**157,767**
Net increase/(decrease) in cash and cash equivalents		**19,827,043**	**3,417,790**
Cash and cash equivalents at beginning of the period		22,036,853	18,619,496
Unrealised currency exchange gain/(loss)		(33,455)	(433)
Cash and cash equivalents at end of the period	12	**41,830,441**	**22,036,853**

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

(expressed in euros)

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

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

* 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 2012

(expressed in euros)

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

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

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

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

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

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

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

2. BASIS OF PREPARATION

2.1 The financial statements have been prepared on an accruals and going-concern basis and comply with the requirements of the International Public Sector Accounting Standards (IPSAS). Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) have been applied.

2.2 The financial statements are presented in euros. These financial statements cover the calendar year ended 31 December 2013. The financial period is the calendar year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

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

Foreign currency translation

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

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

Period	USD/EUR	GBP/EUR	CAD/EUR
31 December 2012	0.754	1.218	0.759
Average 12 months	0.776	1.231	0.774

(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 2013.

Cash and cash equivalents

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

Financial assets

Classification

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

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

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

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

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

Recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

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

Impairment

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

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

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

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

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

Inventories

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

Property, plant and equipment

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

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

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

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

Leases

Operating lease

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

Finance lease

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

Intangible assets

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

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

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

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

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

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

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

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

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

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

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

Impairment of non-cash-generating assets

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

Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

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

Other long-term employee benefits

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

Termination benefits

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

Financial liabilities

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

Provisions and contingencies

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

Taxes

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

Revenue recognition

Revenue from non-exchange transactions

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

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

Revenue from exchange transactions

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

3.40 The OPCW's major category of exchange revenue is Article IV and V revenue, amounts that are invoiced to States Parties for various services (as described in note 23 'Article IV and V revenue') provided in the verification of and destruction of chemical weapons.

Expenses

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

Segment information

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

4.4 The other assumptions are based in part on current market conditions and historical experience of the OPCW. Additional information is disclosed in note 16 'Employee benefits'.

Receivables: Determination of impairment

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

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Market risk: Foreign exchange risk

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

5.3 The OPCW's cash inflows from assessed contributions as determined by the Conference are denominated in euros. Receipts of assessed contributions can be in currencies other than euros; however, the States Parties are responsible for any foreign currency fluctuations that may arise. Voluntary contributions are primarily denominated in euros, US dollars, UK pounds, Norwegian kroner, and Canadian dollars. Foreign-currency exposure arises on voluntary contributions denominated in currencies other than euros. However, the OPCW minimises this risk by immediately converting all foreign currency denominated voluntary contributions into euros at the spot rate of the receiving bank. The OPCW records the contributions at the actual euro amounts received, and all corresponding expenses are reported to the donors in euros. If there is an unused balance, the OPCW refunds the euro balance, which the bank converts back to the original currency at the spot rate prevailing at the time of payment.

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

5.5 At 31 December 2013, if the euro had weakened/strengthened by 5% against the US dollar, net surplus/(deficit) for the year would have been EUR 26,028 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated assessed contributions recoverable, voluntary contributions recoverable, and accounts payable.

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

Market risk: Interest rate risk

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

Credit risk

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

Moody's Investors Service Ratings	**31-Dec-13**	**31-Dec-12**
Rating P-1	38,664,440	19,337,003
Non-rated	3,149,870	2,699,848
Total cash and cash equivalents	**41,814,310**	**22,036,851**
Moody's Financial Strength Rating	**31-Dec-13**	**31-Dec-12**
Rating B+	-	4,376,050
Rating B-	6,531,445	-
Rating C+	-	11,450,362
Rating C	6,209,489	-
Rating C-	25,923,506	3,510,591
Non-rated	3,149,870	2,699,848
Total cash and cash equivalents	**41,814,310**	**22,036,851**

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 2013:

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

As at 31 December 2012:

	Less Than 1 Year	**1 to 5 Years**	**5 to 10 Years**	**Beyond 10 Years**	**Undefined Maturity**	**Total**
Working Capital Fund	-	-	-	-	9,912,470	**9,912,470**
Voluntary Fund for Assistance	-	-	-	-	1,521,067	**1,521,067**
Cash surplus reimbursable to States Parties	412,529	1,608,485	-	-	-	**2,021,014**
Accounts payable	2,173,573	-	-	-	-	**2,173,573**
Total financial liabilities	**2,586,102**	**1,608,485**	**-**	**-**	**11,433,537**	**15,628,124**

Capital risk management

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

Fair value estimation

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

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

6.1 Property, plant and equipment

As at 31 December 2013:

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

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

As at 31 December 2012:

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

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

6.2 Intangible assets

As at 31 December 2013:

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

As at 31 December 2012:

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

7. ASSESSED CONTRIBUTIONS RECOVERABLE

	2013	**2012**
Assessed contributions	4,188,879	4,133,595
Less: allowance for impairment of assessed contributions	(633,810)	(555,648)
Total assessed contributions - net	**3,555,069**	**3,577,947**

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 2013, assessed contributions of EUR 3,555,069 (2012: EUR 3,577,947) 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:

	2013	**2012**
Up to 1 year old	2,955,808	3,049,516
Older than 1 year and up to 2 years	255,300	337,074
Older than 2 years and up to 3 years	236,119	61,554
Older than 3 years and up to 10 years	61,814	76,837
Older than 10 years	46,027	52,967
	3,555,069	**3,577,947**

7.3 As of 31 December 2013, assessed contributions of EUR 633,810 (2012: EUR 555,648) were impaired and provided for. The amount impaired as at 2013 year end includes the accumulated unpaid assessed contributions net of corresponding cash surplus, as at 31 December 2012, of States Parties who are in arrears with respect to the financial period 2010 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:

	2013	**2012**
Up to 1 year old	-	-
Older than 1 year and up to 2 years	83,369	84,585
Older than 2 years and up to 3 years	82,596	83,647
Older than 3 years and up to 10 years	293,058	236,852
Older than 10 years	174,788	150,564
	633,810	**555,648**

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:

	2013	**2012**
Beginning of period	555,648	539,485
Provision for impairment of assessed contributions (write-down)	82,407	80,369
Unused amounts reversed (other income)	(4,245)	(64,206)
Unwinding of discount	-	-
	633,810	**555,648**

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

8. VOLUNTARY CONTRIBUTIONS RECOVERABLE

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

9. ARTICLE IV AND V RECEIVABLES

	2013	2012
Article IV & V receivables	1,758,136	764,688
Less: allowance for impairment of Article IV & V receivables	(222,950)	(222,950)
Total Article IV & V receivables - net	**1,535,186**	**541,738**
Less: non-current portion - Article IV & V receivables	-	-
Current portion - Article IV & V receivables	**1,535,186**	**541,738**

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

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

9.3 As of 31 December 2013, Article IV and V receivables of EUR 1,535,186 (2012: EUR 541,738) 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:

	2013	2012
Up to 3 months	1,017,996	541,462
Older than 3 months and up to 6 months	517,189	-
Older than 6 months and up to 1 year	-	276
	1,535,186	**541,738**

9.4 As of 31 December 2013, Article IV and V receivables of EUR 222,950 (2012: 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:

	2013	2012
Older than 1 year and up to 2 years	-	-
Older than 2 years and up to 3 years	-	-
Older than 3 years and up to 10 years	222,950	222,950
	222,950	**222,950**

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

	2013	**2012**
Beginning of period	222,950	664,094
Provision for impairment of Article IV & V receivables	-	-
Unused amounts reversed	-	(441,144)
	222,950	**222,950**

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

10. OTHER ASSETS

Other assets comprise the following items:

	2013	**2012**
Receivables from staff members*	1,212,114	1,188,856
Value-added tax and other recoverable taxes**	1,024,030	746,576
Interest receivable	1,344	285
Receivables from vendors	841,020	271,577
Working Capital Fund receivable	10,447	6,853
Miscellaneous	(19,512)	414
Prepayments - vendors***	879,857	860,488
Prepayments - UNDP	92,132	95,099
Other assets	**4,041,433**	**3,170,148**

* '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.

11. INVENTORIES

	2013	**2012**
Inventories - primary	485,955	486,024
Inventories - secondary	424,935	370,662
	910,890	**856,686**

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

11.2 Physical stock count of primary and secondary consumables was carried out as at 31 December 2013. The carrying amount of inventories is shown at lower of cost or current replacement cost as at 31 December 2013.

12. CASH AND CASH EQUIVALENTS

Unrestricted	2013	2012
Interest-bearing current accounts	19,753,211	3,310,862
Cash on hand	16,130	-
Time deposits	10,628,710	7,298,605
Total unrestricted	**30,398,051**	**10,609,467**
Restricted		
Interest-bearing current accounts	204,972	199,972
Time deposits	11,227,418	11,227,414
Total restricted	**11,432,390**	**11,427,386**
Imprest accounts	-	-
Total cash and cash equivalents	**41,830,441**	**22,036,853**

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

	Note	2013	2012
Restricted cash and cash equivalents			
Working Capital Fund	12.2	9,906,322	9,906,318
Voluntary Fund for Assistance	12.3	1,526,068	1,521,068
Total restricted cash and cash equivalents		**11,432,390**	**11,427,386**

Working Capital Fund

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

Voluntary Fund for Assistance

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

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

13. WORKING CAPITAL FUND

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

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

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

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

	Note	2013	2012
Movement in the 'Working Capital Fund' liability			
At 1 January	Appendix 5.7	9,912,470	9,912,470
Contributions of new States Parties		3,690	-
Disbursements to/from General Fund		-	-
Total Working Capital Fund as at 31 December		**9,916,160**	**9,912,470**
Of which:			
Non-current portion 'Working Capital Fund' liability	Appendix 5.7	9,916,160	9,912,470
Current portion of 'Working Capital Fund' liability		-	-
Total Working Capital Fund as at 31 December		**9,916,160**	**9,912,470**

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

14. VOLUNTARY FUND FOR ASSISTANCE

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

	2013	2012
Balance as at 1 January	**1,521,067**	**1,427,294**
Contributions received/disbursement from States Parties	5,000	90,069
Interest earned	-	3,706
Contributions received/disbursement from the General Fund	-	-
Disbursements made from the Voluntary Fund for Assistance	-	-
Net proceeds received for Voluntary Fund for Assistance	**5,000**	**93,775**
Total Voluntary Fund for Assistance as at 31 December	**1,526,067**	**1,521,067**
Of which:		
Non-current portion Voluntary Fund for Assistance	1,526,067	1,521,067
Current portion of Voluntary Fund for Assistance	-	-
Total Voluntary Fund for Assistance as at 31 December	**1,526,067**	**1,521,067**

15. CASH SURPLUS – REIMBURSABLE TO STATES PARTIES

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

15.2 An amount of EUR 433,439 represents final cash surpluses from 2010 and prior years, allocated during the reporting period to States Parties which owed amounts to the OPCW and have paid their assessed annual contributions in full for the financial period to which the surplus relates. The final cash surplus of 2009 and prior years allocated (reimbursed) to States Parties in 2012 in a similar manner was EUR 1,544,493.

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

		2013	
		Non-current	**Current**
Balance as at 1 January 2013		**1,608,485**	**412,529**
Transfer of cash surplus from non-current to current liability		(1,608,485)	1,608,485
Distributed cash surplus	Appendix 5.10	-	(433,439)
Final cash surplus for 2012	Appendix 5.5	2,152,063	-
Balance as at 31 December 2013		**2,152,063**	**1,587,575**

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

16. EMPLOYEE BENEFITS

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

Employee Benefit	Note	2013			2012		
		Non-current	Current	Total	Non-current	Current	Total
Long-term employee benefits							
Post-employment benefits							
Repatriation grant	16.5	2,322,538	872,772	3,195,310	2,531,984	902,606	3,434,590
Removal	16.5	865,300	370,837	1,236,137	870,462	315,305	1,185,767
Repatriation travel	16.5	508,468	160,265	668,733	511,034	83,590	594,624
Death benefit	16.5	253,413	28,514	281,927	234,659	26,511	261,170
Total post-employment benefits	16.5	**3,949,719**	**1,432,388**	**5,382,107**	**4,148,139**	**1,328,012**	**5,476,151**
Other long-term employee benefits							
Home leave	16.11	-	556,550	556,550	42,382	532,482	574,864
Total long-term employee benefits		**3,949,719**	**1,988,938**	**5,938,657**	**4,190,521**	**1,860,494**	**6,051,015**
Short-term employee benefits							
Annual leave	16.2	-	2,775,435	2,775,435	-	3,189,707	3,189,707
Other short-term employee benefits	16.2	-	727,994	727,994	-	599,444	599,444
Total short-term employee benefits		**-**	**3,503,429**	**3,503,429**	**-**	**3,789,151**	**3,789,151**
Total employee benefits		**3,949,719**	**5,492,367**	**9,442,086**	**4,190,521**	**5,649,645**	**9,840,166**

Short-term employee benefits

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

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

Post-employment benefits

Defined contribution plans

16.4 The OPCW's pension plan is the Provident Fund. The OPCW contributes a fixed amount for all employees into the Provident Fund. Upon departure from the OPCW (provided a minimum service period of three months has been performed), the employee receives contributions made by the OPCW on their behalf and accrued interest. After this payment upon departure, the OPCW has no remaining legal or constructive obligations to pay further contributions. During the period ended 31 December 2013, a Provident Fund contribution of EUR 6,770,748 (2012: EUR 7,058,480) has been recognised in the employee benefit expenses line of the statement of financial performance.

Defined benefit plans

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

Post-Employment Benefits	**Per Actuarial Valuation**
Balance as at 1 January 2013	**5,476,151**
Current service cost	1,147,276
Interest cost	77,014
Contributions by plan participants	-
Actuarial (gains)/losses	(303,596)
Foreign currency-exchange differences	-
Benefits paid	(1,014,739)
Past service cost	-
Curtailments	-
Settlements	-
Balance as at 31 December 2013	**5,382,107**

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

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

Post-Employment Benefits	**2013**	**2012**
Balance as at 31 December		
Present value of defined benefit obligation	5,382,107	5,476,151
Fair value of plan assets		-
Deficit/(surplus) in the plan	**5,382,107**	**5,476,151**

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	**2013**	**2012**
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	5,382,107	5,476,151
Unrecognised actuarial (gains)/losses	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	-	-
Fair value of reimbursement right recognised as an asset	-	-
Other amounts recognised in statement of financial position	-	-
Liability in the statement of financial position	**5,382,107**	**5,476,151**

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	**2013**	**2012**
Current service cost	1,147,276	1,122,838
Interest cost	77,014	136,839
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	**1,224,290**	**1,259,677**

16.9 The statement of changes in net assets/equity includes a negative change of EUR 303,596 relating to actuarial gains and losses in 2013 (2012: negative change of EUR 13,355) 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 2014 is EUR 1,432,388 (2013: EUR 1,328,008).

Other long-term employee benefits

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

Other long-term employee benefits (home-leave benefits)	**2013**	**2012**
Balance as at 1 January	**574,864**	**558,713**
Current service cost	685,480	619,403
Interest cost	7,456	18,211
Contributions by plan participants	-	-
Actuarial (gains)/losses	(150,601)	(14,226)
Foreign currency-exchange differences	-	-
Benefits paid	(560,649)	(607,237)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Balance as at 31 December	**556,550**	**574,864**

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)	**2013**	**2012**
Balance as at 31 December		
Present value of defined benefit obligation	556,550	574,864
Fair value of plan assets	-	-
Deficit/(surplus) in the plan	**556,550**	**574,864**

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)	**2013**	**2012**
Current service cost	685,480	619,403
Interest cost	7,456	18,211
Expected return on plan assets	-	-
Expected return on any reimbursement right recognised as an asset	-	-
Actuarial (gains)/losses	(150,601)	(14,226)
Past service cost	-	-
Effect of curtailment/settlement	-	-
Effect of amount not recognised as an asset	-	-
Total expense recognised in statement of financial performance	**542,335**	**623,388**

16.14 The principal assumptions used for post-employment benefits and other long-term employee benefits as of 31 December 2013 are the following:

Long-term employee benefits	**2013**	**2012**
Discount rate: Death benefits	3.25%	3.00%
Discount rate: Repatriation grant, removal costs, travel costs	1.00%	1.20%
Discount rate: Home leave	0.50%	0.75%
Expected rate of return for periods presented in financial statements on any reimbursement right	0.00%	0.00%
Inflation	2.25%	2.25%
Indexation: Travel and removal costs	2.25%	2.25%
Mortality tables: Based on Dutch static mortality tables 2000 – 2005	-	-
Future salary increases: Based on UN salary scales	-	-

16.15 If the discount rates used in the determination of the employee benefit expense and liability were higher or lower by 0.25% from management’s estimate, the carrying amount of the benefit liability would be an estimated EUR 32,865 lower or EUR 33,457 higher, respectively.

Termination benefits

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

17. ACCOUNTS PAYABLE

17.1 Accounts payable comprise:

	2013	2012*
Accounts payable - vendors	2,064,474	1,786,470
Reimbursements to governments	14,720	237,736
Accounts payable - staff	87,173	149,366
	2,064,474	**2,173,572**

* An amount of EUR 6,010 shown as part of other current liabilities (note 19.2) in the 2012 financial statements has been reclassified to accounts payable.

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 2013.

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 2013.

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 2013, provision is recognised at EUR 96,243 (2012: EUR 82,500) with respect to the liability that is expected to arise as result of these decisions.

18.2 The movements in the provisions in 2013 comprise:

	Staff Provisions
At 1 January 2013	**82,500**
Increase of provisions	25,243
Used during the year	(11,500)
At 31 December 2013	**96,243**

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

19. OTHER LIABILITIES

Other non-current liabilities

19.1 IPSAS requires that a liability be recognised in respect of an inflow of resources from a non-exchange transaction that are also recognised as assets, to the extent that a present obligation exists against the same inflow. Performance obligations exist as at 31 December 2013 with respect to assessed contributions received or receivable of EUR 4,319,529 (2012: EUR 2,384,278) requiring recognition of a corresponding liability. This liability is shown in the statement of financial position as other non-current liabilities.

Other current liabilities

19.2 The OPCW received some assessed contributions relating to the subsequent financial year during the reporting period. These receipts represent liabilities since they apply to a future financial year. Some voluntary contributions received as at 31 December 2013 also require the recognition of liabilities, as they involve conditions. The liabilities established based on such conditions are reduced and revenue is recognised only when the OPCW fulfils the conditions. In this respect, a total amount of EUR 25,590,653 (2012: EUR 8,570,257) after reclassifying an amount of EUR 6,010 to accounts payable is recognised in the statement of financial position as other current liabilities.

20. NET ASSETS/EQUITY

As at 31 December 2013:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Other Reserves: Available-For-Sale Financial Assets	Other Reserves: Transfer to Cash Surplus	Total	Minority Interest	Total
At 1 January 2013	**(3,469,634)**		**-**	**-**	**(3,469,634)**	**-**	**(3,469,634)**
Movements during the reporting period	2,072,345	303,595	-		**2,375,940**	-	**2,375,940**
At 31 December 2013	**(1,397,289)**	**303,595**	**-**	**-**	**(1,093,694)**	**-**	**(1,093,694)**

As at 31 December 2012:

	Accumulated Surplus/ (Deficit)	Other Reserves: Actuarial Gains/ Losses	Other Reserves: Available-For-Sale Financial Assets	Other Reserves: Transfer to Cash Surplus	Total	Minority Interest	Total
At 1 January 2012	**(6,138,924)**	**-**	**-**	**-**	**(6,138,924)**	**-**	**(6,138,924)**
Movements during the reporting period	2,655,935	13,355	-	-	**2,669,290**	-	**2,669,290**
At 31 December 2012	**(3,482,989)**	**13,355**	**-**	**-**	**(3,469,634)**	**-**	**(3,469,634)**

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 2013 is EUR 66,516,600 (2012: EUR 67,389,600). IPSAS requires that inflow of resources from a non-exchange transaction are recognised as asset and revenue, except to the extent that a present obligation exists in respect of the same inflow, which needs to be recognised as liability. The carrying amount of the liability is reduced and revenue is recognised equal to that reduction as the OPCW satisfies the present obligations. The amount recognised as revenue in 2013 with respect to inflow of resources in assessed contributions as well as reduction of previously recognised liabilities relating to satisfied obligations is EUR 62,357,538 (2012: EUR 67,513,754). Amounts for which the OPCW does not satisfy the obligations are reimbursable to States Parties as cash surplus that is determined in the budgetary accounts (see Appendix 5.6).

22. VOLUNTARY CONTRIBUTION REVENUE

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

23. ARTICLE IV AND V REVENUE

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

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

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

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

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

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

24. OTHER REVENUE

	2013	2012
Other operating revenue	27,553	55,613
Write-down of other non-current liabilities	82,407	80,369
Total other operating revenue	**109,960**	**135,982**

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

24.2 Other revenue of EUR 82,407 (2012: EUR 80,369) relates to reduction of other non-current liabilities. These liabilities are linked to inflow of resources recognised as assets (assessed contributions recoverable) against which obligations exist in the form of potential cash surpluses reimbursable to States Parties upon collection of the recoverables. The assets underlying these liabilities have been impaired (see notes 7.4 and 9.5). Accordingly, recognition of write-down of the liabilities is also necessary to the extent of impairment of the underlying assets, since the OPCW is not required to reimburse cash surplus to States Parties against resources not received. In the 2012 financial statements, this item was presented as other income.

25. OTHER INCOME

	2013	2012
Rental income	43,625	42,553
Other/miscellaneous	25,539	21,142
Gain on sale of assets	-	2,164
Total other income	**69,164**	**65,859**

25.1 Write-down of other non-current liabilities was shown in the 2012 financial statements as part of other income. Since the underlying transactions for the liabilities relate to assessed contributions revenue, the item is moved to other revenue. The 2012 amounts shown in the above table and in the statement of financial performance have been adjusted accordingly.

25.2 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

	2013	2012
Short-term employee benefit expenses		
Salaries and post-adjustment expense	29,928,901	30,676,175
Dependency allowances	726,143	789,446
Rental subsidies	171,627	196,434
Medical insurance subsidies	848,507	984,112
Death and disability insurance	280,305	310,785
Annual leave expense	3,314,970	3,361,261
Child care allowances	498,396	464,872
Incoming employee expenses (including travel expenses, removal costs and assignment grant)	510,051	488,730
Income tax reimbursement	116,125	73,807
Education grant and travel expenses	1,869,472	2,073,735
Others	232,810	81,786
Total short-term employee benefit expenses	**38,497,308**	**39,501,143**
Post-employment benefit expenses		
Provident Fund pension expense (defined contribution plan)	6,770,748	7,058,480
Death benefit expense	35,581	46,528
Repatriation grant expense	476,969	1,109,626
Travel costs upon separation from the OPCW	430,191	628,629
Removal costs upon separation from the OPCW	369,373	459,879
Total post-employment benefit expenses	**8,082,862**	**9,303,142**
Other long-term employee benefit expenses		
Home leave expense	533,227	622,064
Total other long-term employee benefit expenses	**533,227**	**622,064**
Termination benefit expenses	-	-
Total – Employee benefit expenses	**47,113,397**	**49,426,349**
Less: Capitalised employee benefit expenses - software under development by OPCW staff	(105,426)	(90,645)
Net employee benefit expenses	**47,007,971**	**49,335,704**

27. GENERAL OPERATING EXPENSES

General operating expenses comprise the following:

	2013	2012
Operating lease rental expense	3,934,163	3,387,542
Supplies and materials	625,211	315,463
Utilities	350,577	344,528
Maintenance	484,384	427,684
Inventories	209,334	213,579
Impairment of other accounts receivable	20,246	-
Other general operating expenses	847,524	852,175
Total general operating expenses	**6,471,439**	**5,540,971**
Less: Capitalised general operating expenses - software under development by OPCW staff	(6,988)	-
Net general operating expenses	**6,464,451**	**5,540,971**

28. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2013	2012
Loss on disposal of property, plant and equipment	6,661	(14,625)
Purchases of furniture and equipment	1,313,139	420,274
Other staff costs	15,172	13,627
Legal compensation payments	11,500	6,000
Provisions	13,743	500
Total other expenses	**1,360,215**	**426,136**

29. FINANCE INCOME AND COSTS

	2013	2012
Finance income		
Interest income arising on cash and cash equivalents	8,913	90,348
Foreign currency gains	74,076	(10,523)
Other finance income	-	-
Total finance income	**82,989**	**79,825**
Finance costs		
Unwinding of discount on post-employment benefits (note 16.8)	77,014	136,839
Unwinding of discount on other long-term employee benefits (note 16.11)	7,456	18,211
Foreign currency losses	131,098	155
Other interest expense	-	-
Total finance costs	**215,568**	**155,205**
Net finance income/(costs)	**(132,579)**	**(75,380)**

30. SERVICES IN KIND

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

Accommodation and transportation services

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

Security services

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

Laboratory services

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

Usage of facilities

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

Other services

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

31. CONTINGENCIES

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

32. COMMITMENTS

Capital commitments

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

Capital Commitments	**2013**	**2012**
Property, plant and equipment	1,477,979	468,890
Intangible assets	2,243	19,487
	1,480,222	**488,377**

Operating lease commitments

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

Operating Leases (OPCW as Lessee)	**2013**	**2012**
No later than 1 year	2,931,073	3,412,462
Later than 1 year and no later than 5 years	10,453,253	261,900
Later than 5 years	-	-
	13,384,326	**3,674,362**

32.3 The OPCW leases various buildings (including its Headquarters in The Hague, the Netherlands), office space, conference facilities, parking facilities, and various items of office and laboratory equipment under non-cancellable operating leases. The lease terms generally range from one year to 15 years. The OPCW is typically required to provide a notice period in order to cancel any of these operating lease agreements. Operating lease payments that are recognised in the statement of financial performance amount to EUR 3,934,163 (2012: EUR 3,387,542). Sublease payments received from the rental of office space in one of the OPCW’s buildings is disclosed in note 25 ‘Other income’.

