

UNITED NATIONS CHILDREN'S FUND

FINANCIAL REPORT AND ACCOUNTS
for the year 1978
and
REPORT OF THE BOARD OF AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-FOURTH SESSION

SUPPLEMENT No. 5B (A/34/5/Add.2)



UNITED NATIONS

New York, 1979

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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ABBREVIATIONS

ECWA	Economic Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
PAHO	Pan American Health Organization
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Co-ordinator
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WHO	World Health Organization

LETTER OF TRANSMITTAL

19 June 1979

Sir,

I have the honour to transmit to you the financial statements of the United Nations Children's Fund with respect to the financial year ended 31 December 1978 and the Greeting Card Operation for the campaign year ended 30 April 1978. 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 above accounts.

Accept, Sir, the assurances of my highest consideration.

Ahenkora OSEI
Auditor General of Ghana
and
Chairman of the United Nations
Board of Auditors

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

PART ONE

UNITED NATIONS CHILDREN'S FUND

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1978

Summary

1. The United Nations Children's Fund co-operates with developing countries in their efforts to protect their children as a vulnerable group and to enable them to develop their full potential and become productive members of their societies. This co-operation takes place within the context of the national development programme of the country concerned and is designed to help countries build up their national capacity and enhance their self-reliance in connexion with services benefiting their children. This financial report contains the detailed financial reflections of 1978 activities.
2. For most purposes, the significant flow of funds comprises all those used for meeting commitments approved by the Executive Board. The inflow, for convenience called "revenue", consists of income and funds-in-trust received for commitments approved by the Board. Revenue amounted to \$211 million in 1978. This was \$47 million or 29 per cent higher than in 1977 (see appendix to part one, table 1). In the changed circumstances of 1978, considering inflation and rates of exchange fluctuation, the nominal value of this increase is considerably reduced and in real terms revenue received was at about 1977 level.
3. Expenditure in fulfilment of commitments approved by the Board was \$183 million in 1978, \$42 million or 29 per cent higher than in 1977 (see appendix to part one, table 2). After allowing for increases in prices, the 1978 total expenditure was larger than in 1977.
4. New commitments entered into effect for co-operation programmes, programme support and administrative services in the amount of \$298 million, or \$128 million more than in 1977. Most projects are long-term, and commitments extend over several years. At the end of 1978, commitments in the amount of \$418 million were planned to be fulfilled during the period 1979-1982.

Income and funds-in-trust

5. Contributions to general resources and for specific purposes were \$166 million or \$26 million more than in 1977.
6. Income was further credited with \$13 million arising from the revaluation of the non-United States dollar assets and liabilities of UNICEF reflecting changes in foreign exchange rates during 1978. This sum has been shown separately in the accounts since its realization in actual transactions depends upon the future movement of exchange rates and so is uncertain.
7. In addition to income, funds-in-trust were received for commitments approved by the Board. The definition of such revenues has been extended to include pledges for 1978 unreceived at the year end (see note 11 to financial statements). This brings funds-in-trust received and pledged to \$32 million, or \$14 million more than in 1977.

8. Non-revenue funds-in-trust, amounting to \$21 million, were received for reimbursable procurement of supplies and services for projects benefiting children, on behalf of Governments and organizations in the United Nations system and non-governmental organizations; for the cost of sponsored staff provided to UNICEF; and for operational costs of the International Year of the Child. These funds-in-trust are not available for meeting commitments approved by the Board, and do not form part of UNICEF revenue.

Expenditures of income and funds-in-trust

9. Expenditures in fulfilment of commitments approved by the Executive Board are made from income and from funds-in-trust received for specific purposes. In 1978, expenditures financed from income amounted to \$169 million. The corresponding expenditures from income in 1977 were \$125 million or \$44 million less than 1978. In addition, UNICEF spent \$14 million from funds-in-trust for commitments approved by the Board. Thus, the total expenditures from revenue for commitments approved by the Executive Board for co-operation programmes were \$183 million. This was \$42 million higher than in 1977.

10. During 1978 donations-in-kind (mainly children's foods), valued by donors at \$48 million, were delivered to projects through UNICEF. These deliveries, amounting to \$15 million more than in 1977, are not reflected in the financial accounts of UNICEF, though handled through the administrative and programme support costs of the organization.

11. The co-operation of UNICEF went to programmes in 108 countries. Most of the projects included components in one or more of the following fields: improvement of child health services, village water-supply, child nutrition, education (formal and non-formal), child welfare services and emergency relief.

12. For non-revenue trust-fund activities not related to Board commitments, there was an expenditure of \$14 million.

Assets and liabilities

13. The excess of assets over liabilities increased by \$10 million in 1978 and now stands at \$155 million.

14. At the end of 1978, UNICEF held \$12 million of cash on hand which comprises current account balances. Over the past years this amount has been maintained at a stable level despite the considerable increase of the activities.

15. The short-term investments of UNICEF now stand at \$131 million, an increase of \$12 million over last year's level. This increase was caused almost completely by the effect of exchange in revaluing the non-United States dollar holdings.

16. The total cash and investments of UNICEF of \$143 million includes currencies of restricted use. In previous years the accumulated balances of these currencies were stabilized around a relatively low level of \$10 to 11 million; in 1978 these balances were further reduced to \$7 million.

17. UNICEF needs an operational capital to maintain liquidity during the year and to absorb differences between revenue and expenditure estimates for future years. In 1978 the Executive Board reviewed the UNICEF liquidity policy. The liquidity requirement is covered by a liquidity provision of cash and investments held at the end of each year and the provision at the end of 1978 more than met the requirements.

Commitments

18. According to procedures established by the Executive Board, commitments for co-operation programmes enter into effect when the Board approves them at its annual session, or by mail poll, and between sessions when funds are received as contributions for specific purposes or funds-in-trust, to finance projects that have been approved in advance by the Board through its noting procedure, or for emergency relief.

19. At the beginning of 1978 there was a balance of unspent commitments carried forward from the previous years totalling \$304 million. At the 1978 Board session, new commitments were approved for a total of \$226 million. In addition, commitments came into effect between the Board sessions up to 31 December 1978 for a further amount of \$73 million. Taking into consideration savings and adjustments, the total of new commitments entering into effect during the year was \$298 million or \$128 million more than 1977.

20. The large amount of commitments made between Board sessions (\$73 million against \$46 million in 1977) was mainly the result of two actions taken in the course of the year: the funding, by general resources of \$13 million, of noted projects in accordance with the discretionary flexibility given to the Executive Director at the 1978 Executive Board session, and an \$18 million commitment approved by the Board in a mail poll for rehabilitation of services benefiting children in a number of Asian countries after severe and extensive floods.

21. In the course of the year, commitments were fulfilled by expenditures from income and funds-in-trust to the extent of \$183 million. Thus, the balance of unspent commitments at the end of 1978 was \$418 million. These commitments have been planned to be fulfilled during 1979-1982.

22. In conclusion, the financial situation of UNICEF at the end of 1978 is such as to enable the organization to expand its operations in a controlled and prudent manner in fulfilment of the Executive Board commitments.

(Signed) Henry R. LABOUISSÉ
Executive Director
of the United Nations Children's Fund

II. AUDIT OPINION

We have examined the following appended financial statements, numbered I to VI, properly identified, and relevant schedules of the United Nations Children's Fund for the year ended 31 December 1978. 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 year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 31 December 1978.

(Signed) Ahenkora OSEI
Auditor General of Ghana

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

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

15 June 1979

III. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1978

STATEMENT I

COMPARATIVE STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 1978

	1978	1977	INCREASE (DECREASE)
	\$	\$	\$
<u>INCOME</u>			
CONTRIBUTIONS FROM GOVERNMENTS	125 790 199.93	104 377 940.28	21 412 259.65
CONTRIBUTIONS FROM NON-GOVERNMENTAL SOURCES	13 660 434.42	12 583 953.80	1 076 480.62
GREETING CARD AND RELATED OPERATIONS	13 299 348.41	10 919 148.47	2 380 199.94
OTHER INCOME	<u>13 701 284.31</u>	<u>12 626 681.77</u>	<u>1 074 602.54</u>
<u>TOTAL INCOME</u>	166 451 267.07	140 507 724.32	25 943 542.75
<u>EXPENDITURE</u>			
SUPPLIES AND EQUIPMENT, INCLUDING FREIGHT	97 958 027.01	66 737 572.98	31 220 454.03
NON-SUPPLY EXPENDITURE	29 864 093.89	22 596 246.10	7 267 847.79
PROGRAMME SUPPORT SERVICES	<u>25 441 766.79</u>	<u>21 894 810.97</u>	<u>3 546 955.82</u>
<u>TOTAL ASSISTANCE</u>	153 263 887.69	111 228 630.05	42 035 257.64
ADMINISTRATIVE SERVICES	<u>15 904 639.01</u>	<u>13 769 945.60</u>	<u>2 134 693.41</u>
<u>TOTAL EXPENDITURE</u>	<u>169 168 526.70</u>	<u>124 998 575.65</u>	<u>44 169 951.05</u>
BALANCE OF TRANSACTIONS	(2 717 259.63)	15 509 148.67	(18 226 408.30)
<u>NET CHANGE IN VALUE OF ASSETS AND</u>	<u>12 911 014.60</u>	<u>5 238 350.80</u>	<u>7 672 663.80</u>
<u>LIABILITIES DUE TO EXCHANGE RATES</u>	<u>10 193 754.97</u>	<u>20 747 499.47</u>	<u>(10 553 744.50)</u>
<u>EXCESS OF INCOME OVER EXPENDITURE</u>			

STATEMENTS III TO VI AND NOTES 1 TO 19 FORM AN INTEGRAL PART OF THIS STATEMENT AND SHOULD BE READ IN CONJUNCTION THEREWITH.

CERTIFIED CORRECT

APPROVED

(SIGNED) GIOVANNI CAVAGLIA
COMPTROLLER

(SIGNED) HENRY R. LABOUISSIE
EXECUTIVE DIRECTOR

STATEMENT II

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND THE FINANCIAL POSITION AS AT 31 DECEMBER 1978

	1978	1977	INCREASE (DECREASE)
	\$	\$	\$
<u>ASSETS</u>			
CASH ON HAND, IN TRANSIT AND IN CURRENT BANK ACCOUNTS	12 056 568.62	11 717 572.10	338 996.52
SHORT-TERM INVESTMENTS	131 590 467.92	119 302 885.92	12 287 582.00
CONTRIBUTIONS RECEIVABLE FROM GOVERNMENTS	11 188 277.34	6 515 090.36	4 673 186.98
DEPOSITS WITH GOVERNMENTAL AGENCIES AND SUPPLIERS	691 586.85	708 411.60	(16 824.75)
ACCOUNTS RECEIVABLE, ADVANCES AND DEPOSITS	33 552 741.20	19 243 891.08	14 308 850.12
INVENTORIES	36 594 920.55	27 505 510.98	9 089 409.57
BUILDINGS	339 396.53	356 286.14	(16 889.61)
	226 013 959.01	185 349 648.18	40 664 310.83
<u>LIABILITIES</u>			
GOVERNMENT CONTRIBUTIONS FOR FOLLOWING YEAR RECEIVED IN ADVANCE	3 727 676.87	1 107 425.09	2 620 251.78
GREETING CARD AND RELATED OPERATIONS INCOME RECEIVED IN ADVANCE	3 069 711.62	3 342 454.80	(272 743.18)
ACCOUNTS PAYABLE AND OTHER UNLIQUIDATED OBLIGATIONS	12 669 179.71	9 480 435.75	3 188 743.96
TRUST FUNDS, GOVERNMENTS AND OTHERS INTERNATIONAL YEAR OF THE CHILD	50 236 799.60	24 022 100.29	26 214 699.31
- OPERATIONAL COSTS	598 913.20	1 881 634.46	(1 282 721.26)
MAURICE PATE MEMORIAL FUND RESERVE FOR INSURANCE	41 855.56	39 530.31	2 325.25
	200 000.00	200 000.00	
	70 544 136.56	40 073 580.70	30 470 555.86
<u>EXCESS OF ASSETS OVER LIABILITIES</u>	<u>155 469 822.45</u>	<u>145 276 067.48</u>	<u>10 193 754.97</u>

STATEMENTS III TO VI AND NOTES 1 TO 19 FORM AN INTEGRAL PART OF THIS STATEMENT AND SHOULD BE READ IN CONJUNCTION THEREWITH, ESPECIALLY IN REGARD TO OUTSTANDING COMMITMENTS. STATEMENT IV SHOWS \$230 MILLION OF COMMITMENTS TO BE FINANCED FROM FUTURE RESOURCES.

CERTIFIED CORRECT

APPROVED

(SIGNED) GIOVANNI CAVAGLIA

(SIGNED) HENRY R. LABOUISE

COMPTROLLER

EXECUTIVE DIRECTOR

STATEMENT III

FUNDS-IN-TRUST AS AT 31 DECEMBER 1978

	Related to Executive Board commitments (schedule 8)	For reimbursable procurement and services (schedule 9)	Subtotal	International Year of the Child - operational costs (schedule 10)	Total
	\$	\$	\$	\$	\$
Balance as at 1 January 1978	13 619 790.20	10 402 310.09	24 022 100.29	1 881 634.46	25 903 734.75
Funds received	19 294 367.64	19 868 416.67	39 162 784.31	512 866.90	39 675 651.21
Receivables	14 439 254.65	351 934.48	14 791 189.13	137 067.40	14 928 256.53
Funds available	47 353 412.49	30 622 661.24	77 976 073.73	2 531 568.76	80 507 642.49
Expenditures	14 300 336.68	12 359 469.53	26 659 806.21	1 932 655.56	28 592 461.77
Funds returned	-	1 050 852.37	1 050 852.37	-	1 050 852.37
Funds transferred	28 615.55	-	28 615.55	-	28 615.55
Balance as at 31 December 1978	33 024 460.26	17 212 339.34	50 236 799.60	598 913.20	50 835 712.80

STATEMENT IV

COMMITMENTS IN 1978
(SUMMARY OF STATEMENT V)

	From supplementary funds			Total
	From general resources	Government and others	United Nations system	
	\$	\$	\$	\$
Unspent balance of commitments as at 1 January	237 225 963.96	55 005 077.72	11 821 820.62	304 052 862.30
Approved at the Executive Board session:				
New commitments <u>a/</u>	225 953 400.00	-	-	225 953 400.00
Savings and deficits <u>b/</u>	264 309.03	-	-	264 309.03
Made between Executive Board sessions	31 659 000.00	36 720 663.00	4 788 098.00	73 167 761.00
Adjustments to commitments including budget savings for 1978	(704 397.76)	(364 782.43)	(535 616.69)	(1 604 796.88)
Expenditure	494 398 275.23	91 360 958.29	16 074 301.93	601 833 535.45
Unspent balance of commitments as at 31 December	150 575 295.42	25 941 305.59	6 952 262.37	183 468 863.38
Excess of assets over liabilities	343 822 979.81	65 419 652.70	9 122 039.56	418 364 672.07
Funds-in-trust balance of cash and receivables	113 952 590.45	41 517 232.00	-	155 469 822.45
To be financed from future resources	-	23 902 420.70	9 122 039.56	33 024 460.26
	229 870 389.36	-	-	229 870 389.36

a/ Listed in E/ICEF/P/L.1734.b/ Listed in E/ICEF/P/L.1732.

STATEMENT V
PROGRAMME CO-OPERATION
STATEMENT OF COMMITMENTS, EXPENDITURES AND UNSPENT BALANCES OF COMMITMENTS TO BE FINANCED
FROM GENERAL RESOURCES, SUPPLEMENTARY FUNDS AND FUNDS-IN-TRUST
FOR THE YEAR ENDED 31 DECEMBER 1978

AREA AND COUNTRY CO-OPERATION	UNSPENT BALANCES OF COMMITMENTS		NEW COMMITMENTS	TOTAL	EXPENDITURE	UNSPENT BALANCES OF COMMITMENTS 31 DECEMBER
	1 JANUARY	31 DECEMBER				
AFRICA						
ALGERIA	1 560 273.17	239 908.04	1 800 181.21	859 077.86	941 103.35	
ANGOLA	3 166 955.39	3 251 600.00	6 418 555.39	1 285 715.11	5 132 840.28	
BENIN	1 145 686.36	2 826 199.08	3 971 885.44	144 129.73	3 827 755.71	
BOTSWANA	278 951.46	500 000.00	778 951.46	228 508.21	550 443.25	
BURUNDI	2 443 844.44	797 930.13	3 241 774.57	861 711.31	2 380 063.26	
CAPE VERDE	395 243.42	298 205.00	693 448.42	231 353.72	462 094.70	
CENTRAL AFRICAN EMPIRE	1 120 687.38	1 400 000.00	2 520 687.38	707 465.29	1 813 222.09	
CHAD	770 590.94	312 741.00	1 083 331.94	615 630.48	467 701.46	
COMOROS	317 137.87	174 506.01	491 643.88	149 425.69	342 218.19	
CONGO	313 398.72	250 000.00	563 398.72	122 701.34	440 697.38	
DJIBOUTI		70 000.00	70 000.00	76 045.78	(6 045.78)	
EQUATORIAL GUINEA	11 380.16		11 380.16		11 380.16	
ETHIOPIA	10 828 661.76	1 180 789.00	12 009 450.76	3 751 329.65	8 258 121.11	
GABON	79 371.22	5 802.68	85 173.90	39 253.30	45 920.60	
GAMBIA	360 669.79		360 669.79	155 116.74	205 553.05	
GHANA	1 030 853.13		1 030 853.13	538 491.08	492 362.05	
GUINEA	1 057 578.19	312 405.84	1 369 984.03	861 507.90	488 476.13	
GUINEA-BISSAU	2 278 371.99	245 003.00	2 523 374.99	558 846.74	1 964 528.25	
IVORY COAST	208 697.92	954 035.26	1 162 733.18	216 240.63	946 492.55	
KENYA	589 620.24	3 079 278.00	3 668 898.24	587 978.54	3 080 919.70	
LESOTHO	940 268.91	661 765.00	1 602 033.91	241 633.23	1 360 400.68	
LIBERIA	44 757.96	435 000.00	479 757.96	236 831.96	242 926.00	
MADAGASCAR	1 029 996.31		1 029 996.31	277 123.02	752 873.29	
MALAWI	311 707.82	2 358 589.24	2 670 297.06	448 998.95	2 221 298.11	
MALI	1 659 129.77	(1 047.00)	1 658 082.77	1 053 957.60	604 125.17	
MAURITANIA	575 120.57	8 506.72	583 627.29	284 561.57	299 065.72	
MAURITIUS	202 834.26	61 719.00	264 553.26	135 086.26	129 467.00	
MOROCCO	1 406 308.03	1 468 029.00	2 874 337.03	665 516.41	2 208 820.62	
MOZAMBIQUE	3 330 518.51	830 888.00	4 161 406.51	1 651 363.67	2 510 042.84	
NIGER	716 389.65	4 151 204.00	4 867 593.65	662 189.27	4 205 404.38	
NIGERIA	2 251 392.33	2 251 392.33	4 502 784.66	811 032.62	1 440 359.71	
RWANDA	1 928 113.73	3 272 820.00	5 200 933.73	1 094 191.79	4 106 741.94	
SAO TOME AND PRINCE	95 536.15	221 275.00	316 811.15	172 491.81	144 319.34	
SENEGAL	1 363 680.65	573 756.00	2 037 436.65	644 416.60	1 393 000.05	
SEYCHELLES	111 324.32	166 023.00	277 347.32	69 605.95	207 741.37	
SIERRA LEONE	594 504.05	375 000.00	969 504.05	161 602.70	807 901.35	
SOMALIA	1 992 710.25	2 789 793.00	4 782 503.25	1 318 212.11	3 464 291.14	
SWAZILAND	173 330.92	1 204 803.00	1 378 133.92	195 370.07	1 182 763.85	

