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Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

**08-Jun-2010**

**English - Or. English**

**COUNCIL**

**C(2010)96/PART1/ADD1  
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**Council**

**REPORT BY THE EXTERNAL AUDITOR TO THE COUNCIL OF THE ORGANISATION FOR  
ECONOMIC CO-OPERATION AND DEVELOPMENT**

**OPINION OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE STAFF  
PROVIDENT FUND OF THE ORGANISATION FOR THE YEAR ENDED 31 DECEMBER 2009**

Contact: Mr. Patrick Van Haute - Executive Director (Ext. 8444)

**JT03285139**

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**English - Or. English**

**ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT**

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**STAFF PROVIDENT FUND**

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**FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2009**



12 May 2010

### Report of Management

The Staff Provident Fund's financial statements have been prepared in accordance with International Accounting Standards (IAS). The management of the Organisation, in this context the signatories below, is responsible for these statements, as well as for establishing and maintaining adequate internal control over financial reporting.

The Staff Provident Fund's system of financial internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IAS. This system includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) permit preparation of financial statements in accordance with IAS, (iii) provide reasonable assurance that receipts and expenditures are being made in accordance with authorisations of management in compliance with the Staff Provident Fund's Rules and Instructions and (iv) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposition of the Staff Provident Fund's assets. Because of their inherent limitations, internal controls may not prevent or detect all misstatements.

Matters of internal control and financial reporting are overseen by the Audit Committee. The Committee meets regularly and, among other things, reviews reports by management, the Director of Internal Audit and the External Auditor.

In management's opinion, these financial statements present fairly the Staff Provident Fund's financial position as of 31 December 2009 and of the results of operations and cash flows for the year then ended.

The statements have been audited by the External Auditor. Its report follows.

Angel Gurría  
Secretary-General

Patrick van Haute  
Executive Director

Anthony Rottier  
Head  
Programme, Budget and Financial  
Management Service



*Free translation from the French opinion of the External Auditor*

The First President

Paris, May 12<sup>th</sup>, 2010

To Mr. Angel GURRÍA,  
Chairman of the Council of the Organisation for  
Economic Co-operation and Development

OPINION OF THE EXTERNAL AUDITOR

We have examined the financial statements of the OECD's Staff Provident Fund for the year ending on 31 December 2009, which comprise the Statement of Financial Position, Statement of Net Investment Income, Statement of Changes in Investment Income to be Allocated to Participants' Accounts and Statement of Cash Flow, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the OECD's management. Our responsibility is to express an opinion on these financial statements on the basis of our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that our work be organised and performed so as to obtain reasonable assurance about whether these financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion that the financial statements give a true and fair view of the financial position of the Staff Provident Fund as of 31 December 2009 and of its financial performance, its changes in investment income allocated to participants' accounts and its cash flows for the year then ended in accordance with International Accounting Standards. These standards have been applied in the same manner as during the previous year.

Didier MIGAUD

**OECD Staff Provident Fund**  
**Statement of Financial Position**  
**as at 31 December 2009**

	Notes	2009 €	2008 €
<b>Assets</b>			
Cash in investment portfolio	3	69 354	221 380
Investment portfolio at fair value	3	32 749 457	34 515 583
Prepayments to OECD pension scheme	4	-	3 500 975
Other receivables	5	3 156	5 669
Accrued receivables	6	6	1 102
<b>Total assets</b>		<b>32 821 973</b>	<b>38 244 709</b>
<b>Liabilities</b>			
Payables to participants' estates	7	63 321	619 000
Accounts payable and advance payments	8	5 576 098	-
Unclaimed accounts	9	184 598	-
<b>Total liabilities</b>		<b>5 824 017</b>	<b>619 000</b>
<b>Net assets of participants</b>		<b>26 997 956</b>	<b>37 625 709</b>
<b>Net assets of participants, represented by:</b>			
Participants' accounts	12	25 632 003	37 828 405
Investment income to be allocated to participants' accounts		1 365 953	( 202 696)
<b>Net assets of participants</b>		<b>26 997 956</b>	<b>37 625 709</b>

