

UNITED NATIONS

FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the biennium ended 31 December 1979
and
REPORT OF THE BOARD OF AUDITORS

Volume IV
(United Nations University)

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-FIFTH SESSION

SUPPLEMENT No. 5 (A/35/5)



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New York, 1980

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.

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LETTERS OF TRANSMITTAL

31 March 1980

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the accounts of the United Nations University for the biennium 1978-1979 ended 31 December 1979, which I hereby approve. The financial statements have been prepared and certified as correct by the Assistant Secretary-General for Financial Services.

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) Kurt WALDHEIM

The Chairman of the Board
of Auditors
United Nations
New York

12 June 1980

Sir,

I have the honour to transmit to you the financial statements of the United Nations University for the biennium ended 31 December 1979, 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 with respect to the accounts of the United Nations University for the biennium ended 31 December 1979.

Accept, Sir, the assurances of my highest consideration.

(Signed) J. J. MACDONELL
Auditor General of Canada
and
Chairman of the United Nations
Board of Auditors

The President of the General Assembly
of the United Nations
New York, NY

I. FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1979

Introduction

1. The Secretary-General has the honour to submit herewith his financial report on the accounts for the biennium 1978-1979 ended 31 December 1979. These accounts comprise two statements supported by two schedules and one annex. The accounts were transmitted to the Board of Auditors in accordance with financial regulation 11.4 on 31 March 1980.
2. The establishment of a United Nations University was first proposed by Secretary-General U Thant in 1969 and a Founding Committee was established in 1971. The General Assembly adopted the Charter of the United Nations University by resolution 3081 (XXVIII) on 6 December 1973 and decided that the University Centre would be located in the Tokyo metropolitan area in Japan. Authority for the University's policies, programmes and budget is vested in a Council of 24 members who serve as individuals and not as representatives of Governments or any other institutions. The Rector, who normally serves for five years, is the chief academic and administrative officer of the University. The present Rector, who was appointed in November 1974 and took up his duties on a full-time basis in Tokyo on 1 September 1975, will relinquish the post on 31 August 1980. The new Rector, who has been appointed by the Secretary-General in consultation with the Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO), will assume his duties on 1 September 1980.

Financing of the United Nations University

3. According to the Charter of the United Nations University, capital costs and recurrent costs of the University shall be met from voluntary contributions for the University or from income derived from contributions. In accordance with the Charter of the University, the funds of the University shall be kept in a special account established by the Secretary-General of the United Nations. Contributions are made by Governments and by non-governmental sources, including foundations, universities and individuals.
4. The University derives its financial support from two sources - income from an Endowment Fund and contributions to the General Operating Fund. The Endowment Fund was established to record transactions relating to the funds contributed by donors, governmental as well as non-governmental. At its ninth session, held in Tokyo from 5 to 9 December 1977, the University Council decided to establish a special section in the Endowment Fund for the purpose of financing the University's programmes designed to assist the developing countries. The purpose of this action is to increase endowment funds available to the University to assist its work relevant to development.
5. In 1974, the Government of Japan made the Endowment Fund concept a reality by pledging \$100 million to be contributed over a five-year period, provided contributions were made by other countries and sources. During the biennium 1978-1979, the Government of Japan made its fourth contribution of \$20 million (Japan's first three contributions were deposited during the prior biennia).

In addition, the following Governments have pledged and/or made contributions to the Endowment Fund during the biennium 1978-1979: Austria, Cyprus, Germany, Federal Republic of, Ghana, India, Libyan Arab Jamahiriya, Malaysia, Netherlands, Nigeria, Philippines, Saudi Arabia, Senegal, Sudan, Thailand, Tunisia, United Kingdom of Great Britain and Northern Ireland and Venezuela. Furthermore, the following countries have pledged and/or made contributions to the General Operating Fund during the biennium 1978-1979: Chile, Ethiopia, Greece, Norway, Senegal, Sri Lanka, Sweden, Switzerland and the United Republic of Tanzania.

Financial position of the United Nations University

6. As shown in statement I, the total income available to the General Operating Fund for the current biennium amounted to \$16.6 million, including interest income of \$15.3 million earned on the Endowment Fund during the period.

7. The total expenditure in the General Operating Fund for the operation of the University totalled \$16.9 million for the period of which \$1.9 million comprised unliquidated obligations as at 31 December 1979: \$8.8 million (52.1 per cent) was expended for salaries and common staff costs, \$2 million (11.8 per cent) for travel, \$0.8 million (4.7 per cent) for contractual services, \$1 million (5.9 per cent) for operating expenses and \$4.3 million (25.5 per cent) for fellowships and grants.