STATEMENT V (continued)

PROGRAMME CO-OPERATION

STATEMENT OF COMMITMENTS, EXPENDITURES AND UNSPENT BALANCES OF COMMITMENTS TO BE FINANCED FROM GENERAL RESOURCES, SUPPLEMENTARY FUNDS AND FUNDS-IN-TRUST FOR THE YEAR ENDED 31 DECEMBER 1978

AREA AND COUNTRY CO-OPERATION	UNSPENT BALANCES OF COMMITMENTS		TOTAL	UNSPENT COMMITMENTS	
	1 JANUARY	31 DECEMBER		1 JANUARY	31 DECEMBER
	\$	\$	\$	\$	\$
TOGO	27 457.76	1 130 000.00	1 157 457.76	191 230.16	966 227.60
TUNISIA	1 589 019.06	1 580 143.00	3 169 162.06	1 021 253.50	2 147 908.56
UGANDA	564 800.31	1 777 000.00	1 841 800.31	374 770.10	1 467 030.21
UNITED REPUBLIC OF CAMEROON	353 998.19	1 770 000.00	2 123 998.10	70 367.41	2 053 530.69
UNITED REPUBLIC OF TANZANIA	8 919 145.22	3 065 809.00	11 984 954.22	4 677 985.01	7 306 969.21
UPPER VOLTA	160 448.00	4 303 722.42	4 464 170.42	500 447.24	3 963 723.18
ZAMBIA	3 546 398.28	2 632 300.00	6 178 698.28	1 730 467.47	4 448 230.81
ZIMBABWE	911 314.12	342 000.00	1 253 314.12	475 252.92	778 061.20
SUDANO-SAHELIAN REGION	3 146 850.60	(82 616.27)	3 064 234.33	1 124 650.71	1 939 583.62
REGIONAL	1 046 478.63	1 712 650.36	2 759 128.99	1 397 027.27	1 362 101.72
AREA TOTAL	66 951 487.82	52 307 535.51	119 259 023.33	33 698 166.48	85 560 856.85
EAST ASIA AND PAKISTAN					
BANGLADESH	19 849 883.34	35 718 908.84	55 568 792.18	14 634 713.46	40 934 078.72
BURMA	6 789 255.62	22 096 830.00	28 886 085.62	3 865 778.66	25 020 306.96
HONG KONG	22 393.70		22 393.70	5 124.95	17 268.75
INDONESIA	12 303 839.17	147 100.00	12 450 939.17	4 190 942.45	8 259 996.72
LAO PEOPLE'S DEMOCRATIC REPUBLIC	3 965 306.72	1 946 764.00	5 913 070.72	3 074 309.85	2 838 760.87
MALAYSIA	570 543.49	8 123.00	578 666.49	295 566.76	283 099.73
PAKISTAN	12 195 047.23	2 226 743.00	14 421 790.23	5 270 341.53	9 151 448.70
PAPUA NEW GUINEA	22 188.98	420 000.00	442 188.98	79 424.32	362 764.66
PHILIPPINES	4 070 346.46	(253.00)	4 070 093.46	1 784 896.64	2 285 196.82
REPUBLIC OF KOREA	3 249 234.00	3 249 234.00	6 498 468.00	551 453.42	2 597 780.59
THAILAND	1 677 263.14	3 068 514.00	4 745 777.14	2 337 281.42	2 408 495.72
VIET NAM	32 924 675.70	5 140 999.00	38 065 674.70	14 627 087.23	23 438 587.47
PACIFIC ISLAND TERRITORIES	603 055.25	69 158.00	672 213.25	391 169.26	281 043.99
REGIONAL	314 712.70		314 712.70	176 974.77	137 737.93
AREA TOTAL	98 558 745.50	70 842 886.84	169 401 632.34	51 285 064.72	118 116 567.62
SOUTH CENTRAL ASIA					
AFGHANISTAN	2 582 324.24	20 168 400.00	22 750 724.24	3 036 231.81	19 714 492.43
BRITAIN	1 022 744.07	919 100.00	1 941 844.07	488 196.98	1 453 647.09
INDIA	32 678 730.92	73 381 800.00	106 060 530.92	18 847 830.04	87 212 740.88
MALDIVES	262 734.65	853 100.00	1 115 834.65	278 076.32	847 758.33
MONGOLIA	38 245.05	310 000.00	348 245.05	37 743.90	310 501.15
NEPAL	5 687 838.77	1 200 292.94	6 888 131.71	1 975 596.42	4 911 535.29
SRI LANKA	3 996 664.35	3 313 245.00	7 309 909.35	1 926 984.30	5 382 925.05
AREA TOTAL	46 269 322.05	100 155 941.94	146 425 263.99	26 501 659.77	119 923 604.22

STATEMENT V (continued)

PROGRAMME CO-OPERATION

STATEMENT OF COMMITMENTS, EXPENDITURES AND UNSPENT BALANCES OF COMMITMENTS TO BE FINANCED FROM GENERAL RESOURCES, SUPPLEMENTARY FUNDS AND FUNDS-IN-TRUST FOR THE YEAR ENDED 31 DECEMBER 1978

AREA AND COUNTRY CO-OPERATION	UNSPENT BALANCES OF COMMITMENTS		NEW COMMITMENTS	TOTAL	EXPENDITURE	UNSPENT COMMITMENTS 31 DECEMBER
	1 JANUARY	31 DECEMBER				
EASTERN MEDITERRANEAN						
BARRAIN	43 141.57	43 141.57		43 141.57	22 146.10	20 995.47
CYPRUS	(24 827.55)	(24 827.55)		(24 827.55)	1 924.89	(26 752.44)
DEMOCRATIC YEMEN	3 756 347.91	3 756 347.91		3 756 347.91	1 417 164.13	2 339 183.78
EGYPT	5 044 082.60	2 159 307.60	2 159 307.60	2 033 390.20	4 418 537.55	2 784 852.55
IRAN	296 408.49	296 408.49		296 408.49	1 355.01	295 053.48
IRAQ	(1 617.59)		1 643.08	25.49		
JORDAN	349 113.11	349 113.11		349 113.11	312 516.09	36 597.02
LEBANON	4 262 039.45	12 402 813.00	16 664 852.45	16 664 852.45	4 546 732.03	12 118 126.42
OMAN		250 000.00	250 000.00	250 000.00	66 605.54	183 394.46
SUDAN	5 433 917.91	1 326 202.00	6 760 119.91	6 760 119.91	3 149 889.07	3 610 230.84
SYRIAN ARAB REPUBLIC	498 233.53	(1 493.26)	496 740.27	496 740.27	489 209.38	7 530.89
TURKEY	1 447 801.07	(217 836.00)	1 229 965.07	1 229 965.07	522 499.46	707 465.61
YEMEN	1 471 387.20	2 130 000.00	3 601 387.20	3 601 387.20	580 217.26	3 021 169.94
REGIONAL	708 306.09	708 306.09		708 306.09	291 017.01	507 289.08
AREA TOTAL	23 284 333.79	18 050 636.42	41 334 970.21	15 729 839.01	25 605 131.20	
THE AMERICAS						
BELIZE	4 055.33	80 000.00	84 065.33	84 065.33	29 050.14	55 015.19
BOLIVIA	1 721 310.22	11 675.64	1 732 985.86	1 732 985.86	565 040.28	1 167 945.58
BRAZIL	1 066 645.51	1 066 645.51	1 066 645.51	1 066 645.51	146 780.85	919 864.66
CHILE	473 912.65	1 175 564.38	1 649 477.03	1 649 477.03	618 766.54	1 030 710.49
COLOMBIA	1 384 162.31	57 000.00	1 441 162.31	1 441 162.31	942 409.71	498 752.60
COSTA RICA	1 198 034.58	12 013.28	1 210 047.86	1 210 047.86	109 527.56	100 520.20
CUBA	1 779 325.08	(17.24)	1 779 307.84	1 779 307.84	1 097 475.22	681 832.62
DOMINICAN REPUBLIC	464 830.53	220 000.00	684 830.53	684 830.53	300 995.66	383 834.87
ECUADOR	346 973.00	346 973.00	693 946.00	693 946.00	186 613.33	160 359.67
EL SALVADOR	409 573.93	446 000.00	855 573.93	855 573.93	316 137.12	93 436.81
GUATEMALA	1 638 841.59	2 084 841.59	3 723 683.18	3 723 683.18	852 276.03	1 232 565.56
GUAYANA	210 532.21	210 532.21	421 064.42	421 064.42	69 194.41	141 337.80
HAITI	2 589 863.71	384 589.00	2 974 452.71	2 974 452.71	1 476 952.66	1 497 500.05
HONDURAS	863 409.39	250 000.00	1 113 409.39	1 113 409.39	967 275.04	146 134.35
JAMAICA		725 000.00	725 000.00	725 000.00	99 639.08	625 360.92
MEXICO	478 532.65	1 000 000.00	1 478 532.65	1 478 532.65	424 028.32	1 054 504.33
NICARAGUA	275 851.62	275 851.62	551 703.24	551 703.24	177 621.12	98 230.50
PANAMA	132 047.18	9 852.24	141 899.42	141 899.42	177 917.43	(36 018.01)
PARAGUAY	713 085.59	124 733.28	837 818.87	837 818.87	690 991.53	146 827.34
PERU	1 416 594.25	500 000.00	1 916 594.25	1 916 594.25	541 815.32	1 374 778.93
SURINAME	117 611.69	117 611.69	235 223.38	235 223.38	43 761.35	73 850.34
URUGUAY	1 310.34	1 310.34	2 620.68	2 620.68	416.89	893.45
REGIONAL	2 403 886.66	1 790 000.00	4 193 886.66	4 193 886.66	1 241 905.03	2 951 983.63
AREA TOTAL	18 690 402.02	6 786 410.58	25 476 812.60	11 076 590.72	14 400 221.88	

STATEMENT V (continued)
 PROGRAMME CO-OPERATION
 STATEMENT OF COMMITMENTS, EXPENDITURES AND UNSPENT BALANCES OF COMMITMENTS TO BE FINANCED
 FROM GENERAL RESOURCES, SUPPLEMENTARY FUNDS AND FUNDS-IN-TRUST
 FOR THE YEAR ENDED 31 DECEMBER 1978

AREA AND COUNTRY CO-OPERATION	UNSPENT		NEW	TOTAL	EXPENDITURE	UNSPENT BALANCES OF COMMITMENTS 31 DECEMBER
	BALANCES OF COMMITMENTS 1 JANUARY	COMMITMENTS				
<u>EUROPE</u>						
PORTUGAL	6 239.94	(6 239.94)				
ROMANIA	7 376.53	(7 376.53)				
AREA TOTAL	13 616.47	(13 616.47)				
TOTAL FOR ALL AREAS	253 767 907.65	248 129 794.82	501 897 702.47	138 381 320.70	363 516 381.77	
<u>GENERAL ASSISTANCE</u>						
HEALTH AND PAEDIATRIC TRAINING	382 259.05	9 051.82	391 310.87	468 450.39	(77 139.52)	
FOOD AND NUTRITION SURVEILLANCE	225 000.00		225 000.00	42 113.34	182 886.66	
INTERNATIONAL CHILDREN'S CENTRE	727 842.80	272 157.20	1 000 000.00	250 000.00	750 000.00	
REGIONAL WOMEN'S PROJECTS	645 509.36	756 000.00	1 401 509.36	301 929.98	1 099 579.38	
PROJECT PREPARATION AND TRAINING	2 196 959.99	1 801 900.51	3 998 860.50	1 739 281.07	2 259 579.43	
EMERGENCY RESERVE ^{a/}	1 000 037.00	(37.00)	1 000 000.00		1 000 000.00	
INTERNATIONAL YEAR OF THE CHILD: COUNTRY PREPARATION	2 989 646.45		2 989 646.45	939 362.10	2 050 284.35	
GENERAL ASSISTANCE TOTAL	8 167 254.65	2 839 072.53	11 006 327.18	3 741 136.88	7 265 190.30	
PROGRAMME SUPPORT SERVICES	26 441 000.00	28 291 666.79	54 732 666.79	25 441 766.79	29 290 900.00	
TOTAL ASSISTANCE	288 376 162.30	279 260 534.14	567 636 696.44	167 564 224.37	400 072 472.07	
ADMINISTRATIVE SERVICES	15 676 700.00	18 520 139.01	34 196 839.01	15 904 639.01	18 292 200.00	
GRAND TOTAL	304 052 862.30	297 780 673.15	601 833 535.45	183 468 863.38	418 364 672.07	

^{a/} The Executive Director has made the following allocations from the Emergency Reserve of \$1,000,000: \$200,000 to Lebanon, \$70,000 to Djibouti, \$75,000 to Maldives, \$200,000 to Bangladesh, \$50,000 to Afghanistan, \$50,000 to Thailand, \$100,000 to India, \$100,000 to the Lao People's Democratic Republic and \$155,037 to Sri Lanka.

**CONSOLIDATED STATEMENT OF PROGRAMME SUPPORT AND ADMINISTRATIVE SERVICES
BUDGET COMMITMENTS, OBLIGATIONS INCURRED AND UNENCUMBERED BALANCES
FOR THE YEAR ENDED 31 DECEMBER 1978**

	REVISED BUDGET ESTIMATES			OBLIGATIONS INCURRED			UNENCUMBERED BALANCES
	PROGRAMME SUPPORT	ADMINISTRATIVE SERVICES	TOTAL	PROGRAMME SUPPORT	ADMINISTRATIVE SERVICES	TOTAL	
	\$	\$	\$	\$	\$	\$	\$
SECTION 1 - SALARIES, WAGES AND COMMON STAFF COSTS							
ESTABLISHED POSTS	14 393 000	9 016 000	23 409 000	14 243 610.29	8 924 149.01	23 167 759.30	241 240.70
SHORT-TERM PROFESSIONAL PERSONNEL	83 000	465 000	548 000	73 909.22	458 132.50	532 041.72	15 958.28
SHORT-TERM GENERAL SERVICE PERSONNEL	334 500	490 000	824 500	300 289.23	485 476.08	785 765.31	38 734.69
OVERTIME	137 000	110 000	247 000	124 694.20	105 702.11	230 396.31	16 603.69
TRAVEL, REMOVAL AND INSTALLATION	894 000	266 000	1 160 000	888 648.28	262 659.95	1 151 308.23	8 691.77
SEPARATION AND REPATRIATION PAYMENTS	441 000	308 000	749 000	436 301.62	306 589.93	742 891.55	6 108.45
RENTAL SUBSIDIES AND RELATED PAYMENTS	371 000		371 000	367 337.55		367 337.55	3 662.45
ASSIGNMENT ALLOWANCES	330 000	32 000	362 000	292 752.72	31 529.11	324 281.83	37 718.17
CONTRIBUTIONS, PENSION FUND	1 884 000	1 162 000	3 046 000	1 832 290.67	1 146 809.88	2 979 100.55	66 899.45
DEPENDENCY ALLOWANCES	719 500	257 000	976 500	637 544.44	249 982.28	887 526.72	88 973.28
COMPENSATORY PAYMENTS	31 000	4 000	35 000	20 362.74	2 505.82	22 868.56	12 131.44
TRAVEL ON HOME LEAVE	301 000	121 000	422 000	294 819.78	114 826.07	409 645.85	12 354.15
INTERNATIONAL VOLUNTEERS AND FIELD OBSERVERS	129 000		129 000	45 482.67		45 482.67	83 517.33
STAFF TRAINING	269 000	67 000	336 000	263 287.68	65 791.34	329 079.02	6 920.98
STAFF WELFARE	64 000	10 000	74 000	56 641.64	5 647.06	62 288.70	11 711.30
MEDICAL INSURANCE AND RELATED PAYMENTS	289 000	161 000	450 000	255 338.71	155 324.11	410 662.82	39 337.18
TOTAL SECTION 1	20 670 000	12 469 000	33 139 000	20 133 311.44	12 315 125.25	32 448 436.69	690 563.31
SECTION 2 - OTHER EXPENSES							
TRAVEL ON OFFICIAL BUSINESS	1 276 400	533 700	1 810 100	1 275 446.13	533 138.38	1 808 584.51	1 515.49
COMMUNICATIONS AND FREIGHT	1 087 500	643 800	1 731 300	1 084 608.78	642 567.45	1 727 176.23	4 123.77
INFORMATION PRODUCTION COSTS (AUDIO-VISUAL)	127 300	526 200	653 500	126 704.99	524 705.47	651 410.46	2 089.54
INFORMATION PRODUCTION COSTS (PUBLICATIONS)	96 700	502 000	598 700	95 650.48	498 569.96	594 220.44	4 479.56
SUPPORT COSTS FOR OTHER INFORMATION		144 500	144 500		143 643.72	143 643.72	856.28
RENTAL AND MAINTENANCE OF PREMISES	1 094 700	532 900	1 627 100	1 093 480.41	532 779.68	1 626 260.09	839.91
OFFICE SUPPLIES AND PRINTED FORMS	283 300	104 700	388 000	282 583.20	103 906.70	386 489.90	1 510.10
RENTAL, OPERATION AND MAINTENANCE OF EQUIPMENT	140 000	110 800	250 800	139 499.35	109 701.04	249 200.39	1 599.61
COMPUTER SERVICES	47 700	133 300	181 000	47 601.91	133 114.12	180 716.03	283.97
MAINTENANCE AND OPERATION OF TRANSPORTATION EQUIPMENT	312 700	4 700	317 400	311 977.54	4 355.54	316 334.08	1 065.92
INSURANCE	13 700	10 000	23 700	13 309.84	9 825.66	23 135.50	564.50
EXTERNAL AUDIT COSTS	19 500	61 000	80 500	19 000.00	61 000.00	80 000.00	500.00
JOINT INSPECTION UNIT	24 000	65 000	89 000	24 000.00	65 000.00	89 000.00	
MISCELLANEOUS SUPPLIES AND SERVICES	136 800	62 400	199 200	135 986.50	62 326.25	198 312.75	887.25
HOSPITALITY	17 200	7 900	25 100	15 924.26	7 794.54	24 718.80	381.20
REIMBURSEMENT TO UNITED NATIONS AGENCIES FOR SERVICES	85 800	53 400	139 200	84 804.09	53 042.55	137 846.64	1 353.36
FURNITURE, FIXTURES AND PERMANENT EQUIPMENT	343 600	104 700	448 300	342 611.37	104 041.70	446 653.07	1 646.93
TRANSPORTATION EQUIPMENT	214 600		214 600	214 266.50		214 266.50	333.50
TOTAL SECTION 2	5 321 000	3 601 000	8 922 000	5 308 455.35	3 589 513.76	8 897 969.11	24 030.85
TOTAL SECTIONS 1 AND 2	25 991 000	16 070 000	42 061 000	25 441 766.79	15 904 639.01	41 346 405.80	714 594.20
LESS:							
INCOME FROM STAFF ASSESSMENT	3 043 000	1 467 000	4 510 000	3 049 892.21	1 531 777.26	4 581 669.47	
OTHER INCOME RELATED TO BUDGET	807 000	1 027 000	1 834 000	875 972.64	822 082.20	1 698 054.92	
CONTRIBUTIONS FROM ASSISTED GOVERNMENTS TOWARDS LOCAL BUDGET COSTS	1 665 000		1 665 000	1 463 922.72		1 463 922.72	
TOTAL	20 476 000	13 576 000	34 052 000	20 051 979.22	13 550 779.47	33 602 758.69	

NOTES TO FINANCIAL STATEMENTS

1. The financial report for 1978 is presented in a somewhat shorter manner. It consists of six statements and 10 schedules. To add to the clarity of reporting on the financial status of UNICEF, certain changes in the accounting procedures have been introduced in 1978. For reasons of comparability, the changes in the accounting presentation and procedures required some adjustments in the presentation of 1977 figures compared with the report for 1977. Further explanations are provided in the following notes.

