

UNITED NATIONS

FINANCIAL REPORT

and

AUDITED FINANCIAL STATEMENTS

for the biennium ended 31 December 1983

and

REPORT OF THE BOARD OF AUDITORS

Volume II

(International Trade Centre)

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-NINTH SESSION

SUPPLEMENT No. 5 (A/39/5)



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UNITED NATIONS
New York, 1984

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures.

Mention of such a symbol indicates a reference to a United Nations document.

The financial report and audited financial statements for the biennium ended 31 December 1983 and the report of the Board of Auditors regarding the United Nations and the United Nations University are being issued as volume I and volume III, respectively.

[24 July 1984]

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ABBREVIATIONS

ECA	Economic Commission for Africa
ECLA	Economic Commission for Latin America
ESCAP	Economic and Social Commission for Asia and the Pacific
GATT	General Agreement on Tariffs and Trade
ITC	International Trade Centre
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNJSPF	United Nations Joint Staff Pension Fund

LETTERS OF TRANSMITTAL

31 March 1984

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the accounts of the International Trade Centre for the biennium 1982-1983 ended 31 December 1983, which I hereby approve. The financial statements have been prepared and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Javier PEREZ DE CUELLAR

The Chairman of the Board of Auditors
United Nations
New York

Sir,

I have the honour to transmit to you the financial statements of the International Trade Centre for the biennium ended 31 December 1983, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board of Auditors with respect to the accounts of the International Trade Centre for the biennium ended 31 December 1983.

Accept, Sir, the assurances of my highest consideration.

(Signed) A. K. Azizul HUQ
Comptroller and Auditor General of
Bangladesh, and Chairman of the
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE BIENNIUM 1982-1983 ENDED 31 DECEMBER 1983

1. The Secretary-General has the honour to submit herewith the financial report and accounts of the International Trade Centre UNCTAD/GATT for the biennium 1982-1983 ended 31 December 1983, comprising six statements and five schedules.

General Fund

Statement I. Status of appropriations for the biennium 1982-1983
as at 31 December 1983

2. The appropriations for the biennium were originally approved at \$18,879,200, a sum which was subsequently reduced first to \$16,978,300 and then to \$16,742,900. Expenditures incurred totalled \$16,344,364, including unliquidated obligations of \$316,106, resulting in an unobligated balance of appropriations of \$398,536.

Statement II. Statement of income and expenditure and surplus
account for the biennium 1982-1983 ended 31 December 1983

3. Income

- (a) Under the terms of General Assembly resolution 2297 (XXII) and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) dated 22 November 1967, the regular budget of the International Trade Centre should be shared equally between the United Nations and GATT.
- (b) The final performance report of the Centre (ITC/OED/BUD/10) provided for estimated expenditures of \$16,742,900, including estimated income of \$415,000, thus requiring a contribution of \$8,163,950 from each of the parent bodies. Part of this contribution was financed by a transfer of \$22,200 from the surplus account.

Other income

Other income was estimated at \$415,000 and the actual income amounted to \$589,682 (schedule 2.1). This comprised \$55,080, rental of parking space; \$295,905, rental of office space; \$37,198, sale of publications; and \$173,925, investment income. Miscellaneous income totalled \$27,574 and consisted of \$14,903, services to other agencies; \$10,735, gain on exchange; \$1,243 of refunds of the Centre's contributions to the United Nations Joint Staff Pension Fund; and \$693, other items.

Non-expendable equipment

4. Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of the items held at 31 December 1983 was \$663,423. This compared with a total value of \$622,987 as at 31 December 1981.

Statement III. Statement of assets and liabilities as at
31 December 1983

5. The assets, liabilities and fund balance of the General Fund include:

(a) Assets

- (i) Cash - \$1,125,378, including \$1,105,225 held in interest-earning deposits;
- (ii) Accounts receivable - \$81,959, comprising advances to staff members amounting to \$63,632, all of which are in the course of recovery, and miscellaneous items amounting to \$18,327;
- (iii) Deferred charges - \$182,673, comprising \$39,704 education grant advances to staff members deemed to be that part of the total advances pertaining to the portion of the school year completed as at 31 December 1983 (annex, para. 1 (e) (ii)); and \$142,969 in respect of office rent for the first quarter of 1984, payable in advance. This amount will be charged to the subsequent financial period.

(b) Liabilities

- (i) Accounts payable - \$27,946;
- (ii) Unliquidated obligations totalled \$316,106;
- (iii) Due to International Trade Centre trust funds - \$170,647;
- (iv) Deferred income - \$3,502.

(c) Fund balance

The fund balance as at 31 December 1983 was \$871,859, including the 31 December 1981 fund balance of \$241,829 brought forward from the biennium 1980-1981. An analysis of the changes in the fund balance is shown in statement II.

Write-off of receivables

6. No receivables were submitted for write-off during the biennium ended 31 December 1983.

Write-off of losses of property

7. In accordance with financial rule 110.15, it is reported that six cases of property lost, stolen or damaged beyond repair totalling \$1,040 were approved for write-off. These write-offs brought the balance of property shown in the records into conformity with actual quantities on hand. The details of these amounts were reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

Programme support costs

Statement IV. Statement of income and expenditure for the
biennium 1982-1983 ended 31 December 1983 and statement of
assets and liabilities as at 31 December 1983

8. During the biennium, the income from contributions to support costs was \$4,553,680. Other income amounted to \$310,929 and comprised \$254,448 investment income, \$28,666 savings on liquidation of prior year's obligations, and miscellaneous income \$27,815. Expenditures totalled \$4,180,523, resulting in an excess of income over expenditure of \$373,157. The fund balance as at 31 December 1983 amounted to \$758,612.

