2012 Audited Financial Statements

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Letter of Transmittal to the Chairperson of the Permanent Council of the OSCE from the Secretary General

Organization for Security and Co-operation in Europe
The Secretariat

24 June 2013

Sir,

Pursuant to Financial Regulation 7.04 and PC Decision 553 dated 27 June 2003, I have the honour to submit the Financial Report and Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2012 and the Audit Report of the External Auditor thereon for your consideration and approval.

Yours sincerely,

Lamberto Zannier
Secretary General

ACCOUNTING CHAMBER OF UKRAINE

Рахункова палата
Accounting Chamber of Ukraine

AUDIT OPINION OF THE EXTERNAL AUDITOR ON THE OSCE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012

To the Permanent Council of the Organization for Security and Co-operation in Europe

Report on the Financial Statements

We hereby certify that the accompanying statements have been audited, comprising the Budget and Expenditure Reports and the Financial Statements, including Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, Statement of Changes in Net Assets and Statement of Comparison of Budget and Actual Amounts, the supporting notes to the Financial Statements, and Statement on Internal Control of the Organization for Security and Co-operation in Europe for the financial period ended 31 December 2012.

Management's Responsibility for the Financial Statements

The Secretary General of the OSCE is responsible for the preparation and fair presentation of the Financial Statements based on the accounting records in accordance with the prescribed accounting framework which includes United Nations System Accounting Standards (UNSAS) and gradual adoption of the International Public Sector of Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement.

Auditor's Responsibility

Our responsibility is to examine the Financial Statements and express an independent opinion on these Financial Statements and that they present a true and fair view based on the audit results.

Basis for Unqualified Opinion

We conducted the audit in accordance with the auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require planning and performing the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatements.

An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the Financial Statements.

An audit also includes assessing the accounting principles used, the relevant internal control system and significant estimates made by the Secretary General, as well as evaluating the overall financial statement presentation. We believe that our audit work provides a reasonable basis for the audit opinion.

Unqualified Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the OSCE financial position as at and the results of the operations and cash flows for the period ended 31 December 2012 in accordance with the accounting policies set out in the notes to the Financial Statements, which were applied on a basis consistent with that of the preceding financial period, unless otherwise disclosed.

Furthermore, in our opinion, the financial records of the OSCE which we have tested as part of our audit were made, in all significant respects, in accordance with the Financial Regulations and legislative authority.

Emphasis of Matter

We draw attention to Note 1 to the Financial Statements which describes the changes related to progressive adoption of International Public Sector Accounting Standards (IPSAS), which was formally approved by participating States in 2012 (PC.DEC/1040 dated 10 May 2012), notwithstanding continued compliance with UNSAS. The changes to the Financial Statements introduced by this strategy have a comprehensive effect on both the presentation of the Financial Statements and the concepts underlying their preparation, in particular, the change from modified cash basis to accrual basis for most classes of transactions.

The inclusion of an Emphasis of Matter paragraph in the auditor's opinion does not affect the auditor's opinion.

This opinion represents an accumulated conclusion on the External Auditor's Report of the Financial Statements issued in accordance with Regulation 8.06 of the Financial Regulations.

Kyiv, 20 June 2013

Roman Maguta

Chairman of the Accounting

Chamber of Ukraine

II - OSCE FINANCIAL REPORT

AND

FINANCIAL STATEMENTS

Letter of Transmittal to the Auditor General
from
the Secretary General

Organization for Security and Co-operation in Europe

The Secretariat

29 March 2013

Dear Sir,

Pursuant to the Financial Regulation 7.04 and PC Decision 553 dated 27 June 2003, I have the honour to submit the Financial Report and Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2012.

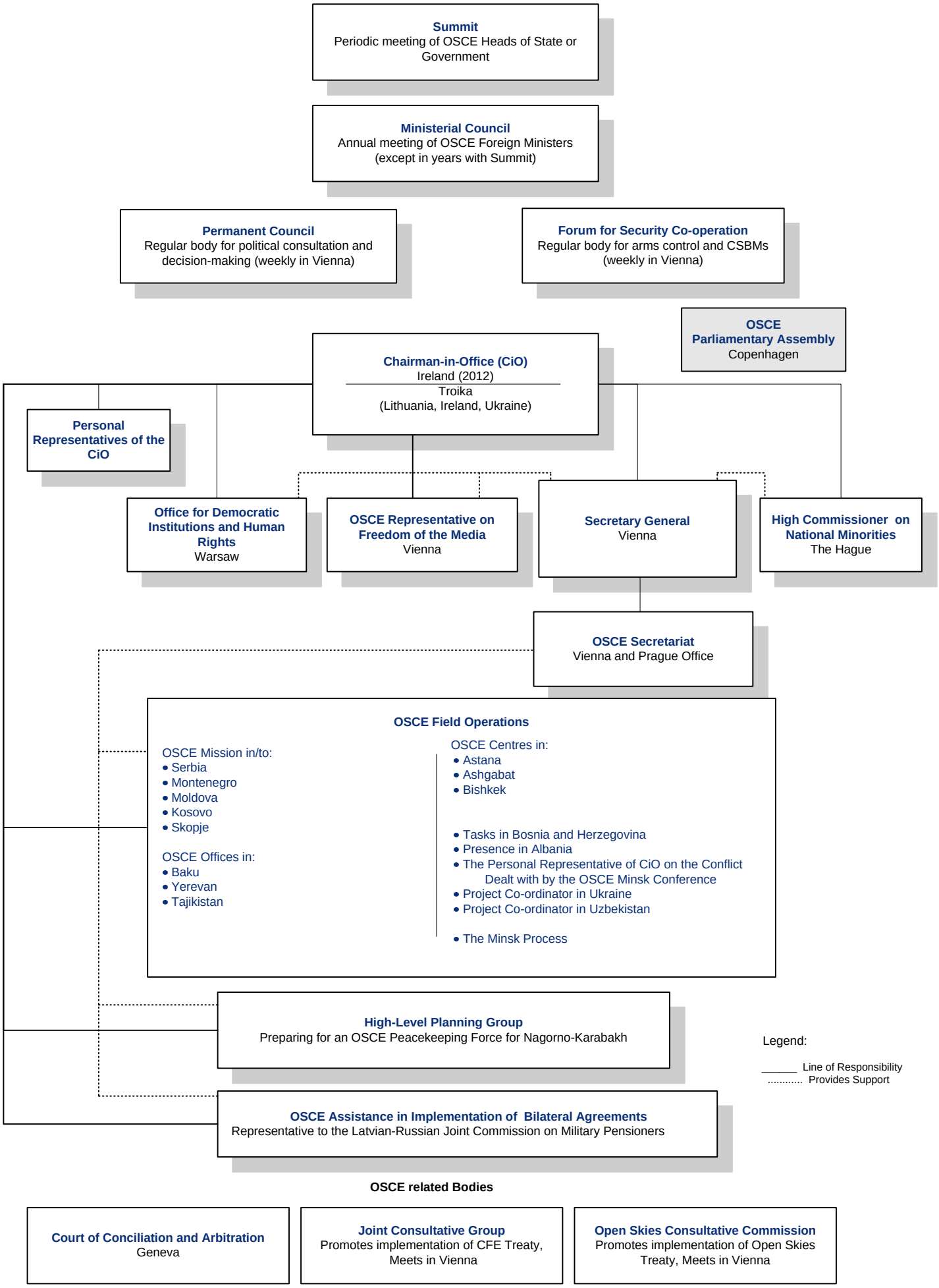
Yours faithfully,

Lamberto Zannier

Secretary General

Mr. Roman Maguta
Chairman of the
Accounting Chamber of Ukraine
7, M. Kotzyubynskogo Str.
01601 Kyiv
UKRAINE

Chapter I – Financial Report


Summit
Periodic meeting of OSCE Heads of State or Government
Ministerial Council
Annual meeting of OSCE Foreign Ministers (except in years with Summit)
Permanent Council
Regular body for political consultation and decision-making (weekly in Vienna)
Forum for Security Co-operation
Regular body for arms control and CSBMs (weekly in Vienna)
OSCE Parliamentary Assembly
Copenhagen
Chairman-in-Office (CiO)
Ireland (2012)
Troika
(Lithuania, Ireland, Ukraine)
Personal Representatives of the CiO
Office for Democratic Institutions and Human Rights
Warsaw
OSCE Representative on Freedom of the Media
Vienna
Secretary General
Vienna
High Commissioner on National Minorities
The Hague
OSCE Secretariat
Vienna and Prague Office
OSCE Field Operations
OSCE Mission in/to:
• Serbia
• Montenegro
• Moldova
• Kosovo
• Skopje
OSCE Offices in:
• Baku
• Yerevan
• Tajikistan
OSCE Centres in:
• Astana
• Ashgabat
• Bishkek
• Tasks in Bosnia and Herzegovina
• Presence in Albania
• The Personal Representative of CiO on the Conflict Dealt with by the OSCE Minsk Conference
• Project Co-ordinator in Ukraine
• Project Co-ordinator in Uzbekistan
• The Minsk Process
High-Level Planning Group
Preparing for an OSCE Peacekeeping Force for Nagorno-Karabakh
OSCE Assistance in Implementation of Bilateral Agreements
Representative to the Latvian-Russian Joint Commission on Military Pensioners
Legend:
Line of Responsibility
Provides Support
OSCE related Bodies
Court of Conciliation and Arbitration
Geneva
Joint Consultative Group
Promotes implementation of CFE Treaty, Meets in Vienna
Open Skies Consultative Commission
Promotes implementation of Open Skies Treaty, Meets in Vienna

Chapter I - Financial Report

1. Introduction

The Secretary General of the Organization for Security and Co-operation in Europe (OSCE) submits herewith the Financial Report and the Financial Statements of the Organization for the year ended 31 December 2012. The Financial Report provides the financial results for the OSCE's activities during the financial year 2012.

The OSCE operates a system of fund accounting and the resulting financial statements present the financial results of the Secretariat, Institutions and Field Operations, Extra-budgetary Funds, the Network Operating System Fund and the ERP Upgrade Fund. The Financial Report provides an overview and analysis of the financial aspects of each of these Funds.

1.1 Basis of Reporting

Pursuant to PC.DEC/1040 dated 10 May 2012, the OSCE is following a progressive adoption of International Public Sector Accounting Standards (IPSAS). However, while the adoption of these Standards affects the Financial Statements, the Budgetary results and the calculation of the Cash Surplus remain unchanged; therefore the amounts provided in the Financial Report do not include IPSAS adjustments. For a detailed list of the impact of IPSAS adoption, please refer to the Notes to the Financial Statements.

1.2 Overview of Results

Total income includes assessed contributions, extra-budgetary contributions, miscellaneous revenue, savings on prior year's unliquidated obligations, foreign exchange differences and other adjustments. Total revenue for 2012 amounted to EUR 171,142 thousand (2011: EUR 166,456 thousand).

Total expenditure for 2012 includes Unified Budget Funds, Extra-budgetary Funds, the Network Operating System Fund and the ERP Upgrade Fund. Total expenditure for 2012 amounted to EUR 167,699 thousand (2011: EUR 173,095 thousand). The excess expenditure over income of EUR 3,444 thousand is mainly due to Extra-budgetary funds that are multi-year funds as shown in the following table. Please refer to Note 18.1 of the Financial Statements for a reconciliation of the Excess of Income over Expenditure with the Net Surplus for the Year after IPSAS adjustments.

Summary of the OSCE's Results for the Financial Year 2012

EUR'000	Unified Budget	Extra-Budgetary	Network Operating System	ERP Upgrade	TOTAL
INCOME					
Assessed Contributions	144,823	-	-	-	144,823
Extra-budgetary Contributions	-	25,732	-	-	25,732
Other income and adjustments	1,010	(423)	-	-	587
TOTAL INCOME	**145,833**	**25,310**	**-**	**-**	**171,142**
EXPENDITURE	**144,808**	**22,577**	**243**	**71**	**167,699**
EXCESS OF INCOME OVER EXPENDITURE	**1,025**	**2,733**	**(243)**	**(71)**	**3,444**

BUDGET		STAFFING positions	Number of positions
2012 Year-end UB Revision	144,818	Professional staff positions	1,167
Budget utilisation rate	99.9%	General service staff positions	1,576
CASH DEFICIT 2012	**(1,904)**	**Total staff positions**	**2,743**

The Action Plan for the Implementation of the Recommendations of the Report of the External Auditors on the Financial Statements for the year ended 31 December 2011 was circulated (PC.ACMF/57) to all Delegations of participating States on 31 October 2012.

2. Unified Budget

2.1 Income - Assessed Contributions

The OSCE's source of income for the Unified Budget is assessed contributions from participating States. The level of assessed contributions received is a direct function of the billing schedule defined for the OSCE in its Financial Regulations.

OSCE income from assessed contributions for 2012 totalled EUR 144,823 thousand, of which EUR 53,198 thousand is based on the Standard Scale of Contributions and EUR 91,625 thousand is based on the Field Operations Scale of Contributions. The OSCE received 95.2% of assessed contributions for 2012 by 31 December 2012 (2011: 97.0%). Other income for the Unified Budget, which includes miscellaneous income, currency exchange adjustments and savings on prior year unliquidated obligations, amounted to EUR 1,010 thousand.

The income from assessed contributions for 2012 includes an amount of EUR 5 thousand in respect of Mongolia, following MC.DEC/2/12 from 21 November 2012 on its accession to the OSCE and PC.DEC/1067 from 13 December 2012, on its share in the OSCE scales of contribution for 2012. However, since this amount was not budgeted, there is a difference between the total assessed contribution income and the Unified Budget of EUR 5 thousand.

2.2 In-Kind Contributions

A unique feature of the OSCE is the significant amount of in-kind contributions provided in the form of seconded staff and certain premises. The value of these in-kind contributions is estimated at approximately EUR 43,489 thousand for 2012. This comprises an estimated EUR 38,069 thousand for seconded staff salaries and EUR 5,420 thousand for buildings provided by host countries. In particular, generous contributions are acknowledged from the Austrian government for office rent and conference facilities (EUR 3,483 thousand) and the Polish government for ODIHR (EUR 1,225 thousand). These governments have provided further substantial contributions in-kind in the form of tax concessions, security and parking areas.

2.3 Budget

The 2012 Unified Budget was approved under PC.DEC/1028 on 22 December 2011, in the amount of EUR 148,055 thousand. Revised budgets approved under subsequent Permanent Council Decisions resulted in a net decrease of EUR 3,237 thousand, resulting in a Year-end Revised Budget of EUR 144,818 thousand (PC.DEC/1075 of 7 March 2013). The following table lists the PC Decisions affecting the Unified Budget in the course of 2012.

2012 Unified Budget Revisions

EUR '000	PC Decision	Budget Revisions
22/12/2011 PC.DEC/1028	Approval of the 2012 Unified Budget	148,055
07/03/2013 PC.DEC/1075	OSCE 2012 Year-end Unified Budget Revision	(3,237)
Year-End Revised Budget		**144,818**

The format and structure of the 2012 Unified Budget presented individual Programmes, together with their objectives and outputs and the financial and human resources required for their achievements for each Fund.

2012 Year-end Budget Revision (PC.DEC/1075)

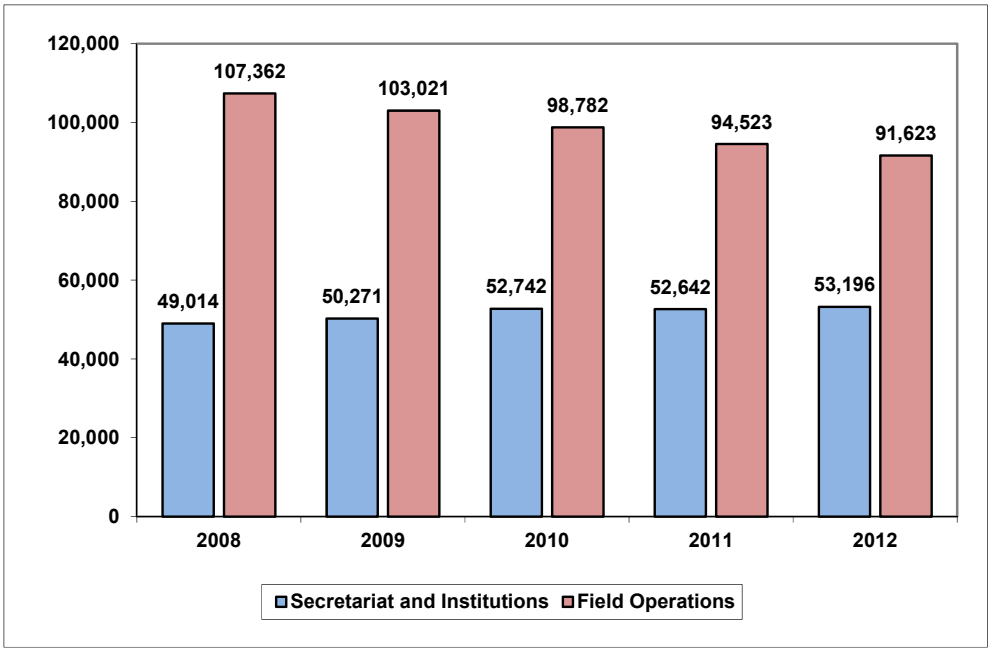
EUR '000	2012	%
I. Funds Related to The Secretariat and Institutions		
The Secretariat	32,724	22.6%
Office for Democratic Institutions and Human Rights	15,799	10.9%
High Commissioner on National Minorities	3,283	2.3%
Representative on Freedom of the Media	1,390	1.0%
II. Funds Related to OSCE Field Operations (by Region)		
South-Eastern Europe	56,159	38.8%
Eastern Europe	4,592	3.2%
Caucasus	7,242	5.0%
Central Asia	18,329	12.7%
Augmentations	5,301	3.7%
Total Unified Budget	**144,818**	**100.0%**

The Performance Based Programme Budgeting (PBPB) methodology was fully implemented in all Funds presenting the objectives, outcomes and outputs. In the presentation and the approval of the 2012 Unified Budget, Funds were grouped under (i) Funds related to the Secretariat and Institutions and (ii) Funds related to Field Operations, with the latter, in turn, being grouped into regions. This presentation is also followed in this Financial Report and Financial Statements.

From the operational perspective, the OSCE remains a field-oriented organization, with the share of the budget allocated to Field Operations representing EUR 91,623 thousand (63.3%) of the 2012 Unified Budget. The share of resources in the Secretariat and Institutions was EUR 53,196 thousand (36.7%). The Secretariat's budget includes resources for thematic activities.

The following chart shows the distribution of the Unified Budget from 2008 to 2012:

Distribution of Unified Budget 2008-2012 (EUR '000)



The geographical distribution of resources allocated to OSCE's Field Operations saw a small increase in the percentage share of resources allocated to Central Asia (1.0%), and a decrease in the share of resources allocated to Caucasus and South-Eastern Europe (-0.3% and -1.0%, respectively).

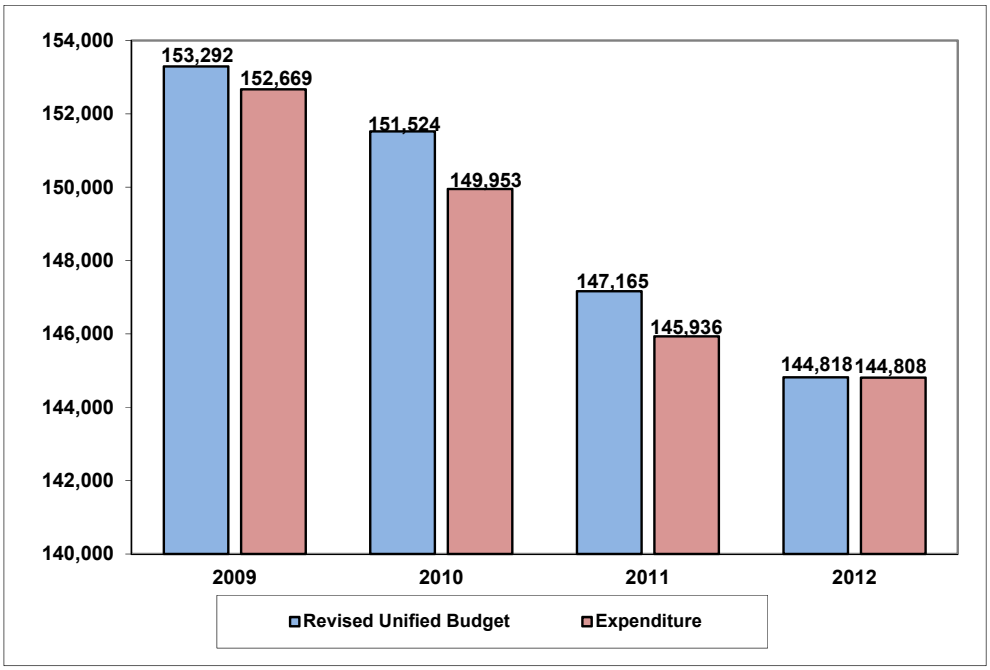
Geographical Distribution of Unified Budget: Funds Related to Field Operations

EUR '000	2012		2011	
Funds Related to OSCE Field Operations (by Region)				
South-Eastern Europe	56,159	61.3%	58,892	62.3%
Eastern Europe	4,592	5.0%	4,597	4.9%
Caucasus	7,242	7.9%	7,796	8.2%
Central Asia	18,329	20.0%	17,984	19.0%
Augmentations	5,301	5.8%	5,255	5.6%
Total	**91,623**	**100.0%**	**94,523**	**100.0%**

2.4 Expenditure

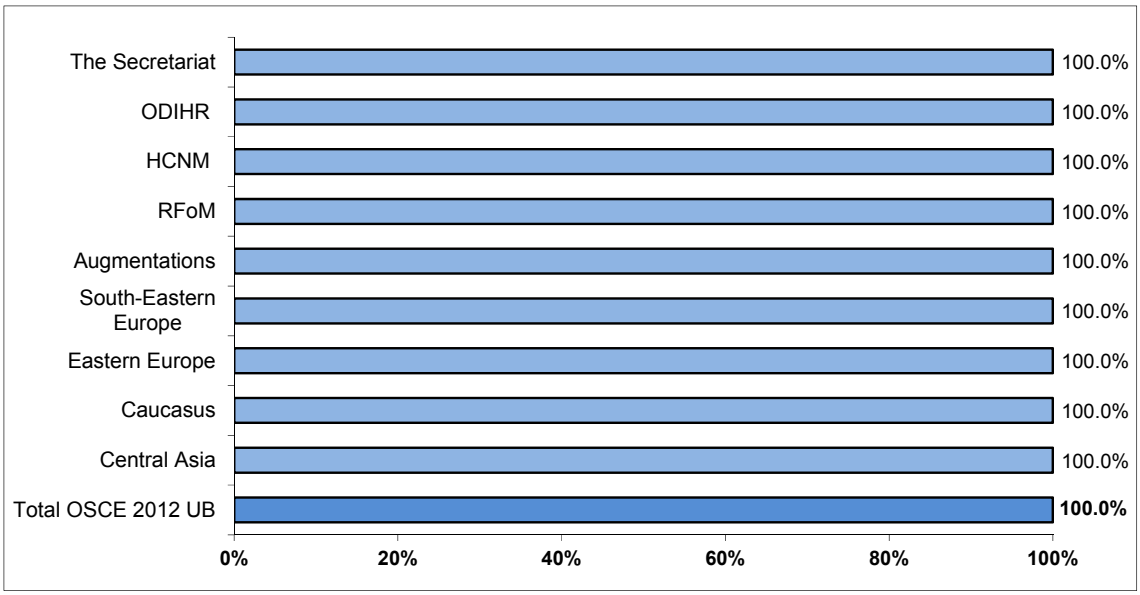
The 2012 expenditure against the Unified Budget amounted to a total of EUR 144,808 thousand, representing a decrease of 0.7% compared to EUR 145,935 thousand in 2011.