**OECD Staff Provident Fund**  
**Statement of Net Investment Income**  
**for the year ended 31 December 2009**

	2009 €	2008 €
Investment income	1 389 874	1 729 398
Interest income received from participants' on account closure	-	347 918
Interest income	878	16 996
<b>Total income</b>	<b>1 390 752</b>	<b>2 094 312</b>
Capital losses on sale or redemption of investments	-	2 041 861
Administrative expenses related to investment	22 724	27 635
Interest income paid to participants' on account closure	-	230 475
Bank and custodian charges	125	261
Other expenses	19 054	-
<b>Total operating expenses</b>	<b>41 903</b>	<b>2 300 232</b>
<b>Net investment income to participants</b>	<b>1 348 849</b>	<b>( 205 920)</b>

**Statement of Changes in Investment Income to be Allocated to Participants' Accounts**  
**for the year ended 31 December 2009**

	Note	2009 €	2008 €
At 1 January		1 197	3 224
Net investment income for the year		1 348 849	( 205 920)
<b>Investment income to be allocated</b>		<b>1 350 045</b>	<b>( 202 696)</b>
Investment income to be (credited) / debited to participants' accounts	11	( 1 365 297)	203 893
Investment income to be debited to the unclaimed accounts	11	19 054	-
Investment income credited to participants' on account closure		( 3 146)	-
<b>At 31 December</b>		<b>656</b>	<b>1 197</b>

**OECD Staff Provident Fund**  
**Statement of Cash Flow**  
**for the year ended 31 December 2009**

	2009	2008
	€	€
<b>Investing activities</b>		
Receipts from sale of investments	3 196 000	7 156 192
Purchase of investments	( 1 389 874)	( 1 943 790)
Investment income	1 389 874	1 729 398
Interest income	1 973	20 190
Administrative expenses related to investment	( 20 210)	( 12 501)
Other expenses	( 19 054)	-
Bank and custodian charges	( 125)	( 959)
<b>Net cash from investing activities</b>	<b>3 158 584</b>	<b>6 948 530</b>
<b>Financing activities</b>		
Employee and OECD contributions	48 397	133 021
Reimbursements of foregone interest from participants' accounts on withdrawals for purchase of property	21 898	16 601
Prepayments to NPS	-	( 3 500 975)
Participants - reimbursement of interest	( 24 729)	-
Participants - active - withdrawals	-	( 335 103)
Participants - retired - withdrawals and closing accounts	( 1 044 549)	( 1 491 734)
Participants - withdrawals - transferred to NPS	( 883 914)	( 1 504 745)
Participants - deceased - payment of account	( 1 452 193)	( 1 179 229)
Withdrawals for purchase of property	-	( 13 756)
Reimbursement of property withdrawals	24 480	67 034
<b>Net cash used in financing activities</b>	<b>( 3 310 610)</b>	<b>( 7 808 886)</b>
<b>Net (decrease)/increase in cash</b>	<b>( 152 026)</b>	<b>( 860 356)</b>
<b>Cash in investment portfolio at beginning of year</b>	<b>221 380</b>	<b>1 081 736</b>
<b>Cash in investment portfolio at end of year</b>	<b>69 354</b>	<b>221 380</b>

## **Notes to the Financial Statements**

For the year ended 31 December 2009

### **1. Description of the Plan**

The Staff Provident Fund (the Fund) is a defined contribution retirement savings plan. In accordance with the Fund's rules, it constitutes a segregated entity managed by the Secretary-General on behalf of affiliated employees and retirees. The Fund collects contributions from the affiliated employees and from the Organisation for Economic Co-operation and Development (OECD), manages its assets and pays entitlements to its participants.

The plan is funded by staff contributions of 7% and employer contributions of 14% of salaries. The Fund was closed to new entrants in 1974 when participants were given the choice of remaining in the Fund or transferring their holdings from the Fund into the newly created defined benefit pension plan thus acquiring entitlements for prior years of service.

### **2. Significant Accounting Policies**

#### **Basis of Preparation**

These financial statements have been prepared on a going-concern basis. The objective of these financial statements is to assist Fund members and others in reviewing the activities of the Fund for the year.

These financial statements are prepared in accordance with applicable International Accounting Standards.

The assets and liabilities of the Fund are reported globally in the Statement of Financial Position of the OECD whereas revenues and charges are not reported in the Statement of Financial Performance of the OECD since they accrue to participants.