Revenue (income and funds-in-trust)

2. Contributions totalling \$125,801,383 were received from 125 Governments (statement I) for general and specific purposes, paid or pledged to UNICEF as follows:

\$39,846,798 in United States dollars;

\$79,026,459 in other currencies of unrestricted use;

\$ 6,928,126 in currencies of restricted use.

The total includes contributions to general resources and for specific purposes, of which the breakdown is shown in schedule 1 for each country. It does not include \$18 million payments or pledges from Governments to funds-in-trust for the fulfilment of Board commitments (schedule 8). Outstanding government contributions have been written off in an amount of \$11,183 (schedule 1).

3. Contributions from non-governmental sources were \$13,660,434 (statement I). Of this, \$12,694,298 was collected under the auspices of National Committees for UNICEF. In addition, \$14 million has been paid or pledged by United Nations organizations to funds-in-trust related to Board commitments.

4. The net income taken into the 1978 accounts from the greeting card and related operations in the 1978 season was \$13,299,348 (statement I). A report on the 1977 season is given in the Greeting Card Operation's financial report for the year 1 May 1977 to 30 April 1978 (E/ICEF/AB/L.195).

5. Other income from miscellaneous sources was \$13,701,284 (statement I). This consisted mainly of \$7,056,979 in interest on short-term investments and \$4,581,669 in income from staff assessment (schedule 2). The restatement in terms of the United States dollar of the value of assets and liabilities in other currencies as at 31 December resulted in a net increase of the accounting valuation of \$12,911,015. In accordance with United Nations rules and regulations, this variance is credited to the income of the year. However, it is now separately disclosed (statement I); changes in exchange rates could result in a decrease in this valuation in a future year, which would be deducted from that year's income. The total income of \$166 million shown in statement I does not include:

Gain from valuation	\$13 million
Receipts and pledges to funds-in-trust (see note 11):	
from Governments (see note 2)	\$18 million
from United Nations organizations (see note 3)	<u>\$14 million</u>
Total	<u>\$45 million</u>

Together these make a total revenue of \$211 million for use in fulfilling Board commitments (appendix to part one, table 1).

Expenditures from income and funds-in-trust

6. Expenditures from income of \$97,958,027 on supplies and equipment including freight (statement I) include supplies packed by the UNICEF Packing and Assembly Centre in Copenhagen (UNIPAC) for a total value of \$32,548,991. Total expenditures in fulfilment of commitments approved by the Executive Board, including expenditures from funds-in-trust, were \$183 million (appendix to part one, table 2).

7. Budgetary estimates for administrative services and programme support and relevant revised estimates for 1978 were approved by the Executive Board at its sessions of May 1977 and 1978 (E/ICEF/651, para. 178, and E/ICEF/655, para. 200). The difference between gross revised estimates (\$42,061,000) and gross expenditures (\$41,346,406) represents a saving in the budgets of \$714,594 automatically cancelled at the year end (statement VI). Income related to budgetary expenditures and going to general resources amounted to \$7,743,647. Net budgetary costs were, therefore, \$20,051,979 for programme support and \$13,550,779 for administrative services (statement VI). The value at cost at the time of acquisition of non-expendable equipment still in use at Headquarters, but not reported in the accounts as assets, amounted to \$630,266 as at 31 December 1978.

Distribution of donations-in-kind

8. In addition to money spent in fulfilment of commitments approved by the Executive Board, donations-in-kind were distributed, valued by the donors at \$48 million. These are not reflected in the financial accounts of UNICEF though handled through the administrative and programme support costs of the organization.

Assets

9. As at 31 December 1978, cash in hand, in transit and at banks in current accounts and short-term investments totalled \$143,647,036 (statement II). It was held as follows:

- \$38,980,227 in United States dollars;
- \$97,091,900 in other currencies of unrestricted use;
- \$ 7,574,909 in currencies of restricted use.

Among the liabilities for which these assets were held were funds-in-trust from Governments and other organizations for \$50,236,800 (statement II) of which \$36 million in cash held in trust and \$14 million in pledges (see note 11 to financial statements).

10. Contributions receivable from Governments were \$11,188,277 against \$6,515,090 in 1977 (statement II). This increase reflects mainly contributions outstanding from 1978 pledges. Contributions due for years prior to 1978 totalled \$1,026,938 against \$2,609,446 of comparable amounts outstanding at the end of 1977.

11. Trust fund receipts were recorded in prior years on cash basis only. This year trust fund pledges for commitments approved by the Board have been recorded (\$14,439,255). This brings funds-in-trust recording procedures in line with the UNICEF accrual basis of accounting and its procedures for raising commitments between Board sessions when funds-in-trust are pledged for programmes. This change is reflected in the increase of assets (accounts receivable) and liabilities (funds-in-trust), and in the revenue available for meeting commitments approved by the Executive Board (schedule 8). Trust funds related to reimbursable procurement and services (schedule 9) continue to be recorded on a cash basis.

12. Programme supplies in stock at the UNICEF Packing and Assembly Centre (UNIPAC) in Copenhagen and Greeting Card Operation stocks of raw materials and finished products were shown separately in prior years. The value of those inventories has now been consolidated (statement II). Details are provided in schedule 6 for each of these operations separately. Increases of 1978 inventories over 1977 should be seen in relation to expanded activities. The UNIPAC output was \$27 million in 1977, \$32 million in 1978 and is expected to reach \$40 million in 1979. The Greeting Card Operation gross sales during the 1977-1978 campaign totalled \$32 million (E/ICEF/AB/L.195) and are expected to reach \$38 million for the campaign 1978-1979 (E/ICEF/AB/L.190).

13. UNICEF purchased housing for office accommodation and use by the staff in the field as authorized by the Executive Board at its session in May 1974 (E/ICEF/633, para. 195). The value shown in statement II represents the acquisition cost, less amortization, of one house in Brasilia, Brazil, two houses in Jakarta, Indonesia, and one house in Juba, Sudan. An amount of \$53,825 paid by staff members for rent was taken for amortization.

Liabilities

14. Accounts payable and other unliquidated obligations amounted to \$12,669,180 against \$9,480,436 in 1977 (statement II). This increase is mainly due to the expansion of UNICEF procurement activities with resulting larger sum of payables for supplies and freight (schedule 7). At 31 December 1978 there were, in addition, outstanding contractual obligations totalling \$61,025,294 for supplies and equipment ordered against unfulfilled commitments, of which the deliveries and payment had not been effected at that date. The corresponding total at the end of 1977 was \$32,919,301.

15. To replace lost supplies and equipment, \$6,507 has been used from the insurance reserve. The reserve has been restored to \$200,000 by a transfer of \$6,507 from UNICEF income.

Commitments

16. The total of commitments to be fulfilled in the future is no longer shown at the bottom of statement II because statement IV gives this information.

17. Statement IV gives in virtually the same form as last year a summary of commitments approved by the Executive Board for support for programmes and budget expenses, and commitments made between Board sessions; and expenditures made to fulfil them. Commitments made between Board sessions for financing from general resources (\$31,659,000) were much higher than in 1977 (\$4,200,000). This was the result of Board approval by mail poll of larger commitments for relief and rehabilitation (\$18 million), and the Executive Director's decision in August to finance from general resources noted projects in the amount of \$13 million in accordance with a new procedure approved at the 1978 session (E/ICEF/655, para. 105).

18. At the year end the unspent balance of commitments to be fulfilled in the future totalled \$418 million. This sum includes \$47 million approved at the 1978 Board session for 1979 programme support services (\$29 million, gross) and administrative services (\$18 million, gross). The balance of \$371 million represents commitments approved for support of programmes, in some cases during several years. \$152 million had already been called by field offices as at 31 December 1978. The remaining commitments (\$219 million) are planned to be called forward in 1979 (\$140 million), in 1980 (\$58 million), in 1981 and 1982 (\$21 million). This breakdown reflects a somewhat larger provision for future years than in 1977, which contributed to the higher total of outstanding commitments (\$418 million compared with \$304 million at the end of 1977). The second main component of this increase was the higher level of commitments made between Board sessions, not much of which had reached expenditure stage by year end.

19. Statement V gives commitments and expenditures for programmes in each country, in a simpler form than in previous years. A foot-note enumerates transfers from the \$1 million emergency reserve to commitments for operations in nine countries.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts

1. The accounts are maintained in accordance with the Financial Regulations of the United Nations, with such modifications as required by the nature of UNICEF work.
2. The financial period is the calendar year. Consistent year end cut-off procedures are in effect in respect of documentation originating from field offices in different parts of the world.
3. Except as may be otherwise required by the terms of special accounts, revenues, expenditures, assets and liabilities are recorded on the accrual basis of accounting, whereby at year end, receivables and payables are established for closure purposes.
4. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange. Differences between the valuation of the currencies when entered into the accounts and when actual transactions are made are accounted for as gains or losses on exchange transactions.
5. Periodically, assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations operational rates of exchange. Any variance in valuation due to fluctuation of those rates is accounted for as income or loss and shown separately.
6. The financial report and accounts reflect UNICEF income, expenditure, assets and liabilities, including those of the Packing and Assembly Centre in Copenhagen (UNIPAC) and of the Greeting Card Operation. The principles of consolidation reflect the accounting policies outlined in this annex.
7. The consolidation of the net income of the Greeting Card Operation is based on the results of the greeting card sales campaign, the accounts for which are closed at the end of the campaign, i.e. 30 April each year. Income received and expenditures made for the following year's Greeting Card Operation campaign are consolidated in separate assets and liabilities accounts respectively, as "advances" and "income received in advance".
8. The financial report and accounts comprise statements, notes, schedules and tables. Statements reflect the basic accounting for income and expenditures, assets and liabilities, funds-in-trust, and the financial process of fulfilling the commitments approved by the Executive Board for programme co-operation and the budgets for programme support and administrative services. The notes to these statements explain various items in the accounts. The schedules provide additional details and breakdowns. Tables provide statistical information.

Income and expenditures

9. Income consists of general resources (voluntary annual contributions of

Governments, proceeds of un earmarked fund-raising from the public including the net results of the Greeting Card Operation and other miscellaneous income) plus supplementary funds (voluntary contributions for specific purposes), except those accepted under trust fund conditions. The latter added to income make up total revenue available for meeting Board commitments.

10. Income is recorded on the basis of funds or pledges received for current year. Pledges for purposes specified by donors and received for future years are recorded as "income received in advance".

11. Donations-in-kind are not entered into UNICEF financial accounts. The value attributed by donors to their donations is disclosed in a note to the financial statement.

12. Expenditures are recorded when funds are disbursed or when the UNICEF liability is recognized.

13. Expenditures shown in the "Statement of Income and Expenditure" do not include those made from trust funds which are shown separately. The expenditures from income and trust funds make up the total expenditures made in fulfilment of commitments approved by the Board.

Assets and liabilities

14. Funds-in-trust accepted under conditions specified by donors are recorded in separate accounts: funds received are held in UNICEF bank accounts; outstanding pledges are recorded as receivables; and corresponding amounts are shown separately as a liability to donors.

15. Furniture and other non-expendables are charged against the relevant budget accounts in the year of purchase. Buildings purchased for UNICEF office accommodation and housing for staff use are shown as assets at the acquisition cost less amortization coming from rental. Maintenance and repair costs are charged against the relevant budget accounts.

16. Programme supplies in stock at UNIPAC are shown at average cost. Goods in transit into UNIPAC are valued at actual cost. Supplies packed ready for shipment are at issue value, that is, average cost at time of shipment plus overhead charges. The aggregate total represents the UNIPAC inventory, the value of which is adjusted by the accumulated variance between average and actual cost. The stock of raw materials of the Greeting Card Operation is shown at actual cost. Products in process and finished goods for sale in following campaigns are valued at production cost.

17. Contractual obligations contingent to delivery of supplies and equipment ordered against unfulfilled programme commitments are not entered into UNICEF financial accounts. At year end, the relevant amount is shown in a note to the financial statements.

18. No provision is made for staff entitlements for repatriation, etc., in future years, or to meet contingencies under Appendix D and the United Nations staff rules, as funds are provided in the yearly budget appropriations as required.

19. A reserve for insurance of \$200,000 was established in November 1950 when UNICEF adopted a policy of self-insurance. In case of use, the reserve has to be restored by transfer from income to its level of \$200,000.

SCHEDULES SUPPORTING THE FINANCIAL STATEMENTS

SCHEDULE 1

CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 1978

	GOVERNMENTS		NON GOVERNMENTAL SOURCES		TOTAL
	FOR GENERAL RESOURCES	LOCAL BUDGET COSTS	FOR GENERAL RESOURCES	FOR SPECIFIC PURPOSES	
AFGHANISTAN	25 000.00				25 000.00
ALGERIA	95 415.61				95 415.61
ARGENTINA	115 000.00				115 000.00
AUSTRALIA	2 053 440.00		2 653.40	264 581.78	2 653.40
AUSTRIA	478 079.63		852.42		265 434.20
BAHAMA	2 961.98		35 707.22		35 707.22
BARRAIN	7 500.00				
BANGLADESH	4 823.15		36.08		36.08
BARBADOS	4 500.00	500.00			
BELGIUM	1 000 000.00		265 732.92	9 618.42	275 351.34
BELIZE	481.76				
BENIN	2 000.00		154.45		154.45
BRUNAN	16 000.00				
BOLIVIA	4 756.62	2 378.32			
BOTSWANA	85 000.00				
BRASIL	51 440.33				
BULGARIA	54 940.48	69 952.74	49.50		49.50
BURMA	81 758.72				
BYELORUSSIAN SOVIET SOCIALIST REPUBLIC	6 637 697.95		494.98	3 160 445.95	3 160 940.93
CANADA	2 109.70				
CHAD	160 000.00	10 000.00			
CHILE	365 578.00	16 912.67			
CHINA	30 000.00		57.43		57.43
COLOMBIA	955.13				
COSTA RICA	93 109.87				
CYPRUS	4 000.00				
CZECHOSLOVAKIA	3 894 266.92	1 124 585.80	33 138.29	28 847.26	61 985.55
DEMOCRATIC YEMEN	10 000.00				
DEMOMAK	37 515.00				
DOMINICAN REPUBLIC	78 571.43	6 071.43			
ECUADOR	21 963.14	27 743.98			
EGYPT	2 000.00				
ETHIOPIA	829 326.92		17 955.33	15 252.14	33 207.47
FIJI	1 876 277.17		1 071 476.98		1 071 476.98
FINLAND	130 232.56				
FRANCE	4 146 341.46		1 114 115.90	1 668 391.81	2 782 507.71
GERMAN DEMOCRATIC REPUBLIC	34 800.00		8.70		8.70
GERMANY, FEDERAL REPUBLIC OF	100 000.00				
GHANA	750.00				
GRECE	30 000.00	1 087.62			
GRENADA	5 254.90				
GUATEMALA	5 000.00				
GUYANA	1 000.00				
HAITI	20 000.00				
HOLY SEE	15 400.41				
HONGKONG		6 265.26			
HUNGARY				2 000.00	2 000.00

CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 1978

	GOVERNMENTS		NON GOVERNMENTAL SOURCES	
	FOR GENERAL RESOURCES	LOCAL BUDGET COSTS	FOR GENERAL RESOURCES	FOR SPECIFIC PURPOSES
	\$	\$	\$	\$
ICELAND	15 360.98			
INDIA	1 341 463.41	219 512.20	31.79	31.79
INDONESIA	250 000.00	256 007.70	597.00	597.00
IRELAND	297 397.77		106 346.38	106 346.38
ISRAEL	45 000.00			
ITALY	476 190.48			
IVORY COAST	13 636.36	79 509.78	88.38	88.38
JAMAICA	10 691.82		198.37	198.37
JAPAN	2 613 263.16			
JORDAN	16 364.01		529 313.42	554 907.77
KENYA	3 676.09	15 424.17		1 084 221.19
LAO PEOPLE'S DEMOCRATIC REPUBLIC	4 500.00		140.37	140.37
LEBANON	33 670.03			
LESOTHO	1 557.00	498.00		
LIBERIA	20 000.00			
LIBYAN ARAB JAMAHIRIYA	35 200.00	8 400.00		
LIECHTENSTEIN	2 000.00			
LUXEMBOURG	20 615.38			
MADAGASCAR	11 951.45			
MALAWI	2 177.35	17 733.33	113.24	113.24
MALAYSIA	82 508.12			
MALDIVES	2 500.00			
MALTA	5 420.05			
MAURITANIA	6 755.77			
MAURITIUS	4 666.67		245.76	245.76
MEXICO	200 000.00	77 202.45		
MOROCCO	3 125.00			
MONGOLIA	3 058.76			
NEPAL	5 042.02	2 521.01		
NETHERLANDS	8 252 212.39		1 912.10	1 912.10
NEW ZEALAND	721 649.48		200.45	5 069.12
NIGER	2 272.73		48 453.61	30 943.87
NIGERIA	204 250.00			
NORWAY	10 520 695.88			
OMAN	50 000.00		140 056.94	140 056.94
PAKISTAN	75 447.23	70 707.07		
PANAMA	22 000.00		20.20	20.20
PAPUA NEW GUINEA	7 462.69		973.03	973.03
PERU	121 673.20			
PHILIPPINES	413 732.00	123 289.94		
POLAND	348 684.74		49.88	49.88
PORTUGAL	10 000.00			
QATAR	200 000.00			
REPUBLIC OF KOREA	72 000.00	28 000.00	7.29	7.29
ROMANIA	12 500.00		20.96	20.96
RWANDA	3 000.00			
TOTAL	15 360.98	15 360.98		
	1 341 463.41	1 341 463.41		
	250 000.00	256 007.70		
	297 397.77	48 262.55		
	45 000.00			
	476 190.48			
	13 636.36	79 509.78		
	10 691.82			
	2 613 263.16			
	16 364.01			
	3 676.09	15 424.17		
	4 500.00			
	33 670.03			
	1 557.00	498.00		
	20 000.00			
	35 200.00	8 400.00		
	2 000.00			
	20 615.38			
	11 951.45			
	2 177.35	17 733.33	113.24	113.24
	82 508.12			
	2 500.00			
	5 420.05			
	6 755.77			
	4 666.67		245.76	245.76
	200 000.00	77 202.45		
	3 125.00			
	3 058.76			
	5 042.02	2 521.01		
	8 252 212.39		1 912.10	1 912.10
	721 649.48		200.45	5 069.12
	2 272.73		48 453.61	30 943.87
	204 250.00			
	10 520 695.88			
	50 000.00		140 056.94	140 056.94
	75 447.23	70 707.07	20.20	20.20
	22 000.00		973.03	973.03
	7 462.69			
	121 673.20			
	413 732.00	123 289.94	49.88	49.88
	348 684.74			
	10 000.00			
	200 000.00			
	72 000.00	28 000.00	7.29	7.29
	12 500.00		20.96	20.96
	3 000.00			

SCHEDULE 1 (continued)

CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 1978

	GOVERNMENTS			NON GOVERNMENTAL SOURCES	
	FOR GENERAL RESOURCES	LOCAL BUDGET COSTS	FOR SPECIFIC PURPOSES	FOR GENERAL RESOURCES	FOR SPECIFIC PURPOSES
	\$	\$	\$	\$	\$
ST. KITTS-NEVIS-ANGUILLA	700.00				
ST. LUCIA	2 555.67				
SAUDI ARABIA	1 000 000.00	500 000.00	1 500 000.00		
SEYCHELLES	644.70		644.70		
SIERRA LEONE	47 443.19		47 443.19		
SINGAPORE	5 706.46	2 470.00	8 176.46		
SOMALIA	13 769.91		13 769.91		
SPAIN	167 392.00		167 392.00		
SRI LANKA	10 113.27	1 150.16	11 263.43	770 103.75	770 103.75
SUDAN	35 000.00		35 000.00		
SURINAME	3 000.00		3 000.00		
SWAZILAND	4 606.12	2 303.07	6 909.19		
SWEDEN	22 123 893.80		22 123 893.80	72 691.29	72 691.29
SWITZERLAND	3 440 860.22	5 231 047.98	8 671 908.20	133 527.37	133 913.18
SYRIAN ARAB REPUBLIC	25 641.03		25 641.03		
THAILAND	216 308.93	101 736.98	318 045.91		
TOGO	13 636.36		13 636.36		
TRINIDAD AND TOBAGO	8 291.87		8 291.87		
TUNISIA	28 571.00	32 290.17	60 861.17		
TURKEY	200 000.00	21 600.00	221 600.00		
UGANDA	71 618.04		71 618.04		
UKRAINIAN SOVIET SOCIALIST REPUBLIC	163 517.44		163 517.44		
UNION OF SOVIET SOCIALIST REPUBLICS	882 994.18		882 994.18		
UNITED ARAB EMIRATES	150 000.00	222 400.00	372 400.00		
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	8 655 067.22	2 858 846.83	11 513 914.05	57 962.77	165 329.89
UNITED REPUBLIC OF CAMEROON	35 079.55		35 079.55		
UNITED REPUBLIC OF TANZANIA	18 567.64	17 177.75	35 745.39		
UNITED STATES OF AMERICA	25 000 000.00	25 000.00	25 025 000.00	2 589 555.52	3 260 594.64
VENEZUELA	200 000.00		200 000.00	403.92	403.92
VIET NAM	10 000.00		10 000.00		
YEMEN	21 978.02		21 978.02		
YUGOSLAVIA	233 079.02		233 079.02		
ZAMBIA	27 817.27	23 076.92	50 894.19	37.05	37.05
UN, SECRETARIAT	111 998 443.78	1 463 922.72	12 339 016.66	6 995 484.44	6 657 861.05
			125 801 383.16		13 653 345.49
				7 088.93	7 088.93
LESS - ADJUSTMENTS TO PRIOR YEARS INCOME	(11 183.23)		(11 183.23)		
	111 987 260.55	1 463 922.72	12 339 016.66	7 002 573.37	6 657 861.05
			125 790 199.93		13 660 434.42

SCHEDULE 2

OTHER INCOME IN 1978 WITH COMPARATIVE FIGURES FOR 1977

	1978	1977	INCREASE (DECREASE)
	\$	\$	\$
<u>INCOME RELATED TO THE BUDGET EXPENDITURE (A)</u>			
INCOME FROM STAFF ASSESSMENT	4 581 669.47	4 189 178.98	392 490.49
SERVICES TO GREETING CARD OPERATION	270 744.94	298 844.52	(28 099.58)
ADJUSTMENTS OF ACCOUNTS PAYABLE RELATED TO PRIOR YEAR'S BUDGET	780 840.36	618 627.64	162 212.72
AGENCY COMMISSIONS AND REIMBURSEMENT FOR SERVICES	269 449.21	310 603.67	(41 154.46)
INCOME COVERING OVERHEAD OF INFORMATION SPECIAL EVENTS	47 855.39	63 133.14	(15 277.75)
INCOME FROM SALE OF FILMS, BOOKS AND OTHER INFORMATION MATERIALS	49 626.71	46 358.88	3 267.83
INCOME FROM SALE OF SURPLUS AND OBSOLETE ADMINISTRATIVE PROPERTY	48 681.06	106 367.05	(57 685.99)
REFUND OF UNICEF CONTRIBUTIONS FROM THE UNITED NATIONS JOINT STAFF PENSION FUND	158 731.94	151 581.58	7 150.36
MISCELLANEOUS	<u>72 125.31</u>	<u>10 528.02</u>	<u>61 597.29</u>
	6 279 724.39	5 795 223.48	484 500.91
<u>INCOME RELATED TO PROGRAMME OPERATIONS</u>			
SHIPPING AND INSURANCE CLAIMS RECEIVED	53 145.45	125 756.27	(72 640.82)
INCOME FROM SALE OF SURPLUS AND OBSOLETE PROGRAMME PROPERTY	<u>27 853.79</u>	<u>26 465.11</u>	<u>1 388.68</u>
	<u>80 999.24</u>	<u>152 251.38</u>	<u>(71 252.14)</u>
<u>INCOME RELATED TO FINANCIAL OPERATIONS</u>			
INTEREST ON CURRENT BANK ACCOUNTS AND SHORT-TERM INVESTMENTS	7 056 978.93	6 233 272.24	823 706.69
CASH DISCOUNTS	261 998.04	236 809.79	25 188.25
GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS	1 073.80	168 500.24	(167 426.44)
MISCELLANEOUS	<u>20 509.91</u>	<u>40 624.64</u>	<u>(20 114.73)</u>
	7 340 560.68	6 679 206.91	661 353.77
	<u>13 701 284.31</u>	<u>12 626 681.77</u>	<u>1 074 602.54</u>

(A) GOVERNMENT CONTRIBUTIONS TOWARDS LOCAL BUDGET COSTS, ALSO RELATED TO BUDGETARY EXPENDITURE, ARE INCLUDED IN GOVERNMENT CONTRIBUTIONS (SCHEDULE 1).

SCHEDULE 3

SHORT-TERM INVESTMENTS AS AT 31 DECEMBER 1978

United States dollars

Deposits with banks

Deposits at call or seven days' notice
in United States dollars

Chase Manhattan Bank, New York	<u>742 389.69</u>	742 389.69
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Maurice Pate Memorial Fund (in
United States dollars)

European-American Bank and Trust Company, New York, at call	<u>41 855.56</u>	41 855.56
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Time deposits in United States dollars

Chemical Bank, New York	9 500 000.00	
Bankers Trust Co., New York	7 000 000.00	
Chase Manhattan Bank, New York	7 000 000.00	
European American Bank and Trust Company, New York	5 000 000.00	
Citibank, New York	4 500 000.00	
Mitsui Bank Ltd., New York	<u>2 500 000.00</u>	<u>35 500 000.00</u>

TOTAL SHORT-TERM INVESTMENTS IN UNITED STATES DOLLARS		36 284 245.25
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Deposits at call or seven days' notice
in other currencies

Banque Scandinave en Suisse, Geneva	10 430 208.79	
Union Bank of Switzerland, Geneva	8 748 104.42	
Bank of England, London	3 242 661.45	
Société de Banque Suisse, Geneva	2 815 896.62	
Société Générale de Banque, S.A., Bruxelles	2 132 161.57	
Nordic Bank Ltd., London	1 686 698.71	
Den Danske Landmandsbank, Copenhagen	706 839.38	
Habib Bank Ltd., Islamabad	701 417.35	
Banque Worms et Cie, Paris	315 288.22	
Royal Bank of Canada Ltd., Ottawa	220 738.41	
Chase and Bank of Ireland (Int.) Ltd., Dublin	<u>156 555.77</u>	<u>31 156 570.69</u>

<u>Carried forward</u>	31 156 570.69	67 440 815.94
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SCHEDULE 3 (continued)

SHORT-TERM INVESTMENTS AS AT 31 DECEMBER 1978

United States dollars

Brought forward

31 156 570.69

67 440 815.94

Time deposits in other currencies

Commerzbank A.G., Frankfurt

13 802 083.34

Dresdner Bank A.G., Frankfurt

12 939 526.78

Mitsui Bank Ltd., Tokyo

9 263 959.40

Société Générale de Banque, S.A., Bruxelles

9 046 002.61

Mitsubishi Bank Ltd., Tokyo

8 959 390.88

Banque Worms et Cie, Paris

3 453 671.51

Amrobank, Amsterdam

2 618 006.99

Nordic Bank Ltd., London

2 262 443.44

Banco do Estado de Sao Paulo, Brasilia

459 792.48

Royal Bank of Canada Ltd., Ottawa

427 350.43

Chase and Bank of Ireland (Int.) Ltd.,
Dublin

313 111.55

Creditanstalt Bankenverein, Vienna

285 714.29

Bank of New Zealand, Wellington

261 780.10

Australia and New Zealand Banking Group,
Sydney

56 818.18

64 149 651.98

TOTAL SHORT-TERM INVESTMENTS IN
OTHER CURRENCIES

95 306 222.67

TOTAL INVESTMENTS a/

131 590 467.92

a/ Held as follows: \$36 million in United States dollars; \$18 million in Japanese yen; \$22 million in Swiss francs; \$26 million in German marks; \$29 million in other currencies.

SCHEDULE 4

CONTRIBUTIONS RECEIVABLE FROM GOVERNMENTS
AS AT 31 DECEMBER 1978

GOVERNMENTS	GENERAL RESOURCES AND SPECIFIC PURPOSES		LOCAL BUDGET COSTS OF FIELD OFFICES		TOTAL CONTRIBUTIONS RECEIVABLE
	FOR YEARS PRIOR TO 1978	FOR 1978 AND LATER YEARS	FOR YEARS PRIOR TO 1978	FOR 1978 AND LATER YEARS	
ARGENTINA	60,465.13	23,000.00			83,465.13
BANGLADESH	1,000.00	4,823.15			5,823.15
BELGIUM		1,000,000.00			1,000,000.00
BHUTAN	1,500.00				1,500.00
BOLIVIA	14,941.00	16,000.00			30,941.00
BURMA		4,464.29			4,464.29
COLOMBIA	365,057.15	312,463.53			677,520.68
CONGO	4,829.55				4,829.55
COSTA RICA		7,500.00			7,500.00
DEMOCRATIC YEMEN	5,417.00	4,000.00			9,417.00
DOMINICAN REPUBLIC		10,000.00			10,000.00
ECUADOR		15,631.24			15,631.24
EGYPT		78,571.43		6,071.43	84,642.86
ETHIOPIA		21,903.14		27,743.98	49,647.12
FIJI	2,000.00	2,000.00			4,000.00
FINLAND		206,159.45			206,159.45
GREYADA		750.00			750.00
GUATEMALA		30,000.00			30,000.00
GUYANA		5,254.90			5,254.90
HAITI		5,000.00			5,000.00
HONDURAS		20,000.00			20,000.00
INDONESIA		45,000.00		256,007.70	256,007.70
ISRAEL		476,190.48			476,190.48
ITALY		13,636.36			63,272.72
IVORY COAST				49,636.36	7,142.86
JAMAICA	7,142.86				7,142.86
JAPAN	316,500.00				316,500.00
JORDAN		9,426.67			9,426.67
LEBANON		33,670.03			57,239.05
LIBYAN ARAB JAMAHIRIYA	23,569.02	35,200.00		8,400.00	43,600.00
MADAGASCAR					12,500.00
MALAYSIA	12,500.00			7,789.39	7,789.39
MALDIVES		2,500.00			2,500.00
MALTA		5,420.05			5,420.05
NICARAGUA	30,000.00				30,000.00
NIGER		2,272.73			2,272.73
PANAMA	24,000.00				24,000.00
PAPUA NEW GUINEA		7,462.69			7,462.69
PAPAGOAY	10,000.00				10,000.00
PHILIPPINES		103,433.00		7,243.54	110,676.54
QATAR		200,000.00			200,000.00
RWANDA		3,000.00			3,000.00

SCHEDULE 4 (continued)

CONTRIBUTIONS RECEIVABLE FROM GOVERNMENTS
AS AT 31 DECEMBER 1978

GOVERNMENTS	GENERAL RESOURCES AND SPECIFIC PURPOSES		LOCAL BUDGET COSTS OF FIELD OFFICES		TOTAL CONTRIBUTIONS RECEIVABLE
	FOR YEARS PRIOR TO 1978	FOR 1978 AND LATER YEARS	FOR YEARS PRIOR TO 1978	FOR 1978 AND LATER YEARS	
SUDAN		35,000.00			35,000.00
SWITZERLAND		5,011,040.47			5,011,040.47
THAILAND		112,500.00			112,500.00
TOGO	13,636.36	13,636.36			27,272.72
UGANDA		71,618.04			71,618.04
UNITED ARAB EMIRATES	120,000.00				120,000.00
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND		1,753,145.64			1,753,145.64
UNITED REPUBLIC OF CAMEROON	1,590.91	35,079.55		15,915.12	36,670.46
UNITED REPUBLIC OF TANZANIA		18,567.64			34,482.76
UNITED STATES OF AMERICA		25,000.00			25,000.00
URUGUAY	5,000.00				5,000.00
VIET NAM		10,000.00			10,000.00
	<u>1,019,148.98</u>	<u>2,790,320.84</u>	<u>7,789.39</u>	<u>371,018.13</u>	<u>11,188,277.34</u>

SCHEDULE 5

ACCOUNTS RECEIVABLE, ADVANCES AND DEPOSITS
1978 COMPARED WITH 1977

	1978	1977	Increase (decrease)
	\$	\$	\$
<u>Receivables:</u>			
From the United Nations and specialized agencies for supplies and advances for fellowships and other jointly assisted projects	518 100.62	105 344.13	412 756.49
From non-governmental organizations for fund-raising campaigns:			
National Committees for UNICEF	6 746 294.16	8 617 243.31	(1 870 949.15)
Other organizations	292 589.00	439 187.08	(146 598.08)
From Governments:			
For the International Year of the Child - operational costs	945 980.94	1 959 500.49	(1 013 519.55)
Other	79 821.31	70 468.93	9 352.38
For shipping and insurance claims	172 887.10	121 420.70	51 466.40
Miscellaneous	1 028 867.48	699 716.69	329 150.79
Funds-in-trust, Governments and other organizations	14 791 189.13	962 504.06	13 828 685.07
<u>Advances:</u>			
To suppliers for goods purchased and freight	415 172.55	144 273.85	270 898.70
To the Greeting Card Operation:			
Budgetary expenditure for the current campaign	6 154 127.91	4 745 163.42	1 408 964.49
Budgetary expenditure for the following year campaign	193 383.19	50 104.20	143 278.99
Customs duties and taxes	109 710.84	51 623.92	58 086.92
<u>Deposits and prepayments for office services</u>	917 207.97	291 359.21	625 848.76
<u>Accrued interest</u>	1 187 409.00	985 981.09	201 427.91
	<u>33 552 741.20</u>	<u>19 243 891.08</u>	<u>14 308 850.12</u>

