

UNITED



NATIONS

**UNITED NATIONS KOREAN RECONSTRUCTION AGENCY**

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**FINANCIAL REPORT AND ACCOUNTS**

**for the year ended 30 June 1957**

*and*

**REPORT OF THE BOARD OF AUDITORS**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS : TWELFTH SESSION**

**SUPPLEMENT No. 6B (A/3696)**

**NEW YORK, 1957**

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### NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a document indicates a reference to a United Nations document.

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*New York, 1957*

## LETTER OF TRANSMITTAL

Oslo, 4 October 1957

Sir,

An examination has been made of the accounts of the United Nations Korean Reconstruction Agency for the financial year ended 30 June 1957.

The financial statements presented for audit certificate by the Agent General have been examined and certified.

On behalf of the Board of Auditors of the United Nations, I have the honour to transmit for presentation to the General Assembly the financial statements and audit report thereon.

Respectfully,

*(Signed) Lars BREIE*  
*on behalf of the Board of Auditors*

The Secretary-General of the United Nations,  
New York.

# FINANCIAL REPORT OF THE AGENT GENERAL

For the financial year ended 30 June 1957

1. The financial statements of the United Nations Korean Reconstruction Agency for the year ended 30 June 1957 are submitted herewith; these consist of the following documents:

## Statement

- |  |   |
|--|---|
| I. Summary   | } Plans of expenditure, obligations incurred and unobligated balances |
| II. 1952-1953 programme                            |   |
| III. 1953-1954 programme                           |   |
| IV. 1954-1955 programme                            |   |
| V. 1955-1956 and 1956-1957 programmes              |   |
| VI. Income, obligations incurred and net resources |   |
| VII. Assets, liabilities and net resources         |   |

## Schedule

- A. Government pledges and contributions  
B. Investments

## Addendum

- A. Hwan assets, liabilities and net resources  
B. Hwan income, obligations incurred and net resources

2. In the financial report for the year ended 30 June 1956 (A/3206)<sup>1</sup> it was stated that a total of approximately \$146 million had been available during the lifetime of the Agency. In the year just ended, further resources, mainly from miscellaneous income, were in the neighbourhood of \$1 million. The total income to date is therefore \$147 million. At the closure of the accounts, commitments in total had risen to \$143 million, thereby reducing the unobligated funds to approximately \$4 million. Of this sum, approximately \$1 million has been set aside to meet administrative and operational expenses during the financial year 1957-1958 and also to cover the expenses of liquidation. Accordingly, some \$3 million is available to meet possible increases to current projects and for any contingencies which may arise from increased market prices or unexpected delays in deliveries of goods to Korea.

3. Settlement of traders' invoices and other liabilities continued at a steady pace during the year. The total cash disbursements were in the neighbourhood of \$16.5 million, leaving approximately a similar amount to be handled before final liquidation.

## SUMMARY OF CURRENT PLANS OF EXPENDITURE, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES SHOWING CUMULATIVE POSITION TO 30 JUNE 1957 (STATEMENT I)

4. As a result of the time required to complete many of the Agency's long-term projects, it has been necessary, and in accordance with usual practice, to report on plans of expenditure which were still current; these covered the period 1 July 1952 to 30 June 1957. Expenditure incurred from the inception of the Agency to 30 June 1952 has already been finalized and the accounts completely closed for that period. Column 1 of

the statement shows the various plans of expenditure which have been approved by the Agency's Advisory Committee. In keeping with the financial regulations, allotment within the plans of expenditure are limited to the amount of money actually received. As a result of income falling far below the amount anticipated, it will again be seen that projects undertaken by the Agency lag behind planning by almost \$100 million. Obligations recorded by the Agency are based on the best possible estimates available at the time the liabilities are incurred. These are under constant scrutiny as market prices and shipping charges, etc., become firm. Column 3 shows the position as known at 30 June 1956; variations to figures arising from cancellations and price changes, etc., during the current year are shown in column 4. Additional obligations made during the year amounted to \$5,245,739 as detailed in column 6; the cumulative position is shown in column 7.

## STATEMENT OF FINANCIAL YEAR 1952-1953 PLAN OF EXPENDITURE, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES SHOWING CUMULATIVE POSITION TO 30 JUNE 1957 (STATEMENT II)

5. Every effort has been made to reduce unliquidated obligations and outstanding commitments under this year's plan of expenditure. These figures have been reduced by over \$1 million from those shown one year ago. The items remaining outstanding arise mainly from charges on which final documentation is awaited from the United States Department of the Army and also various staff administrative reserves which will be settled during the close-out period of the Agency.

## STATEMENT OF FINANCIAL YEAR 1953-1954 PLAN OF EXPENDITURE, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES SHOWING CUMULATIVE POSITION TO 30 JUNE 1957 (STATEMENT III)

6. During the year ended 30 June 1957, obligations recorded in previous years were reduced by over \$600,000 and new obligations were incurred to the extent of \$2 million for an increase of approximately \$1.4 million, thus bringing the total expenditure on this programme to \$45,168,861. The total sum liquidated, however, increased by approximately \$8 million to the figure now shown in column 3, \$37,268,856.

## STATEMENT OF FINANCIAL YEAR 1954-1955 PLAN OF EXPENDITURE, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES SHOWING CUMULATIVE POSITION TO 30 JUNE 1957 (STATEMENT IV)

7. The plan of expenditure for this year absorbed all funds which appeared likely to be available for projects within Korea. Accordingly this is the final plan for which any operational expenditure is recorded. Allotments have been made to within almost the total amounts authorized. As reported for the other years' programmes, liquidation of liabilities has continued at a steady pace and the figure shown in column 4, \$21,181,060, is almost double that recorded as at 30 June 1956.

<sup>1</sup> Official Records of the General Assembly, Eleventh Session, Supplement No. 6C.

STATEMENT OF FINANCIAL YEARS 1955-1956 AND 1956-1957 PLANS OF EXPENDITURE, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES SHOWING CUMULATIVE POSITION TO 30 JUNE 1957 (STATEMENT V)

8. (a) As stated in the previous paragraph, there were no funds available in these two plans of expenditure for further operational projects and the expenditure for the two years was limited to staff costs incurred in the implementation of projects already planned, together with the continued employment of a group of staff members seconded to Unified Command and engaged on the general rehabilitation of Korea. The latter undertaking was terminated on 30 June 1957 and the staff members now remaining with the Agency are engaged entirely on direct Agency projects. The costs for these years were mainly on a current basis and it was therefore possible to maintain a high ratio of disbursements. The items shown as unliquidated mainly refer to staff reserves for repatriation, etc.

