NATO SANS CLASSIFICATION

9 février 2016

DOCUMENT
C-M(2016)0008-AS1

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR 2014

SUITE DONNÉE

Le 8 février 2016, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège international des commissaires aux comptes de l'OTAN diffusé sous la cote IBA-AR(2015)38 et figurant en annexe au C-M(2016)0008, et il a approuvé la recommendation du Bureau de la planification et de la politique générale des ressources visant la communication au public.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2016)0008 et doit être placée en tête de ce document.

29 janvier 2016

DOCUMENT
C-M(2016)0008
Procédure d'accord tacite :
8 fév 2016 18:00

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR 2014

Note du secrétaire général délégué

On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) pour l'exercice clos le 31 décembre 2014. Ce rapport contient une opinion sans réserve.

Le rapport a été examiné par le Bureau de la planification et de la politique générale des ressources (RPPB). Conformément au PO(2015)0052, celui-ci a recommandé au Conseil, dans une note qu'il a approuvée le 20 janvier 2016, d'autoriser la communication au public du rapport de l'IBAN ainsi que des états financiers correspondants (annexe).

J'estime que ce rapport ne nécessite pas d'examen plus approfondi. Par conséquent, sauf avis contraire me parvenant d'ici au **lundi 8 février 2016 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)38 et qu'il aura approuvé la recommandation du RPPB visant la communication au public des documents précités.

(signé) Alexander Vershbow

4 annexes
1 pièce jointe

Original : anglais

ANNEXE 1
C-M(2016)0008

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC) POUR L'EXERCICE 2014

Note du Bureau de la planification et de la politique générale des ressources sur la communication au public

Références : (A) IBA-A(2015)224 // IBA-AR(2015)38
(B) FC(2015)070, du 9 septembre 2015

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

L'IBAN a émis une opinion sans réserve sur les états financiers du Centre d'information et d'analyse sur la sécurité des munitions pour l'exercice 2014. Son rapport (référence (A)) sera transmis au Conseil afin qu'il en prenne note, ainsi que le prévoient les procédures agréées.

Le contrôleur des finances du MSIAC a estimé (référence (B)) que les états financiers 2014 du MSIAC pouvaient être rendus publics.

Le Bureau de la planification et de la politique générale des ressources estime quant à lui que le rapport de l'IBAN ne contient pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques et, conformément à la politique agréée dans le PO(2015)0052, il recommande par conséquent que le Conseil approuve la communication au public de ce rapport et des états financiers correspondants.

-000-

Page blanche

Note succincte du Collège international des commissaires aux comptes de l'OTAN à l'intention du Conseil sur la vérification des états financiers du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) pour l'exercice clos le 31 décembre 2014

Le Centre d'information et d'analyse sur la sécurité des munitions (MSIAC) constitue, au sein de l'Alliance, un organe de coordination destiné à faciliter les programmes OTAN et nationaux de conception de munitions. Le MSIAC est dirigé et géré par un comité directeur et un directeur de projet. Pour l'année 2014, la dotation budgétaire du MSIAC (reports compris) s'élevait à 1,53 million EUR, et les dépenses au titre du budget ont représenté 1,37 million EUR.

Le Collège a émis une opinion sans réserve sur les états financiers du MSIAC et sur la conformité pour l'exercice clos le 31 décembre 2014.

À l'issue de l'audit, le Collège a formulé deux observations et deux recommandations concernant le retard de publication des états financiers 2014 et le fonds de réserve trop important (annexe 3).

Par ailleurs, le Collège a fait le point sur la suite donnée à une observation formulée lors de l'audit précédent, et il a noté qu'elle était remplacée par une observation formulée pour cet exercice (annexe 3).

Page blanche

18 décembre 2015

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

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

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN (le Collège) a vérifié les états financiers du Centre d'information et d'analyse sur la sécurité des munitions (MSIAC). Ceux-ci se composent de l'état de la situation financière au 31 décembre 2014, de l'état de la performance financière, de l'état des variations de la situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2014.

Responsabilité de la direction

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

Responsabilité du Collège

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

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

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

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière du MSIAC au 31 décembre 2014, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

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

Responsabilité du Collège

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

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

Opinion sur la conformité

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

Bruxelles, le 18 décembre 2015

Lyn Sachs
Présidente

18 décembre 2015

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS CONCERNANT LE CENTRE D'INFORMATION ET D'ANALYSE SUR LA SÉCURITÉ DES MUNITIONS (MSIAC)

POUR L’EXERCICE CLOS LE 31 DÉCEMBRE 2014

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du régime de pensions coordonné de l'OTAN pour l'exercice clos le 31 décembre 2014, et il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé deux observations et deux recommandations concernant le retard de publication des états financiers 2014 et le fonds de réserve trop important.

Par ailleurs, le Collège a fait le point sur la suite donnée à une observation formulée lors de l'audit précédent, et il a noté qu'elle était remplacée par une observation formulée pour cet exercice (annexe 3).

Il a adressé au directeur de projet une lettre (IBA-AML(2015)17) contenant des observations à l'intention de la direction.