SCHEDULE 6

INVENTORIES
1978 COMPARED WITH 1977

	<u>1978</u>	<u>1977</u>	<u>Increase</u> <u>(decrease)</u>
	\$	\$	\$
<u>UNICEF programme supplies</u>			
<u>UNICEF Packing and Assembly</u> <u>Centre, Copenhagen</u>			
In stock at average cost	22 506 264.57	18 145 214.64	4 361 049.93
Packed but not shipped (at issue order value)	1 598 728.53	1 237 058.01	361 670.52
In transit (at cost)	<u>2 753 419.36</u>	<u>3 158 209.27</u>	<u>(404 789.91)</u>
	26 858 412.46	22 540 481.92	4 317 930.54
<u>Less: difference between</u> <u>average and actual cost</u>	<u>1 814 406.42</u>	<u>2 549 753.97</u>	<u>(735 347.55)</u>
	25 044 006.04	19 990 727.95	5 053 278.09
<u>Packing materials</u>	<u>171 221.00</u>	<u>83 444.64</u>	<u>87 776.36</u>
Total stocks in UNIPAC and in transit	25 215 227.04	20 074 172.59	5 141 054.45
<u>Stocks in other locations</u>			
With suppliers (miscellaneous goods at cost)	754 059.39	164 869.75	589 189.64
Awaiting shipments to projects (supplies paid)	<u>2 117 558.55</u>	<u>397 247.52</u>	<u>1 720 311.03</u>
	<u>28 086 844.98</u>	<u>20 636 289.86</u>	<u>7 450 555.12</u>
<u>Greeting Card Operation</u>			
Equipment (at cost less depreciation)	39 224.16	78 303.01	(39 078.85)
Raw materials (at cost)	1 852 458.75	1 958 249.87	(105 791.12)
Products in process and finished for the current campaign (at cost)	5 804 526.26	4 497 282.71	1 307 243.55
Products in process for the follow- ing year's campaign (at cost)	<u>811 866.40</u>	<u>335 385.53</u>	<u>476 480.87</u>
	<u>8 508 075.57</u>	<u>6 869 221.12</u>	<u>1 638 854.45</u>
Total inventories	<u>36 594 920.55</u>	<u>27 505 510.98</u>	<u>9 089 409.57</u>

SCHEDULE 7

ACCOUNTS PAYABLE AND OTHER UNLIQUIDATED OBLIGATIONS

1978 COMPARED WITH 1977

	1978	1977	Increase (decrease)
	\$	\$	\$
<u>Payables</u>			
To the United Nations and specialized agencies mainly for staff salaries and related allowances	464 150.98	1 155 471.61	(691 320.63)
To Governments and other organizations	--	20 689.82	(20 689.82)
For supplies, equipment and freight	8 483 078.62	2 609 184.17	2 873 894.45
Miscellaneous	471 311.01	227 617.08	243 693.93
<u>Unliquidated obligations</u>			
Budgetary obligations outstanding	2 633 909.62	2 063 694.99	570 214.63
Greeting Card Operation obligations outstanding	359 729.48	167 778.08	191 951.40
Provision made for amounts payable to staff members under the tax equalization plan	<u>257 000.00</u>	<u>236 000.00</u>	<u>21 000.00</u>
	<u><u>12 669 179.71</u></u>	<u><u>9 480 435.75</u></u>	<u><u>3 188 743.96</u></u>

TRUST FUNDS RELATED TO COMMITMENTS BY THE EXECUTIVE BOARD
SUMMARY OF 1978 TRANSACTIONS

DONOR	BALANCES AT	FUNDS RECEIVED	FUNDS PLEEDED FOR	EXPENDITURE	FUNDS RETURNED/	BALANCES AT
	1 JAN 1978	CURRENT YEAR	LATER YEARS		TRANSFERRED	31 DECEMBER 1978
	\$	\$	\$	\$	\$	\$
GOVERNMENTS						
AUSTRALIA	2 677 425.91	342 000.00		1 347 681.66	28 599.86	1 671 744.25
BANGLADESH	28 749.67			149.81		166 378.58
CANADA	250 529.54			84 150.96		9 144 958.16
DENMARK	5 031 983.88	6 508 662.96		2 395 688.68		227 377.75
FINLAND	852 974.61	44 444.44		670 041.30		2 662 571.17
GERMANY, FEDERAL REPUBLIC OF	1 416 288.55	1 116 900.00	644 060.00	704 677.38		3 328 457.97
NORWAY	2 098 934.97	2 895 752.90		1 666 229.90		242 095.01
SWEDEN	266 352.02			24 257.01		
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	14 201.08			14 201.08		
	22 403.57	39 999.42		183 927.76		6 378 475.23
UNITED STATES OF AMERICA	12 659 843.80	10 947 759.72	644 060.00	7 091 005.54	28 599.86	23 822 058.12
UNITED NATIONS AGENCIES						
UNITED NATIONS SECRETARY- GENERAL'S APPEALS	160 874.28					80 723.67
UNCDF, NEW YORK	46 369.02	2 694 926.78	1 506 400.00	1 338 380.40		2 862 946.38
UNDP, NEW YORK	74 749.96	187 000.00	66 000.00	140 482.59		220 886.43
UNDR0, GENEVA		20 000.00		32 620.78		62 129.18
UNEP, NAIROBI		55 500.00	394 000.00	35 321.37		529 678.63
UNFPA, NEW YORK	167 425.63	5 142 632.14	3 578 272.65	4 725 667.35		5 363 685.07
UNHCR, GENEVA		10 800.00	1 211 022.00	192 784.31	15.69	
UNITED NATIONS	173 121.65	235 749.00		406 854.96		2 015.69
	622 540.54	8 346 607.92	5 438 172.65	6 952 262.37	15.69	9 122 065.05
OTHERS						
GERMANY, FEDERAL REPUBLIC OF	160 000.00			160 000.00		
BROT FUR DIE WELT	76 987.45			76 987.45		
EVANGELISCHE ZENTRALSTELLE FUR ENTWICKLUNGSHILFE MISEREOR	100 418.41			20 081.32		80 337.09
	337 405.86			257 068.77		80 337.09
	13 619 790.20	19 294 367.64	12 128 172.65	14 300 336.68	28 615.55	33 024 460.26

TRUST FUNDS FOR REIMBURSABLE PROCUREMENT AND SERVICES

SUMMARY OF 1978 TRANSACTIONS

DONORS	BALANCES AT		FUNDS		TOTAL FUNDS AVAILABLE	EXPENDITURE	FUNDS RETURNED	BALANCES AT
	1 JANUARY 1978	RECEIVED	RECEIVABLE	31 DECEMBER 1978				
	\$	\$	\$	\$	\$	\$	\$	\$
GOVERNMENTS								
ABU DRABI	231 921.23				231 921.23	5 366.57	3 126.98	223 427.68
AFGHANISTAN	2 083 681.31	1 413 127.08			3 496 808.39	350 732.31	434 237.24	2 711 838.84
BANGLADESH	504 931.51	730 552.84			1 235 484.35	791 722.29		443 762.06
BHUTAN	258.60				258.60	(11.96)	270.56	
BOLIVIA	2 704.05				2 704.05		2 704.05	
BURMA	19 361.17	107 363.02			126 724.19	99 276.77		27 447.42
CANADA			3 802.43		3 802.43	3 802.43		
COLOMBIA	196.69				196.69	7.74	188.95	
COSTA RICA	141.54				141.54		141.54	
DEWANK	34 832.75	82 502.98			117 335.73	86 177.57		31 158.16
DOMINICAN REPUBLIC	1 122.16				1 122.16	51.72		1 070.44
EGYPT	2 297.12				2 297.12	1 013.03	1 284.09	
GERMANY, FEDERAL REPUBLIC OF	33 515.94	115 205.94			148 721.98	64 765.48		83 956.40
GHANA	31 628.53	53 050.65			84 679.18	71 579.15		13 100.03
GUATEMALA	1 869.83	34 600.00			36 469.83	15 601.28		20 868.55
GUINEA	9 123.60				9 123.60	(967.66)		10 091.26
INDONESIA	10 739.13				10 739.13	(1 363.12)	12 102.25	
IRAN	189 716.71				189 716.71	542 891.22	3 825.96	189 716.71
IRAQ	1 181 048.64	1 196 340.00			2 377 388.64			1 830 671.46
IVORY COAST		11 363.64			11 363.64			11 363.64
JAPAN	22 319.77	99 707.05			122 026.82	77 729.55	4 105.31	44 297.27
JORDAN	3 952.32				3 952.32	(152.99)		
LIBERIA	14 903.26	1 574.00			16 477.26	6 944.56		9 532.70
LIBERIA		6 976.74			6 976.74	158.56		6 818.18
LIBERIA					15 290.86	3 837.20		11 453.66
MAURITANIA	15 290.86				15 290.86			147 201.36
MEXICO	147 201.36				147 201.36			105 987.25
NEPAL	99 545.77	113 707.00			213 252.77	107 265.52		26 783.68
NETHERLANDS	22 709.66	184 326.51			207 036.17	180 252.49		
NEW HEBRIDES	1 106.53				1 106.53	(84.45)	1 190.98	
NORWAY	15 951.42	139 378.83			155 330.25	118 048.31		37 281.94
OMAN		2 600.00			2 600.00	2 760.85		
PAKISTAN	80 069.60	12 673.52	160.85		95 291.99	36 772.72	58 519.27	
PAPUA NEW GUINEA	33 316.28		2 548.87		33 316.28	29 601.14	14 065.75	3 715.14
PARAGUAY	14 065.75				14 065.75			
PERU	5 394.21	2 176.90			7 571.11	7 571.11		7 157.48
PHILIPPINES	9 678.43	16 421.61			26 100.04	24 350.56	1 749.48	
POLAND	9 147.36				9 147.36	1 989.88		
PORTUGAL		919.61			919.61	919.61		

TRUST FUNDS FOR REIMBURSABLE PROCUREMENT AND SERVICES

SUMMARY OF 1978 TRANSACTIONS

DONORS	BALANCES AT		FUNDS		TOTAL FUNDS		FUNDS	BALANCES AT
	1 JANUARY 1978	RECEIVED	RECEIVABLE	AVAILABLE	EXPENDITURE	RETURNED		
<u>GOVERNMENTS</u>								
SAUDI ARABIA		5 315 315.32		5 315 315.32				5 315 315.32
SOMALIA	547 399.58	476 188.75		1 023 588.33	211 134.94			812 453.39
SRI LANKA	15 698.99	81 437.08		97 136.07	48 687.11			48 448.96
SUDAN	5 390.79			5 390.79				5 390.79
SWEDEN	44 510.78	100 157.58		144 668.36	55 613.43			16 951.72
SWITZERLAND	13 149.52			13 149.52	11 044.84		72 103.21	2 104.68
SYRIAN ARAB REPUBLIC	2 521.07			2 991.07				
THAILAND	22 331.33	1 782 469.30		1 814 800.63	1 703 404.91		2 991.07	111 302.77
TUNISIA	23 091.36	581.00	3 665.98	27 338.34	27 338.34		92.95	
TURKEY	121 613.64			121 613.64	28 381.72			93 231.92
UNITED ARAB EMIRATES	25 326.90	891.90		26 218.80	3 891.90			22 326.90
UNITED REPUBLIC OF TANZANIA	1 211 575.65	642 960.00		1 854 535.65	899 822.87		9 800.00	944 912.78
UNITED STATES OF AMERICA	416 013.00	8 946.25	8 579.05	17 677.73	17 677.73			
YEMEN			54 827.08	470 840.08	470 840.08			
YUGOSLAVIA	1 352.06			1 352.06	39.35			1 312.71
ZAMBIA	32 046.97	38 641.16		70 688.13	51 776.65			18 911.48
	<u>7 316 387.16</u>	<u>12 782 156.26</u>	<u>73 584.26</u>	<u>20 172 127.68</u>	<u>6 158 263.31</u>		<u>622 499.64</u>	<u>13 391 364.73</u>
<u>UNITED NATIONS SYSTEM</u>								
ECMA, BEIRUT			7 051.59	7 051.59	7 051.59			
FAO, ROME		1 041.91		1 041.91	1 041.91			
PARO, WASHINGTON		720 135.05	48 875.98	769 011.03	766 862.93		2 146.10	
UNCDF, NEW YORK		124 000.00		124 000.00				
UNDP, NEW YORK	73 043.59	4 230.72	16 610.32	93 884.63	93 884.63			124 000.00
UNDR0, GENEVA	5 996.08			5 996.08	5 807.25		188.83	
UNESCO, PARIS		63 550.00		63 550.00	39 451.59			
UNEPFA, NEW YORK	1 734 510.31	2 818 392.32	4 552 902.63	1 351 267.79	261 024.46		2 940 610.38	24 098.41
UNEPFR, GENEVA	13 510.67	36 177.63	87 149.60	87 149.60	87 149.60			
UNEPWA, BEIRUT	285 412.24	646 360.55	66 096.34	997 869.13	51 357.01		4 960.88	
WHO, GENEVA			232 413.42	6 758 774.49	3 303 292.79		77 307.01	21 143.63
	<u>2 112 472.89</u>	<u>4 413 888.18</u>	<u>45 936.80</u>	<u>3 691 759.07</u>	<u>2 897 913.43</u>		<u>345 629.28</u>	<u>3 109 852.42</u>
<u>OTHERS</u>								
	<u>973 450.04</u>	<u>2 672 372.23</u>	<u>351 934.48</u>	<u>30 622 661.24</u>	<u>12 359 469.53</u>		<u>82 723.45</u>	<u>711 122.19</u>
	<u>10 402 310.09</u>	<u>19 868 416.67</u>	<u>1 050 852.37</u>	<u>17 212 339.34</u>				

SCHEDULE 10

INTERNATIONAL YEAR OF THE CHILD OPERATIONAL COSTS

I. Budget commitments, obligations incurred and unencumbered balances
for the year ended 31 December 1978

	REVISED BUDGET ESTIMATES	OB/LIGATIONS INCURRED LIQUIDATED AND UNLIQUIDATED	UNENCUMBERED BALANCES
	\$	\$	\$
<u>SECTION 1 - SALARIES, WAGES AND COMMON STAFF COSTS</u>			
ESTABLISHED POSTS	983 400.00	948 236.72	35 163.28
SHORT-TERM PROFESSIONAL PERSONNEL	104 000.00	98 496.51	5 503.49
SHORT-TERM GENERAL SERVICE PERSONNEL	31 700.00	21 046.97	10 653.03
OVERTIME	7 000.00	789.58	6 210.42
TRAVEL, REMOVAL AND INSTALLATION	13 100.00	11 282.18	1 817.82
SEPARATION AND REPATRIATION PAYMENTS	1 900.00	1 348.61	551.39
ASSIGNMENT ALLOWANCES	1 800.00	1 637.52	162.48
CONTRIBUTIONS, PENSION FUND	120 900.00	113 770.59	7 129.41
DEPENDENCY ALLOWANCES	24 600.00	17 601.67	6 998.33
TRAVEL ON HOME LEAVE	800.00	774.21	25.79
STAFF TRAINING	1 400.00	1 177.79	222.21
MEDICAL INSURANCE AND RELATED PAYMENTS	13 700.00	11 996.40	1 703.60
TOTAL SECTION 1	<u>1 304 300.00</u>	<u>1 228 158.75</u>	<u>76 141.25</u>
<u>SECTION 2 - OTHER EXPENSES</u>			
TRAVEL ON OFFICIAL BUSINESS	118 000.00	115 186.20	2 813.80
COMMUNICATIONS AND FREIGHT	99 000.00	98 122.74	877.26
INFORMATION PRODUCTION COSTS (AUDIO-VISUAL)	21 600.00	16 973.28	4 626.72
INFORMATION PRODUCTION COSTS (PUBLICATIONS)	265 800.00	261 857.99	3 942.01
SUPPORT COSTS FOR OTHER INFORMATION	33 700.00	32 425.13	1 274.87
RENTAL AND MAINTENANCE OF PREMISES	113 400.00	112 046.20	1 353.80
OFFICE SUPPLIES AND PRINTED FORMS	19 400.00	18 295.96	1 104.04
RENTAL, OPERATION AND MAINTENANCE OF EQUIPMENT	34 600.00	33 998.02	601.98
COMPUTER SERVICES	1 200.00	1 131.96	68.04
MAINTENANCE AND OPERATION OF TRANSPORTATION EQUIPMENT	1 500.00	1 496.83	3.17
INSURANCE	500.00	498.53	1.47
MISCELLANEOUS SUPPLIES AND SERVICES	5 600.00	4 480.16	1 119.84
HOSPITALITY	9 100.00	7 754.78	1 345.22
FURNITURE, FIXTURES AND PERMANENT EQUIPMENT	300.00	229.03	70.97
TOTAL SECTION 2	<u>723 700.00</u>	<u>704 496.81</u>	<u>19 203.19</u>
TOTAL SECTIONS 1 AND 2	<u>2 028 000.00</u>	<u>1 932 655.56</u>	<u>95 344.44</u>

SCHEDULE 10 (continued)

**II. Contributions for operational costs
as at 31 December 1978**

Country	Received \$	Pledged \$	Total \$
Austria	22 531.82	17 857.14	40 388.96
Bahrain	10 000.00	-	10 000.00
Belgium	51 000.00	-	51 000.00
Bhutan	1 000.00	-	1 000.00
Bulgaria	15 432.10	-	15 432.10
Canada	95 238.10	-	95 238.10
Chile	2 000.00	10 000.00	12 000.00
Cuba	-	5 000.00	5 000.00
Dominican Republic	-	2 000.00	2 000.00
Ethiopia	5 000.00	-	5 000.00
Finland	29 629.63	-	29 629.63
Germany, Federal Republic of	118 483.41	130 208.33	248 691.74
Ghana	-	10 000.00	10 000.00
Grenada	-	7 000.00	7 000.00
Honduras	5 000.00	-	5 000.00
Hungary	28 137.31	-	28 137.31
India	71 068.13	36 585.37	107 653.50
Iran	200 000.00	-	200 000.00
Iraq	50 000.00	-	50 000.00
Israel	-	5 000.00	5 000.00
Jamaica	-	595.24	595.24
Japan	200 000.00	-	200 000.00
Jordan	3 058.10	-	3 058.10
Kuwait	20 000.00	-	20 000.00
Liberia	500.00	-	500.00
Luxembourg	-	3 333.33	3 333.33
Maldives	1 000.00	-	1 000.00
Mauritania	-	5 000.00	5 000.00
Mexico	19 964.66	-	19 964.66
Netherlands	300 000.00	200 000.00	500 000.00
New Zealand	14 545.50	15 706.81	30 252.31
Niger	4 545.45	-	4 545.45
Norway	242 990.65	250 000.00	492 990.65
Oman	-	50 000.00	50 000.00
Philippines	100 000.00	-	100 000.00
Republic of Korea	5 000.00	-	5 000.00
Saudi Arabia	100 000.00	-	100 000.00
Seychelles	295.42	-	295.42
Switzerland	50 000.00	-	50 000.00
Thailand	-	1 000.00	1 000.00
United Kingdom of Great Britain and Northern Ireland	96 525.10	195 694.72	292 219.82
United Republic of Tanzania	6 821.28	-	6 821.28
United States of America	250 000.00	-	250 000.00
Viet Nam	-	1 000.00	1 000.00
	2 119 766.66	945 980.94	3 065 747.60

III. Summary of transactions for 1977 and 1978

Contributions received and pledged \$3 065 747.60

Operational costs:

1977	\$ 534 178.84	
1978	<u>1 932 655.56</u>	<u>2 466 834.40</u>

Balance 31 December 1978 \$ 598 913.20

IV. REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY
ON THE ACCOUNTS OF THE UNITED NATIONS CHILDREN'S FUND
(UNICEF) INCLUDING THE GREETING CARD OPERATION (GCO)
FOR THE YEAR ENDED 31 DECEMBER 1978

Introduction

1. As required by General Assembly resolution 74 (I) and the Financial Regulations and Rules of the United Nations, the Board of Auditors has audited the accounts of the United Nations Children's Fund (UNICEF), including the Greeting Card Operation (GCO) for the year ended 31 December 1978.
2. The examination was conducted in accordance with article XII of the Financial Regulations and Rules 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 conducted at the UNICEF and GCO headquarters in New York and at the field offices at Bangkok, Copenhagen, Dacca, Dakar, Geneva and Santiago.
3. During the year under review, audits were conducted on a more integrated basis than heretofore. The Board of Auditors' normal practice of reporting the results of specific audits was also continued during the year, with the result that a series of management letters containing detailed audit observations were issued to the Administration. This practice has helped in developing a continuous dialogue with the Administration and is consistent with the Board's new audit approach of applying systems-based auditing to all the organizations in the United Nations system for which the Board has audit responsibility.
4. The following are the most significant matters arising from our 1978 audit examination. These have been discussed with the Administration, whose responses are referred to as appropriate.

