10 août 2015

DOCUMENT
C-M(2015)0059-AS1

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

SUITE DONNÉE

Le 7 août 2015, au terme d'une procédure d'accord tacite, le Conseil a approuvé la recommandation du RPPB relative à la communication au public contenue dans la note jointe au C-M(2015)0059.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2015)0059 et doit être placée en tête de ce document.

31 juillet 2015

DOCUMENT
C-M(2015)0059
Procédure d'accord tacite:
7 août 2015 16:00

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Note du secrétaire général délégué

1. Le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du Centre d'infromation et d'analyse sur la sécurité des munitions (MSIAC) pour l'exercice clos le 31 décembre 2013 a été porté à l'attention du Bureau de la planification et de la politique principale des ressources (RPPB). Le Conseil a pris note du rapport de l'IBAN diffusé sous la cote C-M(2015)0038.

2. Conformément à la politique agréée dans le PO(2015)0052, le RPPB recommande au Conseil que le rapport de l'IBAN ainsi que les états financiers correspondants soient rendus publics.

3. J'estime que la publication des documents en question ne nécessite pas d'examen plus approfondi. Par conséquent, sauf avis contraire me parvenant d'ici au **vendredi 7 août 2015 à 16 heures**, je considérerai que le Conseil aura approuvé la recommendation formulée par le RPPB à ce sujet dans la note ci-jointe.

(signé) Alexander Vershbow

Original : anglais

Pièces jointes

SANS CLASSIFICATION

26 mai 2015

NOTE
AC/335-N(2015)0033-REV1-AS1

**BUREAU DE LA PLANIFICATION
ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)**

RAPPORT ET LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU DBPS, DU MSIAC ET DU FORACS POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

SUITE DONNÉE

Note du secrétaire

Le 26 mai 2015, au terme d'une procédure d'accord tacite, le RPPB a approuvé le rapport au Conseil diffusé sous la cote AC/335-N(2015)0033-REV1.

(signé) R. Strasser

Note : La présente note fait partie de l'AC/335-N(2015)0033-REV1 et doit être placée en tête de ce document.

Original : anglais

NATO SANS CLASSIFICATION

15 mai 2015

NOTE
AC/335-N(2015)0033-REV1
Procédure d'accord tacite :
26 mai 2015 12:00

BUREAU DE LA PLANIFICATION ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)

RAPPORT ET LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU DBPS, DU MSIAC ET DU FORACS POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Note du président

Références : (A) IBA-A(2014)250 // IBA-AR(2014)27
(B) IBA-A(2014)255 // IBA-AR(2014)25
(C) IBA-A(2014)247 // IBA-AR(2014)23
(D) FC(2015)023, du 6 mars 2015

1. En vertu du PO(2015)0052, les rapports de l'IBAN non classifiés, assortis le cas échéant des états financiers correspondants, sont en principe rendus publics après leur examen par le Conseil de l'Atlantique Nord.

2. L'IBAN a formulé une opinion sans réserve sur les états financiers 2013 du régime de pensions à prestations définies (DBPS) (référence (A)), du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) (référence (B)) et du Bureau des FORACS OTAN (référence (C)). Les rapports de l'IBAN seront transmis au Conseil afin qu'il en prenne note, ainsi que le prévoient les procédures agréées.

3. Le contrôleur des finances du SI ne voit pas d'objection au regard des dix catégories d'interdiction et il recommande donc la publication de ces rapports dans leur intégralité.

4. Dans le document en référence (D), le contrôleur des finances appelle en revanche l'attention des pays sur le fait qu'il paraît contradictoire que le Conseil décide de rendre publics les états financiers sans diffuser en même temps les budgets approuvés (IPSAS 24, paragraphe 3).

5. Le RPPB s'est penché sur cette question à sa réunion du 7 mai 2015 et, après avoir dûment examiné les possibles incohérences évoquées par le contrôleur des finances du SI au paragraphe 7 de sa lettre, a noté que cette question avait déjà été traitée et réglée.

6. Le RPPB, conformément au PO(2015)0052, recommande donc au Conseil d'approuver la publication dans leur intégralité des états financiers 2013 du régime de pensions à prestations définies (DBPS), du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) et du Bureau des FORACS OTAN ainsi que des rapports d'audit correspondants.

(signé) Giorgio Romano

Responsable : R. Strasser, poste 2617
Original : anglais

9 juin 2015

DOCUMENT
C-M(2015)0038-AS1

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

SUITE DONNÉE

Le 8 juin 2015, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège, ainsi que sa note succincte à l'intention du Conseil (C-M(2015)0038).

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(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2015)0038 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

DOCUMENT
27 mai 2015 C-M(2015)0038
Procédure d'accord tacite :
8 juin 2015 18:00

RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN

SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Note du secrétaire général délégué

1. Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) pour l'exercice clos le 31 décembre 2013, conformément à sa charte et à d'autres règles de vérification comptable. L'opinion (annexe 2) et la lettre d'observations et de recommandations (annexe 3) ont été transmises au directeur de projet du MSIAC, dont les commentaires ont ensuite été intégrés dans le document. L'opinion est assortie des états financiers du MSIAC. Le Collège a également préparé une note succincte à l'intention du Conseil (annexe 1).

2. Le Collège émet une opinion sans réserve sur les états financiers du MSIAC et sur la conformité pour l'exercice 2013.

3. Conformément à la procédure exposée dans l'EXS/72/151(Révisé), je communique ci-joint le rapport du Collège, ainsi que sa note succincte à l'intention du Conseil. Sauf avis contraire me parvenant d'ici au **lundi 8 juin 2015 à 18 heures,** je considérerai que le Conseil aura pris note de ces documents.

(signé) Alexander Vershbow

Pièces jointes :
Annexe 1 : Note succincte
Annexe 2: Opinion du Collège et états financiers
Annexe 3 : Lettre d'observations et de recommandations
3 annexes

Original : anglais

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Note succincte du Collège international des commissaires aux comptes de l’OTAN à l’intention du Conseil sur la vérification des états financiers du Centre d’information et d’analyse sur la sécurité des munitions (MSIAC) pour l'exercice clos le 31 décembre 2013

Le Centre d’information et d’analyse sur la sécurité des munitions (MSIAC) constitue, au sein de l’Alliance, un organe de coordination pour l'assistance aux programmes OTAN et nationaux de conception de munitions. Le MSIAC est dirigé et géré par un comité directeur et un directeur de projet. Pour l'année 2013, la dotation budgétaire du MSIAC (reports compris) s’élevait à 1,8 million d’euros (MEUR), et les dépenses au titre du budget ont représenté 1,4 MEUR.

Le Collège a émis une opinion sans réserve sur les états financiers du MSIAC et sur la conformité pour l'exercice clos le 31 décembre 2013.

Lors de l'audit, le Collège a formulé une observation sur le fonds de réserve, qui dépasse le maximum autorisé par le Comité directeur, précisant qu'il fallait prendre les mesures voulues pour le ramener sous le plafond approuvé. L'opinion est résumée à l'annexe 2.

Le Collège a également fait le point sur deux observations formulées lors d'audits précédents et a constaté qu'elles avaient reçu la suite voulue (annexe 3).