Trust funds

Statement V. Statement of income and expenditure for the biennium
1982-1983 ended 31 December 1983 and statement of assets and
liabilities as at 31 December 1983

9. The assets, liabilities and fund balance of the trust funds include the following:

(a) Assets

- (i) Funds held totalled \$7,072,587, of which \$31,252 represented cash in banks, \$7,018,818 interest-bearing deposits, and \$22,517 held by imprest holders.
- (ii) Contributions receivable totalled \$1,980,749 in respect of the following:

	<u>\$US</u>
Swedish International Development Agency	892 503
Sweden	585 042
Economic Commission for Africa	323 063
UNDP/Office of Projects Execution	116 705
Guyana	63 079
Turkey	357
	<u>1 980 749</u>

(iii) Due from ITC General Fund - \$170,647.

- (iv) Miscellaneous accounts receivable amounted to \$665,418, comprising \$111,253 in advances to staff members, \$254,789 in stamp duty and impôt anticipé due for refund by the Swiss federal authorities, \$144,662 in accrued interest and \$154,714 in other items.

- (v) Deferred charges totalled \$15,829 and comprised education grant advances to staff members deemed to be that part of the total advances pertaining to the portion of the school year completed as at 31 December 1983. This amount will be charged to the subsequent financial period.

(b) Liabilities

- (i) Accounts payable totalled \$369,534, including \$7,585 for payment requests issued to field offices. Miscellaneous accounts payable amounted to \$141,361, and the balances due to the Report Processing Fund and the Trade Statistics Fund were \$163,395 and \$57,193, respectively.
- (ii) Unliquidated obligations as at 31 December 1983 amounted to \$1,417,666.
- (iii) Due to the United Nations General Fund - \$607,324.
- (iv) Due to the Training Packs Revolving Fund - \$78,942.

(c) Operating reserves

Previously, this reserve was described as a "variance" reserve. It is maintained to meet contingencies arising from the termination of employment of experts, etc. and is derived, inter alia, from the difference between the standard costs applied to projects and the actual costs incurred. As reflected in the summary of significant accounting policies (annex), it is the Centre's policy to maintain this reserve at a predetermined level (\$700,000 for the biennium 1982-1983), and, with the agreement of the donors, the first charge upon interest accruing from the investment of funds is to maintain this reserve at that level.

(d) Fund balance

10. Commencing with the financial statements for the year ended 31 December 1982, at the request of the United Nations Office of Financial Services the format of the Centre's trust fund financial statements was changed in the interest of harmonization with the format of statements presented by other organizations.

11. Whereas, previously, statement V and its supporting schedules presented income as equivalent to the sum allocated to projects, the new format shows for each donor total income received during the financial period under review, comprising contributions received and due, investment income and miscellaneous income. As a result of this change in the format, certain adjustments were necessary during 1982 to bring to account donors unallocated funds previously shown as a liability in the trust funds statement of assets and liabilities. Schedules 5.1 and 5.1.1 and 5.1.2 now show for each donor the unobligated balance of all funds either held or receivable by the Centre.

12. The balance of allocations as at 1 January 1982, inclusive of unliquidated obligations, was \$4,868,404 which, together with contributions during the biennium of \$21,795,172, interest on investments of \$1,694,301, miscellaneous income of \$16,797, and the adjustments referred to above in an amount of \$1,994,215, resulted in funds available totalling \$30,368,289. Project expenditures, including

unliquidated obligations of \$1,417,666, amounted to \$23,932,829, of which \$2,884,751 related to support cost contributions. The unobligated balance of funds as at 31 December 1983 was \$6,436,060 of which \$1,980,749 is recorded in statement V as contributions receivable.

13. Schedules showing details of income and expenditure for the individual years of the biennium are provided in schedules 5.1.1 and 5.1.2.

Write-off of receivables

14. In accordance with financial regulation 110.14, it is reported that one case totalling \$3,141 was approved for write-off. Before being submitted, this case was examined; it was determined that every effort had been made to collect the amount due, that further efforts would be fruitless and that the investigation did not attach responsibility for the loss to any official of the United Nations. This case was reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

Write-off of losses of property

15. In accordance with financial rule 110.15, it is reported that six cases of property lost, stolen or damaged beyond repair totalling \$8,718 were approved for write-off. These write-offs brought the balance of property shown in the records into conformity with actual quantities on hand. The details of these amounts were reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

Implementation of the recommendations of the Board of Auditors

16. The Board of Auditors, in their report on the Centre's accounts for the biennium ended 31 December 1981, 1/ recommended that steps should be taken to ensure that in future the regular budget would be reimbursed from pooled funds with the cost of supplies utilized for processing and reproducing reports. This recommendation has been implemented and, during the biennium, the regular budget was credited with part of the cost of supplies used for the processing of project reports.

17. In following up on the Board's recommendations on payroll and personnel management, the Centre has engaged the services of a consultant to analyse the present division of responsibilities and resources within the ITC secretariat and to make appropriate recommendations on the optimum allocation of responsibilities and the utilization of resources.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by General Assembly resolution 74 (I), the Board of Auditors has audited the accounts of the International Trade Centre (ITC) for the biennium ended 31 December 1983.
2. The examination was conducted in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was carried out at ITC headquarters at Geneva.
3. During the biennium under review, the Board of Auditors continued its practice of reporting the results of specific audits and issuing management letters containing detailed audit observations and recommendations to the Administration. This practice has helped the Board to maintain a continuous dialogue with the Administration.
4. The following sections deal with the matters which, in the opinion of the Board, should be drawn to the attention of the General Assembly. These matters were discussed with the Administration whose responses are referred to as appropriate.