(b) A comparison of the two years presented shows a reduction in each of the three groups of expenditure. The operational personnel establishment charges for 1956-1957 amounted to \$1,319,461 and comprise the following:

	<i>Expressed in terms of US dollars</i>
Salaries, wages and other staff costs .....	946,377
Travel .....	17,818
Communications .....	30,242
Supplies and services .....	12,065
Equipment .....	2,278
Rents and utilities .....	68,756
Maintenance of vehicles .....	24,272
Staff recruitment, transfers, separations, home leave costs .....	69,872
Staff, leave, indemnity payments, income tax costs .....	129,065
Other administrative costs .....	18,716
<b>TOTAL</b>	<b>1,319,461</b>

(c) Administrative costs were reduced by a further 25 per cent to \$749,434, made up as under:

	<i>Expressed in terms of US dollars</i>
Salaries, wages and other staff costs .....	523,245
Travel .....	9,884
Communications .....	8,961
Supplies and services .....	7,053
Equipment .....	1,924
Maintenance of vehicles .....	21,291
Staff recruitment, transfers, separations, home leave costs .....	77,460
Staff leave, indemnity payments, income tax costs .....	91,616
Other administrative costs .....	8,000
<b>TOTAL</b>	<b>749,434</b>

STATEMENT OF INCOME, OBLIGATIONS INCURRED AND NET RESOURCES FOR THE YEAR ENDED 30 JUNE 1957 (STATEMENT VI)

9. (a) At the close of the financial year of 1955-1956, there was a balance of \$6,669,209 available for carry forward. The review of previous year's obligations carried out during the current year and also the savings effected in liquidating certain of these obligations gave rise to adjustments; the carry forward was thus raised to \$8,251,652.

(b) The income from government contributions fell to a new low figure of \$117,739. Further comment is made in paragraphs 18 and 19.

(c) Since expenditure continued at a steady pace and there was no compensating income forthcoming, it was

necessary to liquidate a large part of the investment holdings. This resulted in a sharp drop, to \$504,282, in the income accruing from these assets. The proceeds from investments have been the major source of miscellaneous income and during the lifetime of the Agency have been as follows:

	<i>Expressed in terms of US dollars</i>
1950-1951 .....	6,503
1951-1952 .....	202,209
1952-1953 .....	419,246
1953-1954 .....	734,979
1954-1955 .....	784,601
1955-1956 .....	1,088,445
1956-1957 .....	504,282
<b>TOTAL</b>	<b>3,740,265</b>

(d) In continuation of the system which has always been applied, salaries are recorded in the statements of obligation on a gross basis, i.e., before any deductions are made for staff assessment plan contributions. The amounts so deducted are recorded as income and for this year amount to \$399,266.

(e) In accordance with article II, paragraph 11.2 of the Financial Regulations, the accounts of the Agency, other than hwan, are maintained in terms of United States dollars. For this purpose the exchange rates published by the International Monetary Fund are used. Day-to-day bank transfers and conversions result in minor fluctuations and for the period ended 30 June 1957 a net credit of \$13,082 arose from these.

(f) The sources of other income were as follows:

	<i>Expressed in terms of US dollars</i>
Sale of surplus property .....	10,323
Cash discounts on settlement of suppliers' invoices...	9,415
Sale of publications .....	184
Commission on sale of travellers cheques .....	39
Sundries .....	39
<b>TOTAL</b>	<b>20,000</b>

(g) The resources available during the year totalled \$9,306,021 and with these, new obligations amounting to \$5,245,739 were incurred, leaving a balance of \$4,060,282 to be carried forward to the financial year 1957-1958. This sum is available almost entirely in convertible currencies.

STATEMENT OF ASSETS, LIABILITIES AND NET RESOURCES AS AT 30 JUNE 1957 (STATEMENT VII)

ASSETS

10. *Cash on hand, at banks and in transit*

(a) Owing to the contraction of activities, several currencies previously held have now been fully expended; the cash held at 30 June 1957 consisted of the following:

	<i>Local currency</i>	<i>US dollar Equivalent</i>
Australian pounds .....	£A 855. 18. 9	1,917
Canadian dollars .....	\$ 13,664.04	14,355
Danish kroner .....	Kr. (22,932.78)	(3,320) <sup>a</sup>
Japanese yen .....	Y 170,912.00	476
Netherlands guilders .....	Gld. 1,617,442.99	425,643
Norwegian kroner .....	Kr. 11,125,983.32	1,557,637
Sterling .....	£ 28,551. 15. 9	79,945
Swedish kroner .....	Kr. 210,422.08	40,675
United States dollars .....	\$ 109,831.43	109,831
<b>TOTAL</b>		<b>2,227,159</b>

<sup>a</sup> The Bank deficit in this currency is offset by funds held in the Documentary Letters of Credit Account and for which invoices had not been presented.

(b) Following the closure of various bank accounts, the following remained active as at 30 June 1957:

*Australia:* Commonwealth Trading Bank of Australia, Sydney.

*Canada:* The Royal Bank of Canada, Montreal.

*Denmark:* Kjobenhavns Handelsbank, Copenhagen.

*Japan:* The Chase Manhattan Bank, Tokyo.

*Korea:* The Bank of Korea; Korean Reconstruction Bank.

*Netherlands:* Amsterdamsche Bank N.V., Amsterdam.

*Norway:* Christiania Bank og Kreditkasse, Oslo.

*Sweden:* Svenska Handelsbanken, Stockholm.

*United Kingdom of Great Britain and Northern Ireland:* Westminster Bank Limited, London.

*United States of America:* Bankers Trust Company, New York; The Chase Manhattan Bank, New York; Chemical Corn Exchange Bank, New York; The Hanover Bank, New York; Second Bank-State Street Trust Company, Boston.

11. *Investments.* For the reasons explained in paragraph 9 (c) the investment holdings have reduced by almost one half to a total of \$14,495,938. These are entirely United States dollar holdings and complete details are shown in schedule B. Owing to the sharp increase which has taken place in the value of United States short term money, there has been a decrease in the market price of government notes and bonds which have a comparatively low rate of interest and are due to mature in 1960. Accordingly, all investments have been reported at market value on 30 June 1957, or purchase price, whichever was lower.