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19 décembre 2014

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

RAPPORT SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS

(MSIAC)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

OPINION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN (le Collège) a vérifié les états financiers du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC). Ceux-ci se composent de l'état de la situation financière au 31 décembre 2013, de l'état de la performance financière, de l'état des variations de la situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2013.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément au cadre comptable OTAN et aux dispositions du Règlement financier de l'OTAN tels qu'ils ont été fixés par le Conseil de l'Atlantique Nord, et de veiller à ce que les états financiers donnent une image fidèle de la situation de l'entité. Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

Il incombe au Collège de formuler sur ces états financiers une opinion qui soit fondée sur son travail de vérification, lequel aura été effectué conformément aux dispositions de sa charte et aux normes internationales d'audit. Ces normes exigent que le Collège respecte certains principes déontologiques, et qu'il planifie et effectue sa vérification de manière à parvenir à une assurance raisonnable sur le point de savoir si les états financiers sont exempts d'inexactitudes significatives.

Un audit consiste à appliquer des procédures permettant d'obtenir des éléments probants relatifs aux montants et aux informations figurant dans les états financiers. Les procédures retenues à cette fin sont laissées à l'appréciation de l'auditeur, qui évalue notamment les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur. Pour l'évaluation de ces risques, le système de contrôle interne sur lequel s'appuient l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne. Il s'agit aussi de déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, de la situation financière du MSIAC au 31 décembre 2013, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

En plus d'être responsable, comme il est dit plus haut, de l'établissement et de la présentation des états financiers, la direction est chargée de veiller à ce que les opérations financières et les informations présentées dans les états financiers soient conformes aux dispositions du Règlement financier de l'OTAN et du Règlement du personnel civil de l'OTAN telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord.

Responsabilité du Collège

En plus d'être responsable, comme il est dit plus haut, de la formulation d'une opinion sur les états financiers, le Collège est chargé de se prononcer sur le point de savoir si les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN. Il lui incombe notamment d'appliquer des procédures lui permettant d'obtenir une assurance raisonnable sur le point de savoir si les fonds ont été utilisés pour le règlement de dépenses autorisées et si les opérations correspondantes ont été exécutées conformément à la réglementation en vigueur dans le domaine financier et en matière de personnel. De telles procédures prévoient notamment l'évaluation des risques de non-conformité significative.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion

Le Collège estime que les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 19 décembre 2014

Charilaos Charisis
Président

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

CONCERNANT LE CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS

(MSIAC)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du Centre d'information et d'analyse sur la sécurité des munitions pour l'exercice clos le 31 décembre 2013, et il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

Lors de l'audit, le Collège a formulé une observation et une recommandation, lesquelles n'ont pas d'incidence sur l'opinion qu'il a émise. Elles sont résumées ci-après.

- Le fonds de réserve dépasse le maximum autorisé par le Comité directeur et il convient de prendre les mesures voulues pour le ramener sous le plafond approuvé.

Le Collège a également fait le point sur deux observations formulées lors d'audits précédents et a constaté qu'elles avaient reçu la suite voulue.

OBSERVATIONS ET RECOMMANDATIONS

1. FONDS DE RÉSERVE TROP IMPORTANT

Contexte

1.1 L'article 4.17 du mémorandum d'entente concernant l'établissement, l'exploitation et la gestion du projet en coopération du MSIAC stipule que toutes les liquidités qui restent sur les comptes bancaires du projet à la fin de chaque exercice seront dépensées, réparties ou utilisées suivant les instructions du Comité directeur. Le Comité directeur a décidé (MSIAC(SC)DS/5, du 1er juin 2007) qu'il était nécessaire de disposer d'un fonds de réserve pour stabiliser les finances de l'entité au cas où un État membre se retirerait soudainement du MSIAC ou s'il s'avérait soudainement nécessaire de disposer de fonds supplémentaires pour lancer ou soutenir un élément critique de l'entité. À la 16e réunion tenue les 23 et 24 octobre 2012 (MSIAC(SC)DS/16), il a été décidé de modifier les instructions permanentes relatives au fonds de réserve de sorte que le plafond soit fixé à cinq parts de 84 000 EUR, soit 420 000 EUR au total .

Constatation

1.2 L'excédent cumulatif du fonds de réserve atteint 921 975 EUR, ce qui représente presque onze parts, alors que le plafond est fixé à cinq.

Recommandation

1.3 Le Collège recommande que le plafond du fonds de réserve soit maintenu à cinq parts (420 000 EUR), comme décidé par le Comité directeur .

Commentaires du Comité directeur du MSIAC

Le Comité directeur du MSIAC s'emploie à régler la question de l'excédent présenté par le fonds de réserve en appliquant un plan financier sur cinq ans. Il compte ainsi ramener le fonds de réserve à un maximum de 420 000 EUR en fixant la part de chaque pays à un niveau où les recettes seront nettement inférieures aux dépenses annuelles. Le déficit planifié pour 2015 est de 260 000 EUR pour une part fixée à 84 000 EUR, ce qui permettra de ramener l'excédent à pratiquement zéro pour 2020 pour une part équivalant à 100 000 EUR. Le plan repose sur plusieurs hypothèses susceptibles de changer, et il doit donc être revu et ajusté régulièrement.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées à l'issue d'audits précédents. On en trouvera un résumé dans le tableau ci-dessous.

Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Rapport sur la vérification des états financiers de 2012 **IBA-AR(2013)36, section 5.1** **Signature d'un contrat avec un fournisseur postérieure à la prestation des services** **Recommandation** Le Collège recommande que tous les contrats et/ou ordres d'achat passés avec des fournisseurs soient signés avant le début de la prestation des services.	Le Collège estime que le MSIAC a pris les mesures nécessaires pour éviter que cela ne se reproduise.	Question **réglée**.
Rapport sur la vérification des états financiers de 2011 **IBA-AR(2012)42, section 5.2** **Inexactitude des charges à payer** **Recommandation** Le Collège recommande que les charges soient bien analysées et que leur constatation s'opère conformément aux principes de la comptabilité d'exercice, et qu'à cet effet, une meilleure coordination soit assurée entre le Bureau du contrôle financier et le MSIAC, pour déterminer quels biens/services ont été reçus au cours de l'exercice financier.	Le Collège a constaté que les dépenses de 2013 ont été survévaluées d'environ 25 000 EUR suite à des erreurs dans l'arrêté des comptes entre 2013 et l'exercice précédent, mais qu'il a estimé que ce n'était pas une inexactitude significative. Toutefois, le Collège note que des améliorations ont été apportées dans l'enregistrement des dépenses dans le courant de 2013 car aucune erreur n'a été relevée dans l'arrêté des comptes entre 2013 et 2014. Par conséquent, le Collège juge la question réglée.	Question **réglée**.