Budget vs. Expenditure 2008-2012 (EUR '000)



Expenditure for 2012 compared to the year-end revised Budget of EUR 144,818 thousand was 99.9% (2011: 99.2%) and expenditure against the original Unified Budget approved 22 December 2011 of EUR 148,055 thousand was 97.8% (2011: 96.8%).

Budget Utilisation Rates for Year-End Budget Revision

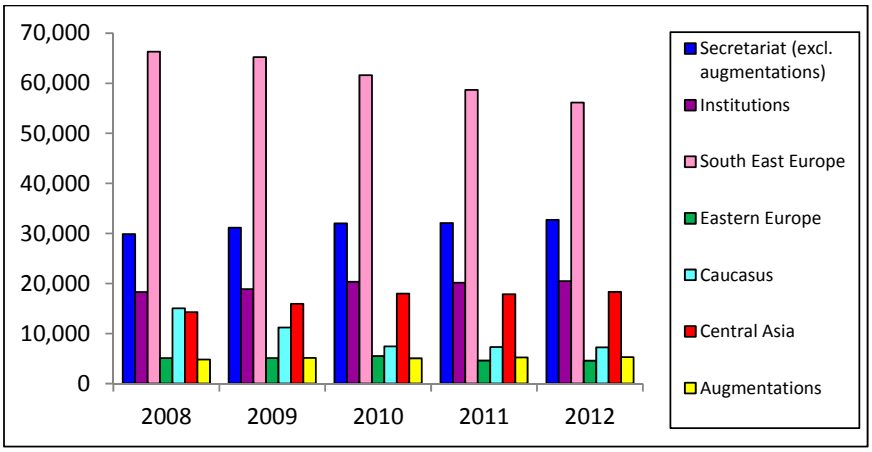


The following is a comparison between 2012 and 2011 expenditure.

Unified Budget Expenditure

EUR '000	2012		2011	
I. Funds Related to The Secretariat and Institutions				
The Secretariat	32,722	22.6%	32,095	22.0%
Office for Democratic Institutions and Human Rights	15,798	10.9%	15,449	10.6%
High Commissioner on National Minorities	3,282	2.3%	3,280	2.2%
Representative on Freedom of the Media	1,389	1.0%	1,414	1.0%
Total Funds Related to The Secretariat and Institutions	**53,192**	**36.7%**	**52,239**	**35.8%**
II. Funds Related to OSCE Field Operations (by Region)				
Augmentations	5,300	3.7%	5,239	3.6%
South-Eastern Europe	56,155	38.8%	58,680	40.2%
Eastern Europe	4,591	3.2%	4,598	3.2%
Caucasus	7,241	5.0%	7,311	5.0%
Central Asia	18,327	12.7%	17,869	12.2%
Total Funds Related to OSCE Field Operations	**91,616**	**63.3%**	**93,697**	**64.2%**
Total OSCE	**144,808**	**100.0%**	**145,935**	**100.0%**

Unified Budget Expenditure by Region 2008-2012 (EUR '000)



The distribution of Unified Budget Expenditure by Cost Category between 2012 and 2011 saw a decrease in all cost categories, except Staff Costs, showing an increase of 0.2% and Assets and Equipment, which increased by 1.6%.

Unified Budget Expenditure by Cost Category

EUR '000	2012		2011	
Staff Costs	90,024	62,2%	89,854	61.6%
Operational Costs	42,795	29.6%	43,942	30.1%
Assets/Equipment	3,387	2.3%	3,333	2.3%
Office Costs	8,434	5.8%	8,609	5.9%
HoM Facility	169	0,1%	197	0.1%
Total	**144,808**	**100.0%**	**145,935**	**100.0%**

As in previous years, Staff Costs continue to represent the most significant share of OSCE's annual expenditure.

2.5 Staffing

Total budgeted positions as at 31 December 2012 were 2,743, representing a 2.6% decrease over the previous year (2011: 2,818). The distribution of positions within the Organization is shown in Page 27.

Budgeted Positions

Number of positions	2012		2011	
Professional Staff	**1,167**	**42.5%**	**1,194**	**42.4%**
International contracted	267	22.9%	272	22.8%
Seconded	523	44.8%	545	45.6%
National professional	377	32.3%	377	31.6%
General Services Staff	**1,576**	**57.5%**	**1,624**	**57.6%**
Secretariat and Institutions	254	16.1%	255	15.7%
Field Operations	1,322	83.9%	1,369	84.3%
Total Staff	**2,743**	**100.0%**	**2,818**	**100.0%**

Budgeted vs. Filled Positions as at 31 December 2012

Number of positions	Budgeted	Filled	% Filled
Professional Staff	**1,167**	**1,042**	**89.3%**
International contracted	267	253	94.8%
Seconded	523	428	81.8%
National professional	377	361	95.8%
General Services Staff	**1,576**	**1,527**	**96.9%**
Secretariat and Institutions	254	248	97.6%
Field Operations	1,322	1,279	96.7%
Total Staff	**2,743**	**2,569**	**93.7%**

3. Extra-budgetary Contributions

Extra-budgetary contributions continue to be a valuable source of funding for the OSCE to finance projects and activities that are consistent with OSCE objectives but are not funded under the Unified Budget. The amount of Extra-budgetary contributions received in 2012 amounted to EUR 25,732 thousand (2011: EUR 17,186 thousand). Of this amount, EUR 3,370 thousand was received in respect of pledges made in previous years.

Unlike resources provided under the Unified Budget, Extra-budgetary contributions are normally multi-year in nature with balances carried forward from one year to the next. The fund balance of all Extra-budgetary resources carried forward to 2012 from 2011 amounted to EUR 34,008 thousand (2011: EUR 43,470 thousand).

Expenditure of Extra-budgetary resources in 2012 amounted to EUR 22,577 thousand (2011: EUR 25,597 thousand).

A total of EUR 1,377 thousand of unspent extra-budgetary funds was refunded to the respective donors in 2012.

4. Cash Management

Cash and bank balances are managed in strict compliance with the OSCE's Financial Regulations. Accordingly, all amounts received from participating States against assessed contributions billed are used for the purposes authorised within the relevant year's budget, and any cash surplus is credited to participating States within the timelines set out in Financial Regulation 7.07.

Cash and bank balances as at the end of 2012 and 2011 are shown in the following table.

OSCE - Bank and Cash Balances

EUR '000	2012		2011	
Bank				
The Secretariat	58,194	94.8%	60,676	94.5%
Institutions	829	1.4%	854	1.3%
Total Secretariat & Institutions	**59,023**	**96.2%**	**61,530**	**95.8%**
South-Eastern Europe	860	1.4%	1,076	1.7%
Eastern Europe	156	0.3%	45	0.1%
Caucasus	303	0.5%	250	0.4%
Central Asia	651	1.1%	988	1.5%
Total Field Operations	**1,970**	**3.2%**	**2,359**	**3.7%**
Total Bank	**60,992**	**99.4%**	**63,890**	**99.5%**
Total Cash	**377**	**0.6%**	**338**	**0.5%**
GRAND TOTAL	**61,370**	**100.0%**	**64,228**	**100.0%**

The Secretariat - Bank Balances

EUR '000	2012	2011
UB Bank Accounts	13,884	20,061
XB Bank Accounts	39,420	35,725
Revolving Fund	2,710	2,710
Contingency Fund	2,180	2,180
Total	**58,194**	**60,676**

The primary objective guiding the Secretariat's Treasury is to ensure the efficient and cost-effective management of OSCE's financial resources. Cash is managed centrally in order to safeguard funds, better monitor cash flow and optimise investment income. Treasury is also responsible for developing and implementing instructions and procedures for the safe custody of cash and bank balances at all Institutions and Field Operations.

The geographic as well as currency composition of cash and bank balances is monitored closely for the purposes of managing the exposure to volatility in the financial markets. Banks used by the OSCE across all locations are reviewed regularly to ensure that the Organization's funds are safeguarded with due care and prudence.

In line with Financial Regulation 5.02, short-term investments are made in the form of time-deposits of monies not needed for immediate requirements and all interest earned is credited as miscellaneous income to the Secretariat Fund.

In 2012 the Investment Committee continued to monitor cash management activities and to assess the risks associated with placing deposits with banks. The Investment Committee regularly reviews the investment portfolio and approves the banks where investments are placed.

5. Management Issues

5.1 Performance Based Programme Budgeting

In its Decision 18/06 of 5 December 2006, the Ministerial Council stated its commitment to further introduction and application of PBPB in the OSCE. Since 2007 the Secretariat devoted significant efforts to apply PBPB across all OSCE Funds. 2012 was the fifth full year of implementation of PBPB methodology across the Organisation and the third budget cycle in which all the Funds used the Performance Indicators at the Outcome level as an internal tool for their Programmes.

5.2 Common Regulatory Management System

On 1 December 2005, participating States adopted the decision on establishing a comprehensive Common Regulatory Management System (CRMS) (PC.DEC/705) to facilitate the effective and efficient management of OSCE's human, financial and material resources.

Included in the approval of the 2012 Unified Budget (PC.DEC/1028), the ACMF was tasked to continue deliberations on amending the OSCE Financial Regulations with the aim of achieving timely approval of new OSCE Financial Regulations, however no further progress by participating States was made during 2012 towards reaching agreement.

5.3 Enterprise Resource Planning (ERP) Upgrade Fund

The ERP Upgrade Fund was established in 2012 (PC.DEC/1033) to finance the upgrade of the OSCE's ERP system. This fund was established by allocating EUR 3,930 thousand in three equal instalments of EUR 1,310 thousand from each of the 2009, 2010 and 2011 cash surplus.

5.4 Statement of Internal Control

The OSCE is issuing for the first time a 'Statement of Internal Control' (SIC) along with the Financial Statements for the year ending 31 December 2012. The SIC is the means by which the Secretary General declares his approach to, and responsibility for, risk management, internal control and corporate governance. Please refer to Chapter V - Statement of Internal Control.

Chapter II – Budget and Expenditure Report

and

Staffing Overview

Budget and Expenditure Report as at 31 December 2012

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
I. FUNDS RELATED TO SECRETARIAT AND INSTITUTIONS									
The Secretariat									
Secretary General and Central Services									
Executive Management	1,240	(71)	1,170	-	1,170	1,148	22	1,170	100
Security Management	374	(1)	373	-	373	373	0	373	100
External Co-operation	674	52	726	-	726	705	21	726	100
Legal Services	522	19	541	-	541	541	1	541	100
Press and Public Information	1,193	(44)	1,150	-	1,150	1,089	60	1,150	100
Records Management	237	(23)	214	-	214	213	1	214	100
Prague Office	405	(49)	356	-	356	348	8	356	100
Gender Issues	361	(38)	323	-	323	315	8	323	100
TOTAL	**5,007**	**(154)**	**4,853**	**-**	**4,853**	**4,731**	**121**	**4,853**	**100**
Chairman-in-Office									
Short-Term Mission/Visits of CiO and PR of the CiO	339	0	339	-	339	339	0	339	100
Advisory Committee on Management and Finance (ACMF)	15	(0)	15	-	15	14	0	15	100
Panel of Adjudicators	39	(19)	20	-	20	19	1	20	100
Audit Committee	49	(33)	17	-	17	16	-	16	99
External Auditors	100	(51)	49	-	49	48	1	49	100
TOTAL	**542**	**(103)**	**439**	**-**	**439**	**437**	**2**	**439**	**100**
Internal Oversight									
Internal Oversight	1,277	(79)	1,199	-	1,199	1,187	11	1,199	100
TOTAL	**1,277**	**(79)**	**1,199**	**-**	**1,199**	**1,187**	**11**	**1,199**	**100**
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings									
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings	905	(34)	871	-	871	863	7	871	100
TOTAL	**905**	**(34)**	**871**	**-**	**871**	**863**	**7**	**871**	**100**

Budget and Expenditure Report as at 31 December 2012

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
Addressing Transnational Threats									
Co-ordination Cell	494	(19)	475	-	475	468	7	475	100
Strategic Police Matters Unit	617	(43)	573	-	573	572	1	573	100
Action Against Terrorism	729	(13)	716	-	716	716	0	716	100
Borders Team	408	5	413	-	413	412	0	413	100
TOTAL	**2,248**	**(70)**	**2,178**	**-**	**2,178**	**2,168**	**9**	**2,177**	**100**
Activities Related to the Economic and Environmental Aspects of Security									
Co-ordinator of OSCE Economic and Environmental Activitie	1,464	7	1,472	-	1,472	1,442	29	1,471	100
Economic and Environmental Forum	459	(5)	454	-	454	449	5	454	100
TOTAL	**1,924**	**2**	**1,925**	**-**	**1,925**	**1,891**	**34**	**1,925**	**100**
Conflict Prevention									
CPC Direction and Management	406	(7)	399	-	399	398	1	399	100
Policy Support Service	883	13	896	-	896	896	1	896	100
Operations Service	669	4	673	-	673	664	9	673	100
Programming and Evaluation Support Unit	346	5	351	-	351	350	0	351	100
FSC Chairmanship	33	0	34	-	34	28	5	33	100
FSC Support	487	6	492	-	492	491	2	492	100
Communications Network	544	(46)	497	-	497	429	68	497	100
TOTAL	**3,367**	**(24)**	**3,342**	**-**	**3,342**	**3,256**	**86**	**3,342**	**100**
Human Resources Management									
HR Direction and Management	457	(25)	432	-	432	378	53	432	100
Personnel Management and Payroll Administratior	1,077	6	1,083	-	1,083	1,031	52	1,082	100
Recruitment	540	(44)	496	-	496	494	2	496	100
Training Section	989	(135)	854	-	854	848	5	854	100
Common Staff Costs	1,949	(41)	1,908	-	1,908	1,870	38	1,908	100
TOTAL	**5,012**	**(240)**	**4,772**	**-**	**4,772**	**4,622**	**150**	**4,772**	**100**
Department of Management and Finance									
DMF Direction and Management	339	(17)	323	-	323	320	2	322	100
Conference and Language Services	4,842	(114)	4,728	-	4,728	4,658	69	4,727	100
Budget and Internal Control Services	671	(51)	620	-	620	620	-	620	100
Financial Accounting and Treasury Services	927	(14)	912	-	912	902	10	912	100
Information and Communication Technology Services	2,021	(4)	2,017	-	2,017	1,964	53	2,017	100
Mission Support Services	1,337	57	1,394	-	1,394	1,387	7	1,394	100
Secretariat Common Operational Costs	3,260	(108)	3,152	-	3,152	2,692	459	3,152	100
TOTAL	**13,397**	**(252)**	**13,145**	**-**	**13,145**	**12,544**	**601**	**13,145**	**100**
TOTAL FOR THE SECRETARIAT	**33,677**	**(953)**	**32,724**	**-**	**32,724**	**31,700**	**1,022**	**32,722**	**100**

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
Office for Democratic Institutions and Human Rights									
Direction and Policy	1,281	(47)	1,234	-	1,234	1,212	22	1,234	100
Fund Administration Unit	2,063	(16)	2,048	-	2,048	2,002	45	2,048	100
Common Operational Costs	863	18	881	-	881	753	128	881	100
Human Dimension Meetings	657	(71)	586	-	586	584	1	585	100
Democratization	1,481	(57)	1,424	-	1,424	1,400	24	1,424	100
Human Rights	1,195	(78)	1,117	-	1,117	1,093	23	1,117	100
Elections	6,436	334	6,770	-	6,770	6,610	159	6,770	100
Tolerance and Non-Discrimination	1,282	(28)	1,253	-	1,253	1,231	22	1,253	100
Roma and Sinti Issues	551	(64)	487	-	487	482	5	487	100
TOTAL	**15,808**	**(9)**	**15,799**	**-**	**15,799**	**15,369**	**429**	**15,798**	**100**
High Commissioner on National Minorities									
Fund Administration Unit	365	8	373	-	373	373	-	373	100
Common Operational Costs	183	(14)	169	-	169	168	1	169	100
Office of the High Commissioner	2,851	(111)	2,740	-	2,740	2,719	21	2,740	100
TOTAL	**3,400**	**(117)**	**3,283**	**-**	**3,283**	**3,260**	**22**	**3,282**	**100**
Representative on Freedom of the Media									
Freedom of the Media	1,429	(40)	1,390	-	1,390	1,357	33	1,390	100
TOTAL	**1,429**	**(40)**	**1,390**	**-**	**1,390**	**1,357**	**33**	**1,390**	**100**
TOTAL FOR FUNDS RELATED TO THE SECRETARIAT AND INSTITUTIONS	54,314	(1,118)	53,196	-	53,196	51,686	1,506	53,193	100

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
II. FUNDS RELATED TO OSCE FIELD OPERATIONS									
AUGMENTATIONS									
Secretariat Augmentations									
Press and Public Information	265	(102)	162	-	162	162	-	162	100
Internal Oversight	278	(25)	253	-	253	248	5	253	100
Policy Support Service	398	(13)	385	-	385	385	0	385	100
Programming and Evaluation Support Unit	59	5	63	-	63	63	0	63	100
Operations Service	176	2	178	-	178	177	1	178	100
Personnel Management and Payroll Administration	305	(4)	302	-	302	300	1	301	100
Recruitment	502	(10)	492	-	492	491	1	492	100
Budget and Internal Control Services	383	(51)	331	-	331	331	1	331	100
Financial Accounting and Treasury Services	471	(49)	422	-	422	420	2	422	100
Information and Communication Technology Services	1,342	55	1,397	-	1,397	1,374	23	1,397	100
Mission Support Service	1,081	10	1,091	-	1,091	1,085	5	1,090	100
TOTAL	**5,260**	**(183)**	**5,077**	**-**	**5,077**	**5,036**	**40**	**5,076**	**100**
ODIHR Augmentations									
ODIHR Democratization	231	(7)	224	-	224	224	0	224	100
TOTAL	**231**	**(7)**	**224**	**-**	**224**	**224**	**0**	**224**	**100**
TOTAL FOR AUGMENTATIONS	**5,491**	**(190)**	**5,301**	**-**	**5,301**	**5,260**	**40**	**5,300**	**100**

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
SOUTH-EASTERN EUROPE									
Mission in Kosovo									
Office of Head of Mission	3,296	278	3,574	-	3,574	3,447	127	3,574	100
Fund Administration Unit	2,891	267	3,158	-	3,158	2,990	168	3,158	100
Common Operational Costs	4,322	(354)	3,968	-	3,968	3,610	359	3,968	100
Security and Public Safety	1,295	9	1,303	-	1,303	1,287	16	1,303	100
Democratization	3,032	39	3,070	-	3,070	2,958	112	3,070	100
Human Rights and Communities	7,027	(239)	6,788	-	6,788	6,687	101	6,788	100
TOTAL FOR THE MISSION	**21,862**	**(1)**	**21,862**	**-**	**21,862**	**20,978**	**883**	**21,861**	**100**
Tasks in Bosnia and Herzegovina									
Office of Head of Mission	1,719	(125)	1,594	-	1,594	1,593	1	1,594	100
Fund Administration Unit	1,948	27	1,975	-	1,975	1,914	61	1,975	100
Common Operational Costs	3,026	(91)	2,935	-	2,935	2,827	108	2,935	100
Security Co-operation	655	(24)	630	-	630	630	0	630	100
Human Dimension	7,144	(83)	7,061	-	7,061	7,054	8	7,061	100
TOTAL FOR THE MISSION	**14,493**	**(297)**	**14,196**	**-**	**14,196**	**14,018**	**177**	**14,196**	**100**
Regional Stabilization/Arms Control									
Implementation of Article IV	204	(4)	200	-	200	199	2	200	100
TOTAL REGIONAL STABILIZATION / ARMS CONTROL	**204**	**(4)**	**200**	**-**	**200**	**199**	**2**	**200**	**100**
Grand Total for Tasks in Bosnia and Herzegovina	**14,697**	**(301)**	**14,396**	**-**	**14,396**	**14,217**	**179**	**14,396**	**100**
Office in Zagreb									
Office of Head of Mission	102	(18)	84	-	84	84	-	84	100
Fund Administration Unit	192	(18)	174	-	174	174	-	174	100
Common Operational Costs	174	(52)	122	-	122	122	-	122	100
War Crimes Monitoring	181	(18)	162	-	162	162	-	162	100
Housing Care Implementation	78	(3)	75	-	75	75	-	75	100
TOTAL	**727**	**(110)**	**618**	**-**	**618**	**617**	**-**	**617**	**100**
Mission to Serbia									
Office of Head of Mission	981	(15)	965	-	965	951	14	965	100
Fund Administration Unit	802	28	829	-	829	827	3	829	100
Common Operational Costs	1,349	(31)	1,318	-	1,318	1,276	42	1,318	100
Police Affairs	1,545	(78)	1,467	-	1,467	1,436	31	1,467	100
Democratization	1,152	(3)	1,150	-	1,150	1,091	57	1,148	100
Media	402	8	410	-	410	409	1	410	100
Rule of Law and Human Rights	1,038	(6)	1,032	-	1,032	1,014	19	1,032	100
TOTAL	**7,269**	**(98)**	**7,171**	**-**	**7,171**	**7,002**	**167**	**7,169**	**100**