OBSERVATIONS ET RECOMMANDATIONS

1. RETARD DE PUBLICATION DES ÉTATS FINANCIERS 2014

Contexte

1.1 Aux termes de l'article 27 de la version du Règlement financier de l'OTAN (NFR) qui s'appliquait pour les états financiers de 2014, les états financiers annuels doivent être soumis au comité financier et au Collège au plus tard le 30 avril suivant la fin de l'exercice financier. Dans la version révisée, il est indiqué que les états financiers doivent être communiqués au plus tard pour le 31 mars, à compter de l'exercice financier 2015.

Constatation

1.2 Les états financiers ont été publiés le 9 septembre 2015, c'est-à-dire après la date limite fixée dans le NFR. Un tel retard empêche le Collège de planifier correctement la vérification des états financiers et d'en présenter les résultats au Conseil en temps voulu.

Recommandation

1.3 Le Collège recommande que les états financiers soient établis, examinés et publiés dans les délais fixés par le NFR.

Commentaire du Secrétariat international

Le Secrétariat international souscrit à la recommandation.

La publication des états financiers 2014 a été affectée par la mise en place de l'ERP et par les premières phases d'apprentissage de son utilisation. Le personnel, peu nombreux, a dû dans le même temps produire les états financiers avec l'ancien système.

Vu le nombre d'états financiers que le Bureau du contrôle financier doit établir (neuf chaque année) et le manque global de personnel, il n'a pas été possible de tous les publier avant la date limite.

2. FONDS DE RÉSERVE TROP IMPORTANT

2.1 Le NFR dispose que les avoirs en devises doivent être limités à ceux qui sont nécessaires jusqu'à la réception des fonds correspondant à l'appel de contributions suivant. Le NFR a été révisé en 2015, mais cette disposition a été maintenue.

2.2 Aux termes de l'article 4.17 du mémorandum d'entente du MSIAC, toutes les liquidités qui restent sur les comptes bancaires du projet à la fin de chaque exercice seront dépensées, réparties ou utilisées suivant les instructions du Comité directeur. Ce dernier a pris à cet égard les décisions suivantes :

- En juin 2007, le Comité directeur a décidé qu'il était nécessaire de disposer d'un fonds de réserve pour stabiliser les finances de l'entité au cas où un État membre se retirerait soudainement du MSIAC ou s'il s'avérait soudainement nécessaire de disposer de fonds supplémentaires pour lancer ou soutenir un élément critique de l'entité.

- En octobre 2012, le Comité directeur a décidé de modifier les instructions permanentes relatives au fonds de réserve de sorte que le plafond soit fixé à un niveau approprié, soit cinq parts de 84 000 EUR (420 000 EUR au total).

- En novembre 2013, le Comité directeur a décidé d'approuver un budget où chaque part était réduite à 80 000 EUR, ce qui permettait de réduire le montant total de l'appel de contributions.

- En octobre 2014, le Comité directeur a décidé de porter le plafond du fonds de réserve à 650 000 EUR, arguant du fait que ce montant serait nécessaire pour payer les indemnités de perte d'emploi en cas de dissolution du MSIAC. Dans le registre des risques du MSIAC, le risque de dissolution est pourtant jugé improbable. La part au fonds de réserve a donc été fixée de nouveau à 84 000 EUR pour 2015.

Observations

2.3 Le Collège a constaté que le solde du fonds de réserve au 31 décembre 2014 était de 1,079 MEUR, soit une hausse de 157 000 MEUR par rapport à l'année précédente. Le plafond devrait certes baisser les prochaines années, mais il représente toujours actuellement presque 13 parts, ce qui est bien plus que le niveau jugé approprié par Comité directeur. Les avoirs en devises ne sont dès lors pas non plus limités à ceux qui sont nécessaires jusqu'à la réception des fonds correspondant à l'appel de contributions suivant.

Recommandation

2.4 Le Collège recommande au MSIAC et à ses pays participants de respecter le NFR révisé pour ce qui est de la limitation des avoirs en devises. S'il apparaît que les pays souhaitent déroger au NFR à cet égard, l'autorisation du Conseil de l'Altantique Nord devra être obtenue.

Commentaire du Secrétariat international

Le Comité directeur du MSIAC s'emploie à régler la question de l'excédent présenté par le fonds de réserve. Un plan quinquennal a été approuvé et le Comité directeur compte adapter le niveau des parts de chaque pays ainsi que le niveau des budgets. La fixation de la part de chaque pays dans les prochains *appels de contributions permettra de ramener le fonds de réserve au niveau convenu. La planification d'appels de contributions inférieurs aux prévisions de dépenses fera baisser le fonds de réserve jusqu'à ce qu'il atteigne le niveau convenu. Le plan repose sur plusieurs hypothèses susceptibles de changer, et il doit donc être revu et ajusté régulièrement.*

Position du Collège

Le Collège confirme que l'autorisation de déroger au NFR doit être obtenue du Conseil si les avoirs en devises du MSIAC, y compris le fonds de réserve, dépassent les avoirs en devises nécessaires jusqu'au prochain appel de contributions.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée à une observation formulée à l'issue d'un audit précédent. On en trouvera un résumé dans le tableau ci-dessous.

Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Rapport sur la vérification des états financiers de 2013 **IBA-AR(2014)25, section 1.1** **Fonds de réserve trop important** **Recommandation** Le Bureau recommande de maintenir la limite du fonds de réserve à 420 000 EUR comme l'avait décidé le Comité directeur.	Le Collège a constaté que le solde du fonds de réserve au 31 décembre 2014 était de 1,079 MEUR, soit une hausse de 157 000 MEUR par rapport à l'année précédente. Il équivaut actuellement à presque 13 parts, ce qui est bien plus que le plafond jugé approprié par le Comité directeur.	Observation **rendue caduque par l'observation 2 formulée pour l'exercice 2014.**

NATO MSIAC

FINANCIAL STATEMENTS AS AT 31/12/2014
FINANCIAL YEAR 2014

Annexes :

NATO MSIAC
STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

(All amounts in Euro)

	Notes	Current Year 31-Dec-14	Prior Year 31-Dec-13	Variance CY - PY
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	3			
Cash		33.40	153.67	-120.27
Current bank accounts		1,457,824.65	1,519,496.57	-61,671.92
Cash equivalents		0.00	0.00	0.00
Subtotal Cash & Equivalent		1,457,858.05	1,519,650.24	-61,792.19
Cash Managed for Third Parties	4	0.00	0.00	0.00
Total Cash and Cash Equivalents		**1,457,858.05**	**1,519,650.24**	**-61,792.19**
Accounts Receivable	5			
Contributions from Member Nations		244,000.00	252,000.00	-8,000.00
Other Receivable from Nations/Partners		0.00	0.00	0.00
Receivable from Staff Members		0.00	0.00	0.00
Receivable from other NATO Bodies		0.00	0.00	0.00
Bank interest accrued		4,531.12	7,179.82	-2,648.70
Other accounts receivable		0.00	0.00	0.00
Total Accounts Receivable		**248,531.12**	**259,179.82**	**-10,648.70**
Prepayments	6			
Prepaid expenses		7,516.20	6,929.58	586.62
Total Prepayments		**7,516.20**	**6,929.58**	**586.62**
TOTAL CURRENT ASSETS		**1,713,905.37**	**1,785,759.64**	**-71,854.27**
NON CURRENT ASSETS	7			
Receivables		0.00	0.00	0.00
Infrastructure, plant and equipment		0.00	0.00	0.00
Land and buildings		0.00	0.00	0.00
Intangible assets		**0.00**	**0.00**	0.00
TOTAL NON CURRENT ASSETS		**0.00**	**0.00**	**0.00**
TOTAL ASSETS		**1,713,905.37**	**1,785,759.64**	**-71,854.27**

NATO MSIAC
STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

				(All amounts in Euro)
	Notes	Current Year	Prior Year	Variance
		31-Dec-14	31-Dec-13	CY - PY
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	8			
Payable to Nations				
Interest		1,987.10	5,744.53	-3,757.43
Lapsed credits		118,811.37	304,021.51	-185,210.14
Miscellaneous receipts		0.00	9,997.72	-9,997.72
US reimbursables		451,749.39	318,968.66	132,780.73
Project accumulated surplus		1,079,388.65	921,974.89	157,413.76
Other payables		8,000.00	168,000.00	-160,000.00
Total Payable to Nations		**1,659,936.51**	**1,728,707.31**	**-68,770.80**
Payable to Staff		**0.00**	**0.00**	**0.00**
Payable to NATO Bodies				
NATO International Staff		0.00	36,151.54	-36,151.54
Pensions		0.00	0.00	0.00
Total Payable to NATO Bodies		**0.00**	**36,151.54**	**-36,151.54**
Payable to Suppliers				
Payable to Suppliers		0.00	9,675.09	-9,675.09
Accrued expenses		32,566.28	10,700.70	21,865.58
Total Payable to Suppliers		**32,566.28**	**20,375.79**	**12,190.49**
Payable to Others				
Other Accounts Payable		128.42	0.00	128.42
Trust Funds		0.00	0.00	0.00
Total Payable to Others		**128.42**	**0.00**	**128.42**
Total Accounts Payable		**1,692,631.21**	**1,785,234.64**	**-92,603.43**
Unearned Revenue and Advance Contributio	9			
Unearned revenue from budgetary credits		21,274.16	525.00	20,749.16
Unearned revenue from pre-financing		0.00	0.00	0.00
Unearned revenue from lapsed credits		0.00	0.00	0.00
Unearned revenue from accumulated surplus		0.00	0.00	0.00
Advance contributions		0.00	0.00	0.00
Total Unearned Revenue and Advance Contributions		**21,274.16**	**525.00**	**20,749.16**
Total Extrabudgetary Funds		**0.00**	**0.00**	**0.00**
TOTAL CURRENT LIABILITIES		**1,713,905.37**	**1,785,759.64**	**-71,854.27**
NON CURRENT LIABILITIES	10			
Provisions		0.00	0.00	0.00
Long Term unearned Revenue Funding PPE		0.00	0.00	0.00
Long Term unearned Revenue Intangible Assets		0.00	0.00	0.00
TOTAL NON CURRENT LIABILITIES		**0.00**	**0.00**	**0.00**
TOTAL LIABILITIES		**1,713,905.37**	**1,785,759.64**	**-71,854.27**
NET ASSETS				
Surplus/Deficit of the period		0.00	0.00	0.00
Total Net Assets		0.00	0.00	0.00
TOTAL NET ASSETS		**0.00**	**0.00**	**0.00**

NATO MSIAC
STATEMENT OF FINANCIAL PERFORMANCE
As at 31 December 2014

(All amounts in EUR)

