

**UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES IN THE NEAR EAST**

FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 1987
and
REPORT OF THE BOARD OF AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-THIRD SESSION

SUPPLEMENT No. 5C (A/43/5/Add.3)



UNITED NATIONS

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UNITED NATIONS

New York, 1988

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[7 July 1988]

CONTENTS

	Page
LETTERS OF TRANSMITTAL	v
I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1987	1
II. REPORT OF THE BOARD OF AUDITORS	5
III. AUDIT OPINION	13
IV. CERTIFICATION OF THE FINANCIAL STATEMENTS	14
V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1987	15
ALL FUNDS	
<u>Statement I.</u> Budget and expenditure for the year ended 31 December 1987	16
<u>Statement II.</u> Income and expenditure for the year ended 31 December 1987	17
<u>Statement III.</u> Assets and liabilities as at 31 December 1987	18
GENERAL FUND	
<u>Statement IV.</u> Income and expenditure for the year ended 31 December 1987	19
<u>Statement V.</u> Assets and liabilities as at 31 December 1987	20
<u>Statement VI.</u> Working Capital (operating reserve) for the year ended 31 December 1987	21
Schedule 1 Expenditure for the year ended 31 December 1987	22
Schedule 2 Report on cash contributions as at 31 December 1987 ..	26
Schedule 3 Report on in kind contributions as at 31 December 1987	29
Schedule 4 Miscellaneous income for the year ended 31 December 1987	32
Schedule 5 Adjustments to prior years' accounts	33
Schedule 6 Production and sales for the year ended 31 December 1987	34

CONTENTS (continued)

	Page
PROJECT FUNDS	
<u>Statement VII.</u> Income and expenditure for the year ended 31 December 1987	35
<u>Statement VIII.</u> Assets, receivables and liabilities as at 31 December 1987	38
Schedule 7 Report on cash contributions as at 31 December 1987 ..	41
Schedule 8 Report on in kind contributions as at 31 December 1987	45
LEBANON EMERGENCY FUND	
<u>Statement IX.</u> Income and expenditure for the year ended 31 December 1987	46
<u>Statement X.</u> Assets and liabilities as at 31 December 1987	47
Schedule 9 Report on cash contributions as at 31 December 1987 ..	48
Schedule 10 Report on in kind contributions as at 31 December 1987	49
AREA STAFF PROVIDENT FUND	
<u>Statement XI.</u> Income distribution account for the year ended 31 December 1987	50
<u>Statement XII.</u> Unallocated surplus account for the year ended 31 December 1987	51
<u>Statement XIII.</u> Assets and liabilities as at 31 December 1987	52
Schedule 11 Investments and investment income for the year ended 31 December 1987	54
Notes to the financial statements	56

LETTERS OF TRANSMITTAL

28 March 1988

Sir,

Pursuant to financial regulation 12.2 I have the honour to submit the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1987, which I hereby approve. The financial statements have been prepared and certified correct by the Comptroller.

Accept, Sir, the assurances of my highest consideration.

(Signed) Giorgio GIACOMELLI
Commissioner-General

The Chairman of the board of Auditors
United Nations
New York

Sir,

I have the honour to transmit to you the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial period ended 31 December 1987, which were submitted by the Commissioner-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, 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.

(Signed) André CHANDERNAGOR
Senior President of the
Court of Accounts of France
and Chairman of the
United Nations Board of Auditors