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
Presence in Albania									
Office of Head of Mission	639	(6)	633	-	633	607	26	633	100
Fund Administration Unit	410	16	427	-	427	416	11	427	100
Common Operational Costs	810	(62)	748	-	748	651	96	748	100
Security Co-operation	299	(7)	292	-	292	276	16	292	100
Governance in Economic and Environmental Issues	297	(23)	274	-	274	236	38	274	100
Democratization	397	(10)	387	-	387	327	59	387	100
Rule of Law and Human Rights	318	10	328	-	328	315	13	328	100
TOTAL	**3,170**	**(82)**	**3,088**	**-**	**3,088**	**2,828**	**259**	**3,087**	**100**
Mission to Skopje									
Office of Head of Mission	1,568	64	1,632	-	1,632	1,629	3	1,632	100
Fund Administration Unit	994	47	1,040	-	1,040	1,038	2	1,040	100
Common Operational Costs	1,125	(52)	1,073	-	1,073	1,026	47	1,073	100
Police Development	1,347	(57)	1,290	-	1,290	1,287	3	1,290	100
Good Governance	606	(22)	584	-	584	530	54	584	100
Rule of Law	1,214	(33)	1,181	-	1,181	1,142	39	1,181	100
TOTAL	**6,853**	**(53)**	**6,800**	**-**	**6,800**	**6,652**	**148**	**6,800**	**100**
Mission to Montenegro									
Office of Head of Mission	331	(11)	321	-	321	321	-	321	100
Fund Administration Unit	255	10	265	-	265	264	-	264	100
Common Operational Costs	434	(20)	414	-	414	401	13	414	100
Police Affairs	425	(6)	419	-	419	419	-	419	100
Politico-Military Activities	45	(5)	40	-	40	37	3	40	100
Democratization	405	(21)	385	-	385	378	7	385	100
Media	122	(7)	115	-	115	115	-	115	100
Rule of Law and Human Rights	281	(13)	268	-	268	266	2	268	100
TOTAL	**2,298**	**(73)**	**2,225**	**-**	**2,225**	**2,200**	**25**	**2,224**	**100**
TOTAL FOR SOUTH-EASTERN EUROPE	**56,875**	**(717)**	**56,159**	**-**	**56,159**	**54,495**	**1,661**	**56,156**	**100**

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Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
EASTERN EUROPE									
Mission to Moldova									
Office of Head of Mission	379	(5)	375	-	375	373	2	375	100
Fund Administration Unit	207	7	214	-	214	214	0	214	100
Common Operational Costs	442	(9)	433	-	433	391	42	433	100
Conflict Prevention/Resolution	485	(20)	465	-	465	462	3	465	100
Human Rights Monitoring/Democratization	291	1	292	-	292	288	3	291	100
Anti-Trafficking/Gender	269	(29)	239	-	239	239	0	239	100
TOTAL	**2,073**	**(56)**	**2,017**	**-**	**2,017**	**1,966**	**51**	**2,017**	**100**
Project Co-ordinator in Ukraine									
Office of Head of Mission	193	3	196	-	196	195	0	196	100
Fund Administration Unit	285	28	312	-	312	312	0	312	100
Common Operational Costs	401	30	432	-	432	401	30	432	100
Democratization and Good Governance	297	(35)	263	-	263	262	0	263	100
Rule of Law and Human Rights	870	(36)	835	-	835	832	3	835	100
Economic, Environmental and Politico-Military Projects	698	(169)	529	-	529	517	12	529	100
TOTAL	**2,744**	**(179)**	**2,566**	**-**	**2,566**	**2,519**	**46**	**2,565**	**100**
Representative to the Latvian-Russian Joint Commission on Military Pensioner									
Office of Head of Mission	9	(0)	9	-	9	9	0	9	99
TOTAL	**9**	**(0)**	**9**	**-**	**9**	**9**	**0**	**9**	**99**
TOTAL FOR EASTERN EUROPE	**4,826**	**(235)**	**4,592**	**-**	**4,592**	**4,494**	**97**	**4,591**	**100**

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CAUCASUS									
Office in Yerevan									
Office of Head of Mission	281	5	285	-	285	285	1	285	100
Fund Administration Unit	208	(5)	203	-	203	202	1	203	100
Common Operational Costs	395	21	416	-	416	386	30	416	100
Politico-Military Activities	532	(71)	461	-	461	460	0	461	100
Economic and Environmental Activities	495	(21)	474	-	474	473	0	474	100
Democratization	272	5	277	-	277	277	-	277	100
Human Rights	298	(16)	281	-	281	281	0	281	100
Good Governance	313	(26)	287	-	287	286	0	286	100
TOTAL	**2,793**	**(110)**	**2,683**	**-**	**2,683**	**2,650**	**32**	**2,683**	**100**
Office in Baku									
Office of Head of Mission	217	8	225	-	225	220	5	225	100
Fund Administration Unit	221	22	243	-	243	241	2	242	100
Common Operational Costs	565	31	595	-	595	551	44	595	100
Politico-Military Activities	590	(82)	508	-	508	450	58	508	100
Economic and Environmental Activities	416	(21)	395	-	395	304	91	395	100
Democratization	395	(10)	386	-	386	342	43	386	100
Rule of Law and Human Rights	427	(1)	426	-	426	329	97	426	100
TOTAL	**2,830**	**(53)**	**2,777**	**-**	**2,777**	**2,437**	**339**	**2,776**	**100**
High-Level Planning Group									
Office of Head of Mission	245	(72)	173	-	173	172	1	173	100
TOTAL	**245**	**(72)**	**173**	**-**	**173**	**172**	**1**	**173**	**100**
The Minsk Process									
Office of Head of Mission	928	(467)	460	-	460	450	11	460	100
TOTAL	**928**	**(467)**	**460**	**-**	**460**	**450**	**11**	**460**	**100**
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference									
Office of Head of Mission	575	(11)	564	-	564	563	1	564	100
Fund Administration Unit	195	31	225	-	225	222	3	225	100
Common Operational Costs	386	(25)	361	-	361	347	14	361	100
TOTAL	**1,155**	**(6)**	**1,150**	**-**	**1,150**	**1,132**	**18**	**1,149**	**100**
TOTAL FOR CAUCASUS	**7,950**	**(708)**	**7,242**	**-**	**7,242**	**6,840**	**401**	**7,241**	**100**

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CENTRAL ASIA									
Centre in Astana									
Office of Head of Mission	208	(12)	196	-	196	190	6	196	100
Fund Administration Unit	249	4	253	-	253	252	0	252	100
Common Operational Costs	364	(2)	363	-	363	337	26	363	100
Politico-Military Activities	439	(6)	433	-	433	431	2	433	100
Economic and Environmental Activities	445	(7)	438	-	438	434	4	438	100
Human Dimension Activities	443	(5)	438	-	438	410	27	438	100
TOTAL	**2,148**	**(28)**	**2,121**	**-**	**2,121**	**2,055**	**66**	**2,120**	**100**
Centre in Ashgabat									
Office of Head of Mission	306	(28)	278	-	278	248	30	278	100
Fund Administration Unit	168	(3)	165	-	165	164	0	165	100
Common Operational Costs	253	(5)	248	-	248	233	15	248	100
Conflict Prevention and Confidence and Security Building	258	(8)	251	-	251	250	1	251	100
Economic and Environmental Activities	239	17	256	-	256	204	52	255	100
Human Dimension Activities	250	(5)	245	-	245	231	14	245	100
TOTAL	**1,473**	**(32)**	**1,442**	**-**	**1,442**	**1,330**	**111**	**1,441**	**100**
Centre in Bishkek									
Office of Head of Mission	990	(15)	975	-	975	873	102	975	100
Fund Administration Unit	570	(42)	528	-	528	526	2	528	100
Common Operational Costs	804	5	809	-	809	723	85	809	100
Politico-Military Activities	1,326	103	1,429	-	1,429	1,261	167	1,429	100
Economic and Environmental Activities	1,033	(16)	1,017	-	1,017	944	73	1,017	100
Human Dimension Activities	995	(14)	980	-	980	900	81	980	100
Police Reform Programme	998	(50)	948	-	948	915	33	948	100
TOTAL	**6,715**	**(29)**	**6,686**	**-**	**6,686**	**6,143**	**543**	**6,685**	**100**
Project Co-ordinator in Uzbekistan									
Office of Head of Mission	159	(4)	155	-	155	134	21	155	100
Fund Administration Unit	94	5	99	-	99	98	1	99	100
Common Operational Costs	269	2	271	-	271	263	8	271	100
Politico-Military Activities	405	(21)	384	-	384	351	33	384	100
Economic and Environmental Activities	523	(4)	519	-	519	466	53	519	100
Human Dimension Activities	499	7	505	-	505	484	22	505	100
TOTAL	**1,950**	**(16)**	**1,933**	**-**	**1,933**	**1,796**	**137**	**1,933**	**100**

Budget and Expenditure Report as at 31 December 2012

EUR '000

Fund Main Programme Programme	Approved Budget PC.DEC/1028	PC Authorized Transfers	Revised Budget PC.DEC/1075	Transfers Fin. Reg. 3.02(b)	Revised Budget after Transfers	Disbursement	ULO	Expenditure	Utiliz. Rate %
Office in Tajikistan									
Office of Head of Mission	1,052	71	1,123	-	1,123	1,070	52	1,123	100
Fund Administration Unit	478	35	513	-	513	508	5	513	100
Common Operational Costs	1,438	109	1,547	-	1,547	1,500	47	1,547	100
Political and Military Aspects of Security	1,337	(122)	1,215	-	1,215	1,204	11	1,215	100
Economic and Environmental Activities	987	(160)	828	-	828	822	5	828	100
Human Dimension Activities	1,021	(99)	922	-	922	908	14	922	100
TOTAL	**6,313**	**(165)**	**6,147**	**-**	**6,147**	**6,012**	**135**	**6,147**	**100**
TOTAL FOR CENTRAL ASIA	**18,599**	**(270)**	**18,329**	**-**	**18,329**	**17,335**	**992**	**18,327**	**100**
TOTAL FOR FUNDS RELATED TO THE OSCE FIELD OPERATIONS	**93,742**	**(2,119)**	**91,623**	**-**	**91,623**	**88,424**	**3,192**	**91,616**	**100**
TOTAL OSCE UNIFIED BUDGET	**148,055**	**(3,237)**	**144,818**	**-**	**144,818**	**140,111**	**4,698**	**144,809**	**100**

Staffing Overview - Budget and Actual Staff Positions

as at 31 December 2012

Fund number of positions	International Staff				Local Staff						Grand Total	
	Contracted		Seconded		National Professional		General Service		Sub-Total			
	Budget	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**
The Secretariat	142	133	39	32	0	0	185	180	185	180	367	350
Office for Democratic Institutions and Human Rights	62	59	16	13	0	0	57	56	57	56	135	124
High Commissioner on National Minorities	16	15	5	4	0	0	9	9	9	9	30	28
Representative on Freedom of the Media	7	7	6	3	0	0	3	3	3	3	16	13
Secretariat and Institutions	**227**	**214**	**66**	**52**	**0**	**0**	**254**	**248**	**254**	**248**	**548**	**515**
Mission in Kosovo	20	17	169	139	90	84	400.5	388	490.5	472	669.5	613
Tasks in Bosnia and Herzegovina	3	3	79	69	147	142	281	273.5	428	415.5	505	484.5
Office in Zagreb	0	0	3	3								
Mission to Serbia	2	2	39	33	28	26	98	96	126	122	162	152
Presence in Albania	1	1	21	20	17	16	51	48	68	64	90	84
Mission to Skopje	5	4	51	47	18	16	99	94	117	110	169	148
Mission to Montenegro	1	1	13	11	6	6	26	25	32	31	44	41
South-Eastern Europe	**32**	**28**	**375**	**322**	**306**	**290**	**955.5**	**924.5**	**1,261.5**	**1,214.5**	**1,639.5**	**1,522.5**
Mission to Moldova	1	1	12	11	9	9	30	28	39	37	52	49
Project Co-ordinator in Ukraine	1	1	2	2	22	22	19	18	41	40	44	43
Eastern Europe	**2**	**2**	**14**	**13**	**31**	**31**	**49**	**46**	**80**	**77**	**96**	**92**
Office in Yerevan	1	1	6	5	12	12	28	28	40	40	47	46
Office in Baku	1	1	11	10	5	5	22.5	22.5	27.5	27.5	39.5	38.5
High-Level Planning Group	0	0	8	5	0	0	1	1	1	1	9	6
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	1	1	5	5	0	0	11	11	11	11	17	17
Caucasus	**3**	**3**	**30**	**25**	**17**	**17**	**62.5**	**62.5**	**79.5**	**79.5**	**112.5**	**107.5**
Centre in Astana	1	1	5	4	4	4	18	18	22	22	28	28
Centre in Ashgabat	1	1	5	5	2	2	17	16	19	18	25	24
Centre in Bishkek	3	3	22	19	6	6	83	77	89	83	115	104
Project Co-ordinator in Uzbekistan	0	0	3	1	3	3	15	15	18	18	21	21
Office in Tajikistan	3	3	25	18	8	8	122	120	130	128	158	155
Central Asia	**8**	**8**	**60**	**47**	**23**	**23**	**255**	**246**	**278**	**269**	**347**	**332**
Total for Funds Related to OSCE Field Operations	**45**	**41**	**479**	**407**	**377**	**361**	**1,322**	**1,279**	**1,699**	**1,640**	**2,195**	**2,054**
Total OSCE Unified Budget Post Table	**272**	**255**	**545**	**459**	**377**	**361**	**1,576**	**1,527.0**	**1,953**	**1,888.0**	**2,743**	**2,569.0**

Chapter III – Financial Statements

I. Statement of Financial Position

Total OSCE

As at 31 December 2012

EUR '000		Total OSCE	
	Note	2012	2011 Restated
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	30,161	43,613
Investments	4	31,208	20,615
Assessed Contributions Receivable	5.1	11,857	8,929
Allowance for Assessed Contributions Receivable	5.2	(5,178)	(4,898)
Accounts Receivable	6	2,641	2,568
Prepayments	7	2,720	2,191
Other Current Assets		23	1
		73,433	**73,018**
Non-Current Assets			
Other Non-Current Assets	8	35	273
		35	**273**
Total Assets		**73,468**	**73,291**
LIABILITIES			
Current Liabilities			
Accounts Payable	9	4,206	4,189
Other Accruals	10	8,002	6,505
Contributions Received in Advance	11	3,442	6,709
Funds Held for Third Parties	12	5,174	3,799
Employee Benefits Current	13	4,922	5,078
Cash Surplus Current	15.1	1,812	190
Provisions	16	600	0
Other Current Liabilities		266	559
		28,423	**27,029**
Non-Current Liabilities			
Employee Benefits Non-Current	13	2,769	2,608
Cash Surplus Non-Current	15.2	(1,904)	1,812
Other Non-Current Liabilities		37	0
		903	**4,420**
Total Liabilities		**29,326**	**31,449**
NET ASSETS			
Cash Surplus Withheld	15.3	278	284
Revolving Fund	1.3	2,710	2,710
Contingency Fund	1.3	2,180	2,180
IPSAS Reserves	17	(10,740)	(10,467)
Accumulated Surplus/(Deficit)	18	49,714	47,135
Total Net Assets		**44,142**	**41,842**

II. Statement of Financial Performance

Total OSCE

For the Year Ended 31 December 2012

EUR '000		Total OSCE
	Note	**2012**
Revenue		
Assessed Contributions	19	144,823
Extra-Budgetary Contributions	20	25,732
Miscellaneous Revenue	21	167
Foreign Exchange Gains/(Losses)	22	47
Savings on Prior Year Accruals	23	337
Finance Revenue	24	448
Other Adjustments	25	(589)
Total Revenue		**170,965**
Expenses		
Staff Costs	26.1	93,700
Consultancy and Subcontracting	26.2	24,694
Travel Expenses	26.3	16,028
Services and Office Costs	26.4	23,731
Consumables and Supplies	26.5	4,642
Equipment Purchases	26.6	4,270
Other Operating Expenses	26.7	1,846
Total Expenses		**168,912**
Surplus/(Deficit) for the Period	18.1	**2,053**

III. Cash Flow Statement

Total OSCE

For the Year Ended 31 December 2012

EUR '000		Total OSCE	
	Note	2012	2011 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit)	18.1	2,053	(6,641)
Non-Cash Movements			
Deduction of Effects of Changes in Foreign Exchange	22	(47)	85
(Increase) / Decrease in Assessed Contributions Receivable	5.1	(2,929)	(330)
Increase /(Decrease) in Allowance for AC Receivable	5.2	280	4,898
(Increase) / Decrease in Accounts Receivable	6	(73)	(168)
(Increase) / Decrease in Prepayments	7	(529)	3,019
(Increase) / Decrease in Other Current/Non-Current Assets		216	(273)
Increase /(Decrease) in Accounts Payable	9	17	382
Increase /(Decrease) in Other Accruals	10	1,497	(3,067)
Increase /(Decrease) in Contributions Received in Advance	11	(3,267)	(1,303)
Increase /(Decrease) in Funds Held for Third Parties	12	1,374	127
Increase /(Decrease) in Employee Benefits	13	4	6,821
Increase /(Decrease) in Provisions	16	600	0
Increase /(Decrease) in Other Liabilities		(255)	186
Increase /(Decrease) in IPSAS Reserves	17	(273)	(10,467)
Net Cash Flows from Operating Activities		**(1,332)**	**(6,732)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	4	(10,593)	(3,254)
Net Cash Flows from Investing Activities		**(10,593)**	**(3,254)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase /(Decrease) in Cash Surplus Withheld	15.3	(6)	(44)
Increase /(Decrease) in Cash Surplus	15	(190)	(3,584)
Refund of Unspent Extra-Budgetary Contributions	20	(1,377)	(876)
Net Cash Flows from Financing Activities		**(1,574)**	**(4,504)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(13,499)**	**(14,490)**
Cash and Cash Equivalents at Beginning of Period		**43,613**	**58,188**
Foreign Exchange Gains on Cash and Cash Equivalents		**47**	**(85)**
Cash and Cash Equivalents at End of Period		**30,161**	**43,613**

IV. Statement of Changes in Net Assets

Total OSCE

For the Year Ended 31 December 2012

EUR '000	Note	Cash Surplus Withheld	Revolving Fund	Contingency Fund	IPSAS Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
Balance as at December 31, 2011		**281**	**2,710**	**2,180**	**(11,815)**	**47,833**	**41,189**
Reduction of Credits for Cash Surplus 2009		(4)				1,310	**1,306**
Changes in Accounting Policy	10						**0**
Derecognition of ULOs	17				1,323		**1,323**
Accrued Interest Revenue	17				44		**44**
Discontinued Revaluation of Prepayments	17				(19)		**(19)**
Reclassification of Cash Surplus 2010	15	0				(190)	**(190)**
Reclassification of Cash Surplus 2011	15.1	7				(1,818)	**(1,812)**
Restated Balance as at December 31, 2011		**284**	**2,710**	**2,180**	**(10,467)**	**47,135**	**41,842**
Changes in Net Assets for 2012							**0**
Closure of the Office in Zagreb	17				334		**334**
Provision for Pending Claims	16				(600)		**(600)**
Credits of Cash Surplus Withheld	15.3	(6)					**(6)**
Allocation of Cash Deficit for 2012	15.2					1,904	**1,904**
Actuarial Gain/(Loss)	13				(6)		**(6)**
Refund of Unspent Extra-Budgetary Contributions	18					(1,377)	**(1,377)**
Funding of ERP upgrade Fund	15						**0**
Re-allocation from Cash Surplus 2009		(4)				(1,306)	**(1,310)**
Re-allocation from Cash Surplus 2010		(3)				(1,307)	**(1,310)**
Re-allocation from Cash Surplus 2011		(5)				(1,305)	**(1,310)**
Establishment of ERP Upgrade Fund		11				3,919	**3,930**
Surplus/(Deficit) for the Period	18.1					2,053	**2,053**
Total Recognized Revenue and Expense for the Period		**278**	**2,710**	**2,180**	**(10,740)**	**49,714**	**44,142**

V. Statement of Comparison of Budget and Actual Amounts

Total Unified Budget *

For the Year Ended 31 December 2012

EUR '000	Approved Budget	PC Authorized Transfers	Revised Budget	Actuals	Variance
Institutions	54,314	(1,118)	53,196	53,193	3
Augmentations	5,491	(190)	5,301	5,300	1
South-Eastern Europe	56,875	(717)	56,159	56,156	3
Eastern Europe	4,826	(235)	4,592	4,591	1
Caucasus	7,950	(708)	7,242	7,241	1
Central Asia	18,599	(270)	18,329	18,327	1
Total Unified Budget	**148,055**	**(3,237)**	**144,818**	**144,809**	**9**

* The budget basis and the accounting basis differ. Actuals are reported on this Statement on a budget basis and include solely Unified Budget funds.