	Notes	Current Year	Prior Year	Variance
		30-Dec-14	**31-Dec-13**	**CY - PY**
Revenue	11			
Revenue from non-exchange transactions		1,390,292.78	1,367,632.27	-22,660.51
Financial Revenue		4,531.12	7,219.91	2,688.79
Other revenue		0.00	0.00	0.00
Total Revenue		**1,394,823.90**	**1,374,852.18**	**-19,971.72**
Expenses	12			
Wages, salaries and employee benefits		1,170,480.50	1,180,309.21	9,828.71
Supplies and consumables used		219,812.28	187,323.06	-32,489.22
Financial Costs		2,544.02	1,475.38	-1,068.64
Other expenses (interest to be reimbursed to nations)		1,987.10	5,744.53	3,757.43
Total Expenses		**1,394,823.90**	**1,374,852.18**	**-19,971.72**
Surplus/Deficit for the period		**0.00**	**0.00**	**0.00**

NATO MSIAC
CASH FLOW STATEMENT
As at 31 December 2014

		Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES				
RECEIPTS		13		
	Contributions		1,208,000.00	1,260,000.00
	Financial Revenue		7,358.64	8,993.99
	Others		3,390.15	176.65
	TOTAL		**1,218,748.79**	**1,269,170.64**
PAYMENTS		13		
	Personnel Costs		(1,043,508.73)	(1,091,392.42)
	Operating Costs		(229,155.29)	(156,960.23)
	Miscellaneous Payments		(5,282.54)	(9,575.96)
	Financial Costs		(2,594.42)	(1,831.58)
	TOTAL		**(1,280,540.98)**	**(1,259,760.19)**
NET CASH FLOW FROM OPERATING ACTIVITIES			**(61,792.19)**	**9,410.45**

	Notes	2014	2013
CASH FLOW FROM INVESTING ACTIVITIES	13		
RECEIPTS			
PAYMENTS			
NET CASH FLOW FROM INVESTING ACTIVITIES		**0.00**	**0.00**

	Notes	2014	2013
CASH FLOW FROM FINANCIAL ACTIVITIES	13		
RECEIPTS			
PAYMENTS			
NET CASH FLOW FROM FINANCING ACTIVITIES		**0.00**	**0.00**

	Notes	2014	2013
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(61,792.19)**	**9,410.45**

	Notes	2014	2013
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1	**1,519,650.24**	**1,510,239.79**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1	**1,457,858.05**	**1,519,650.24**

NATO MSIAC

STATEMENT OF CHANGES IN NET ASSETS AS AT 31/12/2014

(in EUR)

	Accumulated surpluses/(deficits
Balance at 31 December 2013	**0.00**
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performa	0.00
Net for the period	**0.00**
Balance at 31 December 2014	**0.00**

(1) fixed assets in progress

NATO MSIAC

BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014

n = 2014 (en EUR / in EUR)

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) MSIAC(SC)DS/18	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	**PERSONNEL COSTS**							
01.01.01	Basic salaries	700,000.00	0.00	700,000.00	682,601.53	682,601.53	0.00	17,398.47
01.01.02	Allowances	334,000.00	0.00	334,000.00	315,503.73	315,503.73	0.00	18,496.27
01.01.07	Medical examinations	200.00	0.00	200.00	54.00	54.00	0.00	146.00
01.02	Other personnel expenses	50,000.00	0.00	50,000.00	32,715.43	32,715.43	0.00	17,284.57
01.04	Administrative support	58,000.00	0.00	58,000.00	56,225.87	56,225.87	0.00	1,774.13
01.05	Consultants + Temps	137,000.00	-37,150.00	99,850.00	89,156.98	83,379.94	5,777.04	10,693.02
	Financial year n	1,279,200.00	-37,150.00	1,242,050.00	1,176,257.54	1,170,480.50	5,777.04	65,792.46
	Carried forward:							
	Financial year n-1	3,515.80	0.00	3,515.80	3,515.80	3,515.80	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		1,282,715.80	-37,150.00	1,245,565.80	1,179,773.34	1,173,996.30	5,777.04	65,792.46
II.	**COMMON OPERATING COSTS**							
02.01	Missions	74,500.00	-1,000.00	73,500.00	63,331.40	62,916.60	414.80	10,168.60
02.02	supplies	6,000.00	1,000.00	7,000.00	6,166.26	5,585.22	581.04	833.74
02.03	Communications	14,250.00	0.00	14,250.00	13,588.00	13,307.60	280.40	662.00
02.05	Buildings	70,000.00	-2,250.00	67,750.00	66,218.48	66,218.48	0.00	1,531.52
02.06	Representation	5,000.00	0.00	5,000.00	4,696.02	4,520.75	175.27	303.98
02.07	Library, information	3,000.00	2,250.00	5,250.00	5,039.81	5,039.81	0.00	210.19
02.08	Technical supp & equipt	22,000.00	0.00	22,000.00	5,904.30	5,904.30	0.00	16,095.70
02.09	Miscellaneous and Unforeseen	15,000.00	0.00	15,000.00	0.00	0.00	0.00	15,000.00
	Financial year n	209,750.00	0.00	209,750.00	164,944.27	163,492.76	1,451.51	44,805.73
	Carried forward:							
	Financial year n-1	7,365.92	0.00	7,365.92	6,840.92	6,840.92	0.00	525.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		217,115.92	0.00	217,115.92	171,785.19	170,333.68	1,451.51	45,330.73
III.	**CAPITAL COSTS**							
03.01	Technical expenses	33,000.00	37,150.00	70,150.00	63,055.38	23,753.24	39,302.14	7,094.62
03.02	Equipment	400.00	0.00	400.00	0.00	0.00	0.00	400.00
	Financial year n	33,400.00	37,150.00	70,550.00	63,055.38	23,753.24	39,302.14	7,494.62
	Carried forward:							
	Financial year n-1	343.98	0.00	343.98	150.42	150.42	0.00	193.56
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		33,743.98	37,150.00	70,893.98	63,205.80	23,903.66	39,302.14	7,688.18
	GRAND TOTAL							
	Financial year n	1,522,350.00	0.00	1,522,350.00	1,404,257.19	1,357,726.50	46,530.69	118,092.81
	Carried forward:							
	Financial year n-1	11,225.70	0.00	11,225.70	10,507.14	10,507.14	0.00	718.56
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	1,533,575.70	0.00	1,533,575.70	1,414,764.33	1,368,233.64	46,530.69	118,811.37