NATO MSIAC

FINANCIAL STATEMENTS AS AT 31/12/2013
FINANCIAL YEAR 2013

Annexes :

1. Statement of financial position
2. Statement of financial performance
3. Cash flow statement
4. Changes in net assets/equity
5. Budget execution
6. Credit transfers authorized by the Financial Controller
7. Explanatory notes to the financial statements

ANNEX 1 to
FC(2014)088

NATO MSIAC
STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

(All amounts in Euro)

	Notes	Current Year 31-Dec-13	Prior Year 31-Dec-12	Variance CY - PY
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	3			
Cash		153.67	236.02	-82.35
Current bank accounts		1,519,496.57	1,510,003.77	9,492.80
Cash equivalents		0.00	0.00	0.00
Subtotal Cash & Equivalent		1,519,650.24	1,510,239.79	9,410.45
Cash Managed for Third Parties	4	0.00	0.00	0.00
Total Cash and Cash Equivalents		**1,519,650.24**	**1,510,239.79**	**9,410.45**
Accounts Receivable	5			
Contributions from Member Nations		252,000.00	84,000.00	168,000.00
Other Receivable from Nations/Partners		0.00	0.00	0.00
Receivable from Staff Members		0.00	27,249.55	-27,249.55
Receivable from other NATO Bodies		0.00	0.00	0.00
Bank interest accrued		7,179.82	8,597.70	-1,417.88
Other accounts receivable		0.00	55.94	-55.94
Total Accounts Receivable		**259,179.82**	**119,903.19**	**139,276.63**
Prepayments	6			
Prepaid expenses		6,929.58	1,868.50	5,061.08
Total Prepayments		**6,929.58**	**1,868.50**	**5,061.08**
TOTAL CURRENT ASSETS		**1,785,759.64**	**1,632,011.48**	**153,748.16**
NON CURRENT ASSETS	7			
Receivables		0.00	0.00	0.00
Infrastructure, plant and equipment		0.00	0.00	0.00
Land and buildings		0.00	0.00	0.00
Intangible assets		**0.00**	**0.00**	0.00
TOTAL NON CURRENT ASSETS		**0.00**	**0.00**	**0.00**
TOTAL ASSETS		**1,785,759.64**	**1,632,011.48**	**153,748.16**

ANNEX 1 to
FC(2014)088

NATO MSIAC
STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

(All amounts in Euro)

	Notes	Current Year 31-Dec-13	Prior Year 31-Dec-12	Variance CY - PY
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	8			
Payable to Nations				
Interest		5,744.53	8,966.10	-3,221.57
Lapsed credits		304,021.51	264,252.64	39,768.87
Miscellaneous receipts		9,997.72	206,962.96	-196,965.24
US reimbursables		318,968.66	189,183.22	129,785.44
Project accumulated surplus		921,974.89	685,351.19	236,623.70
Other payables		168,000.00	168,000.00	0.00
Total Payable to Nations		**1,728,707.31**	**1,522,716.11**	**205,991.20**
Payable to Staff		**0.00**	**0.00**	**0.00**
Payable to NATO Bodies				
- NATO International Staff		36,151.54	5,458.15	30,693.39
- Pensions		0.00	1,413.56	-1,413.56
Total Payable to NATO Bodies		**36,151.54**	**6,871.71**	**29,279.83**
Payable to Suppliers				
Payable to Suppliers		9,675.09	15,814.15	-6,139.06
Accrued expenses		10,700.70	84,497.73	-73,797.03
Total Payable to Suppliers		**20,375.79**	**100,311.88**	**-79,936.09**
Payable to Others				
Other Accounts Payable		0.00	0.00	0.00
Trust Funds		0.00	0.00	0.00
Total Payable to Others		**0.00**	**0.00**	**0.00**
Total Accounts Payable		**1,785,234.64**	**1,629,899.70**	**155,334.94**
Unearned Revenue and Advance Contributions	9			
Unearned revenue from budgetary credits		525.00	2,111.78	-1,586.78
Unearned revenue from pre-financing		0.00	0.00	0.00
Unearned revenue from lapsed credits		0.00	0.00	0.00
Unearned revenue from accumulated surplus		0.00	0.00	0.00
Advance contributions		0.00	0.00	0.00
Total Unearned Revenue and Advance Contributions		**525.00**	**2,111.78**	**-1,586.78**
Total Extrabudgetary Funds		**0.00**	**0.00**	**0.00**
TOTAL CURRENT LIABILITIES		**1,785,759.64**	**1,632,011.48**	**153,748.16**
NON CURRENT LIABILITIES	10			
Provisions		0.00	0.00	0.00
Long Term unearned Revenue Funding PPE		0.00	0.00	0.00
Long Term unearned Revenue Intangible Assets		0.00	0.00	0.00
TOTAL NON CURRENT LIABILITIES		**0.00**	**0.00**	**0.00**
TOTAL LIABILITIES		**1,785,759.64**	**1,632,011.48**	**153,748.16**
NET ASSETS				
Surplus/Deficit of the period		0.00	0.00	0.00
Total Net Assets		0.00	0.00	0.00
TOTAL NET ASSETS		**0.00**	**0.00**	**0.00**

ANNEX 2 to
FC(2014)088

NATO MSIAC
STATEMENT OF FINANCIAL PERFORMANCE
As at 31 December 2013

(All amounts in EUR)

	Notes	Current Year	Prior Year	Variance
		31-Dec-13	**31-Dec-12**	**CY - PY**
Revenue	11			
Revenue from non-exchange transactions		1,367,632.27	1,490,402.94	-122,770.67
Financial Revenue		7,219.91	10,220.38	-3,000.47
Other revenue		0.00	0.00	0.00
Total Revenue		**1,374,852.18**	**1,500,623.32**	**-125,771.14**
Expenses	12			
Wages, salaries and employee benefits		1,180,309.21	1,306,018.67	-125,709.46
Supplies and consumables used		187,323.06	184,384.27	2,938.79
Financial Costs		1,475.38	1,254.28	221.10
Other expenses (interest to be reimbursed to nations)		5,744.53	8,966.10	-3,221.57
Total Expenses		**1,374,852.18**	**1,500,623.32**	**-125,771.14**
Surplus/Deficit for the period		**0.00**	**0.00**	**0.00**

ANNEX 3 to
FC(2014)088

NATO MSIAC

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES	2013	2012
RECEIPTS		
Contributions	1,092,000.00	1,176,000.00
Contributions Advances on Y+1	168,000.00	168,000.00
Financial Revenues relative to Y-1	8,643.68	9,824.05
Financial Revenues Y 2013	350.31	2,003.30
Extra-Ordinary Revenues	0.00	0.00
Others	176.65	209,778.49
TOTAL	**1,269,170.64**	**1,565,605.84**

PAYMENTS		
Personnel Costs	1,091,392.42	1,097,682.08
Operating Costs	156,960.23	188,566.85
Miscellaneous Payments	9,575.96	12,576.91
Financial Costs	1,831.58	1,634.90
TOTAL	**1,259,760.19**	**1,300,460.74**
NET CASH FLOW FROM OPERATING ACTIVITIES	**9,410.45**	**265,145.10**

INVESTING ACTIVITIES	0.00	0.00
NET CASH FLOW FROM INVESTING ACTIVITIES	0.00	0.00

FINANCIAL ACTIVITIES		
RECEIPTS	0.00	0.00
PAYMENTS	0.00	0.00
NET CASH FLOW FROM FINANCING ACTIVITIES	0.00	0.00

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,410.45**	**265,145.10**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,510,239.79**	**1,245,094.69**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,519,650.24**	**1,510,239.79**