33. RELATED PARTY TRANSACTIONS

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

34. KEY MANAGEMENT COMPENSATION

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

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

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

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

35. SEGMENT INFORMATION

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

Verification

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

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

Inspections

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

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

International Cooperation and Assistance

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

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

Support to the Policy-Making Organs

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

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

External Relations

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

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

Executive Management

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

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

Administration

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

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

Special Accounts and Voluntary Fund for Assistance

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

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

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

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

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

Trust funds

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

(a) Trust fund for regional seminars

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

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

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

(e) Trust fund for the Associate Programme

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

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

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

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

(j) Trust fund for the Scientific Advisory Board

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

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

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

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

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

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

(q) Trust fund for Syria to support inspections in the Syrian Arab Republic pursuant to the decision of the Executive Council[1]

(r) Syria trust fund for the destruction of chemical weapons pursuant to the decision of the Executive Council[2]

(s) OPCW Nobel Prize trust fund to support the award of an annual prize to nominees selected by the OPCW Prize Committee for their contribution to the Chemical Weapons Convention.

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[1] EC-M-33/DEC.1, dated 27 September 2013 and S/1132/2013, dated 16 October 2013.

[2] EC-M-34/DEC.1, dated 15 November 2013 and S/1141/2013, dated 19 November 2013.

Segment Information
For the period ended 31 December 2013

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / income	**6,211,906**	**25,007,615**	**5,742,511**	**5,160,837**	**1,693,303**	**8,430,698**	**12,591,203**	**6,172,237**	**339,066**	**71,349,376**
Segment revenue from budget allocation										
Assessed contributions	6,211,906	22,520,659	5,742,511	5,160,837	1,693,303	8,430,698	12,591,203	-	-	62,351,117
Article IV & V revenue	-	2,459,403	-	-	-	-	-	-	-	2,459,403
Segment revenue from external sources	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	6,172,237	181,075	6,353,312
Inter-segment revenue	-	27,553	-	-	-	-	-	-	-	-
Other income / revenue	-	-	-	-	-	-	-	-	157,991	185,544
Total segment expense	**6,038,925**	**22,328,918**	**5,486,451**	**5,494,304**	**1,551,506**	**8,743,471**	**12,477,369**	**4,189,620**	**2,833,890**	**69,144,454**
Employee benefit expenses	5,638,001	17,551,274	2,157,036	3,676,164	1,335,165	7,824,476	7,048,137	124,758	1,652,960	47,007,971
Travel expenses	140,550	2,772,299	2,631,501	440,167	13,297	323,674	44,477	1,847,604	-	8,213,569
Contractual services	169,398	1,518,079	358,280	407,959	96,896	463,604	1,084,293	845,768	-	4,944,277
General operating expenses	72,232	464,694	46,137	958,514	99,376	92,419	4,180,960	247,712	302,411	6,464,455
Other	18,744	22,572	293,497	11,500	6,772	39,298	119,502	1,123,778	878,519	2,514,182

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

For the period ended 31 December 2012

	Verification	Inspections	International Cooperation and Assistance	Support to the Policy-Making Organs (PMO)	External Relations	Executive Management	Administration	Trust Funds and Special Accounts	Unallocated	Total
Total segment revenue / income	**7,995,239**	**26,447,107**	**6,535,731**	**4,825,254**	**1,939,057**	**8,311,175**	**14,044,244**	**1,359,607**	**146,228**	**71,603,642**
Segment revenue from budget allocation	-	-	-	-	-	-	-	-	-	-
Assessed contributions	7,995,239	23,863,054	6,535,731	4,825,254	1,939,057	8,311,175	14,044,244	-	-	67,513,754
Article IV & V revenue	-	2,528,440	-	-	-	-	-	-	-	2,528,440
Segment revenue from external sources	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	1,359,607	-	1,359,607
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Other income / revenue	-	55,613	-	-	-	-	-	-	146,228	201,841
Total segment expense	**7,166,744**	**22,714,957**	**5,904,226**	**4,591,909**	**1,810,750**	**7,997,317**	**14,381,763**	**1,303,267**	**3,001,395**	**68,872,327**
Employee benefit expenses	6,410,955	17,598,732	2,505,416	3,589,588	1,507,738	7,122,341	8,630,150	66,158	1,904,626	49,335,704
Travel expenses	295,294	3,015,531	2,707,734	302,244	91,208	429,044	68,291	834,418	-	7,743,764
Contractual services	391,992	1,597,969	96,213	262,897	117,444	388,296	1,172,179	349,667	820	4,377,477
General operating expenses	124,808	395,550	73,590	437,180	73,574	61,948	4,144,359	15,467	214,495	5,540,971
Other	(56,305)	107,175	521,273	-	20,786	(4,312)	366,784	37,557	881,453	1,874,411

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

36. BUDGETARY INFORMATION

36.1 The approved Programme and Budget covers the period 1 January 2013 through 31 December 2013. No additional entities are included. The Budget is prepared using a combination of cash and commitment based accounting whilst these financial statements are prepared using accrual based accounting. Additional information regarding the budgetary accounts is presented as an Appendix. The Appendix is not considered part of the IPSAS financial statements.

Differences between budget and actual amounts

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

36.3 There was no change between the overall original and final budgets during 2013, which totalled EUR 69,803,800.

36.4 Transfers were made between programmes and subprogrammes in accordance with Financial Regulation 4.6, as detailed under EC-75/DG.4 C-19/DG.1, dated 13 February 2014.

36.5 The level of expenditure for 2013 reflects an overall budget utilisation rate of 95.4%. The Chapter One utilisation rate was 94.8%; the Chapter Two rate was 96.0%.

36.6 The Secretariat spent less than the final budget in all programmes. The utilisation of programme budgets was between 89.2% and 99.1%. Factors contributing to the underutilisation will be detailed in the 2013 Programme Performance Report and taken into consideration when formulating the 2015 Programme and Budget.

Reconciliation of actual amounts from budgetary basis to financial statement basis

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

For the year ended 31 December 2013:

	Operating	Financing	Investing	Total
Actual net surplus amount on budgetary basis (per Statement of Comparison of Budget and Actual Amounts)	**2,650,896**	**-**	**-**	**2,650,896**
Basis differences				
Unliquidated obligations	4,470,865	-	-	4,470,865
Assessed contributions revenue	(4,303,173)	-	-	(4,303,173)
Article IV and V revenue	(987,375)	-	-	(987,375)
Employee benefits	(494,319)	-	-	(494,319)
Other basis differences	(81,619)	1,718,624	(759,346)	877,659
Budgetary (General Fund) results on cash basis	**1,255,276**	**1,718,624**	**(759,346)**	**2,214,554**
Entity differences				
Trust funds and Special Accounts	18,604,538	8,690	(1,000,739)	17,612,489
Timing differences	**-**	**-**	**-**	**-**
Actual amount in the IPSAS cash flow statement	**19,859,814**	**1,727,314**	**(1,760,085)**	**19,827,043**

For the year ended 31 December 2012:

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

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

Reconciliation from budgetary result to IPSAS result

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

	2013	**2012**
Budgetary Accounts (all funds) - excess/(shortfall) of income over expenditure (Appendix 5.1)	**19,372,905**	**5,765,083**
Prior year adjustments reclassified as current year revenue and expense	128,880	274,872
Net excess/(shortfall) of income over expenditure	**19,501,785**	**6,039,955**
Differences		
Expenses of the budgetary accounts reclassified as property, plant and equipment	862,751	507,358
Expenses of the budgetary accounts reclassified as inventories	335,516	158,841
Expenses of the budgetary accounts reclassified as intangible assets	163,886	139,876
Recognition of expenses against inventories consumed	(289,728)	(147,457)
Recognition of depreciation and impairment expense on property, plant and equipment	(701,647)	(792,829)
Recognition of amortisation and impairment expense (intangible assets)	(74,061)	(20,557)
Derecognition of unliquidated obligations	6,094,174	3,649,481
Recognition of long-term employee benefit expenses	131,711	300,815
Recognition of short-term employee benefit expenses	(538,864)	(1,206,303)
Assessed contribution recognised as other non-current liabilities	(4,165,482)	59,948
Recognition of impairment expense of assessed contributions	(82,407)	(80,369)
Recognition of impairment expense of Article IV and V receivables	-	-
Recognition of other impairment	(31,720)	(67,041)
Recognition of write-down of other non-current liabilities	82,407	80,369
Recognition of expenses based on current year receipt of goods and services	(2,462,558)	(1,328,336)
Recognition of provisions (legal cases)	(13,743)	(500)
Gain (loss) on disposal of property, plant and equipment	-	(334,059)
Miscellaneous adjustments to expense	35,408	-
Miscellaneous adjustments to income	(11,338)	79,284
Adjustments to exchange revenue	6,072	(5,762)
Income and expense reclassified as finance income/finance cost	71,098	(10,678)
Adjustments to non-exchange revenue (voluntary contributions with conditions)	(16,840,920)	(4,366,101)
Total differences	(17,429,445)	(3,384,020)
IPSAS net surplus/(deficit) for the period	**2,072,342**	**2,655,935**

37. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

38. OTHER

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

Appendix: Additional Information to the Financial Statements

Appendix

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

1. BUDGETARY ACCOUNTS

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

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

(i) the original budget appropriations;
(ii) the appropriations as modified by any transfers of funds;
(iii) credits, if any, other than appropriations approved by the Conference;
(iv) the amounts charged against the appropriations and/or other credits; and
(v) an unobligated balance of appropriations;

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

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

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

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

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

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

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

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

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

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

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

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

(i) Status of advances to the Working Capital Fund (paragraph 5.7)

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

(k) Statement of budgetary obligations by funding programme and major expenditure category – general fund (paragraph 5.9)

(l) Statement of budgetary obligations by funding programme and major expenditure category – Special Accounts, 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 (paragraph 5.12)

(o) Statement of cash surpluses credited to Member States – general fund (paragraph 5.13)

(p) Reimbursements for inspections invoiced under Articles IV and V (paragraph 5.14)

(q) Trust funds – voluntary contributions by donors (paragraph 5.15)

(r) Statement of losses (paragraph 6)

2. RECONCILIATION OF BUDGETARY RESULTS TO IPSAS RESULTS

2.1 Due to application of different accounting bases, namely, the IPSAS basis and the modified cash basis, respectively, in the preparation of the financial statements and the statements and schedules in the Appendix, differences exist in various balances as well as their presentations in the statements and schedules. Breakdowns of these differences are provided in the reconciliation statements shown within the notes to the financial statements under note 36.8 'Reconciliation from budget result to IPSAS result'.

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

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

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

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

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

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3 Appropriations for 2013, in the total amount of EUR 69,803,800 (2012: EUR 70,561,800), were approved by the Conference at its Seventeenth Session (C-17/DEC.4, dated 27 November 2012). The agreed appropriations were to be financed from assessed annual contributions paid by all States Parties in the amount of EUR 66,516,600 (2012: EUR 67,389,600) and from budgeted direct income in the amount of EUR 3,287,200 (2012: EUR 3,172,200). The balance (budget less expenditures) of EUR 3,180,710 represents a surplus over the amount appropriated, not the amount allotted. The difference between allotment and appropriation is the amount withheld according to Financial Regulation 4.7 (contingency margin to account for assessments not likely to be received in the financial period). The amount of the contingency margin is based on the average of the collection rate for the previous three years (Financial Rule 4.7.01). The calculated contingency margin for 2013 is 1.0% (2012: 0.4%).

4 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.

5 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 2012 (expressed in euros)

Funding Programme	**Appropriations**			**Expenditure**			**Balance**
	Appropriations	**Transfers**	**Revised**	**Disbursements**	**Unliquidated Obligations**	**Total Expenditure**	
Programme 1. Verification	8,356,200	-	8,356,200	7,576,813	478,508	8,055,321	300,879
Programme 2. Inspections	24,940,400	-	24,940,400	23,441,090	1,029,572	24,470,662	469,738
Total verification costs (Chapter 1)	**33,296,600**	**-**	**33,296,600**	**31,017,903**	**1,508,080**	**32,525,983**	**770,617**
Programme 3. International Cooperation and Assistance	6,830,800	-	6,830,800	5,788,146	333,304	6,121,450	709,350
Programme 4. Support to the Policy-Making Organs	5,043,100	-	5,043,100	4,518,894	239,531	4,758,425	284,675
Programme 5. External Relations	2,026,600	-	2,026,600	1,836,161	76,911	1,913,072	113,528
Programme 6. Executive Management	8,686,400	-	8,686,400	8,040,778	295,206	8,335,984	350,416
Programme 7. Administration	14,678,300	-	14,678,300	13,801,332	617,115	14,418,442	259,858
Total administrative and other costs (Chapter 2)	**37,265,200**	**-**	**37,265,200**	**33,985,311**	**1,562,067**	**35,547,373**	**1,717,827**
TOTAL (Paragraph 5.8(b) and 5.9(b))	**70,561,800**	**-**	**70,561,800**	**65,003,214**	**3,070,147**	**68,073,356**	**2,488,444**

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 2013 (expressed in euros)

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

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

4.2 Statement of cash and investments (term deposits) - All funds as at 31 December 2012 (expressed in euros)

Fund	Cash	Term Deposits	Total
General Fund	1,659,788	-	1,659,788
Working Capital Fund	526	9,905,792	9,906,317
Voluntary Fund for Assistance	199,446	1,321,622	1,521,068
United States voluntary trust fund	123,540	1,488,225	1,611,765
European Union support for OPCW activities in 2009	221,661	-	221,661
Trust fund of Canada for Libya	85,135	4,257,672	4,342,807
European Union support for OPCW activities in 2012	668,930	-	668,930
Special account for the OPCW Equipment Store	72,007	186,147	258,154
Special account for designated laboratories	107,491	866,056	973,547
Regional seminars	372,308*	500,505*	313,918
Courses for personnel of National Authorities			126,808
Implementation of Article X			88,511
Associate Programme			5,023
Procurement of GC/MS systems			72,958
Implementation of Article VII obligations			165,475
Scientific Advisory Board			39,860
Internship-Support Programme			5,911
NGO participation in OPCW events			802
Conference on International Cooperation and Chemical Safety & Security			23,475
Trust fund for training			15,075
Trust Fund for International Support Network for Victims of Chemical Weapons			15,000
TOTAL CASH AND TERM DEPOSITS	**3,510,833**	**18,526,019**	**22,036,853**

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

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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 2013 (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	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
INCOME											
Assessed annual contributions[6]	5.6	66,516,600	67,389,600	-	-	-	-	-	-	66,516,600	67,389,600
Voluntary contributions	5.15	181,075	-	-	-	5,000	90,067	23,008,157	5,635,641	23,194,232	5,725,708
Miscellaneous income:											
Verification contributions under Articles IV & V	5.14	2,480,885	2,534,202	-	-	-	-	-	-	2,480,885	2,534,202
Assessed annual contributions - new Member States	5.6	6,420	-	-	-	-	-	-	-	6,420	-
Interest income		8,504	74,535	-	-	-	7,514	409	8,299	8,913	90,348
Currency-exchange gains		-	-	-	-	-	-	-	-	-	-
Other income		80,502	106,394	-	-	-	-	-	-	80,502	106,394
TOTAL INCOME		**69,273,986**	**70,104,731**	**-**	**-**	**5,000**	**97,581**	**23,008,566**	**5,643,940**	**92,287,552**	**75,846,252**
EXPENDITURE											
Staff costs		47,850,011	49,634,492	-	-	-	-	121,809	72,343	47,971,820	49,706,835
Travel costs		6,552,916	7,046,859	-	-	-	-	1,885,087	854,044	8,438,003	7,900,903
Contractual services		4,261,305	4,215,985	-	-	25,190	45,000	865,780	303,522	5,152,275	4,564,507
Internships, grants, contributions to seminars and workshops		318,026	511,388	-	-	-	-	4,353	28,749	322,379	540,137
General operating expenses		6,307,133	5,679,516	-	-	25,912	522	497,400	85,442	6,830,445	5,765,480
Furniture and equipment		1,333,699	985,116	-	-	520,651	137,614	2,216,493	205,703	4,070,843	1,328,433
TOTAL EXPENDITURE	5.3, 5.4	**66,623,090**	**68,073,356**	**-**	**-**	**571,753**	**183,136**	**5,590,922**	**1,549,803**	**72,785,765**	**69,806,294**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		**2,650,896**	**2,031,376**	**-**	**-**	**(566,753)**	**(85,555)**	**17,417,644**	**4,094,137**	**19,501,787**	**6,039,958**
Prior period adjustments		(109,623)	(47,039)	-	-	-	(935)	(19,259)	(226,896)	(128,882)	(274,870)
NET EXCESS/(SHORTFALL) OF INCOME OVER EXPENDITURE		**2,541,273**	**1,984,337**	**-**	**-**	**(566,753)**	**(86,490)**	**17,398,385**	**3,867,241**	**19,372,905**	**5,765,088**
Savings on prior period's obligations	5.11, 5.12	613,529	651,973	-	-	2	-	47,402	32,413	660,933	684,386
Transfers to/from other funds		(137,185)	(275,321)	-	-	137,185	275,321	-	-	-	-
Credits to Member States[7]	5.13	(433,439)	(1,544,493)	-	-	-	-	-	-	(433,439)	(1,544,493)
Increase in Working Capital Fund		-	-	3,690	-	-	-	-	-	3,690	-
Reserves and fund balances, beginning of period		4,730,594	3,914,098	9,912,470	9,912,470	3,026,772	2,837,941	6,585,364	2,685,710	24,255,200	19,350,219
RESERVES AND FUND BALANCES, END OF PERIOD		**7,314,772**	**4,730,594**	**9,916,160**	**9,912,470**	**2,597,206**	**3,026,772**	**24,031,151**	**6,585,364**	**43,859,289**	**24,255,200**

6 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.

7 The amount of EUR 433,439 (2012: EUR 1,544,493) represents final cash surpluses from 2010 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 2013 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 2013 (expressed in euros)

	Reference (Appendix)	General Fund		Working Capital Fund		Special Accounts and Voluntary Fund for Assistance		Trust Funds		TOTAL	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
ASSETS											
Cash and term deposits	4	3,874,342	1,659,788	9,906,322	9,906,317	2,671,778	2,752,769	25,377,999	7,717,979	41,830,441	22,036,853
Accounts receivable:											
Assessed annual contributions from Member States	5.6	4,188,879	4,133,595	-	-	-	-		-	4,188,879	4,133,595
Voluntary contributions		-	-	-	-	-	-	-	-	-	-
Verification contributions under Articles IV & V [8]	5.14	1,758,136	764,688	-	-		-		-	1,758,136	764,688
Other contributions receivable		-	-	-	-	-	-	-	-	-	-
Advances		-	-	10,447	6,853	-	-	-	-	10,447	6,853
Inter-fund balances		3,826,897	58,248	-	-	137,186	275,330	3,836,364	17,585	7,800,447	351,163
Other receivables		2,109,156	1,506,808	1,239	276	-	-	941,211	291,344	3,051,606	1,798,428
Other assets		2,375,031	2,557,380	-	-	-	-	-	-	2,375,031	2,557,380
TOTAL ASSETS		**18,132,441**	**10,680,507**	**9,918,008**	**9,913,446**	**2,808,964**	**3,028,099**	**30,155,574**	**8,026,908**	**61,014,987**	**31,648,960**
LIABILITIES											
Contributions received in advance [9]		1,705,420	1,715,996	-	-	-	-	887,535	584,300	2,592,955	2,300,296
Unliquidated obligations	5.11	4,470,865	3,070,146	-	-	207,034	1,318	1,416,276	578,017	6,094,175	3,649,481
Accounts payable:											
Inter-fund balances		3,973,555	292,920	1,848	976	4,724	9	3,820,321	57,258	7,800,448	351,163
Other payables		667,829	870,852	-	-	-	-	291	221,969	668,120	1,092,821
Other liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		**10,817,669**	**5,949,914**	**1,848**	**976**	**211,758**	**1,327**	**6,124,423**	**1,441,544**	**17,155,698**	**7,393,761**
RESERVES AND FUND BALANCES											
Fund balances [10]		7,314,772	4,730,593	9,916,160	9,912,470	2,597,206	3,026,772	24,031,151	6,585,364	43,859,289	24,255,199
TOTAL RESERVES AND FUND BALANCES		**7,314,772**	**4,730,593**	**9,916,160**	**9,912,470**	**2,597,206**	**3,026,772**	**24,031,151**	**6,585,364**	**43,859,289**	**24,255,199**
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		**18,132,441**	**10,680,507**	**9,918,008**	**9,913,446**	**2,808,964**	**3,028,099**	**30,155,574**	**8,026,908**	**61,014,987**	**31,648,960**

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8 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 2013 or missions for which billing information had not yet been fully received as at the same date.

9 Contributions received in advance and accounts payable for 2012 show different amounts than those reflected in the same Appendix of the 2012 financial statements due to reclassification of an amount of EUR 6,010 from contributions received in advance to accounts payable.

10 Reconciliation of the total fund balances of the budgetary accounts to the net assets of the IPSAS financial statements has been provided in note 36 to the financial statements.

5.3 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Special Accounts and Voluntary Fund for Assistance - For the period ended 31 December 2013 (expressed in euros)

	OPCW Equipment Store		Designated Laboratories		Voluntary Fund for Assistance		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
INCOME								
Assessed annual contributions	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	5,000	90,067	5,000	90,067
Miscellaneous income:								
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-
Assessed annual contributions - new Member States	-	-	-	-	-	-	-	-
Interest income	-	1,389	-	2,419	-	3,706	-	7,514
Currency-exchange gains	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL INCOME	**-**	**1,389**	**-**	**2,419**	**5,000**	**93,773**	**5,000**	**97,581**
EXPENDITURE								
Staff costs	-	-	-	-	-	-	-	-
Travel costs	-	-	-	-	-	-	-	-
Contractual services	1,190	-	24,000	45,000	-	-	25,190	45,000
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-
General operating expenses	25,912	117	-	405	-	-	25,912	522
Furniture and equipment	236,457	137,614	284,194	-	-	-	520,651	137,614
TOTAL EXPENDITURE	**263,559**	**137,731**	**308,194**	**45,405**	**-**	**-**	**571,753**	**183,136**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(263,559)**	**(136,342)**	**(308,194)**	**(42,986)**	**5,000**	**93,773**	**(566,753)**	**(85,555)**
Prior period adjustments	-	-	-	(935)	-	-	-	(935)
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(263,559)**	**(136,342)**	**(308,194)**	**(43,921)**	**5,000**	**93,773**	**(566,753)**	**(86,490)**
Savings on prior period's obligations	2	-	-	-	-	-	2	-
Transfers to/from other funds	-	126,200	137,185	149,121	-	-	137,185	275,321
Credits to Member States	-	-	-	-	-	-	-	-
Increase in Working Capital Fund	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	383,044	393,186	1,122,661	1,017,461	1,521,067	1,427,294	3,026,772	2,837,941
RESERVES AND FUND BALANCES, END OF PERIOD	**119,487**	**383,044**	**951,652**	**1,122,661**	**1,526,067**	**1,521,067**	**2,597,206**	**3,026,772**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2013 (expressed in euros)

	Regional Seminars		Courses for Personnel of National Authorities		Training		US Voluntary Fund		Implementation of Article X		Associate Programme		Scientific Advisory Board	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
INCOME														
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	216,306	197,862	-	-	-	-	72,263	73,350	98,587	132,483	-	-	27,785	38,842
Miscellaneous income:														
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	2	963	-	26	-	-	87	2,999	-	15	-	5	-	8
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**216,308**	**198,825**	**-**	**26**	**-**	**-**	**72,350**	**76,349**	**98,587**	**132,498**	**-**	**5**	**27,785**	**38,850**
EXPENDITURE														
Staff costs	-	-	-	-	-	-	-	36,709	-	-	-	-	-	-
Travel costs	173,521	147,584	-	3,587	-	-	71,102	140,722	88,435	145,549	-	-	11,399	53,681
Contractual services	31,128	30,280	-	-	-	-	43,240	46,650	22,081	11,273	-	-	1,331	-
Internships, grants, contributions to seminars and workshops	4,353	-	-	-	-	-	-	28,749	-	-	-	-	-	-
General operating expenses	9,235	4,263	-	2	-	-	8,037	1,290	5,858	2,279	-	-	73	14
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**218,237**	**182,127**	**-**	**3,589**	**-**	**-**	**122,379**	**254,120**	**116,374**	**159,101**	**-**	**-**	**12,803**	**53,695**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(1,929)**	**16,698**	**-**	**(3,563)**	**-**	**-**	**(50,029)**	**(177,771)**	**(17,787)**	**(26,603)**	**-**	**5**	**14,982**	**(14,845)**
Prior period adjustments	(582)	(132)	(213)	-	-	1	(1,192)	-	(2,647)	-	314	-	(1,244)	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(2,511)**	**16,566**	**(213)**	**(3,563)**	**-**	**1**	**(51,221)**	**(177,771)**	**(20,434)**	**(26,603)**	**314**	**5**	**13,738**	**(14,845)**
Savings on prior period's obligations	7,436	1,581	2	-	-	-	9,515	-	299	243	-	-	1,838	1,727
Transfers to/from other funds	(2,586)	49,964	(932)	-	-	-	-	-	11,517	40,972	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	194,341	126,230	129,736	133,299	-	(1)	1,549,959	1,727,730	87,941	73,329	4,709	4,704	20,324	33,442
RESERVES AND FUND BALANCES, END OF PERIOD	**196,680**	**194,341**	**128,593**	**129,736**	**-**	**-**	**1,508,253**	**1,549,959**	**79,323**	**87,941**	**5,023**	**4,709**	**35,900**	**20,324**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2013 (expressed in euros) (continued)