Summary of findings

5. Our review of the payroll revealed that, in 1982, the salaries of certain staff members were charged against the regular budget although they should be financed by the Programme Support Costs Fund. Moreover, several General Service staff posts were retroactively reclassified from programme support to regular budget posts and vice versa.
6. We noted that the terms of reference of the Contracts Review Committee of the Centre have never been described clearly and that the Committee is thus frequently involved in matters for which other officers and units within ITC are responsible.
7. Our examination of procedures relating to the procurement of goods and supplies for project execution revealed a considerable number of purchase orders where the value of ordered goods was relatively low in comparison with the estimated air freight charges for on-the-spot delivery of the goods in developing countries. Moreover, the application of bidding procedures for each purchase order for standardized common goods caused disadvantageous piecemeal procurement from the same suppliers and a considerable increase in the workload of the Procurement Unit. Finally, our audit revealed that, in most cases, the required equipment and supplies were explicitly specified by requisitioning officers in the field as to make, brand and type or model.
8. Our audit of travel procedures disclosed that, in many instances, travel authorizations were issued a few days before the travel commenced and that numerous amendments were issued afterwards. We also noted that, for the issuance of air tickets, the possibility of obtaining the most economical fares was seldom considered.

9. Furthermore, our review of project documents revealed that provisions for equipment inputs were often not clear and were incomplete, which thus impeded effective project expenditure control.

Budgetary control

10. Our review of the payroll revealed that the salaries of certain staff members were charged against the regular budget, although they should have been financed by the Programme Support Costs Fund to which they were assigned. Moreover, we noted that General Service staff posts were retroactively reclassified from programme support to regular budget posts and vice versa, with the result that costlier posts were charged to the regular budget.

11. We observed that these actions inappropriately increased the expenses on the regular budget, contributed to over-expenditures on the latter and, finally, led to excess contributions from the United Nations and the General Agreement on Tariffs and Trade (GATT), which are equally supporting the Centre's regular budget. We, therefore, recommended corrective action by adjusting the respective accounts for 1982.

12. The Administration agreed and took corrective action with regard to the retroactive charging of personnel costs relating to General Service posts. The Administration, however, stated that, in general, there is a continuous need for transfers of staff posts from one budget to another which is due to the fact that the number of staff posts approved on the regular budget has always been very restrictive and funds available for programme activities have to be utilized to their maximum. This situation requires flexibility in the use of the different budgets of ITC, in particular by transfer of posts and their related costs from one budget to another which can be justified by promotion requirements or for filling vacant posts on a specific budget. The Administration agreed that transfers of staff posts from one budget to another should not be effected for financial reasons, and that transfers of staff posts, and their related costs, should be limited to cases which are necessary for specific reasons of personnel management.

13. The Administration, furthermore, explained that the Centre's manning table makes specific reference to the source of financing of posts, regular budget or support costs budget, but that it would be extremely difficult to maintain a strict separation between all posts financed from the two sources as this would impose serious constraints on the efficient use of the Centre's limited staff resources. In this regard, we were informed that a Senior Consultant to the Executive Directorate has recently been hired by the Centre to review, inter alia, the distribution of headquarters posts between the regular budget and the support costs budget and to examine the feasibility of establishing a rationale for the distribution of posts under these different sources of funds, as suggested by us.

Procurement

Contracts Review Committee

14. The Centre's contracting and purchasing activities are exercised independently of the United Nations Office at Geneva and it has established its own Contracts Review Committee. Our audit revealed, however, that the terms of reference of this

Committee have never been clearly defined. As a result, the Committee is frequently involved in matters such as the formulation of requirements for project implementation and the application of the contracting procedures, for which other officers and units within ITC are responsible. We, therefore, advised that comprehensive instructions on the functions and procedures of the Contracts Review Committee should be issued by the Administration.

15. The Administration agreed to consider our suggestion but also explained that the full implications must be examined before new terms of reference could be formally established.

Procurement procedures

16. Our examination of procedures relating to the procurement of supplies and services for project execution revealed a considerable number of purchase orders where the value of ordered goods, often stationery and office supplies, was relatively low in comparison with the estimated air freight charges for on-the-spot delivery to the project sites in developing countries. In our view, these goods could have been purchased locally at more economical prices.

17. The Administration explained that project co-ordinators are authorized to purchase stationary and other ordinary supplies from local imprest accounts established for miscellaneous expenditures, but that in many developing countries, and particularly the least developed countries, stationery and office supplies required for projects' execution are often not available at local stores. Considering that staff in the field generally do not overlook the possibilities of local purchase, the Administration nevertheless agreed to remind all staff, both at headquarters and in the field, of the relatively high freight costs incurred when sending stationery, office supplies, etc. to field project sites and to urge maximum use of purchase from local stores or from neighbouring countries.

18. Furthermore, our review of purchase orders raised in 1983 for goods and materials required for the execution of projects disclosed that most of these purchases relate to standardized common goods such as office supplies and equipment, for which the prescribed bidding procedures have been applied each time. This practice, however, inevitably leads to disadvantageous piecemeal procurement from the same suppliers and causes a considerable increase in the workload of the Procurement Unit.

19. We therefore recommended, and the Administration agreed, that there could be advantages for the Centre by compiling and arranging long-term contracts for those items most frequently requisitioned for projects. The Administration stated, however, that since it is not possible to calculate in advance the exact quantities of individual items required during any period, the Centre will be unable to negotiate with suppliers on the basis of quantity discounts; negotiations will, therefore, be directed at achieving discounts related to annual expenditures with adjustment of contractual prices at year-end.

20. Our examination also revealed that in most cases the required equipment and supplies are explicitly specified by the field offices as to make, brand and type or model. Such detailed specification of the required goods and materials, however, can be detrimental to the interests of the Centre, as it tends to reduce drastically the range of potential suppliers and results in non-competitive buying at unfavourable price conditions. This practice may lead to situations where staff

of the requisitioning office in the field may be in direct contact with a supplier. This is contrary to the standard practice that only designated officers of the Procurement Unit are authorized to negotiate and enter into contracts.