NATO MSIAC

BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2013

n = 2013 (en EUR / in EUR)

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) MSIAC(SC)DS/16	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	**PERSONNEL COSTS**							
01.01.01	Basic salaries	767,000.00	0.00	767,000.00	695,674.32	695,674.32	0.00	71,325.68
01.01.02	Allowances	447,458.00	0.00	447,458.00	371,330.67	371,330.67	0.00	76,127.33
01.01.07	Medical examinations	200.00	0.00	200.00	0.00	0.00	0.00	200.00
01.02	Other personnel expenses	70,000.00	-776.13	69,223.87	35,242.79	31,726.99	3,515.80	33,981.08
01.04	Administrative support	56,000.00	776.13	56,776.13	56,776.13	56,776.13	0.00	0.00
01.05	Consultants + Temps	90,000.00	0.00	90,000.00	21,285.30	21,285.30	0.00	68,714.70
	Financial year n	1,430,658.00	0.00	1,430,658.00	1,180,309.21	1,176,793.41	3,515.80	250,348.79
	Carried forward:							
	Financial year n-1	83,870.75	0.00	83,870.75	83,870.75	83,870.75	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		1,514,528.75	0.00	1,514,528.75	1,264,179.96	1,260,664.16	3,515.80	250,348.79
II.	**COMMON OPERATING COSTS**							
02.01	Missions	85,000.00	0.00	85,000.00	66,650.92	61,355.32	5,295.60	18,349.08
02.02	supplies	6,000.00	4,569.24	10,569.24	7,223.13	6,089.21	1,133.92	3,346.11
02.03	Communications	16,500.00	0.00	16,500.00	13,954.40	13,429.40	525.00	2,545.60
02.05	Buildings	72,000.00	-3,569.24	68,430.76	68,430.76	68,430.76	0.00	0.00
02.06	Representation	5,000.00	0.00	5,000.00	3,034.52	3,034.52	0.00	1,965.48
02.07	Library, information	3,000.00	-1,000.00	2,000.00	720.00	720.00	0.00	1,280.00
02.08	Technical supp & equipt	23,000.00	0.00	23,000.00	13,327.86	12,916.46	411.40	9,672.14
	Financial year n	210,500.00	0.00	210,500.00	173,341.59	165,975.67	7,365.92	37,158.41
	Carried forward:							
	Financial year n-1	1,775.18	0.00	1,775.18	1,775.18	1,775.18	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		212,275.18	0.00	212,275.18	175,116.77	167,750.85	7,365.92	37,158.41
III.	**CAPITAL COSTS**							
03.01	Technical expenses	30,000.00	0.00	30,000.00	14,506.47	14,162.49	343.98	15,493.53
03.02	Equipment	400.00	0.00	400.00	0.00	0.00	0.00	400.00
	Financial year n	30,400.00	0.00	30,400.00	14,506.47	14,162.49	343.98	15,893.53
	Carried forward:							
	Financial year n-1	963.58	0.00	963.58	342.80	342.80	0.00	620.78
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		31,363.58	0.00	31,363.58	14,849.27	14,505.29	343.98	16,514.31
	GRAND TOTAL							
	Financial year n	1,671,558.00	0.00	1,671,558.00	1,368,157.27	1,356,931.57	11,225.70	303,400.73
	Carried forward:							
	Financial year n-1	86,609.51	0.00	86,609.51	85,988.73	85,988.73	0.00	620.78
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	1,758,167.51	0.00	1,758,167.51	1,454,146.00	1,442,920.30	11,225.70	304,021.51

EXPLANATORY NOTES TO MSIAC 2014 FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

At the October 1990 Conference of National Armaments Directors (CNAD) meeting, the MOU establishing NATO Insensitive Munitions Information Centre (NIMIC) as a Project Office under CNAD was signed. The project transitioned to cover the wider aspects of Munition Safety in 2004 becoming the Munitions Safety Information Analysis Centre (MSIAC)

MSIAC is a member nations' funded and directed NATO Project office. Its goal is to help nations reduce, and eliminate, the risk to personnel and materiel from explosive incidents associated with own munitions. To help nations realise this goal, the project exchanges and analyses information and technology related to munition safety. MSIAC plays a central role in facilitating member nation's efforts to safely store, design, develop, procure and use safer munitions.