VI.1 Segment Reporting

Statement of Financial Position

Summary by Source of Funds

As at 31 December 2012

EUR '000		Institutions		Field Operations		Total Unified Budget		Network Operating System		ERP Upgrade		Extra-Budgetary Funds		Total OSCE	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS															
Current Assets															
Cash and Cash Equivalents	3	12,935	19,477	2,307	2,636	15,241	22,113	0	0	0	0	14,920	21,500	30,161	43,613
Investments	4	6,708	6,390	0	0	6,708	6,390	0	0	0	0	24,500	14,225	31,208	20,615
Assessed Contributions Receivable	5.1	5,464	4,277	6,393	4,652	11,857	8,929	0	0	0	0	0	0	11,857	8,929
Allowance for Assessed Contributions Receivable	5.2	(3,006)	(2,763)	(2,172)	(2,134)	(5,178)	(4,898)	0	0	0	0	0	0	(5,178)	(4,898)
Accounts Receivable	6	2,125	1,831	516	737	2,641	2,568	0	0	0	0	0	0	2,641	2,568
Prepayments	7	1,387	1,297	1,333	894	2,720	2,191	0	0	0	0	0	0	2,720	2,191
Due From Other Funds		8	46	2,021	4,668	2,029	4,714	22	395	3,916	0	4,645	2,209	10,612	7,318
Other Current Assets		23	1	0	0	23	1	0	0	0	0	0	0	23	1
		25,644	**30,556**	**10,398**	**11,452**	**36,042**	**42,007**	**22**	**395**	**3,916**	**0**	**44,065**	**37,934**	**84,045**	**80,336**
Non-Current Assets															
Other Non-Current Assets	8	0	206	35	67	35	273	0	0	0	0	0	0	35	273
		0	**206**	**35**	**67**	**35**	**273**	**0**	**0**	**0**	**0**	**0**	**0**	**35**	**273**
Total Assets		**25,644**	**30,762**	**10,433**	**11,519**	**36,077**	**42,280**	**22**	**395**	**3,916**	**0**	**44,065**	**37,934**	**84,080**	**80,609**
LIABILITIES															
Current Liabilities															
Accounts Payable	9	2,065	2,227	2,141	1,962	4,206	4,189	0	0	0	0	0	0	4,206	4,189
Other Accruals	10	1,170	988	2,105	1,932	3,276	2,921	0	7	57	0	4,669	3,578	8,002	6,505
Contributions Received in Advance	11	3,442	6,709	0	0	3,442	6,709	0	0	0	0	0	0	3,442	6,709
Funds Held for Third Parties	12	5,154	3,779	20	21	5,174	3,799	0	0	0	0	0	0	5,174	3,799
Employee Benefits Current	13	1,680	1,529	3,120	3,549	4,800	5,078	0	0	0	0	122	0	4,922	5,078
Cash Surplus Current	15.1	1,000	47	812	143	1,812	190	0	0	0	0	0	0	1,812	190
Due To Other Funds		5,219	6,001	1,299	1,317	6,518	7,318	0	0	0	0	4,094	0	10,612	7,318
Provisions	16	0	0	600	0	600	0	0	0	0	0	0	0	600	0
Other Current Liabilities		208	208	37	109	245	317	0	0	0	0	21	241	266	559
		19,938	**21,489**	**10,133**	**9,032**	**30,072**	**30,521**	**0**	**7**	**57**	**0**	**8,906**	**3,819**	**39,035**	**34,347**
Non-Current Liabilities															
Employee Benefits Non-Current	13	2,306	2,131	413	458	2,719	2,589	0	0	0	0	50	19	2,769	2,608
Cash Surplus Non-Current	15.2	(539)	1,000	(1,365)	812	(1,904)	1,812	0	0	0	0	0	0	(1,904)	1,812
Other Non-Current Liabilities		0	0	37	0	37	0	0	0	0	0	0	0	37	0
		1,767	**3,131**	**(914)**	**1,270**	**853**	**4,401**	**0**	**0**	**0**	**0**	**50**	**19**	**903**	**4,420**
Total Liabilities		**21,705**	**24,620**	**9,219**	**10,302**	**30,924**	**34,922**	**0**	**7**	**57**	**0**	**8,956**	**3,838**	**39,938**	**38,767**
NET ASSETS															
Cash Surplus Withheld	15.3	210	214	68	70	278	284	0	0	0	0	0	0	278	284
Revolving Fund	1.3	2,710	2,710	0	0	2,710	2,710	0	0	0	0	0	0	2,710	2,710
Contingency Fund	1.3	2,180	2,180	0	0	2,180	2,180	0	0	0	0	0	0	2,180	2,180
IPSAS Reserves	17	(5,808)	(5,672)	(5,049)	(5,006)	(10,857)	(10,678)	123	123	0	0	(6)	88	(10,740)	(10,467)
Accumulated Surplus/(Deficit)	18	4,647	6,709	6,195	6,152	10,842	12,861	(100)	265	3,859	0	35,114	34,008	49,714	47,135
Total Net Assets		**3,939**	**6,141**	**1,214**	**1,216**	**5,153**	**7,358**	**22**	**388**	**3,859**	**0**	**35,108**	**34,097**	**44,142**	**41,842**

VI.2 Segment Reporting

Statement of Financial Performance

Summary by Source of Funds

For the Year Ended 31 December 2012

EUR '000		Institutions	Field Operations	Total Unified Budget	Network Operating System	ERP Upgrade	Extra-Budgetary Funds	Total OSCE
	Note	2012	2012	2012	2012	2012	2012	2012
Revenue								
Assessed Contributions	19	53,198	91,625	144,823	0	0	0	144,823
Extra-Budgetary Contributions	20	0	0	0	0	0	25,732	25,732
Miscellaneous Revenue	21	56	110	166	0	0	0	167
Foreign Exchange Gains/(Losses)	22	(95)	(24)	(119)	0	0	166	47
Savings on Prior Year Accruals	23	192	145	337	0	0	0	337
Finance Revenue	24	434	15	448	0	0	0	448
Other Adjustments	25	0	0	0	0	0	(589)	(589)
Total Revenue		**53,785**	**91,870**	**145,656**	**0**	**0**	**25,310**	**170,965**
Expenses								
Staff Costs	26.1	32,998	56,473	89,471	0	0	4,230	93,700
Consultancy and Subcontracting	26.2	5,884	8,109	13,993	3	71	10,627	24,694
Travel Expenses	26.3	4,492	7,902	12,394	26	0	3,608	16,028
Services and Office Costs	26.4	7,824	13,372	21,196	320	0	2,216	23,731
Consumables and Supplies	26.5	1,013	2,908	3,921	14	0	706	4,642
Equipment Purchases	26.6	1,040	2,153	3,193	2	0	1,075	4,270
Other Operating Expenses	26.7	707	774	1,481	0	0	365	1,846
Total Expenses		**53,957**	**91,692**	**145,649**	**365**	**71**	**22,827**	**168,912**
Surplus/(Deficit) for the Period	18.1	**(171)**	**178**	**7**	**(365)**	**(71)**	**2,483**	**2,053**

VI.3 Segment Reporting

Cash Flow Statement

Summary by Source of Funds

For the Year Ended 31 December 2012

EUR '000		Institutions		Field Operations		Total Unified Budget		Network Operating System		ERP Upgrade		Extra-Budgetary Funds		Total OSCE	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
CASH FLOWS FROM OPERATING ACTIVITIES															
Surplus/(Deficit)	18.1	(171)	1,949	178	1,510	7	3,459	(365)	(1,514)	(71)	0	2,483	(8,586)	2,053	(6,641)
Non-Cash Movements															
Deduction of Effects of Changes in Foreign Exchange	22	95	102	24	8	119	110	0	0	0	0	(166)	(25)	(47)	85
(Increase) / Decrease in Assessed Contributions Receivable	5.1	(1,187)	(219)	(1,741)	(112)	(2,929)	(330)	0	0	0	0	0	0	(2,929)	(330)
Increase /(Decrease) in Allowance for AC Receivable	5.2	243	2,763	37	2,134	280	4,898	0	0	0	0	0	0	280	4,898
(Increase) / Decrease in Accounts Receivable	6	(294)	(86)	221	(81)	(73)	(168)	0	0	0	0	0	(0)	(73)	(168)
(Increase) / Decrease in Prepayments	7	(90)	2,431	(439)	587	(529)	3,019	0	0	0	0	0	0	(529)	3,019
(Increase) / Decrease in Other Current/Non-Current Assets		184	(207)	32	(67)	216	(273)	0	0	0	0	0	0	216	(273)
Increase /(Decrease) in Accounts Payable	9	(163)	633	179	(251)	17	382	0	0	0	0	0	0	17	382
Increase /(Decrease) in Other Accruals	10	182	(1,446)	173	(1,581)	355	(3,026)	(7)	(45)	57	0	1,092	4	1,497	(3,067)
Increase /(Decrease) in Contributions Received in Advance	11	(3,267)	(1,303)	0	0	(3,267)	(1,303)	0	0	0	0	0	0	(3,267)	(1,303)
Increase /(Decrease) in Funds Held for Third Parties	12	1,375	123	(1)	4	1,374	127	0	0	0	0	0	0	1,374	127
Increase /(Decrease) in Employee Benefits	13	325	3,227	(474)	3,575	(149)	6,802	0	0	0	0	153	19	4	6,821
Increase /(Decrease) in Provisions	16	0	0	600	0	600	0	0	0	0	0	0	0	600	0
Increase /(Decrease) in Other Liabilities		(0)	188	(34)	(86)	(34)	102	0	0	0	0	(220)	84	(255)	186
Increase /(Decrease) in Inter-Fund Balances		(1,425)	2,113	3,310	1,592	1,886	3,705	372	1,436	(3,916)	0	1,658	(5,141)	0	0
Increase /(Decrease) in IPSAS Reserves	17	(136)	(5,672)	(43)	(5,006)	(179)	(10,678)	0	123	0	0	(94)	88	(273)	(10,467)
Net Cash Flows from Operating Activities		**(4,330)**	**4,597**	**2,022**	**2,228**	**(2,308)**	**6,825**	**0**	**0**	**(3,930)**	**0**	**4,906**	**(13,557)**	**(1,332)**	**(6,732)**
CASH FLOWS FROM INVESTING ACTIVITIES															
Purchase of Investments	4	(318)	1,500	0	0	(318)	1,500	0	0	0	0	(10,275)	(4,754)	(10,593)	(3,254)
Net Cash Flows from Investing Activities		**(318)**	**1,500**	**0**	**0**	**(318)**	**1,500**	**0**	**0**	**0**	**0**	**(10,275)**	**(4,754)**	**(10,593)**	**(3,254)**
CASH FLOWS FROM FINANCING ACTIVITIES															
Increase /(Decrease) in Cash Surplus Withheld	15.3	(4)	(33)	(2)	(10)	(6)	(44)	0	0	0	0	0	0	(6)	(44)
Increase /(Decrease) in Cash Surplus	15	(1,794)	(1,907)	(2,325)	(1,677)	(4,119)	(3,584)	0	0	3,930	0	0	0	(189)	(3,584)
Refund of Unspent Extra-Budgetary Contributions	20	0	0	0	0	0	0	0	0	0	0	(1,377)	(876)	(1,377)	(876)
Net Cash Flows from Financing Activities		**(1,799)**	**(1,941)**	**(2,327)**	**(1,687)**	**(4,126)**	**(3,628)**	**0**	**0**	**3,930**	**0**	**(1,377)**	**(876)**	**(1,573)**	**(4,504)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(6,447)**	**4,156**	**(305)**	**540**	**(6,752)**	**4,697**	**0**	**0**	**0**	**0**	**(6,746)**	**(19,186)**	**(13,498)**	**(14,490)**
Cash and Cash Equivalents at Beginning of Period		**19,477**	**15,422**	**2,636**	**2,104**	**22,113**	**17,526**	**0**	**0**	**0**	**0**	**21,500**	**40,662**	**43,613**	**58,188**
Foreign Exchange Gains on Cash and Cash Equivalents		**(95)**	**(102)**	**(24)**	**(8)**	**(119)**	**(110)**	**0**	**0**	**0**	**0**	**166**	**25**	**47**	**(85)**
Cash and Cash Equivalents at End of Period		**12,935**	**19,477**	**2,307**	**2,636**	**15,242**	**22,113**	**0**	**0**	**0**	**0**	**14,920**	**21,500**	**30,162**	**43,613**

VI.1.A Segment Reporting

Statement of Financial Position

Institutions

As at 31 December 2012

EUR '000		The Secretariat		Office for Democratic Institutions and Human Rights		High Commissioner on National Minorities		Representative on Freedom of the Media		Total Institutions	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS											
Current Assets											
Cash and Cash Equivalents	3	12,086	18,572	728	754	120	152	0	0	12,935	19,477
Investments	4	6,708	6,390	0	0	0	0	0	0	6,708	6,390
Assessed Contributions Receivable	5.1	3,400	2,670	1,586	1,228	340	270	138	108	5,464	4,277
Allowance for Assessed Contributions Receivable	5.2	(1,891)	(1,742)	(853)	(780)	(189)	(174)	(74)	(67)	(3,006)	(2,763)
Accounts Receivable	6	2,011	1,727	98	84	17	20	0	0	2,125	1,831
Prepayments	7	1,114	551	120	564	154	182	0	0	1,387	1,297
Due From Other Funds		0	0	0	0	0	0	8	46	8	46
Other Current Assets		10	0	13	1	0	0	0	0	23	1
		23,438	**28,168**	**1,692**	**1,851**	**442**	**450**	**72**	**87**	**25,644**	**30,556**
Non-Current Assets											
Other Non-Current Assets	8	0	170	0	36	0	0	0	0	0	206
		0	**170**	**0**	**36**	**0**	**0**	**0**	**0**	**0**	**206**
Total Assets		**23,438**	**28,338**	**1,692**	**1,886**	**442**	**450**	**72**	**87**	**25,644**	**30,762**
LIABILITIES											
Current Liabilities											
Accounts Payable	9	1,347	1,241	630	899	91	90	(3)	(3)	2,065	2,227
Other Accruals	10	852	609	276	333	22	2	21	43	1,170	988
Contributions Received in Advance	11	3,442	6,709	0	0	0	0	0	0	3,442	6,709
Funds Held for Third Parties	12	4,968	3,601	186	178	0	0	0	0	5,154	3,779
Employee Benefits Current	13	1,159	1,141	396	288	79	65	46	36	1,680	1,529
Cash Surplus Current	15.1	964	59	28	(8)	8	(4)	0	(0)	1,000	47
Due To Other Funds		4,980	5,755	7	(21)	232	267	0	0	5,219	6,001
Other Current Liabilities		208	196	0	0	(0)	12	0	0	208	208
		17,920	**19,312**	**1,522**	**1,669**	**432**	**432**	**64**	**77**	**19,938**	**21,489**
Non-Current Liabilities											
Employee Benefits Non-Current	13	1,605	1,580	463	345	170	160	68	47	2,306	2,131
Cash Surplus Non-Current	15.2	(130)	964	(318)	28	(67)	8	(23)	0	(539)	1,000
		1,474	**2,544**	**144**	**373**	**103**	**167**	**45**	**47**	**1,767**	**3,131**
Total Liabilities		**19,395**	**21,856**	**1,667**	**2,042**	**535**	**599**	**109**	**123**	**21,705**	**24,620**
NET ASSETS											
Cash Surplus Withheld	15.3	196	200	8	9	4	4	1	1	210	214
Revolving Fund	1.3	2,710	2,710	0	0	0	0	0	0	2,710	2,710
Contingency Fund	1.3	2,180	2,180	0	0	0	0	0	0	2,180	2,180
IPSAS Reserves	17	(3,810)	(3,781)	(1,437)	(1,348)	(406)	(398)	(155)	(144)	(5,808)	(5,672)
Accumulated Surplus/(Deficit)	18	2,767	5,173	1,454	1,184	309	245	117	107	4,647	6,709
Total Net Assets		**4,043**	**6,483**	**26**	**(156)**	**(93)**	**(150)**	**(37)**	**(36)**	**3,939**	**6,141**

VI.2.A Segment Reporting

Statement of Financial Performance

Institutions

For the Year Ended 31 December 2012

EUR '000		The Secretariat	Office for Democratic Institutions and Human Rights	High Commissioner on National Minorities	Representative on Freedom of the Media	Total Institutions
	Note	**2012**	**2012**	**2012**	**2012**	**2012**
Revenue						
Assessed Contributions	19	32,726	15,800	3,283	1,390	53,198
Miscellaneous Revenue	21	36	17	3	0	56
Foreign Exchange Gains/(Losses)	22	(21)	(73)	(0)	(0)	(95)
Savings on Prior Year Accruals	23	100	86	0	6	192
Finance Revenue	24	431	3	0	0	434
Total Revenue		**33,272**	**15,832**	**3,286**	**1,396**	**53,785**
Expenses						
Staff Costs	26.1	22,119	7,412	2,421	1,047	32,998
Consultancy and Subcontracting	26.2	1,074	4,448	313	49	5,884
Travel Expenses	26.3	2,306	1,655	368	163	4,492
Services and Office Costs	26.4	6,014	1,588	106	116	7,824
Consumables and Supplies	26.5	622	356	27	7	1,013
Equipment Purchases	26.6	649	346	35	10	1,040
Other Operating Expenses	26.7	526	120	42	20	707
Total Expenses		**33,308**	**15,924**	**3,313**	**1,411**	**53,957**
Surplus/(Deficit) for the Period	18.1	**(37)**	**(92)**	**(27)**	**(15)**	**(171)**

VI.1.B Segment Reporting

Statement of Financial Position

Field Operations by Region

As at 31 December 2012

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3	0	0	939	1,144	179	71	424	324	765	1,096	2,307	2,636	0	0	2,307	2,636
Assessed Contributions Receivable	5.1	270	158	3,789	2,797	290	217	473	345	1,092	710	5,914	4,228	479	424	6,393	4,652
Allowance for Assessed Contributions Receivable	5.2	(26)	(20)	(1,223)	(1,209)	(80)	(110)	(144)	(140)	(246)	(231)	(1,720)	(1,711)	(451)	(424)	(2,172)	(2,134)
Accounts Receivable	6	0	0	373	566	109	147	0	0	34	23	516	737	0	0	516	737
Prepayments	7	0	0	321	406	70	18	335	170	607	299	1,333	894	0	0	1,333	894
Due From Other Funds		0	189	763	1,745	1	374	183	669	719	809	1,666	3,786	356	882	2,021	4,668
		244	**327**	**4,961**	**5,450**	**570**	**717**	**1,270**	**1,369**	**2,970**	**2,706**	**10,015**	**10,570**	**383**	**882**	**10,398**	**11,452**
Non-Current Assets																	
Other Non-Current Assets	8	0	0	0	2	26	6	0	0	9	58	35	67	0	0	35	67
		0	**0**	**0**	**2**	**26**	**6**	**0**	**0**	**9**	**58**	**35**	**67**	**0**	**0**	**35**	**67**
Total Assets		**244**	**327**	**4,961**	**5,453**	**596**	**723**	**1,270**	**1,369**	**2,979**	**2,764**	**10,050**	**10,637**	**383**	**882**	**10,433**	**11,519**
LIABILITIES																	
Current Liabilities																	
Accounts Payable	9	0	0	677	768	54	93	120	59	1,290	1,041	2,141	1,962	0	0	2,141	1,962
Other Accruals	10	17	113	954	886	93	67	314	206	727	660	2,105	1,932	0	0	2,105	1,932
Funds Held for Third Parties	12	0	0	19	20	0	0	0	0	0	0	20	21	0	0	20	21
Employee Benefits Current	13	276	269	2,395	2,780	95	92	116	119	238	287	3,120	3,549	0	0	3,120	3,549
Cash Surplus Current	15.1	(8)	8	293	37	6	40	283	44	151	(25)	726	104	86	38	812	143
Due To Other Funds		70	0	496	722	289	21	221	33	0	187	1,076	964	222	353	1,299	1,317
Provisions	16	0	0	600	0	0	0	0	0	0	0	600	0	0	0	600	0
Other Current Liabilities		0	0	23	97	11	2	2	1	0	9	37	109	0	0	37	109
		355	**390**	**5,459**	**5,311**	**550**	**317**	**1,056**	**464**	**2,405**	**2,159**	**9,825**	**8,641**	**308**	**391**	**10,133**	**9,032**
Non-Current Liabilities																	
Employee Benefits Non-Current	13	207	217	153	183	7	8	13	10	34	41	413	458	0	0	413	458
Cash Surplus Non-Current	15.2	(93)	(8)	(841)	297	(73)	53	(88)	283	(297)	151	(1,393)	776	28	36	(1,365)	812
Other Non-Current Liabilities		0	0	37	0	0	0	0	0	0	0	37	0	0	0	37	0
		114	**209**	**(651)**	**479**	**(66)**	**60**	**(76)**	**293**	**(264)**	**192**	**(942)**	**1,234**	**28**	**36**	**(914)**	**1,270**
Total Liabilities		**469**	**599**	**4,808**	**5,790**	**483**	**377**	**981**	**756**	**2,142**	**2,351**	**8,883**	**9,875**	**336**	**427**	**9,219**	**10,302**
NET ASSETS																	
Cash Surplus Withheld	15.3	0	0	31	33	2	4	10	10	5	6	49	52	19	18	68	70
IPSAS Reserves	17	(409)	(478)	(3,462)	(3,439)	(159)	(185)	(250)	(242)	(303)	(237)	(4,583)	(4,582)	(466)	(424)	(5,049)	(5,006)
Accumulated Surplus/(Deficit)	18	184	206	3,583	3,069	270	528	530	844	1,134	644	5,701	5,292	493	861	6,195	6,152
Total Net Assets		**(225)**	**(272)**	**153**	**(338)**	**112**	**346**	**290**	**613**	**837**	**413**	**1,167**	**762**	**47**	**455**	**1,214**	**1,216**

VI.2.B Segment Reporting

Statement of Financial Performance

Field Operations by Region

For the Year Ended 31 December 2012

EUR '000		Augmentations	South-Eastern Europe	Eastern Europe	Caucasus	Central Asia	Total Regions	Closed Funds	Total Field Operations
	Note	2012	2012	2012	2012	2012	2012	2012	2012
Revenue									
Assessed Contributions	19	5,301	56,160	4,592	7,243	18,329	91,625	0	91,625
Miscellaneous Revenue	21	0	67	6	14	23	110	0	110
Foreign Exchange Gains/(Losses)	22	0	(3)	10	(9)	(23)	(24)	0	(24)
Savings on Prior Year Accruals	23	18	28	12	32	55	145	0	145
Finance Revenue	24	0	12	1	2	0	15	0	15
Total Revenue		**5,319**	**56,264**	**4,622**	**7,281**	**18,384**	**91,870**	**0**	**91,870**
Expenses									
Staff Costs	26.1	5,124	40,380	2,007	2,821	6,141	56,473	0	56,473
Consultancy and Subcontracting	26.2	74	2,352	783	1,241	3,660	8,109	0	8,109
Travel Expenses	26.3	140	2,803	597	1,220	3,143	7,902	0	7,902
Services and Office Costs	26.4	34	7,982	879	1,283	3,195	13,372	0	13,372
Consumables and Supplies	26.5	3	1,740	148	195	822	2,908	0	2,908
Equipment Purchases	26.6	0	729	145	247	1,032	2,153	0	2,153
Other Operating Expenses	26.7	11	285	49	179	264	788	(13)	774
Total Expenses		**5,386**	**56,270**	**4,609**	**7,184**	**18,257**	**91,707**	**(13)**	**91,692**
Surplus/(Deficit) for the Period	18.1	**(67)**	**(6)**	**13**	**97**	**127**	**164**	**13**	**178**