21. In our view, therefore, the requisitioning officers should only mention the nature of the required goods, their capacity and technical specifications. Specific data on make, brand and type or model, should, in principle, only be mentioned exceptionally.

22. The Administration replied that it is essential that equipment items purchased for field projects should be of the type best suited to the needs of the local users and that it is necessary also to take into account the standards of technical maintenance support as well as the operator training opportunities available locally. For obtaining this essential information, ITC headquarters relies on project co-ordinators, United Nations Development Programme (UNDP) field offices and the Inter-Agency Procurement Service Unit (IAPSU). In certain circumstances, project co-ordinators are even permitted to obtain quotations from local suppliers and they are encouraged to provide detailed specifications of the required equipment. The Administration considered that, by inviting quotations from other suppliers, the Procurement Unit would be assuming responsibilities appropriate to project managers and would at least run counter to the above policy objective.

23. In order to avoid creating financially unfavourable, non-competitive market conditions, we recommended nevertheless that, in the future, requisitioning officers be discouraged as much as possible from suggesting vendors or requesting goods and materials of a specific make or model. Vendors should be listed only in exceptional circumstances, involving special knowledge of the article by the requisitioner, and valid reasons for suggesting vendors or brands of articles should always be mentioned in the requisitions.

Travel

24. Our examination of travel authorizations (PT8s) revealed that, in many cases, PT8s were issued only a few days before the travel commenced and that amendments to approved PT8s had been issued afterwards for changes in dates, itinerary, excess baggage, payment of additional daily subsistence allowance (DSA), etc. We recommend that, in the future, measures should be taken for a timely submission of PT8s and that amendments should be avoided as far as possible.

25. The Administration agreed to our recommendation and decided to take appropriate measures to rectify the situation.

26. We also noted that, for the issuance of air tickets, the most economical fares were seldom taken into consideration although, in many cases, such as home leave, attendance at conferences and regular meetings, consultations, field surveys, etc., such travel arrangements could easily be made well in advance.

27. The Administration replied that, on short hauls, the issue of cheaper tickets has been taken into consideration but that, for long hauls, the use of special tariff tickets and APEX fares can hardly be applied owing to the acquired entitlements of the personnel and the required flexibility on missions.

28. We recommended, nevertheless, that the possibility should be explored and measures should be taken to utilize the most economical air fares.

29. The Administration confirmed later that the Centre had been able to take advantage of this option and significant savings totalling \$US 28,600 had accrued within a short period.

Project implementation

30. Our review of project documents disclosed that provisions for equipment inputs are often not clear and incomplete. In many instances, only lump sums are provided for the procurement of equipment and supplies without details, specifications or descriptions.

31. Although it is not always possible to establish a complete and detailed list of all the required equipment at the time of the preparation of the project document, it is nevertheless essential that all available information on project inputs, including items of equipment and supplies, should be incorporated in the initial project document.

32. The Administration agreed that project expenditure control could be improved by means of more detailed identification of the required equipment in the project documents, either as part of the original project proposal or at a later stage when the items required could be more clearly identified. All staff concerned with the management of projects will be advised of this change in procedures.

Comments on matters dealt with in the report on the biennium 1980-1981

33. The matters raised in our report on the biennium 1980-1981 1/ have either been dealt with to our satisfaction or have been raised again in this report.

Acknowledgement

34. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Executive Director of the International Trade Centre, his officers and members of their staff.

(Signed) A. K. Azizul HUQ
Comptroller and Auditor General
of Bangladesh

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to VI, properly identified, and relevant schedules of the International Trade Centre for the financial period ended 31 December 1983. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles which were applied on a basis consistent with that of the preceding financial period and the transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) A. K. Azizul HUQ
Comptroller and Auditor General
of Bangladesh

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

31 March 1984

**I certify that the appended statements of the International Trade Centre,
numbered to VI, are correct.**

**(Signed) J. Richard FORAN
Controller**

V. ACCOUNTS FOR THE BIENNIUM 1982-1983 ENDED 31 DECEMBER 1983

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Status of appropriations for the biennium 1982-1983 as at 31 December 1983

(United States dollars)

	Appropriations 1982-1983	Disbursements	Unliquidated obligations	Total expenditure	Unobligated balance of appropriations
Section 16 - Secretariat					
Programme 1 - Policy-making organ	239 700	251 830	-	251 830	(12 130)
Programme 2 - General management	798 200	785 075	1 553	786 628	11 572
Programme 3 - Planning programming budgeting	2 294 250	2 179 196	85 101	2 264 297	29 953
Programme 4 - Technical co-operation operations	3 584 500	3 537 210	9 124	3 546 334	38 166
Programme 5 - Trade promotion research and services	3 349 150	3 205 682	130 481	3 336 163	12 987
Programme 6 - Support services	6 477 100	6 069 265	89 847	6 159 112	317 988
Total	16 742 900	16 028 258	316 106	16 344 364	398 536

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Major objects of expenditure by programme for the biennium 1982-1983 as at 31 December 1983

(United States dollars)

	Staff and other personnel costs	Travel	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Total
Section 16 - Secretariat							
Programme 1 - Policy-making organ	242 297	-	-	9 533	-	-	251 830
Programme 2 - General management	742 360	40 056	-	4 212	-	-	786 628
Programme 3 - Planning programming budgeting	2 112 858	25 802	125 637	-	-	-	2 264 297
Programme 4 - Technical co-operation operations	3 490 794	55 540	-	-	-	-	3 546 334
Programme 5 - Trade promotion research and services	3 112 648	71 572	61 759	-	90 184	-	3 336 163
Programme 6 - Support services	3 521 620	7 481	-	2 396 320	143 628	90 063	6 159 112
Total	13 222 577	200 451	187 396	2 410 065	233 812	90 063	16 344 364