	NGO Participation in OPCW Events		Procurement of GC/MS Systems		Implementation of Article VII Obligations		Internship Support Programme		2009 EU Support for OPCW Activities		Conference on International Cooperation and Chemical Safety & Security		Trust Fund for Training	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
INCOME														
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	59,201	-	-	-	-	-	-	34,823	29,825
Miscellaneous income:														
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	1	-	14	-	75	-	1	-	392	-	9	-	-
Currency exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**-**	**1**	**-**	**14**	**-**	**59,276**	**-**	**1**	**-**	**392**	**-**	**9**	**34,823**	**29,825**
EXPENDITURE														
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel costs	-	-	-	-	44,864	85,605	-	-	-	-	-	-	-	-
Contractual services	-	-	-	24,689	3,024	-	-	-	-	-	-	-	11,053	14,750
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating expenses	-	-	-	-	1,349	422	-	-	-	-	-	-	-	-
Furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**-**	**-**	**-**	**24,689**	**49,237**	**86,027**	**-**	**-**	**-**	**-**	**-**	**-**	**11,053**	**14,750**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**-**	**1**	**-**	**(24,675)**	**(49,237)**	**(26,751)**	**-**	**1**	**-**	**392**	**-**	**9**	**23,770**	**15,075**
Prior period adjustments	-	-	-	-	(33)	-	-	-	-	(220,326)	-	(6,439)	-	-
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**-**	**1**	**-**	**(24,675)**	**(49,270)**	**(26,751)**	**-**	**1**	**-**	**(219,934)**	**-**	**(6,430)**	**23,770**	**15,075**
Savings on prior period's obligations	-	(174)	12,345	-	190	-	-	-	-	19,344	-	9,692	-	-
Transfers to/from other funds	-	-	-	-	(8,000)	(90,936)	-	-	-	-	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	912	1,085	48,268	72,943	168,484	286,171	5,911	5,910	-	200,590	23,540	20,278	15,075	-
RESERVES AND FUND BALANCES, END OF PERIOD	**912**	**912**	**60,613**	**48,268**	**111,404**	**168,484**	**5,911**	**5,911**	**-**	**-**	**23,540**	**23,540**	**38,845**	**15,075**

5.4 Budgetary accounts: Income, expenditure and changes in reserves and fund balances - Trust Funds - For the period ended 31 December 2013 (expressed in euros) (continued)

	Trust Fund of Canada for Libya		EU Support for OPCW Activities 2012		International Support Network for Victims of Chemical Weapons		Trust Fund for Syria		Syria Trust Fund for the Destruction of Chemical Weapons		OPCW Nobel Prize Trust Fund		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
INCOME														
Assessed annual contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	4,554,078	976,667	535,000	-	15,000	6,560,223	-	14,135,567	-	885,936	-	23,008,157	5,635,641
Miscellaneous income:													-	-
Verification contributions under Articles IV & V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessed contributions - new Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	276	3,702	-	89	-	-	44	-	-	-	-	-	409	8,299
Currency-exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	**276**	**4,557,780**	**976,667**	**535,089**	**-**	**15,000**	**6,560,267**	**-**	**14,135,567**	**-**	**885,936**	**-**	**23,008,566**	**5,643,940**
EXPENDITURE														
Staff costs	-	-	109,410	35,634	-	-	12,399	-	-	-	-	-	121,809	72,343
Travel costs	460,178	11,271	364,067	266,045	-	-	671,521	-	-	-	-	-	1,885,087	854,044
Contractual services	148,888	5,594	128,643	170,286	-	-	476,392	-	-	-	-	-	865,780	303,522
Internships, grants, contributions to seminars and workshops	-	-	-	-	-	-	-	-	-	-	-	-	4,353	28,749
General operating expenses	16,034	66,890	9,705	10,282	-	-	447,109	-	-	-	-	-	497,400	85,442
Furniture and equipment	792,505	205,703	-	-	-	-	1,423,988	-	-	-	-	-	2,216,493	205,703
TOTAL EXPENDITURE	**1,417,605**	**289,458**	**611,825**	**482,247**	**-**	**-**	**3,031,409**	**-**	**-**	**-**	**-**	**-**	**5,590,922**	**1,549,803**
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(1,417,329)**	**4,268,322**	**364,842**	**52,842**	**-**	**15,000**	**3,528,858**	**-**	**14,135,567**	**-**	**885,936**	**-**	**17,417,644**	**4,094,137**
Prior period adjustments	(15,233)	-	1,571	-	-	-	-	-	-	-	-	-	(19,259)	(226,896)
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	**(1,432,562)**	**4,268,322**	**366,413**	**52,842**	**-**	**15,000**	**3,528,858**	**-**	**14,135,567**	**-**	**885,936**	**-**	**17,398,385**	**3,867,241**
Savings on prior period's obligations	12,653	-	3,124	-	-	-	-	-	-	-	-	-	47,402	32,413
Transfers to/from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credits to Member States	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves and fund balances, beginning of period	4,268,322	-	52,842	-	15,000	-	-	-	-	-	-	-	6,585,364	2,685,710
RESERVES AND FUND BALANCES, END OF PERIOD	**2,848,413**	**4,268,322**	**422,379**	**52,842**	**15,000**	**15,000**	**3,528,858**	**-**	**14,135,567**	**-**	**885,936**	**-**	**24,031,151**	**6,585,364**

5.5 Budgetary accounts: Statement of cash surpluses - General Fund - as at 31 December 2013 (expressed in euros)

PROVISIONAL CASH SURPLUS - CURRENT YEAR	2013	2012
Receipts	64,782,946	66,513,753
Disbursements	(62,152,225)	(65,003,218)
EXCESS / (SHORTFALL) OF RECEIPTS OVER DISBURSEMENTS	**2,630,721**	**1,510,535**
Unliquidated obligations [11]	(4,470,865)	(3,070,146)
Transfers to/from other funds	(137,185)	(275,321)
PROVISIONAL SURPLUS / (DEFICIT) AS AT END OF THE REPORTING PERIOD	**(1,977,329)**	**(1,834,932)**
BUDGETARY SURPLUS		
Contributions receivable	2,955,808	3,049,516
Miscellaneous income receivable	1,535,232	541,462
Transfers to/from other funds	137,185	275,321
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE - (STATEMENT I) BUDGETARY SURPLUS	**2,650,896**	**2,031,367**
FINAL CASH SURPLUS - PRIOR YEAR	**2012**	**2011**
PROVISIONAL SURPLUS / (DEFICIT)	**(1,834,932)**	**(3,079,224)**
Receipt of:		
Arrears from prior years' annual contributions	2,900,524	2,352,793
Miscellaneous income from prior years	519,981	1,771,198
Savings on prior period's obligations (paragraph 5.11)	613,529	651,973
PRIOR YEAR CASH SURPLUS / (DEFICIT)	**2,199,102**	**1,696,740**
Prior period adjustment	(47,039)	(88,255)
Prior period transfers from the General Fund to Special Accounts		
FINAL CASH SURPLUS / (DEFICIT)	**2,152,063**	**1,608,485**

11 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 2013 (expressed in euros)

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2011	2012 Annual Contributions			2013 Annual Contributions			Total Balance Outstanding 1993 - 2013	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Afghanistan	-	-	2,714	2,714	-	3,351	3,351	-	-	-
Albania	-	-	6,785	6,785	-	6,703	80	6,623	6,623	-
Algeria	-	-	86,842	86,842	-	91,827	91,827	-	-	-
Andorra	-	-	4,749	4,749	-	5,362	5,362	-	-	-
Antigua and Barbuda	-	9,711	1,357	-	1,357	1,341	-	1,341	12,409	-
Argentina	-	-	194,717	194,717	-	289,558	289,558	-	-	-
Armenia	-	-	3,392	3,392	-	4,692	4,692	-	-	-
Australia	-	-	1,311,456	1,311,456	-	1,390,146	1,390,146	-	-	-
Austria	-	-	577,366	577,366	-	534,878	534,878	-	-	-
Azerbaijan	-	-	10,177	10,177	-	26,811	26,811	-	-	-
Bahamas	-	-	12,212	12,212	-	11,395	11,395	-	-	-
Bahrain	-	-	26,460	26,460	-	26,141	26,141	-	-	-
Bangladesh	-	-	6,785	6,785	-	6,703	197	6,506	6,506	-
Barbados	-	-	5,428	5,428	-	5,362	5,362	-	-	-
Belarus	-	-	28,495	28,495	-	37,535	37,535	-	-	-
Belgium	-	-	729,340	729,340	-	668,932	668,932	-	-	-
Belize	-	-	674	674	-	665	665	-	-	34
Benin	-	-	2,035	2,035	-	2,011	197	1,814	1,814	-
Bhutan	-	-	674	674	-	665	-	665	665	-
Bolivia (Plurinational State of)	-	-	4,749	4,749	-	6,032	6,032	-	-	-
Bosnia and Herzegovina	-	-	9,498	9,498	-	11,395	11,395	-	-	-
Botswana	-	-	12,212	12,212	-	11,395	11,395	-	-	63
Brazil	-	-	1,092,993	1,092,993	-	1,966,580	31,620	1,934,960	1,934,960	-
Brunei Darussalam	-	-	18,997	18,997	-	17,427	17,427	-	-	-
Bulgaria	-	-	25,781	25,781	-	31,503	31,503	-	-	-
Burkina Faso	-	-	2,035	2,035	-	2,011	60	1,951	1,951	-
Burundi	-	-	674	674	-	665	665	-	-	1,387
Cambodia	-	-	2,035	2,035	-	2,681	2,681	-	-	-
Cameroon	-	-	7,463	7,463	-	8,043	8,043	-	-	1,493
Canada	-	-	2,175,809	2,175,809	-	2,000,094	2,000,094	-	-	-
Cabo Verde	-	-	674	674	-	665	665	-	-	426
Central African Republic	6,496	3,589	674	-	674	665	-	665	11,424	-
Chad	-	-	1,357	1,357	-	1,341	1,341	-	-	5,511
Chile	-	-	160,116	160,116	-	223,871	223,871	-	-	-
China	-	-	2,163,597	2,163,597	-	3,450,564	3,450,564	-	-	-
Colombia	-	-	97,698	97,698	-	173,601	173,601	-	-	508
Comoros	6,496	3,648	674	-	674	665	-	665	11,483	-
Congo	-	-	2,035	2,035	-	3,351	3,351	-	-	24
Cook Islands	-	-	674	32	642	665	-	665	1,307	-
Costa Rica	-	-	23,068	23,068	-	25,470	25,470	-	-	2,776
Cote d'Ivoire	-	-	6,785	6,785	-	7,373	7,373	-	-	319

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2011	2012 Annual Contributions			2013 Annual Contributions			Total Balance Outstanding 1993 - 2013	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Croatia	-	-	65,810	65,810	-	84,454	84,454	-	-	1,571
Cuba	-	-	48,170	48,170	-	46,249	1,400	44,849	44,849	-
Cyprus	-	-	31,209	31,209	-	31,503	31,503	-	-	-
Czech Republic	-	-	236,781	236,781	-	258,725	258,725	-	-	-
Democratic Republic of the Congo	6,458	12,795	2,035	-	2,035	2,011	-	2,011	23,299	-
Denmark	-	-	499,344	499,344	-	452,434	452,434	-	-	-
Djibouti	5,960	4,055	674	-	674	665	-	665	11,354	-
Dominica	4,302	7,186	674	-	674	665	-	665	12,827	-
Dominican Republic	8,703	70,024	28,495	-	28,495	30,162	-	30,162	137,384	-
Ecuador	-	-	27,138	27,138	-	29,492	29,492	-	-	-
El Salvador	6,496	163,780	12,891	-	12,891	10,724	-	10,724	193,891	-
Equatorial Guinea	-	-	5,428	5,428	-	6,703	6,703	-	-	-
Eritrea	-	-	674	674	-	665	665	-	-	16
Estonia	-	-	27,138	27,138	-	26,811	26,811	-	-	-
Ethiopia	-	-	5,428	5,428	-	6,703	6,703	-	-	-
Fiji	-	-	2,714	2,714	-	2,011	2,011	-	-	2
Finland	-	-	384,006	384,006	-	347,872	347,872	-	-	-
France	-	-	4,154,187	4,154,187	-	3,748,836	3,748,836	-	-	-
Gabon	-	-	9,498	9,498	-	13,405	13,405	-	-	13,506
Gambia	-	-	674	674	-	665	665	-	-	16
Georgia	-	17,373	4,071	4,071	-	4,692	4,692	-	17,373	-
Germany	-	-	5,439,861	5,439,861	-	4,786,418	4,786,418	-	-	-
Ghana	-	2,411	4,071	-	4,071	9,384	-	9,384	15,866	-
Greece	-	-	468,813	468,813	-	427,634	427,634	-	-	-
Grenada	-	1,838	674	-	674	665	-	665	3,177	-
Guatemala	-	-	18,997	18,997	-	18,097	18,097	-	-	552
Guinea	6,496	27,946	1,357	-	1,357	665	-	665	36,464	-
Guinea-Bissau	6,496	2,445	674	-	674	665	-	665	10,280	-
Guyana	-	-	674	674	-	665	665	-	-	20,337
Haiti	-	-	2,035	2,035	-	2,011	2,011	-	-	493
Holy See	-	-	674	674	-	665	665	-	-	-
Honduras	-	20,969	5,428	-	5,428	5,362	-	5,362	31,759	-
Hungary	-	-	197,431	197,431	-	178,293	178,293	-	-	-
Iceland	-	-	28,495	28,495	-	18,097	18,097	-	-	-
India	-	-	362,296	362,296	-	446,402	446,402	-	-	168
Indonesia	-	-	161,473	161,473	-	231,914	231,914	-	-	-
Iran (Islamic Republic of)	-	-	158,080	158,080	-	238,617	3,773	234,844	234,844	-
Iraq	-	-	13,569	13,569	-	45,579	45,579	-	-	-
Ireland	-	-	337,871	337,871	-	280,174	280,174	-	-	277,630
Italy	-	-	3,391,603	3,391,603	-	2,981,373	2,981,373	-	-	17,630
Jamaica	-	27,321	9,498	-	9,498	7,373	-	7,373	44,192	-
Japan	-	-	8,501,056	8,501,056	-	7,261,065	7,261,065	-	-	-
Jordan	-	-	9,498	9,498	-	14,746	14,746	-	-	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2011	2012 Annual Contributions			2013 Annual Contributions			Total Balance Outstanding 1993 - 2013	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Kazakhstan	-	-	51,563	51,563	-	81,103	81,103	-	-	-
Kenya	-	-	8,141	8,141	-	8,714	8,714	-	-	-
Kiribati	-	412	674	-	674	665	-	665	1,751	-
Kuwait	-	-	178,434	178,434	-	182,984	182,984	-	-	-
Kyrgyzstan	27,969	5,667	674	-	674	1,341	-	1,341	35,651	-
Lao People's Democratic Republic	-	-	674	674	-	1,341	1,341	-	-	-
Latvia	-	-	25,781	25,781	-	31,503	31,503	-	-	-
Lebanon	-	-	22,389	22,389	-	28,151	534	27,617	27,617	-
Lesotho	-	-	674	674	-	665	665	-	-	-
Liberia	5,584	3,997	674	-	674	665	-	665	10,920	-
Libya	-	-	87,521	87,521	-	95,179	95,179	-	-	-
Liechtenstein	-	-	6,106	6,106	-	6,032	6,032	-	-	-
Lithuania	-	-	44,100	44,100	-	48,930	48,930	-	-	-
Luxembourg	-	-	61,061	61,061	-	54,292	54,292	-	-	-
Madagascar	-	2,772	2,035	-	2,035	2,011	-	2,011	6,818	-
Malawi	-	563	674	-	674	1,341	-	1,341	2,578	-
Malaysia	-	-	171,649	171,649	-	188,347	188,347	-	-	-
Maldives	-	1,031	674	-	674	665	-	665	2,370	-
Mali	-	-	2,035	2,035	-	2,681	2,681	-	-	28,112
Malta	-	-	11,534	11,534	-	10,724	10,724	-	-	-
Marshall Islands	-	3,548	674	-	674	665	-	665	4,887	-
Mauritania	-	-	674	674	-	1,341	1,341	-	-	757
Mauritius	-	-	7,463	7,463	-	8,714	8,714	-	-	-
Mexico	-	-	1,598,443	1,598,443	-	1,234,643	1,234,643	-	-	-
Micronesia (Federated States of)	-	4,634	674	-	674	665	-	665	5,973	-
Monaco	-	-	2,035	2,035	-	8,043	8,043	-	-	-
Mongolia	-	-	1,357	1,357	-	2,011	2,011	-	-	-
Montenegro	-	-	2,714	2,714	-	3,351	3,351	-	-	-
Morocco	-	-	39,350	39,350	-	41,557	41,557	-	-	-
Mozambique	-	-	2,035	2,035	-	2,011	2,011	-	-	-
Namibia	-	-	5,428	5,428	-	6,703	6,703	-	-	-
Nauru	4,064	6,147	674	-	674	665	-	665	11,550	-
Nepal	-	-	4,071	4,071	-	4,022	100	3,922	3,922	-
Netherlands	-	-	1,258,536	1,258,536	-	1,108,631	1,108,631	-	-	1,100,433
New Zealand	-	-	185,219	185,219	-	169,579	169,579	-	-	-
Nicaragua	3,937	11,568	2,035	-	2,035	2,011	-	2,011	19,551	-
Niger	6,496	20,740	1,357	-	1,357	1,341	-	1,341	29,934	-
Nigeria	-	-	52,920	52,920	-	60,325	84	60,241	60,241	-
Niue	-	-	674	674	-	665	665	-	-	-
Norway	-	-	590,935	590,935	-	570,402	570,402	-	-	-
Oman	-	-	58,347	58,347	-	68,368	68,368	-	-	-
Pakistan	-	-	55,633	55,633	-	56,973	56,973	-	-	23,450
Palau	-	2,202	674	-	674	665	-	665	3,541	-

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2011	2012 Annual Contributions			2013 Annual Contributions			Total Balance Outstanding 1993 - 2013	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Panama	-	8,072	14,926	-	14,926	17,427	-	17,427	40,425	-
Papua New Guinea	-	-	1,357	168	1,189	2,681	-	2,681	3,870	-
Paraguay	-	57,739	4,749	-	4,749	6,703	-	6,703	69,191	-
Peru	-	-	61,061	61,061	-	78,422	51,718	26,704	26,704	-
Philippines	-	-	61,061	61,061	-	103,222	103,222	-	-	-
Poland	-	-	561,762	561,762	-	617,321	617,321	-	-	-
Portugal	-	-	346,691	346,691	-	317,709	317,709	-	-	-
Qatar	-	-	91,592	91,592	-	140,087	140,087	-	-	-
Republic of Korea	-	-	1,533,311	1,533,311	-	1,336,524	1,336,524	-	-	-
Republic of Moldova	-	-	1,357	1,357	-	2,011	2,011	-	-	3,919
Romania	-	-	120,087	120,087	-	151,482	151,482	-	-	-
Russian Federation	-	-	1,086,887	1,086,887	-	1,634,125	1,634,125	-	-	-
Rwanda	-	-	674	86	588	1,341	-	1,341	1,929	-
Saint Kitts and Nevis	-	-	674	674	-	665	665	-	-	445
Saint Lucia	-	-	674	674	-	665	665	-	-	-
Saint Vincent and the Grenadines	5,960	6,293	674	-	674	665	-	665	13,592	-
Samoa	-	-	674	534	140	665	-	665	805	-
San Marino	-	-	2,035	2,035	-	2,011	2,011	-	-	-
Sao Tome and Principe	-	5,667	674	-	674	665	-	665	7,006	-
Saudi Arabia	-	-	563,119	563,119	-	579,116	579,116	-	-	-
Senegal	-	3,865	4,071	-	4,071	4,022	-	4,022	11,958	-
Serbia	-	-	25,103	25,103	-	26,811	26,811	-	-	-
Seychelles	-	-	1,357	1,357	-	665	665	-	-	-
Sierra Leone	6,496	4,992	674	-	674	665	-	665	12,827	-
Singapore	-	-	227,283	227,283	-	257,385	257,385	-	-	-
Slovakia	-	-	96,341	96,341	-	114,617	114,617	-	-	-
Slovenia	-	-	69,881	69,881	-	67,027	67,027	-	-	-
Solomon Islands	-	1,721	674	-	674	665	-	665	3,060	-
South Africa	-	-	261,206	261,206	-	249,341	249,341	-	-	-
Spain	-	-	2,155,455	2,155,455	-	1,992,721	1,992,721	-	-	51,447
Sri Lanka	-	-	12,891	12,891	-	16,757	16,757	-	-	16,690
Sudan	-	-	6,785	759	6,026	6,703	-	6,703	12,729	-
Suriname	-	-	2,035	2,035	-	2,681	2,681	-	-	11
Swaziland	-	-	2,035	2,035	-	2,011	60	1,951	1,951	-
Sweden	-	-	721,877	721,877	-	643,462	643,462	-	-	-
Switzerland	-	-	766,656	766,656	-	701,776	701,776	-	-	-
Tajikistan	-	-	1,357	1,357	-	2,011	1,369	642	642	-
Thailand	-	-	141,797	141,797	-	160,195	160,195	-	-	-
The former Yugoslav Republic of Macedonia	-	-	4,749	4,749	-	5,362	138	5,224	5,224	-
Timor-Leste	-	-	674	157	517	1,341	-	1,341	1,858	-
Togo	-	-	674	674	-	665	20	645	645	-
Tonga	-	-	674	674	-	665	665	-	-	2,644

Member State	Outstanding Contributions from the Prep. Comm. 1993 - 1997	Outstanding Annual Contributions 1997 - 2011	2012 Annual Contributions			2013 Annual Contributions			Total Balance Outstanding 1993 - 2013	Overpayments and Payments in Advance
			Assessment	Receipts	Balance Outstanding	Assessment	Receipts	Balance Outstanding		
Trinidad and Tobago	-	-	29,852	29,852	-	29,492	29,492	-	-	-
Tunisia	-	-	20,354	20,354	-	24,130	24,130	-	-	-
Turkey	-	-	418,607	418,607	-	890,122	890,122	-	-	-
Turkmenistan	-	-	17,640	17,640	-	12,735	12,735	-	-	-
Tuvalu	-	-	674	440	234	665	-	665	899	-
Uganda	-	-	4,071	4,071	-	4,022	4,022	-	-	20
Ukraine	-	-	59,026	59,026	-	66,357	66,357	-	-	-
United Arab Emirates	-	-	265,276	265,276	-	398,812	398,812	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	4,480,525	4,480,525	-	3,471,344	3,471,344	-	-	-
United Republic of Tanzania	-	-	5,428	5,428	-	6,032	6,032	-	-	-
United States of America	-	-	14,825,712	14,825,712	-	14,633,652	14,633,652	-	-	-
Uruguay	-	-	18,318	18,318	-	34,854	2,578	32,276	32,276	-
Uzbekistan	-	33,061	6,785	6,785	-	10,054	9,655	399	33,460	-
Vanuatu	-	4,290	674	-	674	665	-	665	5,629	-
Venezuela	-	211,562	213,035	-	213,035	420,261	-	420,261	844,858	-
Viet Nam	-	-	22,389	22,389	-	28,151	28,151	-	-	-
Yemen	-	-	6,785	308	6,477	6,703	-	6,703	13,180	-
Zambia	-	-	2,714	2,714	-	4,022	4,022	-	-	-
Zimbabwe	-	361	2,035	-	2,035	1,341	-	1,341	3,737	-
Subtotal	**118,409**	**775,995**	**67,389,600**	**67,050,932**	**338,668**	**66,516,600**	**63,567,212**	**2,949,388**	**4,182,460**	**1,572,390**
New Members in 2013:										
Somalia						388		388	388	-
Syrian Arab Republic						6,032		6,032	6,032	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**6,420**	**-**	**6,420**	**6,420**	**-**
Total Member States	**118,409**	**775,995**	**67,389,600**	**67,050,932**	**338,668**	**66,523,020**	**63,567,212**	**2,955,808**	**4,188,880**	**1,572,390**
Non-Member States:										
Israel	-								-	13,595
Myanmar	-								-	887
Total Non-Members of OPCW	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,482**
Total as at 31 December 2013	**118,409**	**775,995**	**67,389,600**	**67,050,932**	**338,668**	**66,523,020**	**63,567,212**	**2,955,808**	**4,188,880**	**1,586,872**