At the end of 2014, MSIAC had twelve participating countries: Australia, Belgium, Canada, Finland, France, Germany, Italy, The Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States. The Republic of Korea was approved for membership at the end of 2013.

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

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

NOTE 2: ACCOUNTING POLICIES

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

Declaration of Conformity

The MSIAC financial statements have been prepared in accordance with NATO Financial Regulations (NFR), the Financial Rules and Procedures (FRP) and the NATO Accounting Framework, which is an adapted version of the International Public Sector Accounting Standards (IPSAS).

Basis of Preparation

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

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

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

The MSIAC financial statements are currently compliant with the NATO Accounting Framework using the transformational method described above.

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

MSIAC applied IPSAS 9 Revenue from exchange transactions and IPSAS 23 Revenue from non-exchange transactions.

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

The following IPSAS have no material effect on the 2014 MSIAC financial statements:

IPSAS 5: Borrowing Costs

IPSAS 6: Consolidated and Separate Financial

IPSAS 7: Investments in Associates.

IPSAS 8: Interests in Joint Ventures

IPSAS 10: Financial Reporting in Hyperinflationary Economies

IPSAS 11: Construction Contracts

IPSAS 16: Investment Property

IPSAS 21: Impairment of non-cash generating assets

IPSAS 26: Impairment of Cash-Generating Assets

IPSAS 27: Agriculture

IPSAS 32: Service Concession Arrangements: Grantor

Reclassification of Financial Statements of Previous Years

Nothing to report

Use of Estimates

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

Foreign Currency Transactions

The MSIAC budget is authorized and managed in EUR so contributions called are made in EUR. Foreign currency transactions as required are accounted for at the NATO exchange rates prevailing on the date of the transactions. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO rates of exchange applicable at 31 December 2014.

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

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

Financial Risks

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

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

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

a. Foreign currency exchange risk

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

b. Credit risk

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

The maximum exposure as at 31 December 2014 is equal to the total amount of bank balances, short term deposits and receivables. There is very limited credit risk associated with the realization of these elements.

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

ING Bank	Credit Ratings as at 31.12.2014			
	Fitch	S&P	Moody's	Date of last rating update
Short term	A+	A	A2	19.12.2014

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

c. Liquidity risk

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

d. Interest rate risk

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

Current Assets

a. Cash and cash equivalents

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

b. Funds Managed for Third Parties

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

c. Receivables

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

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

d. Prepayments

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

e. Inventories

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

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

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

Capitalisation thresholds relevant to the financial statement are as follow:

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

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

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

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

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

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

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

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

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

a. Property, Plant & Equipment

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

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

Capitalisation thresholds relevant to the financial statement are as follow:

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

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

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

b. Intangible Assets

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

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

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

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

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

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

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

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

- Copyright
- Intellectual Property Rights
- Software development

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

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

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

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

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

In consideration of the above thresholds, MSIAC has no Intangible Assets.

Non-Current Assets Other Than PPE

There are none.

Current Liabilities

a. Payables

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

b. Advances and Unearned revenue

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

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

Non-Current Liabilities

The MSIAC has no non-current liabilities.

Revenue Recognition

Revenue comprises contributions from Member Nations.

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

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

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

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

Segment Reporting

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

Statement of Financial position

NOTE3: CASH AND CASH EQUIVALENTS

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

Considering the various interest rates paid on the various types of bank accounts, most funds were placed in the short-term account as of 31 December 2014.

NOTE 4: FUNDS MANAGED FOR THIRD PARTIES

MSIAC does not manage funds for third parties.

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable from member nations are funds requested from the Nations to finance the MSIAC budget. The call for contribution was issued on 17 February 2014.

At year-end 2014, outstanding contributions relating to previous financial years amounted to EUR 84,000.

Bank interest accrued in 2014 in the amount of EUR 4,531.12.

NOTE 6: PREPAYMENTS

Corresponds to services to be delivered in the following years (typically travel expenses).

NOTE 7: NON-CURRENT ASSETS

MSIAC has registered no non-current assets.

NOTE 8: ACCOUNTS PAYABLE

Payable to nations

The payable of EUR 1,987.10 represents the net revenue in 2014 from interest, foreign exchange difference gain and bank charges as shown below:

	December 31, 2014	December 31, 2013
Revenue		
Interest	4,531.12	7,219.91
Foreign exchange rate difference gain		
Total revenue	**4,531.12**	**7,219.91**
Expenses		
Bank costs	826.34	613.37
Foreign exchange rate difference loss	1,717.68	862.01
Total expense	**2,544.02**	**1,475.38**
Net revenue to return to nations	**1,987.10**	**5,744.53**

The payable of EUR 451,749.39 in relation to the reimbursable salaries represents the amount due to the United States (US) for one civilian staff member who is paid directly by the US government. This amount payable is usually paid by the US subtracting it from its annual contribution payment to MSIAC.

The project's accumulated surplus of EUR 1,079,388.65 relates to funds held under the direction of the Steering Committee. It is comprised of the previous year's surplus (EUR 921,974.89) plus 2013 lapsed funds (EUR 304,021.51) plus net interest earned in 2013 (EUR 5,744.53) plus miscellaneous income (EUR 9,997.72) minus the amount of surplus allowed for use in funding the 2014 budget (EUR 162,350.00). The Steering Committee keeps these funds in case of emergency funding needs for the Project. The growth in accumulated surplus over previous years reflects more Nations entering the Project but zero growth in Project staff. Over the mid-term the Steering Committees' intent is to keep 5-6 shares worth of reserve funding.