INTERNATIONAL TRADE CENTRE UNCTAD/GATT GENERAL FUND

Statement of income and expenditure and surplus account for the biennium 1982-1983
ended 31 December 1983

(United States dollars)

	Approved estimates for the biennium	Actual income as at 31 December 1983	Actual income as at 30 December 1981 a/
I. <u>Statement of income and expenditure</u>			
<u>Income</u>			
Contribution from GATT	8 163 950	8 163 950	8 281 100
Contribution from UNCTAD	8 163 950	8 163 950	8 281 100
Contributions credited to income	16 327 900 b/	16 327 900	16 562 200
<u>Add: Other income (schedule 2.1)</u>	<u>415 000</u>	<u>589 682</u>	<u>209 000</u>
Total appropriations	16 742 900	16 917 582	16 771 200
<u>Less: Total expenditure</u>	<u>16 344 364</u>		
Unobligated balance of appropriations (statement I)	398 536		
<u>Add: Excess of actual other income over estimated</u>	<u>174 682</u>		
<u>Excess of income over expenditure</u>	<u>573 218</u>		
		<u>1983</u>	<u>1981</u>
II. <u>Surplus account</u>			
Surplus available for credit to UNCTAD/GATT as at 1 January 1982		241 829	79 838
<u>Add: Savings effected in liquidating prior year obligations</u>		<u>79 012</u>	<u>145 547</u>
Excess of income over expenditure (see above)		573 218	74 044
Total		894 059	299 429
<u>Less: Amount applied as credits against contributions due from UNCTAD/GATT for 1982-1983</u>		<u>22 200</u>	<u>57 600</u>
Surplus available as at 31 December 1983 (statement III)		871 859	241 829

a/ Comparative figures reclassified to conform to current presentation.

b/ Includes amount of \$22,200 financed from surplus account.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Schedule of income for the biennium 1982-1983
ended 31 December 1983

(United States dollars)

	<u>Approved estimates for the biennium 1982-1983</u>	<u>Actual income as at 31 December 1983</u>
<u>Income</u>		
Contributions from GATT	8 163 950	8 163 950
Contributions from UNCTAD	8 163 950	8 163 950
Subtotal	<u>16 327 900 a/</u>	<u>16 327 900</u>
Other income:		
Rental of parking space	59 000	55 080
Rental of office space	296 000	295 905
Sale of publications	30 000	37 198
Interest on investments	10 000	173 925
Miscellaneous	20 000	27 574
Subtotal	<u>415 000</u>	<u>589 682</u>
Total (statement I)	<u>16 742 900</u>	<u>16 917 582</u>

a/ Financed in part by transfer from surplus account amounting to \$22,200.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Statement of assets and liabilities as at 31 December 1983

(United States dollars)

	<u>1983</u>	<u>1981 a/</u>
<u>Assets</u>		
Cash	1 125 378	679 700
Contributions unpaid - GATT	50	-
Accounts receivable	81 959	100 941
Deferred charges	182 673	41 296
Total assets	<u>1 390 060</u>	<u>821 937</u>
<u>Liabilities</u>		
Accounts payable	27 946	21 547
Unliquidated obligations (statement I)	316 106	290 728
Due to International Trade Centre trust funds	170 647	267 833
Deferred income	3 502	-
Total liabilities	<u>518 201</u>	<u>580 108</u>
<u>Fund balance</u>		
Total fund balance (statement II)	<u>871 859</u>	<u>241 829</u>
Total liabilities and fund balance	<u>1 390 060</u>	<u>821 937</u>

a/ Comparative figures reclassified to conform to current presentation.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - PROGRAMME SUPPORT COSTS

I. Statement of income and expenditure for the biennium 1982-1983 ended 31 December 1983

(United States dollars)

	<u>1983</u>	<u>1981</u>
<u>Income</u>		
Support costs - UNDP projects	1 358 000	
Support costs - trust fund projects (statement V)	2 884 751	
Interest	254 448	
Savings on liquidation of prior year's obligations	28 666	
Miscellaneous	27 815	
Total income	<u>4 553 680</u>	<u>4 090 980 a/</u>
<u>Expenditure</u>		
Salaries and common staff costs	3 996 640	3 924 598
Others	183 883	52 146
Total expenditure	<u>4 180 523</u>	<u>3 976 744</u>
<u>Excess of income over expenditure</u>	<u>373 157</u>	<u>114 236</u>

II. Statement of assets and liabilities as at 31 December 1983

(United States dollars)

<u>Assets</u>		
Interest-earning bank deposits	937 698	401 746
Due from International Trade Centre trust funds	295 704	593 395
Accounts receivable	166 004	155
Total assets	<u>1 399 406</u>	<u>995 296</u>
<u>Liabilities</u>		
Unliquidated obligations	80 140	49 187
Operating reserve	560 654	560 654
Total liabilities	<u>640 794</u>	<u>609 841</u>
<u>Fund balance</u>		
Balance available 1 January 1982	385 455	271 219
Add: Excess of income over expenditure	373 157	114 236
Balance available 31 December 1983	<u>758 612</u>	<u>385 455</u>
Total liabilities and fund balance	<u>1 399 406</u>	<u>995 296</u>

a/ The change in format with respect to the breakdown of income and expenditure items became effective 1 January 1982. Consequently, an analysis of the 1980-1981 income was not reflected in the financial statements as at 31 December 1981.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT TRUST FUNDS

I. Statement of income and expenditure for the biennium 1982-1983 ended 31 December 1983

(United States dollars)