5.7 Status of advances to the Working Capital Fund - As at 31 December 2013 (expressed in euros)

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

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
Dominican Republic	1,098	1,297	2,395	-	2,395
Ecuador	995	969	1,964	1,964	-
El Salvador	454	1,122	1,576	-	1,576
Equatorial Guinea	454	102	556	556	-
Eritrea	44	51	95	95	-
Estonia	685	612	1,297	1,297	-
Ethiopia	454	204	658	658	-
Fiji	454	204	658	658	-
Finland	30,839	27,187	58,026	58,026	-
France	319,332	307,579	626,911	626,911	-
Gabon	684	459	1,143	1,143	-
Gambia	454	51	505	505	-
Georgia	5,471	153	5,624	5,624	-
Germany	450,646	441,833	892,479	892,479	-
Ghana	454	204	658	658	-
Greece	18,900	27,034	45,934	45,934	-
Grenada	46	53	99	99	-
Guatemala	1,224	1,530	2,754	2,754	-
Guinea	454	153	607	-	607
Guinea-Bissau	45	54	99	-	99
Guyana	454	51	505	505	-
Haiti	142	158	300	300	-
Holy See	46	51	97	97	-
Honduras	237	263	500	500	-
Hungary	6,964	6,427	13,391	13,391	-
Iceland	1,492	1,734	3,226	3,226	-
India	15,419	21,474	36,893	36,893	-
Indonesia	6,527	7,243	13,770	13,770	-
Iran (Islamic Republic of)	22,383	8,008	30,391	30,391	-
Iraq	686	811	1,497	1,497	-
Ireland	10,445	17,853	28,298	28,298	-
Italy	261,135	249,175	510,310	510,310	-
Jamaica	274	408	682	682	-
Japan	778,435	993,029	1,771,464	1,771,464	-
Jordan	454	561	1,015	1,015	-
Kazakhstan	2,189	1,275	3,464	3,464	-
Kenya	454	459	913	913	-
Kiribati	45	51	96	96	-
Kuwait	9,451	8,263	17,714	17,714	-
Kyrgyzstan	45	51	96	-	96
Lao People's Democratic Republic	454	51	505	505	-
Latvia	3,979	765	4,744	4,744	-
Lebanon	1,555	1,838	3,393	3,393	-
Lesotho	454	51	505	505	-
Liberia	46	53	99	-	99
Libya	6,061	6,733	12,794	12,794	-
Liechtenstein	274	255	529	529	-
Lithuania	3,730	1,224	4,954	4,954	-
Luxembourg	3,482	3,928	7,410	7,410	-
Madagascar	138	153	291	291	-
Malawi	454	51	505	505	-
Malaysia	8,344	10,355	18,699	18,699	-
Maldives	454	51	505	505	-

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
Mali	454	102	556	556	-
Malta	454	714	1,168	1,168	-
Marshall Islands	45	51	96	96	-
Mauritania	454	51	505	505	-
Mauritius	454	561	1,015	1,015	-
Mexico	39,295	96,048	135,343	135,343	-
Micronesia (Federated States of)	46	51	97	97	-
Monaco	454	153	607	607	-
Mongolia	454	51	505	505	-
Montenegro	46	53	99	99	-
Morocco	1,492	2,397	3,889	3,889	-
Mozambique	45	51	96	96	-
Namibia	454	306	760	760	-
Nauru	45	51	96	96	-
Nepal	454	204	658	658	-
Netherlands	79,087	86,204	165,291	165,291	-
New Zealand	11,938	11,273	23,211	23,211	-
Nicaragua	46	51	97	97	-
Niger	454	51	505	-	505
Nigeria	1,826	2,142	3,968	3,968	-
Niue	46	53	99	99	-
Norway	27,854	34,635	62,489	62,489	-
Oman	1,990	3,571	5,561	5,561	-
Pakistan	2,984	2,805	5,789	5,789	-
Palau	45	51	96	96	-
Panama	454	969	1,423	1,423	-
Papua New Guinea	454	153	607	607	-
Paraguay	454	612	1,066	1,066	-
Peru	2,984	4,693	7,677	7,677	-
Philippines	2,985	4,846	7,831	7,831	-
Poland	16,414	23,515	39,929	39,929	-
Portugal	13,927	23,974	37,901	37,901	-
Qatar	1,990	3,265	5,255	5,255	-
Republic of Korea	40,787	91,610	132,397	132,397	-
Republic of Moldova	3,979	51	4,030	4,030	-
Romania	7,461	3,060	10,521	10,521	-
Russian Federation	212,391	56,108	268,499	268,499	-
Rwanda	45	51	96	96	-
Saint Kitts and Nevis	45	51	96	96	-
Saint Lucia	454	102	556	556	-
Saint Vincent and the Grenadines	45	51	96	-	96
Samoa	45	51	96	96	-
San Marino	91	153	244	244	-
Sao Tome and Principe	45	51	96	-	96
Saudi Arabia	35,315	36,369	71,684	71,684	-
Senegal	454	255	709	709	-
Serbia	1,185	969	2,154	2,154	-
Seychelles	454	102	556	556	-
Sierra Leone	45	51	96	-	96
Singapore	6,964	19,791	26,755	26,755	-
Slovakia	3,979	2,601	6,580	6,580	-
Slovenia	3,482	4,183	7,665	7,665	-
Solomon Islands	45	51	96	96	-

Member State	Working Capital Fund Assessment			Receipts	Balance Outstanding
	Original	Increment	Total		
South Africa	15,917	14,894	30,811	30,811	-
Spain	118,382	128,540	246,922	246,922	-
Sri Lanka	454	867	1,321	1,321	-
Sudan	318	408	726	726	-
Suriname	454	51	505	505	-
Swaziland	454	102	556	556	-
Sweden	61,179	50,906	112,085	112,085	-
Switzerland	60,186	61,057	121,243	121,243	-
Tajikistan	995	51	1,046	1,046	-
Thailand	13,333	10,661	23,994	23,994	-
The former Yugoslav Republic of Macedonia	454	306	760	760	-
Timor-Leste	45	51	96	96	-
Togo	454	51	505	505	-
Tonga	45	51	96	96	-
Trinidad and Tobago	1,492	1,122	2,614	2,614	-
Tunisia	1,492	1,632	3,124	3,124	-
Turkey	18,902	18,975	37,877	37,877	-
Turkmenistan	1,492	255	1,747	1,747	-
Tuvalu	45	51	96	96	-
Uganda	45	306	351	351	-
Ukraine	50,819	1,989	52,808	52,808	-
United Arab Emirates	8,115	11,987	20,102	20,102	-
United Kingdom of Great Britain and Northern Ireland	264,618	312,527	577,145	577,145	-
United Republic of Tanzania	454	306	760	760	-
United States of America	1,134,451	1,111,127	2,245,578	2,245,578	-
Uruguay	1,990	2,448	4,438	4,438	-
Uzbekistan	6,466	714	7,180	7,180	-
Vanuatu	46	53	99	-	99
Venezuela	15,385	8,722	24,107	24,107	-
Viet Nam	454	1,071	1,525	1,525	-
Yemen	456	306	762	762	-
Zambia	91	102	193	193	-
Zimbabwe	454	357	811	811	-
Subtotal	**4,855,164**	**5,057,306**	**9,912,470**	**9,905,713**	**6,757**
New Members in 2013:					
Somalia	45	54	99	-	99
Syrian Arab Republic	1,646	1,945	3,591	-	3,591
Subtotal	1,691	1,999	3,690	-	**3,690**
Total as at 31 December 2013	**4,856,855**	**5,059,305**	**9,916,160**	**9,905,713**	**10,447**
Total as at 31 December 2012	**4,855,164**	**5,057,306**	**9,912,470**	**9,905,617**	**6,853**

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 2013:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	5,905,250	145,597	179,325	-	71,406	43,751	**6,345,329**
Programme 2. Inspections	18,451,637	2,872,574	1,619,598	-	760,835	460,320	**24,164,964**
Total verification costs (Chapter 1)	**24,356,887**	**3,018,171**	**1,798,923**	**-**	**832,241**	**504,071**	**30,510,293**
Programme 3. International Cooperation and Assistance	2,333,956	2,694,414	365,099	318,026	43,549	-	**5,755,044**
Programme 4. Support to the Policy-Making Organs	3,907,811	447,404	414,348	-	954,417	-	**5,723,981**
Programme 5. External Relations	1,461,843	20,012	98,690	-	99,679	10,905	**1,691,129**
Programme 6. Executive Management	8,128,640	328,469	478,565	-	92,822	72,559	**9,101,055**
Programme 7. Administration	7,660,874	44,446	1,105,680	-	4,284,425	746,164	**13,841,588**
Total administrative and other costs (Chapter 2)	**23,493,124**	**3,534,745**	**2,462,382**	**318,026**	**5,474,892**	**829,628**	**36,112,797**
TOTAL EXPENDITURE	**47,850,011**	**6,552,916**	**4,261,305**	**318,026**	**6,307,133**	**1,333,699**	**66,623,090**

(b) For the period ended 31 December 2012:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Expenditure
Programme 1. Verification	6,937,984	295,147	403,952	-	130,336	287,902	**8,055,321**
Programme 2. Inspections	18,845,083	3,104,831	1,710,464	-	621,187	189,097	**24,470,662**
Total verification costs (Chapter 1)	**25,783,067**	**3,399,978**	**2,114,416**	**-**	**751,523**	**476,999**	**32,525,983**
Programme 3. International Cooperation and Assistance	2,686,757	2,751,527	104,209	501,774	77,183	-	**6,121,450**
Programme 4. Support to the Policy-Making Organs	3,721,249	301,323	287,317	-	448,536	-	**4,758,425**
Programme 5. External Relations	1,605,769	92,906	118,240	9,614	73,567	12,976	**1,913,072**
Programme 6. Executive Management	7,347,667	433,274	403,663	-	84,715	66,665	**8,335,984**
Programme 7. Administration	8,489,983	67,851	1,188,140	-	4,243,992	428,476	**14,418,442**
Total administrative and other costs (Chapter 2)	**23,851,425**	**3,646,881**	**2,101,569**	**511,388**	**4,927,993**	**508,117**	**35,547,373**
TOTAL EXPENDITURE	**49,634,492**	**7,046,859**	**4,215,985**	**511,388**	**5,679,516**	**985,116**	**68,073,356**

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 2013:

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

(b) For the period ended 31 December 2012:

Funding Programme	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Programme 1. Verification	240,279	12,718	68,388	-	19,229	137,894	**478,508**
Programme 2. Inspections	397,107	198,040	305,365	-	116,281	12,779	**1,029,572**
Total verification costs (Chapter 1)	**637,386**	**210,758**	**373,753**	**-**	**135,510**	**150,673**	**1,508,080**
Programme 3. International Cooperation and Assistance	28,530	249,950	13,142	29,211	12,471	-	**333,304**
Programme 4. Support to the Policy-Making Organs	61,035	18,121	27,793	-	132,582	-	**239,531**
Programme 5. External Relations	45,228	10,654	18,841	984	1,204	-	**76,911**
Programme 6. Executive Management	175,262	13,592	46,148	-	12,380	47,824	**295,206**
Programme 7. Administration	100,159	4,536	182,905	-	165,389	164,126	**617,115**
Total administrative and other costs (Chapter 2)	**410,214**	**296,853**	**288,829**	**30,195**	**324,026**	**211,950**	**1,562,067**
TOTAL EXPENDITURE	**1,047,600**	**507,611**	**662,582**	**30,195**	**459,536**	**362,623**	**3,070,147**

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 2013:

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

(b) For the period ended 31 December 2012:

Fund	Staff Costs	Travel Costs	Contractual Services	Workshops, Seminars and Meetings	General Operating Expenses	Furniture and Equipment	Total Budgetary Obligations
Special Accounts							
OPCW Equipment Store	-	-	-	-	-	1,318	1,318
Subtotal	**-**	**-**	**-**	**-**	**-**	**1,318**	**1,318**
Trust Funds							
Regional seminars	-	68,460	4,850	-	2,872	-	76,182
Courses for personnel of National Authorities	-	-	-	-	2	-	2
Implementation of Article X	-	-	853	-	594	-	1,447
United States Voluntary Fund	-	32,152	38,650	-	1,110	-	71,912
Procurement of GC/MS systems	-	-	12,345	-	-	-	12,345
Implementation of Article VII obligations	-	-	-	-	190	-	190
Scientific Advisory Board	-	1,848	-	-	6	-	1,854
Trust fund of Canada for Libya	-	2,499	5,594	-	60,501	205,703	274,297
2012 European Union support for OPCW activities	-	38,664	100,341	-	783	-	139,788
Subtotal	**-**	**143,622**	**162,633**	**-**	**66,059**	**205,703**	**578,017**
Grand total	**-**	**143,622**	**162,633**	**-**	**66,059**	**207,021**	**579,335**

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

(a) For the period ended 31 December 2013

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

(b) For the period ended 31 December 2012

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

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 2013

Funding Programme	Unliquidated Obligations as at End of 2012	Disbursements During 2013	Savings on Prior Year's Obligations
OPCW Equipment Store	1,318	1,316	2
Designated laboratories	-	-	-
Voluntary Fund for Assistance	-	-	-
Total Special Accounts and Voluntary Fund for Assistance	**1,318**	**1,316**	**2**
Regional seminars	76,182	68,746	7,436
Courses for personnel of National Authorities	2	-	2
Training	-	-	-
United States Voluntary Fund	71,912	62,397	9,515
Implementation of Article X	1,447	1,149	299
Associate Programme	-	-	-
Scientific Advisory Board	1,854	15	1,838
NGO participation in OPCW events		-	-
Procurement of GC/MS systems	12,345	-	12,345
Implementation of Article VII obligations	190	-	190
Internship-Support Programme	-	-	-
Conference on International Cooperation and Chemical Safety & Security	-	-	-
Trust fund for training	-	-	-
Trust fund of Canada for Libya	274,297	261,644	12,653
European Union Support for OPCW Activities 2012	139,788	136,664	3,124
International Support Network for Victims of Chemical Weapons	-	-	-
Trust fund for Syria	-	-	-
Syria trust fund for the destruction of chemical weapons	-	-	-
OPCW Nobel Prize trust fund	-	-	-
Total Trust Funds	**578,017**	**530,614**	**47,402**

(b) For the period ended 31 December 2012

Funding Programme	Unliquidated Obligations as at End of 2011	Disbursements During 2012	Savings on Prior Year's Obligations
OPCW Equipment Store	-	-	-
Designated laboratories	30,000	30,000	-
Voluntary Fund for Assistance	-	-	-
Total Special Accounts and Voluntary Fund for Assistance	**30,000**	**30,000**	**-**
Regional seminars	2,971	1,390	1,581
Courses for personnel of National Authorities	-	-	-
Training	-	-	-
United States Voluntary Fund	-	-	-
Implementation of Article X	7,274	7,031	243
Associate Programme	-	-	-
Scientific Advisory Board	1,727	-	1,727
NGO participation in OPCW events	2,895	3,069	-174
Procurement of GC/MS systems	-	-	-
Implementation of Article VII obligations	-	-	-
Internship-Support Programme	-	-	-
2009 European Union support for OPCW activities	24,611	5,266	19,344
Conference on International Cooperation and Chemical Safety & Security	9,692	-	9,692
Trust fund for training	-	-	-
Trust fund of Canada for Libya	-	-	-
European Union support for OPCW activities 2012	-	-	-
International Support Network for Victims of Chemical Weapons	-	-	-
Trust fund for Syria	-	-	-
Syria trust fund for the destruction of chemical weapons	-	-	-
OPCW Nobel Prize trust fund	-	-	-
Total Trust Funds	**49,170**	**16,756**	**32,414**

5.13 Budgetary accounts: Statement of cash surpluses credited to Member States - General Fund – During the period ended 31 December 2013 (expressed in euros)

Member State	Cash Surpluses Applied During 2013			Total
	2011	2010	1993 - 2009	
Afghanistan	-	14	-	14
Albania	162	-	-	162
Algeria	-	451	-	451
Andorra	-	25	-	25
Antigua and Barbuda	-	-	-	-
Argentina	-	1,012	-	1,012
Armenia	-	18	-	18
Australia	-	6,818	-	6,818
Austria	-	3,001	-	3,001
Azerbaijan	-	53	-	53
Bahamas	7	56	-	63
Bahrain	59	79	-	138
Bangladesh	162	35	-	197
Barbados	-	28	-	28
Belarus	-	148	-	148
Belgium	-	3,791	-	3,791
Belize	16	4	16	36
Benin	49	11	-	60
Bhutan	16	-	-	16
Bolivia (Plurinational State of)	-	-	-	-
Bosnia and Herzegovina	-	49	-	49
Botswana	-	63	-	63
Brazil	26,088	5,532	-	31,620
Brunei Darussalam	-	99	-	99
Bulgaria	-	134	-	134
Burkina Faso	49	-	-	49
Burundi	-	4	-	4
Cambodia	-	11	-	11
Cameroon	-	39	-	39
Canada	-	11,310	-	11,310
Cabo Verde	-	4	1,087	1,091
Central African Republic	-	-	-	-
Chad	-	7	-	7
Chile	-	832	-	832
China	-	11,247	-	11,247
Colombia	-	508	-	508
Comoros	-	-	-	-
Congo	-	11	-	11
Cook Islands	16	-	-	16
Costa Rica	-	120	-	120
Cote d'Ivoire	-	35	-	35
Croatia	1,571	342	-	1,913
Cuba	1,150	250	-	1,400
Cyprus	-	162	-	162
Czech Republic	-	1,231	-	1,231
Democratic Republic of the Congo	-	-	-	-
Denmark	-	2,596	-	2,596
Djibouti	-	-	-	-

Member State	Cash Surpluses Applied During 2013			Total
	2011	2010	1993 - 2009	
Dominica	-	-	-	-
Dominican Republic	-	-	-	-
Ecuador	-	141	-	141
El Salvador	-	-	-	-
Equatorial Guinea	-	-	-	-
Eritrea	16	-	-	16
Estonia	-	141	-	141
Ethiopia	-	8	-	8
Fiji	-	14	-	14
Finland	-	1,996	-	1,996
France	-	21,595	-	21,595
Gabon	-	49	-	49
Gambia	16	4	-	20
Georgia	-	-	9,040	9,040
Germany	-	28,278	-	28,278
Ghana	-	-	-	-
Greece	-	-	-	-
Grenada	-	-	-	-
Guatemala	-	99	-	99
Guinea	-	-	-	-
Guinea-Bissau	-	-	-	-
Guyana	-	4	-	4
Haiti	-	-	-	-
Holy See	-	4	-	4
Honduras	-	-	-	-
Hungary	-	1,026	-	1,026
Iceland	-	148	-	148
India	-	1,863	-	1,863
Indonesia	-	839	-	839
Iran (Islamic Republic of)	3,773	-	-	3,773
Iraq	276	71	-	347
Ireland	-	1,756	-	1,756
Italy	-	17,630	-	17,630
Jamaica	-	-	-	-
Japan	-	44,192	-	44,192
Jordan	-	49	-	49
Kazakhstan	110	158	-	268
Kenya	-	42	-	42
Kiribati	-	-	-	-
Kuwait	-	928	-	928
Kyrgyzstan	-	-	-	-
Lao People’s Democratic Republic	-	4	-	4
Latvia	-	134	-	134
Lebanon	534	-	-	534
Lesotho	-	-	-	-
Liberia	-	-	-	-
Libya	-	-	-	-
Liechtenstein	-	32	-	32
Lithuania	-	229	-	229
Luxembourg	-	317	-	317
Madagascar	-	-	31	31
Malawi	-	-	-	-

Member State	Cash Surpluses Applied During 2013			Total
	2011	2010	1993 - 2009	
Malaysia	-	892	-	892
Maldives	-	-	-	-
Mali	-	11	-	11
Malta	-	60	-	60
Marshall Islands	-	-	-	-
Mauritania	-	4	-	4
Mauritius	-	39	-	39
Mexico	-	8,309	-	8,309
Micronesia (Federated States of)	-	-	-	-
Monaco	-	11	-	11
Mongolia	-	-	-	-
Montenegro	-	14	-	14
Morocco	-	205	-	205
Mozambique	-	11	-	11
Namibia	-	-	-	-
Nauru	-	-	-	-
Nepal	97	3	-	100
Netherlands	-	6,542	-	6,542
New Zealand	-	963	-	963
Nicaragua	-	-	-	-
Niger	-	-	-	-
Nigeria	1,263	-	-	1,263
Niue	-	-	-	-
Norway	-	3,071	-	3,071
Oman	-	303	-	303
Pakistan	-	289	-	289
Palau	-	-	-	-
Panama	-	-	-	-
Papua New Guinea	32	-	-	32
Paraguay	-	-	-	-
Peru	1,457	317	-	1,774
Philippines	-	317	-	317
Poland	-	2,920	-	2,920
Portugal	-	1,802	-	1,802
Qatar	-	476	-	476
Republic of Korea	-	7,970	-	7,970
Republic of Moldova	-	7	-	7
Romania	-	624	-	624
Russian Federation	-	5,649	-	5,649
Rwanda	16	-	-	16
Saint Kitts and Nevis	-	4	-	4
Saint Lucia	14	-	-	14
Saint Vincent and the Grenadines	-	-	-	-
Samoa	16	-	-	16
San Marino	-	11	-	11
Sao Tome and Principe	-	-	-	-
Saudi Arabia	-	2,927	-	2,927
Senegal	-	-	-	-
Serbia	-	130	-	130
Seychelles	-	7	-	7
Sierra Leone	-	-	-	-
Singapore	-	1,182	-	1,182

Member State	Cash Surpluses Applied During 2013			Total
	2011	2010	1993 - 2009	
Slovakia	-	501	-	501
Slovenia	-	363	-	363
Solomon Islands	-	-	-	-
South Africa	-	1,358	-	1,358
Spain	51,447	-	-	51,447
Sri Lanka	-	67	-	67
Sudan	162	-	-	162
Suriname	-	11	-	11
Swaziland	49	11	-	60
Sweden	-	3,753	-	3,753
Switzerland	-	3,985	-	3,985
Tajikistan	32	7	-	39
Thailand	-	737	-	737
The former Yugoslav Republic of Macedonia	113	25	-	138
Timor-Leste	16	-	-	16
Togo	16	-	-	16
Tonga	-	4	-	4
Trinidad and Tobago	-	155	-	155
Tunisia	-	-	-	-
Turkey	-	2,176	-	2,176
Turkmenistan	-	92	-	92
Tuvalu	16	-	-	16
Uganda	-	21	-	21
Ukraine	-	307	-	307
United Arab Emirates	-	1,379	-	1,379
United Kingdom of Great Britain and Northern Ireland	-	23,291	-	23,291
United Republic of Tanzania	13	28	95	136
United States of America	-	77,071	-	77,071
Uruguay	437	95	-	532
Uzbekistan	-	-	1,239	1,239
Vanuatu	-	-	-	-
Venezuela	-	-	-	-
Viet Nam	-	116	-	116
Yemen	162	-	-	162
Zambia	-	-	-	-
Zimbabwe	-	-	-	-
TOTAL	**89,428**	**332,504**	**11,507**	**433,439**

5.14 Budgetary accounts: Reimbursements for inspections invoiced under Articles IV and V of the Chemical Weapons Convention – As at 31 December 2013 (expressed in euros)

Member State	Total Outstanding 1997-2012	2013 Article IV and V Contributions			Total Balance Outstanding 1997-2013	Income Accrued	Total	Overpayment	2013 Income		
		Invoiced	Receipts	Balance Outstanding					Invoiced in 2013	Income accrued	Total Income
Albania	222,950	-	-	-	222,950	-	222,950	-	-	-	-
France	-	-	-	-	-	-	-	1,691	-	-	-
Libya	-	-	-	-	-	-	-	982	-	-	-
Russian Federation	-	2,363,277	913,923	1,449,354	1,449,354	77,785	1,527,139	-	2,363,277	77,785	2,441,062
United States of America	-	39,821	31,774	8,047	8,047	-	8,047	-	39,821	-	39,821
Total as at 31 December 2013	**222,950**	**2,403,098**	**945,697**	**1,457,401**	**1,680,351**	**77,785**	**1,758,136**	**2,673**	**2,403,098**	**77,785**	**2,480,883**
Total as at 31 December 2012	**223,226**	**2,416,800**	**1,992,742**	**424,058**	**647,284**	**117,404**	**764,688**	**2,673**	**2,416,800**	**117,404**	**2,534,202**

5.15 Voluntary contributions by donors (expressed in euros)

Donor	2013[12]
General Fund	
Netherlands	181,075
Total General Fund	**181,075**
Trust Funds	
Regional seminars	
China	15,928
Republic of Korea	69,300
Qatar	131,078
Subtotal	**216,306**
Implementation of Article X	
Australia	3,507
United Kingdom of Great Britain and Northern Ireland	95,080
Subtotal	**98,587**
United States Voluntary Trust Fund	
United States of America	72,263
Subtotal	**72,263**
Scientific Advisory Board	
United Kingdom of Great Britain and Northern Ireland	27,785
Subtotal	**27,785**
Trust fund for training	
United Kingdom of Great Britain and Northern Ireland	34,823
Subtotal	**34,823**
2012 European Union support for OPCW activities	
European Union [13]	976,667
Subtotal	**976,667**
Trust fund for Syria	
Andorra	15,000
Canada	1,501,502
Denmark	266,720
Estonia	50,000
European Union	2,196,250
Finland	250,000
Germany	413,206
Ireland	8,456
Republic of Korea	15,607

12 The following contributions were received in 2013 and deferred to 2014:
Regional seminars:
Republic of Korea EUR 58,619
Qatar EUR 84,553
Trust fund for National Authorities:
Saudi Arabia EUR 77,998
Implementation of Article X:
Norway EUR 178,031
2012 European Union support for OPCW activities:
European Union EUR 488,333

13 The total contribution of EUR 976,667 from the European Union includes receipt in 2013 of EUR 461,667 and receipt in 2012 of EUR 515,000, which was deferred to 2013.