Control of programme vehicles

5. Programme vehicles provided by UNICEF are loaned to Governments and are covered by loan agreements which vest the full title to the vehicles in UNICEF and require the Governments to report periodically on their status. UNICEF also maintains vehicle records which are intended to assist in monitoring vehicle reporting. UNICEF expenditures on programme vehicles amounted to almost \$18 million for the year under review, and \$52 million in the last five years.
6. Our examination, however, indicated that for a number of years many Governments have failed to report on the vehicles loaned to them. Owing to the failure of Governments to submit status reports to UNICEF on programme vehicles, vehicle records were not kept up to date. Furthermore, an instance was noted where a programme vehicle was reported to be in the military service of a certain Government. Under these circumstances, we were not able to determine whether the vehicles reflected in the records were in existence and were being used for the purposes for which they were provided.

7. We recommended that since it was becoming increasingly difficult for UNICEF to receive vehicle status reports from Governments and to maintain vehicle records on a timely basis, procedures for controlling programme vehicles should be reviewed to determine what control could, in fact, be exercised over such vehicles.

8. The Administration appreciated our observations and recommendations and has indicated that a Vehicle Management Conference to be held during the year will review, among other things, the present policy of UNICEF on vehicle loan agreements.

Experts and consultants

9. Our examination of experts' and consultants' activities revealed that adequate procedures have not been established for the engagement and performance evaluation of experts and consultants to ensure compliance with the principles and guidelines laid down by the General Assembly.

10. By way of example, we cite the case of an expert being engaged in the field for various periods to perform an assignment, which in the opinion of headquarters could have been performed by a graduate student at less cost. There were also a number of instances where adequate evaluation of the services performed by consultants was not carried out before payments were made to the consultants.

11. To improve control over expenditures for experts and consultants and to comply with the principles and guidelines laid down by the General Assembly, we recommended that the Administration formulate appropriate procedures to ensure that:

(a) The services to be performed by consultants and experts should be those for which provision cannot be found within the staff resources of UNICEF for lack of specialized knowledge or expertise;

(b) Individual consultants and experts should be selected only from highly qualified candidates in the specific field in question;

(c) Adequate evaluation and certification of services performed by consultants and experts should be carried out before payments to consultants and experts are made.

12. The Administration has informed us that it is in the process of formulating an appropriate statement of policy on the use of outside expertise and professional services.

Computer operations

13. We reviewed the controls over the UNICEF computer operations as part of our over-all review of the New York Computing Service (NYCS) of which UNICEF is a major user. The work was directed towards a review of the controls over the design, maintenance, processing and protection of computing systems. The development, implementation and maintenance of effective control structures which will ensure against unauthorized use, alteration and destruction of computer programmes and data files, require continuous co-operation between UNICEF and the major users on the one hand and NYCS on the other. Our over-all conclusion is

that not enough time has been devoted to the establishment of standards and control procedures for the documentation, processing and protection of computer systems, and that there has not been sufficient interaction between NYCS and its users.

14. We are particularly concerned that UNICEF computer programmes and data files are not adequately protected, notably in the following areas:

(a) Controls over terminal activity are such that anyone with sufficient data processing knowledge can gain access to almost any UNICEF programme or data file from any terminal within the NYCS user group;

(b) The built-in facilities within the computer that could provide protection over data transmission and storage have not been fully activated by NYCS and made available to UNICEF;

(c) Computer programmes, data files and system documentation are not always physically secured.

15. The Administration has informed us that the problems outlined have been a source of concern to the electronic data processing (EDP) section of UNICEF as well as to other users of NYCS. The EDP section has requested "password" protection for UNICEF files which it felt were "sensitive", but in the meantime has created internal procedures to control access to a limited degree. However, it was emphasized that these limited procedures do not protect UNICEF from any outside interference.

16. We appreciate the efforts being made by UNICEF to improve the security controls over its computer programmes and data files, and urge them in conjunction with NYCS and other users to ensure that computer controls are brought up to an acceptable standard.

Greeting Card Operation

Procurement system

17. Our review of procurement procedures revealed that controls were unsatisfactory. At the Office for Europe in Geneva we noted many instances where requisitions were made on pieces of paper which were later destroyed instead of being made on proper purchase requisition forms. Consequently, it was difficult to determine whether purchases had been made on the approval of authorized officers and within delegated limits and areas of authority.

18. The Procurement Department at the headquarters in New York had no adequate system for ensuring that materials were delivered within the time specified on purchase orders. In addition, there were no termination clauses included in the contracts for supplies which were not delivered within the time specified on the orders.

19. In order to improve the internal controls over the procurement function we recommended that:

- (a) Appropriate purchase requisition forms be introduced;
- (b) Monitoring procedures for deliveries of purchases be developed and entrusted to the Procurement Department;
- (c) Consideration be given to having a termination clause included in major contracts.

20. The Administration agrees that there is the need for the inclusion of a termination clause in major contracts, and for the Procurement Department to monitor deliveries. The Administration has also informed us that the procurement system in the Geneva Office is under review and procedural changes including the design and use of proper requisitions will be formalized shortly.

Comments on matters dealt with in the 1977 report

Discount retained by a national committee

21. The Board of Auditors reported last year that, during the 1976 campaign year, one committee with which UNICEF had no agreement retained a discount of 38.1 per cent amounting to \$1,964,792 out of sales totalling \$5,152,228. ^{1/} The Board further observed that negotiations were in hand between UNICEF and the committee on one hand and a firm of marketing consultants on the other hand to undertake a study of the operations of the committee and related UNICEF operations.

22. During the 1977 campaign year, the committee retained a discount of 31.78 per cent amounting to \$1,789,016 out of sales totalling \$5,628,653. There has, therefore, been a significant reduction in the discount rate retained by the committee. However, the rate of 31.78 per cent is still higher than the discount rate of 25 per cent which UNICEF has established for all national committees.

ACKNOWLEDGEMENT

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

(Signed) Ahenkora OSEI
Auditor General of Ghana

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

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

15 June 1979

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 5B (A/33/5/Add.2), part one, sect. IV, para. 14.

APPENDIX TO PART ONE

Statistics and other data

This appendix comprises tables giving statistical and other data concerning UNICEF activities, which, although not forming part of the financial statements, are provided for information purposes.

Table

A. Revenue and other funds

1. Income and other funds received in/or pledged for 1978 compared with 1977.

B. Expenditures

2. Expenditures made in 1978 from income and funds-in-trust compared with 1977.
3. Expenditures for co-operation programmes, including funds-in-trust, by programme in 1978 and 1977.
4. Summary of expenditures in 1978 (by region and type of programme) including funds-in-trust by Board commitments.

C. Commitments

5. Summary of commitments approved by the Executive Board in May 1978 by region and type of programme.
6. Commitments entering into effect during 1978 between Board sessions corresponding to specific contributions and funds-in-trust received or pledged during 1978 and commitments approved by mail poll and adjustments and transfers.
7. Total commitments approved in 1978 (summary by region and type of programme) including funds-in-trust.

A. UNICEF REVENUE AND OTHER FUNDS

Table 1

Income and other funds received in/or pledged for 1978 compared with 1977
(In thousands of United States dollars)

	Governments	Non- governmental organizations	United Nations system	Other sources	Total 1978	Total 1977
1) INCOME						
<u>General resources</u>					111 987	90 383
Contributions	111 987					
Contributions to local budget costs	1 464				1 464	1 665
Hallowe'en campaigns		1 400			1 400	1 500
Television campaigns		1 022			1 022	307
Other collections and individual donations		4 581			4 581	4 955
Greeting Card Operation		13 299			13 299	10 919
Other income				13 701	13 701	12 628
<u>Supplementary funds</u>						
Contributions for specific purposes	12 339	6 658			18 997	18 151
	125 790	26 960		13 701	166 451	140 508
NET CHANGE IN VALUE OF ASSETS AND LIABILITIES DUE TO EXCHANGE RATES				12 911	12 911	5 238
TOTAL INCOME	125 790	26 960		26 612	179 362	145 746
2) FUNDS-IN-TRUST RELATED TO BOARD COMMITMENTS	17 638		13 785		31 423	18 502
TOTAL REVENUE AVAILABLE FOR MEETING COMMITMENTS APPROVED BY EXECUTIVE BOARD	143 428	26 960	13 785	26 612	210 785	164 248
3) NON-REVENUE FUNDS-IN-TRUST						
International Year of the Child - operational cost	650				650	2 416
Reimbursable procurement and services	12 856	2 718	4 646		20 220	15 385
TOTAL FUNDS RECEIVED	156 934	29 678	16 431	26 612	231 655	182 049

B. UNICEF EXPENDITURES

Table 2

Expenditures made in 1978 from income and funds-in-trust compared with 1977
(In thousands of United States dollars)

	Supply equipment and freight	Non-supply expenditure	Programme support services	Total assistance	Administrative services	Total 1978	Total 1977
1) EXPENDITURE MADE FROM INCOME							
General resources	81 644	27 585	25 441	134 670	15 905	150 575	103 812
Supplementary funds	16 314	2 279		18 593		18 593	21 187
	97 958	29 864	25 441	153 263	15 905	169 168	124 999
2) EXPENDITURES MADE FROM FUNDS-IN-TRUST RELATED TO BOARD COMMITMENTS	12 961	1 339		14 300		14 300	16 688
Total expenditure in fulfilment of commitments approved by the Executive Board	110 919	31 203	25 441	167 563	15 905	183 468	141 687
3) EXPENDITURES MADE FROM NON- REVENUE FUNDS-IN-TRUST							
International Year of the Child - operational costs					1 933	1 933	534
Reimbursable procurement and services	11 460	899		12 359		12 359	13 634
Total expenditure	122 379	32 102	25 441	179 922	17 838	197 760	155 855

Table 3

Expenditures for co-operation programmes, including funds-in-trust, by programme in 1978 and 1977
 (In thousands of United States dollars)

	1978		1977		Increase over previous year	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage
<u>Child health</u>						
Basic child health	48 203	33.9	40 936	38.6	7 267	17.8
Water supply	26 522	18.7	17 903	16.9	8 619	48.1
Total child health	74 725	52.6	58 839	55.5	15 886	27.0
<u>Child nutrition</u>						
Child feeding	2 051	1.5	1 258	1.2	793	63.0
Meanning food production	856	0.6	493	0.5	363	73.6
Other nutrition	8 724	6.1	7 095	6.6	1 629	23.0
Total child nutrition	11 631	8.2	8 846	8.3	2 785	31.5
<u>Social welfare services for children</u>						
	9 867	6.9	6 986	6.6	2 881	41.2
<u>Formal education</u>						
	24 684	17.4	19 567	18.5	5 117	26.2
<u>Non-formal education</u>						
	4 998	3.5	3 692	3.4	1 306	35.4
<u>Emergency relief</u>						
	5 051	3.6	704	0.7	4 347	617.5
<u>General a/</u>						
	11 166	7.8	7 388	7.0	3 778	51.1
Subtotal programme aid	142 122	100.0	106 022	100.0	36 100	34.0
Programme support services	25 442		21 895		3 547	16.2
TOTAL ASSISTANCE FROM FUNDS AVAILABLE FOR MEETING COMMITMENTS APPROVED BY THE EXECUTIVE BOARD FINANCED BY:						
UNICEF income	153 264					
Funds-in-trust	14 300		127 917	100.0	39 647	31.0
	167 564	100.0	127 917	100.0	39 647	31.0

a/ This aid cannot be broken down into the above categories.

Table 4

Summary of expenditures in 1978 (by region and type of programme) including funds-in-trust by Board commitments

(In thousands of United States dollars)

	Africa	East Asia and Pakistan	South Central Asia	Eastern Mediterranean	The Americas	Europe and Inter-regional	Total	Percentage
Child health	19 589	27 971	14 691	7 861	4 140	473	74 725	52.6
Child nutrition	2 981	1 659	4 276	309	2 364	42	11 631	8.2
Social welfare services for children	1 674	3 084	830	3 265	1 014	-	9 867	6.9
Formal education	3 669	13 461	3 359	2 945	1 250	-	24 684	17.4
Non-formal education	3 134	449	22	496	624	273	4 998	3.5
Emergency relief	793	1 204	2 695	346	13	-	5 051	3.6
General g/	<u>1 858</u>	<u>3 457</u>	<u>719</u>	<u>507</u>	<u>1 672</u>	<u>2 953</u>	<u>11 166</u>	<u>7.8</u>
Subtotal programme aid	33 698	51 285	26 592	15 729	11 077	3 741	142 122	100.0
Programme support services	<u>6 655</u>	<u>4 945</u>	<u>2 783</u>	<u>2 966</u>	<u>2 778</u>	<u>5 315</u>	<u>25 442</u>	
Total assistance	40 353	56 230	29 375	18 695	13 855	9 056	167 564	
Administrative services							<u>15 905</u>	
TOTAL EXPENDITURE TO BE FINANCED BY:							<u>183 469</u>	
UNICEF income							169 169	
Funds-in-trust							14 300	
							<u>183 469</u>	

a/ This aid cannot be broken down into the above categories.

C. UNICEF COMMITMENTS

Table 5

Summary of commitments approved by the Executive Board in
May 1978 by region and type of programme
(In thousands of United States dollars)

	Africa	East Asia and Pakistan	South Central Asia	Eastern Mediterranean	The Americas	Inter- regional	Total	Percentage
Child health	18 263	40 218	37 004	2 510	1 010	15	99 020	55.5
Child nutrition	1 778	2 841	14 587	140	2 020	-	21 366	12.0
Social welfare services for children	5 627	1 811	9 519	1 520	1 138	-	19 615	11.0
Formal education	3 704	5 165	5 794	320	154	-	15 137	8.5
Non-formal education	3 294	4 818	2 170	110	78	-	10 470	5.9
Emergency reserve	-	-	-	-	-	1 000	1 080	0.5
General a/	2 098	2 488	4 219	450	764	1 800	11 819	6.6
Sub-total programme aid	34 764	57 341	73 293	5 050	5 164	2 815	178 427	100.0
Deficits	183	-	-	18	59	281	541	
Programme support b/	7 291	5 615	3 427	3 819	3 264	5 875	29 291	
Total assistance	42 238	62 956	76 720	8 887	8 487	8 971	208 259	
Administrative services						18 685	18 685 c/	
Total new commitments	42 238	62 956	76 720	8 887	8 487	27 656	226 944	
Savings (cancellations)	(224)	(37)	-	(1)	-	(464)d/	(726)d/	
Net increase in commitments	42 014	62 919	76 720	8 886	8 487	27 192	226 218	

a/ This amount cannot be broken down into the categories listed above.

b/ For 1979.

c/ Comprising \$18,292,200 for 1979 and \$393,300 supplementary budget for 1978.

d/ Comprising \$276,291 from programme co-operation (shown in the columns for the relevant regions) and a total of \$450,000 in the programme support budget for 1978.

Table 6

Commitments entering into effect during 1978 between Board sessions corresponding to specific contributions and funds-in-trust received or pledged during 1978 and commitments approved by mail poll and adjustments and transfers

(In thousands of United States dollars)

	Africa	East Asia and Pakistan	South Central Asia	Eastern Mediterranean	The Americas	Inter-regional	Total
Child health	12 218	6 404	11 631	8 997	1 479	-	40 729
Child nutrition	2 685	642	1 406	68	84	-	4 885
Social welfare services for children	485	100	3326	1732	-	-	5 643
Formal education	1 564	3 554	6 082	1 973	-	-	13 173
Non-formal education	994	2 265	132	-	-	-	3 391
Emergency relief	70	350	3 198	200	-	(1 000) b/	2 818
General a/	343	191	1 089	15	-	-	1 638
Total commitments entering into effect during 1978 outside Board sessions	18 359	13 506	26 864	12 985	1 563	(1 000)	72 277 c/
Savings (cancellations)	-	-	-	-	-	(714) d/	(714) d/
Net total	18 359	13 506	26 864	12 985	1 563	(1 714)	71 563

a/ This amount cannot be broken down into the above categories.

b/ Funds authorized from the Executive Director's Emergency Reserve Fund during 1977 was distributed by region.

c/ Including commitment of \$18,400,000 approved by mail poll and \$13,259,000 commitments from General Resources for noted projects.

d/ Comprising cancellations of savings of \$549,233 from programme support services and \$165,361 from administrative services.