8. Statement II shows that the combined assets of the General Operating Fund, the Endowment Fund, the United Nations University Housing Assistance Trust Fund and the United Nations University Library Trust Fund amounted to \$146.3 million. This includes \$48.4 million representing pledged contributions to the University receivable from Governments, the details of which are given in schedule 1.

9. The fund balance of the General Operating Fund as at 31 December 1979 amounted to \$2.7 million, which is available to finance programme operations of the University.

10. Schedule 1 reflects the combined status of pledges as at 31 December 1979. The total amounts received for the Endowment Fund and the General Operating Fund during the two-year period were \$25.4 million and \$0.7 million, leaving \$48.3 million and \$0.1 million respectively in unpaid pledges as at 31 December 1979.

11. The status of the University's interest-bearing bank deposits as at 31 December 1979 is shown in schedule 2. The total interest earned on the Endowment Fund was \$15.3 million, which was transferred to the General Operating Fund (see para. 6 above).

Activities of the University

12. The United Nations University, as an international community of scholars to solve the "pressing global problems of human survival, development and welfare", expanded rapidly during the past two years, emphasizing three priority programmes: World Hunger Programme, Human and Social Development Programme and Natural Resources Programme. The University's activities were pursued through various

expert meetings and a world-wide network of advanced research and training institutions.

13. The Council of the University held its tenth session at Vienna from 26 to 30 June 1978, its eleventh and twelfth sessions in Tokyo from 4 to 8 December 1978 and from 25 to 29 June 1979, its thirteenth session at Geneva from 8 to 10 October 1979 (especially convened to discuss and approve the list of candidates for the rectorship of the University to be presented by the Council to the Secretary-General), and its fourteenth session in Tokyo from 3 to 7 December 1979. The Council discussed the work of the University during the period July 1977 to December 1979 and beyond. It issued its annual reports for 1977-1978, and 1978-1979 to the General Assembly, the Economic and Social Council and the Executive Board of UNESCO at its tenth and twelfth sessions. The Council discussed and approved the 1979 programme and budget at its eleventh session; the 1979 supplemental budget at its twelfth session; and the 1980 programme and budget at its fourteenth session.

14. During this two-year period, consultative meetings were held at New Delhi and Doha (February 1978), at Athens (March 1978) and at Accra and Nairobi (March 1979), which drew 303 participants from 48 countries. (Fourteen consultative meetings have been held since 1976, drawing together 1,093 participants from 91 countries; the holding of consultative meetings has now come to a close.) The main purpose of the meetings was to inform intellectual, scientific and governmental leaders in different parts of the world about the University's purposes, methods and priority programmes and to obtain, in return, reactions and ideas about the ways the University can best help solve "pressing global problems of human survival, development and welfare".

15. The University participated in the United Nations Conference on Science and Technology for Development (UNCSTD) held in Vienna from 20-31 August 1979, and in the International Colloquium of Science, Technology and Society: Needs, Challenges and Limitations, which preceded the Conference and was held from 13 to 17 August 1979 under the auspices of the United Nations Advisory Committee on the Application of Science and Technology to Development (ACAST). The purpose of the University's participation in UNCSTD was to avail itself of the opportunity offered by this Conference to make the concept and work of the University widely known to delegates, many of whom represented their Governments; to make a contribution to the scientific discussions; and to ensure that the University would contribute to and benefit from the outcome of the Conference.

16. The World Hunger Programme (WHP) focuses on one of the most basic material human needs - adequate nourishment for all human beings. During the period under report, the number of associated institutions rose by three, bringing the total to nine, and the programme established one advanced training unit. The number of WHP fellowships awarded was 80, and meetings, workshops and symposia held during this period totalled 21.

17. The Human and Social Development Programme (HSD) is being implemented through a network of five associated institutions and about 80 research units scattered throughout the world. The programme brings together scholars from different disciplines, schools of thought and cultural traditions. Three major areas of study have been selected for the research activities of the University. They are: (a) problems of development; (b) technology for development; and (c) education for development.