Donor	2013[12]
Latvia	50,000
Netherlands	19,845
Sweden	110,011
Switzerland	69,518
United Kingdom of Great Britain and Northern Ireland	99,340
United States of America	1,494,768
Subtotal	**6,560,223**
Syria Trust Fund for the destruction of chemical weapons	
Czech Republic	94,111
Finland	400,000
Germany	3,000,000
Germany	1,586,794
Ireland	191,544
Italy	1,000,000
Republic of Korea	353,533
Luxembourg	250,000
Malta	15,000
Netherlands	1,480,155
New Zealand	369,004
Norway	2,171,978
Poland	100,000
Slovakia	100,000
Switzerland	736,933
Turkey	36,232
United Kingdom of Great Britain and Northern Ireland	2,250,284
Subtotal	**14,135,567**
OPCW Nobel Prize trust fund	
Norwegian Nobel Institute	885,936
Subtotal	**885,936**
Total trust funds	**23,008,157**

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

6.1 During the 2013 financial year the following items were written off based on proposals by the Secretariat which were approved by the Conference:

(a) 33 items of non-expendable assets (including one attractive asset), of which 20 had ‘zero’ book value and 13 had a total net book value of EUR 105,222;

(b) irrecoverable accounts receivable (VAT) in the amount of EUR 18,666; and

(c) staff and other receivables of EUR 1,580.

6.2 The OPCW Property Survey Board did not make any recommendation for write-off of assets as losses during 2013.

Annex 2

President of the

Federal Court of Auditors

Germany

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53113 Bonn
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Email: Christian.Ahrendt@brh.bund.de

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

30 May 2014

Sir,

I have the honour to transmit the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2013, 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 2013.

Accept Sir, the assurances of my highest consideration.

[Signed]

Christian Ahrendt
Vice-President of the Federal Court of Auditors
Germany
External Auditor

Enclosures

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

INDEPENDENT AUDITOR'S REPORT

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

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

Identification of the financial statements

I have audited the Financial Statements of the Organisation for the Prohibition of Chemical Weapons for the financial period ended 31 December 2013, comprising

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

Statement of Responsibilities

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

Basis of Opinion

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

Opinion

As a result of my audit, I am of the opinion that the Financial Statements present fairly the financial position as at 31 December 2013 and that they were prepared in accordance with the

OPCW's stated accounting policies (applied on a basis consistent with the previous period); and that the transactions were in accordance with the Financial Regulations and legislative authority.

Report Reference

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

[Signed]

Christian Ahrendt
Vice-President of the Federal Court of Auditors
Germany
External Auditor

Bonn, 30 May 2014

REPORT OF THE INDEPENDENT EXTERNAL AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2013

1. EXECUTIVE SUMMARY

My team and I have audited the financial statements of the OPCW.	1. My team and I have audited the financial statements of the Organisation for the Prohibition of Chemical Weapons for the financial period from 1 January to 31 December 2013.
Responsibility of management. OPCW delivered financial statements under IPSAS.	2. The Director-General is responsible for preparing the financial statements in accordance with the Financial Regulations and Rules of the OPCW. The financial statements for the year ending 31 December 2013 are prepared and presented in accordance with the International Public Sector Accounting Standards (IPSAS).
Responsibility of the External Auditor	3. According to Article 13 of the Financial Regulations, my responsibility is to express an opinion on these financial statements based on my audit.
Scope of the audit	4. The audit included the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also included an assessment of the accounting principles used, and significant estimates made by the Director-General, as well as an evaluation of the overall financial statement presentation.
I have conducted my audit in conformity with International Standards.	5. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
My audit provides a reasonable basis for the audit opinion.	6. The ISA, as well as the ISSAI under the new standard 200 and specialised by Series 1000, require the auditor to carry out an audit of an organisation's accounts and financial transactions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles and significant estimates made by the Director-General, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for the audit opinion.
The financial statements present fairly the financial position.	7. As a result of my audit, I am of the opinion that the financial statements present fairly, in all material respects, the financial position as at 31 December 2013, that they were prepared in accordance with the OPCW's stated accounting policies, and that the transactions were in accordance with the Financial Regulations and Rules.
I have placed an unqualified opinion on the financial statements.	8. The audit examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole, and I have placed an unqualified audit opinion on the OPCW's financial statements for 2013.

Areas covered by this report	9. My report includes observations and recommendations intended to contribute to enhancing financial management and control of the Technical Secretariat. As to 2013, my audit work has mainly covered the areas described in the following paragraphs.
Overall financial situation (Part 3)	10. In accordance with Article 13 of the Financial Regulations, I present an analysis of the OPCW's financial statements. In part 3 of my report I comment on the overall financial situation.
Performance audit (Part 4)	11. Article 13 of the Financial Regulations stipulates that my annual audit shall also include "management" or "value for money" examinations.
Performance audit was based on ISSAI 300 and series 3000	12. The ISSAI under series 3000 provide guidelines for such performance audits. I have examined some areas accordingly and identified fields in which improvement may be possible, or which might be of particular interest to States Parties. The detailed findings of the audit are shown in Part 4 of the report.
Case of fraud (Part 5)	13. In the year 2012, there was one case of suspected fraud in the Secretariat. The case was closed in 2013. I comment on this issue in Part 5 of this report.
Follow-up (Part 6)	14. In my last report (2012) I commented on a number of aspects such as outsourcing of the electronic Performance Management Appraisal System data hosting and follow-up issues from the preceding reports (2010 and 2011). My team reviewed the implementation of these recommendations as set out in Part 6 of this report.
Acknowledgement (Part 7)	15. I wish to convey my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat. I am very grateful for their assistance during the entire external audit process.

2. SCOPE AND APPROACH OF THE AUDIT

Scope of the Audit

Principles governing my audit	16. My staff and I have audited the financial statements of the OPCW for the financial period from 1 January to 31 December 2013. These statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement, the statement of comparison of budget and actual amounts, accounting policies and notes to the financial statements. We also examined the related financial accounts and transactions.
Responsibility of management	17. The Director-General is responsible for the preparation and fair presentation of these financial statements in accordance with the OPCW's Financial Regulations and Rules, and with such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
Responsibility of the External Auditor	18. I am responsible for expressing an opinion on the financial statements based on evidence obtained during my audit. I planned and performed the audit in such a way as to obtain reasonable assurance that the financial statements are free from material misstatement.
Financial audit	19. The financial statements of the OPCW, together with my audit report and the audit opinion, have been discussed with the Director-General. He has taken note of the contents of my report and had no further comments.
Performance audit	20. In addition to my audit of the OPCW´s financial statements, accounts and financial transactions, I carried out the reviews (under Regulation 13.3 of the Financial Regulations) that I deemed necessary with respect to the efficiency of the Secretariat, and its accounting system, its internal controls, and the financial consequences of existing administrative practices.

Audit objective and approach

Objective of financial audit: Forming the audit opinion	21. The main purpose of the audit was to enable me to form an opinion on whether the expenditure recorded for the year had been incurred for the purposes approved by the Conference of States Parties; whether income and expenditure were properly classified and recorded in accordance with the OPCW's Financial Regulations and Rules and whether the financial statements presented fairly the financial position as at 31 December 2013.

Objective of performance audit: Giving advice	22. In addition, I examined the Secretariat's performance in order to assess whether expenses were incurred according to the principles of economy, efficiency and effectiveness. This enabled me to pursue my objective of giving constructive advice.
Substantive testing convinced me of the accuracy of the OPCW´s records.	23. My audit opinion is based on substantive testing of the transactions recorded in the financial statements. The examination was carried out to ensure that the financial statements accurately reflect the accounting records and present fairly the financial situation of the OPCW.
My team examined the accounting records.	24. My audit examination included a general review, and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. These audit procedures are designed primarily to allow an opinion on the OPCW's financial statements to be formed. We audited the accounting records using two kinds of audit methods. These are the following:
Random sample check	25. We analysed 17,186 data records including inter alia all transactions with domestic and international vendors using the audit software "IDEA". We eliminated all invoices related to staff and salaries. We took a random sample of a significant number of all remaining invoices worth more than EUR 19.1 million in total.
Complete revision of extracted invoices	26. We examined two groups of invoices; 100 invoices from domestic and international vendors that contained payment requests for gross amounts between EUR 5,000 and higher as well as 100 invoices for arbitrary amounts. We confirm that these invoices and related documents had been filed in compliance with the regulations. We also verified the existence of invoices constituting the basis for payments, and checked that the vouchers had been signed by all the responsible officers.
One minor calculation error found.	In one case, my team identified an overpayment of a contractor in the amount of EUR 8.93. The issue was considered immaterial.
Approach for performance audit	27. During our audit we looked at the structure of the Secretariat and its internal procedures to identify potential weaknesses.

<u>Audit conclusion</u>

There were no material weaknesses that affected the audit opinion.	28. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness and validity of the financial statements as a whole. None of these matters affects my audit opinion on the financial statements and schedules, and I have placed an unqualified opinion on the OPCW's financial statements for 2013.

3. FINANCIAL AUDIT

3.1 General

I report on the OPCW's financial development.

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

3.2 Contributions

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

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

I analysed the development of contributions.

31. I extended my last year's analysis of the development of contributions received from 2010 to cover the reporting year 2013. I examined the payment of contributions during 2013 and its effect on the execution of the budget.

Payment	**2010**		**2011**		**2012**		**2013**	
Status	**SP**	**CR**	**SP**	**CR**	**SP**	**CR**	**SP**	**CR**
Full payment	107	65,430,262	114	64,523,726	117	63,966,936	126	63,463,629
Partial payment	20	451,611	23	1,328,543	23	373,149	17	103,583
No payment	61		51		48		47	

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

47 States Parties still have not paid any contributions.

32. In 2013, 143 States Parties (75.0% of the total of 190) had fully or partially paid their contributions. In relation to previous years, the number of States Parties (47) which have not paid any contributions has further decreased.

Number of States Parties paying contributions increased.	33. Again I noted a positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed contributions. Compared to 2012, the number of States Parties that fully paid their contributions increased by 7.7%.
States Parties should at least make use of payment plans.	34. I repeatedly pointed out that it was hardly acceptable that contributions were not paid. I encourage the States Parties to pay their contributions or at least to make use of the payment plans offered by the Secretariat.
IPSAS write-downs do not relieve States Parties from their obligation to pay.	35. I particularly wish to emphasise that OPCW's IPSAS accounting policy to write-down assessed contributions recoverable does not relieve States Parties from their obligation to pay assessed contributions.

3.3 Expenditure

Expenditure	**2010**	**2011**	**2012**	**2013**	**Increase/(decrease) in 2013 compared to 2012**
Chapter 1 Verification and Inspections	35,911	34,927	32,526	30,510	(6.2%)
Chapter 2 Administration and Other	37,047	37,118	35,547	36,113	1.6%
Total	**72,958**	**72,045**	**68,073**	**66,623**	**(2.1%)**

Amounts in thousands EUR

Table 2 (Source: Financial Statements of the OPCW for the years 2010 to 2013)

Expenditure trend	36. The level of expenditures for Chapter 1 activities shows a considerable decrease. This trend depends on the number of inspections carried out in future years.

3.4 IPSAS

Third IPSAS financial statements	37. With the financial statements as of 31 December 2013 the OPCW presents its third official financial statements under IPSAS.
IPSAS further needs involvement of manual work.	38. Still, the financial transactions must be manually converted into IPSAS-based transactions by using Excel worksheets and entering journal vouchers. This procedure requires manual entries due to the fact that the current system (SmartStream) is not an integrated system and does not process and generate information required by IPSAS.

The financial statements provided by the Secretariat fulfil the structural requirements of IPSAS.	39. The financial statements provided by the Secretariat fulfil the structural requirements of IPSAS 1, including: • Statement of financial position, • Statement of financial performance, • Statement of changes in net assets/equity, • Cash flow statement, • Statement of comparison of budget and actual amounts And • Notes.
Accounting policies have already been audited and are IPSAS-compliant.	40. The significant accounting policies are presented in Note 3 to the financial statements. The application of accounting policies is consistent as compared to the previous year. The accounting policies developed by the Secretariat were already audited and are compliant with IPSAS.

3.4.1 Statement of Financial Position

<u>Assets and liabilities</u>

Statement of Financial Position is compliant with IPSAS.	41. My team examined the Statement of Financial Position regarding compliance with IPSAS and the presentation of the underlying accounts. It fulfils the structural requirements of IPSAS 1.88.

<u>Cash and Cash equivalents</u>

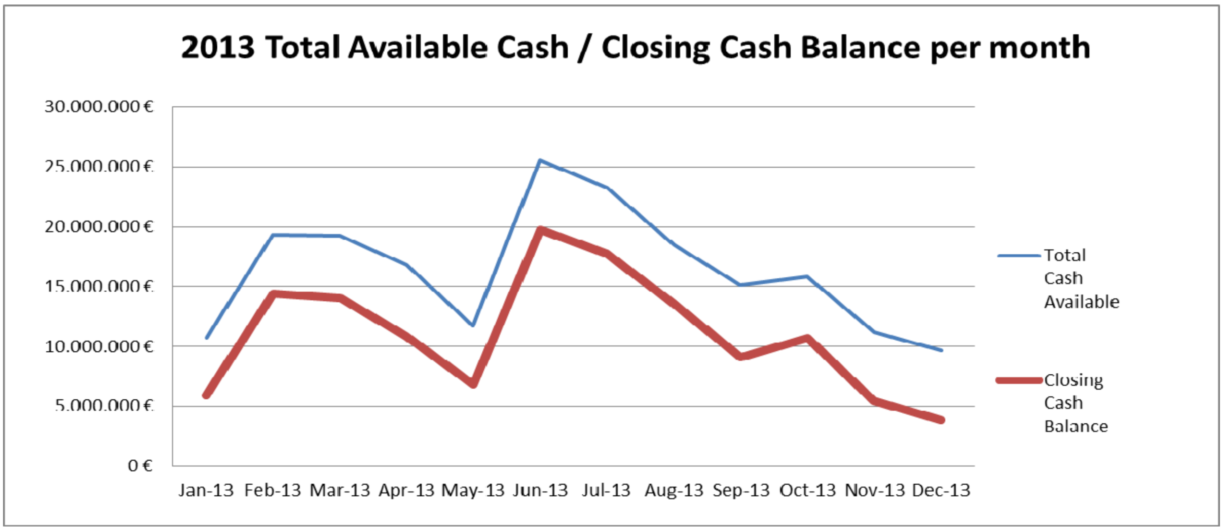
Cash and cash equivalents almost doubled in 2013.	42. Compared to the balance in the previous year, cash, cash equivalents and investments increased by almost 19.8 million (including trust fund cash) from EUR 22.0 million to EUR 41.8 million.
Establishment of Syria Trust Funds	43. That significant increase in cash was mainly due to the establishment of the Trust Fund for Syria (amounting EUR 8.0 million) and the Syria Trust Fund for the Destruction of Chemical Weapons (amounting EUR 10.3 million). Major expenses had not yet been incurred by the end of 2013.

<u>Reassessment of the Working Capital Fund (WCF)</u>

Cash situation is comfortable.	44. As shown in the table below the OPCW's overall cash situation is comfortable.

Monthly available cash

45. The 2013 monthly cash inflow from contributions, advance payments, tax refunds, interests from investments, Article IV and V receipts and from other receivables totalled on average roughly EUR 5.6 million. The average available cash amounted to EUR 16.4 million and peaked out in June with EUR 25.5 million.



Available cash at month-end amounted at least to EUR 3.8 million.

46. The 2013 monthly cash outflow amounted to EUR 5.4 million on average. Thus, available cash at month-end totaled more than EUR 11 million on average and was only low by year-end. However, it never decreased under EUR 3.8 million (December). During 2013, the OPCW did not face any liquidity problems.

The WCF was established in 1997 in the amount of EUR 4.5 million.

47. In this respect, I wish to draw the States Parties' attention to the Working Capital Fund (WCF). The WCF was established at the Conference' First Session in 1997 in the amount of EUR 4.5 million to meet short-term liquidity problems, including temporarily funding appropriated budgetary expenditures pending the receipt of contributions.

In 2005 the WCF's resources were increased to EUR 9.9 million.

48. In 2004, the Conference decided to increase the WCF's resources to the amount of EUR 9.9 million. The Conference also considered that the WCF should not exceed two-twelfths of the budget provision for that financial period.

WCF equaled to roughly 13% of the OPCW's budget.

49. The OPCW's budget 2005 was about EUR 75.7 million. Hence, the size of the WCF equaled to roughly 13% of the budget and did not exceed the two-twelfths limit (two-twelfths matches 16.7%).

No cash shortfalls in previous years

50. From this period onwards up to the end of the year, cash balance could be negative if no advance payment of contributions was received. But cash flow was well managed and the balance of financial holdings was positive so that there has never been a need to use the WCF to offset a temporary cash shortfall. This was also true in 2013.

Currently WCF equals to almost 14.2%.

51. Due to the OPCW's constantly decreasing budget from EUR 75.7 million in 2005 to EUR 69.8 million in 2013 the level of the WCF currently represents almost 14.2%.

In 2013 ABAF noted that the WCF level at OPCW is higher than the levels of the comparable UN organisations.

52. In its last year's session, the Advisory Body on Administrative and Financial Matters (ABAF) discussed whether the current level of EUR 9.9 million was appropriate. The ABAF received an excerpt of a United Nations (UN) General Assembly document listing the WCF levels of comparable UN organisations. The ABAF noted that the WCF level was higher than in comparable UN organisations.

ABAF recommended lowering the WCF to 6%.

53. The ABAF recommended the Executive Council (EC) that the level of the WCF be reduced to 6% of the total budget. The resulting surplus should remain in the fund for future one-time, non-recurring projects such as a new Enterprise Resource Planning (ERP) system.

I support the ABAF's view and recommend reducing the WCF and using the surplus for funding a new ERP system.

54. Because over the years the Secretariat has managed not to use the WCF reserve, I support the ABAF's view on lowering the level of WCF as well as using the resulting surplus for implementing a new ERP. A new ERP should be able to solve the insufficiencies as reported under para. 38 and provide the necessary accountability.

Assessed Contributions Recoverable

Assessed contributions recoverable of unpaid contributions were written down.

55. The OPCW adopted the accounting policy to write down assessed contributions recoverable from any State Party that has three or more years of unpaid contributions to the full extent, except for the unpaid contributions relating to the reporting period. This means that as of the reporting day (31 December 2013) States Parties were selected that had not paid any contributions for the last three years (until 2010). All unpaid contributions up to 2012 were written down.

The Secretariat wrote down the assessed contributions from 29 countries in the amount of EUR 633,810.

56. Based on this, the Secretariat wrote down the assessed contributions from 29 countries in the amount of EUR 633,810 using the following breakdown:

Older than 10 years:	EUR 174,788
Older than 3 years and up to 10 years:	EUR 293,058
Older than 2 years and up to 3 years:	EUR 82,596
Older than 1 year and up to 2 years:	EUR 83,369
Total:	EUR 633,810

57. Of this total amount, EUR 555,648 had already been written down as at 31 December 2012. Some countries with contribution arrears in previous years paid these arrears while others were unable to do so in 2013. The net amount of EUR 78,162 was additionally written down as at 31 December 2013.

Property, Plant and Equipment (PPE)

The value of PPE as at 31 December 2013 amounts to EUR 3.5 million.

58. On 31 December 2012 OPCW's stocktaking records showed total property, plant and equipment at a net book value of approximately EUR 2.7 million. The value of this property, plant and equipment as at 31 December 2013 increased to EUR 3.5 million. Current values were determined by reducing the original cost over the estimated useful life of the items.
Compared to the value as of year-end 2012, it shows an increase of approximately EUR 0.8 million (almost 31 %). The increase is mainly attributable to the purchase of Inspection and Verification Equipment (Note 6.1).

Intangible Assets

Almost two-thirds of these still relate to internally developed software.

59. As at 31 December 2013, OPCW's intangible assets showed a net book value of approximately EUR 0.3 million. As intangible assets the Secretariat recognised both acquired and internally generated software at a cost of EUR 1,000 and above.
As at 31 December 2013 approximately 34% of the total net book value of intangible assets amounting to EUR 0.1 million relates to acquired software. The greater part of intangible assets totalling EUR 0.2 million relates to internally generated software (60%) and software under development (6%).

Employee Benefits and Actuarial Valuation

Pertinent information on employee benefit liabilities and expenses are disclosed.

60. In accordance with IPSAS, the Secretariat disclosed pertinent information regarding the nature of its defined benefit plans and the financial aspects of changes in those plans during the period. The Secretariat reported on short-term and long-term (non-current and current) liabilities and employee benefit expenses in detail. An external consultant is in charge of performing the annual actuarial valuation of employee benefits.

Net assets/equity is still negative.

61. The impact of the employee benefit liabilities on the financial position is significant. For that reason, the OPCW's net assets/equity is still negative under IPSAS.

Other non-current liabilities (contributions)

Recognition of liabilities pending receipt of contributions.	62. Pending receipt of outstanding voluntary contributions, the Secretariat still has an obligation to implement the approved programme activities that have to be financed from these contributions. It also has an obligation to States Parties to distribute cash surplus if such receivables are collected in the following financial year.
IPSAS requirements	63. IPSAS requires that such obligations to distribute potential cash surplus be recognised as liabilities. These liabilities were reported as other non-current liabilities of EUR 4.3 million on 31 December 2013.

Net assets/equity and unfunded liabilities

Financial liabilities are not fully funded.	64. Differing from the UNSAS balance sheet the financial position of the OPCW is now - as a major dividend of IPSAS - realistically reflected and transparent to States Parties, including some of those future financial liabilities that are not (fully) funded.
Net assets/equity still accrued negative.	65. For the financial year 2011, as the first year of IPSAS, I already reported on the negative net assets/equity mainly deriving from unfunded employee benefits liabilities. By year-end 2013 the net assets/equity still accrued negative even though the total decreased by almost 2.4 million EUR due to net surplus in 2013 and actuarial gain in 2013:

Net assets/equity on 31 December 2012	(3,469,634) EUR
Actuarial gain and net surplus in 2013	2,375,939 EUR
Net assets/equity on 31 December 2013	(1,093,695) EUR

Specific characteristics in 2013 lead to a single deficit reduction.	66. However, it should be noted that the decrease of the deficit was mainly due to one-time transactions and other special factors such as contributions without any conditions (Nobel Peace Prize) and purchase of new fixed assets. Thus, reduction of the negative deficit cannot be viewed as sustainable and as constituting a genuine improvement of the financial position.
Going concern	67. A negative balance is no problem if the valid principle of going concern is applied. But nevertheless, a negative balance should not be maintained over a longer period. Therefore, I recommend deliberating on how these liabilities could be funded.

3.4.2 Statement of Financial Performance

Revenue and Expenses

Revenue and expenses	68. The table below shows comparative figures for Revenue and Expenses of 2011, 2012 and 2013 based on IPSAS.

	2011 IPSAS	**2012 IPSAS**	**2013 IPSAS**	**Increase/(decrease) 2013 compared to 2012 IPSAS**
Revenue				
Assessed contributions	67,712,488	67,513,754	62,357,538	(5,156,216)
Voluntary contributions	1,496,066	1,359,607	6,353,312	4,993,705
Articles IV and V	4,267,950	2,528,440	2,459,403	(69,637)
Other	662,098	201,841	179,124	(22,717)
Total	**74,138,602**	**71,603,642**	**71,349,377**	**(254,265)**
Expenses				
Employee benefits expenses	51,672,329	49,335,704	47,007,971	(2,327,733)
Travel expenses	8,128,137	7,743,764	8,213,570	469,806
Consultancy and contractual services	5,510,170	4,377,477	4,944,277	566,800
Internships, grants, contributions to seminars	414,021	554,520	295,851	(258,669)
General operating expenses	5,853,588	5,540,971	6,464,453	923,482
Depreciation and Impairment of PP&E	1,039,615	792,829	701,647	(91,182)
Amortisation and impairment of intangible assets	3,754	20,557	74,061	53,504
Impairment of assessed contributions recoverable	75,038	80,369	82,407	2,038
Impairment of Articles IV and V receivables	441,013	0	0	0
Other	555,874	501,516	1,492,798	991,282
Total	**73,693,539**	**68,947,707**	**69,277,035**	**329,328**
Net surplus/(deficit)	**445,062**	**2,655,935**	**2,072,342**	**(583,593)**

Table 3: Revenue and Expenses, Sources: Statement of Financial Performance

Employee Benefits Expenses

Short-term employee benefits expenses roughly EUR 38.5 million.	69. Short-term employee benefits expenses of roughly EUR 38.5 million mainly consist of salaries and post adjustments including major items of short-term employee benefits as annual leave expenses of almost EUR 3.3 million, and education grant/travel expenses of nearly EUR 1.9 million.
Post-employment benefits expenses were predominantly contributions to the Provident Fund.	70. Post-employment benefits expenses derive predominantly from OPCW's pension plan which is the Provident Fund. The Provident Fund is a defined contribution plan to which the Organisation contributes a fixed amount for all employees, in a two third (the Organisation's share) to one third (the employee's share) proportion.
Expenses related to Provident Fund amounting to EUR 6.8 million.	71. Upon departure from OPCW, the employee receives the contributions made, plus accrued interest, under the Provident Fund's Charter and Administrative Rules. Following this payment, no legal or contractual obligation remains. Thus, the obligation for each period is determined by the amounts contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. For the fiscal year 2013, the expenses relating to the Provident Fund amounted to some EUR 6.8 million.