VI.1.C Segment Reporting

Statement of Financial Position

South-Eastern Europe

As at 31 December 2012

EUR '000		Mission in Kosovo		Tasks in Bosnia and Herzegovina		Office in Zagreb		Mission to Serbia		Presence in Albania		Mission to Skopje		Mission to Montenegro		Total South-Eastern Europe	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3	77	112	82	154	0	77	374	340	96	65	283	337	27	59	939	1,144
Assessed Contributions Receivable	5.1	1,510	1,104	921	654	0	45	490	356	280	222	470	343	117	74	3,789	2,797
Allowance for Assessed Contributions Receivable	5.2	(498)	(491)	(258)	(254)	0	(7)	(159)	(155)	(138)	(137)	(156)	(153)	(14)	(12)	(1,223)	(1,209)
Accounts Receivable	6	0	0	110	382	0	0	0	0	127	72	135	112	0	0	373	566
Prepayments	7	52	26	0	0	0	0	64	176	65	53	22	20	118	132	321	406
Due From Other Funds		701	1,161	6	0	0	0	0	464	43	120	14	0	0	0	763	1,745
		1,842	**1,912**	**861**	**936**	**0**	**114**	**769**	**1,181**	**473**	**395**	**768**	**659**	**248**	**253**	**4,961**	**5,450**
Non-Current Assets																	
Other Non-Current Assets	8	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	2
		0	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**
Total Assets		**1,842**	**1,912**	**861**	**936**	**0**	**114**	**769**	**1,183**	**473**	**395**	**768**	**659**	**248**	**253**	**4,961**	**5,453**
LIABILITIES																	
Current Liabilities																	
Accounts Payable	9	140	266	79	137	0	3	220	227	85	71	134	50	19	15	677	768
Other Accruals	10	395	387	173	63	0	16	93	158	178	95	90	146	25	20	954	886
Funds Held for Third Parties	12	0	0	6	5	0	0	0	0	0	0	14	15	0	0	19	20
Employee Benefits Current	13	1,128	1,131	680	676	0	335	221	237	106	104	212	246	49	51	2,395	2,780
Cash Surplus Current	15.1	45	(10)	5	(14)	0	1	149	36	25	6	27	20	43	(3)	293	37
Due To Other Funds		0	0	155	414	0	208	12	0	0	0	245	19	84	81	496	722
Provisions	16	600	0	0	0	0	0	0	0	0	0	0	0	0	0	600	0
Other Current Liabilities		14	100	7	4	0	0	0	0	1	(7)	(0)	0	2	(0)	23	97
		2,321	**1,874**	**1,105**	**1,285**	**0**	**563**	**695**	**659**	**395**	**269**	**721**	**496**	**222**	**164**	**5,459**	**5,311**
Non-Current Liabilities																	
Employee Benefits Non-Current	13	80	89	30	36	0	0	11	17	9	12	17	23	6	6	153	183
Cash Surplus Non-Current	15.2	(305)	45	(239)	5	0	3	(117)	149	(45)	25	(105)	27	(29)	43	(841)	297
Other Non-Current Liabilities		37	0	0	0	0	0	0	0	0	0	0	0	0	0	37	0
		(188)	**133**	**(208)**	**41**	**0**	**3**	**(106)**	**166**	**(36)**	**37**	**(89)**	**49**	**(23)**	**49**	**(651)**	**479**
Total Liabilities		**2,133**	**2,008**	**896**	**1,326**	**0**	**566**	**589**	**825**	**359**	**306**	**632**	**545**	**199**	**214**	**4,808**	**5,790**
NET ASSETS																	
Cash Surplus Withheld	15.3	20	20	10	10	0	0	2	2	6	6	(6)	(6)	0	0	31	33
IPSAS Reserves	17	(1,596)	(1,163)	(933)	(954)	0	(341)	(332)	(356)	(184)	(193)	(368)	(386)	(49)	(47)	(3,462)	(3,439)
Accumulated Surplus/(Deficit)	18	1,286	1,047	888	554	0	(111)	510	712	293	275	510	505	97	87	3,583	3,069
Total Net Assets		**(290)**	**(96)**	**(35)**	**(390)**	**0**	**(452)**	**180**	**358**	**114**	**89**	**136**	**113**	**48**	**40**	**153**	**(338)**

VI.2.C Segment Reporting

Statement of Financial Performance

South-Eastern Europe

For the Year Ended 31 December 2012

EUR '000		Mission in Kosovo	Tasks in Bosnia and Herzegovina	Office in Zagreb	Mission to Serbia	Presence in Albania	Mission to Skopje	Mission to Montenegro	Total South-Eastern Europe
	Note	2012	2012	2012	2012	2012	2012	2012	2012
Revenue									
Assessed Contributions	19	21,862	14,396	618	7,171	3,088	6,800	2,225	56,160
Miscellaneous Revenue	21	43	14	0	2	0	1	7	67
Foreign Exchange Gains/(Losses)	22	(0)	6	(6)	(17)	9	4	0	(3)
Savings on Prior Year Accruals	23	(27)	8	9	19	3	14	1	28
Finance Revenue	24	4	0	0	5	0	3	0	12
Total Revenue		**21,883**	**14,425**	**622**	**7,180**	**3,100**	**6,822**	**2,233**	**56,264**
Expenses									
Staff Costs	26.1	16,024	11,348	494	4,598	1,877	4,761	1,277	40,380
Consultancy and Subcontracting	26.2	1,004	182	23	405	232	333	173	2,352
Travel Expenses	26.3	746	741	6	582	198	298	232	2,803
Services and Office Costs	26.4	2,991	1,672	91	1,217	576	1,021	414	7,982
Consumables and Supplies	26.5	919	311	1	178	88	179	63	1,740
Equipment Purchases	26.6	284	134	0	114	72	84	40	729
Other Operating Expenses	26.7	38	41	2	49	32	83	40	285
Total Expenses		**22,007**	**14,430**	**617**	**7,143**	**3,075**	**6,760**	**2,239**	**56,270**
Surplus/(Deficit) for the Period	18.1	**(124)**	**(5)**	**4**	**37**	**25**	**62**	**(6)**	**(6)**

VI.1.D Segment Reporting

Statement of Financial Position

Eastern Europe

As at 31 December 2012

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine		Office in Minsk		Rep. on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS											
Current Assets											
Cash and Cash Equivalents	3	40	25	139	46	0	0	0	0	179	71
Assessed Contributions Receivable	5.1	131	90	159	93	0	34	1	0	290	217
Allowance for Assessed Contributions Receivable	5.2	(38)	(37)	(42)	(40)	0	(34)	(0)	(0)	(80)	(110)
Accounts Receivable	6	14	96	95	51	0	0	0	0	109	147
Prepayments	7	32	18	38	(0)	0	0	0	0	70	18
Due From Other Funds		0	0	0	67	0	303	0	5	1	374
		180	**192**	**389**	**217**	**0**	**303**	**1**	**5**	**570**	**717**
Non-Current Assets											
Other Non-Current Assets	8	26	6	0	0	0	0	0	0	26	6
		26	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**26**	**6**
Total Assets		**206**	**198**	**389**	**217**	**0**	**303**	**1**	**5**	**596**	**723**
LIABILITIES											
Current Liabilities											
Accounts Payable	9	35	75	19	18	0	(0)	0	0	54	93
Other Accruals	10	49	42	45	25	0	0	0	0	93	67
Employee Benefits Current	13	31	28	65	64	0	0	0	0	95	92
Cash Surplus Current	15.1	2	(2)	4	14	0	28	0	1	6	40
Due To Other Funds		39	21	250	0	0	0	0	0	289	21
Other Current Liabilities		10	1	1	2	0	0	0	0	11	2
		166	**165**	**383**	**122**	**0**	**29**	**0**	**1**	**550**	**317**
Non-Current Liabilities											
Employee Benefits Non-Current	13	5	5	2	3	0	0	0	0	7	8
Cash Surplus Non-Current	15.2	(25)	2	(48)	4	0	46	(0)	0	(73)	53
		(20)	**6**	**(46)**	**8**	**0**	**46**	**(0)**	**0**	**(66)**	**60**
Total Liabilities		**146**	**171**	**337**	**130**	**0**	**75**	**0**	**1**	**483**	**377**
NET ASSETS											
Cash Surplus Withheld	15.3	1	1	1	1	0	2	0	0	2	4
IPSAS Reserves	17	(55)	(47)	(104)	(105)	0	(34)	(0)	(0)	(159)	(185)
Accumulated Surplus/(Deficit)	18	114	73	155	191	0	260	1	4	270	528
Total Net Assets		**59**	**27**	**52**	**88**	**0**	**228**	**0**	**4**	**112**	**346**

VI.2.D Segment Reporting

Statement of Financial Performance

Eastern Europe

For the Year Ended 31 December 2012

EUR '000		Mission to Moldova	Project Co-ordinator in Ukraine	Office in Minsk	Rep.on the Latvian-Russian Joint Commission on Military Pensioners	Total Eastern Europe
	Note	**2012**	**2012**	**2012**	**2012**	**2012**
Revenue						
Assessed Contributions	19	2,017	2,566	0	9	4,592
Miscellaneous Revenue	21	4	2	0	0	6
Foreign Exchange Gains/(Losses)	22	0	10	(0)	0	10
Savings on Prior Year Accruals	23	8	4	0	0	12
Finance Revenue	24	0	1	0	0	1
Total Revenue		**2,030**	**2,583**	**0**	**9**	**4,622**
Expenses						
Staff Costs	26.1	959	1,048	0	0	2,007
Consultancy and Subcontracting	26.2	179	604	0	0	783
Travel Expenses	26.3	296	293	0	8	597
Services and Office Costs	26.4	406	472	0	1	879
Consumables and Supplies	26.5	78	71	0	0	148
Equipment Purchases	26.6	80	66	0	0	145
Other Operating Expenses	26.7	33	16	0	0	49
Total Expenses		**2,031**	**2,569**	**0**	**9**	**4,609**
Surplus/(Deficit) for the Period	18.1	**(1)**	**14**	**0**	**0**	**13**

VI.1.E Segment Reporting

Statement of Financial Position

Caucasus

As at 31 December 2012

EUR '000		Office in Yerevan		Office in Baku		High-Level Planning Group		The Minsk Process		Personal Representative of the CiO		Total Caucasus	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS													
Current Assets													
Cash and Cash Equivalents	3	50	29	233	181	0	0	0	0	141	114	424	324
Assessed Contributions Receivable	5.1	160	104	167	113	14	9	44	54	88	66	473	345
Allowance for Assessed Contributions Receivable	5.2	(36)	(34)	(39)	(37)	(7)	(7)	(28)	(28)	(35)	(34)	(144)	(140)
Prepayments	7	170	10	165	139	0	0	0	0	0	22	335	170
Due From Other Funds		0	0	32	0	33	41	115	585	2	43	183	669
		343	**109**	**558**	**396**	**41**	**43**	**132**	**611**	**196**	**210**	**1,270**	**1,369**
Non-Current Assets													
Other Non-Current Assets	8	0	0	0	0	0	0	0	0	0	0	0	0
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Assets		**343**	**109**	**558**	**396**	**41**	**43**	**132**	**611**	**196**	**210**	**1,270**	**1,369**
LIABILITIES													
Current Liabilities													
Accounts Payable	9	14	11	106	47	0	0	0	0	0	1	120	59
Other Accruals	10	6	9	286	166	0	1	11	16	11	15	314	206
Employee Benefits Current	13	48	54	44	48	5	7	0	0	19	11	116	119
Cash Surplus Current	15.1	7	0	21	2	1	0	254	38	0	4	283	44
Due To Other Funds		221	3	0	30	0	0	0	0	0	0	221	33
Other Current Liabilities		0	0	2	1	0	0	0	0	0	0	2	1
		295	**77**	**460**	**294**	**6**	**8**	**265**	**54**	**30**	**31**	**1,056**	**464**
Non-Current Liabilities													
Employee Benefits Non-Current	13	5	4	5	4	0	0	0	0	3	2	13	10
Cash Surplus Non-Current	15.2	(54)	7	(34)	21	(4)	1	12	254	(8)	0	(88)	283
		(49)	**10**	**(29)**	**25**	**(4)**	**1**	**12**	**254**	**(5)**	**2**	**(76)**	**293**
Total Liabilities		**246**	**87**	**431**	**320**	**2**	**9**	**277**	**308**	**25**	**33**	**981**	**756**
NET ASSETS													
Cash Surplus Withheld	15.3	1	1	1	1	1	1	5	5	2	2	10	10
IPSAS Reserves	17	(90)	(88)	(70)	(66)	(13)	(13)	(28)	(28)	(50)	(47)	(250)	(242)
Accumulated Surplus/(Deficit)	18	186	108	196	142	51	46	(122)	326	219	222	530	844
Total Net Assets		**97**	**22**	**127**	**77**	**39**	**34**	**(144)**	**303**	**171**	**177**	**290**	**613**

VI.2.E Segment Reporting

Statement of Financial Performance

Caucasus

For the Year Ended 31 December 2012

EUR '000		Office in Yerevan	Office in Baku	High-Level Planning Group	The Minsk Process	Personal Representative of the CiO	Total Caucasus
	Note	2012	2012	2012	2012	2012	2012
Revenue							
Assessed Contributions	19	2,683	2,777	173	460	1,150	7,243
Miscellaneous Revenue	21	3	1	0	0	10	14
Foreign Exchange Gains/(Losses)	22	(4)	(3)	0	0	(2)	(9)
Savings on Prior Year Accruals	23	2	23	1	2	4	32
Finance Revenue	24	0	0	0	0	2	2
Total Revenue		**2,684**	**2,797**	**174**	**463**	**1,164**	**7,281**
Expenses							
Staff Costs	26.1	976	1,128	67	0	649	2,821
Consultancy and Subcontracting	26.2	729	509	0	0	3	1,241
Travel Expenses	26.3	375	290	12	433	111	1,220
Services and Office Costs	26.4	368	622	90	15	187	1,283
Consumables and Supplies	26.5	83	53	2	1	56	195
Equipment Purchases	26.6	85	95	0	2	64	247
Other Operating Expenses	26.7	40	50	0	10	79	179
Total Expenses		**2,656**	**2,747**	**171**	**460**	**1,149**	**7,184**
Surplus/(Deficit) for the Period	18.1	**28**	**49**	**2**	**3**	**14**	**97**

VI.1.F Segment Reporting

Statement of Financial Position

Central Asia

As at 31 December 2012

EUR '000		Centre in Astana		Centre in Ashgabat		Centre in Bishkek		Project Co-ordinator in Uzbekistan		Office in Tajikistan		Total Central Asia	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS													
Current Assets													
Cash and Cash Equivalents	3	58	279	85	51	215	362	120	77	286	327	765	1,096
Assessed Contributions Receivable	5.1	131	89	91	54	371	239	121	81	378	246	1,092	710
Allowance for Assessed Contributions Receivable	5.2	(33)	(31)	(24)	(23)	(62)	(56)	(32)	(31)	(95)	(90)	(246)	(231)
Accounts Receivable	6	0	0	0	0	34	23	0	0	0	0	34	23
Prepayments	7	82	59	1	1	379	127	38	60	107	52	607	299
Due From Other Funds		31	0	21	82	46	0	24	105	597	622	719	809
		269	**395**	**173**	**165**	**984**	**696**	**271**	**293**	**1,273**	**1,157**	**2,970**	**2,706**
Non-Current Assets													
Other Non-Current Assets	8	9	45	0	0	0	0	0	13	0	0	9	58
		9	**45**	**0**	**0**	**0**	**0**	**0**	**13**	**0**	**0**	**9**	**58**
Total Assets		**278**	**441**	**173**	**165**	**984**	**696**	**271**	**306**	**1,273**	**1,157**	**2,979**	**2,764**
LIABILITIES													
Current Liabilities													
Accounts Payable	9	71	50	10	9	187	153	55	93	966	736	1,290	1,041
Other Accruals	10	59	76	62	43	396	284	106	97	103	160	727	660
Employee Benefits Current	13	31	77	20	25	63	65	14	15	110	105	238	287
Cash Surplus Current	15.1	57	5	8	1	50	(22)	17	(1)	20	(8)	151	(25)
Due To Other Funds		0	73	0	0	0	115	0	0	0	0	0	187
Other Current Liabilities		0	(0)	0	0	(1)	9	0	0	1	0	0	9
		218	**281**	**99**	**79**	**694**	**604**	**193**	**203**	**1,201**	**993**	**2,405**	**2,159**
Non-Current Liabilities													
Employee Benefits Non-Current	13	3	2	3	4	9	18	2	1	17	17	34	41
Cash Surplus Non-Current	15.2	(12)	57	(22)	8	(100)	50	(29)	17	(134)	20	(297)	151
		(9)	**59**	**(18)**	**11**	**(91)**	**67**	**(27)**	**18**	**(118)**	**37**	**(264)**	**192**
Total Liabilities		**209**	**340**	**81**	**90**	**603**	**671**	**166**	**221**	**1,083**	**1,030**	**2,142**	**2,351**
NET ASSETS													
Cash Surplus Withheld	15.3	1	1	1	1	0	1	1	1	2	2	5	6
IPSAS Reserves	17	(74)	(64)	7	5	(119)	(101)	(4)	1	(113)	(77)	(303)	(237)
Accumulated Surplus/(Deficit)	18	142	165	85	69	499	125	107	83	300	202	1,134	644
Total Net Assets		**70**	**101**	**93**	**75**	**381**	**24**	**104**	**85**	**190**	**128**	**837**	**413**

VI.2.F Segment Reporting

Statement of Financial Performance

Central Asia

For the Year Ended 31 December 2012

EUR '000		Centre in Astana	Centre in Ashgabat	Centre in Bishkek	Project Co-ordinator in Uzbekistan	Office in Tajikistan	Total Central Asia
	Note	**2012**	**2012**	**2012**	**2012**	**2012**	**2012**
Revenue							
Assessed Contributions	19	2,121	1,442	6,686	1,933	6,147	18,329
Miscellaneous Revenue	21	7	5	0	0	11	23
Foreign Exchange Gains/(Losses)	22	(3)	(0)	(1)	1	(20)	(23)
Savings on Prior Year Accruals	23	23	(14)	32	9	5	55
Total Revenue		**2,148**	**1,432**	**6,717**	**1,944**	**6,143**	**18,384**
Expenses							
Staff Costs	26.1	796	569	2,016	379	2,381	6,141
Consultancy and Subcontracting	26.2	394	206	1,768	231	1,061	3,660
Travel Expenses	26.3	474	289	815	657	908	3,143
Services and Office Costs	26.4	332	259	1,091	404	1,110	3,195
Consumables and Supplies	26.5	61	31	240	65	425	822
Equipment Purchases	26.6	12	47	550	159	265	1,032
Other Operating Expenses	26.7	38	22	78	53	75	264
Total Expenses		**2,106**	**1,423**	**6,558**	**1,947**	**6,223**	**18,257**
Surplus/(Deficit) for the Period	18.1	**42**	**9**	**160**	**(3)**	**(80)**	**127**

VI.1.X.1 Segment Reporting

Statement of Financial Position

Extra-Budgetary Part 1

As at 31 December 2012

EUR '000		Funds to support OSCE action for peace, democracy and stability in BiH		Fund to foster the integration of recently admitted Participating States		Fund for activities relating to Economic and Environmental Aspect of Security		Fund for activities related to the Removal and Destruction of Russian Ammunition and Armaments from Moldova		Fund relating to the Stability Pact for South Eastern Europe	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS											
Current Assets											
Cash and Cash Equivalents	3	0	0	0	0	0	0	6,391	0	0	0
Investments	4	0	0	0	0	0	0	0	6,225	0	0
Accounts Receivable	6	0	(0)	0	0	0	0	0	0	0	0
Due From Other Funds		1,460	946	31	31	976	1,224	666	709	7	7
		1,460	**946**	**31**	**31**	**976**	**1,224**	**7,057**	**6,934**	**7**	**7**
Non-Current Assets											
Other Non-Current Assets	8	0	0	0	0	0	0	0	0	0	0
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Assets		**1,460**	**946**	**31**	**31**	**976**	**1,224**	**7,057**	**6,934**	**7**	**7**
LIABILITIES											
Current Liabilities											
Other Accruals	10	0	0	0	0	116	261	0	0	0	0
Employee Benefits Current	13	2	0	0	0	4	0	0	0	0	0
		2	**0**	**0**	**0**	**119**	**261**	**0**	**0**	**0**	**0**
Non-Current Liabilities											
Other Non-Current Liabilities		0	0	0	0	0	0	0	0	0	0
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Liabilities		**2**	**0**	**0**	**0**	**119**	**261**	**0**	**0**	**0**	**0**
NET ASSETS											
Accumulated Surplus/(Deficit)	18	1,458	946	31	31	856	963	7,057	6,934	7	7
Total Net Assets		**1,458**	**946**	**31**	**31**	**856**	**963**	**7,057**	**6,934**	**7**	**7**

VI.2.X.1 Segment Reporting

Statement of Financial Performance

Extra-Budgetary Part 1

For the Year Ended 31 December 2012

EUR '000		Funds to support OSCE action for peace, democracy and stability in BiH	Fund to foster the integration of recently admitted Participating States	Fund for activities relating to Economic and Environmental Aspect of Security	Fund for activities related to the Removal and Destruction of Russian Ammunition and Armaments from Moldova	Fund relating to the Stability Pact for South Eastern Europe
	Note	**2012**	**2012**	**2012**	**2012**	**2012**
Revenue						
Extra-Budgetary Contributions	20	608	0	405	0	0
Currency Exchange Adjustments	22	0	0	0	166	0
Other Adjustments	25	57	(0)	79	0	0
Total Revenue		**665**	**(0)**	**484**	**166**	**0**
Expenses						
Staff Costs	26.1	46	0	71	8	0
Consultancy and Subcontracting	26.2	29	0	251	0	0
Travel Expenses	26.3	59	0	108	25	0
Services and Office Costs	26.4	5	0	78	9	0
Consumables and Supplies	26.5	2	0	7	0	0
Equipment Purchases	26.6	0	0	7	0	0
Other Operating Expenses	26.7	2	0	1	0	0
Total Expenses		**143**	**0**	**524**	**42**	**0**
Surplus/(Deficit) for the Period	18.1	**522**	**(0)**	**(40)**	**124**	**0**