12. *Documentary credits.* When considered advisable for protection, the Agency makes use of documentary letters of credit for procurement and contracting. The amounts outstanding at the date of the accounts were held in the following currencies:

	<i>Expressed in terms of US dollars</i>
Australian pounds .....	33,056
Danish kroner .....	122,562
Netherlands guilders .....	7,260
Swedish kroner .....	12,693
Sterling .....	4,926
<b>Total</b>	<b>180,497</b>

13. *Accrued interest.* In keeping with previous statements produced this item has been considered as an asset of the Agency. The anticipated sources of this income were as follows:

	<i>Expressed in terms of US dollars</i>
United States Government securities .....	32,792
United States quasi government securities .....	78,018
Bank deposit accounts and time deposits .....	13,590
<b>TOTAL</b>	<b>124,400</b>

14. Accounts receivable, advances, deposits, etc. comprise the following:

	<i>Expressed in terms of US dollars</i>
Amounts owing by various commercial organizations	41,620
Staff members, mainly income tax advances, etc....	54,166
Sundry amounts due from national and other international agencies .....	17,496
Sundry deposits .....	2,311
Imprest accounts .....	1,200
<b>TOTAL</b>	<b>116,793</b>

#### LIABILITIES AND NET RESOURCES

15. In the course of the year, outstanding obligations and commitments were reduced by over \$17 million to \$15,986,762. Against these liabilities various sums

were deposited with procuring agencies; these amounted to \$4,372,415 and are recorded as a direct offset to the amounts outstanding. The net figure of obligations carried on the statement is accordingly reduced to \$11,614,347. The funds on deposit are held by several agencies in various countries; details are given hereunder:

	<i>Expressed in terms of US dollars</i>
Clayton Equipment Company (United Kingdom) ..	15,841
Crown Agents for Oversea Governments and Administration (United Kingdom) .....	2,369,165
Department of the Army (United States of America) .....	1,660,111
Department of the Navy (United States of America) .....	6,678
Draper Corporation (United States of America) ..	1,500
Institute for International Education .....	2,877
Morrison Bearby Limited (Australia) .....	11,019
Riblett Tramway Company (United States of America) .....	54,129
Scandinavian Hospital Committee .....	70,632
F. L. Smith and Company (Denmark) .....	32,607
Swiss Government .....	24,283
Vinnell International Corporation (United States of America) .....	123,573
<b>TOTAL</b>	<b>4,372,415</b>

#### 16. Special accounts

(a) *Staff members' provident fund.* Since this is a temporary Agency there is no pension fund in operation. In place of this benefit there is a provident fund to which 6 per cent of staff members' monthly salaries is contributed by payroll deductions; simultaneously the Agency contributes a further 9 per cent. The amount of \$480,845 represents funds arising from both sources of contributions and held by the Agency on behalf of staff members who, with few exceptions, remained on the payroll at 30 June 1957.

(b) *Staff Medical Service Plan.* Arising from the solvency of this fund which was in the past financed by contributions both from the Agency and staff members, it has been possible since February 1955 to waive contributions to the fund. (The exemption however does not apply to staff members recruited since that date.) It has not so far been necessary to call for further contributions and unless there are any unforeseen contingencies it is anticipated that the balance on hand will be sufficient to meet all expenditure until the final close-out of the Agency.

#### 17. Sundry credit balances include the following:

	<i>Expressed in terms of US dollars</i>
Portions of contractors' fees retained pending satisfactory completion of contracts .....	645,751
Funds held in trust for other than direct UNKRA projects .....	36,006
Staff members' funds (mainly terminal emoluments accrued as at 30 June and liquidated in July and August 1957) .....	272,396
Miscellaneous .....	1,532
<b>TOTAL</b>	<b>955,685</b>

#### GOVERNMENT PLEDGES AND CONTRIBUTIONS TO 30 JUNE 1957 (SCHEDULE A)

18. (a) No additional pledges were received during the year. The total shown in column 1 is therefore the same figure as that at 30 June 1956, \$141,177,457.

(b) Four contributions were received during the year totalling \$117,739, bringing the total receipts to \$140,019,480. This represents over 99 per cent of the total sum pledged.

(c) It is expected that two of the four pledges outstanding, those of Denmark and Sweden, will be utilized for the Scandinavian Hospital scheme in accordance with the agreement signed between the Scandinavian Governments, the Government of the Republic of Korea and UNKRA. The Mexican contribution was made available in cash after the closure of the accounts and at the date of this report there remains only the pledge from the Government of Panama on which no action has yet been taken.

19. The contributions received in cash and kind have been made available in the financial years shown hereunder:

	<i>Expressed in terms of US dollars</i>
1950-1951 .....	7,225,796
1951-1952 .....	11,493,158
1952-1953 .....	51,824,236
1953-1954 .....	33,196,630
1954-1955 .....	34,731,045
1955-1956 .....	1,430,876
1956-1957 .....	117,739
TOTAL	<u>140,019,480</u>

20. In compliance with Financial Regulation 10.3 it is reported that one ex gratia payment was made during the year. This payment was made as partial compensation to a junior grade staff member who was entitled to only limited participation in the Medical Service Plan and who incurred hospital expenses beyond the scope of his entitlement under the Plan. The total sum

involved was \$681.

21. *Inventory of supplies and equipment.* From the records of the Agency and also from physical inventories taken as at 30 June 1957, it has been established that the Agency had on hand equipment and supplies valued at \$713,652. These were in the following locations:

	<i>Expressed in terms of US dollars</i>
Korea headquarters .....	679,424
New York, United States of America .....	13,580
Tokyo, Japan .....	20,648
TOTAL	<u>713,652</u>

#### KOREAN HWAN COUNTERPART FINANCIAL POSITION

22. In accordance with an agreement established between the Government of the Republic of Korea and UNKRA in 1954, the Government is called upon to make deposits in a counterpart fund in the hwan equivalent of the value of all goods and services rendered to Korea by the Agency. With approval of the Agent General, withdrawals are made from this fund to finance the local currency costs of labour and material required for the processing of aid projects. The credits to this fund are financed by means of a government overdraft account. This overdraft account has been partially liquidated and will finally be cleared by the Agency transferring from its Collection Account the proceeds accruing from the sale of various commodities which have been imported for distribution on the local market. The status of the above funds as at 30 June 1957 is given below:

	<i>Hwan</i>	<i>Hwan</i>
<b>COUNTERPART ACCOUNT</b>		
<i>Income</i>		
Total deposits by the Governments of the Republic of Korea..	24,749,909,327	
Amounts due but not deposited in respect of goods and services rendered to 30 June 1956 .....	<u>2,573,256,390</u>	
		27,323,165,717
<i>Expenditure</i>		
Approved transfers to government departments to finance UNKRA projects:		
Released .....	13,783,745,543	
Due to be released .....	<u>1,413,806,794</u>	
		15,197,552,337
Transfers to UNKRA to meet administrative expenditure:		
Received by UNKRA .....	1,030,340,647	
Due to be received by UNKRA .....	<u>335,817,639</u>	
		1,366,158,286
Transfers to UNKRA to meet operational expenditure for projects initiated prior to the signing of the Overall Agreement on 31 May 1954 .....	<u>1,397,500,000</u>	
		17,961,210,623
Unobligated balance .....		<u>9,361,955,094</u>
<b>AID GOODS COLLECTION ACCOUNT</b>		
Collections to date .....		13,010,292,554
Less: Amounts transferred to date to retire the government overdraft created by deposits in the Counterpart Account .....		<u>2,187,983,265</u>
		<u>10,822,309,289</u>



23. From the details of the Counterpart Account it will be seen that funds have been received or are receivable by UNKRA to cover administrative expenditure and certain operational expenditure. These funds form the source of income on which a report is made in addenda A and B. It must be noted that the hwan funds are kept entirely separate from the general accounts of the Agency and do not form part of the consolidated accounts reported in United States dollars on other statements.

STATEMENT OF HWAN ASSETS, LIABILITIES AND NET RESOURCES AS AT 30 JUNE 1957 (ADDENDUM A)

24. *Assets.* (a) Almost the entire amount of cash on hand and at bank is held in the main Agency bank account with the Bank of Korea, Seoul.

(b) The amount due to the Agency from the Counterpart Account for administrative expenses, hwan 335,817,639, represents 5 per cent of deliveries of goods and services made to Korea during the period September 1956 through June 1957. Negotiations are at present on hand with the Government regarding the settlement of these outstanding claims.

(c) Accounts receivable, advances, deposits, etc. total hwan 109,802,456. Approximately one half of the total represents advances made by the Agency, as a matter of expediency, for urgent operational projects but will be recovered from future releases from the Counterpart Funds. The remainder represents, in the main, local currency advances which the Agency has made to various staff funds; as an offset to these the Agency is holding United States dollar funds as a collateral.

25. *Liabilities and net resources.* (a) Unliquidated obligations are recorded in a total of hwan 74,444,228 and in the main represent obligations incurred for administrative expenses during the year under review.

(b) *Sundry credit balances.* These total hwan 12,323,840. Approximately one half of this figure represents Government funds held and being disbursed by the Agency. The remainder comprises income from the sale of scrap project material; this money will be eventually passed over to the Counterpart Account.

(c) The Agency received from the Counterpart Account hwan 1,397,500,000 to meet project expenditure incurred prior to the signing of the Overall Agreement on 31 May 1954. Almost all of this has been obligated, leaving an uncommitted balance of hwan 174,548,453.

(d) The net resources carried forward, hwan 545,446,943, are available to meet, so far as is required, the future administrative expenses of the Agency.

STATEMENT OF HWAN INCOME AND NET RESOURCES FOR THE PERIOD ENDED 30 JUNE 1957 (ADDENDUM B)

26. The sum of hwan 384,777,952 was carried forward from the financial year 1956-1957. Adjustments in savings during the year increased this figure by hwan 653,713. Proceeds accruing from the Counterpart Fund amounted to hwan 463,588,281 and the sale of surplus material, etc. raised the net revenue to hwan 473,040,132. The income was therefore hwan 858,471,797. Administrative expenditure applied against the sum available was hwan 313,024,854, thus leaving resources of hwan 545,446,943 for future use.

(Signed) John B. COULTER  
Agent General

# FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 1957

## Statement I

### Summary of current plans of expenditure, obligations incurred and unobligated balances showing cumulative position to 30 June 1957

(Expressed in terms of US dollars)

	Plan of expenditure (1) \$	Allotments issued (2) \$	Obligations incurred				Unobligated balances		
			Total as at 30 June 1956 (3) \$	Reduction during 1956/57 (4) \$	Adjusted June 1956 total (5) \$	Additions during 1956/1957 (6) \$	Cumulative total (7) \$	Alloiments (8) \$	Plan of expenditure (9) \$
1952/53 programme— Statement II.....	70,000,000	57,077,480	57,739,348	665,313	57,074,035	2,908	57,076,943	537	12,923,057
1953/54 programme— Statement III.....	139,000,000	45,199,234	43,717,271	640,017	43,077,254	2,091,607	45,168,861	30,373	84,831,139
1954/55 programme— Statement IV.....	28,646,000	28,336,331	27,819,880	196,902	27,622,978	536,329	28,159,307	177,024	486,693
1955/56 programme— Statement V.....	3,775,000	3,595,647	3,620,472	38,771	3,581,701	—	3,581,701	13,946	193,299
1956/57 programme— Statement V.....	2,616,082	2,615,132	—	—	—	2,614,895	2,614,895	237	1,187
	<u>235,037,082</u>	<u>136,823,824</u>	<u>132,896,971</u>	<u>1,541,003</u>	<u>131,355,968</u>	<u>5,245,739</u>	<u>136,601,707</u>	<u>222,117</u>	<u>98,435,375</u>

Note: The above statement excludes expenditure previously finalized in respect of the 1950/51 and 1951/52 plans of expenditure.

## Statement of 1952/53 plan of expenditure, obligations incurred and unobligated balances showing cumulative position to 30 June 1957

(Expressed in terms of US dollars)