3.5 Disclosure Requirements

3.5.1 Disclosure of Verification Activities in Syria and Libya

Verification activities in Syria and Libya in 2013.	72. In 2013 the Secretariat spent EUR 732,506 for verification activities in Syria and EUR 159,577 for the same purpose in Libya. The expenses incurred were mainly borne by voluntary contributions in the Trust Fund for Syria (para. 43, refers). Verification activities in Libya were charged to the Regular Budget.
Each State Party shall meet the costs of verification under the Convention.	73. Nevertheless, as Syria acceded to the OPCW Convention and Libya was already a State Party, there is the obligation to apply the legal provisions for Article IV and V of the Convention which state in para. 16 of Article IV and para. 19 of Article V that each State Party shall meet the costs of verification of storage and destruction of chemical weapons it is obliged to destroy.
Costs of the verification of the Syrian and Libyan weapons should be covered.	74. Therefore the costs of the verification of the Syrian chemical weapons should in principle not be covered by the Trust Fund for Syria, but need to be covered by Regular Budget first and reimbursed by the Syrian Government. For the same reason, the verification costs for Libya should also be reimbursed by the Libyan government to the Regular Budget.

This treatment is in line with the decision made by the Conference of the States Parties for the OPCW 2014 budget.	75. This treatment is in line with the decision of the Conference of the States Parties on the Programme and Budget of the OPCW for 2014 (C-18/DEC.6 page 3) to reimburse EUR 2,146,300 for the destruction of chemical weapons carried out in 2014 in accordance with Articles IV and V of the Convention. However, although verification activities for Libya started in 2012 and those for Syria in 2013, such reimbursements were neither reflected in neither 2012 nor 2013 budgets.
Requirements of IPSAS 19.	76. Both amounts should generally have been treated as assets (accounts receivable) in the 2013 Financial Statements. As at 31 December 2013 it was unclear whether the two states would meet their obligations it was not possible to record the costs as accounts receivable. IPSAS 19, para. 105 stipulates that in case of doubtful accounts receivable these claims should be recorded as contingent assets and be disclosed in the Notes to the Financial Statements if the inflow is likely to occur. This disclosure was not made in the Financial Statements.
Revenue from exchange transactions under IPSAS 9.	77. Under standard Article IV and V activities with other States Parties, the Secretariat applies IPSAS 9 “revenue from exchange transactions” to report receivables and revenue based on the following aspects: 1) the revenue amount can be measured reliably, 2) it is probable that economic benefits or service will flow to the OPCW, and 3) the stage of progress of the activities can be measured reliable. It was not decided to report receivables or revenue because it was not possible to determine in accordance with item 2) how certain it was that the Secretariat would be reimbursed by Libya and Syria at the reporting date.
Recommendation.	78. I would like to recommend that the Secretariat make an immediate decision on request for reimbursement and send invoices to Syria and Libya or ask the Executive Council to decide otherwise.

3.5.2. Disclosure of Unliquidated Obligations

ULOs	79. An unliquidated obligation (ULO) is a type of accounting transaction under UNSAS, which recognizes future liability for goods or services ordered (either delivered or not).
Different accounting treatments under UNSAS and IPSAS. ULOs still needed for budgetary reasons.	80. The OPCW decided to implement IPSAS as from 1 January 2011. By contrast to UNSAS, IPSAS allows recognition of expenses only when delivery has actually occurred. This major change removed the necessity for reporting ULOs in Financial Statements and resulted in a more accurate match of expenses and authorized budget in the period to which they relate. However, for the sake of reporting, ULOs are still recorded in the budgetary and procurement systems and one practice to follow is to disclose them in the notes to the financial statements.

ABAF recommended closely monitoring ULOs.	81. In May 2013, the ABAF noted that ULOs should be cleared shortly after the end of the financial period. This is usually done by 30 March. Nevertheless, a rather substantial proportion of ULOs had not been cleared at the end of 2012. So the ABAF recommended that ULOs should be tightly monitored and that the Financial Statements should provide explanations on the late clearance or cancellation reported at the end of the year.
Conclusion.	82. In the Financial Statements 2013, the OPCW presented some additional information regarding the budgetary accounts. In these additional statements the status of ULOs and savings on prior year's ULOs are provided. Although this information is not required under IPSAS, I appreciate this additional information in the light of giving a faithful picture of the accounts.

4. PERFORMANCE AUDIT

4.1 Human Resources (HR) - Recruitment and Selection Procedures

Recruitment is a critical HR function for organisations as a whole.	83. Recruitment is a critical HR function regarding the long-term success of organisations. My team audited OPCW's recruitment and selection procedures set out in the current Administrative Directive (AD) on Recruitment and Selection (AD/PER/29/Rev. 3). The audit focused on the recruitment of Professional (P) staff.

4.1.1 HR Strategy

OPCW has no up-to-date HR Strategy.	84. The OPCW's latest HR Strategy dates back to 2008 and covered the period 2008 – 2010. The strategy also states that the reduction of recruitment timelines is a key issue. Nevertheless, no targets for the different recruitment steps are set out in it.
A HR Strategy is essential, both for the employer and the staff. It should include S-M-A-R-T objectives.	85. As a management instrument an HR Strategy is essential, both for the employer and the staff. It shows what the employer wants to focus on and what the objectives are. For reasons of transparency staff members should be informed about the objectives. Also for an employer who competes with others for the best candidates an HR Strategy is a must. The objectives set out in an HR Strategy should be specific, measurable, accepted, reasonable and time-bounded. Otherwise, it is difficult to review if they have been reached or not.
The HR Strategy should be updated.	86. I recommended updating the HR Strategy and reporting regularly on the achievement of the objectives.
The Secretariat accepted the recommendation.	87. The Secretariat accepted the recommendation. It has taken steps to ensure that the HR Strategy will be updated as soon as possible. Furthermore, in terms of a regular reporting a HR dashboard is to be implemented.

4.1.2 Recruitment timelines

Evaluation of 40 recruitments cases.

88. My team analysed the duration of 40 recruitments for fixed-term P posts concluded in 2012 and 2013. Thereof 20 became vacant due to tenure or retirement. The results are shown in the table below (average timelines in days):

	Time taken to announce a post	Duration of vacancy announcement	Duration of recruitment	Time between selection and position filling	Average post vacancy
all P posts (40)	37	54	150	64	177
thereof posts vacant due to tenure or retirement (20)	63	55	158	68	164

Table 4: Recruitment Timelines

A period of 150 (158) days for the full recruitment process and post vacancies of 177 (164) days is too long.

89. Delays in recruitment procedures may result in positions being vacant for a significant period of time. This could have negative implications for programme delivery and knowledge transfer. Considering this, a period of 150 (158) days for the full recruitment process (from the date the vacancy notice [VN] is issued to the date the final selection is made) and post vacancies of 177 (164) days is too long. In particular, regarding foreseeable vacancies resulting from tenure and retirement, these durations are neither appropriate nor reasonable. e. g. other International Organisations have a target of 120 days for the full recruitment process. Setting out lead times for the different recruitment steps helps to monitor the process and to follow with hiring managers and recruitment panels.

In a first step, the recruitment process and the post vacancies could be shortened without significant efforts by means of the following measures:

There is no need for a two month application deadline.

90. The current Administrative Directive on Recruitment and Selection recommends a standard application deadline of two months (60 days). In 2012 and 2013 the Secretariat issued VN on average for 54 (55) days. Many International Organisations have a one month (30 days) deadline. Experience shows that most candidates apply close to the deadline, whether the deadline is one month or two months. Therefore a two-month deadline unnecessarily prolongs the recruitment process.

Posts which became vacant due to tenure or retirement were advertised too late.

91. The Secretariat advertised posts which became vacant due to tenure or retirement on average 63 days in advance. Considering the average gap of more than 60 days between the selection and the entry on duty date, this is far too late. Advertising such posts more in advance could reduce post vacancies.

Recommendations: (1) one month application deadline, (2) advertising posts where the vacancy is known at least four months in advance, (3) revision of the current AD.	92. Considering the aforementioned findings and with regard to a better and robust succession planning I recommended implementing a one month application deadline and, in case of known vacancies, advertising the post at least four months before the position becomes vacant. Furthermore, I recommended an in-depth evaluation of the current AD on Recruitment and Selection taking into account all aspects of the recruitment process (e. g. implementing generic job profiles, generic vacancy announcements and rosters of pre-screened candidates).
All observations and recommendations were accepted with one exception relating to the application deadline.	93. The Secretariat accepted all recommendations. It pointed out that, in many cases, HRB had already been proactive in planning known vacancies. The application deadline will be reduced from 60 days to 45 days, and VN for posts subject to tenure or where the incumbent is due to retire, will be issued four months before the post becomes vacant. The Secretariat also informed that the current AD on Recruitment and Selection is being revised.
Recommendations remain open.	94. I welcome the actions announced (para. 87 and 93). However, the recommendations remain open pending receipt of documentation demonstrating that the actions have been implemented by the Secretariat.

4.1.3 Vacancy of managerial positions in HRB Recruitment

Two parallel P posts in HRB Recruitment vacancies for ten months.	95. The HRB Recruitment Section consists of two P (Head [P4] and Officer [P3]) and five GS posts[14]. Both managerial posts were vacant for ten months at the same time. The Officer resigned in December 2012. Since then the post has been on hold due to a review of the HRB structure. The Head of Recruitment resigned in July 2013. The post had been advertised twice. The new Head entered on duty in April 2014.
Managerial posts should be filled faster.	96. Recruitment is a key function for the Organisation as a whole. Therefore it was not appropriate and reasonable to leave both managerial posts vacant for such a lengthy period and at the same time. I welcome that the post Head of Recruitment is filled now. However, such long and simultaneous vacancies should be avoided in future.

[14] OPCW Post Structure and Placements as of 4 April 2014. Also one GS post was vacant at this time.

4.2 Lump - sum option for travel

Lump-sum payments in lieu of entitlements have been in effect for 20 years.	97. Lump-sum payments in lieu of entitlements have been in effect in many UN and other international organisations for more than 20 years. The implementation of the lump-sum option should result in direct financial savings, as well as in reduced administrative costs for the organisations.
Like other international organisations the OPCW calculates the lump-sum from the “full economy-class fare”.	98. Concerning the lump-sum option, the OPCW complies with the practice at international organisations. According to paragraph 46 of the Administrative Directive ADM/29/Rev.3 “for travel on home leave, education grant travel, and travel on separation from service, internationally recruited staff members … may opt for a lump-sum payment in lieu of all entitlements related to the particular travel.” Paragraph 47 states that for “travel by air and train the lump-sum payable … shall amount to 75 per cent of the full economy-class fare by the least costly scheduled air carrier” (YY fare). The YY fare is often the highest economy air fare in the market, and it is not a scheduled air carrier fare.
The amount payable for lump-sums seemed comparably high.	99. My team audited the travel activities of OPCW staff. In several cases the amount payable under the lump-sum option seemed relatively high, compared to tickets bookable via the Internet. For example, for education grant travel from Canada to The Hague and back, a lump-sum of EUR 4,647 was paid (obligation nr 3130097). However, the price of the ticket actually purchased was about EUR 1,000. And if the respective staff member further benefits from a bonus programme on flights the ticket would have been even cheaper.
While the lump-sums for 34 travel activities amounted to nearly EUR 170,000, tickets would have cost less than EUR 60,000.	100. Subsequently my team reviewed 34 travel requests for home leave, repatriation or education grant, submitted from October to December 2013. My team compared the respective lump-sum with ticket prices of KLM – Royal Dutch Airlines, bookable via the Internet. Due to the retrospective audit, a fictive departure date (28 February 2014 – 30 March 2014) had to be used. The lump-sum for the 34 travel activities in total amounted to EUR 169,636. Economy class tickets for these respective flights, purchased via Internet, would have been available for EUR 56,767. This is approximately one third of the actual costs for lump-sums. In some cases the difference between the lump-sum and the minimum price for one ticket was more than EUR 4,000 (see para. 99).

According to a UN wide review, most of the UN organisations reported financial losses from using lump-sums.

101. Already in 1995, the General Assembly of the UN requested the Secretary General to continue to monitor the costs and benefits to the UN of the lump-sum arrangements closely. In 2012, the UN Joint Inspection Unit (JIU) reviewed the lump-sum payments in lieu of entitlements for home leave travel. While five organisations reported gains from using the lump-sum option, the other 14 organisations reported financial losses.

The JIU recommended comparing the costs of lump-sums and organised travel and using the least restrictive flex fare for calculating the lump-sums.

102. The JIU then recommended analysing the use of the lump-sum option for home leave travel. The analysis should compare the costs for providing the lump-sum option with those of organised travel. Concerning the YY air fare, the JIU refers to the flex air fares introduced in 2007 by the International Air Transportation Association. The JIU recommended replacing the words "75 per cent of the full economy-class fare" by "75 per cent of the least restrictive economy class fare" when determining the lump-sum for travel.

Each year, annual savings of at least EUR 400,000 would be possible.

103. Due to data limitations it was virtually impossible to determine the actual amount of achievable savings. Nevertheless, I assume purchasing tickets instead of using the lump-sum option would save more than 50 per cent of the cost.

Travel in 2012 and 2013 to which the lump-sum option applied

Year	Travel activities	Lump-sums (%)	Lump-sum payments in EUR	Potential savings
2012	244	229 (93.8 %)	910,000	455,000
2013	184	172 (93.5 %)	744,928	370,000
Total	428	401 (93.7 %)	1,654,928	825,000

The Executive Council requests the Director-General to reduce travel costs for 2013 by 10 percent.

104. In September 2012 the Executive Council requested the Director-General to reduce travel costs for 2013 and beyond through appropriate savings and efficiency measures to achieve an overall reduction of 10 percent below the approved 2012 travel budget without adversely affecting overall programme delivery.

Management responded that many individual costs are covered by the lump sum.

105. Management responded that it might not be feasible for the Secretariat to book all its travel via the internet, and that the lower costs using internet fares did not take into account the fact that staff who did not avail of the lump sum option would also be entitled to claim the costs of unaccompanied and excess baggage, DSA for a stopover and terminal expenses.

I recommend analysing the costs of lump-sums in comparison with organising the travel

106. Nevertheless, I recommend analysing the use of the lump-sum option because I am sure that savings could still be achieved. The analysis should compare the cost of the lump-sum option with those for organised travel, including the respective administrative costs. Depending on the result, the percentage of the applicable air

and using the least restrictive air fare for lump-sum calculation.	fare could be reduced or the use of lump-sums could be discontinued. I further recommend amending the Administrative Directive ADM/29/Rev.3, Paragraph 47. The basis for calculating the lump-sum should be “the least restrictive economy-class fare of the least costly scheduled air carrier…”.

4.3 Administrative Costs

Staff members of the OPCW perform administrative services for the Provident Fund.	107. Staff members of the OPCW perform administrative services for the Provident Fund (PF). These services include the activities of six staff members on the Provident Fund Management Board (hereinafter “the Board”) and administrative services of staff in the Finance and Accounts Branch (FIN). Furthermore, the Secretariat provides necessary materials and facilities needed for the administration of the PF.
Administrative costs of the PF shall be payable from the contributions entrusted to the PF.	108. The PF is a single legal entity in its responsibility for its holdings, and administers its resources in accordance with its Charter and Administrative Rules. Article 3 of which states that the administrative and other direct costs and expenses of the PF, directly related to the operation of the PF and approved by the Board, shall be covered by the contributions entrusted to the PF.
Participants used to pay a fee for administrative services. As from 2001 the OPCW has been administrating the PF without consideration.	109. From 1998 to 2001, contributions to the PF were invested in funds managed by commercial fund managers. At the same time, the PF was also supported through membership and administrative services from another commercial provider. The participants paid a fee for these services. That ended when during 2001 concerns were identified regarding the accuracy of the administration and accounting services by the commercial fund manager. Thus, at that time the OPCW took over the administration of the PF on behalf, and at the direction of the Board without consideration on a temporary basis.
The Board looked for new commercial providers and eventually ABN AMRO was awarded the contract.	110. In subsequent years, the Board made efforts to find new commercial providers for investment and administrative services. In 2005, the OPCW relied on an independent expert to assist the Board in developing a new investment policy. Consequently, in 2007 the Contract and Service Level Agreement with ABN AMRO was signed.
Still administrative services by the Secretariat require an annual effort of more than 200 person-days.	111. However, the OPCW has continued providing administrative services for the PF to date. According to a recent survey conducted by the Secretariat on my request, these services require an annual effort of more than 200 person-days. The Financial Statements of the OPCW do not disclose the provision of administrative services for the PF. These services in-kind received, however, is disclosed in the Financial Statements of the PF.

Financial Statements do not disclose the provision of administrative services.

112. The Secretariat stated that the Financial Statements did not mention the services because IPSAS did not require the disclosure of provision of services in-kind. Furthermore, the Programme and Budget of the OPCW clearly stated that activities of the FIN included administration of the PF and provision of support to the Board.

Disclosure of administrative services should be considered.

113. Notwithstanding, in my view the administrative services provided by OPCW for the management of the PF are material in nature. They increase the workload of the Secretariat. As the information about these services is reliable and relevant to the States Parties, the Secretariat should consider disclosing it in the OPCW Financial Statements.

4.4 Samples analysis - Finding proof for the use of chemical weapons

In 2013 the OPCW assisted in an investigation on the use of chemical weapons.

114. One of the principal tasks of the OPCW is to assist States Parties in the destruction of chemical weapons. In the year 2013 the OPCW was also involved in an investigation on the potential use of chemical weapons.

A combined UN-OPCW mission was conducted.

115. In August 2013, the use of chemical weapons against civilians was assumed in Syria. The international community of states requested the UN to conduct an investigation. The “chemical watchdog of the world”, the OPCW assisted the UN in detecting whether chemical weapons were used or not.

For chemical analysis the OPCW has designated laboratories worldwide.

116. Beyond its own laboratory, the organisation has relations to a set of designated laboratories in different countries of the world. These laboratories are well experienced and fulfil the strong quality demands of the OPCW in the field of chemical analysis.

Suspected material was collected in a warzone.

117. In Syria suspected material was collected in a warzone partly as environmental samples and partly as bio-medical samples from the victims of the suspected assault.

OPCW did not have contracts with all designated institutes.

118. Although designated as appropriate laboratories, the OPCW did not have operational arrangements with specific institutes that should have been charged with both kinds of sample analysis. For this reason, the Secretariat has faced the challenge to find suitable laboratories and to conclude arrangements within a short time period.

The Secretariat should prepare contracts with suitable laboratories.

119. As a lesson learnt from the Syria challenge, I would like to recommend that the Secretariat continue to work with the laboratories and States Parties concerned for future cases by identifying suitable laboratories and concluding appropriate arrangements for the analysis of all potential samples also those of bio-medical material in advance.

Such preparations should also include contractual arrangements.

120. Having appropriate arrangements, such as a network of designated laboratories would enable the OPCW to have access to laboratories services also at short notice. The States Parties and the Secretariat should be aware that such provisions might cause additional expenses. Nevertheless to be able to respond immediately to similar situations like the one occurred in Syria justify higher costs.

4.5 Restructuring the Secretariat – Part 1

A long term strategy is needed to meet new challenges for the OPCW.

121. As the development in Syria in the last years shows, new challenges in the field of chemical weapons may arise in the world. At the same time, more and more chemical weapons worldwide have been destructed. Both developments have considerable impacts on the future of the OPCW. The Secretariat is working in close co-operation with the States Parties to develop a long term strategy for the necessary adaption of the OPCW to the challenges of the future.

My team followed the process of realignment.

122. My team has monitored this process of realignment of the OPCW for several years and found some issues that should be addressed.

The ABAF recommended a thorough assessment.

123. In September 2010 the ABAF recommended "… *that the Organisation carry out a thorough assessment of the structure and functions of its posts …*"

In 2011 the Secretariat engaged an external expert to conduct an analysis of the situation and to give recommendations for a restructuring.

124. In April 2011 the Secretariat engaged an external consultant to *"draft a detailed set of recommendations on how the structure and functions of the posts in the Technical Secretariat might be adjusted in order to:*

- *Best carry out the remaining 35 per cent of chemical weapons destruction activity 2012 and an estimated completion date of 2021; and*
- *Effectively and efficiently implement other aspects of its mission in the years beyond 2012."*

The consultant received 670 Euro per day.

125. For the period April – August 2011 the consultant received a remuneration of app. 670 Euro gross per workday plus a Daily Subsistence Allowance.

In 2012, the report from the expert was presented with an outlook on the next steps to develop a coherent plan to restructure the Secretariat.

126. In January 2012 the Director General presented the 19-pages "Report by an External Consultant on the Structure of the Secretariat and the Functions of its Posts" announcing that *"each of his proposals will be considered on its merits, keeping in mind the envisaged future vision for the Organization … establishing an internal committee within the Secretariat to study the report of the consultant and the views and proposals of the States Parties, and to develop a coherent plan to restructure the Secretariat into an Organization attuned to addressing the future priorities of the OPCW."*

In 2013 discussions on the future mission of the organisation were still ongoing.

127. One year after the presentation of the external experts' report my team asked the Secretariat for the conclusions of the internal committee and the final plan to restructure the Secretariat. In January 2013 the Secretariat answered my team's questions to the effect that *"the final plan to restructure the Secretariat has 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".*

From my point of view the Secretariat should have a clear own position on the future mission before hiring external experts.

128. From the External Auditor's point of view, hiring an external expert for 670 Euro each day *"to draft detailed recommendations for a future structure of the OPCW"* without having a coordinated organization-internal plan - in close co-operation with the States Parties - does not seem to be the appropriate approach for finding a new design for the OPCW. Even two years after the assignment of the external expert who requested time-consuming support from the Secretariat staff a clear direction of the restructuring measurements should become visible.

Fundamental questions of a future mission of the organization still need to be addressed.

129. Particularly the following issues need to be addressed before efforts are made internally and externally:

- What is the current situation of the OPCW and all factors related to the production, possession and the use of chemical weapons;
- What are the real and potential developments for the near, mid- and long-term future;
- Which conclusions have to be drawn from the above mentioned factors; and
- What are the necessary consequences for the restructuring of the Secretariat.

The Organisation needs also to be prepared for other short notice missions like that in Syria.

130. As missions like that in Syria cannot be excluded for other countries in future times the Organisation might also seriously consider how it can be assured that sufficient and well trained and experienced inspectors will be available for verification missions as well as for missions that could emerge at short notice.

My team will conduct an audit on the determination of staff requirements for inspectors.

131. Due to the immense importance of the above matter I charged my team to conduct a thorough audit on the determination of staff requirements for inspectors in particular but also for support staff.

The Secretariat confirms our observations in general and gives additional information on post reductions, downgrades and merging of organizational units.

132. The Secretariat confirmed my team's observations. Furthermore in a statement of January 2014 the Secretariat points out:

"Since the report was published, the Secretariat and the states Parties have engaged in discussions on the structure of the Secretariat in the context of the consultations on the annual Programmes and Budgets for 2013 and 2014. In this regard, it should be noted that the following structural changes have already occurred as part of the ongoing effort to restructure the Secretariat:

- *A total of 9 posts in the non-operational divisions of the Secretariat have been abolished between 2012 and 2014.*
- *In addition the number of Temporary Assistance Contract posts has been reduced from 16 in 2012 to 1 in the budget for 2014.*
- *20 posts have been downgraded by one level between 2012 and 2014.*
- *A new Office of Strategy and Policy (OSP) has been created by merging the functions of the Policy Review branch in the verification division with the former Office of Special Projects.*
- *The TDRBM branch has been abolished and its functions absorbed by HRB (training) and the new OSP.*

Additional changes in staffing structure and functions will be implemented on an incremental basis in order to minimize disruption to the ongoing work of the organization."

The Secretariat did not present a structured plan.

133. The individual steps taken like reducing staff numbers or downgrading posts, as described in the Secretariat's last statement of January 2014 the Secretariat did not present a structured plan.

After more than two years a more strategic plan should become visible.

134. In any case almost two years after the report was presented some progress should be noticeably visible. If the report's conclusions are not shared by the Secretariat it should develop its own plans and propose a suitable approach to the States Parties.

4.6 Restructuring the Secretariat – Part 2

In 2012 the Secretariat hired a consultant.
One of his objectives was to find out what the staff think about the restructuring activities of the Secretariat.

135. In 2012 a consultant worked in the Secretariat.

The objectives of his work assignment were described as follows:

- enhance the professionalism and leadership skills of senior management,
- explore concepts of effective leadership, strategic vision and transformational thinking,
- develop skills of senior management in guiding the organisation through a period of transition and organisational change
- provide senior and mid-level managers with the tools they will need to deal constructively with uncertainty, anxiety, bitterness, hostility and other negative elements associated with

organizational restructuring,

- identify key requirements of an effective strategy to communicate and manage change, maintain staff morale and motivation, sustain commitment to organizational objectives and maintain focus on reaching desired new organizational structure.

The consultant earned app. EUR 30,000.

136. The consultant received a fee of almost EUR 30,000 for his services. The amount was provided by a member state.

Management considered services as valuable.

137. Management informed us that the services were valuable for their decision making process and change management.

Managers should communicate regularly with their staff.

138. In our interviews with staff we learnt that the engagement of an external communication expert for delivering staff members' opinions to senior management and to provide managers with skills that should be basic requirements for leaders evokes severe incomprehension not only at staff level.
I recommend all managers in the Secretariat seeking direct and continuous communication with their staff on all relevant issues.