ANNEX 4 to
FC(2014)088

NATO MSIAC

STATEMENT OF CHANGES IN NET ASSETS / EQUITY AS AT 31/12/2013 (IN €)	
	Accumulated surpluses/(deficits)
Balance at 31 December 2012	
Deficit on revaluation of property	0.00
Surplus on revaluation of investments	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2013	**0.00**

NATO MSIAC

BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2013

n = 2013

(en EUR / in EUR)

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) MSIAC(SC)DS/16	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	**PERSONNEL COSTS**							
01.01.01	Basic salaries	767,000.00	0.00	767,000.00	695,674.32	695,674.32	0.00	71,325.68
01.01.02	Allowances	447,458.00	0.00	447,458.00	371,330.67	371,330.67	0.00	76,127.33
01.01.07	Medical examinations	200.00	0.00	200.00	0.00	0.00	0.00	200.00
01.02	Other personnel expenses	70,000.00	-776.13	69,223.87	35,242.79	31,726.99	3,515.80	33,981.08
01.04	Administrative support	56,000.00	776.13	56,776.13	56,776.13	56,776.13	0.00	0.00
01.05	Consultants + Temps	90,000.00	0.00	90,000.00	21,285.30	21,285.30	0.00	68,714.70
	Financial year n	1,430,658.00	0.00	1,430,658.00	1,180,309.21	1,176,793.41	3,515.80	250,348.79
	Carried forward:							
	Financial year n-1	83,870.75	0.00	83,870.75	83,870.75	83,870.75	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		1,514,528.75	0.00	1,514,528.75	1,264,179.96	1,260,664.16	3,515.80	250,348.79
II.	**COMMON OPERATING COSTS**							
02.01	Missions	85,000.00	0.00	85,000.00	66,650.92	61,355.32	5,295.60	18,349.08
02.02	supplies	6,000.00	4,569.24	10,569.24	7,223.13	6,089.21	1,133.92	3,346.11
02.03	Communications	16,500.00	0.00	16,500.00	13,954.40	13,429.40	525.00	2,545.60
02.05	Buildings	72,000.00	-3,569.24	68,430.76	68,430.76	68,430.76	0.00	0.00
02.06	Representation	5,000.00	0.00	5,000.00	3,034.52	3,034.52	0.00	1,965.48
02.07	Library, information	3,000.00	-1,000.00	2,000.00	720.00	720.00	0.00	1,280.00
02.08	Technical supp & equipt	23,000.00	0.00	23,000.00	13,327.86	12,916.46	411.40	9,672.14
	Financial year n	210,500.00	0.00	210,500.00	173,341.59	165,975.67	7,365.92	37,158.41
	Carried forward:							
	Financial year n-1	1,775.18	0.00	1,775.18	1,775.18	1,775.18	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		212,275.18	0.00	212,275.18	175,116.77	167,750.85	7,365.92	37,158.41

n = 2013

(en EUR / in EUR)

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) MSIAC(SC)DS/16	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
III.	**CAPITAL COSTS**							
03.01	Technical expenses	30,000.00	0.00	30,000.00	14,506.47	14,162.49	343.98	15,493.53
03.02	Equipment	400.00	0.00	400.00	0.00	0.00	0.00	400.00
	Financial year n	30,400.00	0.00	30,400.00	14,506.47	14,162.49	343.98	15,893.53
	Carried forward:							
	Financial year n-1	963.58	0.00	963.58	342.80	342.80	0.00	620.78
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		31,363.58	0.00	31,363.58	14,849.27	14,505.29	343.98	16,514.31
	GRAND TOTAL							
	Financial year n	1,671,558.00	0.00	1,671,558.00	1,368,157.27	1,356,931.57	11,225.70	303,400.73
	Carried forward:							
	Financial year n-1	86,609.51	0.00	86,609.51	85,988.73	85,988.73	0.00	620.78
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	1,758,167.51	0.00	1,758,167.51	1,454,146.00	1,442,920.30	11,225.70	304,021.51

ANNEX 6 to
FC(2014)088

NATO MSIAC

STATEMENT OF TRANSFERS OF CREDITS AUTHORIZED BY THE FINANCIAL CONTROLLER

(NFR , ARTICLE 10)

ORIGIN OF THE CREDITS			CREDITS NEEDED			NET TOTAL BY CHAPTER
ARTICLES	AMOUNTS	TOTAL	ARTICLES	AMOUNTS	TOTAL	
01.02	776.13	776.13	**01.04**	776.13	776.13	
02.05	3,569.24	3,569.24	**02.02**	3,569.24	3,569.24	
02.07	1,000.00	1,000.00	**02.02**	1,000.00	1,000.00	
GRAND TOTAL	5,345.37	5,345.37	GRAND TOTAL	5,345.37	5,345.37	0.00

EXPLANATORY NOTES TO MSIAC 2013 FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

At the October 1990 Conference of National Armaments Directors (CNAD) meeting, the MOU establishing NIMIC (NATO Insensitive Munitions Information Centre) as a Project Office under CNAD was signed.

At the year-end 2013, MSIAC (Munitions Safety Information Analysis Centre), formerly known as NIMIC, had twelve participating countries: Australia, Belgium, Canada, Finland, France, Germany, Italy, The Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States. The Republic of Korea was approved for membership at the end of 2013 but will enter only in 2014.

The objective of the MSIAC co-operative effort is to provide a NATO focal point for munitions safety-related information's analysis.

For administrative purposes only, MSIAC is attached to the Defence Investment Division of the IS.

The participating countries pay all operational and administrative costs relating to the Project office, in accordance with an agreed cost-sharing formula.

NOTE 2: ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Declaration of Conformity

The MSIAC financial statements have been prepared in accordance with NATO Financial Regulations (NFR), the Financial Rules and Procedures (FRP) and, as decided by the North Atlantic Council on 17 July 2002, on the basis of the International Public Sector Accounting Standards (IPSAS) implemented by the International Public Sector Accounting Standards Board (IPSASB) and based on International Financial Reporting Standards (IFRS/IAS) issued by the IAS Board, and on the adaptations decided by the North Atlantic Council in specifying a NATO Accounting Framework (C-M(2013)0039) with regard to IPSAS standards 6, 12, 17 and 31..

Basis of Preparation

The IS IT financial system, currently used by MSIAC, is a budgetary driven system which is cash based. It does not have an accrual based accounting functionality. Commitments are recorded for budget execution and control purposes, in accordance with NATO Financial Regulations. Commitment of credits is defined as the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year.

Contributions are registered as unearned revenue on the date they are called and revenue is recognized afterwards on the basis of expenditure. In the financial system, commitments are recorded for budget execution and control purposes, in accordance with NATO Financial Regulations. Payments linked to those commitments are recorded when the settlement of invoices is due.

Transformational entries for accruals are made based on an analysis of the commitments carried-forward at year-end, in order to determine the expenditure in the Statement of Financial Performance and the matching earned revenue from budgetary contributions.