Plan of expenditure			Obligations incurred			Unobligated balances		
Original (1) \$	As modified (2) \$	Alloiments issued (3) \$	Liquidated by disbursements (4) \$	Unliquidated (5) \$	Outstanding commitments (6) \$	Total (7) \$	Alloiments (8) \$	Plan of expenditure (9) \$
A. Reconstruction and rehabilitation								
(a) Food and agriculture.....	6,900,000	6,000,000	4,398,899	99	—	4,398,899	—	1,601,101
(b) Industries.....	10,650,000	8,150,000	6,523,722	7,276	20,163	6,523,722	—	1,626,278
(c) Power.....	7,100,000	5,100,000	3,376,563	1,849	—	3,376,563	—	1,723,437
(d) Transport and communications.....	7,500,000	6,900,000	5,467,472	147,637	15,639	5,467,472	—	1,432,528
(e) Natural resources.....	2,000,000	2,000,000	1,553,097	84,268	1,216	1,553,097	—	446,903
(f) Housing.....	3,000,000	3,000,000	1,952,652	2,983	60,581	1,952,652	—	1,047,348
(g) Education.....	8,000,000	8,000,000	6,368,172	4,707	35,223	6,368,172	—	1,621,828
(h) Health, sanitation and welfare.....	2,500,000	2,500,000	1,604,409	351	55,058	1,604,409	—	895,591
B. Sustaining commodity imports.....	14,000,000	20,000,000	19,501,140	—	—	19,501,140	—	498,860
C. Operational personnel and establishment.....	2,500,000	2,500,000	2,101,758	2,953	—	2,101,221	537	398,779
D. Special projects								
(a) Personnel for UNRACK.....	2,500,000	2,340,000	1,624,902	9,778	—	1,624,902	—	715,098
(b) Support to voluntary agency programmes.....	500,000	640,000	639,570	—	—	639,570	—	430
(c) Technical assistance projects.....	350,000	370,000	352,832	4,552	—	352,832	—	17,168
E. Administrative costs.....	2,500,000	2,500,000	1,612,292	66,184	—	1,612,292	—	887,708
TOTAL	70,000,000	70,000,000	57,077,480	332,637	187,880	57,076,943	537	12,923,057

Certified correct  
(Signed) J. McLEAN  
Comptroller

Approved  
(Signed) John B. COULTER  
Agent General

## AUDIT CERTIFICATE

The above statement of plan of expenditure, obligations incurred and unobligated balances has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors  
(Signed) Lars BREIE, Norway

# Statement III

## Statement of 1953/54 plan of expenditure, obligations incurred and unobligated balances showing cumulative position to 30 June 1957 (Expressed in terms of US dollars)

	Plan of expenditure (1) \$	Allotments issued (2) \$	Obligations incurred			Unobligated balances	
			Liquidated by disbursements (3) \$	Unliquidated (4) \$	Outstanding commitments (5) \$	Total (6) \$	Plan of expenditure (8) \$
A. Reconstruction and rehabilitation							
1. Health, sanitation and welfare.....	9,050,000	5,692,747	1,505,534	188,717	3,998,496	5,692,747	3,357,253
2. Agriculture, forestry and fisheries.....	17,810,000	3,267,592	3,119,007	11,548	137,037	3,267,592	14,542,408
3. Power.....	17,531,000	—	—	—	—	—	17,531,000
4. Manufacturing plant reconstruction.....	19,832,000	14,659,552	12,625,532	561,973	1,472,047	14,659,552	5,172,448
5. Mining reconstruction and rehabilitation....	7,800,000	3,707,181	3,057,464	64,519	585,198	3,707,181	4,092,819
6. Education.....	3,300,000	1,929,088	1,700,618	54,619	173,851	1,929,088	1,370,912
7. Housing.....	5,000,000	2,545,146	2,118,818	29,960	396,368	2,545,146	2,454,854
B. Imports of essential materials and equipment..	36,677,000	6,871,580	6,795,887	65,985	9,708	6,871,580	29,805,420
C. Special projects.....	6,750,000	2,098,641	2,021,067	11,780	65,794	2,098,641	4,651,359
D. Operational personnel and establishment.....	4,250,000	2,892,368	2,826,761	45,994	—	2,872,755	1,377,245
E. Administrative costs.....	2,000,000	1,535,339	1,498,168	26,411	—	1,524,579	475,421
TOTAL	130,000,000	45,199,234	37,268,856	1,061,506	6,838,499	45,168,861	84,831,139

Certified correct  
(Signed) J. McLEAN  
Comptroller

Approved  
(Signed) John B. COULTER  
Agent General

### AUDIT CERTIFICATE

The above statement of plan of expenditure, obligations incurred and unobligated balances has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors  
(Signed) Lars BREIE, Norway

Statement IV

Statement of 1954/55 plan of expenditure, obligations incurred and unobligated balances showing cumulative position to 30 June 1957  
(Expressed in terms of US dollars)

	Plan of expenditure		Allotments issued (3) \$	Obligations incurred			Unobligated balances		
	Original (1) \$	As modified (2) \$		Liquidated by disbursements (4) \$	Unliquidated (5) \$	Outstanding commitments (6) \$	Total (7) \$	Alotments (8) \$	Plan of expenditure (9) \$
A. Reconstruction and rehabilitation									
1. Health, sanitation and welfare.....	150,000	225,000	225,000	131,190	32,710	61,100	225,000	—	—
2. Agriculture, forestry and fisheries.....	—	—	—	—	—	—	—	—	—
3. Power.....	—	—	—	—	—	—	—	—	—
4. Manufacturing plant reconstruction.....	6,275,000	6,440,000	6,440,000	5,860,431	168,654	410,915	6,440,000	—	—
5. Mining reconstruction and rehabilitation...	7,960,000	7,935,000	7,927,000	3,869,930	139,972	3,917,098	7,927,000	—	8,000
6. Education.....	1,190,000	1,190,000	1,190,000	662,832	200,549	326,619	1,190,000	—	—
7. Housing.....	500,000	550,000	550,000	238,880	197,668	113,452	550,000	—	—
B. Imports of essential materials and equipment..	5,514,000	6,796,000	6,755,165	5,517,260	89,843	1,148,062	6,755,165	—	40,835
C. Special projects.....	2,000,000	1,810,000	1,631,501	1,514,844	44,505	72,152	1,631,501	—	178,499
D. Operational personnel and establishment.....	2,100,000	2,100,000	2,061,632	1,927,268	6,829	—	1,934,097	127,535	165,903
E. Administrative costs.....	1,600,000	1,600,000	1,556,033	1,458,425	48,119	—	1,506,544	49,489	93,456
TOTAL	27,289,000	28,646,000	28,336,331	21,181,060	928,849	6,049,398	28,159,307	177,024	486,693

Certified correct  
(Signed) J. McLEAN  
Comptroller

Approved  
(Signed) John B. COULTER  
Agent General

AUDIT CERTIFICATE

The above statement of plan of expenditure, obligations incurred and unobligated balances has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors  
(Signed) Lars BREIE, Norway

# Statement V

## Statement of financial years 1955/56 and 1956/57 plans of expenditure, obligations incurred and unobligated balances showing cumulative position to 30 June 1957

(Expressed in terms of US dollars)