VI.1.X.2 Segment Reporting

Statement of Financial Position

Extra-Budgetary Part 2

As at 31 December 2012

EUR '000		Fund for Activities Related to the Reduction of Military Forces and Equipment from Georgia		Bishkek Conference		The Partnership Fund		Other Activities and Special Projects		Total Extra-Budgetary Funds	
	Note	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
ASSETS											
Current Assets											
Cash and Cash Equivalents	3	0	0	0	0	0	0	8,529	21,500	14,920	21,500
Investments	4	0	0	0	0	0	0	24,500	8,000	24,500	14,225
Due From Other Funds		639	657	0	0	347	332	520	(1,697)	4,645	2,209
		639	**657**	**0**	**0**	**347**	**332**	**33,548**	**27,803**	**44,065**	**37,934**
Non-Current Assets											
Other Non-Current Assets	8	0	0	0	0	0	0	0	0	0	0
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Assets		**639**	**657**	**0**	**0**	**347**	**332**	**33,548**	**27,803**	**44,065**	**37,934**
LIABILITIES											
Current Liabilities											
Other Accruals	10	0	0	0	0	0	4	4,554	3,313	4,669	3,578
Employee Benefits Current	13	0	0	0	0	0	0	116	0	122	0
Due To Other Funds		0	0	0	0	0	0	4,094	0	4,094	0
Other Current Liabilities		0	0	0	0	0	0	21	241	21	241
		0	**0**	**0**	**0**	**0**	**4**	**8,785**	**3,554**	**8,906**	**3,819**
Non-Current Liabilities											
Employee Benefits Non-Current	13	0	0	0	0	0	0	50	19	50	19
		0	**0**	**0**	**0**	**0**	**0**	**50**	**19**	**50**	**19**
Total Liabilities		**0**	**0**	**0**	**0**	**0**	**4**	**8,835**	**3,573**	**8,956**	**3,838**
NET ASSETS											
IPSAS Reserves	17	0	0	0	0	0	0	(6)	88	(6)	88
Accumulated Surplus/(Deficit)	18	639	657	0	0	347	329	24,719	24,142	35,114	34,008
Total Net Assets		**639**	**657**	**0**	**0**	**347**	**329**	**24,714**	**24,230**	**35,108**	**34,097**

VI.2.X.2 Segment Reporting

Statement of Financial Performance

Extra-Budgetary Part 2

For the Year Ended 31 December 2012

EUR '000	Note	Fund for Activities Related to the Reduction of Military Forces and Equipment from Georgia	Bishkek Conference	The Partnership Fund	Other Activities and Special Projects	Total Extra-Budgetary Funds
		2012	2012	2012	2012	2012
Revenue						
Extra-Budgetary Contributions	20	0	0	67	24,653	25,732
Currency Exchange Adjustments	22	0	0	0	0	166
Other Adjustments	25	(5)	0	81	(800)	(589)
Total Revenue		**(5)**	**0**	**147**	**23,853**	**25,310**
Expenses						
Staff Costs	26.1	0	0	15	4,088	4,230
Consultancy and Subcontracting	26.2	0	0	3	10,343	10,627
Travel Expenses	26.3	0	0	68	3,348	3,608
Services and Office Costs	26.4	0	0	31	2,094	2,216
Consumables and Supplies	26.5	0	0	0	697	706
Equipment Purchases	26.6	0	0	0	1,068	1,075
Other Operating Expenses	26.7	0	0	1	362	365
Total Expenses		**0**	**0**	**118**	**22,000**	**22,827**
Surplus/(Deficit) for the Period	18.1	**(5)**	**0**	**29**	**1,853**	**2,483**

Chapter IV – Notes to the Financial Statements

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

1.1 Basis of Presentation

The Financial Statements of the Organization are prepared in accordance with the Financial Regulations, the United Nations System Accounting Standards (UNSAS), and stated accounting policies. The figures are presented rounded to the nearest Euro thousand and to the nearest one-tenth percent. This may result in totals that differ by EUR 1 thousand or by 0.1%.

1.2 IPSAS Progressive Adoption

The progressive adoption of International Public Sector Accounting Standards (IPSAS) was formally approved by participating States (PC.DEC/1040 dated 10 May 2012). IPSAS adoption aligns OSCE's accounting with internationally recognized standards and best practices, improves controls and transparency of assets and liabilities, provides more comprehensive information, and improves consistency and comparability of the Financial Statements. In order to progress with IPSAS adoption, the OSCE began in 2011 to implement certain changes in accounting policies, which are allowed under UNSAS. This strategy of progressive adoption of the Standards continued in 2012.

The impact of the IPSAS standards adopted by the OSCE in 2012 is as follows:

- **IPSAS 1 - Presentation of Financial Statements:** Requires the following statements: a Statement of Financial Position, a Statement of Financial Performance, a Statement of Changes in Net Assets, a Cash Flow Statement, a Comparison of Budget to Actual Amounts as well as explanatory Notes. These Statements are presented on an OSCE-wide consolidated basis. Increased transparency and insight in the reporting of expenditure is achieved in the Statement of Financial Performance (previously called OSCE Consolidated Statement of Income, Expenditure and Changes in Fund Balance) which shows a detailed breakdown of expenditure by category, instead of reporting all the expenditure in one line item. IPSAS 1 states that comparative information is encouraged to be disclosed when practicable. OSCE has restated comparative balances of the Statement of Financial Position as of 31 December 2011 (see Note 17).

- **IPSAS 2 - Cash Flow Statements**: OSCE opted to report cash flow using the indirect method. A reconciliation of cash flow with the actual amounts presented on a comparable basis to the Budget is presented in the Notes as required by IPSAS 24 (see Note 27).

- **IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors:** The main impact of this Standard relates to how the changes in accounting policies in connection with IPSAS adoption are to be applied retrospectively. Please refer to Note 17 which includes details of the impact of changes in accounting policies.

- **IPSAS 4 - The Effect of Changes in Foreign Exchange Rates:** Exchange rate differences are recognized in the surplus or deficit in the period in which they arise. Also cash and cash equivalents held or due in foreign currency are reported in the Cash Flow Statements, and are presented separately from the cash flows from operating, investing and financing activities. Monetary items are reported at the transaction exchange rate. The implementation of IPSAS 4 in 2012 resulted in a change in accounting policy: revaluation of prepayments has been discontinued and a retrospective adjustment of EUR -19 thousand has been made to corresponding figures for 2011 in the Statement of Financial Position.

- **IPSAS 9 - Revenue from Exchange Transactions: Accounting Policies, Changes in Accounting Estimates and Errors:** The majority of the revenue in the OSCE is derived from non-exchange transactions which are addressed in IPSAS 23. Revenue from exchange transactions refers mainly to interest revenue and occasional sales of assets. The adoption of this Standard in 2012 required that interest revenue be recognized on an accrual basis instead of on a cash basis.

- **IPSAS 18 - Segment Reporting:** This Standard establishes the requirements for the disclosure of financial statement information for distinguishable activities of reporting entities. It gives the option to report either by service segment or by geographical segment. OSCE's policy is to report by geographical segment. For each segment, there should be disclosure of the segment assets, liabilities, revenues and expenses. The largest impact of the adoption of this Standard is in terms of presentation.

- **IPSAS 19 - Provisions, Contingent Liabilities and Contingent Assets:** The most significant impact of adopting this Standard refers to the treatment of unliquidated obligations (ULOs). This means that liabilities for goods and services are to be recognized upon receipt and not when a purchase order is issued. Also a review of all legal cases is necessary in order to determine if provisions should be recognized in the Financial Statements or disclosed in the Notes. Contingent assets are disclosed when it is probable that an inflow of resources will occur as result of a past event.

- **IPSAS 20 - Related Party Disclosures:** This Standard affects solely Note disclosure. It establishes the requirements for the disclosure of transactions with parties that are related to the reporting entity. The information required for this Standard is for accountability purposes and includes disclosure requirements for remuneration received by key management personnel.

- **IPSAS 24 - Presentation of Budget Information in Financial Statements:** This Standard requires a comparison of actual amounts to amounts in the original and year-end final Unified Budget. This comparison is to be made on the same basis of accounting as that adopted for the Budget. It also requires an explanation between budgeted amounts and actual amounts, as well as a reconciliation of the two amounts, when the accounting basis and the budget basis differ. For the OSCE, since the Budget is not on an accrual basis, IPSAS requires that a reconciliation be performed for net cash flows from operating, investing and financing activities making, a distinction between basis differences, timing differences, presentation differences and entity differences (see Note 27).

- **IPSAS 28 - Financial Instruments, Presentation; IPSAS 29 - Financial Instruments, Recognition and Measurement; IPSAS 30 - Financial Instruments, Disclosure:** IPSAS 28 and 30 replace *IPSAS 15 - Financial Instruments: Disclosure and Presentation*, and are effective 2013. The main implications of these standards relate to more detailed note disclosures.

1.3 Fund Accounting and Segment Reporting

The OSCE operates a system of fund accounting and the resulting financial statements present the financial results of Budgetary Funds approved under PC.DEC/1028 dated 22 December 2011 and subsequent budget revisions, Extra-Budgetary Funds, the Network Operating System Fund and the ERP Upgrade Fund. The financial statements are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all Funds.

For purposes of the presentation and approval of the 2012 Unified Budget, Funds were grouped under (i) Funds related to the Secretariat and Institutions and (ii) Funds related to Field Operations, with the latter, in turn, being grouped into regions. This presentation is also followed in the 2012 Financial Report and in the Financial Statements. The segment information is presented geographically and based on the principal sources of financing of the Organization (Unified Budget, Extra-Budgetary and Special Funds).

The following Funds were operational in 2012:

a) Standard Scale of Contributions for 2012
(PC.DEC/1027 dated 22 December 2011)

(i) FUNDS RELATED TO THE SECRETARIAT AND INSTITUTIONS

- The Secretariat
- Office for Democratic Institutions and Human Rights (ODIHR)
- High Commissioner on National Minorities (HCNM)
- Representative on Freedom of the Media (RFoM)

b) Field Operations Scale of Contributions for 2012
(PC.DEC/1027 dated 22 December 2011)

(ii) FUNDS RELATED TO OSCE FIELD OPERATIONS

- Augmentations Fund (see point c) below)

- South-Eastern Europe
  - Mission in Kosovo
  - Tasks in Bosnia and Herzegovina
  - Office in Zagreb[1]
  - Mission to Serbia
  - Presence in Albania
  - Mission to Skopje
  - Mission to Montenegro
- Eastern Europe
  - Mission to Moldova
  - Project Co-ordinator in Ukraine
  - Representative to the Latvian-Russian JC on Military Pensioners
- Caucasus
  - Office in Yerevan
  - Office in Baku
  - High Level Planning Group
  - The Minsk Process
  - Personal Representative of the CIO
- Central Asia
  - Centre in Astana
  - Centre in Ashgabat
  - Centre in Bishkek
  - Project Co-ordinator in Uzbekistan
  - Office in Tajikistan

- Missions and Field Operations whose mandate has expired for one financial year are grouped under "Closed Field Operations Funds". This includes the following Funds:
  - Kosovo, Sandjak and Vojvodina
  - Mission to Estonia
  - Expert Mission to Ukraine
  - Mission to Latvia
  - Representative to the Joint Committee on the Skrunda Radar Station
  - Sanctions Assistance Missions
  - Action Against Terrorism
  - Assistance Group to Chechnya
  - Representative to the Estonian Commission on Military Pensioners
  - Mission to Croatia
  - Mission to Georgia
  - End of Mandate Procedure Mission to Georgia
  - Office in Minsk

c) The Augmentations Fund
The Augmentations Fund was established on a provisional basis under PC.DEC/827 of December 2007 and is financed on the basis of the Field Operations Scale.

d) Revolving and Contingency Funds
- The Revolving Fund, in the amount of EUR 2,710 thousand was established by the Permanent Council (PC.DEC/133, 27 June 1996) to meet the short-term cash requirements of duly authorized

1 - The mandate of the OSCE Office in Zagreb was not extended beyond 31 December 2011 (PC.DEC/1026 of 15 December 2011) and ceased its operations on 31 March 2012.

OSCE activities that could result from the period between the billing and payment of assessed contributions.

- The Contingency Fund, in the amount of EUR 2,180 thousand was established by the Permanent Council (PC.DEC/182, 17 July 1997) to allow OSCE to act immediately after the adoption of a Permanent Council decision on a new activity and to cover the corresponding financial requirements prior to the approval of the relevant supplementary budget.

e) Network Operating System Fund

The Network Operating System Fund was established in 2010 (PC.DEC/926) to finance the replacement of the OSCE's network and desktop systems. The funding of the Network Operating System was financed from the 2008 cash surplus in the amount of EUR 1,890 thousand. The Fund was closed in 2013 (see Note 31 - Events after the Reporting Date).

f) ERP Upgrade Fund

The Enterprise Resource Planning (ERP) System Fund was established in 2012 (PC.DEC/1033) to finance the upgrade of the OSCE's ERP system. The funding of the ERP Upgrade Fund was financed in three instalments of EUR 1,310 thousand from the 2009, 2010 and 2011 cash surplus, for a total funding of EUR 3,930 thousand.

g) Extra-Budgetary Funds (see Note 20)

1.4 Operating Leases

Leases where the OSCE does not retain a significant portion of the risks and rewards inherent in ownership are classified as operating leases. Payments due under operating leases are charged to the Statement of Financial Performance as expense.

1.5 Uncollected Assessed Contributions

If a participating State has not paid all its assessed contributions for the preceding financial year by 1 April of the current financial year, the Secretary General requests that participating State to pay its arrears within 60 days. If payment is not made in full during that period, the Secretary General requests an explanation of the reasons for non-payment from the participating State concerned. The Secretary General informs the Advisory Committee on Management and Finance of the steps taken as well as other initiatives undertaken and consults the Chairperson-in-Office. If the amount of arrears of a participating State equals or exceeds the amount of the contributions due for the preceding two full years the Chairperson-in-Office refers the issue to the Permanent Council. The Permanent Council shall take concrete measures to ensure early payment by the participating State concerned (Ref. Financial Regulation 4.09).

1.6 Employee Benefits

1.6.1 Employee Benefits Current

Current employee benefits are expected to be settled within 12 months of the reporting date, and include payroll and allowances, assignment grants, education grants, annual leave, home leave and rest and recuperation for employees in Field Missions. The amounts related to these liabilities were determined by an independent actuary based on the methodology and assumptions as described in Note 13 or calculated by the OSCE based on personnel data and past experience, and are as follows:

- Annual leave - in accordance with OSCE's Staff Regulations, upon separation, contracted OSCE officials shall receive payment for unused leave days up to a maximum of thirty days. Annual leave is considered as a current benefit and hence, is not subject to actuarial valuation. The liability for annual leave was calculated by multiplying the number of unused leave days as of 31 December 2012, up to a maximum of thirty days on the basis of the monthly net salary, including post adjustment, if applicable.

- Home leave and rest and recuperation leave - Heads of Mission and other fixed-term international Mission members, both contracted and seconded staff, are entitled to home leave

once every twelve months. In addition, for those staff serving in duty stations designated as hazardous or hardship, there is an additional entitlement to rest and recuperation leave once every twelve months.

Currently the duty stations that qualify for rest and recuperation are as follows:
- Mission in Kosovo
- Centre in Astana
- Centre in Ashgabat
- Centre in Bishkek
- Project Co-ordinator in Uzbekistan
- Office in Tajikistan
- Office in Yerevan

The liabilities for both home leave and rest and recuperation leave were calculated by using estimates of travel costs based on historical average costs.

1.6.2 Employee Benefits Non-Current

Non-current employee benefits relate to post-employment benefits, including repatriation benefits, and other non-current benefits such as home leave for the staff in Secretariat and Institutions.

- Home Leave - international fixed-term contracted staff members, including the Secretary General and Heads of Institutions are entitled to home leave once every two years. OSCE also pays the costs of travel expenses of the spouse and dependent children who reside at the duty station with the staff member. The liabilities for home leave were calculated by using estimates of travel expenses based on historical average costs. The effect of discounting was deemed immaterial.

- Repatriation Benefits include:

  - Repatriation Grant - OSCE pays repatriation grants to international fixed term contracted staff members, including the Secretary General and the Heads of Institution, and their eligible dependents upon separation from service. The amount of the grant is calculated on the basis of the staff member's last salary, excluding post adjustment, and the staff member's completed years and months of qualifying service.

  - Repatriation Travel - upon separation, the OSCE pays the travel expenses for fixed-term contracted OSCE officials, seconded officials and international short-term contracted staff. The spouse and dependent children of international fixed-term contracted staff members are also entitled to repatriation travel.

  - Removal of Household Effects - upon separation, the Secretary General, Heads of Institution and international contracted staff members appointed for a period of not less than one year are entitled to the payment of the removal of household effects. The costs to be reimbursement shall be the actual expenses incurred.

The present value of non-current employee benefits liabilities is determined by discounting the estimated cash outflows using interest rates of high quality corporate bonds with a duration that approximates the maturity terms of the related liabilities.

1.7 Provisions

Provisions are recognized in such circumstances when the OSCE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.8 Contingent Liabilities and Contingent Assets

Contingent liabilities are disclosed when there are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the OSCE. Contingent assets are disclosed when there are probable assets that arise 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 OSCE.

1.9 Revenue from Assessed Contributions

Revenue from assessed contributions from participating States is recorded on an accrual basis.

1.10 Expenditure

Expenditure for budgetary purposes is accounted for on an accrual and modified cash basis. The cost of services is recorded on an accrual basis as expenditure of the current financial year, based on physical delivery. The cost of supplies and equipment is recorded on a modified accrual basis as expenditure in the current financial year based on the existence of a legally enforceable contract (see Note 18 for reconciliation between budgetary expenditure and the expenditure in the Statement of Financial Performance).

1.11 Cash Surplus or Deficit

At the end of each financial year, the cash surplus or deficit for the Funds financed by assessed contributions is determined by calculating the excess of revenue received over expenditure or the excess of expenditure over revenue received. The cash surplus of all Funds financed by assessed contributions is credited against contributions of the participating States in accordance with the scale of distribution for the year to which the surplus relates, in the year following the year in which the accounts are accepted by the Permanent Council. The allocation to a participating State of its share of the cash surplus is deferred in cases where the State is in arrears for the year to which the surplus relates and until such time as these arrears are paid in full (Financial Regulation 7.07).

1.12 Contributions In-Kind

Contributions in-kind in the form of salaries for seconded staff and rental of premises are not recorded in the accounts of the Organization. For 2012 the estimated value of in-kind contributions is approximately EUR 43,588 thousand (EUR 44,142 thousand in 2011).

1.13 Financial Risk Management

Financial risk management is carried out by the Treasury Unit in the Secretariat under policies approved by the Investment Committee and by applying the guidelines included in OSCE's Provisional Financial/Administrative Instruction Five - *Income and Cash Management* and the Investment Policy. IPSAS 30 *Financial Instruments: Disclosures* states the types of risks that the Organization should disclose:

(a) *Liquidity risk* - is the risk that an entity will encounter difficulty in receiving funds to meet its financial commitments. The OSCE invests funds not required for immediate operational purposes in short-term deposits up to a maximum of six months. Maturities are scheduled on the basis of operational requirements as identified by the Treasury Unit and OSCE Executive Structures' cash flow forecasts.

The timing of payment of assessed contributions by participating States has an impact on the liquidity of the Organization. Delays in payment by large contributors can affect normal operations, although the Revolving Fund in the amount of EUR 2,710 thousand is available to meet short-term cash requirements as stated in PC.DEC/133 of 27 June 1996.

Liquidity is monitored through cash flow forecast reports for a period of 12 month into the future. Unpaid bills from participating States are dealt with in accordance to Financial Regulation 4.09 (see Note 1.5).

(b) *Currency risk* - is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The OSCE has a policy of not using derivative financial instruments to hedge against currency risk. Risk is mitigated by limiting the amount of cash held in currencies other than Euro; by concluding most of the OSCE contracts in Euro; and by not converting one currency to another to avoid

realization of gains and losses. In 2012, 87.3% of net expenditures were transacted in Euro or currencies pegged to the Euro.

Transactions in foreign currencies are recorded in Euro at the UN Monthly Operational Rates of Exchange in effect on the date of the transactions. At the end of the reporting period assets and liabilities are valued at the rates applicable as at 31 December 2012. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments. As of 31 December 2012 there was a net foreign exchange gain of EUR 47 thousand. In compliance with Provisional Financial/Administrative Instruction Five on Income and Cash Management, large exchange rate gains or losses incurred under extra-budgetary programmes/projects have been credited or charged to the respective extra-budgetary programmes/projects.

(c) *Interest rate risk* - is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The OSCE did not enter into any transactions involving variable interest rates in 2012 and only made short-term deposits for fixed durations and fixed interest rates. Fluctuations in interest rates only affect the interest revenue from short-term deposits to be concluded in the future; however, the OSCE is not dependent on interest revenue for the continuation of its activities. In 2012, interest revenue represented only 0.3% of total revenue.

(d) *Market risk* - is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. None of the OSCE's financial instruments in 2012 was affected by changes in market prices.

(e) *Credit risk* - is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The largest exposures to such risk for the OSCE are Assessed Contributions Receivable and bank risk. The Treasury Unit monitors the creditworthiness of its banks on a regular basis and has strict guidelines to limit the amount deposited with each approved bank. The table below shows the amounts deposited with banks according to their credit rating. At the end of the reporting period, 97% of the total was held in bank accounts carrying an investment grade (BBB- and above). The table reflects the fact that due to the current financial crisis most bank ratings have been revised downwards. The remaining balances are held in non-investment grade banks to support OSCE local operational needs.

The Treasury Unit monitors the creditworthiness of its banks on a regular basis and has strict guidelines to limit the amount deposited with each approved bank. At the end of the reporting period, 94.8% of the total cash was held in bank accounts administered by the Treasury Unit. The remaining 5.2% was held in bank accounts throughout OSCE locations for daily operational purposes.

EUR '000	Rating	Total
High Grade	AA- to AA+	13
Upper Medium Grade	A- to A+	59,167
Lower Medium Grade	BBB- to BBB+	58
Non-Investment Grade	BB- to BB+	290
Highly Speculative	B- to B+	307
Unrated	N/A	1,157
Total Bank Balances		**60,992**

(f) *Cash flow risk* - is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. For the OSCE such fluctuations relate to future money-market deposits in the event of changes in interest rates. As mentioned in (b) above, the OSCE is not dependent on the cash flows resulting from money-market deposits for the continuation of its activities.

g) There were no significant changes in the OSCE's exposure to risk or to its risk management policies during the reporting period.

1.14 Critical Accounting Estimates and Judgments

The preparation of the Financial Statements involves the use of accounting estimates and professional judgment; therefore there is a risk that actual amounts could differ from the related estimates. The areas where those are more significant in the preparation of OSCE's Financial Statements include inter alia: provisions, accruals, contingent assets and liabilities and employee benefits.