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

Operations

1. The United Nations Relief and Works Agency (UNRWA) provides education, health and relief services to over 2 million Palestine refugees in five areas in the Near East: Lebanon, Syria, Jordan, the West Bank and Gaza. Its headquarters is in Vienna, with part of it located in Amman.
2. In 1987, a total of 348,639 Palestine refugee children enrolled in UNRWA's 635 elementary and preparatory schools served by a teaching force of 9,991 teachers. An additional 56,692 pupils attended government and private schools at these two cycles. Vocational, technical and pre-service teacher training was provided in seven training centres, with a total enrolment of 4,223 trainees and 416 instructors (the Sibilin Training Centre in Lebanon was not operative in 1987). In addition, the Institute of Education provided in-service training courses for 773 teachers through the Education Development Centres in each field. At the university level, 385 scholars benefited from the Agency's scholarship programme. Total expenditure in 1987 on the education programme amounted to \$108.7 million, against a budget of \$111.3 million, representing about 55 per cent of the Agency's total regular budget.
3. The health programme covers curative and preventive medical services, which are provided through nearly 100 health clinics. In 1987, 3,025,136 visits were paid to these clinics by refugee patients in need of medical treatment. Hospitalisation is provided at heavily subsidised rates in 34 hospitals with which the Agency has special agreements. In 1987, the number of bed days utilized by refugees in these hospitals amounted to 89,736. Sanitation services are also part of the health programme as is the Supplementary Feeding Programme, through which 18,000 pre-school children receive a full midday meal six days a week. In 1987, no less than 29,000 beneficiaries received meals, which were served in 94 supplementary feeding centres. Efforts are now being intensified in order to reach all those children who are in need of the service. Total expenditure in 1987 on the health programme amounted to \$37.3 million, against a budget of \$38.9 million, representing about 20 per cent of the Agency's total regular budget.
4. The Agency's relief services consist of a programme for Special Hardship Cases and a general welfare programme. In 1987, 30,549 families, representing 4.68 per cent of the registered refugee population, received Special Hardship Cases assistance, consisting of food, clothing, blankets, small amounts of cash aid, cash grants for income-generating projects, assistance in the repair or reconstruction of shelters and preferential access to vocational and teacher training. The general welfare programme comprises casework, women's activities, adult training courses, education and training of the disabled, promotion of self-support projects and assistance to refugees in emergency situations. The Agency also encourages, but does not organize, youth activities. All eligible refugees may benefit from the general welfare programme. Total expenditure in 1987 on the relief services programme amounted to \$22.0 million, against a budget of \$20.4 million, representing about 10 per cent of the Agency's total regular budget.

5. Reacting to the severely deteriorating conditions in Lebanon caused by the camp wars and the general civil unrest throughout the country, the Commissioner-General launched an appeal in February 1987 for additional resources to alleviate the suffering among the Palestine refugees living in Lebanon. In response to that initiative, UNRWA received almost \$1 million in 1987. More than \$8 million was spent in that year, mainly on three general distributions of rations to refugees, on other emergency supplies, on hospitalization and on additional international staff needed to maintain and control the Agency's activities in the very complex situation that prevails in Lebanon.

6. For reasons of security, it was not possible in 1987 to start repairing refugee shelters that had been damaged during the camp wars. Part of the balance at year-end, about \$6.7 million, is, however, available for that purpose in 1988, if and when conditions permit the Agency to initiate the activity, for which the technical preparations have already been made. The financial situation regarding the Lebanon Emergency Programme is shown separately in this year's accounts.

7. In December 1987, Agency activities in the occupied territories became affected as a result of the beginning of the uprising by the refugee population and by the measures taken by the Civil Administration in those areas. It was, however, only in 1988 that this came to have any significant financial implications for the Agency. Special donations have been received and a programme in addition to the Agency's regular activities is now being implemented. These extraordinary measures for the occupied territories are treated as a separate activity in the same way as the Lebanon Emergency Programme and will be reported accordingly in the accounts for 1988.

1987 budget and expenditure

8. As shown in statement I, the Agency's budget for 1987 as contained in the annual report of the Commissioner-General to the General Assembly ^{1/} amounted to \$178.8 million for the General Fund. Revised budget figures for project funds amounted to \$13.7 million for funded ongoing activities and \$10.0 million for capital and special projects, giving a total of \$202.5 million for both the General and project funds.

9. Expenditure over budget as shown for the General Fund was primarily caused by the increased valuations in United States dollars that donors attributed to their in-kind contributions. Expenditure on education services as part of the Agency's funded ongoing activities exceeded the budget by about \$900,000. This was a result of increased contributions and expenditure for the Ramallah Training Centres in the West Bank. Mainly because of insufficient funding in terms of special contributions, the Agency spent only about \$4 million on capital and special projects, which represented about 40 per cent of the budget for this purpose.

10. The budget figure for the Lebanon Emergency Fund, as shown in statement I, is the amount requested by the Commissioner-General in his appeal to Governments in February 1987, which was based on a survey of requirements for services and preliminary cost estimates. Of this amount, almost \$15 million has so far been

^{1/} Official Records of the General Assembly, Forty-second Session, Supplement No. 13 (A/42/13 and Add.1).

received. For reasons explained earlier, less than \$8 million was spent in 1987, leaving a balance of \$7 million to be spent in 1988.

Financial results

11. As shown in statement II, the Agency ended 1987 with an excess of income over expenditure under the General Fund amounting to \$3.0 million. This must, however, be seen in relation to the large deficits experienced in earlier years and to the Agency's need therefore to consolidate its financial situation by slowing rebuilding its much depleted working capital. This now totals \$25.8 million, as shown in statements III, V and VI, which is still not adequate in relation to the size of the Agency's financial requirements. It may be noted that these requirements also continue to grow. For instance, the expenditure in 1987 from the General Fund was \$10.3 million, or six per cent higher than that in 1986.