	Plan of expenditure (1) \$	Allotments issued (2) \$	Obligations incurred			Unobligated balances			
			Liquidated by disbursements (3) \$	Unliquidated (4) \$	Outstanding commitments (5) \$	Total (6) \$	Allotments (7) \$	Plan of expenditure (8) \$	
<i>Financial Year 1955/56</i>									
Special projects									
Staff seconded to Unified Command.....	1,005,000	953,988	933,616	20,372	—	953,988	—	—	51,012
Operational personnel and establishment.....	1,620,000	1,605,717	1,527,630	72,056	—	1,599,686	6,031	6,031	20,314
Administrative costs.....	1,150,000	1,035,942	919,192	108,835	—	1,028,027	7,915	7,915	121,973
TOTAL	3,775,000	3,595,647	3,380,438	201,263	—	3,581,701	13,946	13,946	193,299
<i>Financial Year 1956/57</i>									
Special projects									
Staff seconded to Unified Command.....	546,082	546,000	536,939	9,061	—	546,000	—	—	82
Operational personnel and establishment.....	1,320,000	1,319,698	1,079,199	236,997	3,265	1,319,461	237	237	539
Administrative costs.....	750,000	749,434	612,027	134,142	3,265	749,434	—	—	566
TOTAL	2,616,082	2,615,132	2,228,165	380,200	6,530	2,614,895	237	237	1,187

Certified correct

(Signed) J. McLEAN  
Comptroller

Approved  
(Signed) John B. COULTER  
Agent General

### AUDIT CERTIFICATE

The above statement of plan of expenditure, obligations incurred and unobligated balances has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors  
(Signed) Lars BREIE, Norway

## Statement of income, obligations incurred and net resources for the year ended 30 June 1957

(Expressed in terms of US dollars)

	\$	\$	\$
Net resources as at 30 June 1956.....		6,669,209	
<i>Add:</i>			
Reduction of obligations effected during year (statement I, column 4).....		1,541,003	
Savings and adjustment to previous fiscal years' obligations in respect of administrative and operational expenditure.....		41,440	
			8,251,652
<i>Add:</i> Income for the year:			
Government contributions (schedule A)			
In cash (column 4).....		117,739	
Miscellaneous income			
Income from investments.....	504,282		
Staff assessment plan.....	399,266		
Exchange adjustments.....	13,082		
Other.....	20,000		
		936,630	
<i>Deduct:</i>			
Obligations incurred during the year (statement I, column 6).....			1,054,369
			9,306,021
Net resources as at 30 June 1957.....			5,245,739
			4,060,282
Certified correct			Approved
(Signed) J. McLEAN			(Signed) John B. Coulter
Comptroller			Agent General

## AUDIT CERTIFICATE

The above statement of income, obligations incurred and net resources has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors  
(Signed) Lars BREIE, Norway

## Statement of assets, liabilities and net resources as at 30 June 1957

(Expressed in terms of U S dollars)

ASSETS		LIABILITIES AND NET RESOURCES	
	\$		\$
Cash on hand and at banks		Unliquidated obligations, including outstanding commitments	
Current balances.....	1,630,678	Plans of expenditure:	
Time deposits.....	<u>396,481</u>	1952/53.....	520,517
	2,227,159	1953/54.....	7,900,005
		1954/55.....	6,978,247
		1955/56.....	201,263
		1956/57.....	<u>386,730</u>
Investments (schedule B).....	14,495,938		15,986,762
		Deduct: Deposits with government departments, government agencies and other suppliers against orders placed.....	<u>4,372,415</u>
Documentary letters of credit.....	180,497		11,614,347
		Special accounts:	
Interest accrued.....	124,400	Staff Provident Fund.....	480,845
		Staff Medical Service Plan.....	<u>33,628</u>
			514,473
Accounts receivable, advances, deposits, etc.....	<u>116,793</u>	Sundry credit balances.....	955,685
		Net resources (statement VI).....	<u>4,060,282</u>
TOTAL	<u>17,144,787</u>	TOTAL	<u>17,144,787</u>

Certified correct  
(Signed) J. McLEAN  
Comptroller

Approved  
(Signed) John. B. COULTER  
Agent General

## AUDIT CERTIFICATE

The above statement of assets and liabilities and net resources has been examined in accordance with provisions of the financial regulations. All information and explanations required were provided, and I certify, as a result of the audit, that the statement is in accordance with the books of the Agency and is, in my opinion, correct.

On behalf of the Board of Auditors,  
(Signed) Lars BREIE, Norway



## Statement of Government pledges and contributions as at 30 June 1957

(Expressed in terms of US dollars)

		Received					
		Prior to July 1956		1 July 1956 to 31 January 1957			
	Amount pledged (1) \$	In cash (2) \$	In kind * (3) \$	In cash (4) \$	In kind (5) \$	Total received (6) \$	Balance outstanding (7) \$
<i>Member States:</i>							
Argentina.....	500,000	—	500,000	—	—	500,000	—
Australia <sup>b</sup> .....	3,616,446	3,616,446	—	—	—	3,616,446	—
Austria.....	179,474	139,474	40,000	—	—	179,474	—
Belgium.....	600,000	600,000	—	—	—	600,000	—
Burma.....	49,934	—	49,934	—	—	49,934	—
Cambodia.....	1,000	1,000	—	—	—	1,000	—
Canada.....	7,413,021	7,413,021	—	—	—	7,413,021	—
Chile.....	250,000	250,000	—	—	—	250,000	—
Denmark.....	860,000	289,555	—	47,060	—	336,615	523,385
Dominican Republic.....	10,000	—	—	10,000	—	10,000	—
Egypt.....	28,716	—	28,716	—	—	28,716	—
El Salvador.....	500	500	—	—	—	500	—
Ethiopia.....	40,000	40,000	—	—	—	40,000	—
France.....	142,857	142,857	—	—	—	142,857	—
Greece.....	18,063	—	18,063	—	—	18,063	—
Guatemala <sup>a</sup> .....	7,704	—	—	7,704	—	7,704	—
Honduras.....	2,500	2,500	—	—	—	2,500	—
Indonesia.....	143,706	143,706	—	—	—	143,706	—
Israel.....	36,100	—	36,100	—	—	36,100	—
Italy.....	2,014,933	320,000	1,694,933	—	—	2,014,933	—
Lebanon.....	50,000	50,000	—	—	—	50,000	—
Liberia.....	15,000	—	15,000	—	—	15,000	—
Luxembourg.....	50,000	50,000	—	—	—	50,000	—
Mexico.....	40,000	—	—	—	—	—	40,000
Netherlands.....	1,052,632	1,052,632	—	—	—	1,052,632	—
New Zealand.....	836,850	836,850	—	—	—	836,850	—
Norway.....	1,725,323	1,698,846	26,477	—	—	1,725,323	—
Pakistan.....	315,000	315,000	—	—	—	315,000	—
Panama.....	3,000	—	—	—	—	—	3,000
Paraguay.....	10,000	10,000	—	—	—	10,000	—
Saudi Arabia.....	20,000	20,000	—	—	—	20,000	—
Sweden.....	966,518	322,237	—	52,689	—	374,926	591,592
United Kingdom of Great Britain and Northern Ireland <sup>b</sup> .....	26,840,002	26,840,002	—	—	—	26,840,002	—
United States of America <sup>b</sup> .....	92,902,615	92,902,615	—	—	—	92,902,615	—
Venezuela.....	100,000	30,000	70,000	—	—	100,000	—
TOTAL	140,841,894	137,087,241	2,479,223	117,453	—	139,683,917	1,157,977
<i>Non-Member States:</i>							
Liechtenstein.....	465	465	—	—	—	465	—
Monaco.....	1,144	858	—	286	—	1,144	—
Switzerland.....	313,954	290,698	23,256	—	—	313,954	—
The Vatican.....	10,000	10,000	—	—	—	10,000	—
Viet-Nam.....	10,000	10,000	—	—	—	10,000	—
TOTAL	335,563	312,021	23,256	286	—	335,563	—
GRAND TOTAL	141,177,457	137,399,262	2,502,479	117,739	—	140,019,480	1,157,977