Note 2 - Financial Instruments

Financial instruments in use during the reporting period consisted of cash, bank accounts, short-term deposits, accounts receivable and accounts payable. No transactions involving derivative financial instruments were made during the reporting period.

Upon initial recognition, all financial instruments are measured at fair value and classified as Loans and Receivables. When subsequently measured, these are measured at amortized cost less impairment losses, if any.

The fair value of all financial instruments approximates their carrying amount. Given the short-term nature of these financial instruments, the effect of discounting is immaterial. A review of amounts outstanding for Assessed Contributions Receivable resulted in the recognition of an allowance to reflect the impact of doubtful debts (see Note 5.2).

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with initial maturity of 3 months or less. Cash and cash equivalents as at 31 December 2012 amounted to EUR 30,161 thousand. EUR 15,241 thousand of this amount is in respect of Unified Budget Funds (including Revolving and Contingency Funds) and EUR 14,920 thousand is in respect of Extra-Budgetary Funds. In accordance with Financial Regulation 5.02, funds not needed for immediate requirements were invested in the form of money-market deposits. Those deposits with an initial maturity of 3 months or less were classified as cash equivalents.

EUR '000	Unified Budget	Extra-Budgetary	Total
Cash	377	0	377
Bank	8,864	29	8,893
Short-term Deposits	6,000	14,891	20,891
Total Cash and Cash Equivalents	**15,241**	**14,920**	**30,161**

Note 4 – Investments

Investments consist of money-market deposits with initial maturity over 3 months. At the end of the reporting period, investments amounted to EUR 31,208 thousand, of which EUR 6,708 thousand was in respect of Unified Budget activities and EUR 24,500 thousand for Extra-Budgetary Funds.

Note 5 - Assessed Contributions Receivable

5.1 Assessed Contributions Receivable

Assessed Contributions Receivable as at 31 December 2012 amounted to a total of EUR 11,857 thousand (EUR 8,929 thousand in 2011). A schedule of outstanding Assessed Contributions Receivable by participating State is shown below:

Participating State	Outstanding for 2010 and Prior Years	2011	2012	Total Outstanding Balance as at 31 December 2012
Bosnia and Herzegovina	0	0	37	37
Kyrgyzstan	952	45	45	1,043
Mongolia	0	0	5	5
Portugal	0	0	769	769
Spain	0	0	5,868	5,868
Tajikistan	201	45	45	292
The former Yugoslav Republic of Macedonia	65	85	85	235
Uzbekistan	3,146	232	232	3,609
Total	**4,365**	**407**	**7,086**	**11,857**

Payments of assessed contributions by participating States are credited to that State's assessments in the order in which those assessments are made (Financial Regulation 4.06).

In 2012, participating States in arrears for two full years or more reduced their outstanding balances as follows:

Participating State	Payments of Arrears Received in 2012
Kyrgyzstan	23
Tajikistan	100
Total	**123**

5.2 Allowance for Assessed Contributions Receivable

Based on each participating State's historical pattern of payment, an allowance for doubtful debts has been first established in 2011 in accordance with IPSAS 15, to bring the balance of Assessed Contributions Receivable in line with its fair value. The allowance is calculated as 100% of the outstanding receivable from participating States whose arrears equalled or exceeded the amount of contributions due for the preceding two full years.

The allowance for 2012 and the change compared to 2011 are as follows:

Participating State	Outstanding Balance as at 1 January 2012	Payments of Arrears Received in 2012	Assessments / Credits for 2012	Outstanding Balance as at 31 December 2012	2012 Allowance	Change in Allowance from 2011
Kyrgyzstan	1,021	(23)	45	1,043	1,043	22
Tajikistan	351	(100)	40	292	292	(60)
The former Yugoslav Republic of Macedonia	149	0	86	235	235	86
Uzbekistan	3,377	0	232	3,609	3,609	232
Total	**4,898**	**(123)**	**403**	**5,178**	**5,178**	**280**

Note 6 - Accounts Receivable

Accounts Receivable are carried at the original invoice amount, less estimated doubtful debts based on a review of all outstanding amounts at the year-end. As at 31 December 2012 no changes in the carrying amount of Accounts Receivable were identified. Accounts Receivable amounted to EUR 2,641 thousand as at 31 December 2012 (EUR 2,568 thousand in 2011). This amount is comprised primarily of VAT reimbursements receivable from governments.

Note 7 – Prepayments

Prepayments amounted to EUR 2,720 thousand as at 31 December 2012 (EUR 2,191 thousand in 2011). This amount is comprised primarily of advances to suppliers, implementing partners and staff for salaries and travel. As prepayments are intended to be settled through delivery of goods or services, they do not meet the definition of financial instruments as defined by IPSAS 28. Furthermore prepayments are considered as non-monetary items as defined by IPSAS 4, and therefore translated at the transaction exchange rate.

Note 8 – Other Non-Current Assets

Other non-current assets is comprised of deposits for rent and advances to suppliers and implementing partners which are expected to be recovered more than 12 months after the reporting date.

Note 9 - Accounts Payable

Accounts Payable amounted to EUR 4,206 thousand as at 31 December 2012 (EUR 4,189 thousand in 2011). This amount is comprised of goods and services for which invoices were received but not paid, as well as amounts owed to staff.

Note 10 – Other Accruals

For budgetary purposes, OSCE records unliquidated obligations (ULOs). These refer to budget commitments for purchase orders for delivery of goods (assets, consumables and supplies) and services (including travel, utilities, and payroll related expenses, among others).

For budgetary purposes the criteria for recognition of ULOs related expense for both goods and services has not been impacted by IPSAS adoption. The detail of 2011 budgetary ULOs charged to expense and respective savings or over-expenditure is as below:

EUR '000	2011 Reserve for ULOs	Expenditure in 2012 against 2011 Reserve	(Savings)/Over expenditure on 2011 ULOs
I. Funds Related to the Secretariat and Institutions			
The Secretariat	1,247	1,113	(134)
Office for Democratic Institutions and Human Rights (ODIHR)	411	319	(92)
High Commissioner on National Minorities	2	2	(0)
Representative on Freedom of Media	49	43	(6)

II. Funds Related to the OSCE Field Operations			
Augmentations	141	123	(18)
South-Eastern Europe			
Mission in Kosovo	936	883	(53)
Tasks in Bosnia and Herzegovina	75	67	(8)
Office in Zagreb	17	8	(9)
Mission to Serbia	208	183	(25)
Presence in Albania	156	152	(3)
Mission to Skopje	182	168	(14)
Mission to Montenegro	43	37	(6)
Eastern Europe			
Mission to Moldova	65	53	(11)
Project Co-ordinator in Ukraine	27	23	(4)
Office in Minsk	1	0	(0)
Representative to the Latvian-Russian Joint Commission on Military Pensioners	0	0	(0)
Caucasus			
Office in Yerevan	12	10	(2)
Office in Baku	194	171	(23)
High Level Planning Group	1	0	(1)
The Minsk Process	16	14	(2)
Personal representative of the CiO	15	11	(4)
Central Asia			
Centre in Astana	124	98	(25)
Centre in Ashgabat	100	90	(10)
Centre in Bishkek	321	289	(32)
Project Co-ordinator in Uzbekistan	143	134	(9)
Office in Tajikistan	297	291	(7)
III. Network Operating System	**130**	**130**	**0**
IV. Extra-Budgetary Funds	**3,689**	**3,689**	**0**
Total OSCE	**8,601**	**8,102**	**(499)**

In line with IPSAS requirements, ULOs related to purchases of goods (assets, consumables and supplies) not yet delivered have been derecognized because liabilities should be accrued based on the delivery principle. On the other hand, purchase orders for goods which have been received but not yet invoiced are considered valid accruals. In addition, ULOs related to purchases of services were also recognized as a valid accrual as long as the services have been received as at the reporting date.

The following table provides a reconciliation between the ULO amount as of 31 December 2012 on a budgetary (commitment) basis and the accrual portion thereof.

EUR'000	**Total**
ULO amount (budgetary commitments):	
- Non payroll related	8,613
IPSAS adjustments	(611)
Accrual portion of ULOs	**8,002**

ULOs related to payroll amounting to EUR 717 thousand (EUR 769 thousand in 2011) represent valid accruals and were reported within Current Employee Benefits.

Note 11 - Contributions Received in Advance

Assessed contributions received in advance amounted to EUR 3,442 thousand as at 31 December 2012 (EUR 6,709 thousand in 2011). This includes overpayments of Unified Budget by participating States as well as credits for the 2010 Cash Surplus and the 2012 Unified Budget Revision to be applied against Assessed Contributions receivable in 2013.

Note 12 - Funds Held for Third Parties

Funds held for Third Party Funds amounted to EUR 5,174 thousand as at 31 December 2012 (EUR 3,799 thousand in 2011). This amount consists primarily of funds received from participating States for payment of salaries to seconded staff on their behalf.

Note 13 - Employee Benefits

Actuarial assumptions are required to be disclosed in the Financial Statements in accordance with IPSAS 25. The following key assumptions and methods have been used by the actuary to determine the value of non-current employee benefits to estimate the liability.

- Discount rate of 0.85% (2.85% in 2011) derived in reference to market yields of high quality corporate bonds - iBoxx Euro Corporates AA, with a duration of 2.9 years, which approximates the maturity terms of the related liabilities;

- Present value of future benefits based on salary projections;
- Increase in salary of 2.5% per year;
- No increase in shipment costs;
- Decrease in travel costs of -2.0% per year;
- Estimated years of service based on OSCE's historical averages.

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions. Actuarial gains or losses for non-current benefit obligation are recognized directly in Equity/Net Assets. The significant decrease in discount interest rates from 2.85% to 0.85% during 2012 contributed to an actuarial loss with respect to repatriation benefits which was almost totally offset by actuarial gains derived from a decrease in liabilities related to home leave and rest and recuperation travel. This decrease was achieved through a change in OSCE's travel policy entitlements during 2012.

Current service cost is the increase in the present value of the defined obligation resulting from employee service in the current period.

Interest cost is the increase during the period in the present value of the defined benefit obligation which arises because the benefits are one period closer to settlement.

Both interest cost and service cost are recognized in the Statement of Financial Performance.

The following table provides more details regarding how the different types of benefits have changed in 2012:

EUR'000	Defined Benefit Obligation 31/12/2011	Current Service Cost 1/1/2012-31/12/2012	Interest Cost 1/1/2012-31/12/2012	Actual payments 1/1/2012-31/12/2012	Actuarial (Gains)/Losses 1/1/2012-31/12/2012	Defined Benefit Obligation 31/12/2012
Home leave and rest and recuperation	354	334	0	(469)	(146)	73
Annual leave	3,720	856	0	(417)	0	4,159
Termination benefits	334	0	0	(334)	0	0
Total Annual leave, home leave and rest and recuperation	*4,408*	*1,190*	*0*	*(1,220)*	*(146)*	*4,232*
Repatriation grant	1,584	383	25	(351)	208	1,849
Repatriation shipment	645	164	10	(120)	34	733
Repatriation travel	281	59	3	(94)	(90)	159
Total repatriation benefits	*2,510*	*606*	*38*	*(565)*	*152*	*2,741*
Total	**6,918**	**1,796**	**38**	**(1,785)**	**6**	**6,973**

Liabilities for current employee benefits also include payroll related ULOs which are valid accruals.

13.1 Provident Fund

The Provident Fund is a defined contribution plan. The employer contributions of 15% of staff salaries are fixed and are recognized as payroll expense. Employees contribute 7.5% of their salary and may make additional voluntary contributions of up to 15%. The assets are held by Generali Guernsey in the beneficial ownership of the employee. The Secretary General's responsibility is to establish arrangements to provide a Provident Fund facility to employees and to monitor these arrangements. The balance of funds held for the benefit of OSCE Staff by the Provident Fund as at 31 December 2012 was EUR 84,951 thousand.

The Provident Fund is administered by Generali Guernsey in accordance with the contract. The OSCE obtains the Financial Statements of Generali Guernsey on an annual basis. The latest available Financial Statements were in respect of the year ended 31 December 2011 and were audited by PricewaterhouseCoopers CI LLP, Chartered Accountants, who gave an unqualified opinion on the Financial Statements.

The Provident Fund summary statement for the year ending 31 December 2012 is shown in the Appendix.

Note 14 – Related Party Disclosures

14.1 Governing Bodies

Based in Vienna, the Permanent Council is the body for regular political consultation and decision-making on all issues pertinent to the OSCE and is responsible for the day-to-day business of the Organization.

The OSCE Permanent Council is formed by the delegates of the 57 participating States. The OSCE's 12 partner States may attend as observers. A delegation to the Permanent Council consists of a team of diplomats of the participating State headed by an ambassador.

OSCE decisions have to be taken by consensus and the Chairman seeks approval from all delegations. In the case of one or more delegations opposing a decision, the issue is renegotiated. If all delegates agree, the decision becomes politically binding for all participating States.

The Ministerial Council meets once a year towards the end of every term of chairmanship to consider issues relevant to the OSCE and make appropriate decisions. During periods between summits, decision-making and governing power lies with the Ministerial Council, whose members are the Foreign Ministers of the OSCE participating States.

Members of the delegations are appointed separately by the Governments of each participating State and are not considered key management personnel as defined by IPSAS. They do not receive remuneration from the Organization.

14.2 Key Management Personnel

The Secretary General, Heads of Institutions and Heads of Mission, including Personal Representatives who are Fund Managers, as well as Secretariat's main programme managers at the Director level represent the key management personnel (KMP) as they have authority for planning, directing and controlling the activities of OSCE.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer provident pension fund and health insurance contributions. As defined in the Staff Regulations and Rules, Heads of Mission and Personal Representatives who are Fund Managers are seconded by or through a participating State and therefore do not receive a salary remuneration from OSCE, but are entitled to a Boarding and Lodging Allowance (BLA).

No close family members of KMP were employed by OSCE during the year.

Advances are those made against entitlements in accordance with Staff Regulations and Rules and are available to all OSCE staff. The table below details the number of key management personnel positions and the number of key management staff who held these positions over the course of the year.

EUR'000	Number of Individuals	Number of Posts	Remuneration and Post Adjustment	Entitlements	Provident Fund and Health Plan	Total Remuneration 2012	Outstanding Advances against Entitlements
SG and Heads of Institutions	4	4	826	40	136	1,002	7
Secretariat's Directors	12	8	988	143	166	1,297	9
Heads of Mission and Personal Representative	20	17	0	734	2	736	0
Key Management Personnel	**36**	**29**	**1,814**	**917**	**173**	**3,035**	**16**

Note 15 - Cash Surplus

The cash surplus for the year 2010 was credited against assessed contributions receivable in 2012 and included in the Second Bill for 2013. The total amount credited was EUR 190 thousand, after deduction of cash surplus withheld (EUR 0.4 thousand) and EUR 1,310 thousand for the upgrade of the Enterprise Resource Planning (ERP) system, pursuant to PC.DEC/1033 dated 22 March 2012. This Decision required that the newly established ERP Upgrade Fund be financed with EUR 3,930 thousand in three equal instalments of EUR 1,310 thousand from each of the 2009, 2010 and 2011 cash surplus.

EUR '000	Institutions	Field Operations	Total
Cash Surplus 2010	374	1,127	1,500
Less: Transfer to ERP Upgrade Fund	(326)	(984)	(1,310)
Less: Cash Surplus Withheld	(0.3)	(0.2)	(0.4)
Adjusted Cash Surplus 2010	**47**	**143**	**190**

15.1 Cash Surplus Current

The cash surplus for the year 2011 will be credited to participating States in 2013, and is therefore classified as a current liability. The total amount to be credited is EUR 1,812 thousand, after deduction of cash surplus withheld (EUR 7 thousand) and EUR 1,310 thousand for the upgrade of the Enterprise Resource Planning (ERP) system.

EUR '000	Institutions	Field Operations	Total
Cash Surplus 2011	1,730	1,398	3,128
Less: Transfer to ERP Upgrade Fund	(724)	(586)	(1,310)
Less: Cash Surplus Withheld	(6)	(1)	(7)
Adjusted Cash Surplus 2011	**1,000**	**812**	**1,812**

15.2 Cash Surplus Non-Current

In 2012 the large increase in outstanding assessed contributions (EUR 11,857 thousand compared to EUR 8,929 thousand in 2011) resulted in a cash deficit for the year. The total amount to be recovered from participating States is EUR 1,904 thousand, and is calculated as shown in the table below. As cash surplus for the current year is normally due to be settled two years in arrears, the cash deficit for 2012 is classified as a non-current liability.

EUR '000	Institutions	Field Operations	Total
Budgetary Surplus/(Deficit)	648	377	1,025
Add: Assessed Contributions Receivable at Beginning of Period	4,277	4,652	8,929
Less: Assessed Contributions Receivable at End of Period	(5,464)	(6,393)	(11,857)
Cash Deficit for 2012	**(539)**	**(1,365)**	**(1,904)**

The Budgetary Surplus/(Deficit) for the Period does not include IPSAS adjustments (see Note 18.1 for a reconciliation of the Budgetary Surplus/(Deficit) to the Surplus/(Deficit) for the Period as shown in the Statement of Financial Performance).

The breakdown of the cash deficit for the year 2012 by Fund is shown in the following table. Some Funds (mainly closed Funds) reflect a cash surplus for the year. This is due to payments received in 2012 that were allocated to prior year outstanding assessed contributions.

EUR '000	Cash Surplus/ (Deficit) 2012
The Secretariat	(130)
Office for Democratic Institutions and Human Rights	(318)
High Commissioner on National Minorities	(67)
Representative on Freedom of the Media	(23)
Total Institutions	**(539)**
Total Augmentations	**(93)**
Mission in Kosovo	(305)
Tasks in Bosnia and Herzegovina	(239)
Office in Zagreb	13
Mission to Serbia	(117)
Presence in Albania	(45)
Mission to Skopje	(105)
Mission to Montenegro	(29)
Total South-Eastern Europe	**(828)**
Mission to Moldova	(25)
Project Co-ordinator in Ukraine	(48)
Representative to the Latvian-Russian Joint Commission on Military Pensioners	(0)
Total Eastern Europe	**(73)**
Office in Yerevan	(54)
Office in Baku	(34)
High-Level Planning Group	(4)
The Minsk Process	12
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	(8)
Total for Caucasus	**(88)**
Centre in Astana	(12)
Centre in Ashgabat	(22)
Centre in Bishkek	(100)
Project Co-ordinator in Uzbekistan	(29)
Office in Tajikistan	(134)
Total Central Asia	**(297)**
SAMs Common Costs	1
Missions of Long Durations to Kosovo, Sandjak and Vojvodina	0
Representative to the Joint Commission on the Skrunda Radar Station	0
Mission to Estonia	0
Mission in Latvia	0
Administrative Closure of the Assistance Group to Chechnya	1
Representative to the Estonian Commission on Military Pensioners	0
Mission to Croatia	5
Mission to Georgia	6
End of Mandate Procedure Mission to Georgia	0
Office in Minsk	2
Total Closed Funds	**15**
Total Field Operations	**(1,365)**
Grand Total	**(1,904)**

15.3 Cash Surplus Withheld

The cash surplus for those participating States that have not settled their assessed contributions in full is withheld by the OSCE until the outstanding payments are received. Cash surplus withheld does not meet the definition of liability and is therefore included in reserves. The table below is a summary of the cash surplus withheld by participating State and by year. The longest cash surplus withheld is from budget year 1998.

EUR '000	2009 and Prior	2010	2011	2012	Total
Kyrgyzstan	55	0.1	0.7	0	56
Tajikistan	12	0.1	0.7	0	13
Uzbekistan	203	0.2	4	0	207
The former Yugoslav Republic of Macedonia	0	0.1	1.4	0	2
Total Cash Surplus Withheld	**271**	**0.4**	**7**	**0**	**278**

Note 16 – Provisions

In line with the requirements of IPSAS 19, a provision for EUR 600 thousand for a potential private claim related to the use of premises in Kosovo has been recorded. Uncertainties remain regarding the ownership and title of the property, as well as the exact timing and amount of the settlement; therefore this Note shall not prejudice or influence in any way the final determination of the potential claim.

Note 17 - IPSAS Reserves

The composition of IPSAS reserves is as follows:

EUR '000	Restatements /Adjustments
Allowance for outstanding assessed contributions receivable	(4,898)
Current employee benefits liabilities	(4,309)
Non-current employee benefits liabilities	(2,608)
Balance as of 31/12/2011	**(11,815)**
Derecognition of ULOs	1,323
Adjustment for accrued interest revenue	44
Discontinued revaluation of prepayments	(19)
Restated balance as of 31/12/2011	**(10,467)**
Closure of office in Zagreb	334
Actuarial gains/(losses)	(6)
Provision for pending claims	(600)
Balance as of 31/12/2012	**(10,740)**

The derecognition of non-accrual compliant ULOs, the discontinued revaluation of prepayments and the adjustments for accrued interest revenue represented a restatement of the opening balance for the year 2012. Further adjustments to the beginning balances refer to reclassification of accounts to be compliant with IPSAS requirements:

- Reclassification of money market deposits with an initial maturity over 3 months from Cash and Cash Equivalents (previously called Cash and Short Term Deposits) to Investments
- Reclassification of Cash Surplus (current and non-current portions) as well as Cash Surplus Withheld from Accumulated Surpluses/(Deficits) to Liabilities.

In addition, Contributions Received in Advance was reduced by EUR 1,310 thousand as part of the ERP Upgrade funding from Cash Surplus of 2009.