12. The working capital account of UNRWA is not a statutory operating reserve but rather the balance remaining in the General Fund after liabilities are deducted from assets. The working capital account is used for three purposes: (a) to meet temporary, current year imbalances in cash flow; (b) to fund unforeseen emergency needs; and (c) to meet any extraordinary liquidating liabilities in the event of a substantial reduction in the Agency's programme. The working capital now available represents less than two months' operating expenses of the General Fund.

13. The excess of income over expenditure for the project funds amounting to \$4.1 million is largely owing to the fact that the contributions that were reallocated from the General Fund during the latter half of 1987 had not been spent by the end of the year. Such reallocations, amounting to a total of \$4.2 million, were made for the following construction projects:

- (a) Museireib School in Syria;
- (b) New Field Office in Syria;
- (c) Wadi Seer School in Jordan;
- (d) Waqqas School in Jordan;
- (e) The move of the Education Development Centre in Amman to the Amman Training Centre;
- (f) Yarmouk School in Syria.

Added to this list for technical reasons was an allocation of \$212,000 for the purchase of certain equipment for the Vocational Training Centre in Gaza.

14. During 1987, UNRWA had under implementation 58 projects funded by special contributions. Statement VII shows income and expenditure in 1987 for each project, while statement VIII contains the assets, receivables and liabilities of each project fund as at 31 December 1987.

15. Statement III shows an overall increase in the Agency's operating reserves. More than 40 per cent of these reserves are, however, earmarked or obligated for special purposes. They could therefore not be used to cover part of the costs of the Agency's core programmes, if such a need were to occur.

16. The income and expenditure for the Agency's emergency programme in Lebanon, which were in 1986 included in the General Fund, are in 1987 shown separately in statement IX, while the assets and liabilities of the Lebanon Emergency Fund are shown in statement X.

17. The accounts of the Area Staff Provident Fund are shown in statements XI to XIII. Net investment income increased from \$46.5 million in 1986 to \$48.6 million in 1987 and the total assets of the Fund rose from \$341.3 million to \$399.5 million.

18. The changes in the administrative structure and investment philosophy of the Fund as recommended by the investment consultants continue to be implemented. A Global Custodian has now been appointed.

19. The loan scheme, which was established to assist participants by making funds available for housing and educational purposes, is running in its third year. At 31 December 1987, outstanding loans totalled \$5.8 million, as compared to \$6.3 million in 1986 and \$2.3 million in 1985.

20. Following the recommendation of the Provident Fund Advisory Committee, area staff rule 106.1 was amended in 1987 to allow participants separating from the Agency service to defer, partially or in full, final withdrawal of their provident fund benefits for up to four years after separation. At 31 December 1987, such retirees' credits amounted to \$4,098,032 in respect of some 89 separated participants.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article XII of the Financial Regulations of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Board of Auditors has audited the accounts of UNRWA for the year ended 31 December 1987.
2. The examination was made in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at UNRWA headquarters at Vienna and at the Agency's field offices in the Syrian Arab Republic and Gaza.
3. During the year under review, the Board of Auditors continued its normal practice of reporting the results of specific audits and issuing management letters containing detailed observations and recommendations to the Administration. This practice has helped to maintain a continuous dialogue with the Administration.
4. The following are the most significant matters arising from our audit examination. We have discussed these matters with the Administration, whose responses are referred to as appropriate.

Summary of recommendations

5. We recommend that the following corrective actions, presented in order of priority, be taken:
 - (a) The Financial Regulations and Rules of UNRWA should be revised with a view to bringing them in line with current accounting policy;
 - (b) The amount of contributions receivable in cash (contributions pledged but unpaid at year-end) should be disclosed in a note on the face of the statements of assets and liabilities relating to all funds, the General Fund, and the Lebanon Emergency Fund.

Summary of findings

6. Following a change in accounting policy introduced on the eve of closing the 1987 accounts of the Agency, income, whether in cash or in kind, is recognized on a cash basis.
7. As a consequence of the foregoing, the 1987 financial statements are not prepared on a basis consistent with that of the preceding financial period, nor with the current Financial Regulations and Rules of UNRWA. This is mentioned in the summary of significant accounting policies attached to the financial statements.
8. Contributions receivable, which are no longer reflected in the financial statements, should be disclosed in a note on the face of statements III, V and X.

9. Other accounts receivable continue to be accounted for on the accrual basis and this should be reflected in a rewording of note 1 (b) of the summary of significant accounting policies.

10. The amount of the working capital disclosed in statement III is no longer consistent with the 1986 amount shown on the same statement. The 1986 amount should have been restated.