#### **Valuation of Investment Portfolio**

For purchases of investments, the book cost of each investment is calculated on the basis of the purchase price, excluding any interest accrued to the date of purchase or expenses incurred in connection with the purchase. If securities of the same issue are bought at different prices, then an average purchase price is calculated for each unit of the security.

For sales and redemption of investments, the proceeds on the capital account are calculated on the basis of the sale price or amount repaid and excludes any interest accrued to the date of sale as well as all expenses incurred in connection with the sale.

For the purposes of determining the capital gains or losses on sale or redemption of investments, the sale proceeds on capital account, as determined above, is compared with the capital cost of the investment.



## **Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

### **Valuation of Investment Portfolio - continued**

The investment portfolio is recorded at fair value for quoted/tradeable securities. At the end of each year a valuation is made of the investments held by the Fund by reference to official prices quoted on the day of valuation, excluding accrued interest from the date of the last interest payment in the case of bonds and fixed interest securities

In the case of non-quoted or non-marketable securities, the year-end valuations are determined by the fund managers using modelling techniques.

The difference between the valuations as at December 31 and the book cost is recorded as unrealised portfolio gain or loss.

### **Foreign currency translation**

Where the investment is made in a currency other than the euro, the purchase price is expressed in euros at the actual rate of exchange paid, or if the foreign currency is already available, on the basis of the average exchange rate used for the cash account.

If the investment is sold in a currency other than the euro, the sale or redemption price is expressed in euros at the rate of exchange obtained at the close of business on the day the sale is made.

There were no transactions in foreign currencies during the period.

### **Financial risks**

The Fund's activities are exposed primarily to the financial risks of changes in interest rates and in market value of investments. The Fund's real investment return is also exposed to a risk of rising inflation rates. The Fund does not directly use any specific instruments to hedge exposures to risks.

Financial risks are reduced by diversification of investments. Fund management is outsourced to external fund managers which hedge exposure to financial risks.

### **Income recognition**

Investment income, investment fee rebates and interest income are recognised on the accrual basis as earned.

Capital gains include realised gains on the sale or redemption of investments.

## **Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

### **Administrative expenses related to investment**

Administrative expenses incurred by the OECD in connection with the investment of the assets are reimbursed by the Fund based on actual costs incurred and a reasonable allocation of the personnel costs, including a share of overhead. Reimbursement of OECD expenses incurred in connection with the investment of the assets of the Fund is provided for by Article 21 of the Fund Rules. Effective from 1 May 2006 the administration of the Fund was transferred from the OECD to the Joint Pensions Administrative Section (JPAS). The Fund will reimburse JPAS for actual costs connected with investments and the OECD will reimburse JPAS for actual costs of the Fund administration.

### **Use of estimates**

The financial statements necessarily include amounts based on estimates and assumptions by management. The most significant estimate included in these financial statements is the valuation of the Funds' investments in the Oddo Cash Arbitrages Liquidité Longue Fund (see Note 3). Actual results could differ from these estimates, and the differences could be material. Changes in estimates are reflected in the period in which they become known.

### **3. Investment portfolio**

The Secretary-General, after consultation with the Advisory and Investment Committees, sets the overall investment strategy for the Fund and establishes guidelines for managing the financial risks. The aim of the Fund is to provide financially stable retirement benefits for participants. The investment objective is steady growth in real terms.

Following a consultative process during the early part of 2006, the Secretariat outsourced the management of a substantial portion of the Funds' investments. The objective of this change was to reduce volatility and benefit from higher returns. Following a competitive process in 2006, the fund contracted with AXA to invest in their Amadeo Capitalisation fund. The contractual arrangement provides a guarantee of the capital amount invested for the initial eight years of the contract, plus a minimum guarantee of 65% of the average of the fund's last two years' returns. The duration of the contract is fifteen years, with an early withdrawal penalty should the arrangement be terminated within the first four years of the arrangement. The withdrawal penalty in the first and second years is 1.0% and 0.8% of the amounts withdrawn respectively. In the third and fourth years, withdrawals incur a significantly reduced penalty. In 2008 AXA agreed that the withdrawal penalties noted above would only apply when cumulative withdrawals exceed K€ 7 000 per calendar year. The amount invested in the Amadeo Capitalisation fund at 31 December 2009, including capitalised interest, was M€ 32.5 (2008: M€ 34.3). No withdrawal penalties were incurred in 2009.