	1983	1981 a/
<u>Income</u>		
Contributions	21 795 172	
Interest	1 694 301	
Miscellaneous	16 797	
Total income	23 506 270	19 267 268 b/
<u>Expenditure</u>		
Staff and other personnel costs	12 001 660	
Travel	1 620 352	
Contractual services	1 951 278	
Operating expenses	1 117 132	
Acquisitions	1 451 218	
Fellowships, grants, etc.	2 906 438	
Total project costs	21 048 078	
Programme support costs (statement IV)	2 884 751	
Total expenditure	23 932 829	24 245 188 b/
Excess of income over expenditure	(426 559)	(4 978 020)
Add: Adjustments	1 994 215	-
<u>Net excess of income over expenditure</u>	<u>1 567 656</u>	<u>(4 978 020)</u>

II. Statement of assets and liabilities as at 31 December 1983

(United States dollars)

<u>Assets</u>		
Cash	7 072 587	8 260 719
Contributions receivable	1 980 749	1 287 217
Due from ITC General Fund	170 647	267 833
Accounts receivable	665 418	1 175 877
Deferred charges and other assets	15 829	56 605
Total assets	9 905 230	11 048 251
<u>Liabilities</u>		
Accounts payable	369 534	284 335
Unliquidated obligations	1 417 666	1 378 928
Due to donors - unallocated funds	-	2 277 322
Due to United Nations General Fund	607 324	945 867
Due to ITC programme support costs	295 704	593 395
Due to Training Packs Revolving Fund	78 942	-
Operating reserve	700 000	700 000
Total liabilities	3 469 170	6 179 847
<u>Fund balance</u>		
Balance available 1 January 1982	4 868 404	9 846 424
Add: Excess of income over expenditure	1 567 656	(4 978 020)
Total fund balance	6 436 060	4 868 404
Total liabilities and fund balance	9 905 230	11 048 251

a/ Comparative figures reclassified to conform to current presentation.

b/ The change in format with respect to the breakdown of income and expenditures became effective 1 January 1982. Consequently, income and expenditure analyses were not reflected in the financial statements as at 31 December 1981.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Trust funds for extrabudgetary projects

Balance available from previous years, income and expenditure for the biennium 1982-1983 ended 31 December 1983
and fund balance as at 31 December 1983

(United States dollars)

Donors	Fund balance 1 January 1982 a/	Income		Total income	Expenditures	Adjustments b/	Fund balance 31 December 1983
		Contributions interest miscellaneous income	Contributions unpaid				
Belgium	148 016	1 073 554	-	1 073 554	1 043 846	440 920	618 644
Canada	495 942	1 445 578	-	1 445 578	1 421 009	383 617	904 128
Caribbean Development Bank	-	-	-	-	5 887	5 887	-
Chile	-	10 200	-	10 000	10 000	-	-
Danish International Development Agency	48 740	1 426 339	-	1 426 339	1 393 680	201 071	282 470
Finland	95 758	725 039	-	725 039	650 900	81 657	251 554
France	-	69 355	-	69 355	11 987	-	57 368
Germany, Federal Republic of	60 156	836 776	-	836 776	820 229	3 624	80 327
Guyana	-	65 400	63 079	128 479	105 161	-	23 318
India	1 746	122 823	-	122 823	85 642	64 062	102 989
Iraq	310 031	65 927	-	65 927	164 285	75 301	286 974
Italy	31 172	238 140	-	238 140	75 545	2 701	196 468
Japan	117 490	358 382	-	358 382	302 244	60 532	234 160
Kenya	235 864	16 485	-	16 485	218 305	-	34 044
Macau	-	256 188	-	256 188	153 626	-	102 562
Netherlands	291 141	3 132 295	-	3 132 295	2 909 291	164 923	679 068
Norway	551 164	2 727 944	-	2 727 944	3 233 086	341 430	387 452
Pakistan	-	325 000	-	325 000	82 715	-	242 285
Sweden	1 464 557	2 785 592	585 042	3 370 634	3 963 453	-	871 738
Swedish International Development Authority	739 514	4 750 872	892 503	5 643 375	6 112 713	203 413	473 589
Switzerland	64 655	408 122	-	408 122	220 852	-	251 925
Turkey	-	54 839	357	55 196	67 662	12 446	-
United Nations regional commissions Economic Commission for Latin America Economic Commission for Africa	42 576	103 352	-	103 352	119 333	(26 595)	-
Other United Nations organizations United Nations Development Programme (Office of Projects Execution) Food and Agriculture Organization of the United Nations	-	98 687	323 063	421 750	118 877	-	302 873
Other bodies European Economic Community United States Aid	44 740	258 268	116 705	374 973	388 832	-	30 881
Cash counterpart contribution Philippines	-	21 493	-	21 493	21 493	-	-
Other bodies European Economic Community United States Aid	97 379	90 726	-	90 726	173 145	6 283	21 243
Cash counterpart contribution Philippines	-	24 997	-	24 997	23 315	(1 682)	-
Cash counterpart contribution Philippines	27 763	33 348	-	33 348	35 716	(25 395)	-
Total	4 868 404	21 525 521	1 980 749	23 506 270	23 932 829	1 994 215	6 436 060

a/ Balance of unobligated allocations brought forward.

b/ Adjustments to opening balances to include: (i) prior year's unappropriated funds; (ii) additional expenditures on closed projects; (iii) reimbursements to donors; and (iv) miscellaneous adjustments.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Trust funds for extrabudgetary projects

Balance available from previous years, income and expenditure for the biennium ended 31 December 1983
and fund balance as at 31 December 1983

(United States dollars)