The MSIAC financial statements are currently IPSAS compliant using the transformational method described above.

MSIAC will transition to full transactional accrual accounting with the implementation of an integrated Enterprise Resource Planning (ERP) solution.

Transitional provisions have been adopted in preparing the statements. MSIAC applied IPSAS 9 Revenue from exchange transactions and IPSAS 23 Revenue from non-exchange transactions.

The financial statements have been prepared on a going-concern basis and the amounts shown in these financial statements are presented in EUR. MSIAC will continue in operation for the foreseeable future.

The following IPSAS have no material effect on the 2013 MSIAC financial statements:

IPSAS 5: Borrowing Costs

IPSAS 6: Consolidated and Separate Financial

IPSAS 7: Investments in Associates.

IPSAS 8: Interests in Joint Ventures

IPSAS 10: Financial Reporting in Hyperinflationary Economies

IPSAS 11: Construction Contracts

IPSAS 16: Investment Property

IPSAS 21: Impairment of non-cash generating assets

IPSAS 26: Impairment of Cash-Generating Assets

IPSAS 27: Agriculture

IPSAS 32: Service Concession Arrangements: Grantor

Changes in Accounting Policy

In February of 2013 Council decided to adapt a number of IPSAS standards to better suit the specific requirements of the Alliance (C-M(2013)0006). The adaptations were spelt out in C-M(2013)0039 of July 2013 defining a NATO Accounting Framework, among which were specific items addressing IPSAS 6 Consolidated and Separate Financial Statements, IPSAS 12 Inventories, IPSAS 17 Property Plant and Equipment (PPE) and IPSAS 31, Intangible Assets.

Reclassification of Financial Statements of Previous Years

Nothing to report

Use of Estimates

In accordance with generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management, according to the most reliable information available, judgement and assumptions. Estimates include accrued revenue and expenses. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Foreign Currency Transactions

The MSIAC budget is authorized and managed in EUR so contributions called are made in EUR. Foreign currency transactions as required are accounted for at the NATO exchange rates prevailing on the date of the transactions. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO rates of exchange applicable at 31 December 2013.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting dates of monetary assets, and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

MSIAC does not have any unrealised gains and losses resulting from the translation of statements.

Financial Risks

MSIAC uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash, bank accounts and deposit accounts.

All the financial instruments are recognised in the Statement of Financial Position at their fair value.

The organisation is exposed to a variety of financial risks, including foreign exchange risk, credit risk, currency risk, liquidity risk and interest rate risk.

a. Foreign currency exchange risk

The exposure to foreign currency risk is limited as the majority of the NATO-MSIAC's expenditures are made in EUR, the currency of its budget. The current bank accounts are held in EURO.

b. Credit risk

NATO-MSIAC incurs credit risks from cash and cash equivalent held with banks and from receivables.

The maximum exposure as at 31 December 2013 is equal to the total amount of bank balances, short term deposits and receivables. There is very limited credit risk associated with the realization of these elements.

Concerning cash and cash equivalent NATO MSIAC credit risk is managed by holding current bank accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held with ING Bank (Belgium) which has the following short term credit ratings:

ING Bank	Credit Ratings as at 31.12.2013			
	Fitch	S&P	Moody's	Date of last rating update
Short term	A+	A	A2	17.12.2013

The MSIAC outstanding accounts receivable are managed by maintaining control procedures over receivables. Most cash receivables are due from NATO member nations, which are considered credit worthy.

c. Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the Organisation will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved budgets. Some limited risk could be due to the accuracy of budget forecasts. However, past history shows that this process results in surpluses and the budgetary rules provide for revised budgets.

d. Interest rate risk

Except for certain cash and cash equivalent balances, MSIAC's financial assets and liabilities do not have associated interest rates. MSIAC is restricted from entering into borrowings and investments, and, therefore, there is an insignificant interest rate risk. Interest earned is not a budgetary resource but contributes to the surplus owed to Nations.

Current Assets

a. Cash and cash equivalents

Cash and cash equivalents are defined as short-term assets. They include cash in hand, deposits held with banks, and other short term highly liquid investments.

b. Funds Managed for Third Parties

Funds managed on behalf of third parties are held in cash and are presented as a liability. They are accounted for when cash is effectively received. They are represented as a separate item in the cash flow statement of the entity in order to avoid any confusion.

c. Receivables

Receivables are stated at net realisable value, after provision for doubtful and uncollectible debts.

Contributions receivable are recognised when a call for contribution has been issued to the funding nations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

d. Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of an advance payment made to a third party.

e. Inventories

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:

Control of NATO Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

Criteria that may indicate control of an asset
The act of purchasing the asset carried out (or resulted from instructions given) by the NATO Reporting Entity.
The legal title is in the name of the NATO Reporting Entity.
The asset is physically located on the premises or locations used by the NATO Reporting Entity.
The asset is physically used by staff employed by the NATO Reporting Entity or staff working under the NATO Reporting Entity's instructions.
The fact that the NATO Reporting Entity can decide on an alternative use of the asset.
The fact that the NATO Reporting Entity can decide to sell or to dispose the asset.
The fact that the NATO Reporting Entity, if it has to remove or destroy the asset, can take the decision to replace it.
The fact that a representative of the NATO Reporting Entity regularly inspects the asset to determine its current condition.
The fact that the asset is used in achieving the objectives of the NATO Reporting Entity.
The fact that the asset will be retained by the NATO Reporting Entity at the end of the activity.

Capitalisation thresholds relevant to the financial statement are as follow:

Category	Threshold	Basis
Consumables	€50,000	Per location/warehouse
Spare Parts	€50,000	Per location/warehouse
Ammunition	€50,000	Per location/warehouse
Strategic stocks	€50,000	Per location/warehouse

Slow moving inventory – Assuming turnover of stock is over a 12 month period, any items not used over a 36 month period will be deemed to be slow moving.

Strategic stock – Some complex elements of slow moving stock can be identified as strategic if they are deemed essential to the effective operation of an asset and cannot be readily replaced by commercial off the shelf items or cannot be purchased due to market decisions to close production lines of key inventory items due to the advanced age of the strategic asset to which the stock relates

The MSIAC will capitalise inventory which it controls in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of inventory, only the end-user entity will report the inventory in its financial statements, based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

The MSIAC will include transportation costs involved in bringing the inventories to their present location and condition in the initial valuation of inventory. These costs will be measured on the actual cost of transportation per item of inventory or by using an apportionment of the global transportation costs of bringing the inventories to their present location and condition across all inventory items in the period. Transportation costs involved in the subsequent movement of inventory which brings them into operational use will not be included in the value of inventory. The method of measuring these costs will be disclosed.

The MSIAC may consider inventory acquired prior to 1 January 2013 as fully expensed.

For inventory held prior to the 1 January 2013, and not previously recognized as an asset, the MSIAC will provide a brief description of inventory held within their inventory recording systems in the notes to the financial statements. Such disclosure will include as a minimum the types of inventories held, locations where inventories are held and the approximate number of items held per asset category.

Where this adaptation conflicts with another requirement of IPSAS this adaptation shall apply. For the remainder, IPSAS 12 shall apply.