Until November 2007 the Fund maintained substantial investments in monetary mutual funds. These funds were available to finance participant withdrawals without incurring any penalties.

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**3. Investment portfolio - continued**

Due to the lack of liquidity of certain investments as a result of the crisis in credit markets, on 26 July 2007 Oddo Asset Management (Oddo) suspended subscriptions to, and sales of, its Oddo Cash Arbitrages Fund, and commenced liquidating the assets. A distribution of approximately 50% of the assets was made in September 2007, amounting to K€ 2 460 for the Staff Provident Fund. Oddo communicated its objectives of completing the liquidation of all remaining assets in the Oddo Cash Arbitrages Fund and making a final distribution before the end of 2008.

In July 2008 Oddo informed the participants of the Oddo Cash Arbitrages Fund that the fund would be liquidated and the participants could opt for a cash settlement or, invest in the newly created Oddo Cash Arbitrages Liquidité Longue Fund (OCALL), that would hold the assets for a period of up to 5 years during which period no further purchase or sales could be made. The liquidation of the Oddo Cash Arbitrages Fund resulted in a realised loss in 2008 of K€ 2 042 which has been reported in the Statement of Financial Performance for the year ended 31 December 2008.

The Fund opted to invest the proceeds of the liquidation in OCALL which is valued at its cost of K€ 214. The OCALL investment is not a marketable security and is intended to be held to maturity. In the opinion of OECD management, the investment cost represents the best information available on the value of OCALL in the absence of market quotations.

It is important to note that the recorded value of K€ 214 in OCALL as at 31 December 2009 may not be indicative of the ultimate amount that will be realised once its assets are liquidated. Accordingly, it is not possible to quantify the final distribution that will be received from Oddo by the Fund for this investment.

Cash in investment portfolio consists of interest bearing bank accounts.

The table below shows the investments held at 1 January 2009 and 31 December 2009 and the net movements during the year.

	1 January 2009 €	Additions €	Disposals / Adjustments €	31 December 2009 €
Cash in investment portfolio				
Cash deposits with Societe Generale	221 380	-	( 152 026)	69 354
<b>Total cash in investment portfolio</b>	<b>221 380</b>	<b>-</b>	<b>( 152 026)</b>	<b>69 354</b>
Investment portfolio at fair value				
Axa Amadeo Capi - Capitalisation contract	34 301 191	1 389 874	( 3 156 000)	32 535 065
Oddo Cash Arbitrages Liquidité Longue Fund	214 392	-	-	214 392
<b>Total investment portfolio at fair value</b>	<b>34 515 583</b>	<b>1 389 874</b>	<b>( 3 156 000)</b>	<b>32 749 457</b>
<b>Total investment portfolio including cash</b>	<b>34 736 963</b>	<b>1 389 874</b>	<b>( 3 308 026)</b>	<b>32 818 811</b>

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**3. Investment portfolio - continued**

The table below shows the relative percentage of each category of investment in the portfolio:

	2009		2008	
	€	%	€	%
Cash deposits with Societe Generale	69 354	0.2	221 380	0.6
Axa Amadeo Capi - Capitalisation contract	32 535 065	99.1	34 301 191	98.8
Oddo Cash Arbitrages Liquidité Longue Fund	214 392	0.7	214 392	0.6
<b>Total</b>	<b>32 818 811</b>	<b>100.0</b>	<b>34 736 963</b>	<b>100.0</b>

**4. Prepayments to OECD pension scheme**

	2009	2008
	€	€
Prepayments to OECD pension scheme	-	3 500 975
<b>Total</b>	<b>-</b>	<b>3 500 975</b>

In its meeting of 16 October 2008 the Council of the OECD approved the proposal set out in document [C(2008)116], for eligible participants of the Staff Provident Fund to opt to irrevocably join the OECD's New Pension Scheme (NPS). The option to join the NPS was open for six months as from the date of notification sent to eligible participants. The corresponding capital will be transferred from the Staff Provident Fund to the OECD pension fund when decided by the Management Board of the OECD Pension Budget and Reserve Fund. Before 31 December 2008 3 participants had transferred to the NPS. At 31 December 2008 prepayments of K€ 3 501 were made to the OECD in respect of 6 other participants who elected to leave the Staff Provident Fund to join the NPS with effect from 1 January 2009. During 2009 a further 14 participants also indicated that they wished to transfer to the NPS.