Donors	Fund balance 1 January 1983	Income		Contributions unpaid	Total income	Expenditures	Adjustments a/ 31 December 1983	Fund balance 31 December 1983
		Contributions interest miscellaneous income						
Belgium	478 095	682 338	-	-	682 338	541 789	-	618 644
Canada	865 582	716 857	-	-	716 857	678 311	-	904 128
Caribbean Development Bank	7 591	-	-	-	-	-	(7 591)	-
Chile	10 000	-	-	-	-	10 000	-	-
Danish International Development Agency	295 556	764 760	-	-	764 760	777 846	-	282 470
Finland	174 851	407 824	-	-	407 824	331 121	-	251 554
France	-	69 355	-	-	69 355	11 987	-	57 368
Germany, Federal Republic of	89 276	405 157	-	-	405 157	414 106	-	80 327
Guyana	22 700	42 700	63 079	-	105 779	105 161	-	23 318
India	65 389	56 736	-	-	56 736	19 136	-	102 989
Iraq	268 525	22 082	-	-	22 082	3 633	-	286 974
Italy	255 931	19 830	-	-	19 830	79 293	-	196 468
Japan	225 110	172 382	-	-	172 382	163 332	-	234 160
Kenya	45 182	2 589	-	-	2 589	13 727	-	34 044
Macau	130 887	10 104	-	-	10 104	38 429	-	102 562
Netherlands	560 230	1 414 762	-	-	1 414 762	1 295 924	-	679 068
Norway	735 477	1 262 208	-	-	1 262 208	1 610 233	-	387 452
Pakistan	-	325 000	-	-	325 000	82 715	-	242 285
Sweden	1 112 931	578 479	585 042	-	1 163 521	1 404 714	-	671 738
Swedish International Development Authority	2 066 032	270 753	892 503	-	1 163 256	2 755 699	-	473 589
Switzerland	115 809	238 426	-	-	238 426	102 310	-	251 925
Turkey	16 374	(2 695)	357	-	(2 338)	14 036	-	-
United Nations regional commissions	27 893	-	-	-	-	1 298	(26 595)	-
Economic Commission for Latin America	-	98 687	323 063	-	421 750	118 877	-	302 873
Economic Commission for Africa	-	-	-	-	-	-	-	-
Other United Nations organizations	-	-	-	-	-	-	-	-
United Nations Development Programme (Office of Projects Execution)	18 025	43 625	116 705	-	160 330	147 474	-	30 881
Food and Agriculture Organization of the United Nations	-	21 494	-	-	21 494	21 494	-	-
Other bodies	-	-	-	-	-	-	-	-
European Economic Community	17 806	15 331	-	-	15 331	18 177	6 283	21 243
United States Aid	1 398	-	-	-	-	(284)	(1 682)	-
Cash counterpart contribution	16 976	-	-	-	-	(8 419)	(25 395)	-
Philippines	7 623 626	7 638 784	1 980 749	-	9 619 533	10 752 119	(54 980)	6 436 060
Total								

a/ Adjustments to opening balances to include: (i) reimbursements to donors; and (ii) miscellaneous adjustments.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Trust funds for extrabudgetary projects

Balance available from previous years, income and expenditure for the year ended 31 December 1982
and fund balance as at 31 December 1982

(United States dollars)

Donors	Fund balance 1 January 1982 a/	Income		Total income	Expenditures	Adjustments b/ 31 December 1982	Fund balance 31 December 1982
		Contributions interest miscellaneous income	Contributions unpaid				
Belgium	148 016	391 216	-	391 216	502 057	440 920	478 095
Canada	495 942	728 721	-	728 721	742 698	383 617	865 582
Caribbean Development Bank	-	-	-	-	5 887	13 478	7 591
Chile	-	10 000	-	10 000	-	-	10 000
Danish International Development Agency	48 740	661 579	-	661 579	615 834	201 071	295 556
Finland	95 758	317 215	-	317 215	319 779	81 657	174 851
Germany, Federal Republic of	60 156	408 208	23 410	431 618	406 122	3 624	89 276
Guyana	-	22 700	-	22 700	-	-	22 700
India	1 746	66 087	-	66 087	66 506	64 062	65 389
Iraq	310 031	43 845	-	43 845	160 652	75 301	268 525
Italy	31 172	218 310	-	218 310	(3 748)	2 701	255 931
Japan	117 490	186 000	-	186 000	138 912	60 532	225 110
Kenya	235 864	13 896	-	13 896	204 578	-	45 182
Macau	-	246 084	-	246 084	115 197	-	130 887
Netherlands	291 141	1 717 533	-	1 717 533	1 613 367	164 923	560 230
Norway	551 164	1 465 736	-	1 465 736	1 622 853	341 430	735 477
Sweden	1 464 557	1 399 990	807 123	2 207 113	2 558 739	-	1 112 931
Swedish International Development Authority	739 514	3 204 230	1 275 889	4 480 119	3 357 014	203 413	2 066 032
Switzerland	64 655	151 183	18 513	169 696	118 542	-	115 809
Turkey	-	43 561	13 973	57 534	53 626	12 466	16 374
<u>United Nations regional commissions</u> <u>Economic Commission for Latin America</u>	42 576	103 352	-	103 352	118 011	-	27 893
<u>Other United Nations organizations</u> <u>United Nations Development Programme</u> <u>(Office of Projects Execution)</u>	44 740	9 418	205 225	214 643	241 358	-	18 025
<u>Other bodies</u> <u>European Economic Community</u> <u>United States Aid</u>	97 379	75 395	-	75 395	154 968	-	17 806
	-	24 997	-	24 997	23 599	-	1 398
<u>Cash counterpart contribution</u> <u>Philippines</u>	27 763	33 348	-	33 348	44 135	-	16 976
Total	4 868 404	11 542 604	2 344 133	13 886 737	13 180 710	2 049 195	7 623 626

a/ Balance of unobligated allocations brought forward.

