



Fifteenth session

FINAL FINANCIAL REPORT AND ACCOUNTS
AND REPORT OF THE BOARD OF AUDITORS:
UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

Twelfth report of the Advisory Committee on Administrative
and Budgetary Questions to the General Assembly at its
fifteenth session

1. The Advisory Committee on Administrative and Budgetary Questions has examined the final financial report and accounts covering the operations of the United Nations Korean Reconstruction Agency (UNKRA) from the date of inception of the Agency (1 December 1950) to the date of closure (31 August 1960), and the related report of the Board of Auditors (A/4516).
2. It will be recalled that, as noted in General Assembly resolution 1433 (XIV) of 5 December 1959, the termination of the Agency's operations had been scheduled for 31 December 1959. Due to unforeseen circumstances and difficulties, the closure could only be completed as at 31 August 1960 and the Agency was regarded as still being in existence until the latter date. It is a matter for some satisfaction that, despite the obstacles encountered, it has now proved possible to effect the closure and to put into effect the arrangements and procedures approved in resolutions 1159 (XII) and 1433 (XIV) for the residual responsibilities of the Agency and the liquidation of its accounts.
3. The financial report is cast in the form of a summary, with supporting schedules, which presents the complete financial history of the Agency from its inception on 1 December 1950 to its closure on 31 August 1960. The broad lines of the income and expenditure experience during this period are indicated as follows:

<u>Income</u>		\$
Government contributions		142,763,891
Miscellaneous income		7,926,211
		<u>150,690,102</u>
<u>Expenditure</u>		148,899,738
<u>Funds transferred</u>		
United Nations Educational, Scientific and Cultural Organization	\$ 807,826	
United Nations	982,538	1,790,364
		<u>150,690,102</u>

4. The financial report shows that on 31 August 1960 no assets or liabilities remained and accordingly no balance sheet has been provided. At the same time, the following two residual accounts have been established:^{1/}

(a) An UNKRA Liquidation Account to which \$24,066.89 was transferred to meet certain residual staff costs and administrative liabilities;

(b) An UNKRA Medical Service Plan Account to which \$16,461.50 was transferred to meet any claims which might arise after 31 August 1960, considering that the rules of the Medical Plan provide that staff members' benefits, under certain conditions, would continue for a limited period beyond the date of termination.

5. A subsequent report will be made to the United Nations Board of Auditors on the utilization of the funds in the UNKRA Liquidation Account and the disposition of any remaining balance. In the case of the Medical Service Plan Account, it has been arranged that any balance remaining will in due course be transferred to the Tongnae Rehabilitation Centre in Korea.

6. The Advisory Committee would also draw attention to the fact that, as reported in paragraph 30 of the financial report, there remained in the UNKRA Counterpart Account, at the closure of the Agency, over 1,000 million hwan (over \$1.5 million). Moreover, this sum will be greatly increased by eventual payments from purchasers of UNKRA plants who are meeting their liabilities on a deferred basis. The total of the latter receipts is estimated to amount to over 22,000 million hwan (about

^{1/} The amounts transferred to these accounts are included as expenditures in the main accounts of UNKRA as at 31 August 1960.

\$34 million). The total residual assets remaining in the Counterpart Account will therefore be equivalent to some \$35.5 million.

7. In explanation of the origin and purpose of the Counterpart Account, the Advisory Committee would recall that the United Nations aid programme in Korea was operated under an agreement whereby the Korean Government took title to all goods immediately on delivery to Korea. In compensation, the Government placed in the UNKRA Counterpart Account an amount in local currency, equivalent to the dollar landed cost. The Government funded this account by means of an overdraft with the National Bank, the overdraft being retired by cash collected from the sale of goods imported by UNKRA. It was also agreed that the Counterpart Account and the overdraft account would be correspondingly reduced by the value of goods imported for direct government projects and issued free of charge. The net value of the Counterpart Account, after offset of the bank overdraft, was used to finance local labour and costs of materials for Agency projects. The Agency was moreover entitled to withdraw a maximum of 5 per cent of all funds placed in the Counterpart Account, to meet its administrative costs in Korea.

8. The Advisory Committee notes that, by an exchange of letters signed by the Government of the Republic of Korea on 12 August 1960, the Agency relinquished its co-ordinate control of the Counterpart Account to the Government. It has been agreed that the first call on the residual funds will be an allocation of local currency, for periods ranging from three to five years, for four specified Agency projects. The balance will be utilized by the Government within the concept of the Agency's programme. The Government has also agreed to make an annual report to the Secretary-General of the United Nations on the use of the fund for a period of three years.