11. Adjustments to prior years' income charged to 1987 income accruing to the General Fund include accounts receivable and payable relating to the Area Staff Provident Fund, the operations of which should be strictly segregated from those of the Agency.

12. Accounts payable, which had already risen in 1986, further increased in 1987.

13. The proceeds of voluntary contributions to schools as well as of the contracting out of canteen catering are now regularly reported in the project funds statements of the Agency.

14. The administration and control of projects need to be strengthened.

15. The costs of maintaining one outstationed office appear questionable in view of the services rendered by that office.

16. Temporary assistance funds have been used in one field office to fill vacant established posts for periods exceeding six months.

Financial statements

17. Under the fund accounting system operated by the Agency, a new fund was established in 1987. The purpose of the Lebanon Emergency Fund is to "alleviate the hardship imposed on Palestine Refugees due to the camp wars and the general civil unrest prevailing throughout this area of operations" (note 1 (a) of the financial statements).

18. The Board appreciated that, pursuant to previous observations, the financial statements include a consolidated statement of assets and liabilities (statement III) disclosing the financial situation of the General Fund, the project funds and the Lebanon Emergency Fund as at 31 December 1987.

19. The consolidated cash position of the Agency disclosed in statement III amounts to \$US 58.4 million. The liquidity position considered on a broad basis (working capital or General Fund balance, project funds balance, Lebanon Emergency Fund balance, plus income received in advance) amounts to \$47.5 million, of which \$21.7 million are earmarked for non-core programmes of the Agency. However, core programmes of the Agency benefit from the accumulated earmarked balances in that interest earnings derived from the investment of such balances (\$3.3 million in 1987), together with other interest income, accrue to the General Fund (Miscellaneous income). Similarly, exchange gains or losses resulting from all categories of transactions accrue to the General Fund income (\$1.16 million gain in 1987).

Change in accounting policy

20. In 1987, the Agency introduced a new accounting policy with respect to contributions. This policy was stated as follows in the original note 1 (b) to the 1987 financial statements (the note was subsequently amended as indicated in paragraph 25 below): "The Agency's income and assets are recognized on the cash basis of accounting, while its expenditure and liabilities are recognized on the accrual basis of accounting. (This represents a change of policy as cash income from Governments and assets used to be recognized on an accrual basis). This is in line with the Agency's policy of basing its accounts on the premise of a going concern and on the principle of prudence". In its 1986 report, the Board had noted that, contrary to the (then) stated accounting policies, contributions in kind were actually accounted for on a cash basis. But the change introduced in 1987 represents a complete reversal of policy, as it provides for the recording of both contributions in kind and contributions in cash on the cash basis of accounting.

21. The new policy was introduced at the time of closing the 1987 accounts, while all transactions had been recorded on the basis of the previous one. This necessitated a number of accounting entries to be posted on the eve of the closure of the 1987 accounts. The Administration explained that "the change in accounting policy with regard to contributions was done on the recommendation of the external auditors". However, we wish to point out that the recommendations included in the 1986 report of the Board related only to contributions in kind and that the new policy was not discussed with the external auditors prior to implementation. As a matter of fact, in our opinion, such a hasty restatement of the 1987 accounts was not justified. It resulted in the new policy no longer being in compliance with the Financial Regulations which could not be revised in time. The Administration included a specific note in its summary of significant accounting policies to the effect that "The Agency's Financial Regulations as established in 1950 and later revised in 1952, 1959 and 1962 by the Commissioner-General, in consultation with the Secretary-General and the Advisory Committee on Administration and Budgetary Questions, need to be reviewed in the light of the changes that have been made during the past few years in the Agency's accounting policies. On this subject, the Agency has initiated action to amend the Financial Regulations". However, it appears that it would have been more appropriate to modify the financial regulations and rules in compliance with the proper procedures before introducing the new accounting policy rather than the other way around.

22. The consequences of the new policy in respect of the 1987 financial statements are commented upon in the following observations.