Other payables of EUR 8,000 are an overpayment by one contributing Nation. End 2013, EUR 168,000 represent one nation's advance payment of its 2014 contribution.

Payable to NATO bodies

None for 2014. Corresponded, for 2013, to rent due to NATO IS for office space in Building Z.

Payable to Suppliers and Accrued Expenses

Payable to suppliers relates to goods and services for which an invoice has been received, checked, and queued for payment but for which payment was still pending at year-end (EUR 0 for 2014, EUR 9,675.09 for 2013).

Accrued expenses of EUR 32,566.28 (EUR 10,700.70 end 2013) correspond to the estimated accrual obligation to third parties for goods and services received but not yet invoiced.

Payable to Others

None.

NOTE 9: UNEARNED REVENUE AND ADVANCES

Unearned Revenue

Unearned revenue corresponds to contributions called for 2014 but for which corresponding expenditures will be incurred after the reporting date of 31 December 2014. They include principally those amounts of contributions which will be spent in subsequent years on the MSIAC Budget.

The unearned revenue is composed of the amount of EUR 46,530.69 in credits carried forward, as per the NATO Financial Regulations, from which accrued expenses in an amount of EUR 32,566.28 have been deducted and to which prepayments from budget commitments in the amount of EUR 7,309.75 have been added. This unearned revenue is foreseen to be spent in subsequent years. If the funds are not spent by the end of the second year following the year in which they have been approved, these funds may be kept and used an additional year.

Reconciliation between Carry Forward (Budget Execution Statement) and Unearned Revenue		
	2014	2013
Commitment based carry forward	46,530.69	11,225.70
Adjustment for accrued expenses	-32,566.28	-10,700.70
Prepayments from budget commitments	7,309.75	0.00
Unearned revenue	21,274.16	525.00

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

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

Statement of Financial Performance

NOTE 11: REVENUE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably.

Revenue from member Nations' budgetary contributions is considered as non-exchange revenue in consideration of the fact that the shares are equal. Non-exchange revenue is matched with expenses stemming from budget execution.

NOTE 12: EXPENSES

Wages, Salaries and Employee Benefits

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

Supplies and Consumables Used

This item also includes expenses attributed to Capital Expenses from a budget perspective, if they do not meet the criteria of PPE or Intangible Assets (EUR 63,055.38 in 2014).

NOTE 13: BUDGET INFORMATION

NATO MSIAC Budget

Presently, the NATO MSIAC Budget is not publicly available.
The actual amounts referred to by IPSAS 24 ("amounts that result from execution of the budget") are considered to be the commitment of credits.

Presentation of budget information in the financial statements

An analysis of the budget execution is provided in Annexes 5. The MSIAC 2014 budget execution compares the budget's authorized credits and the actual amounts committed and expended.

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

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

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

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

1) The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. As a consequence credits are allocated, and commitments are approved, for goods, services and works to be delivered at a later stage. Commitments are settled when an invoice is presented for payment, and not when the service is rendered or goods delivered as is the case for expenses under accrual accounting. All invoices received after 31 December, 2014, but relating to 2014 have been taken into account and allocated against the appropriate commitment as expenditure.

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

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

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

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

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

Outstanding commitments can be carried forward during two years.

Credits are transferred under the authority delegated to the NATO-IS Financial Controller by the NATO Financial Regulations and Financial Rules and Procedures. An amount of EUR 37,150 was transferred from Chapter I Personnel to Chapter III Capital.

Transfer of Credits Authorised by the Financial Controller
(NFR . ARTICLE 10)

ORIGIN OF CREDITS			DESTINATION OF CREDITS		
ARTICLES	AMOUNTS	TOTAL	ARTICLES	AMOUNTS	TOTAL
01.05	37,150.00	37,150.00	03.01	37,150.00	37,150.00
GRAND TOTAL	37,150.00	37,150.00	GRAND TOTAL	37,150.00	37,150.00

Reconciliation between Budget Execution and Outflows of Cash

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

		BUDGET		ACTUALS			DIFFERENCE		DIFFERENCE		
		Initial	Final	Commitment	Expenses in Budget Statement	Cash Flow 2014	Commitment minus exp in budget statement	Exp in budget statement minus cash flow	BASIS	TIMING	ENTITY
Use of Funds	Personnel Costs	1,282,716	1,245,566	1,179,773	1,173,996	1,043,509	5,777	130,488	130,488		
	Operating Costs	250,860	288,010	234,991	194,237	229,155	40,754	-34,918	-34,918		
	Programmes Costs	0	0	0	0	0	0	0	0		
	SUBTOTAL Budgetary Operations	**1,533,576**	**1,533,576**	**1,414,764**	**1,368,234**	**1,272,664**	**46,531**	**95,570**	**95,570**		
	Non-budgetary Operations					7,877		-7,877	-7,877		
	SUBTOTAL Non-budgetary Operations					**7,877**		**-7,877**	**-7,877**	**0**	**0**
	SUBTOTAL	**1,533,576**	**1,533,576**	**1,414,764**	**1,368,234**	**1,280,541**	**46,531**	**87,693**	**87,693**	**0**	**0**

The final budget authorization amounted to EUR 1,533,575.70, whereas actual commitments in 2014 amounted to EUR 1,414,764.33. The difference, which amounted to EUR 118,811.51, lapsed. As such the latter amount becomes part of the annual 2014 budget surplus and should be returned to the contributing Nations unless they should decide to re-use this surplus.