<sup>a</sup> These contributions in kind have been made available to Unified Command for use in the emergency programme for civilian relief in Korea.

<sup>b</sup> Previous contribution statements have shown pledges of \$4,001,726 for Australia, \$28,000,000 for the United Kingdom and \$162,500,000 for the United States. At the time these pledges were made the Governments concerned stipulated that payment of the full amounts was conditional upon certain matching contributions being received from other Governments, and in the case of Australia and the United States upon certain percentage limitations. In this statement these amounts have been adjusted to reflect the maximum contributions of these Governments in accordance with the terms of their pledges, on the basis of total contributions made by other Governments to the programme.

<sup>c</sup> The contribution from the Government of Guatemala represents the proceeds of sale by the Government of 15,000 lbs. of coffee.

## Investments as at 30 June 1957

(Expressed in terms of US dollars)

	Interest rate	Nominal value \$		At cost \$	
<i>Federal Intermediate Credit Banks Consolidated Debentures</i>					
Due 1 July 1957.....	3¾%	400,000		400,000	
			400,000		400,000
<i>Federal Land Banks Consolidated Federal Farm Loan Bonds</i>					
Due 15 July 1957.....	3¾%	400,000		400,000	
			400,000		400,000
<i>United States Treasury Notes</i>					
Due 1 August 1957.....	2¾%	1,000,000		1,000,000	
Due 1 August 1957.....	2¾%	500,000		500,000	
Due 15 August 1957.....	2%	500,000		497,656	
			2,000,000		1,997,656
<i>Federal Intermediate Credit Banks Consolidated Debentures</i>					
Due 1 July 1957.....	3¾%	150,000		150,000	
			150,000		150,000
<i>Federal Land Banks Consolidated Federal Farm Loan Bonds</i>					
Due 14 February 1958.....	37/8%	1,750,000		1,747,813	
Due 1 February 1960.....	2¼%	1,500,000		1,425,000	
Due 1 February 1960.....	2¼%	300,000		285,000	
Due 1 February 1960.....	2¼%	275,000		261,250	
			3,825,000		3,719,063
<i>United States Treasury Notes</i>					
Due 15 June 1958.....	27/8%	800,000		794,000	
Due 15 June 1958.....	27/8%	3,500,000		3,473,750	
Due 15 June 1958.....	27/8%	200,000		198,500	
			4,500,000		4,466,250
<i>United States Treasury Bonds</i>					
Due 15 November 1960.....	21/8%	2,500,000		2,363,281	
			2,500,000		2,363,281
<i>Federal Home Loan Notes</i>					
Due 16 September 1957.....	3.70%	1,000,000		999,688	
			1,000,000		999,688
			14,775,000		14,495,938

Statement of hwan assets, liabilities and net resources as at 30 June 1957

(Expressed in hwan)

ASSETS		LIABILITIES AND NET RESOURCES	
Cash on hand, at bank and in transit.....	361,143,369	Unliquidated obligations.....	74,444,228
		Sundry credit balance.....	12,323,840
Due from the Counterpart Account in respect of local currency administrative expenses, in accordance with agreement dated 31 May 1954.....	335,817,639	Provision for completion of reconstruction projects agreed to with the Government of the Republic of Korea as at 31 May 1954.....	1,397,500,000
		Deduct: Expenditure incurred.....	1,222,951,547
Accounts receivable, advances, deposits, etc.	109,802,456		174,548,453
		Net resources (addendum B).....	545,446,943
TOTAL	806,763,464	TOTAL	806,763,464

## Statement of income, expenditure and net resources for the period ended 30 June 1957

(Expressed in hwan)

Net resources as at 30 June 1956.....			384,777,952
Add: Adjustment to previous years.....		2,404	
Savings effected in liquidating previous years obligations.....		651,309	
			<u>653,713</u>
Add: Income for the year:			
Transfers from the Counterpart Account in respect of local currency administrative expenses			
Amount received.....	127,770,642		
Amount due but not received.....	<u>335,817,639</u>		
		463,588,281	
Proceeds from sale of surplus.....		9,346,280	
Other.....		<u>105,571</u>	
			<u>473,040,132</u>
			858,471,797
Less: Obligations incurred during the period 1 July 1956 to 30 June 1957			
Personnel and establishment costs.....		311,692,787	
Staff for Unified Command.....		<u>1,332,067</u>	
			<u>313,024,854</u>
Net resources as at 30 June 1957.....			<u><u>545,446,943</u></u>

## REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY

1. The following statements were presented to the Board of Auditors for certification:

Statement II. 1952-1953 plan of expenditure, obligations incurred and unobligated balances;

Statement III. 1953-1954 plan of expenditure, obligations incurred and unobligated balances;

Statement IV. 1954-1955 plan of expenditure, obligations incurred and unobligated balances;

Statement V. 1955-1956 and 1956-1957 plans of expenditure, obligations incurred and unobligated balances;

Statement VI. Income, obligations incurred and net resources;

Statement VII. Assets, liabilities and net resources.