Contributions receivable

23. As recalled above, in its 1986 report, the Board had underlined the different accounting treatment of contributions in cash and contributions in kind and the fact that recognizing contributions in kind at the time they were "used" ran contrary to the (then) stated accounting policy of recording income on an accrual basis. The new accounting policy does away with such differences. All categories of contributions, whether in cash or in kind, are recognized in the accounts on a cash basis. Contributions in kind from Governments, intergovernmental, United Nations and non-governmental organizations are recorded at the value indicated by the donor. As a result, contributions receivable are no longer disclosed in the statements of assets and liabilities (statement III; All funds, statement V; General Fund, and statement X; Lebanon Emergency Fund). Regarding statement VIII

(Project Funds: Assets, receivables and liabilities), contributions receivable are disclosed and the fund balance is reported as "including receivables" as well as "excluding receivables". In all cases (General Fund, project funds, Lebanon Emergency Fund), pledged contributions unpaid or undelivered (receivables) are disclosed in schedules attached to the statements. As at 31 December 1987, they were as follows:

<u>United States dollars</u>	<u>General Fund</u>	<u>Project funds</u>	<u>Lebanon Emergency Fund</u>
Contributions receivable in cash	7 768 346	5 170 031	-
Contributions receivable in kind	<u>2 505 644</u>	<u>234 270</u>	<u>502 294</u>
Total	10 273 989	5 404 301	502 294

24. In order for the statements to represent fairly the financial situation of the Agency at year-end, the Board recommends that, as a minimum, contributions receivable in cash be disclosed in a note on the face of statements III, V and X. The Administration agreed to disclose this information by expanding note 1 (b) to the financial statements. While agreeing that this is an improvement, the Board reiterates its recommendations to disclose such information as a footnote on the face of the relevant statements.

25. Other accounts receivable (\$2,574,428 net) in statement III continue to be accounted for on an accrual basis which is not in line with the new accounting policy, and results in similar categories of assets being accounted for on different accounting bases. However, since the disclosure of accounts receivable is obviously significant to the statements, we recommended that accounts receivable continue to be reported and that note 1 (b) outlining the new accounting policy be modified to read: "the Agency's income (instead of "income and assets") is recognized on the cash basis of accounting". The Administration concurred and amended note 1 (b) to the financial statements accordingly.

26. Since the working capital, also called operating reserve, is the difference between current assets and current liabilities (statements III and VI), and since contributions receivable are no longer recorded in assets, it follows that the reserve is understated relative to the 1986 amounts reported in the first column of these statements, and therefore cannot be compared to this amount. If the 1986 amounts had been restated to exclude contributions receivable, the comparison would have read as follows (all figures in United States dollars):

<u>Operating reserve</u>	<u>1986</u>	<u>1987</u>
General Fund	15 442 746	25 835 121
Project funds	7 818 153	12 747 239
Lebanon Emergency Fund	<u>-</u>	<u>6 687 064</u>
Total	<u>23 260 899</u>	<u>45 269 424</u>

The Board recommends that such correction be reflected in a note to the financial statements. The Administration concurred and amended note 1 (b) to the financial statements accordingly.

27. The change in accounting policy in 1987 implied a write-off of contributions receivable in kind of \$950,885 which had been exceptionally recorded in 1986. Since only \$907,764 were received in 1987, expenditures charged to the General Fund in 1986 were overstated and had to be adjusted downwards by \$43,121 in 1987.

Adjustments to prior years

28. Pursuant to prior recommendations, adjustments to prior years' accounts are reflected on a gross basis in a specific schedule (schedule 5). As a result of the change in accounting policy, adjustments to prior year's income were exceptionally important in 1987 and amounted to \$5,251,687.

29. The bulk of these adjustments results from writing off contributions receivable in cash as well as in kind (para. 28 above refers) recorded as assets in the 1986 statement of assets and liabilities and which are no longer taken into account in 1987. However, we observed that the "contributions receivable" caption in schedule 5 also includes adjustments of a very different nature which should have been disclosed separately in order to render the schedule of adjustments more meaningful.

30. Schedule 5 also includes adjustments clearing a number of receivables and payable against 1987 income. However, we observed, as we already had in the 1986 report, that such adjustments were incorporating into the Agency's financial statements operations relating to the Area Staff Provident Fund account (e.g., payment of benefits to separated participants that had remained unclaimed and had been credited to the working capital account of the Agency). In the opinion of the Board, this is not appropriate since the Agency is but a trustee of the Provident Fund and their operations ought to be strictly segregated. Therefore, we recommend that corrective action be taken in future.

31. The Administration explained that, in its opinion, "the question raised was arguable from either side", and that, in any case, the amounts concerned did not exceed \$200,000 and therefore were not material to the statements. While we agree with the Administration that there is no need to amend the 1987 financial statements, we wish to reiterate our recommendation that the present practice be corrected in future.

Accounts receivable and payable

32. Pursuant to a previous recommendation, accounts receivable are reported on a gross basis and the provision for uncollectible amounts is shown on a separate line.

33. Regarding accounts payable, we observed that their amount which was already substantial as at 31 December 1986 (\$7.9 million) further increased in 1987 (\$11 million as at 31 December 1987). We noted that, following a similar observation in the 1986 report of the Board, the Administration had undertaken to implement corrective action in 1987.