18. The Programme on the Use and Management of Natural Resources (NRP) focuses on three areas: (a) ways to protect the environment and increase productivity through improved management of natural resources; (b) the effective application of existing knowledge to the problems of arid lands; and (c) the problem of energy in rural areas, especially those of developing countries. There are nine associated institutions, and 10 research and training units have been established. Twenty-one NRP workshops were held during this period.

19. The above activities involved expenditures for: (a) travel and per diem of University staff; (b) travel and per diem of Council members (for the Council session); (c) travel and per diem of academic participants in the Programme Advisory Committee and other programme meetings and workshops; (d) services of bilingual secretaries and interpretation for the Council and consultative meetings; and (e) grants to various institutions and research and training units.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article IX, paragraph 8, of the Charter of the United Nations University, the Board of Auditors has audited the accounts of the United Nations University for the biennium ended 31 December 1979.

2. The audit 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. Our examination, which was conducted on an integrated basis, was carried out at the University in Tokyo and at the United Nations in New York and included a follow-up on the recommendations made in our report on the biennium 1976-1977. 1/

3. The Administration has taken a number of positive steps to improve budgetary control and financial reporting. These include the adoption of the "core budget" approach and the appointment of a budget officer together with the implementation of computerized financial systems. The Administration has also dealt with our concerns relating to donations from private sources.

4. Based on our follow-up on prior years' recommendations and as a result of the detailed audit work conducted during the current biennium, the Board of Auditors believes that the over-all financial information systems are operating satisfactorily.

5. The following observations and recommendations are designed to suggest further improvements to the financial management and control systems. We have discussed our findings and recommendations with the University Administration and their comments, indicating the action they intend to take, have been incorporated where appropriate.

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 5 (A/33/5), vol. IV.

Budgetary Control

Budget approval by Council

6. The University Council considers and approves the annual work programme and budget on the basis of proposals submitted to it by the Rector. Because only the costs for the ensuing year are included in the documentation presented to Council, the full anticipated financial implications of work programmes extending beyond one year are not considered at the time of Council approval.

7. To enable the Council to make decisions with the benefit of more complete financial information, we recommended that systems and procedures should be developed to ensure that the Council is provided with the full financial implications of long-term programme proposals.

8. The University Administration has stated that projects are dynamic and new possibilities, developing each year, cannot always be accurately forecast at the beginning of a project. Vice-Rectors, however, will be asked to inform the Council of the approximate level of funds they plan to earmark for approved project operations.

Accountability of programme managers

9. In our review of the budget performance reports, we noted several instances where expenditures were recorded against sections other than those where budget responsibility had been allocated. For example:

(a) The publications budget was allocated to the three external programmes while actual expenditures were charged to Academic Services;

(b) The supplementary communications budget was allocated to Information Services while actual expenditures were charged to Administrative Services;

(c) Expenditures for one special study were allocated to the programme sections, although the programme managers had no operational responsibility for the activity.

10. In our view, these practices tend to blur the lines of accountability. We recommended that managerial accountability should be clearly defined and expenditures should be budgeted and charged to the section where budget responsibility has been allocated.

11. The Administration agreed with our observations and indicated that measures will be taken to ensure that programme managers are given responsibility for controlling publication and communication expenditures. Furthermore, the Administration advised us that the accounting process will be revised to ensure that accountability for all projects matches the budget allocation.

Allotment control

12. Our previous report observed that, because of the inadequacy of control over over-expending of allotments and the absence of prior approval for transfer of funds between allotments, the allotment control system needed to be improved. This observation still applies.

13. The Board recommended that the University Administration should monitor allotment controls more closely. The Administration has informed us that the December 1979 guide for budget preparation contains procedures to follow when transfers are requested and that prior approval must be obtained when an original allotment is exhausted.

Research units and institutions

Contractual arrangements

14. At the present time, a variety of practices are followed by the three programme sections when they enter into association with research units and institutions. The different practices include letters of understanding, institutional contracts and consulting agreements. Accordingly, we recommended that the University should standardize practices among the programme sections with respect to the type of contractual arrangements to be adopted for similar activities.

15. The Administration has agreed that practices should be standardized for similar circumstances, but has emphasized that room must be kept for flexibility and creativity in institutional arrangements.

Financial guidelines

16. When research proposals are submitted from research units and institutions, the University requires a statement of the estimated financial support that will be required from it. There are, however, no instructions issued to institutions concerning the type of activities that would be financially supported by the University.

17. We noted that the format and content of financial reports submitted by research institutions vary significantly. Consequently, additional financial information has had to be requested from institutions before funds could be released.