The MSIAC assesses inventories under IPSAS 12. The outcome of this assessment is that the value of the inventories is immaterial both in value and in terms of the nature of the items held. Consequently, inventory is fully expensed on receipt. The materiality will be assessed each year.

In consideration of the above thresholds, MSIAC currently has no inventory.

Non-current assets - Fixed assets (Property, Plant & Equipment and Intangible Assets)

a. Property, Plant & Equipment

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 17 Property Plant and Equipment.

Control of NATO PPE was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

Capitalisation thresholds relevant to the financial statement are as follow:

Category	Threshold	Depreciation life	Method
Land	€200,000	N/A	N/A
Buildings	€200,000	40 years	Straight line
Other infrastructure	€200,000	40 years	Straight line
Installed equipment	€ 30,000	10 years	Straight line
Machinery	€ 30,000	10 years	Straight line
Vehicles	€ 10,000	5 years	Straight line
Aircraft	€200,000	Dependent on type	Straight line
Vessels	€200,000	Dependent on type	Straight line
Mission equipment	€ 50,000	3 years	Straight line
Furniture	€ 30,000	10 years	Straight line
Communications	€ 50,000	3 years	Straight line
Automated information systems	€ 50,000	3 years	Straight line

The MSIAC considers PPE acquired prior to 1 January 2013 as fully expensed. However, existing accounting policies will continue to be applied for any PPE assets already capitalized prior to 1 January 2013. For PPE upgraded after 1 January 2013, only the portion related to the modification will be capitalized.

In consideration of the above thresholds, MSIAC currently has no PPE.

b. Intangible Assets

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 31 Intangible Assets. It is described as follows:

Control of NATO Intangible Assets was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

NATO Intangible Assets Capitalisation Thresholds - MSIAC will capitalise each intangible asset item above the following agreed NATO thresholds:

Category	Threshold	Depreciation life	Method
Computer software (commercial off the shelf)	€50,000	4 years	Straight line
Computer software (bespoke)	€50,000	10 years	Straight line
Computer database	€50,000	4 years	Straight line
Integrated system	€50,000	4 years	Straight line

MSIAC will capitalise all controlled intangible assets above the NATO Intangible Asset Capitalisation Threshold. For anything below the threshold, the IS will have the flexibility to expense specific items.

MSIAC will capitalise integrated systems and include research, development, implementation and can include both software and hardware elements. But the IS will not capitalise the following types of intangible assets in their financial statements:

- rights of use(air, land and water);
- landing rights;
- airport gates and slots;
- historical documents; and,
- publications

MSIAC will capitalise other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

MSIAC may consider Intangible Assets acquired prior to 1 January 2013 as fully expensed.

MSIAC will report controlled Intangible assets in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of intangible assets, only the end-use entity will capitalise the intangible asset in its financial statements based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

For intangible assets held prior to the 1 January 2013, and not previously recognized as an asset, MSIAC will provide a brief description of intangible assets held in its intangible asset recording systems in the notes to the financial statements. Such disclosure will include as a minimum the types of intangible held, locations where intangible assets are held and the approximate number of items held per asset category.

If an intangible asset is upgraded after 1 January 2013, only the portion related to the modification will be capitalised.

Where this adaptation conflicts with another requirement of IPSAS this adaptation will apply. For the remainder, IPSAS 31 shall apply. This adaptation is effective for financial reporting periods beginning on 1 January 2013.

MSIAC has no Intangible Assets.

Non-Current Assets Other Than PPE

There are none.

Current Liabilities

a. Payables

Payables are amounts due to third parties, based on goods received or services provided that remain unpaid. These include estimates of accrued obligations to third parties for goods and services received but not yet invoiced.

b. Advances and Unearned revenue

Advances are contributions received related to future year's budgets. Funds are called in advance of their need because MSIAC has no capital that would allow it to pre-finance any of its activities.

Unearned revenue represents participating nations contributions which have been called for current budgets but that have not yet been recognised as revenue in the absence of any related budgetary expenditure.

Non-Current Liabilities

The MSIAC has no non-current liabilities.

Revenue Recognition

Revenue comprises contributions from Member Nations.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The balance of unspent contributions and other revenues that relate to future periods are deferred accordingly.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the entity recognises a liability until the condition is fulfilled.

Contributions to be called from Member Nations, based on the budget they approved, are initially recorded as unearned revenue liabilities. They are recognised as revenue in the statement of financial performance when such contributions are used for their intended purpose as envisioned in the approved Budget.

Transformational adjustments were made in calculating earned revenue and expenses in the Statement of Financial Performance.

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. There is no segment in MSIAC.

Statement of Financial position

NOTE3: CASH AND CASH EQUIVALENTS

The current bank accounts are held in EUR. Deposits are held in interest-bearing bank accounts, immediately available.

Considering the various interest rates paid on the various types of bank accounts, most funds were placed in the short-term account as of 31 December 2013.

NOTE 4: FUNDS MANAGED FOR THIRD PARTIES

MSIAC does not manage funds for third parties.

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable from member nations are funds requested from the Nations to finance the 2013 Budget. The call for contribution was issued on 31 January 2013.

At year-end 2013, outstanding contributions relating to previous financial years amounted to EUR 0 and 2 Nations owed their contributions to the 2013 budget.

Bank interest accrued in 2013 in the amount of EUR 7179.82.

NOTE 6: PREPAYMENTS

Corresponds to services to be delivered in the following years.

NOTE 7: NON-CURRENT ASSETS

MSIAC has registered no non-current assets.

NOTE 8: ACCOUNTS PAYABLE

Payable to nations

The payable of EUR 5,744.53 represents the net revenue in 2013 from interest, foreign exchange difference gain and bank charges as shown below:

	December 31, 2013	December 31, 2012
Revenue		
Interest	7,219.91	10,220.38
Foreign exchange rate difference gain		
Total revenue	**7,219.91**	**10,220.38**
Expenses		
Bank costs	613.37	628.71
Foreign exchange rate difference loss	862.01	625.57
Total expense	**1475.38**	**1,254.28**
Net revenue to return to nations	**5744.53**	**8,966.10**

The decrease in miscellaneous receipts can be explained by the fact that a new Member entered into MSIAC in 2012 and paid entry fees, which became part of the surplus in 2013. This did not occur again in 2013.

The payable of EUR 318,968.66 in relation to the reimbursable salaries represents the amount due to the United States (US) for one civilian staff member who is paid directly by the US government. This amount payable is usually paid by the US subtracting it from its annual contribution payment to MSIAC.

The project's accumulated surplus of EUR 921,974.89 relates to funds held under the direction of the Steering Committee. It is comprised of the previous year's surplus (EUR 685,351.19) plus 2012 lapsed funds (EUR 264,252.64) plus interest earned in 2012 (EUR 8,966.10) plus miscellaneous income, primarily in the form of one nation's entry fees (EUR 206,962.96) minus the amount of surplus allowed for use in funding the 2013 budget (EUR 243,558.00). The Steering Committee keeps these funds in case of emergency funding needs for the Project. The growth in accumulated surplus over previous years reflects more Nations entering the Project but zero growth in Project staff. Over the mid-term the Steering Committees' intent is to keep 5-6 shares worth of reserve funding.