34. The Administration explained that corrective action had been taken with regard to one major item relating to 1986 and that the major factors for the increase in

payables in 1987 related to outstanding purchase orders and retroactive salary increases in one field.

Production units inventory

35. Pursuant to previous observations, the production units inventory (\$344,288) is accurately reflected as a stock in statement V and no longer regarded as a deferred charge. Also, the Board noted that, as of 1988, the accounts of the production units which are all meant to be self-supporting would be shown separately (note 1 (f) to the financial statement refers).

Project funds

36. The Board noted that, pursuant to its previous recommendations, the proceeds of contracting out canteen catering services as well as of voluntary contributions to schools were duly accounted for in 1987 and reported under a project fund.

Project management

37. The project management manual issued in February 1986 to establish policies and procedures for "projects which are outside the Agency's General Fund" does not provide for accounting procedures concerning these projects. It does not clearly differentiate between the so-called "projects" financed out of the general fund, which are frequently ongoing activities entailing recurring expenditures (e.g., operating costs, fellowships), and actual projects which should be "temporary activities with typical lives of up to five years" and should be financed out of specific "project funds". Out of 56 ongoing "projects" listed in Gaza, 13 are financed out of the General Fund, and 43 are financed out of nine "project funds". In addition, a tenth "project fund" under the heading "Other Gaza projects", is principally devoted to financing the training of teachers. Some of these projects had been going on for seven years.

38. The Administration concurred that management and control of projects needed to be improved. It indicated that "some action has already been taken in this respect. A master list of projects has been compiled and the definition of the various funds has been revised" and clarified. Moreover, a revision of the project management is under way to improve the present situation.

39. Due to inflation and shortage of supplies in a field office area, contractors got into the habit of presenting numerous requests to increase the costs of signed contracts. Contracts for cleaning services, transportation, maintenance and construction are cases in point. Most requests have been accepted, although some have been rejected. Such alterations may affect not only the previous competition between bidders but also the consistency of the contract. We recommend that all tendered contracts include a provision spelling out the circumstances under which the contractor may receive additional compensation and the method to be used to compute such compensation.

Field office

40. We pointed out to the Administration that the costs incurred for one of the outstationed offices are not justified by its present activities, limited as they are to procurement of school textbooks and assistance to three students. The Administration explained that this description did not reflect the full extent of the office's activities and referred to a medium-term plan where a case was made not only for maintaining the present activities but also for expanding them. Nevertheless, we noted that the objectives assigned to the office are so general in nature that this cannot appear to warrant its expansion. We intend to pursue the matter with the Administration in the future.

Area staff

41. We noticed that 12 out of 15 posts that had been vacant in a field office for a period of one year were filled on a temporary basis in January 1988. Keeping these posts without a permanent incumbent for such a long period of time does not appear to be appropriate. Moreover, the appointment of temporary assistants runs against personnel directives, which state that temporary assistance may not be used to pay for the costs of staff members employed against vacant posts for periods exceeding six months. Besides, we noted that temporary assistance is often used as a probationary process, thus allowing department heads to select an employee outside regular recruitment procedures. The Administration concurred with our observation and indicated that the problem was currently under review by the Department of Personnel at UNRWA headquarters.

Area Staff Provident Fund

Valuation of investments

42. The Board noted that, pursuant to previous recommendations, the market value of the investments of the Provident Fund was disclosed in note 9 (a) to the financial statements.

General administration costs

43. General administration costs amounted to \$302,934 in 1987, which is about twice the 1986 amount of \$161,679.

Comments on matters dealt with in the 1986 report

44. As reported in the present report, the Agency complied with the main recommendations contained in the 1986 report of the Board.

Acknowledgement

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

(Signed) André CHANDERNAGOR
Senior President,
Court of Accounts of France

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

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit,
the Philippines

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to XIII, properly identified, and relevant schedules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial period ended 31 December 1987. Our examination included a general review and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.

The financial statements were prepared in accordance with the stated accounting principles. Substantial changes in the stated accounting policies were introduced in 1987 as mentioned in our report. The transactions were in accordance with the Financial Regulations and legislative authority, except for the effects of the observations mentioned in paragraph 21 of our report.

(Signed) André CHANDERNAGOR
Senior President
Court of Accounts of France
(Cour des Comptes)

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

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
the Philippines

23 June 1988

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

28 March 1988

I certify that the appended financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, numbered I to XIII, are correct.