18. To facilitate review and monitoring of financial support granted to institutions, the Board recommended that the Administration issue central instructions for format and content of financial information and reports submitted by institutions.

Comments on matters dealt with in the report on the biennium 1976-1977

19. The Administration has taken appropriate action on the matters raised in the Board's report on the biennium 1976-1977, with the exception of allotment control procedures which have been commented on again in this report.

Acknowledgement

20. The Board would like to express its appreciation for the positive response by the Administration to its observations and recommendations and the action that is being taken to improve existing systems and procedures. The Board also acknowledges the excellent co-operation and assistance extended by the Rector, the officers and staff members of the University and by the Secretariat of the United Nations.

(Signed) J. J. MACDONELL
Auditor General of Canada

(Signed) Ahenkora OSEI
Auditor General of Ghana

(Signed) Osman Ghani KHAN
Comptroller
and Auditor General
of Bangladesh

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I and II, properly identified, and relevant schedules and annex of the United Nations University for the biennium 1978-1979 ended 31 December 1979. 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 properly reflect the recorded financial transactions for the biennium, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 31 December 1979.

(Signed) J. J. MACDONELL
Auditor General of Canada

(Signed) Ahenkora OSEI
Auditor General of Ghana

(Signed) Osman Ghani KHAN
Comptroller
and Auditor General
of Bangladesh

June 1980

IV. ACCOUNTS FOR THE BIENNIUM ENDED 31 DECEMBER 1979

UNITED NATIONS UNIVERSITY

COMBINED STATEMENT OF INCOME AND EXPENDITURE FOR THE BIENNIUM 1978-1979 ENDED 31 DECEMBER 1979
(EXPRESSED IN UNITED STATES DOLLARS)

	General Operating Fund for the United Nations University	Endowment Fund for the United Nations University	United Nations Assistance Trust Fund	United Nations University Library Trust Fund	Total
	1979	1979	1979	1979	1977
<u>Income</u>					
Contributions from Governments	696 264	33 414 679	-	-	48 504 682
Public donations	134 183	60 000	-	14 079	122 263
Subventions from Endowment Fund for the United Nations University	15 317 785	-	-	-	- ^{a/}
Interest income	1 654	15 317 785	2 350	264	8 638 483 ^{a/}
Miscellaneous income	452 885	334 410	5 332	-	100 729
Total income	16 602 771	49 126 874	7 682	14 343	57 366 157
<u>Expenditure</u>					
Salaries and common staff costs	8 823 232	-	39 485	-	8 862 717
Travel	1 969 696	-	-	-	1 969 696
Contractual services	761 670	-	-	-	761 670
Operating expenses	943 436	-	-	-	943 436
Acquisitions	28 081	-	-	-	28 081
Transfer to General Operating Fund	-	15 317 785	-	-	- ^{a/}
Fellowships, grants, other	4 363 819	-	-	3 369	4 367 188
Total expenditure	16 889 934	15 317 785	39 435	3 369	16 932 788
Excess of income over expenditure	(287 163)	33 809 089	(31 803)	10 974	33 501 097

^{a/} Net of adjustment for elimination of interfund transactions.

CERTIFIED CORRECT

(Signed) Patricio RUEDAS
Assistant Secretary-General
for Financial Services
31 March 1980

UNITED NATIONS UNIVERSITY

COMBINED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 1979
(EXPRESSED IN UNITED STATES DOLLARS)

	General Operating Fund for the United Nations University	Endowment Fund for the United Nations University	United Nations University Housing Assistance Trust Fund	United Nations University Library Trust Fund	Total
	1979	1979	1979	1979	1977 a/
Assets					
Cash	3 315 952	91 084 824	19 956	13 140	94 433 872 b/
Investments	-	2 142 253	-	-	2 142 253 c/
Pledged contributions unpaid (Schedule I)	94 707	48 295 130	-	-	48 389 837
Accounts receivable	978 191	-	19 563	-	997 754
Deferred charges and other assets	176 686	-	159	97	176 942
Due from United Nations General Fund	148 271	-	-	-	148 271
Total assets	4 713 807	141 522 207	39 678	13 237	146 288 929
Liabilities					
Unliquidated obligations	1 934 224	-	-	-	1 934 224
Deferred income	90 707	18 954 576	-	-	19 045 283
Total liabilities	2 024 931	18 954 576	-	-	20 979 507
Fund balance					
Balance available 1 January 1978	2 976 039	88 758 542	71 481	2 263	91 808 325
Add: Excess of income over expenditure (see Statement I)	(287 163)	33 809 089	(31 803)	10 974	33 501 097
Balance available 31 December 1979	2 688 876	122 567 631	39 678	13 237	125 309 422
Total liabilities and fund balance	4 713 807	141 522 207	39 678	13 237	146 288 929

a/ Comparative figures reclassified to conform to current presentation.

b/ Including interest-bearing bank deposits of \$94,125,396 listed in schedule 2.

c/ Comprises investment in United Kingdom gilt-edged bonds.