Other payables of EUR 168,000 represent one nation's advance payment of its 2014 contribution.

Payable to NATO bodies

Corresponds to rent due to NATO IS for office space in Building Z.

Payable to Suppliers and Accrued Expenses

Payable to suppliers in the amount of EUR 9675.09 relates to goods and services for which an invoice has been received, checked, and queued for payment but for which payment was still pending at year-end 2013

Accrued expenses of EUR 10,700.70 correspond to the estimated accrual obligation to third parties for goods and services received but not yet invoiced.

Payable to Others

None.

NOTE 9: UNEARNED REVENUE AND ADVANCES

Unearned Revenue

Unearned revenue corresponds to contributions called for 2013 but for which corresponding expenditures will be incurred after the reporting date of 31 December 2013. They include principally those amounts of contributions which will be spent in subsequent years on the MSIAC Budget.

The unearned revenue is composed of the amount of EUR 11,225.70 in credits carried forward, as per the NATO Financial Regulations, from which accrued expenses in an amount of EUR 10,700.70 have been deducted. This unearned revenue is foreseen to be spent in subsequent years. If the funds are not spent by the end of the second year following the year in which they have been approved, these funds may be kept and used an additional year.

Reconciliation between Carry Forward (Budget Execution Statement) and Unearned Revenue		
	2013	2012
Commitment based carry forward	11,225.70	86,609.51
Adjustment for AP accrued expenses	10,700.70	84,497.73
Unearned revenue	525.00	2,111.78

NOTE 10: NON-CURRENT LIABILITIES AND LONG TERM UNEARNED REVENUE

The long term unearned revenue is unearned revenue in relation to net carrying amounts of Property, Plant and Equipment and intangible assets. Revenue is recognised over the estimated life cycle of the Property, plant and equipment and the intangible assets.
There are no non-current liabilities.

Statement of Financial Performance

NOTE 11: REVENUE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The non-exchange revenue is matched with the expenses stemming from budget execution. The revenue related to the MSIAC budget that has been recognised in 2013 relates directly to expenses: the total revenue is matched with the total expenses recognised in 2013 of EUR 1,375,377.18.

Revenue from member Nations' budgetary contributions is considered as non-exchange revenue in consideration of the fact that the shares are equal.

NOTE 12: EXPENSES

Wages, Salaries and Employee Benefits

The personnel costs amounting to EUR 1,180,309.21 include all civilian personnel expenses as well as other non salary related expenses in support of funded activities. They also include expenses for salaries and emoluments for approved NATO permanent civilian positions and temporary personnel, for other salary related and non related allowances including overtime, medical examinations, recruitment, installation and removal, and for contracted consultants and training.

NOTE 13: BUDGET INFORMATION

NATO MSIAC Budget

Presently, the NATO MSIAC Budget is not publicly available.

The actual amounts referred to by IPSAS 24 ("amounts that result from execution of the budget") are considered to be the commitment of credits.

Presentation of budget information in the financial statements

An analysis of the budget execution is provided in Annexes 5 and 6. The MSIAC 2013 budget execution compares the budget's authorized credits and the actual amounts committed and expended.

The MSIAC budget classification is based on the economic nature of the expenses broken down into three chapters as follows:

Chapter I : Personnel Expenses
Chapter II : Operating Expenses
Chapter III : Capital costs

The MSIAC Budget is prepared for the same period (1 January to 31 December) and encompasses the same entity as these financial statements. The budget and accounting bases differ. The MSIAC Budget is prepared and executed on a commitment basis; it is not prepared on an accrual basis. Consequently, the reconciliation is done with the cash flow statement, in accordance with IPSAS 24. In addition, the MSIAC manages a series of non-appropriated funds.

The budget and accounting bases differ. The MSIAC budget is prepared and executed on a commitment basis; it is not prepared on an accrual basis. The main causes for differences are the following.

1) The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. As a consequence credits are allocated, and commitments are approved, for goods, services and works to be delivered at a later stage. Commitments are settled when an invoice is presented for payment, and not when the service is rendered or goods delivered as is the case for expenses under accrual accounting. All invoices received after 31 December, 2013, but relating to 2013 have been taken into account and allocated against the appropriate commitment as expenditure.

2) Unliquidated commitments are carried forward and added to the budget of the following financial year in relation to an existing legal commitment or if a special agreement is given by the Steering Committee. Outstanding commitments can be carried forward for two years. As a consequence, the services or goods received may relate to a commitment of credits from previous years' budgets.

3) Commitments, because they are an advance acceptance, and because payments cannot be made above approved credit levels, typically include an estimation factor and are (if only slightly) higher than the actual amount eventually paid. This results in commitments being higher than the actual expenses and in credits eventually lapsing.

4) Commitments are only made in respect of future payments relating to the initial purpose of the commitment. Commitments for capital expenditures are normally made in the year during which the purchase order is issued. In accrual accounting, the related costs would not appear in the Statement of Financial Performance but in the Balance Sheet and only upon reception of the works, goods or services. Conversely, there is no budgetary commitment of credits for non cash flow transactions such as capital depreciation or provisions which would normally appear in the Statement of Financial Performance under accrual accounting.

5) On an exceptional basis, the MSIAC Steering Committee may approve the carry-forward of credits without any prior legal commitment, for instance for projects at their initiation stage or planned expenditures. In accrual accounting there would be no expense recorded.

6) The balance of unused budgetary credits (not committed) lapses and is returned to Member Nations at year-end. Lapses may include cases where a project was eventually not completed or started, and therefore lead to no expense.

Outstanding commitments can be carried forward during two years.

Credits are transferred under the authority delegated to the NATO-IS Financial Controller by the NATO Financial Regulations and Financial Rules and Procedures.

Reconciliation Between Budget Execution and Outflows of Cash

As required by IPSAS 24, actual amounts as presented in the Budget Execution Statement are to be reconciled to the actual amounts in the financial statements with the Cash Flow Statement. Actual amounts concerning the budget are the amounts of committed credits. The differences between the budget actual amounts and the Cash Flow Statement are due to the difference in bases.

		BUDGET		ACTUALS			DIFFERENCE		DIFFERENCE		
		Initial	Final	Commitment	Expenses in Budget Statement	Cash Flow 2013	Commitment minus exp in budget statement	Exp in budget statement minus cash flow	BASIS	TIMING	ENTITY
Use of Funds	Personnel Costs	1,514,529	1,514,529	1,264,180	1,260,664	1,091,392	3,516	169,272	169,272		
	Operating Costs	212,275	212,275	175,117	167,751	156,960	7,366	10,791	10,791		
	Capital Costs	31,364	31,364	14,849	14,505	0	344	14,505	14,505		
	Programmes Costs	0	0	0	0	0	0	0	0		
	SUBTOTAL Budgetary Operations	**1,758,168**	**1,758,168**	**1,454,146**	**1,442,920**	**1,248,353**	**11,226**	**194,568**	**194,568**		
	Non-budgetary Operations					11,408		-11,408	-11,408		
	SUBTOTAL Non-budgetary Operations					**11,408**		**-11,408**	**-11,408**	**0**	**0**
	SUBTOTAL	**1,758,168**	**1,758,168**	**1,454,146**	**1,442,920**	**1,259,760**	**11,226**	**183,160**	**183,160**	**0**	**0**

The final budget authorization amounted to EUR 1,758,168, whereas actual commitments in 2013 amounted to EUR 1,454,146.00. The difference, which amounted to EUR 304,021.51, lapsed. As such the latter amount becomes part of the annual 2013 budget surplus and should be returned to the contributing Nations unless they should decide to re-use this surplus.