(Signed) Hans Christain CARB
Comptroller

V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1987

STATEMENT I

ALL FUNDS

Budget and expenditure for the year ended 31 December 1987

(United States dollars)

	Budget			Expenditure		
	Cash	In kind	Total	Cash	In kind	Total
GENERAL FUND						
<u>Education services</u>						
Elementary education	53 065 000	18 000	53 083 000	53 460 445	25 400	53 485 845
Preparatory education	35 172 000	14 000	35 186 000	35 169 205	27 568	35 196 773
Vocational and professional training	9 281 000	791 000	9 072 000	8 003 152	777 303	8 780 455
Other activities	4 105 000	762 000	4 867 000	4 007 926	762 543	4 770 469
Subtotal	100 623 000	1 585 000	102 208 000	100 640 728	1 592 814	102 233 542
<u>Health services</u>						
Medical services	19 037 000	400 000	19 437 000	17 438 788	517 461	17 956 249
Environmental sanitation	6 100 000	533 000	6 633 000	6 051 439	548 127	6 599 566
Allocation to supplementary feeding	-	-	-	145 999	1 594 886	1 740 885
Subtotal	25 137 000	933 000	26 070 000	23 636 226	2 660 474	26 296 700
<u>Relief services</u>						
Shelter	597 000	270 000	867 000	566 864	321 375	888 239
Special hardship assistance	2 825 000	12 390 000	15 215 000	2 443 844	14 664 272	17 108 116
Relief and welfare services	3 579 000	-	3 579 000	3 403 264	927	3 404 191
Prior years' adjustments	-	-	-	-	(43 121)	(43 121)
Subtotal	7 001 000	12 660 000	19 661 000	6 413 972	14 943 453	21 357 425
<u>Operational services</u>						
Supply and transport services	7 257 000	290 000	7 547 000	7 644 995	236 882	7 881 877
Architectural and engineering services	1 833 000	-	1 833 000	1 576 526	-	1 576 526
Subtotal	9 090 000	290 000	9 380 000	9 221 521	236 882	9 458 403
<u>Common services</u>						
General management	9 658 000	-	9 658 000	8 633 456	12	8 633 468
Administration	11 824 000	-	11 824 000	13 162 055	535	13 162 590
Subtotal	21 482 000	-	21 482 000	21 795 511	547	21 796 058
Total, General Fund	163 333 000	15 468 000	178 801 000	161 707 958	19 434 170	181 142 128
PROJECT FUNDS						
<u>Funded ongoing activities</u>						
Education services	3 014 000	77 000	3 091 000	3 998 141	-	3 998 141
Health services	4 248 000	6 158 000	10 406 000	4 604 366	5 416 696	10 021 062
Relief services	220 000	3 000	223 000	193 292	964	194 256
Subtotal	7 482 000	6 238 000	13 720 000	8 795 799	5 417 660	14 213 459
<u>Capital and special projects</u>						
Educational services	6 023 000	-	6 023 000	2 473 969	-	2 473 969
Health services	2 427 000	-	2 427 000	960 974	-	960 974
Relief services	513 000	-	513 000	407 031	-	407 031
Operational services	56 000	-	56 000	81 473	-	81 473
Common services	1 000 000	-	1 000 000	24 596	-	24 596
Subtotal	10 019 000	-	10 019 000	3 948 043	-	3 948 043
Total, project funds	17 501 000	6 238 000	23 739 000	12 743 842	5 417 660	18 161 502
LEBANON EMERGENCY FUND	20 631 635	-	20 631 635	5 215 247	2 900 611	8 115 858
GRAND TOTAL	201 465 635	21 706 000	223 171 635	179 667 047	27 752 441	207 419 488

STATEMENT II

ALL FUNDS

Income and expenditure for the year ended 31 December 1987

(United States dollars)

1986		General Fund	Project funds	Lebanon Emergency Fund	Total
INCOME					
143 191 957	Governments (schedules 2, 3, 7, 8, 9 and 10)	148 516 252	6 665 156	12 499 646	167 681 054
32 975 784	Intergovernmental organizations (schedules 2, 3, 7, 8, 9 and 10)	30 853 943	9 130 609	2 132 841	42 117 393
8 020 532	United Nations organizations (schedules 2, 3, 7, 8, 9 and 10)	8 565 520	81 285	9 521	8 656 326
1 569 837	Non-governmental organizations (schedules 2, 3, 7, 8, 9 and 10)	685 098	888 718	125 673	1 699 489
1 059 032	Other sources (schedules 2, 3, 7, 8, 9 and 10)	34 044	1 115 533	54 075	1 203 652
-	Reallocation from General Fund to project funds (schedule 7)	(4 382 027)	4 382 027	-	-
2 170 789	Miscellaneous income (schedule 4)	3 946 272	-	-	3 946 272
-	Adjustment to prior years' income (schedule 5)	(5 251 687)	-	-	(5 251 687)
929 591	Exchange rate gains	1 160 856	-	-	1 160 856
189 917 522		184 128 271	22 263 328	14 821 756	221 213 355
- 528 244	EXPENDITURE	181 142 128	18 161 502	8 115 858	207 319 488
3 389 278	Excess of income over expenditure	2 986 143	4 101 826	6 705 898	13 793 867