CERTIFIED CORRECT

(Signed) Patricio RUEDAS
Assistant Secretary-General
for Financial Services
31 March 1980

UNITED NATIONS UNIVERSITY

COMBINED STATUS OF PLEDGES UNPAID AS AT 31 DECEMBER 1979
(EXPRESSED IN UNITED STATES DOLLARS)

Countries/trust funds	Unpaid pledges as at 1 January 1979	Pledges for 1978 and 1979 and adjustments	Pledges for future years	Collections during 1978 and 1979	Unpaid pledges as at 31 December 1979
<u>Endowment Fund for the United Nations University</u>					
Austria	-	184 470	-	184 470	-
Cyprus	1 256	36	-	1 292	-
Germany, Federal Republic of	-	1 085 482	3 243 243	1 085 482	3 243 243
Ghana	-	1 000 000	500 000	500 000	1 000 000
India	-	337 500	327 500	168 750	506 250
Japan	20 000 000	20 000 000	-	20 000 000	20 000 000
Libyan Arab Jamahiriya	-	75 000	25 000	-	100 000
Malaysia	-	20 000	-	20 000	-
Netherlands	-	200 000	100 000 c/	150 000	200 000
Nigeria	-	20 000	30 000	10 500	40 000
Philippines	-	20 000	30 000	20 000	30 000
Saudi Arabia	-	2 000 000	1 930 000	1 000 000	2 930 000
Senegal	206 612	506 385	411 522	226 193	898 326
Sudan	1 000 000	2 000 000	2 000 000	-	5 000 000
Thailand	-	100 000	400 000	100 000	400 000
Tunisia	-	10 366	-	10 366	-
United Kingdom of Great Britain and Northern Ireland	-	1 988 072	7 627 749	1 988 072	7 827 789
Venezuela	-	4 000 000	2 000 000	-	5 000 000
Subtotal	21 207 868	33 547 311	18 354 576	21 414 625	48 295 130
<u>General Operating Fund for the United Nations University</u>					
Chile	-	5 000	-	5 000	-
Ethiopia	-	2 000	-	2 000	-
Greece	-	55 000	-	55 000	-
Norway	-	391 495	-	391 495	-
Senegal	-	24 000	-	24 000	-
Sri Lanka	-	1 000	1 000	1 000	4 000
Sweden	-	114 155	-	114 155	-
Switzerland	-	113 287	70 707	113 287	70 707
United Republic of Tanzania	-	4 000	16 000	-	20 000
Subtotal	-	709 843	93 707	705 943	94 707
Grand total	21 207 868 a/	34 257 254	19 045 283	26 120 568	48 389 837

a/ Adjusted by \$37,144,726 for pledges made prior to 1 January 1978 or future year.

b/ Austria has pledged one million Austrian schillings (approximately \$77,519) annually.

c/ The Netherlands has pledged \$100,000 annually.

UNITED NATIONS UNIVERSITY

INTEREST-BEARING BANK DEPOSITS AS AT 31 DECEMBER 1979
(EXPRESSED IN UNITED STATES DOLLARS)