The table below summarizes the adjustments which were made in the audited Financial Statements as of 31 December 2011 to comply with the IPSAS requirements:

EUR '000	31/12/2011	IPSAS Adjustments	1/1/2012 (restated)
ASSETS			
Current Assets			
Cash And Cash Equivalents	64,228	(20,615)	43,613
Investments	0	20,615	20,615
Assessed Contributions Receivable	8,929	0	8,929
Allowance For Assessed Contrib. Receivable	(4,898)	(0)	(4,898)
Accounts Receivable	2,524	44	2,568
Prepayments	2,210	(19)	2,191
Other Current Assets	0	1	1
	72,993	*25*	*73,018*
Non-Current Assets			
Other Non-Current Assets	273	0	273
	273	*0*	*273*
Total Assets	**73,266**	**25**	**73,291**
LIABILITIES			
Current Liabilities			
Accounts Payable	4,189	0	4,189
Other Accruals	7,828	(1,324)	6,505
Contributions Received In Advance	8,016	(1,307)	6,709
Funds Held For Third Parties	3,799	0	3,799
Employee Benefits Current	5,078	0	5,078
Cash Surplus Current	0	190	190
Provisions	0	0	0
Other Current Liabilities	559	0	559
	29,469	*(2,441)*	*27,029*
Non-Current Liabilities			
Non-Current Employee Benefits	2,608	0	2,608
Cash Surplus Non-Current Portion	0	1,812	1,812
Other Non-Current Liabilities	0	0	0
	2,608	*1,812*	*4,420*
Total Liabilities	**32,077**	**(629)**	**31,449**
NET ASSETS			
Cash Surplus Withheld	281	3	284
Revolving Fund	2,710	0	2,710
Contingency Fund	2,180	0	2,180
IPSAS Reserves	(11,815)	1,348	(10,467)
Accumulated Surplus/(Deficit)	47,833	(698)	47,135
Total Net Assets	**41,189**	**653**	**41,842**

Note 18 - Accumulated Surpluses/ (Deficits)

The comparative figure for Accumulated Surplus/Deficit, previously called Fund Balance, was restated to add back EUR 1,310 thousand from Cash Surplus 2009 for the upgrade of the Enterprise Resource Planning (ERP) system (see Note 15), and for the change in accounting policy related to Cash Surplus, which is now shown as part of liabilities rather than equity (see Note 15.1). The restated amount is EUR 44,142 thousand versus the original amount of EUR 47,833 thousand. Details of the adjustments can be seen in Statement IV – *Statement of Changes in Net Assets.*

Further changes that affected Accumulated Surplus/Deficit during 2012 are the allocation of the Cash Deficit for 2012 (see note 15.2), and the Refund of Unspent Extra-Budgetary Contributions to donors, as shown in the following table:

EUR '000	31/12/2012
Funds to Support OSCE Action for Peace, Democracy and Stability in BiH	10
Fund for Activities Relating to Economic and Environmental Aspects of Security	67
Fund for Activities Related to the Reduction of Military Forces and Equipment from Georgia	13
Partnership Fund	11
Other Activities and Special Projects	1,276
Total	**1,377**

18.1 Reconciliation of Surplus/ (Deficit) for the period

The IPSAS adjustments affect the surplus/ (deficit) for the year as described in the following table. The calculation of cash surplus or deficit derives from the excess/shortfall of income over expenditure on a budgetary basis and is not affected by the IPSAS adjustments.

EUR '000	UB Funds	Network Operating Fund	ERP Upgrade Fund	Extra-Budgetary Funds	Total OSCE
Excess of Income over Expenditure (budgetary basis)	**1,025**	**(243)**	**(71)**	**2,733**	**3,444**
IPSAS related adjustments:					
Revenue					
- Accrued interest	(16)	0	0	0	(16)
- Adjustments of savings on ULOs	(162)	0	0	0	(162)
Subtotal Revenue	*(178)*	*0*	*0*	*0*	*(178)*
Expenses					
- Changes in allowance for doubtful debts	(280)	0	0	0	(280)
- ULO adjustments	(228)	(122)	0	(198)	(548)
- Employee benefits interest cost	(37)	0	0	(1)	(38)
- Employee benefits service cost	(1,675)	0	0	(122)	(1,797)
- Employee benefits reclassification of payments	1,380	0	0	71	1,451
Subtotal Expenses	*(840)*	*(122)*	*0*	*(251)*	(1,213)
Total IPSAS Adjustments	**(1,018)**	**(122)**	**0**	**(251)**	**(1,391)**
Surplus/(Deficit) for the period	**7**	**(365)**	**(71)**	**2,483**	**2,053**

Note 19 – Assessed Contributions

Accrued revenue from assessed contributions amounted to EUR 144,823 thousand (147,165 thousand in 2011). This amount includes the original 2012 Unified Budget (PC.DEC/1028, 22 December 2011), as modified by the 2012 Year-End Unified Budget Revision (PC.DEC/1075, 7 March 2013). In addition, following the accession of Mongolia to the OSCE (MC.DEC/2/12, 21 November 2012) and PC.DEC/1067 of

13 December 2012 on the share of Mongolia in the OSCE scales of contribution for 2012, Mongolia was initially assessed an amount of EUR 5 thousand.

Note 20 - Extra-Budgetary Contributions

Revenue from extra-budgetary contributions is recorded on a cash basis. Total extra-budgetary contributions received in 2012 amounted to EUR 25,732 thousand. Pledges received in 2012 against extra-budgetary projects amounted to EUR 38,511 thousand, of which EUR 22,362 thousand were received as revenue in 2012 and EUR 16,149 thousand remained outstanding as at 31 December 2012. Extra-budgetary contributions received in 2012 in respect of pledges made in previous years amounted to EUR 3,370 thousand.

Extra-Budgetary Funds established by the Permanent Council are as follows:

- The Fund to foster the integration of recently admitted participating States (PC.DEC/23, 2 March 1995);
- The Fund to support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina (PC.DEC/101, 11 January 1996);
- The Fund for Activities Related to Economic Aspects of Security (PC.DEC/150, 19 December 1996);
- The Fund relating to the Stability Pact for South Eastern Europe (PC.DEC/306, 1 July 1999);
- The Fund for Activities Related to the Removal and Destruction of Russian Ammunition and Armaments from Moldova (PC.DEC/329, 9 December 1999);
- The Fund for Activities related to the reduction of Military Forces and equipment from Georgia (293rd Reinforced Meeting of the Permanent Council on Georgia, 17 July 2000);
- The Bishkek International Conference on Enhancing Security and Stability in Central Asia: Strengthening Comprehensive Efforts to Counter Terrorism (PC.DEC/440, 11 October 2001).
- The Partnership Fund (PC.DEC/812, 30 November 2007).

Extra-budgetary contributions that do not fall under Funds established by the Permanent Council are classified, under "Other Activities and Special Projects".

Note 21 – Miscellaneous Revenue

EUR '000	1/1/2012 to 31/12/2012
Sales of Assets and Minor Equipment	105
Insurance Claims	11
Other Miscellaneous Revenue	50
Total	**167**

Note 22 – Foreign Exchange Gains/(Losses)

The revenue pertains to both realized and unrealized gains and losses on foreign exchange balances and transactions.

Note 23 – Savings on Prior Year Accruals

Savings on prior year accruals refers to liabilities for services and goods received that were liquidated at a lower value than initially accrued or were cancelled (see Note 10 for the composition of savings on unliquidated obligations recorded on a budget basis).

Note 24 – Finance Revenue

Finance revenue includes interest from bank balances and short-term cash deposits.

EUR '000	1/1/2012 to 31/12/2012
Interest received from banks in 2012	464
Adjustment for interest related to 2011	(44)
Accrual for interest to be received in 2013	29
Total	**448**

Note 25 – Other Adjustments

In 2012, reclassification of project funds resulted in net outflow of EUR 589 thousand from Extra-Budgetary Funds to Third Party Funds (EUR -199 thousand in 2011).

Note 26 – Expenses

26.1 Staff Costs

EUR '000	1/1/2012 to 31/12/2012
Salaries	58,657
BLA for seconded staff	17,465
Provident fund	8,288
Other staff cost	5,439
BLA for international Staff	1,935
Insurance	1,917
Total	**93,700**

Salaries comprise amounts paid to international and local contracted staff, local professional staff, and temporary assistance.

Other staff costs include hazard pay, personal income tax, interview and appointment travel and overtime costs, training as well as other employee benefits, such as education grant, child and spouse allowance, assignment grant and rental subsidy as well as service costs for employee benefits (see Note 13). Insurance costs refer to health, life and accident insurance.

Board and Lodging Allowance (BLA) consists of a daily allowance payable by the OSCE which is intended to cover at least partially the living expenses incurred by international mission members assigned or appointed to a Mission. BLA is paid to internationally contracted and seconded staff. The BLA rates are established for each Mission by the Secretary General in December each year and remain valid for the following year.

26.2 Consultancy and Subcontracting

EUR '000	1/1/2012 to 31/12/2012
Other contractual services	14,787
Implementing Partner costs	9,907
Total	**24,694**

Other contractual services includes inter alia, subcontracting services related to the implementation of extra-budgetary projects, costs related to services to support Election Observation Missions as well as special service agreements (SSAs), including related travel. Implementing partner costs include both capacity building and non-capacity building.

26.3 Travel

EUR '000	1/1/2012 to 31/12/2012
Travel of non-OSCE officials	7,632
Other duty travel	7,666
Travel for training	730
Total	**16,028**

Other duty travel represents regular duty travel of staff on various missions including travel ticket costs, daily subsistence allowance (DSA), local transportation and terminal allowances. Travel of non OSCE officials is related to conferences and seminars and recruitment travel.

26.4 Services and Office Costs

EUR '000	1/1/2012 to 31/12/2012
Rental and maintenance of buildings	8,458
Conferences, seminars, workshops	4,326
Communication services	2,406
Interpreters, translators and typing services	2,185
IT services	1,984
Printing and copying services	1,471
Other office costs	786
Software	685
Freight and transportation	651
Insurance other than staff	498
Bank charges	281
Total	**23,731**

Communication services include, among others, internet access fees, rental of communication equipment and leased lines. IT services refer to maintenance and support fees, as well as rental and installation of IT equipment.

26.5 Consumables and Supplies

EUR '000	1/1/2012 to 31/12/2012
Fuel and lubricants	1,283
Other supplies	1,862
Communication and IT supplies	801
Publications, newspapers and printed materials	496
Spare parts	200
Total	**4,642**

Consumables and supplies include items that are either used or consumed in the rendering of services (such as office and communication and IT supplies, fuel for generators and vehicles and spare parts) or are held prior to distribution, such as publications and other printed materials.

26.6 Equipment purchases

Equipment purchases mainly include costs related to the acquisition of non-expendable assets which are reported as an expense until full adoption of IPSAS.

26.7 Other Operating Expenses

EUR '000	1/1/2012 to 31/12/2012
Other expenses	989
Representation	565
Change in allowance for assessed contributions	280
Write-off of uncollectable receivables	6
Cash and other losses	6
Total	**1,846**

Other expenses comprise mainly costs related to common project costs.

A detail of cash and other losses as well as write-off of uncollectible receivables for the period ending 31 December 2012 is presented below:

EUR '000	Description	1/1/2012 to 31/12/2012
Mission to Kosovo	Uncollectible receivables and other losses	10
Project Co-ordinator in Ukraine	Cash losses	1
Other	Uncollectible receivables and other losses	1
Total		**12**

Note 27 – Reconciliation of the actual amounts on a comparable basis and the Cash Flows Statement

The Financial Statements and the Budget are not prepared on a comparable basis, therefore, and as required under IPSAS 24 Presentation of Budget Information in Financial Statements, the actual amounts presented on a comparable basis to the Budget need to be reconciled to the net cash from operating investing and financing activities. This reconciliation also requires that any timing, basis and entity differences be separately identified.

EUR '000		Operating activities	Investing activities	Financing activities	Total
Actual Surplus as per the Statement of Comparison of Budget and Actual Amounts		9			9
Basis Differences:	Unliquidated Obligations	4,698	0	0	4,698
	Unpaid Assessed Contributions	(7,086)	0	0	(7,086)
Net Surplus/(Deficit) on a Cash Basis		*(2,379)*	*0*	*0*	*(2,379)*
Timing Differences		0	0	0	0
Presentation Differences		833	(318)	(4,126)	(3,610)
Entity Differences		214	(10,275)	2,552	(7,508)
Amount in the Cash Flow Statement		**(1,332)**	**(10,593)**	**(1,574)**	**(13,499)**

The reconciliation also requires that any timing, basis and entity differences be separately identified:

- Entity differences: the Statement of Comparison of Budget and Actual Amounts refer solely to the Unified Budget, whereas the Cash Flow Statement includes also Extra-Budgetary Funds, the ERP Upgrade Fund and the Network Operating Fund.
- Basis differences: in order to reconcile the Budget results to the Cash Flow Statement, the non-cash elements such as unliquidated obligations and outstanding assessed contributions need to be considered as basis differences;
- Timing differences: occur in such cases when the budget cycle differs from the financial reporting cycle. For the OSCE there are no timing differences, since both cycles coincide;
- Presentation differences refer to differences in the content and classification schemes in the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts; for example, revenue that is not included in the Statement of Comparison of Budget and Actual Amounts is shown as a presentation difference;

For further details on budget and expenditure figures, see Chapter I - Financial Report.

Note 28 - Contingent Assets and Contingent Liabilities

OSCE's contingent assets consist of pledges received in 2012, which have not yet been paid as at 31 December 2012, and amount to EUR 16,149 thousand.

Contingent liabilities consist of multiple claims received from different entities requesting payment of back rent for five premises previously occupied by the Mission in Kosovo. As of 31 December 2012, no claim has been settled as no claimant has submitted convincing proof of legal ownership of any of the premises during the period the Mission occupied the properties. Consequently, there remain numerous uncertainties regarding the legality of these claims that prevent the OSCE to estimate an amount, if any, of a contingent liability.

Note 29 - Ex-Gratia Payments

During 2012 ex-gratia payments totalling EUR 5 thousand were approved by the Secretary General (ODIHR EUR 2.5 thousand and Mission to Moldova EUR 2.5 thousand).

Note 30 – Leases and Contractual Obligations

The total contractual obligations extending beyond 31 December 2012 amount to approximately EUR 12,279 thousand. If notice were given on 31 December 2012 to terminate these contractual obligations the amount would be approximately EUR 1,992 thousand.

Lease agreements in the Secretariat, Institutions and Field Offices refer mainly to lease of premises and office equipment. These lease agreements are classified as operating leases and the related lease payments are charged as expense over the period of the lease.

Future minimum lease payments include payments for such rented premises and equipment that would be required until the earliest possible termination date under the respective agreements. There are no agreements that contain purchase options.

The total amount of future minimum lease payments under non-cancellable operating leases is as follows:

EUR '000	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Minimum Lease Payments	929	0	0	929

Note 31 – Events after the Reporting Date

The 2012 Unified Budget was decreased by EUR 3,237 thousand as a result of the OSCE 2012 Year-End Unified Budget Revision (PC.DEC/1030, 16 February 2012).

The Network Operating System Fund, established in 2010 (PC.DEC/926), was closed in the first quarter of 2013.

Note 32 – Non-Expendable Assets

Non-expendable assets include equipment, furniture and motor vehicles, valued at historical cost. Cost adjustments consist mainly of freight costs. The OSCE does not own any land or buildings.

The value of non-expendable assets as at 31 December 2012 is EUR 38,887 thousand. The movement in non-expendable assets during the year is summarized in the following table and includes extra-budgetary assets as at 31 December 2012 amounting to EUR 2,022 thousand.

EUR '000	Total 2012	Total 2011
Balance at 1 January	40,151	42,157
Additions	4,409	6,141
Disposals	(5,820)	(8,147)
Cost Adjustments	147	0
Balance at 31 December	**38,887**	**40,151**

Chapter V – Statement on Internal Control

Organization for Security and Co-operation in Europe

The Secretariat

Statement on Internal Control for 2012

May 2013

Scope of responsibility

As Secretary General of the OSCE, I am responsible to the Permanent Council for the efficient use of the Organization's resources, in accordance with the responsibility assigned to me, Ministerial Council Decision No. 15/04. To this end, I have established mechanisms of internal oversight and financial control in accordance with Financial Regulation 6.01: Principles.

Purpose of the system of internal control

Internal control is designed to reduce and manage the risk of failure to achieve an organization's aims, objectives and related policies. Therefore, it can only provide a reasonable assurance of effectiveness. It is based on an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.

Internal control is a process of systematic measures effected by the Permanent Council, the Secretary-General, the Fund Managers, senior management and other OSCE officials, and designed to provide reasonable assurance on the achievement of the following internal control objectives:

- Effectiveness and efficiency of operations,
- Safeguarding of assets,
- Reliability, accurateness and completeness of the recording of transactions and the related financial reporting process, and
- Compliance with the OSCE's Common Regulatory Management System.

My current statement on OSCE's internal control process, as described above, applies for the year ended 31 December 2012, and up to the date of approval of the OSCE's financial statements.

Risk management and control framework

The OSCE has established a risk management framework and strategy, which includes the:

- Identification risks classified according to relevance, impact and probability of occurrence,
- Publication of guidance on risk management for administrative and project related risks, setting out the scope, basic concepts and mechanisms underlying risk management and enabling OSCE staff to set up to identify, evaluate and manage risk as applicable to their executive structures,
- Continued training and awareness-raising in risk management,
- Periodic and ad hoc reviews of risk management and the operation of the risk management framework.

Risk management shall be further strengthened by expanding the scope to other risk categories and strengthening the oversight and accountability framework.

In addition, a comprehensive 'Integrated Internal Control Framework', that includes, along with the Risk Management process, the support of executive management, the OSCE ethical framework, the Common Regulatory Management System, and established automated and manual control and monitoring activities has been designed to ensure that the OSCE's objectives are achieved efficiently, underpinned by appropriate ethical values. These include, but are not limited to the OSCE Code of Conduct, Financial and Staff Regulations, other Ministerial/Permanent Council decisions related to management of the OSCE's activities, current Staff Rules and financial, staff administrative and security instructions, which provide the mechanisms for financial, human and material resources of the OSCE's activities. They also include an escalation procedure in the form of Exception Requests, whereby ensuring that all deviations from the Common Regulatory Framework are brought to my attention and approved by me.

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

Review of effectiveness

My review of the effectiveness of the system of internal controls is mainly informed by:

- My senior managers, as well as Fund Managers of the executive structures, who play important roles and are accountable for expected results, performance, controlling their executive structure's activities and the resources entrusted to them.
- For the year ended 31 December 2012, Letters of Representation received from the Fund Managers of the executive structures in connection with the issuance and audit of the Annual Financial Statements.
- The Office of Internal Oversight, on whose reports of internal audits, evaluations and advisory services I rely. These include independent and objective information on the adequacy and effectiveness of the OSCE's system of internal controls and on programme effectiveness, together with recommendations for improvement.
- The Audit Committee.
- The External Auditors.
- The participating States' observations.

Significant matter(s) arising during the year

- The global financial crisis has led to the weakening of the Euro with its subsequent negative impact on the budgets of the various OSCE's executive structures when operating in foreign currency. It also accounts for an increase in outstanding assessed contributions. These factors in conjunction with the maintenance of the zero growth budget regime contributed to the weakening of the OSCE's financial situation.
- The enduring failure to approve a revision to the Financial Regulations negatively impacted the robustness of the OSCE's internal control framework.
- Staffing levels and structure, including the conditions and periods of service of OSCE staff, and availability of secondees remain a challenge to the OSCE's efficiency and ability to deliver on its commitments.

- The governance structure of the OSCE relying on a decentralized fund management structure and the dual reporting lines by the executive structures, with reporting on programmatic aspects to the CiO and on administrative matters to myself, continue to create difficulties when trying to exercise my role as Chief Administrative Officer. This may increase procurement and contracting related risks outside the Secretariat.

I am committed to taking all necessary measures to safeguard the OSCE's capacity to deliver on its mandate, which will necessitate medium and longer-term measures aimed at increasing effectiveness and efficiency further while maintaining an effective internal control system.

Conclusion

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

I am committed to addressing any weaknesses in internal controls noted during the year and brought to my attention and necessary measures will be taken to remedy the situation.

- In particular, I closely monitor the OSCE's financial situation, including foreign exchange effects on the budgets and send additional reminders to late payers of assessed contributions.
- A proposal to consolidate the existing regulatory framework, including the Financial Regulations and all relevant PC decisions was submitted to the ACMF for approval in 2012, however, without any result.
- I continue to draw the participating States attention to the problems faced by the current secondment system and will undertake a review and submit a set of proposals for participating States consideration in 2013. Furthermore, the 2012 discussions to reconsider the limitations to the periods of service in order to minimize staff turnover, enable operational continuity and ensure better accountability at the senior management level have not yet reached conclusion.
- Re-invigorating the discussions on the OSCE accountability framework, and in particular on the re-grading and strengthening of the administrative reporting lines of the Chiefs of Fund Administration, will have a positive effect on internal controls and translate into a reinforcement of the Common Regulatory Management System.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses which would prevent the External Auditor from providing an unqualified opinion on the OSCE's financial statements, nor are there other significant matters arising which would need to be raised in the present document for the year ended 31 December 2012.

Lamberto Zannier
OSCE Secretary General

Appendix

Appendix: OSCE Provident Fund Summary Statement

For the Year Ended 31 December 2012

	DEPOSIT ADMINISTRATION FUNDS				INTERNATIONAL EQUITY FUNDS				EUROPEAN EQUITY FUND		
	Units '000	**EUR '000**	**Units '000**	**USD '000**	**Units '000**	**EUR '000**	**Units '000**	**USD '000**	**Units '000**	**EUR '000**	**TOTAL EUR '000**
Opening Balance 1 Jan 2012	56,360	69,863	5,266	6,510	22	581	25	847	109	920	
Contributions/Premium Allocation	11,090	13,837	1,464	1,822	2	66	5	215	25	239	
Unit Adjustments	11	14	0	1	0	0	0	0	0	0	
Surrenders	-4,967	-6,180	-988	-1,225	-1	-31	-3	-111	-30	-276	
Withdrawals	-1,632	-2,034	-260	-322	0	-5	0	-14	-7	-63	
Switch Out	0	0	4	5	0	0	0	-8	-1	-12	
Switch In	8	10	2	2	0	0	0	1	0	2	
Transfer Out	-245	-305	-173	-215	0	0	-1	-37	-8	-73	
Transfer In	0	0	0	0	0	0	0	0	0	0	
Fees (Administration Fee and Establishment Charge)	0	0	0	0	0	0	0	0	0	0	
Total movements during year	**4,265**	**5,342**	**49**	**68**	**1**	**30**	**1**	**46**	**-20**	**-183**	
Guaranteed Interest on Opening Balance	0	868	0	82	0	0	0	0	0	0	
Guaranteed Interest on units accumulated during year	0	10	0	-7	0	0	0	0	0	0	
Deposit Administration Bonus Units (additional interest	983	1,234	117	146	0	0	0	0	0	0	
Closing Balance 31 December 2012	**61,608**	**77,317**	**5,432**	**6,799**	**23**		**26**		**89**		
Market Value as at 31 December 2012						**694**		**1,030**		**912**	
Exchange Rate				**1.2987**				**1.2987**			
Closing Balance 31 December 2012 in EUR '000		**77,317**		**5,235**		**694**		**793**		**912**	**84,951**