Table 7

Total commitments approved in 1978 (summary by region and type of programme) including funds-in-trust
(In thousands of United States dollars)

	Africa	East Asia and Pakistan	South Central Asia	Eastern Mediterranean	The Americas	Europe and inter-regional	Total	Percentage
Child health	30 481	46 622	48 635	11 507	2 489	15	139 749	55.7
Child nutrition	4 463	3 483	15 993	208	2 104	-	26 251	10.5
Social welfare services for children	6 112	1 911	12 845	3 252	1 138	-	25 258	10.1
Formal education	5 268	8 719	11 876	2 293	154	-	28 310	11.3
Non-formal education	4 288	7 083	2 302	110	78	-	13 861	5.5
Emergency relief	70	350	2 818	200	-	-	3 818	1.5
General a/	2 441	2 679	5 308	465	764	1 800	13 457	5.4
Subtotal programme aid	53 123	70 847	100 157	18 035	6 727	1 815	250 704	100.0
Deficits	183	-	-	18	59	281	541	
Programme support b/	7 291	5 615	3 427	3 819	3 264	5 878	29 291	
Total assistance	60 597	76 462	103 584	21 872	10 050	7 971	280 536	
Administrative services	-	-	-	-	-	18 685	18 685 c/	
Total new commitments	60 597	76 462	103 584	21 872	10 050	26 656	299 221	
Savings (cancellations)	(224)	(37)	-	(1)	-	(1 178)	(1 440) d/	
Net increase in commitments	60 373	76 425	103 584	21 871	10 050	25 478	297 781	

a/ This amount cannot be broken down into categories listed above.
 b/ For 1979.

c/ Comprising \$18,292,200 for 1979 and \$393,300 supplementary budget for 1978.

d/ Comprising cancellation of savings of \$276,291 from programme co-operation, \$999,333 from programme support services and \$165,361 from administrative services.

PART TWO
GREETING CARD OPERATION

FOREWORD

The Greeting Card Operation not only furnishes UNICEF a sizable source of income but has provided people in many countries with a means of making a direct contribution to a United Nations activity bringing benefits to millions of children in developing countries. Artists of distinction and museums from 40 countries contributed their creative talents and distinguished works of art for the 1977 season. As in past years, UNICEF National Committees and other groups were the main sales agents, and sales and distribution costs were kept to a minimum because of their extensive and generous voluntary help. We greatly appreciate the devoted efforts of the many thousands of persons who contributed to the success of the enterprise.

(Signed) Henry R. LABOUISSÉ
Executive Director
of the United Nations Children's Fund

SUMMARY

A total of 103.6 million cards, 482,605 engagement calendars and other related items were sold in the 1977 season (1 May 1977 to 30 April 1978), bringing a gross income of \$31.6 million. This was \$3.2 million or 11.1 per cent higher than in the previous year. Operational expenses were \$0.5 million or 4.9 per cent higher than the previous year. The excess of income over expenditure which constituted the net income for UNICEF increased by 22 per cent to \$13.3 million in the 1977 season compared to \$10.9 million in the 1976 season.

I. BRIEF ACCOUNT OF THE 1977 SEASON

1 May 1977-30 April 1978

1. The financial results of the 1977 season compared to the 1976 season are shown in statements I and II. In table 1 the 1977 season's results are compared with the estimates approved in May 1977 as well as with the actual results of the previous year.

Sales

2. Gross proceeds from sales of cards, calendars and related items amounted to \$31.6 million compared to \$28.4 million in 1976, an increase of 11.1 per cent. The number of cards sold increased from 90 million in 1976 to 104 million in 1977, an increase of 15.5 per cent. Gross proceeds of sales were \$2.6 million less than budgeted, due principally to the fact that the 1977 budget estimates included a special sale of 1 million wall calendars with estimated gross revenue of \$2.4 million. This special sale did not take place.

3. Sales increased in all geographic areas. The largest percentage increase was in the South West Pacific where gross proceeds increased by 49.8 per cent, followed by Central and South America 37.5 per cent, Asia 23.4 per cent, North America 9.7 per cent, Europe 7.6 per cent and Africa and the Eastern Mediterranean 2.0 per cent. Table 2 gives a breakdown of gross proceeds from sales and numbers of cards sold by major geographic area and selling country for the seasons 1976 and 1977.

4. Gross proceeds from major selling countries on the basis of sales per 1,000 of population are given in table 3.

Operational expenditures

5. Total operational expenditures in the 1977 season were 4.9 per cent higher than in 1976 but 11.6 per cent less than the 1977 approved estimates. Sales and distribution costs were 8.8 per cent less than estimated, production costs were 14.1 per cent less than estimated and administration costs were within one per cent of the amount budgeted. Production costs were lower because production of 1 million wall calendars for a special sale was not undertaken (table 1). A breakdown of fixed and variable costs is shown in statement I.

Excess of income over expenditure

6. Net income increased from \$10.9 million representing 38.4 per cent of gross proceeds in 1976 to \$13.3 million representing 42.1 per cent of gross proceeds in 1977. Net income was close to the amount originally estimated and 22 per cent larger than in 1976 (table 1).

Table 1

Summary Greeting Card Operation
(With variable and fixed costs distributed by function)

Description	1977 season approved estimates		1977 season actual		1976 season actual		Percentage increase or (decrease) 1977 actual compared to approved estimates	Percentage increase or (decrease) 1977 over 1976
	US\$ million	Percentage of gross sales	US\$ million	Percentage of gross sales	US\$ million	Percentage of gross sales		
Cards and stationery sold		100 million		104 million		90 million	4.0	15.5
Gross proceeds of sales	34.2	100.0	31.6	100.0	28.4	100.0	(7.6)	11.1
Less:								
Commissions, duties & taxes	8.8	25.7	8.0	25.2	7.6	26.7	(9.1)	5.3
Net proceeds of sales	25.4	74.3	23.6	74.8	20.8	73.3	(7.1)	13.5
Less:								
Sales and distribution costs	3.4	9.9	3.1	9.8	a/	a/	(8.8)	
Production costs	7.1	20.7	6.0	19.0	a/	a/	(14.1)	
Administration costs	1.6	4.7	1.6	5.2	a/	a/	-	4.9
Total operational expenditures	12.1	35.3	10.7	34.0	10.2	36.0	(11.6)	
Operational net income	13.3	35.0	12.9	40.8	10.6	37.3	(3.0)	21.6
Add:								
Other income	0.1	0.4	0.4	1.4	0.3	1.1	300.0	33.3
Excess of income over expenditure	13.4	39.4	13.3	42.2	10.9	38.4	(0.7)	22.0

a/ Comparative information not available for 1976.

Table 2

Gross proceeds from sales by area and major selling country and numbers of cards sold
 1977 season compared with 1976
 (in thousand of US dollars)

	1977 season		1976 season		Percentage of increase (decrease) over 1976		Thousands of cards sold	
	Total gross proceeds	Percentage of total proceeds	Total gross proceeds	Percentage of total proceeds	1977	1976	1977 season	1976 season
Europe								
Germany, Federal Republic of	5 466	17.3	4 290	15.1	27.4		11 151	10 009
France	3 044	9.7	2 452	8.6	24.1		7 864	7 030
Switzerland	1 750	5.6	1 142	4.0	53.2		2 940	2 833
Netherlands	1 364	4.3	960	3.4	42.1		3 086	2 804
Spain	1 356	4.3	1 124	3.9	20.6		9 000	6 222
Sweden	1 001	3.2	938	3.3	6.7		3 194	3 382
Union of Soviet Socialist Republics	898	2.8	3 430 a/	12.1	(73.8)		4 120	933
Belgium	838	2.7	709	2.5	18.1		1 762	1 738
Denmark	798	2.5	469	1.7	70.1		2 193	1 647
Norway	653	2.1	637	2.2	2.5		1 745	1 683
Finland	615	1.9	629	2.2	(2.2)		2 174	2 142
United Kingdom of Great Britain and Northern Ireland	606	1.9	411	1.4	47.4		2 682	2 438
Austria	440	1.4	307	1.1	43.3		1 252	1 031
Italy	261	0.8	259	0.9	0.8		1 445	1 647
Poland	223	0.7	185	0.7	20.5		782	660
Yugoslavia	199	0.6	157	0.6	26.8		1 052	847
Bulgaria	172	0.6	202	0.7	(14.8)		777	1 137
Greece	166	0.5	88	0.3	88.6		578	373
Other countries	319	1.0	354	1.2	(9.9)		1 605	1 485
	20 169	63.9	18 743	65.9	7.6		59 402	50 141
North America								
United States of America	5 629	17.8	5 152	18.1	9.2		23 030	22 260
Canada	1 376	4.4	1 235	4.4	11.4		5 390	4 681
	7 005	22.2	6 387	22.5	9.7		28 420	26 941
Central and South America								
Brazil	2 172	6.9	1 481	5.2	46.7		6 801	5 290
Chile	178	0.6	121	0.4	47.1		767	638
Argentina	163	0.5	235	0.8	(30.6)		747	802
Colombia	121	0.4	50	0.2	242.0		437	209
Other countries	400	1.2	319	1.2	25.4		1 603	1 404
	3 034	9.6	2 206	7.8	37.5		10 355	8 343
Asia								
India	330	1.1	255	0.9	29.4		1 569	1 299
Japan	126	0.4	62	0.2	203.2		294	187
Other countries	170	0.5	190	0.7	(10.5)		809	933
	626	2.0	507	1.8	23.4		2 672	2 419
South West Pacific								
Australia	326	1.0	187	0.7	74.3		1 236	958
Other countries	104	0.4	100	0.3	4.0		463	505
	430	1.4	287	1.0	49.8		1 699	1 463
Africa and Eastern Mediterranean								
	301	0.9	295	1.0	2.0		1 083	1 094
Total	31 565	100.0	28 425	100.0	11.1		103 631	90 401

a/ Includes special sales of 1,010,240 wall calendars representing gross revenue of \$2,437,576.

Table 3

Gross proceeds from sales in major selling countries on a
population basis 1977 season compared with 1976 a/

<u>Country</u>	<u>Gross proceeds from sales per 1,000 of population</u>	
	<u>1977</u> \$	<u>1976</u> \$
Switzerland	276.49	179.77
Luxembourg	211.11	160.76
Norway	161.51	157.95
Denmark	156.83	92.59
Finland	129.83	135.99
Sweden	121.21	114.07
Netherlands	98.46	67.54
Germany, Federal Republic of	89.02	69.75
Belgium	85.25	71.69
Canada	59.01	53.37
Austria	58.57	40.86
France	57.34	46.34
Spain	37.32	31.25
New Zealand	30.96	23.91
United States of America	25.96	23.95
Australia	23.18	13.71
Bulgaria	19.50	23.04
Brazil	19.35	13.56
Uruguay	18.22	10.18
Greece	17.94	9.61
Chile	16.70	11.62
United Kingdom of Great Britain and Northern Ireland	10.84	7.35

a/ The list includes countries where gross proceeds from sales exceeded \$50,000 and \$10 per 1,000 of population in the 1977 season.

Promotional materials produced

7. Among the promotional materials provided by the Greeting Card Operation for supply to sales agents were the following:

	(Volume)
Brochures (13 languages and blanks for local text)	13 229 000
Leaflets, "mailers" and "teasers" (5 languages and blanks for local text)	11 571 000
Banners and streamers for sales centers	27 000
Posters (4 sizes, 7 languages and blank for local text)	189 000
Glossy photographs for press reproduction	44 000
Artists photo biographies	48 000
Complete promotion kits	3 290
Matts for press reproduction	6 600
Television films	542
Radio spot announcements	5 600
Window stickers	184 000
Thank you folders	407 000
Shopping bags	201 000
Display stands and boards	23 000

Designs

8. Reproduction rights were given by 159 artists and museums from 40 countries. Fifty-four designs were used for the calendar and 130 designs were used for the cards. A list of these artists and countries is set out below. The generosity of these artists and institutions has made possible a continuing high standard of design.

<u>Artist</u>	<u>Name of design</u>	<u>Country</u>
Ekaterina Adeeva	Under the Tree of Life	Union of Soviet Socialist Republics
Helja Aichinger	The Sunsong	Austria
Gene Aliman	Snow Tree	Canada
Asa Andersson	Let the Children Live	Sweden
Ruth Augustin	Sledding	Germany, Federal Republic of
Anonymous:		
Aegean Embroidery*	Untitled	Greece
Blackfoot Beaded Firebag*	Untitled	Canada
Chinese Embroidery (5)*	Phlox	China
	2 Large Butterflies	
	Clymatis	
	Blue Flowers	
	Blue Flowers with Bug	
19C Porcelain*	Untitled	China
Circus Poster*	Untitled	United Kingdom of Great Britain and Northern Ireland
Cut Velvet*	Women in Garden	Iran
19C Dutch Design*	Untitled	Netherlands
Floral Notes (3)*	Noh Robe	Japan
	Ojibwan	Canada
	Quito	Ecuador
Folk Art Applique*	Untitled	Benin
Folk Art Boxes (5)*	Blue Flowers	India
	Blue and Red Flowers	
	Gold Leaves	
	Red Flowers	
	Garden Flowers	
Huichol Yarn Painting*	Untitled	Mexico
Rhenish*	Nativity	France
Sumba Island Textile	Untitled	Indonesia
Theatrum Sanitatis (5)*	Egg Plant	Italy
	Rose	
	Black Olive	
	Sour Cherry	
	Sweet Melon	
Tunisian Mosaics (5)*	Deer	Tunisia
	Ducks	
	Peacock	
	Rabbit	
	Basket of Fruit	
Elizabeth Balzer)		
Angela Butti)	Garden of Eden	Switzerland
Heidi Meier)		
Irene Meier)		
William Barlow Gould	Still Life with Fruit and Flowers	Australia
Alan Berg	Menorah	United States of America
Ariane Berman	Garden Party	United States of America

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<u>Artist</u>	<u>Name of design</u>	<u>Country</u>
Stephen Bigmore	The Tree Holds Many Secrets	Canada
Daniele Bour	Children in Window	France
Phil Brodatz	Daisies	United States of America
Carolina Brown Susaeta	Greeting with a Thousand Flowers	Chile
Charles F. Brun	The Three Kings	Switzerland
Rossana Bucheli	Tree of Life	Uruguay
Tonnie Bus	Flowering and Withering	Netherlands
Charlotte Butterweck- Lotto Lina	Santa Claus	Austria
Gian Calvi	Peace	Brazil
A. J. Casson	White Pine	Canada
Cecy	Joy	Peru
Felix Chavez	Nocturnal Melody	Peru
Miriana Chirica	Dancing Under the Tree	Romania
Eileen Coombs	Springtime in England	United Kingdom of Great Britain and Northern Ireland
Sergio Pereira da Silva	Tree of Line	Brazil
Bahman Dadkhah	The Words of the Bird	Iran
Karin Danninger	My Family is like Hearts	Austria
Regine Dapra	Church Tower with Two Musicians	Austria
Psautier de St. Louis*	Noah's Ark	France
Rosslyn Dean	Golden Apples	Australia
Annick Desmier	Animals at Window	France
Adolf Dietrich	Birds in Snow	Switzerland
Christiane Domeyer	Peace Means Bread	German Democratic Republic
James Duncan	The Quebec Tandem Club	Canada
Albrecht Durer	Mother and Child	German Democratic Republic
George Henry Durrie	Gathering Wood for Winter	United States of America
John Joseph Enneking	Pond in Winter Twilight	United States of America
Jose Ignacio Escarriola	Swinging	Costa Rica
Max Ewald	Untitled	Haiti
Fernando Fantini	Little Island	Italy
Tom Feelings	Mother and Child	United States of America
Jose Manuel Flores Espinosa	Tree of Life	Guatemala
Edna Fremont	Tree of Joy	France
Paul Rene Gauguin	Dawn	Denmark
Ed Glazbrook	Iris	United States of America
Anders Gokoyr	The Primal Tree	Norway
Akitoshi Gonda	Tree and the Mountain	Japan
Antonio Grass (5)	Dotted Circle	Colombia
	Herringbone	
	Maze	
	Sunburst	
	Snowflakes	
Fibben Hald	The Bakers	Sweden
Asa Hansson)		
Susanne Hellstrom)	The Ages of Man	Sweden
Ingela Naas)		
Hind Hastini	Refugee Mother and Child	Jordan
Jan Olof Helldin	Cities just Grow and Grow	Sweden

<u>Artist</u>	<u>Name of design</u>	<u>Country</u>
Bill Hine	Winter Tree	United States of America
Utagawa Hiroshige	Nihon Bridge in Snow	Japan
Adolfo Horschfaerber	The Holy Tree of the Araucanos	Chile
Pai Hsui-Hao	Medicinal Plant	China
Reza-ul Islam	The Flower of Love	Bangladesh
Pam Ivanoff	The Family Tree	United States of America
Wassily Kandinsky	Red Quadrangle	Union of Soviet Socialist Republics
Stefan Kantchev	Bird Chorus	Bulgaria
Bhagwan Kapoor	The Swing	India
Ivan Kirkov	Christmas Night	Bulgaria
Arthur Klingler	Pine and Sun	Germany, Federal Republic of
Jola Kolozyn	The Dragon	Poland
Dionysios Komis	Pollution	Greece
Jorma Koskinen	Winter Landscape	Finland
Cornelius Krieghoff	Habitants Driving a Sleigh, Quebec, 1860	Canada
Bjarne Kristensen	One Sees only God's Hand	Denmark
Sascha Kronbourg	Christmas in the Country	United States of America
Utagawa Kuniyoshi	Priest Nichiren on the Sado	Japan
Boris Kustodiev	Carnival	Union of Soviet Socialist Republics
Laplau	Noah's Ark	France
Teresita Llado	Tree of Life	Argentina
Peter Longhurst (2)	Bird of Paradise (red)	Australia
Ariel Luke	Bird of Paradise (blue)	United Kingdom of Great Britain and Northern Ireland
	The Waders	Ireland
Monique Marghieri	Nativity of Provence	France
Meister des Marienlebens*	Guardian Angels	Germany, Federal Republic of
Chiharu Matsuda	Embracing Tree	Japan
Dagmar Mens Benois	Blue Flowers	Switzerland
Minacroulos	Winter Holiday - Russia	France
William Morris	Untitled	United Kingdom of Great Britain and Northern Ireland
Ken Munowitz	The Light	United States of America
Gerhard Munthe	Street in Snow	Norway
Joan H. Murray	Star of David	Jamaica
Bartolome Esteban Murillo	The Holy Family of Pajarito (17C)	Spain
Erika Nemeth	Playing in the Tree of Life	Hungary
Pasang Norbu	Yaks Passing Through an Icefall	Nepal
Catrin Norinder	The Flower in the Tree of Life	Switzerland
Karen O'Connor	The Weeping Tree	Australia
Calle Ottestam	Flowers and Butterflies	Sweden