4.7 Establishment and operation of Syria trust funds

Syria declared not to be able to meet the costs for verification and destruction.

139. On 14 October 2013, the Chemical Weapons Convention entered into force for the Syrian Arab Republic, making it the 190th State Party to the treaty. The Executive Council accepted the Syrian request that the country would not have the ability to meet the costs for verification and destruction.

A trust fund for Syria was established.

140. As verification and destruction activities in Syria were not included in the regular budget of the OPCW, two special trust funds have been established. On the 27 September 2013 the Executive Council decided to establish the "Trust Fund for Syria Mission" and on 15 November 2013 to establish the "Trust Fund for the Destruction of Syrian Chemical Weapons".

The funds are operated as multi donor trust funds.

141. Both of the above mentioned trust funds are operated as multi donor trust funds. The contributions of the States Parties are collected in the funds to spend the money for the common purpose.

Programme support costs shall cover administration costs.

142. The programme support costs (PSC) adopted in October 2013 in accordance with the External Auditor's recommendation shall cover the indirect costs incurred by administering the trust funds in the Secretariat.

Current administration of trust funds results in a high workload and

143. Nevertheless the operation in the different branches of the Secretariat include a high workload and risks:

- Some States Parties imposed own conditions to their contributions. In case of multi-donor trust funds there should not be various conditions attached to individual contributions.

bears risks

Furthermore various reporting and auditing requirements added extra administrative workload.

- The money that is not used in one year has to be carried forward to the next year. Especially when the large trust funds with contributions from several States Parties and the large array of different conditions, enormous coordination efforts and additional manual calculation work had to be made to track the financial information.
- A fully integrated ERP system - under discussion in the Secretariat for several years - would therefore be highly beneficial. It could considerably reduce the extra manual workload and the resulting risks for the financial statements.

I propose an initiative to review the administration of trust funds.

144. The two trust funds for Syria and the 16 other trust funds in the Secretariat account for an increasing portion of the overall activities of the Secretariat. I propose that the Secretariat take an initiative to review and adopt the administrative directive entitled "Voluntary Contributions and Trust Funds" - AD/FIN/17/Rev.3, dated 31 October 2013 - (AD/FIN/17) with the aims:

Harmonizing donor conditions would reduce administration efforts.

- To harmonize donor conditions for current multi-donor trust funds. This would reduce accounting transactions. It would also make it easier to identify the unspent balance at the end of a year and the closing of a trust fund.
- To incorporate experience of operational activities in a template of the model agreement with common conditions that States Parties are offered to meet.

The single audit principle should be essential part of the agreements.

- To enclose the Single Audit Principle according to par. 50 of AD/FIN/17 Rev.3 in the template of the model agreement.
- To pool different contributions for the same purposes into one trust fund in order to provide the necessary flexibility and use the States Parties' money for the maximum effectiveness.

The experience with the trust funds raises again the question of the operation of suitable business management software.

145. The Finance and Accounts Branch experiences a considerably increased manual workload in SmartStream to maintain financial information of Syria trust funds. Therefore I once again recommend that necessary additional efforts be made to prepare a final decision to introduce a workable ERP system.

My team found inconsistent data on the budget of a trust fund.

146. Furthermore my team noted that the agreements for the Destruction Trust Fund differ from the amounts of the projected budget; in some cases EUR 35 to 45 million are stated in other cases EUR 50 million.

For the Secretariat it was extremely difficult to estimate

147. In its answer of January 2014 the Secretariat explained that "*it was extremely difficult for the Secretariat (and the states parties) to arrive at a precise figure for the total costs of destruction, since the information on the scope and characteristics of the Syrian*

the total costs.	*chemical weapons stockpile was extremely limited at the time. The figure of 50 million Euro for the first trust fund was a best estimate based on the information available at the time".*
Despite all uncertainties the Secretariat should avoid differences in agreements on same trust funds.	148. I would like to highlight that I am aware of the volatility of the political developments which have led to the establishment of trust funds for Syria. As it was unprecedented the Secretariat had no experience in this field. Nevertheless I need to recall paragraph 33 of AD/FIN/17 that requires a cost plan as a prerequisite for the establishment of a trust fund. More than EUR 5 million (10%) of difference between the financial specifications in the different agreements is a considerably high deviation. Such differences in agreements on comparable trust funds should be avoided. Subsequent adjustments should be announced to all States Parties.
I will continue auditing the trust funds.	149. I will continue auditing the management of the Syria trust funds.

5. CASES OF FRAUD OR SUSPECTED FRAUD

Case of fraud in 2012.	150. The Secretariat investigated a case of suspected fraud regarding unauthorised payments of education grants in November 2012. In response to the findings of that investigation, the staff member was formally requested to provide testimony and reimbursed the Organisation the sum of money paid on the basis of claims which were considered to be fraudulent. Finally, the staff member was dismissed for serious misconduct on 1 March 2013.
Education grant policy was revised.	151. As a consequence of this case, the education grant policy was revised to include a routine internal control procedure which includes checking the provided information for accuracy by contacting the respective school or university directly.
Appreciation.	152. I appreciate the Secretariat's actions taken.

6. FOLLOW-UP

6.1 Risk Management and Statement of Internal Control

Voluntary contributions have increased.	153. Over the last years, regular budgets of international organisations have often been subject to zero-real-growth. As demands for the organisations' services have been growing, the Secretariat increasingly sought to receive voluntary contributions. The Member States were often responsive and increased their voluntary contributions. This is also the case for OPCW.

Importance of introducing a PSC scheme.	154. Therefore, it was important to introduce a programme support cost (PSC) scheme for Extrabudgetary Funds, as these are administered by staff financed from the Regular Budget.
Secretariat changed administrative directive.	155. The Secretariat revised AD/FIN/17 to include a charge for PSC of 7% against actual expenditure from voluntary contributions higher than EUR 10,000.
Conclusion.	156. I appreciate this development and take the liberty of noting that my recommendations as External Auditor have led to that improvement.

6.2 Outsourcing of electronic Performance Management Appraisal System data hosting

An electronic based appraisal system was introduced in 2012.	157. In February 2012, the Secretariat introduced a new electronic based appraisal system for OPCW staff, the electronic Performance Management Appraisal System "e-PMAS".
In 2012 I reported on the contract with Cornerstone.	158. In my report for the year 2012, I referred to the contract with the company Cornerstone OnDemand Limited ("Cornerstone"). My staff further examined the decision to outsource the above mentioned service comparing the financial aspect with other IT systems and especially in the light of information security.
A cost-benefit analysis conducted in 2010 was not re-assessed after a major shift in technology.	159. In 2010 a cost-benefit analysis was conducted comparing the outsourcing with an in-house solution before starting the project. The Secretariat did not consider the major shift in technology that was subsequently included in the project in a re-assessed cost-benefit analysis.
Increased payment to Cornerstone due to a contract extension.	160. The project started in November 2010. The payment to Cornerstone rose by 45% from EUR 83,100 to EUR 120,700 for the three-year period 2010 to 2013. The Secretariat justified the increase with the extension of the contractual service. The Training Management System (TMS) was awarded to Cornerstone at a later stage as an add-on to e-PMAS. The Secretariat decided to retain the service provider for the new period 2014.
Despite doubts projects were outsourced.	161. The Secretariat explained *that "there was no increase in price of the e-PMAS, but many extensions of functionalities that encompass e-learning, social media and additional capabilities for Human Resources Branch, justifying the increase of cost"*. In another project the Secretariat based the decision against outsourcing on the justification *"vendors often seem to pitch high rates for integration and see us (OPCW) as a source for continued revenue"*.

There is a risk that extensions deemed to be useful will cause increasing costs.	162. I see the risk that henceforth the contractor will develop enhancements that the Secretariat deems to be useful and that this will cause increasing costs by contract extensions.
I recommend cost-benefit analysis and reviewing of documentation for each extension.	163. Nevertheless, I recommend running necessary comprehensive cost-benefit analyses and reviewing project documentation for each extension of the project.
I will follow-up on the contracting process.	164. The Secretariat informed me that, considering the reorganisation of the Organization, it would benefit from the pricing model of the Software as a Service (SaaS) contract with Cornerstone. I will follow-up on this issue.
There are risks that the system will become an IT island and possibly in-source back will become more and more difficult.	165. Furthermore, I see the risks that the Software in the cloud will become more and more an IT island and that the Secretariat faces a loss of know-how. In addition, my staff communicated our concerns to the Secretariat regarding information security of sensitive personnel data being stored abroad, since the Secretariat has no control over service provision that lies with Cornerstone, including the final storage location of their data and access of subcontractors if any. The Secretariat answered that also other similar organizations *"have wholeheartedly embraced the Cornerstone cloud for their performance and learning needs"*. Even if this is the case, a decision to repatriate the system to the Secretariat would become more and more difficult. Taking into consideration the pending decision in regard of a fully integrated ERP system, this is not only a theoretical risk.
I recommend taking care of software standards and data formats. Re-assessing of outsourcing should be kept in mind.	166. For that case I recommend taking care of the software standards and data formats to preserve the option of repatriating. The Secretariat should periodically re-assess outsourcing of the e-PMAS system taking into account cost aspects, the relatively small number of staff, and the information security of personal staff data.

6.3 Risk Management and Statement of Internal Control

The Secretariat made further progress.	167. The Secretariat made further progress regarding its risk management and implementing a Statement of Internal Control (SIC). Based on the risk management policy, put into effect in February 2013, it identified 58 potential risks, thereof 10 considered as high-level corporate risks. The risk register will be reviewed quarterly by the Board.

Development of a self-assessment and attestation of compliance with regard to a SIC.	168. With regard to the SIC, the Secretariat plans to develop a self-assessment questionnaire and attestation of compliance for Branch Heads and Division Directors. This should enable them to identify key areas for improving the efficiency and strengthening compliance with applicable regulations and rules in order to mitigate risk.
I will follow up on this issue.	169. I appreciate the further steps taken. Since setup of the SIC is still ongoing I will follow up on this issue. In that regard I would like to point out that Office of the Internal Oversight (OIO) is responsible for confirming by the best of their knowledge that the underlying statements in the SIC are correct.

6.4 Enterprise Resource Planning System

I audited the decision making process in case of the ERP system.	170. ERP is a management software system that consists of integrated core business processes. In my previous reports, I monitored the development and the Secretariat's decision making process as to whether to maintain the current system or to invest in a new and fully integrated ERP system.
Current weaknesses, risks, delays and software problems	171. According to ABAF-34/1 the current SmartStream system is "an outdated system that cannot fully integrate all the administrative processes of the Secretariat". In addition, I raised concerns on the important fact that SmartStream key staff in the Information Service Branch is expected to leave the organization in 2015. Despite that, I additionally reported on the great manual effort and thereby the large risks entailed by the manual preparation and conversion of financial statements.
Some steps forward were taken by the Secretariat	172. The Secretariat carried out an ERP system risk analysis together with a SWOT analysis (Strength, Weakness, Opportunity and Threat) in 2012 and identified the need for substantial investment as the major weakness of ERP. Meanwhile, ABAF recommended that WCF should be reduced and a significant savings should be available for a one-time project (see para. 53)..
Recommendation	173. I concur with this recommendation and propose again that the savings from the WCF should finance the implementation of a future ERP system.

7. ACKNOWLEDGEMENT

I am grateful for the support received during the audit.	174. I wish to record my appreciation for the cooperation and assistance extended by the Director-General, management and staff of the Secretariat and delegates. I am very grateful for their assistance during the whole external audit process.

Annex A

Issues	Reference: Report EA Chapter, Year	Recommendation
Reassessment of the Working Capital Fund (WCF)	3.4.1/2013	I would like to draw the States Parties' attention to the Working Capital Fund (WCF) which was established to meet short-term liquidity problems. Since its establishment, the Secretariat managed not to use the WCF to offset a temporary cash shortfall. The size of the WCF with almost 15% of OPCW's budget is significantly higher than the WCF levels of comparable UN organizations. I recommend considering to lower the level of the WCF to 6% of the total budget. The resulting surplus could be used for funding the ERP system.
Human Resources (HR) – Recruitment and Selection Procedures	4.1/2013	OPCW's latest HR Strategy dates back to 2008 and covered the period 2008 – 2010. The strategy stated that the reduction of recruitment timelines is a key issue. I recommended updating the HR Strategy and reporting regularly on the achievement of the objectives. Furthermore, my team analysed the duration of 40 recruitments for fixed-term P posts concluded in 2012 and 2013 and found out that the period of post vacancies were too long. I recommended implementing 30 days application deadline and, in case of known vacancies, advertising the post at least four months before the position becomes vacant. In addition, I recommended an in-depth evaluation of the current AD on Recruitment and Selection taking into account all aspects of the recruitment process.
Lump-sum option for travel	4.2/2013	OPCW makes lump-sum payments for travel on home leave, education grant travel and travel on separation from service. My team audited the travel activities of OPCW staff. In several cases, the amount payable under the lump-sum option seemed relatively high, compared to tickets bookable via the Internet where approximately one third of the actual costs for lump-sums would have been incurred. In some cases, the difference between the lump-sum and the minimum price for one ticket was more than EUR 4,000. I recommend analysing the use of the lump-sum option and conducting a comparison between costs for a lump-sum payment of 75% of the least restrictive economy-class fare against the cost of the Secretariat providing staff members a ticket and related entitlements for official travel.
Administrative costs	4.3/2013	Staff members of the OPCW perform administrative services for the Provident Fund. According to the PF's Charter and Administrative Rules all administrative and other direct costs of the PF shall be covered by contributions entrusted to the PF. However, this is not the case for the services provided by OPCW. These administrative services for the management of the PF are material in nature as they reduce the capacity of the OPCW. This information is reliable and relevant to the States Parties. Therefore I recommend that the Secretariat make a disclosure in the Notes to the OPCW Financial Statements.
Sample analysis – Finding proof for the use of chemical weapons	4.4/2013	In August 2013, the use of chemical weapons against civilians was assumed in Syria. The OPCW assisted the UN in detecting whether chemical weapons were used or not. To elaborate this question, some material was collected partly as environmental samples and partly as bio-medical samples from the victims of the suspected assault. As the OPCW did not have operational arrangements with specific institutes that should have been charged with both kinds of sample analysis, the Secretariat has faced the challenge to find suitable laboratories and to conclude arrangements within a short time period. As a lesson learnt from the Syria challenge, I would like to recommend that the Secretariat continue to work with the laboratories and the States Parties concerned for future cases by identifying suitable laboratories and concluding appropriate arrangements for the

Annex A

Issues	Reference: Report EA Chapter, Year	Recommendation
		analysis of all potential samples also those of bio-medical material in advance.
Restructuring the Secretariat – Part 1	4.5/2013	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 for EUR 670 a day. Two years later, the final plan to restructure the Secretariat has 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. Hiring an external expert to draft detailed recommendations for a future structure of the OPCW without having a coordinated organization-internal plan does not seem to be the appropriate approach finding a new design for the OPCW. If the report's conclusions are not shared by the Secretariat, it should come up with own plans and propose suitable approaches to the States Parties.
Restructuring the Secretariat – Part 2	4.6/2013	In 2012, a consultant was hired to advise the Secretariat to inter alia enhance leadership skills of senior management and to identify key requirements of an effective strategy to communicate change and maintain staff morale. His fee was almost EUR 30,000. Notwithstanding the fact that the services of the consultant were financed by one State Party, I recommend senior management seeking direct and continuous communication with their staff on all relevant issues.
Establishment and operation of Syria trust funds	4.7/2013	On 14 October 2013, the Chemical Weapons Convention entered into force for the Syrian Arab Republic, making it the 190th State Party to the treaty. As verification and destruction activities in Syria were not included in the regular budget, two special trust funds have been established. I am aware of the volatility of the political developments which have led to the establishment of trust funds for Syria. As it was unprecedented, the Secretariat had no experience in this field. Nevertheless I need to recall paragraph 33 of AD/FIN/17 that requires a cost plan as a prerequisite for the establishment of a trust fund. My team noted that the agreements on the Trust Fund for the Destruction of Syrian Chemical Weapons contain different amounts of the projected budget; in some cases EUR 35 to 45 million were stated in other cases EUR 50 million. More than EUR 5 million (10%) of difference between the financial specifications in the different agreements are considerably high. Such differences in agreements on comparable trust funds should be avoided. I will continue auditing the management of the Syria trust funds.
Disclosure of Verification Activities in Syria and Libya	3.5.1/2013	In 2013 the Secretariat spent EUR 732,506 for the verification activities in Syria and EUR 159,577 for the same purpose in Libya. The expenses incurred were mainly borne by voluntary contributions in the Trust Fund for Syria. Verification activities in Libya were charged to the Regular Budget. 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. I would like to recommend that the Secretariat should take immediate decision on request for reimbursement and send invoices to Syria and Libya or ask the Executive Council to decide otherwise.

Prior Years' Issues	Reference: Report EA Chapter, Year	Referring to the present Report 2013
Assessed contributions	3.2/2011 3.2/2012 3.2/2013	Again I noticed a slightly positive trend in the development of the number of States Parties fulfilling their obligations to pay assessed contributions. Compared to 2012 the number of States Parties that fully paid their contributions increased by 7.7 %. I repeatedly pointed out that it is hardly acceptable that contributions are not paid. I encourage the States Parties to pay their contributions or at least to make use of the payment plans offered by the Secretariat.
Net assets/equity and unfunded liabilities	3.4.1/2012 3.4.1/2013	As at 31 December 2013, total liabilities exceeded total assets by EUR 1 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.
Outsourcing of electronic Performance Management Appraisal System data hosting	4.2/2012 6.2/2013	OPCW still runs the electronic based appraisal system for OPCW staff, the electronic Performance Management Appraisal System "e-PMAS". I draw the attention to the high costs which even rose during the introduction of the e-PMAS. Therefore I recommend running the necessary cost-benefit analyses before the current contract with the provider is renewed. OPCW should continue to ensure the inviolability of the personal data as the Organisation operates in a delicate environment. Therefore, confidentiality and integrity are essential for the credibility and the success of the Organisation and should be verified. Especially, OPCW should preserve the possibility of repatriating the system to the Secretariat.
Risk Management and Statement of Internal Control (SIC)	4.2/2011 6.1/2012 6.3/2013	The Secretariat put into effect a risk management policy in February 2013. Furthermore, the Secretariat stated to plan to develop a control framework that would allow the Director-General to issue a Statement of Internal Control. I appreciate the steps taken and believe the Organisation is on the right track. I will follow upon this issue. In that regard I would like to point out that OIO is responsible to confirm by the best of their knowledge that the underlying statements in the SIC are correct.
Enterprise Resource Planning (ERP) System	4.3/2010 7.3/2011 6.3/2012 6.4/2013	The Secretariat carried out an ERP system risk analysis as a comparative study of major risks in 2012 including a SWOT analysis. According to the SWOT analysis for a new ERP implementation, the greatest weakness is the need for substantial investment as well as the risks of keeping the current system, SmartStream. I recommend once more to align the ERP strategy with the future business of the OPCW and to consider alternate funding. Due to the recommendation of the ABAF to reduce the WCF a significant amount should be available. I concur with this recommendation and propose again making the decision for the future ERP system as soon as possible.

Annex 3

RESPONSE OF THE DIRECTOR-GENERAL TO THE REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDED 31 DECEMBER 2013

1. The Director-General wishes to express his appreciation for the observations, recommendations, and support received from the President of the Federal Court of Audit of Germany and his staff, on the occasion of the external audit of the financial statements of the OPCW for the period ended 31 December 2013.

2. It is gratifying to note that, in the External Auditor's opinion, the financial statements present fairly the financial position as at 31 December 2013 and that they were prepared in accordance with the OPCW's stated accounting policies (applied on a basis consistent with the previous period); and that the transactions were in accordance with the Financial Regulations and legislative authority.

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

Annex 4

FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW) FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 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 2013, financial performance, and cash flows for the year then ended.

[Signed]

The Hague, 4 April 2014

Grace Asirwatham
Chairperson, Management
Board of the Provident Fund

FINANCIAL STATEMENTS
THE PROVIDENT FUND OF THE OPCW
FOR THE YEAR ENDED 31 DECEMBER 2013

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THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(expressed in euros)

	Notes	2013	2012
Assets			
Non-current assets		-	-
Total non-current assets		-	-
Current assets			
Investments	6	539,159	567,768
Accounts receivable	7	-	5,244
Cash and cash equivalents	9	55,788,772	49,596,332
Total current assets		**56,327,932**	**50,169,344**
Total assets		**56,327,932**	**50,169,344**
Liabilities			
Non-current liabilities		-	-
Total non-current liabilities		-	-
Current liabilities			
Accounts payable	10	29,985	29,985
Total current liabilities		**29,985**	**29,985**
Total liabilities		**29,985**	**29,985**
Net assets		**56,297,947**	**50,139,359**
Net assets/equity			
Participants' capital accounts	13.1	56,222,634	50,063,937
Special reserves	13.2	70,460	70,460
Accumulated surplus/(deficit)	13.3	4,853	4,962
		56,297,947	**50,139,359**
Minority interest		-	-
Total net assets/equity		**56,297,947**	**50,139,359**

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2013
(expressed in euros)

	Notes	2013	2012
Revenue			
Interest income on Participants' capital accounts	14	1,063,578	1,222,058
Contribution by the OPCW to early separating Participants	15	-	-
Gain on changes in fair value of investments	6, 16	45,217	49,885
Other income	17	-	-
Total revenue		**1,108,795**	**1,271,943**
Expenses			
Bank charges	18.1	80	51
Loss on changes in fair value of investments	18.2	-	-
Total expenses		**80**	**51**
Finance income	19	909	229
Finance cost	19	(9,497)	(8,265)
Net finance income/(cost)		**(8,589)**	**(8,036)**
Net surplus/(deficit) for the period		**1,100,126**	**1,263,856**
Net surplus/(deficit) for the period			
Attributable to Participants		1,100,235	1,264,138
Attributable to special reserve		-	-
Accumulated surplus/(deficit)		(109)	(283)
		1,100,126	**1,263,856**
Minority interests		-	-

THE PROVIDENT FUND OF THE OPCW
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(expressed in euros)

	For the Year Ended 31 December 2013						For the Year Ended 31 December 2012					
	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total	Minority Interest	Total Net Assets/ Equity	Participants' Capital Accounts	Special Reserve	Accumulated Surplus/ (Deficit)	Total	Minority Interest	Total Net Assets/ Equity
Balance at 1 January	**50,063,937**	**70,460**	**4,962**	**50,139,359**	**-**	**50,139,359**	**46,490,185**	**49,079**	**51,366**	**46,590,630**	**-**	**46,590,630**
Changes recognised in net assets/equity:												
Add: Current year contributions	10,498,561	-	-	10,498,561	-	**10,498,561**	10,629,310	-	-	10,629,310	-	**10,629,310**
Deduct: Payouts[15]	(5,597,055)	-	-	(5,597,055)	-	**(5,597,055)**	(8,314,452)	-	-	(8,314,452)		**(8,314,452)**
Available-for-sale financial asset reserve	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to net assets/equity:												
Reinstatement of contributions paid out in previous years	156,955	-	-	156,955	-	**156,955**	-	-	-	-	-	-
Recovery of previously written off overpayment to leavers	-	-	-	-	-	-	(5,244)	-	5,244	-	-	-
Transfer from accumulated surplus to special reserve	-	-	-	-	-	-	-	21,381	(21,381)	-	-	-
Establish liabilities to underpaid separated Participants	-	-	-	-	-	-	-	-	(29,985)	(29,985)	-	**(29,985)**
Subtotal	**5,058,462**	**-**	**-**	**5,058,462**	**-**	**5,058,462**	**2,309,614**	**21,381**	**(46,122)**	**2,284,873**	**-**	**2,284,873**
Net revenue recognised directly in net assets/equity	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the period	1,100,235	-	(109)	1,100,126	-	**1,100,126**	1,264,138	-	(283)	1,263,856	-	**1,263,856**
Total recognised revenue and expense for the period	1,100,235	-	(109)	1,100,126	-	**1,100,126**	1,264,138	-	(283)	1,263,856	-	**1,263,856**
Balance at 31 December	**56,222,634**	**70,460**	**4,853**	**56,297,947**	**-**	**56,297,947**	**50,063,937**	**70,460**	**4,962**	**50,139,359**	**-**	**50,139,359**

15 The payouts include transfers to the United Nations Joint Staff Pension Fund (UNJSPF).

THE PROVIDENT FUND OF THE OPCW
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013
(expressed in euros)

	Notes	2013	2012
Cash from operating activities			
Net surplus/(deficit) for the period		1,100,126	1,263,856
Non-cash movements			
(Increase) / decrease in accounts receivable	7	5,244	3,733
Increase / (decrease) in accounts payable	10	-	28,651
Unrealised currency exchange gain/loss on cash and cash equivalents[16]		4,587	3,170
Currency exchange gain/loss on investments[17]		4,687	4,866
(Gain)/loss on changes in fair value of investments	6,16	(45,217)	(49,885)
Net cash flows from operating activities		**1,069,427**	**1,254,391**
Cash flows from investing activities			
Proceeds from sale of investments	6	69,139	39,229
Net cash flows from investing activities		**69,139**	**39,229**
Cash flows from financing activities			
Participants' contributions		10,498,561	10,629,310
Payout to separated Participants		(5,597,055)	(8,314,452)
Reinstatement of contributions paid out in previous years		156,955	-
Reclassification of net asset/equity to liability	10	-	(29,985)
Finance income	6.2	-	-
Finance cost	6.2	-	-
Net cash flows from financing activities		**5,058,462**	**2,284,873**
Net increase / (decrease) in cash and cash equivalents		**6,197,028**	**3,575,323**
Unrealised currency exchange loss/gain on cash and cash equivalents		**(4,587)**	**(3,170)**
Cash and cash equivalents at beginning of the period		**49,596,331**	**46,021,009**
Cash and cash equivalents at end of the period		**55,788,772**	**49,596,332**

16 In 2012, unrealised currency exchange loss on cash and cash equivalents amounting to EUR 3,170 was included in finance cost resulting in lower cash flows from operating activities. As per IPSAS 2, unrealised currency exchange (gain)/loss does not represent cash flow. Therefore, in the 2012 comparative figures the stated unrealised currency exchange loss has been added back to cash flows from operating activities and it is now deducted as a separate item apart from operating, investing and financing cash flows.