b/ Adjustments to opening balances to include: (i) prior year's unappropriated funds; (ii) additional expenditures on closed projects; (iii) reimbursements to donors; and (iv) miscellaneous adjustments.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

TRAINING PACKS REVOLVING FUND

I. Statement of income and expenditure for the
biennium 1982-1983 ended 31 December 1983

(United States dollars)

	<u>1983</u>	<u>1981</u>
<u>Income</u>		
Sales of training packs	90 925	72 262
<u>Expenditure</u>		
Costs of reprinting translations, etc.	<u>102 735</u>	<u>113 393</u>
<u>Excess of income over expenditure</u>	<u>(11 810)</u>	<u>(41 131)</u>

II. Statement of assets and liabilities as at 31 December 1983

(United States dollars)

<u>Assets</u>		
Due from ITC trust funds	<u>78 942</u>	<u>90 752</u>
Total assets	<u>78 942</u>	<u>90 752</u>
<u>Liabilities</u>	-	-
<u>Fund balance</u>		
Balance available 1 January 1982	90 752	131 883
<u>Add: Excess of income over expenditure</u>	<u>(11 810)</u>	<u>(41 131)</u>
Total fund balance	<u>78 942</u>	<u>90 752</u>
Total liabilities and fund balance	<u>78 942</u>	<u>90 752</u>

Notes

1/ Official Records of the General Assembly, Thirty-seventh Session,
Supplement No. 5 (A/37/5), sect. II.

ANNEX

Summary of significant accounting policies

1. The following are the significant accounting policies of the International Trade Centre:

(a) The International Trade Centre accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller, and in conformity with generally accepted accounting principles. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

- (i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons.
- (ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies.
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used.
- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place.
- (v) Financial statements should show corresponding figures for the preceding period.
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The financial period of the Organization is a biennium and consists of two consecutive calendar years.

(c) The assets and liabilities and revenues and expenditures are recognized on the accrual basis of accounting.

(d) Translation of currencies. The accounts of the organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller in accordance with the delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the

cash, investments, unpaid contributions (other than pledges for future years), and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(e) Deferred charges.

- (i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period.
- (ii) For balance sheet purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(f) Gain or loss on exchange. The balance for loss or gain on exchange is debited to the budget if there is a net loss; if there is a net profit, the profit is credited to miscellaneous income. However, gains or losses on exchange are treated differently for trust funds as indicated in 2 (e) below.

(g) Fixed assets, consisting of furniture, equipment, etc. are not included in the assets of the organization. Acquisitions are charged against budget accounts in the year of purchase.

(h) Miscellaneous income.

- (i) The refund of expenditures which had been charged in the same financial period against the budgetary accounts is credited to the same accounts, but refunds of expenditures relating to the prior financial periods are credited to miscellaneous income.
- (ii) All monies accepted for purposes specified by the donors have been treated as trust funds or special accounts. However, monies accepted in respect of which no purpose is specified have been treated as miscellaneous income.
- (iii) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, this is credited to miscellaneous income.
- (iv) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.
- (v) The refunds from the United Nations Joint Staff Pension Fund in respect of pension contributions (7 per cent of pensionable remuneration) of participants entering the Fund on or after 1 January 1967, but withdrawing within five years, are credited to miscellaneous income.

2. Trust funds

(a) All monies accepted for purposes specified by the donor are treated as trust funds or special accounts. Separate trust funds are set up for each project as approved by the donor and the recipient country. The accounting for such funds is on a "project" basis as opposed to an annual basis, i.e., allocations comprise the total original budget for the life of the project subject to adjustments which are recorded annually. Expenditures are charged against these allocations on a cumulative basis. Schedules to the financial statements are presented showing prior year and current year expenditures together with a consolidated schedule for the biennium.

(b) Standard costs. Projects are charged at standard costs for the provision of experts' services, the annual difference between the standard applied and the actual costs incurred being transferred to the operating reserve.

(c) Interest. Interest accruing as a result of the short-term investment of funds is credited firstly to the operating reserve to maintain that reserve at the agreed level, then to support costs to meet any annual deficit attributable to currency fluctuations and thereafter to donors' funds (see subpara. (i) below).

(d) Operating reserve. The Centre's policy is to maintain this reserve at a predetermined level (currently \$700,000) and agreement has been reached with donors that the first charge upon interest will be for the purpose of maintaining the reserve at that level.

(e) Loss or gain on exchange. Any exchange difference incurred in respect of normal day-to-day transactions is borne by the appropriate trust fund budget. Those differences which cannot be directly attributed to any particular fund are borne by the operating reserve.

(f) The proceeds from the sale of surplus property and any refunds of expenditures are credited to the trust fund from which the purchase or expenditure was originally financed. If the trust fund has been closed, these proceeds are credited to the donor.

(g) Income accruing from the sale of any training pack or similar item financed from trust fund resources is credited to the Training Pack Revolving Fund and utilized to finance the costs of reprinting, translation and other related costs.

(h) Refunds of United Nations Joint Staff Pension Fund contributions are credited to the project bearing the original expenditure. If the project has been closed, the refund is credited to the operating reserve.

(i) Donors' fund balances. These funds comprise the unobligated balance of allocations, contributions not yet allocated, residual balances of closed projects, interest, and miscellaneous income, including refunds described under subparagraph (f) above. These funds are held pending instructions from the donor as to their disposal and are constantly under review in the course of continuing discussions which are maintained with all donors.

3. Support costs

Revenue accruing for support costs in respect of activities financed under trust funds is recorded and accounted for in the "support costs" fund. Any balance in the fund is carried forward to the next biennium. An operating reserve is maintained within the support costs account to meet contingent liabilities.

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