Bank of Tokyo, Tokyo - 7.375 per cent (4 February 1977 - 4 February 1980)	10 000 000
Bank of Tokyo, Tokyo - 8.5 per cent (23 January 1978 - 23 January 1983)	16 000 000
Bank of Tokyo, Tokyo - 8.5 per cent (31 January 1978 - 31 January 1983)	5 000 000
Bank of Tokyo, Tokyo - 10 per cent (1 December 1978 - 1 December 1983)	1 000 000
Bank of Tokyo, Tokyo - 10 per cent (22 January 1979 - 23 January 1984)	10 000 000
Bank of Tokyo, Tokyo - 10.125 per cent (9 February 1979 - 9 February 1984)	1 000 000
Bank of Tokyo, Tokyo - 10.375 per cent (24 November 1978 - 24 November 1980)	5 000 000
Mitsubishi Bank, Tokyo - 7.375 per cent (4 February 1977 - 4 February 1980)	10 000 000
Mitsubishi Bank, Tokyo - 7.9375 per cent (7 December 1977 - 8 December 1980)	500 000
Mitsubishi Bank, Tokyo - 8.125 per cent (21 December 1977 - 22 December 1980)	1 070 000
Mitsubishi Bank, Tokyo - 8.5 per cent (23 January 1978 - 23 January 1983)	10 900 000
Mitsubishi Bank, Tokyo - 8.5 per cent (31 January 1978 - 31 January 1983)	5 000 000
Mitsubishi Bank, Tokyo - 8.3125 per cent (15 May 1978 - 16 May 1983)	500 000
Mitsubishi Bank, Tokyo - 9.6875 per cent (12 October 1978 - 12 October 1982)	500 000
Mitsubishi Bank, Tokyo - 9.75 per cent (2 August 1978 - 2 August 1983)	2 000 000
Mitsubishi Bank, Tokyo - 9.75 per cent (9 August 1978 - 9 August 1983)	1 500 000
Mitsubishi Bank, Tokyo - 10 per cent (22 January 1979 - 23 January 1984)	10 000 000
Mitsubishi Bank, Tokyo - 10.125 per cent (9 February 1979 - 9 February 1984)	1 000 000
Mitsubishi Bank, Tokyo - 10.1875 per cent (1 August 1979 - 1 August 1984)	1 085 482
Mitsubishi Bank, Tokyo - 10.375 per cent (24 November 1978 - 24 November 1980)	5 000 000
Mitsubishi Bank, Tokyo - 11 per cent (13 September 1979 - 13 September 1984)	2 000 000
S.F.E. Banking Corp., Nassau - 8.375 per cent 1 March 1983	1 000 000
S.F.E. Banking Corp., Nassau - 10.875 per cent 5 October 1984	260,000
Chemical Bank, New York - 5.25 per cent Savings account	39 777
Mitsubishi Bank, New York - 13 per cent 24-hours call	157 041
Morgan Guaranty Trust Co., Nassau - 13.5 per cent 24-hours call	480 000
Mitsui Bank, Tokyo 1.5 per cent blocked yen savings account (Library)	13 140
Mitsui Bank, Tokyo 1.5 per cent blocked yen savings account (Housing)	19 956
Total (Statement II, foot-note b)	94 125 396

Annex

Summary of significant accounting policies

The following are some of the significant accounting policies of the United Nations University:

(a) The United Nations University 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 and administrative instructions issued by the Under-Secretary-General for Administration, Finance and Management or the Assistant Secretary-General for Financial Services, and in conformance with generally accepted government accounting principles.

(b) Fund accounting. The United Nations University accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Each fund is reported separately in the financial statements.

(c) The financial period of the United Nations University is a biennium and consists of two consecutive calendar years.

(d) The income and expenditure and assets and liabilities are recognized on the accrual basis of accounting.

(e) Translation of currencies. The accounts of the United Nations University 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 Assistant Secretary-General for Financial Services. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Assistant Secretary-General for Financial Services under delegation of authority from the Under-Secretary-General for Administration, Finance and Management, shall reflect the cash, investments, unpaid pledges (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.

(f) Pledged contributions. Pledges are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. Pledges received for future years are recorded as deferred income.

(g) Investments. These comprise securities, stocks and bonds acquired by the United Nations University to produce income. Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash. Apart from changes in value arising from the retranslation of currencies as provided for in subparagraph (e) above, all investments are stated at cost. No provision is made for amortization of premiums or discounts which are taken into account as part of the gain or loss when investments are sold.

(h) 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 statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under 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.

(i) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the University. Acquisitions are charged against budgetary accounts in the year of purchase.

(j) No provision is made for repatriation grant entitlements or to meet contingencies under appendix D of the Staff Rules of the United Nations as funds are provided for in the budget of the University.

(k) All government contributions, unless otherwise specified, are credited to the United Nations University Endowment Fund. Endowment Fund principal is invested so as to keep the original contributions intact. Only the interest from the investment of the Endowment Fund is being used for the purpose of covering the costs necessary for the operation of the University.

(l) Miscellaneous income.

- (i) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income.
- (ii) Moneys 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 UNJSPF in respect of pension contribution (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.

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