**5. Other receivables**

	2009	2008
	€	€
Receivable from the OECD	3 156	5 669
<b>Total</b>	<b>3 156</b>	<b>5 669</b>

Other receivables due from the OECD are for current transactions that are settled monthly.

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**6. Accrued receivables**

	2009	2008
	€	€
Interest income	6	1 102
<b>Total</b>	<b>6</b>	<b>1 102</b>

Accrued interest income is for interest receivable on bank cash deposits. The reduction in the amount accrued at 31 December 2009 compared to 31 December 2008 is due to lower cash balances and lower interest rates.

**7. Payables to participants' estates**

	2009	2008
	€	€
<b>Total</b>	<b>63 321</b>	<b>619 000</b>

At 31 December 2009 amounts were payable to the estates of 2 (2008: 7) participants who died in 2008 and 2009. The balance of the account of one participant who died in 2004 was not claimed and these funds were transferred to an account for use in the management of the Fund in accordance with the Funds' rules, (see Note 9).

<b>8. Accounts payable and advance payments</b>		2009	2008
		€	€
Due to the OECD		5 536 098	-
Advance payments		40 000	-
<b>Total</b>		<b>5 576 098</b>	<b>-</b>

The amount due to the OECD is in respect of participants that took up the option to transfer their capital in the Staff Provident Fund to the OECD's New Pension Scheme. These funds remain invested in the AXA Capitalisation Fund and earn income for the OECD Pension Budget and Reserve Fund.

The advance payment was received from AXA in respect of an operation relative to the 2010 financial period.

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**9. Unclaimed accounts**

	2009	2008
	€	€
Unclaimed accounts	184 598	-
<b>Total</b>	<b>184 598</b>	<b>-</b>

In accordance with the rules of the Staff Provident Fund, instruction 8/2, an amount of K€ 204 was transferred to an account for use for exceptional purposes, and is not available for day-to-day management of the Fund. This amount was the balance of the account of a participant who died in 2004 and remained unclaimed, in spite of extensive efforts to locate a beneficiary. The funds are being used to cover expenses related to the exceptional legal action that the Fund has brought against a fund manager to recover losses incurred on an investment. The remaining balance of K€ 185 at 31 December 2009 is after incurring expenditure of K€ 19 in 2009. See Note 13 for further details of the claim.

**10. Unrealised portfolio gains and losses**

At 31 December 2009 and 31 December 2008 there were no unrealised portfolio gains or losses. Details of the cost and value of all investments held at 31 December 2009 are shown in Note 3.

**11. Investment income to be credited to participants' accounts**

The net investment income to be credited to participants' accounts of K€ 1 365 (2008: loss of K€ 204) reflects the proposal of the Staff Provident Fund Advisory Committee and is subject to confirmation by the Secretary-General and OECD Council.

Expenditure of K€ 19 related to the legal action is charged to unclaimed accounts.

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**12. Participants' accounts**

The individual participants' accounts are made up of the following categories:

- 1) serving staff whose service began before 1 July 1974 and who have opted to maintain their participation in the Staff Provident Fund;
- 2) serving staff whose service began before 1 July 1974 and who have opted to affiliate themselves to the OECD Pension Scheme from 1 July 1974 but who have maintained a credit balance with the Staff Provident Fund;
- 3) serving staff whose service began before 1 July 1974 and who have opted to affiliate themselves to the OECD Pension Scheme with validation of all past service at the OECD and who retain a credit balance with the Staff Provident Fund;
- 4) former staff (departures for retirement or invalidity) whose service began before 1 July 1974 and who have opted to maintain a credit balance with the Staff Provident Fund in accordance with Rule 6 (b) of the Staff Provident Fund Rules and Instructions.