<u>Artist</u>	<u>Name of design</u>	<u>Country</u>
Svend Otto S.	Decorating the Tree	Denmark
Josef Palacek	Snow Tree	Czechoslovakia
Bob Parks	Tree of Life	United States of America
Rodman Pell	Christmas out of Doors	United States of America
Pablo Picasso	Mother and Child	Spain
Charles Pincon	Souvenir of Bandol	France
Maria Clara Pineyro Medina	Tree of Life	Colombia
Chakrabhann Posayakrit (5)	Grotto	Thailand
	Lady Chariot	
	Under the Tree	
	The Garden	
	Chariot in the Sky	
Divadalge Priyanie	Harvesting	Sri Lanka
Carole P. Radley	Baby Carriage	United Kingdom of Great Britain and Northern Ireland
		Ireland
Nino Ravetti	Hand in Hand	Sweden
Bryan Reising	Endurance	United States of America
Bernadette Riley	Every Flower	United Kingdom of Great Britain and Northern Ireland
		Ireland
Michel Salge	Landscape with Couple	Thailand
Marianne Sall	Evil-Good	Sweden
A. Samuel	The Eternal Tree	India
Ghassoul Senouci	A Thousand Years of Tradition	Algeria
David Shapiro	Winter Walk	United States of America
Mariam Sidrak	Happy Ducks	Egypt
Jana Sigmundova	Chair, Hat and Butterfly	Czechoslovakia
John Singer Sargent	Carnation, Lily, Lily, Rose	United States of America
Gabrielle Sirovich	Mast of Plenty	Italy
Jaroslav Slobacek	Wagon in the Sky	Czechoslovakia
Roma Starczewska	Christmas in the Forest	Poland
Pena Lanzarote Subias	Dancing Round the Tree	Spain
Annamari Suviranta	Tree of Good and Evil	Finland
Marc-Aurele de Foy Suzor-Cote	April Thaw	Canada
Akemi Takaki	Bamboo	Japan
John B. Tiwangye	Tree of Life	Uganda
Maria Tolon	We Live so Differently	Spain
Jill Tuttle	The Tree of Peace	United States of America
Lilian Usai	Best Wishes to the Whole World	Brazil
Ulla Vaajaakallio	Santa's Helper with Snow Lantern	Finland
Henri Van de Velde	Guardian Angels	Belgium
Rogier Van der Weyden	Adoration of the Kings	Germany, Federal Republic of
Bernard Van Orley	The Virgin and Child	Spain
Vasarely	Vega II	France
Verneuil*	Lady with Swans	France
Marie-Annick Viatour	Tree of Life	Canada

<u>Artist</u>	<u>Name of design</u>	<u>Country</u>
Vietnamese Children (5)	Games	Viet Nam
	Unicorn	
	Mid-Autumn Festival	
	Three Arms on a Buffalo	
	Look, Learn and Understand	
Vo-Dinh	Wind Play	Viet Nam
Ferdinand Georg Waldmuller	Christmas Day	Austria
Wangdu	Three Buddhas in the Tree	Nepal
Sebastien Wegmayr	Flower Still Life	Austria
Edel Wiedemann-Gabler	Dream Lake	Germany, Federal Republic of
Frans Wiegers	Hut in Snow	Netherlands
Diane Wolcott	Christmas Vacation	United States of America
Irma Wronsky	Flower Stand	Germany, Federal Republic of
Ben Madhkour Fatma Zohra	Ornamental Trees	Tunisia

II. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1978

STATEMENT I

Comparative statement of income and expenditure for the season ended 30 April 1978

(In United States dollars)

	1977 season - 1 May 1977 to 30 April 1978	1976 season - 1 May 1976 to 30 April 1977
Sales		
Greeting cards and stationery	29 120 133.57	22 945 733.18
Calendars	2 228 553.02	5 327 739.19
Fine art prints and posters	1 603.15	2 089.38
Educational material	215 178.23	149 782.94
	31 565 467.97	28 425 344.69
Less: Commissions paid	7 712 124.59	7 372 266.45
Duties and taxes	248 212.46	206 522.10
	7 960 337.05	7 578 788.56
	23 605 130.92	20 846 556.13
Variable sales and distribution costs	1 525 162.90	1 391 360.00
Variable production costs	4 600 782.51	5 149 355.49
	6 125 945.41	6 540 715.49
Gross profit on sales	17 479 185.51	14 305 840.64
Less: Other expenditures		
Fixed staff costs	2 908 826.32	2 358 238.00
Other fixed costs	1 703 872.08	1 356 155.00
	4 612 698.40	3 714 393.00
Operational net income	12 866 487.11	10 591 447.64
Other income or (expenses)	432 861.30	327 700.83
	13 299 348.41	10 919 148.47
Excess of income over expenditure	=====	=====

Statement III and notes 1 to 7 form an integral part of this statement and should be read in conjunction therewith.

CERTIFIED CORRECT

APPROVED

(Signed)
Giovanni CAVAGLIA
Comptroller

(Signed)
Henry R. LABOUISSSE
Executive Director

STATEMENT II

Comparative statement of assets and liabilities
at 30 April 1978
(In United States dollars)

	<u>1977</u> <u>season</u>	<u>1976</u> <u>season</u>	<u>Increase/</u> <u>(Decrease)</u>
Assets			
Cash on hand and in current bank accounts	130 337.18	162 239.04	(31 901.86)
Accounts receivable, advances and deposits	16 697 617.65	14 753 255.52	1 944 362.13
Production and distribution equipment	72 180.08	83 276.08	(11 096.00)
Inventory	4 058 782.74	3 400 240.52	658 542.22
Prepaid expenses - future campaigns	<u>1 418 582.02</u>	<u>1 039 511.81</u>	<u>379 070.21</u>
	22 377 499.67	19 438 522.97	<u>2 938 976.70</u>
Liabilities			
Accounts payable and other unliquidated obligation	878 739.21	554 372.10	324 367.11
UNICEF interoffice account	8 182 441.61	7 960 827.40	221 614.21
Deferred income - future campaign	<u>16 970.44</u>	<u>4 175.00</u>	<u>12 795.44</u>
	9 078 151.26	8 519 374.50	<u>558 776.76</u>
Excess of assets over liabilities	<u>13 299 348.41</u>	<u>10 919 148.47</u>	<u>2 380 199.94</u>

Statement III and notes 1 to 7 form an integral part of this statement and should be read in conjunction therewith.

CERTIFIED CORRECT

(Signed)
Giovanni CAVAGLIA
Comptroller

APPROVED

(Signed)
Henry R. LABOUISSSE
Executive Director

STATEMENT III

Budget commitments, obligations incurred and unencumbered balances
for the season ended 30 April 1976
(In United States dollars)

	Budget Estimate			Obligations Incurred	
	Original	Approved transfers	Revised	Liquidated and unliquidated	Unencumbered balances
Section 1. Fixed staff costs					
Established posts	2 344 000	(84 500)	2 259 500	2 156 296.06	103 203.94
Short-term Professional personnel	50 800	23 200	74 000	73 169.34	830.66
Short-term General Service personnel	185 100	57 000	242 100	240 673.00	1 427.00
Overtime	8 000	18 400	26 400	26 136.57	263.43
Travel, removal and installation	15 000	19 000	34 000	32 928.45	1 071.55
Separation and repatriation payments	2 000	11 000	13 000	11 327.84	1 672.16
Contributions, Pension Fund	307 000	(10 000)	297 000	266 700.45	30 299.57
Dependency allowances and education grants	66 800	1 800	68 600	56 993.15	11 606.85
Compensatory payments	2 000	(1 000)	1 000	614.29	385.71
Travel on home leave	25 300	(10 000)	15 300	7 044.55	8 255.45
Staff training	11 800	(1 800)	10 000	3 440.90	6 559.10
Staff welfare	2 500	(1 000)	1 500	184.53	1 315.47
Medical insurance and related payments	43 000	6 000	49 000	33 517.21	15 682.79
Total section 1	3 063 300	28 100	3 091 400	2 908 826.32	182 573.68
Section 2. Other fixed costs					
Travel on official business	158 700	(24 600)	134 100	133 582.78	517.22
Freight	3 000	6 000	9 000	8 138.97	861.03
Order handling	66 700	33 000	99 700	98 405.60	1 294.40
Communications	105 000	27 000	132 000	130 074.89	1 925.11
Rental and maintenance of premises and storage	747 100	(45 000)	702 100	701 213.19	886.81
Office supplies	40 000	3 000	43 000	42 389.68	610.32
Miscellaneous supplies and services	60 000	6 000	66 000	64 413.51	1 586.69
Conferences and liaison	35 000	24 000	59 000	58 183.02	816.98
Machinery depreciation	20 200	9 000	29 200	27 032.34	2 167.66
Rental and maintenance of office and accounting equipment	13 000	200	13 200	13 120.88	79.12
Computer Services	178 500	(8 500)	170 000	168 762.27	1 237.73
External and internal audit costs	72 000	-	72 000	70 792.00	1 208.00
Hospitality	7 500	(3 000)	4 500	3 433.68	1 046.32
Furniture and office equipment	18 000	5 100	23 100	22 309.47	790.53
Payment to UNICEF for services	162 000	-	162 000	162 000.00	-
Total section 2	1 686 700	32 200	1 718 900	1 703 872.08	15 027.92

STATEMENT III (continued)

Budget commitments, obligations incurred and unencumbered balances
for the season ended 30 April 1978

(In United States dollars)

	Budget estimate		Obligations incurred	
	Original	Approved transfers	Liquidated & unliquidated	Unencumbered balances
<u>Section 3. Variable products costs</u>				
Cards and stationery	4 120 000	-	4 034 967.30	85 032.70
Calendars	1 503 000	(25 200)	521 016.80	956 783.20
Posters	-	-	-	-
Educoll	40 000	5 200	44 798.41	401.59
Total section 3	5 663 000	(20 000)	4 600 782.51	1 042 217.49
<u>Section 4. Variable sales and promotion costs</u>				
Freight on finished goods	564 000	(90 300)	462 513.86	11 186.14
Brochure printing	951 000	24 000	864 214.47	110 785.53
Other sales materials and services	222 000	26 000	198 434.57	49 565.43
Total section 4	1 737 000	(40 300)	1 525 162.90	171 537.10
Total operating expenditure	12 150 000	-	10 738 643.81	1 411 356.19

NOTES TO FINANCIAL STATEMENTS

1. This year the comparative statement of income and expenditure of the Greeting Card Operation is presented to show variable and fixed costs separately. The figures for 1976 have been adjusted for comparison with 1977.
2. The financial report for 1977 includes a statement of assets and liabilities of the Greeting Card Operation. In the UNICEF accounts, assets and liabilities relating to the Greeting Card Operation are consolidated at the periodic closure of UNICEF accounts.
3. Accounts receivable as at 30 April 1978 totalled \$16,697,617 compared with \$14,753,256 at 30 April 1977. Of the amount of \$16,697,617, receivables from UNICEF National Committees totalled \$14,836,830 and from United Nations agencies \$1,438,908.
4. The cost of production and distribution equipment acquired after 1 May 1975 was \$72,180. In addition, other production and distribution equipment in use at headquarters had an acquisition cost of \$121,751. The value of this equipment is not reported in the accounts as an asset since its cost was charged to production costs in prior years' budgets. The cost of other non-expendable equipment, office furniture and machines etc., still in use at headquarters but not included in the accounts as an asset, amounted to \$152,816.
5. During the 1977 season approximately 2.2 million boxed cards of old designs no longer considered saleable were donated to approved organizations or disposed of as scrap paper. In addition about 16 million unfinished cards were also disposed of. At 30 April 1978 global stocks of 1977 and earlier cards totalled 49.8 million boxed cards. There were also printed sheets from which it would be possible to finish 88.8 million cards.
6. Raw materials and products in process were valued at \$1,830,619 and \$1,952,447 respectively at cost. A value of \$275,717 has been placed on the inventory of finished goods representing the production cost of 1977 cards and other items in stock at 30 April 1978 which will be offered for sale in the 1978 season.
7. The Executive Board at its May 1977 session approved budget estimates (E/ICEF/AB/L.175) for the 1977 season of \$12,150,000. Obligations incurred against these estimates amounted to \$10,738,644. The unencumbered balance of \$1,411,356 has been cancelled.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greeting Card Operation (GCO) follows the accounting policies of UNICEF except for the following matters which are relevant to GCO only.

- (a) The financial period of the operation is one year from 1 May to 30 April.
- (b) Most sales are made on a "sale or return basis", therefore income is recognized when actual sales are reported by National Committees and other sales outlets. Transfers of cards, calendars and other saleable items to sales outlets and returns from sales outlets are recorded in separate stock accounts and are reconciled annually with reported sales and receipts of proceeds.
- (c) Production and distribution equipment acquired is charged to a fixed assets account and depreciated on a straight line basis over the expected life of the asset. However all assets are depreciated in a period of not more than five years. Office furniture and equipment and other non-expendables, except production and distribution equipment, are not capitalized and are charged against budget accounts in the year of purchase.
- (d) The costs of raw materials required for production, paper, envelopes, boxes, etc., are charged to an inventory account at the time of acquisition. Cost of material used is charged to a budget account at the time the material enters the production process. Discharges from inventory are made on an average cost basis.
- (e) Only those finished goods on hand at the close of the financial year which are to be offered for sale in the subsequent year are valued at production cost; the others are written down to zero valuation. Inventory of raw materials, paper, envelopes, boxes, etc., is valued at average acquisition cost. Products in process for sale in following campaign years are valued at production cost.

SCHEDULES SUPPORTING THE FINANCIAL STATEMENTS

SCHEDULE 1

Comparative statement of gross proceeds, net operational
income and excess of income over expenditures

	<u>1977 season</u>		<u>1976 season</u>	
	<u>Amount</u> \$	<u>Percentage of gross sales</u>	<u>Amount</u> \$	<u>Percentage of gross sales</u>
<u>Gross proceeds</u>	31 565 468	100.0	28 425 345	100.0
<u>Commissions, duties and taxes</u>	<u>7 960 337</u> 23 605 131	<u>25.2</u> 74.8	<u>7 578 789</u> 20 846 556	<u>26.6</u> 73.4
Deduct: Variable sales and production costs	<u>6 125 945</u>	<u>19.4</u>	<u>6 540 715</u>	<u>23.0</u>
<u>Gross profit on sales</u>	17 479 186	55.4	14 305 841	50.3
Less: Staff and other fixed costs	<u>4 612 699</u>	<u>14.6</u>	<u>3 714 393</u>	<u>13.1</u>
<u>Operational net income</u>	12 866 487	40.8	10 591 448	37.3
<u>Other income and (expenses)</u>	<u>432 861</u>	<u>1.4</u>	<u>327 700</u>	<u>1.1</u>
<u>Excess of income over expenditure</u>	<u>13 299 348</u> =====	<u>42.2</u> =====	<u>10 919 148</u> =====	<u>38.4</u> =====

SCHEDULE 2

Other income for the 1977 season
with comparative figures for the 1976 season

	1977 season	1976 season	Increase (decrease)
	\$	\$	\$
Staff assessment plan	367 126.45	284 382.06	82 744.39
Exchange adjustments (net)	38 532.91	(66 024.01)	104 556.92
Donations and contributions for postage	68 156.51	48 408.76	19 747.75
Discounts from vendors on material purchased	23 641.58	28 804.09	(5 162.51)
Adjustment of accounts payable related to prior year budget	(19 178.90)	9 996.43	(29 175.33)
Loss on sale or destruction of obsolete packing material	(38 047.92)	-	(38 047.92)
Value of materials recovered from decollating, net of decollating cost		35 780.55	(35 780.55)
Sales of obsolete equipment		865.86	(865.86)
Other miscellaneous income (net)	(7 369.33)	(14 512.91)	7 143.58
	<u>432 861.30</u>	<u>327 700.83</u>	<u>105 160.47</u>

SCHEDULE 3

Inventory at 30 April 1978 with comparative figures for the 1977 season

	30 April 1978		30 April 1977	Increase (decrease)
	\$	\$	\$	\$
<u>Production and distribution equipment</u>				
Acquisition cost	123 298.61			
Less: Depreciation	51 118.53	72 180.08	83 276.08	(11 096.00)
<u>Inventory (at cost)</u>				
<u>Raw materials (paper, envelopes, boxes, etc.)</u>				
Greeting cards and stationery	1 471 291.50			
Calendars	27 038.50			
Promotional and educational materials	332 289.17	1 830 619.17	1 515 768.61	314 850.56
<u>Products in process and finished (current campaign)</u>				
Greeting cards	160 372.06			
Calendars	23 988.35			
Educational materials	91 356.33	275 716.74	229 141.32	46 575.42
<u>Products in process (following campaigns)</u>				
Greeting cards	1 628 368.41			
Calendars	318 026.65			
Educational materials	6 051.77	1 952 446.83	1 655 330.59	297 116.24
		4 058 782.74	3 400 240.52	658 542.22
<u>Total</u>	4 130 962.82	4 130 962.82	3 483 516.60	647 446.22
	=====	=====	=====	=====

SCHEDULE 4

Movement of finished cards for the 1977 season
(In millions of cards)

	<u>1977 season</u>	<u>1976 season</u>
Opening inventory	46.5	46.9
<u>Add</u> : Cards boxed for sale or transferred to sales outlets for sale in flat form	<div style="display: flex; justify-content: space-between;"> a/ <u>123.2</u> </div> <div style="display: flex; justify-content: space-between;"> <u>171.7</u> </div>	<div style="display: flex; justify-content: space-between;"> a/ <u>111.9</u> </div> <div style="display: flex; justify-content: space-between;"> <u>158.8</u> </div>
<u>Deduct</u> :		
(1) Cards sold	103.7	90.4
(2) Cards decollated	15.8	14.4
(3) Cards donated, destroyed or lost	<u>2.4</u> b/	<u>5.5</u>
Closing inventory	<u>49.8</u>	<u>48.5</u>

a/ Includes 14.2 million prior years' cards boxed in 1977 season and 11.6 million in 1976 season.

b/ 2.2 million old cards no longer saleable were destroyed or donated. Losses in transit and at sales outlets and adjustments following physical count accounted for the remainder of 0.2 million.

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