2. During the year ending 30 June 1957, obligations of only \$5,246,000 were incurred, of which about half related to the 1956-1957 plan of expenditure. In the same period, obligations of \$21,817,000 were liquidated, leaving a balance of \$15,987,000. Over \$13 million of this amount consisted of outstanding commitments not constituting accounts payable at the year end. After proceeding for all known obligations, resources of \$4,060,000 were available to finance the Agency in its closing phase.

3. After giving effect to a substantial number of terminations in June, the Agency's international staff numbered 106, grouped as follows:

Headquarters—Korea .....	54
detached (New York) .....	11
American Regional Office .....	16
Tokyo Liaison and Procurement Office .....	1
Project personnel .....	24
<b>TOTAL</b>	<b>106</b>

This compares with an establishment of 210 at the close of the previous year, including civilian personnel seconded to the Unified Command. The year end marked the conclusion of this arrangement.

4. An unusual project initiated in 1956-1957 under the 1953-1954 plan of expenditure was for the replacement of lost and damaged construction materials. An amount of \$311,250 was allotted for the purpose. The text of the agreement with the Republic of Korea indicated that the losses became evident when shipping instructions for final deliveries were issued and it was found that stocks available in warehouses controlled by the government Office of Supply could not be reconciled with quantities imported and authorized distribution. It was regarded as essential that losses be replaced in order to complete satisfactorily the projects under the Agency's programme. Additionally, it was observed that in a few instances individual projects had been charged with the anticipated cost of replacing losses specifically identified with them and for which balances were available to meet such costs. Action taken in May 1957 reserved approximately \$93,000 for this purpose. Whether the expense involved is noteworthy in view of the magnitude of the Agency's over-all programme and the attending circumstances is conjectural.

5. Resolution 410 (V) of the General Assembly required that contributions and supplies furnished under the United Nations programme of relief and rehabilitation for Korea be used exclusively for those purposes. In the audit it was observed that construction materials ordered under a project initiated within the framework of the 1954-1955 plan of expenditure were being acquired for sale in order to generate local currency for the Agency's programme. The agreement with the Republic of Korea Government in connexion with the project indicated that principal uses would be in the construction of a six-story annex to the Bank of Korea and additional units in a government housing project. It is questionable whether use of Agency funds for such a purpose is within the ambit of the basic resolution.

6. The status of recorded obligations for which no actual liabilities were known to exist as at 30 June 1957 came under scrutiny with a view to determining whether the liability for unliquidated obligations, including outstanding commitments, appearing in statement VII had been fairly stated. In the case of three projects, all in the field of education, it was observed that final arrangements were pending to transfer future activities under them to UNESCO. Under the implementing agreement, it is expected that approximately \$146,500 of UNKRA funds will be placed at the disposal of the other agency.

7. The audit report for the year ended 30 June 1956 contained a reference to legal action initiated by the Agency against a contractor for the recovery of funds for which accounting was not made to its satisfaction, and for compensation with respect to costs regarded as caused by delay in proceeding with the construction of a flat glass plant at Inchon. While progress has been made in pre-trial proceedings, the case has not as yet reached the courts.

8. *Hwan accounts.* The report to the General Assembly on the audit of the Agency's accounts for the year ended 30 June 1956 commented that the Government of the Republic of Korea had been requested to credit the Aid Goods Collection Account with duties imposed on UNKRA imports prior to the passing of a 1955 Ordinance specifically exempting them from levy. Resolution 410 (V) had directed that import taxes were not to be imposed on relief and rehabilitation supplies received under the United Nations programme. In April 1957, the then Minister of Finance advised the Agent General that the subject would be fully considered when the next budgetary proposal was made to the National Assembly. More recently, the Agent General requested the present Minister to advise him of action under way to resolve the matter but no reply came to attention prior to the completion of the audit.

9. Also the subject of previous reporting was a claim submitted by the Agency for deposit to the Counterpart Account of hwan 2,380 million, covering the period 11 January to 15 August 1955, when a rate of hwan 180 to the US dollar was applied in calculating the value of goods delivered and technical assistance rendered, whereas the rate for deposits to the Aid Goods Collection Account during the same period was hwan 350 to

the dollar. Although negotiations have been continued, the claim has still not been accepted by the Government.

10. Currently commodity taxes are not being applied to Agency aid goods for the credit of the Government's general revenue. In the past, however, there have been instances when this practice was followed. Representations to the Government for an adjustment in favour of the Aid Goods Collection Account to cover collections previously made have continued, but to date unsuccessfully.

11. Under the May 1954 agreement with the Republic of Korea Government, the consent of the Agent General is required for transfers from the Aid Goods Collection Account. Pending settlement of the foregoing matters, his consent has been withheld during the past year.

12. *The audit.* With the concurrence of the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors again allocated the audit to the Norwegian member of the Board. Early in 1957 the Comptroller and the major part of his staff were detached from the Korean headquarters and transferred to New York, where the audit for 1956-1957 has been made. The move was prompted both by reason of economy and to facilitate administration during the final phase-out period. A few staff members of the unit remained in Korea under the Deputy Comptroller. Their concern is principally with maintenance of those financial records and accounts which it would be impracticable

to maintain elsewhere, such as the local currency accounts, including the counterpart records. The situation created audit problems which to a considerable degree were met through the transmission of required information from Korea. Under the circumstances, however, it was not possible to audit the hwan accounts. Similarly, a physical examination of items listed in the inventory of materials and supplies held in Korea could not be made. Despite these circumstances, the scope of the audit was regarded as sufficiently comprehensive to permit certification of those financial statements which it has previously been the practice to certify.

13. Transactions were recorded during the year under the plans of expenditure of five years. As was the case in respect of the plan for the previous year, that for 1956-1957 related mainly to administrative and operational services required for the implementation of projects initiated in prior years. To a considerable degree audit concern was with transactions stemming from earlier plans of expenditure. The co-operation extended by the Comptroller and his staff, and other officers of the Agent General made it possible to complete the audit during September.

14. *Memorandum to the Advisory Committee.* In accordance with established practice, a memorandum is being addressed to the Advisory Committee on Administrative and Budgetary Questions. It deals mainly with a few matters in connexion with the routine of administration.

(Signed) Lars BREIE, Norway  
on behalf of the Board of Auditors

4 October 1957