Based on the committed credits, an amount of EUR 1,442,920.30 was considered as expended, due to 2013 invoices paid in 2013 or received at the date of closure of the accounts. Of these, EUR 45,826.63 were 2013 related, pending certification and were not yet paid. The difference with the committed credits amounted to EUR 11,225.70 and was carried-forward.

The out-flows of cash in 2013 amounted to EUR 1,259,760 of which EUR 1,248,353 related to budget operations and EUR 11,408 related to miscellaneous transactions. The difference between the expenditures in the budget execution statement and the cash flow statement is explained as follows.

1) Concerning Personnel Costs: The difference relates mainly to US reimbursable staff. The corresponding expenses are credited to the US account. There is no related cash flow. They might be used as a US contribution to the MSIAC Budget. The balance refers mainly to the regularization of education allowances for staff.

2) Concerning Operating Costs: Capital Expenditures in the MSIAC budget do not meet the criteria to be considered as investment in IPSAS terms and are therefore recognized under O&M. The difference relates mainly to the settlement of supplier account invoices relating to 2012 paid in 2013, and conversely to invoices received in 2013, but not paid pending certification but considered spent from a budget perspective, in the order of EUR 25,000.

Reconciliation Between Budget Funding and Inflows of Cash

The funding of the budget is made of one call for contributions, carried over credits and a part of previous years' surplus.

Source of Funds		BUDGET AUTHORIZATIONS 2013	in/en EUR	REFERENCES
		Current year	1,671,558.00	MSIAC(SC)DS/016
		Carried forward	86,609.51	FC(2013)111
		TOTAL :	1,758,167.51	
		MEANS OF FINANCING		
	A.	SURPLUS PREVIOUS YEARS		
		Surplus allowed to budget 2013	243,558.00	MSIAC(SC)DS/016
	B.	CREDITS CARRIED OVER TO 2013	86,609.51	FC(2013)111
	C.	CONTRIBUTIONS CALLED		
		CALL FC(CC)(2013)003-(MSC-01)	1,428,000.00	FC(CC)(2013)003-(MSC-01)
		TOTAL :	1,758,167.51	

The total 2013 MSIAC Budget authorization was EUR 1,758,167.51, An amount of EUR 86,609.51 corresponded to credits carried-forward from previous financial years. The related amounts were fully funded by contributions called before 1 January 2013.

The budget authorisation specific to 2013 amounted to EUR 1,671,558.00. It was funded as follows. The 2013 call for contribution was issued on 31 January 2013 (FC(CC)(2013)0003(MSC-01)). As directed by the Steering Committee, the call covered EUR 1,428,000. The remainder of EUR 243,558 for the 2013 annual budget was financed by the refundable surplus reported from previous years.

EUR 1,428,000 was called in 2013. Of this EUR 1,008,000 was received in the course of the year, EUR 168,000 was paid in advance in 2012 by one nation. As a result, there was an accounts receivable of EUR 252,000. EUR 168,000 was received as a voluntary advance for the 2014 budget and EUR 84,000 of previous year's dues were eventually paid. The resulting total in-flow of cash related to contributions called therefore amounted to EUR 1,260,000.

NOTE 14: INVENTORIES

Nothing to report, inventories are not considered material.

NOTE 15: WRITE-OFFS

Nothing to report.

NOTE 16: LEASES

MSIAC does not have any financial leases.

NOTE 17: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 18: CONTINGENT LIABILITIES

There have been no contingent liabilities identified that would be expected to result in a material obligation.

NOTE 19: CONTINGENT ASSETS

Nothing to report

NOTE 20: EMPLOYEE DISCLOSURE

Accounting for employee benefits is accounting for any liability in relation to all forms of consideration given by an entity in exchange of service rendered by employees.

It should be noted that the NATO-IS is managing centrally three pension programmes, namely the Defined Benefit Pension Scheme (DBS), the Provident Fund and the Defined Contribution Pension Scheme (DCPS) as well as the Retiree Medical Claims Fund (RMCF), covering staff employed by all NATO bodies. NATO wide financial statements are issued by NATO-IS Office of Financial Control for the three Pension Schemes and the RMCF, therefore, no related assets or liabilities are recognised in these financial statements.

At December 31, 2013, MSIAC had an approved Personnel Establishment of 9 positions funded by the MSIAC budget.

Six staff members participate in the Defined Contribution Pension Scheme (DCPS) administered by NATO. The DCPS provides that the NFO budget makes a 12 percent monthly matching contribution to the staff members' contributions for current service. Two other employees participate in NATO's Defined Benefit Pension Scheme (DBPS): a deduction of 9% of their salaries is made and contributed to the annual financing of this Plan. In addition, the MSIAC budget makes a monthly matching contribution of 18% to the DBPS. Consequently, the MSIAC has neither DBPS nor DCPS liabilities for its staff members. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity.

One staff member is employed on a reimbursable basis with an agreement between NATO-IS and the United States. The individual is remunerated and accrues pension rights under the United States pension scheme.

Untaken leave by MSIAC staff is not considered material.

NOTE 21: KEY MANAGEMENT PERSONNEL

The MSIAC Steering Committee (one representative per member nation) is the governing body of the MSIAC. Steering Committee members are nominated by their respective national authorities. They are paid on the basis of applicable national pay scales. The Steering Committee members do not receive from MSIAC or NATO any additional remuneration for Steering Committee responsibilities or access to benefits.

The key management personnel of the MSIAC Office consists of the Project Manager established post (A5). The Project Manager is responsible for the overall operational management of MSIAC.

There are no other remunerations or benefits to key management personnel or their family members.

NOTE 22: RELATED PARTIES

Key management personnel have no significant party relationships that could affect the operation of the MSIAC Office.

In 2013, NATO International Staff charged MSIAC an amount of EUR 56,776.13 for administrative support costs (EUR 54,774.65 in 2012) and EUR 32,305.14 for common operating costs (EUR 32,583.80 in 2012). In addition, the International Staff charges an annual rent for office space occupied in Building Z (EUR 36,125.62 in 2013 and in 2012).

* * * * *

List of acronyms:

AHWGFC	Ad Hoc Working Group of Financial Controllers
BC-	Budget Committee
CNAD	Conference of National Armaments Directors
DI	Defence Investment Division
ERP	Enterprise Resource Planning
IPSAS	International Public Sector Accounting Standards
IS	International Staff
IWG	IPSAS Working Group
MOU	Memorandum of Understanding
MSIAC	Munitions Safety Information Analysis Centre
NIMIC	NATO Insensitive Munitions Information Centre
PPE	Property, Plant and Equipment