Category	2009		2008	
	Number	€	Number	€
Serving staff:				
Opted to stay in Staff Provident Fund	1	3	10	4 820 621
Affiliated to both Staff Provident Fund and OECD pension scheme	2 & 3	14	20	344 167
<b>Total serving staff</b>		<b>17</b>	<b>30</b>	<b>5 164 788</b>
Retired staff:				
Opted to stay in Staff Provident Fund	4	43	59	19 744 131
Affiliated to both Staff Provident Fund and OECD pension scheme	4	191	194	12 919 486
<b>Total retired staff</b>		<b>234</b>	<b>253</b>	<b>32 663 617</b>
<b>Total participants' accounts</b>		<b>251</b>	<b>283</b>	<b>37 828 405</b>

In 2009, 6 (2008: 16) serving staff retired, 7 (2008: 0) serving staff transferred their funds to the NPS, 13 (2008: 3) retired staff transferred their funds to the NPS and 12 (2008: 31) retired staff accounts were closed (including those of 4 (2008: 9) deceased staff).

**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**12. Participants' accounts – continued**

	2009 €	2008 €
Participants' accounts before withdrawals for purchase of real estate for personal residence at 1 January	37 967 266	41 402 843
Deposits:		
Employee (7%) and OECD (14%) contributions	48 397	133 021
Reimbursements of foregone interest from participants' accounts on withdrawals	21 899	16 601
Investment income on accounts closed during the year	3 147	230 475
Distribution of previous year :		
Investment income	( 203 893)	1 699 181
Revaluation	-	( 983 954)
<b>Total contributions and investment income</b>	<b>( 130 450)</b>	<b>1 095 324</b>
Withdrawals :		
Serving staff - withdrawals and closing of accounts	-	( 335 103)
Retired staff - withdrawals and closing of accounts	( 1 044 549)	( 1 843 185)
Retired staff - withdrawals - transferred to NPS	( 9 945 717)	( 1 504 745)
Deceased staff - transfer of funds	( 1 100 165)	( 665 757)
Cancellation of withdrawals for purchase of real estate for personal residence	-	( 182 111)
<b>Total withdrawals</b>	<b>( 12 090 431)</b>	<b>( 4 530 901)</b>
Participants' accounts before withdrawals for purchase of real estate for personal residence at 31 December	25 746 385	37 967 266
Withdrawals from participants' accounts for purchase of real estate for personal residence at 1 January	( 138 861)	( 374 251)
Withdrawals made during the year	-	( 13 755)
Withdrawals cancelled during the year	-	182 111
Reimbursements from participants	24 479	67 034
<b>Withdrawals from participants' accounts for purchase of real estate for personal residence at 31 December</b>	<b>( 114 382)</b>	<b>( 138 861)</b>
<b>Net balance of participants' accounts at 31 December</b>	<b>25 632 003</b>	<b>37 828 405</b>



**Notes to the Financial Statements**

For the year ended 31 December 2009 - continued

**12. Participants' accounts – continued**

In accordance with the Rules and Instructions of the Staff Provident Fund, serving staff participants may deduct the whole or part of the amount standing to their individual account in the Fund, for the purpose of acquiring a dwelling destined for their personal residence or in order to make substantial structural alterations to such a dwelling. The Secretary-General, by means of instructions, has set the conditions and the period, which may not exceed 15 years, in accordance with which participants must reconstitute the amounts standing to their individual account which have been deducted.

**13. Contingent assets**

As indicated in Note 3 the Fund has a long-term investment of K€ 214 that is not marketable and is expected to be held to maturity. The external investment manager has communicated a probable maturity date of 2013. The investment manager issues periodic reports which include an indicative valuation of the investment. This valuation is for information only as the investment is not traded. At 31 December 2009 the indicative valuation of the investment was K€ 424, giving a contingent asset of K€ 210 (K€ 424 – K€ 214). As this investment is not expected to be fully liquidated and distributed to investors until 2013, it is not possible to quantify the final distribution, and the investment remains valued at its cost of K€ 214 in the Statement of Financial Position at 31 December 2009.

In June 2009 the Staff Provident Fund commenced a legal claim against a fund manager in respect of a loss of capital and damages incurred through investing in a fund that it managed. This claim is expected to go before a tribunal during 2010. The amount claimed by the Staff Provident Fund is for around K€ 3 000 plus damages. The recovery of this amount is subject to a high degree of uncertainty as it is dependent on the results of a Court Decision. Because of this risk, no amount has been recognized as income in the Statement of Net Investment Income. Costs related to this claim of K€ 19, at 31 December 2009, have been recognized in the Statement of Net Investment Income. Additional costs for this claim will be recognized when incurred.