Based on the committed credits, an amount of EUR 1,368,233.64 was considered as expended, due to 2014 invoices paid in 2014 or received at the date of closure of the accounts. The difference with the committed credits amounted to EUR 46,530.69 and was carried-forward.

The out-flows of cash in 2014 amounted to EUR 1,280,541 of which EUR 1,272,664 related to budget operations and EUR 7,877 related to miscellaneous and financial transactions. The difference between the expenditures in the budget execution statement and the cash flow statement is explained as follows.

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

2) Concerning Operating Costs: Capital Expenditures in the MSIAC budget did not meet the criteria to be considered as investment in IPSAS terms and are therefore recognized under O&M in the cash-flow statement. For the purposes of this note, the budgetary operations for Chapter II Operating Expenditure and Chapter III Capital Expenditure have been grouped. The difference between budgetary expenses and flows of cash relates mainly to the settlement of supplier account invoices for EUR 34,918.

Reconciliation between Budget Funding and Inflows of Cash

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

	BUDGET AUTHORIZATIONS 2014	in/en EUR	REFERENCES
Source of Funds	Current year	1,522,350.00	MSIAC(SC)DS/018
	Carried forward	11,225.70	
	TOTAL :	1,533,575.70	
	MEANS OF FINANCING		
	SURPLUS PREVIOUS YEARS		
	Surplus allowed to budget 2014	162,350.00	MSIAC(SC)DS/018
	CREDITS CARRIED OVER TO 2014	11,225.70	-
	CONTRIBUTIONS CALLED	1,360,000.00	FC(CC)(2014)003-(MSC-01)
	TOTAL :	1,533,575.70	

The total 2014 MSIAC Budget authorization was EUR 1,533,575.70. An amount of EUR 11,225.70 corresponded to credits carried-forward from previous financial years. The related amounts were fully funded by contributions called before 1 January 2014.

The budget authorisation specific to 2014 amounted to EUR 1,522,350.00. It was funded as follows.

The 2014 call for contribution was issued on 17 February 2014 (FC(CC)(2014)0003(MSC-01)). As directed by the Steering Committee, the call covered EUR 1,360,000. The remainder of EUR 162,350.00 for the 2014 annual budget was financed by the refundable surplus reported from previous years.

EUR 1,360,000 was called in 2014. Of this EUR 1,200,000 was received in the course of the year. One Nation made an over-payment of EUR 8,000. The resulting total in-flow of cash related to contributions called therefore amounted to EUR 1,208,000. There was an accounts receivable of EUR 244,000 including EUR 84,000 from the previous budget year.

NOTE 14: INVENTORIES

Nothing to report, inventories are not considered material.

NOTE 15: WRITE-OFFS

Nothing to report.

NOTE 16: LEASES

MSIAC does not have any financial leases.

NOTE 17: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: CONTINGENT ASSETS

Nothing to report

NOTE 20: EMPLOYEE DISCLOSURE

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

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

For 2014, MSIAC had an approved Personnel Establishment of 9 positions funded by the MSIAC budget (9 for 2013).

End 2014, six staff members (same as 2013) participated in the Defined Contribution Pension Scheme (DCPS) administered by NATO. The DCPS provides that the MSIAC budget makes a 12 percent monthly matching contribution to the staff members' contributions for current service. End 2014, two other employees (same as 2013) participated in NATO's Defined Benefit Pension Scheme (DBPS): a deduction of 9% of their salaries is made and contributed to the annual financing of this Plan. In addition, the MSIAC budget makes a monthly matching contribution of 18% to the DBPS. Consequently, the MSIAC has neither DBPS nor DCPS liabilities for its staff members. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity.

End 2014, one staff member was employed on a reimbursable basis with an agreement between NATO-IS and the United States (same for 2013). The individual is remunerated and accrues pension rights under the United States pension scheme.

	2014			2013		
amounts in EUR	**Staff**	**Employer**	**Total**	**Staff**	**Employer**	**Total**
Co-ordinated Pension Scheme	37,379.00	56,068.35	93,447.35	37,889.30	56,834.01	94,723.31
Defined Contribution Pension Scheme	10,627.44	21,254.88	31,882.32	10,566.30	21,132.60	31,698.90
Reimbursable Staff		11,673.85	11,673.85		11,367.59	11,367.59
TOTAL	**48,006.44**	**88,997.08**	**137,003.52**	**48,455.60**	**89,334.20**	**137,789.80**

Untaken leave by MSIAC staff is not considered material.

NOTE 21: KEY MANAGEMENT PERSONNEL

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

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

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

NOTE 22: RELATED PARTIES

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

In 2014, NATO International Staff charged MSIAC an amount of EUR 56,225.87 for administrative support costs (EUR 56,776.13 in 2013) and EUR 30,092.86 for common operating costs (EUR 32,305.14 in 2013). In addition, the International Staff charges an annual rent for office space occupied in Building Z (EUR 36,125.62 in 2014 and in 2013).

* * * * *

List of acronyms:

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