17 The 2012 financial statements included a total amount of EUR 4,866 representing currency exchange loss on investments, which was deducted in arriving at the 'Net surplus/(deficit)' amount shown in the cash flow statement. Since investments are not part of cash and cash equivalents, the corresponding currency exchange losses are not considered as cash flow items. Accordingly, they should be added back to cash flow from operating activities as non-cash movements. However, in the 2012 cash flow statement the currency exchange loss on investments amounting to EUR 4,866 was added back to cash flows from financing activities. In the above cash flow statement, it has been reclassified as non-cash movement under cash flows from operating activities.

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 2013

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 International Public Sector Accounting Standards (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 (2) have not withdrawn their account balances from the Provident Fund. In 2013, two former Participants made such transfers to the UNJSPF under the agreement.

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 2013.

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 2013	0.725
Average 12 months	0.755

Period	USD/EUR
31 December 2012	0.754
Average 12 months	0.776

(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 2013. 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 euro on the basis of the exchange rates applicable on 31 December 2013.

Cash and cash equivalents

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

Financial assets

Classification

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

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

(b) Receivables: Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months of the reporting date in which case they are classified as non-current. The Provident

Fund's receivables comprise mainly 'accounts receivable and recoverable from the OPCW and Participants'.

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

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

Recognition and measurement

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

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

Subsequent measurement

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

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

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

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

Impairment

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

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

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

Financial liabilities

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

Provisions and contingencies

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

Tax

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

Revenue recognition

Revenue from non-exchange transactions

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

3.20 The Provident Fund's sole source of non-exchange revenue is the OPCW's contribution to the Provident Fund of employees who separate from the OPCW, for reasons other than health, before completing the minimum three months of service. The Provident Fund recognises full amounts of such inflows as revenue since no corresponding liabilities exist and the Provident Fund gains control of the received cash resources for its own use (see note 15).

Revenue from exchange transactions

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

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

Expenses

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Receivables: Determination of impairment

4.2 The Provident Fund's receivables are required to be reviewed at the end of each reporting period for impairment and indications of uncollectibility. The Provident Fund makes an estimate of the amount of receivables that it is not able to recover based on prior payment history and expectations of future amounts it expects to recover from these receivables. No impairment has been recognised in the financial statements of the Provident Fund as at 31 December 2013.

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 988 (EUR 717). 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 and the resulting foreign exchange gain/(loss) is recognised in surplus/(deficit) of the current period.

5.7 At 31 December 2013, if the euro had weakened/strengthened by 5% against the US dollar, net deficit for the year would have been EUR 11,557 higher mainly as a result of foreign exchange gains/losses on revaluation of Participants' US dollar denominated Provident Fund balances and other US dollars cash accounts of the Provident Fund.

Market risk: Interest-rate risk

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

Market risk: Other price risk

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

Credit risk

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

ABN AMRO

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

UBS AG

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

Liquidity risk

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

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

	Less than 1 Year	1 to 5 Years	5 to 10 Years	Beyond 10 Years	Undefined Maturity	Total
Accounts payable	29,985	-	-	-	-	29,985
Total financial liabilities	**29,985**	**-**	**-**	**-**	**-**	**29,985**

Capital risk management

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

Fair value estimation

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

6. INVESTMENTS

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

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

Investments	Yield (USD)		Balanced (USD)		Growth (USD)		Yield (EUR)		Balanced (EUR)		Growth (EUR)		Total
	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	Units Held	In EUR	In EUR
Balance as at 31 December 2012	**15.912**	**32,718**	**65.112**	**117,194**	**17.020**	**33,550**	**13.445**	**38,569**	**133.871**	**281,222**	**25.937**	**64,515**	**567,768**
Total gains/loss in surplus/(deficit)													
• realised capital gain	-	-	-	2,002	-	1,321	-	-	-	210	-	224	3,757
• unrealised capital gain	-	1,589	-	8,001	-	2,420	-	1,343	-	21,151	-	6,955	41,460
Subtotal	**-**	**1,589**	**-**	**10,003**	**-**	**3,742**	**-**	**1,343**	**-**	**21,361**	**-**	**7,179**	**45,217**
• realised currency exchange gain	-	-	-	521	-	236	-	-	-	-	-	-	757
• unrealised currency exchange gain	-	-	-	-	-	-	-	-	-	-	-	-	-
• realised currency exchange loss	-	-	-	(45)	-	(43)	-	-	-	-	-	-	(89)
• unrealised currency exchange loss	-	(1,320)	-	(3,342)	-	(694)	-	-	-	-	-	-	(5,355)
Total	**-**	**270**	**-**	**7,137**	**-**	**3,241**	**-**	**1,343**	**-**	**21,361**	**-**	**7,179**	**40,531**
Add: Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduct: Redemptions	-	-	21.288	40,793	9.089	19,431	-	-	2.499	5,460	1.299	3,455	69,139
Balance as at 31 December 2013	**15.912**	**32,988**	**43.824**	**83,538**	**7.931**	**17,359**	**13.445**	**39,912**	**131.372**	**297,123**	**24.638**	**68,239**	**539,159**

7. ACCOUNTS RECEIVABLE

	2013	2012
Receivables from staff members*	-	5,244
Interest receivable	-	-
Less: allowance for impairment of accounts receivable	-	-
Total accounts receivable	-	**5,244**
Less: non-current portion - accounts receivable	-	-
Current portion - accounts receivable	-	**5,244**

* Receivables from staff members relate to overpaid contributions to a former Participant. The Participant rejoined the OPCW and made new Provident Fund contributions from which the overpayment was recovered in 2013 upon separation.

8. OTHER ASSETS

There are no other assets as at 31 December 2013.

9. CASH AND CASH EQUIVALENTS

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

Unrestricted	**2013**	**2012**
Interest-bearing current accounts in EUR	104,585	99,421
Interest-bearing current accounts in USD	717	745
Total unrestricted	**105,302**	**100,166**
Restricted		
Interest-bearing current and savings accounts in EUR	55,586,219	49,390,334
Interest-bearing current and savings accounts in USD	97,251	105,832
Total restricted	**55,683,470**	**49,496,166**
Total cash and cash equivalents	**55,788,772**	**49,596,332**

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

10. ACCOUNTS PAYABLE

During its Annual General Meeting in December 2012, the Board presented the decision to establish accounts payable of EUR 29,985[18] out of EUR 51,366 identified as a accumulated surplus during 2011, since it was determined that the amount relates to underpaid former Participants who have already left the Organisation.

11. PROVIDENT FUND BALANCES PAYABLE TO OUTGOING PARTICIPANTS

Upon separation from the OPCW, Participants' accumulated Provident Fund balances become due for payment. Upon Participants' requests and approval of the 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 up to two years. Once the Provident Fund balances become due for payment, they are recognised as liability.

12. OTHER FINANCIAL LIABILITIES/PROVISIONS

Legal claims

There are no legal cases involving the Provident Fund as at 31 December 2013.

13. NET ASSETS/EQUITY

13.1 Participants' capital (EUR 56,222,634) 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 2013.

13.2 Special reserves (EUR 70,460) 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. There were no such cases during 2013. The reported amount also includes the accumulated interest income on the cash balance corresponding to the special reserve. The special reserve account was not utilised to cover any losses or administrative cost during the reporting period.

13.3 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 2013 is reflected in the statement of changes in net assets/equity.

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18 This amount is comprised of EUR 16,977 attributable to 35 former Participants who left the OPCW before 2001, and EUR 13,008 attributable to 133 former Participants who left the OPCW before 2005. The Management Board will attempt to contact first those former Participants with larger balances.

14. INTEREST INCOME ON PARTICIPANTS' CAPITAL ACCOUNTS

Interest on Participants' accounts with ABN AMRO for the year ended 31 December 2013 was as follows:

	2013	**2012**
Interest on Participants' contributions (A accounts)	262,954	277,655
Interest on OPCW's contributions (B accounts)	525,891	555,273
Interest on contributions (A+B) before 17 December 2007	16,987	372,683
Interest on voluntary contributions (C accounts)	257,746	16,447
Total	**1,063,578**	**1,222,058**

15. CONTRIBUTIONS BY THE OPCW TO EARLY SEPARATING PARTICIPANTS

Contributions of the OPCW to the Provident Fund account of a Participant who separated before completing at least three months of service with the Organisation are recognised as revenue and retained by the Provident Fund in the "Special Reserve" account. In 2013 there are no such cases (2012: nil).

16. GAIN ON FINANCIAL ASSETS

The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. It recognises gains arising from changes in the fair value of these financial assets as revenue. In 2013 there is a gain of EUR 45,217 (see note 6) due to changes in fair value of the UBS units (2012: EUR 49,885/gain).

17. OTHER INCOME

There is no other income as at 31 December 2013 (2012: nil).

18. EXPENSES

General operating expenses

18.1 The Provident Fund operating expenses in the year 2013 of EUR 80 were mainly bank charges (2012: EUR 51). 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

18.2 The Provident Fund classifies investments in UBS units as financial assets at fair value through surplus or deficit. As at 31 December 2013 there is no loss related to changes in fair value of UBS investments (2012: nil).

19. FINANCE INCOME AND FINANCE COST

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

	2013	2012
Finance income		
Interest income arising on cash and cash equivalents	-	130
Foreign currency revaluation gains	909	99
Other finance income	-	-
Total finance income	**909**	**229**
Finance costs		
Foreign currency revaluation losses	(9,497)	(8,265)
Other interest expense	-	-
Total finance costs	**(9,497)**	**(8,265)**
Net finance costs	**(8,589)**	**(8,036)**

20. SERVICES IN KIND

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

Management Board

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

Administrative support by the OPCW

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

21. CONTINGENCIES

The Provident Fund does not have any contingent liabilities as at 31 December 2013.

22. RELATED PARTY TRANSACTIONS

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

23. KEY MANAGEMENT COMPENSATION

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

24. EVENTS AFTER THE REPORTING PERIOD

No significant event is reported after the reporting date.

Annex 5

President of the

Federal Court of Auditors

Germany

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

and

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

8 May 2014

Sir/ Madam,

I have the honour to report, in accordance with Article 11 of the Charter of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons, on my audit of the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the year ended 31 December 2013 which were submitted to me by the Chairperson of the Management Board of the Provident Fund. The Financial Statements are attached to my report.

Please accept the assurances of my highest consideration.

[Signed]

Christian Ahrendt
Vice-President of the Federal Court of Auditors
Germany
External Auditor

Enclosures

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

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

Opinion of the External Auditor on the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons (OPCW) for the Financial Period Ended 31 December 2013

To: OPCW and
Annual General Meeting of the Provident Fund

I have audited the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the financial period ended 31 December 2013, comprising

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

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

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

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

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

As a result of my audit, I am of the opinion that the Financial Statements present fairly the financial position as at 31 December 2013, and that they were prepared in accordance with the Charter and the Administrative Rules. They were prepared in accordance with the relevant OPCW's Financial Regulations and Rules. In this regard, the Financial Statements of the Provident Fund were presented in euros and prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

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

[Signed]

Christian Ahrendt
Vice-President of the Federal Court of Auditors
Germany
External Auditor

Bonn, 8 May 2014

REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

Comprising:

1. EXECUTIVE SUMMARY

My staff and I have audited the Financial Statements of the Provident Fund.	1. My staff and I have audited the Financial Statements of the Provident Fund of the Organisation for the Prohibition of Chemical Weapons for the financial period 01 January to 31 December 2013.
Responsibility of the Board and the ABN AMRO Bank N.V.	2. The Provident Fund Management Board is responsible of submitting the Provident Fund's Financial Statements which are prepared by the OPCW Finance and Accounts Branch (FIN) in accordance with the relevant framework. The ABN AMRO Bank N.V. manages the moneys of the Provident Fund under the terms of agreements with the Provident Fund.
My responsibility is to issue an audit opinion on the Financial Statements.	3. My responsibility is to examine the statement of financial position and the statement of financial performance (which are the equivalents of balance sheet and profit and loss account as mentioned in the Charter and Administrative Rules of the Provident Fund) and to issue an audit opinion thereon. My audit was conducted to enable me to form an opinion as to whether the Financial Statements fairly present the financial position of the Provident Fund.
My audit provides a reasonable basis for the audit opinion.	4. The audit included examining evidence supporting the amounts and disclosures in the Financial Statements. It did not include an assessment of risks of the financial investments under the regime of the ABN AMRO Bank N.V. and their management. However, I believe that my audit provides a reasonable basis for the audit opinion.
The Financial Statements fairly present the financial position.	5. As a result of my audit, I am of the opinion that the Financial Statements fairly present the financial position as at 31 December 2013 and that the transactions were in accordance with the regulatory framework.
This year's Financial Statements are the third presented in accordance with IPSAS.	6. The Board decided to present the Financial Statements of the Provident Fund in accordance with the International Public Sector Accounting Standards (IPSAS) as from 01 January 2011. Hence, the Financial Statements of the Provident Fund for the financial period ended 31 December 2013 are the third presented in accordance with IPSAS.
The Provident Fund had 469 participants at year-end 2013.	7. As at 31 December 2013 the Provident Fund had 469 participants compared to 470 at year-end 2012 (2011: 470). During the year 2013, due to separation from the OPCW, 44 participants withdrew their Provident Fund accounts. 43 new participants joined the Provident Fund.
Cash and cash equivalents amount to 55,788,772 Euro.	8. Cash and cash equivalents amount to 55,788,772 Euro. The US dollars' share in cash and cash equivalents is down to 0.18 % and subject to currency exchange rate fluctuations.

UBS funds amount to 539,159 Euro.	9. UBS funds amount to 539,159 Euro. Nearly two thirds of the UBS fund units are held in Euro and one third is held in US dollars. The UBS fund units are by nature subject to changes in market value. No new contributions have been invested with UBS since October 2001.
The Provident Fund disclosed the administrative services provided by the OPCW.	10. Staff members of the Technical Secretariat of the Organisation for the Prohibition of Chemical Weapons perform administrative services related to the Provident Fund. Since the implementation of IPSAS the Provident Fund has disclosed these services in its Financial Statements.
29,985 Euro relate to underpaid former staff members.	11. In 2012, an amount of 29,985 Euro was identified out of prior years' accumulated surplus as underpayments to former staff members who left the OPCW before 2005. The Board will attempt to contact those former participants.
A transfer agreement with the UNJSPF was signed.	12. The Secretariat signed a transfer agreement with the United Nations Joint Staff Pension Fund (UNJSPF) entering into force with effect from 01 January 2013. In 2013, two former staff members transferred their Provident Fund deposit to the UNJSPF.
I placed an unqualified opinion on the Financial Statements.	13. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the Financial Statements as a whole. I have placed an unqualified audit opinion on the Financial Statements of the Provident Fund of the OPCW for the year ended 31 December 2013.

2. SCOPE OF AUDIT

My staff and I audited the Financial Statements of the Provident Fund for the financial year 2013.	14. My staff and I audited the Financial Statements of the Provident Fund for the financial period 01 January to 31 December 2013 in accordance with Article 11 of the Charter of the Provident Fund and Rule 10 of the Administrative Rules of the Provident Fund of the OPCW. The Financial Statements comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the Cash Flow Statement, the Accounting Policies and Supporting Notes to the Financial Statements.
I conducted my audit in conformity with international auditing standards.	15. I conducted my audit in conformity with International Standards on Auditing (ISA) as adopted and amended by the International Organization of Supreme Audit Institutions (INTOSAI) and issued as International Standards for Supreme Audit Institutions (ISSAI). These standards require me to comply with ethical requirements and to plan and carry out the audit to obtain reasonable assurance that the Financial Statements are free from material misstatements.
This year’s Financial Statements are the third presented under IPSAS.	16. The Board decided to present the Financial Statements of the Provident Fund in accordance with the International Public Sector Accounting Standards (IPSAS) as from 01 January 2011. Hence, the Financial Statements of the Provident Fund for the financial period ended 31 December 2013 are the third presented in accordance with IPSAS.
The audit objective was to form an opinion on the Financial Statements.	17. The audit procedures were designed primarily for the purpose of forming an opinion on the Financial Statements with a focus on the statements of financial position and financial performance. They did not aim at assessing risks of investments and fund management as performed by ABN AMRO Bank N.V. under the agreements with the Provident Fund.
The examination of the accounting records assured me of the correctness of the Provident Fund’s Financial Statements.	18. My team checked the figures provided in the Financial Statements against ledger balances and bank statements and included complementary records kept by the Secretariat. Records and payments were examined on a test basis. My team sought explanations from staff as deemed necessary. Audit procedures were executed in the light of existing control mechanisms. The examination of the accounting records assured me of the correctness of the Provident Fund’s Financial Statements.
The Financial Statements present fairly the financial position.	19. As a result of my audit, I am of the opinion that for the financial year 2013 the transactions were prepared, recorded, processed and summarised in accordance with the provisions of the Charter and Administrative Rules as well as the OPCW’s Financial Regulations and Rules as far as applicable. The Financial Statements are in compliance with IPSAS and present fairly, in all material respects,

the Provident Fund's financial position as at 31 December 2013.

I placed an unqualified opinion on the Financial Statements 2013.

20. My audit examination revealed no weaknesses or errors which I consider material to the accuracy, completeness and validity of the Financial Statements as a whole. Thus, I have placed an unqualified audit opinion on the Financial Statements of the Provident Fund of the OPCW for the year ended 31 December 2013.

3. INTRODUCTION

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

21. The moneys of the Provident Fund are managed by ABN AMRO Bank N.V. under the regime of the "Agreement concerning the Provision of Investment and Administration Services to the Provident Fund of the OPCW" of 21 November 2007 with annexes. Consequently all assets of the Provident Fund - including some investments held in Union Bank of Switzerland (UBS) fund units originating from former investment activities - have been transferred to the ABN AMRO Bank N.V. in December 2007.

The agreement with ABN AMRO Bank N.V. has four times been extended for one year each.

22. The agreement was initially concluded for a period of three years. Four extensions have been agreed since then, each with a duration of one year, the current starting from 21 November 2013. In July 2010 ABN AMRO Bank N.V. agreed to waive the annual administration fee that had been charged to each participant who held investments in US dollars accounts and UBS funds from the year 2010 onward.

ABN AMRO Bank N.V. reports regularly.

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

The reports allow assessment of the performance and investments.

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

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

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

auditing the Financial Statements and determining the intensity of audit work.

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

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

Administrative Rules for withdrawals from the Provident Fund

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

4. AUDIT FINDINGS

The Provident Fund had 469 participants at year-end 2013.

28. As at 31 December 2013 the Provident Fund had 469 participants compared to 470 at year-end 2012 (2011: 470). During the year 2013, due to separation from the OPCW, 44 participants withdrew their Provident Fund accounts. 43 new participants joined the Provident Fund.

The Provident Fund's Assets

The Provident Fund's Assets increased by 12.3 %.

29. The overall value of the Provident Fund's assets in previous years up to the 31 December 2013 developed as shown in the table below.

Fund Assets (all figures given in Euro)	31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	**31 Dec 2013**	**increase/ (decrease) in %**	
						2012 over 2011	**2013 over 2012**
Assets	49,781,931	47,895,592	46,591,964	50,169,344	**56,327,932**	7.7	**12.3**
Including:							
Cash and cash equivalents	48,612,075	47,164,541	46,021,009	49,596,332	**55,788,772**	7.8	**12.5**
UBS funds	1,169,856	731,051	561,978	567,768	**539,159**	1.0	**(5.0)**
Accounts receivable	-	-	8,977	5,244	**-**	(41.5)	**(100.0)**

Source: Provident Fund Financial Statements for years 2009 to 2013

At year-end the minimal share of US dollars in cash and cash equivalents was down to 0.18 %.

30. The minimal portion of the cash and cash equivalents in US dollars has been decreasing continuously since 2009 from 1.2 % to 0.18 % at year-end 2013. The cash and cash equivalents in US dollars are subject to currency exchange rate fluctuations. Currently, the Provident Fund does not accept new US dollars deposits.

UBS fund units are subject to changes in market value.

31. Nearly two thirds of the UBS fund units are held in Euro and one third is held in US dollars. The UBS fund units are by nature subject to changes in market value. That is reflected in the total value of assets as at year-end, as well as in realised and unrealised gains and losses.

The number of UBS units has continued decreasing.

32. As at 31 December 2013 the number of UBS fund units had decreased from 271,297 to 237,122 units (12.6 %). The UBS funds' total market value decreased from 567,768 Euro to 539,159 Euro (5 %). 24 participants held UBS funds (year-end 2012: 27 participants). The Provident Fund does not currently accept new UBS investments.

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

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

The Provident Fund's Income

Evolution of the Provident Fund's Income

34. The evolution of the Provident Fund's income over the last six years as shown in the table below. At year-end of 2013, interest income on Participants' and Master accounts was 158,480 Euro less than interest income at the year-end of 2012. This results from the decrease in the average interest rate from 2.68% to 2.06%.

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

Source: Provident Fund Financial Statements for years 2008 to 2013 (including supporting information for 2011, 2012 and 2013).

The market value of UBS units increased as in the year before.

35. The decrease of unrealised gains in market value of approximately 7,000 Euro from 2012 to 2013 is, on the one hand, due to a strong decline in numbers of UBS units. On the other hand, in the same period, the market value of UBS units continued increasing.

Administrative Costs

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

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

The Provident Fund disclosed the services provided.

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

Surplus

In 2011 there was an accumulated surplus of 51,366 Euro.

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

The amount of 29,985 Euro relates to underpaid former staff members.

39. Based on the Secretariat's analysis the Board decided in November 2012 to transfer 21,381 Euro from the surplus to the Special Reserve (the "reserve account"). The remaining 29,985 Euro relate to underpaid former staff members who left the OPCW before 2005. The Board will attempt to contact them in 2014.

Special Reserve (the "reserve account")

Since 2006 the Special Reserve has increased from 3,790 Euro up to 70,460 Euro.

The reserve account kept its size of 70,460 Euro since 2012.

40. According to Rule 7 of the Administrative Rules of the Provident Fund, the Special Reserve of the Provident Fund (the "reserve account") is supplied by the net value contained in a participant's B account if the participant ceases to serve with the Secretariat for a total period of more than three calendar months. Additionally, in 2010 an unsettled amount of 34,201 Euro from periods prior to 2008 was credited to the reserve account. In 2012, 21,381 Euro were transferred from the surplus as mentioned above. The increase of the reserve account in Euro from 2006 to 2012 including these major transfers is shown below:

2006	2007	2008	2009	2010	2011	**2012**
3,790	6,850	9,909	11,296	11,296	45,497	49,079
				+ 34,201		+21,381
				45,497		70,460

In 2012 and 2013 the reserve account was not utilised to cover administrative costs.	41. The Board may make use of the reserve account to cover any costs and administrative expenses involved in its operation of the Provident Fund. In 2012 and 2013 the reserve account was not utilised to cover any costs or administrative expenses. I recommend that the Board considers whether the risks of future costs and administrative expenses for the Provident Fund are covered comparatively.

Transfer Agreement with UNJSPF

The transfer agreement had taken effect on 01 January 2013.	42. The Secretariat signed a transfer agreement with the UNJSPF entering into force with effect from 01 January 2013. The agreement offers additional options for former staff who have joined institutions of the "UN family" to transfer their pension rights.
Two former staff members made transfers to the UNJSPF.	43. Thus, it provides opportunities to continue their pensionable service years from the OPCW to UN organisations. In 2013, two former staff members transferred their Provident Fund account balances to the UNJSPF.

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

Overpayments totalling 5,244 Euro were retained from separation payments in 2013.	44. In my 2012 report I mentioned recoverable overpayments totalling 5,244 Euro shown in the 2012 statement of financial position which were attributable to an overpaid leaver who had again joined the OPCW, and which were therefore reported as receivable. The former staff member had agreed that the overpayments would be retained on separation. In 2013, the staff member left the OPCW and the overpayments were retained from the separation payments.
Explanations on IPSAS standards not relevant to the Provident Fund were removed.	45. The Financial Statements of previous years included the recognition and measurement of various IPSAS standards partly not relevant to the Provident Fund. I welcome that in the 2013 Financial Statements those explanations were removed.

6. ACKNOWLEDGEMENT

I am grateful for the support received during the audit.	46. I am grateful to the Provident Fund Management Board members and the management and relevant staff of the Secretariat for their cooperation and support during the audit of the Provident Fund's Financial Statements for the year ended 31 December 2013.

Annex 6

RESPONSE OF THE CHAIRPERSON OF THE PROVIDENT FUND MANAGEMENT BOARD TO THE REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE PROVIDENT FUND OF THE ORGANISATION FOR THE PROHIBITION OF CHEMICAL WEAPONS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 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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