STATEMENT III

ALL FUNDS

Assets and liabilities as at 31 December 1987

(United States dollars)

1986		General Fund	Project funds	Lebanon Emergency Fund	Total
ASSETS					
34 707 989	Cash on hand and in banks	33 755 928	17 430 313	7 240 454	58 426 695
	Contributions receivable:				
8 974 359	in cash	-	-	-	-
1 185 679	in kind	-	-	-	-
1 772 355	Accounts receivable				
	Less provision for uncollectible amounts	2 574 428	-	-	2 574 428
378 507	Prepaid expenses and advances to suppliers	412 493	16 029	-	428 522
102 185	Production units inventory	344 228	-	-	344 228
264 821	Due from project funds (statement VIII)	1 071 271	-	-	1 071 271
20 096	Due from Area Staff Provident Fund	381 358	-	-	381 358
<u>47 405 991</u>		<u>38 539 706</u>	<u>17 446 342</u>	<u>7 240 454</u>	<u>63 226 502</u>
LIABILITIES AND RESERVE					
Liabilities					
8 172 841	Accounts payable	11 025 451	335 184	553 390	11 914 025
3 571 435	Reserve for unliquidated obligations	1 658 291	1 031 643	-	2 689 934
1 975 957	Income received in advance:	20 843	2 261 005	-	2 281 848
264 821	Due to General Fund	-	1 071 271	-	1 071 271
13 985 054		12 704 585	4 699 103	553 390	17 957 078
Reserve					
33 420 937	Working capital (operating reserve) (statements VI, VIII and X)	25 835 121	12 747 239	6 687 064	45 269 424
<u>47 405 991</u>		<u>38 539 706</u>	<u>17 446 342</u>	<u>7 240 454</u>	<u>63 226 502</u>

STATEMENT IV

GENERAL FUND

Income and expenditure for the year ended 31 December 1987

(United States dollars)

1986		Cash	In kind	Total
	INCOME			
170 339 680	Payments and deliveries received (schedules 2 and 3)	168 269 803	20 385 054	188 654 857
-	Less: Reallocation to project funds	(4 382 027)	-	(4 382 027)
170 339 680		163 887 776	20 385 054	184 272 830
2 892 710	Miscellaneous income (schedule 4)	3 946 272	-	3 946 272
(721 921)	Adjustment to prior years' income (schedule 5)	(4 300 802)	(950 885)	(5 251 687)
929 591	Exchange rate gains	1 160 856	-	1 160 856
173 440 060		164 694 102	19 434 169	184 128 271
	EXPENDITURE			
168 647 896	Regular programme (schedule 1)	161 561 960	18 790 168	180 352 128
2 172 928	Allocation to supplementary feeding project	145 999	1 594 886	1 740 885
-	Adjustment to prior years' expenditure (schedule 5)	-	(950 885)	(950 885)
170 820 824		161 707 959	19 434 169	181 142 128
2 619 236	Excess of income over expenditure	2 986 143	-	2 986 143

STATEMENT V
GENERAL FUND

Assets and liabilities as at 31 December 1987
(United States dollars)

1986		1987
ASSETS		
22 695 588	Cash on hand and in banks	33 755 928
	Contributions receivable (schedules 2 and 3):	
6 455 347	in cash	-
950 885	in kind	-
1 772 355	Accounts receivable	2 914 245
	Less provision for uncollectible amounts	<u>339 817</u>
		2 574 428
362 656	Prepaid expenses and advances to suppliers	412 493
102 185	Production units inventory	344 228
264 821	Due from project funds (statement VIII)	1 071 271
<u>20 096</u>	Due from Area Staff Provident Fund	<u>381 358</u>
<u>32 623 933</u>		<u>38 539 706</u>
LIABILITIES AND RESERVE		
Liabilities		
7 924 643	Accounts payable	11 025 451
1 825 877	Reserve for unliquidated obligations	1 658 291
<u>24 435</u>	Income received in advance	<u>20 843</u>
9 774 955		12 704 585
Reserve		
<u>22 848 978</u>	Working capital (operating reserve) (statement VI)	<u>25 835 121</u>
<u>32 623 933</u>		<u>38 539 706</u>

STATEMENT VI

GENERAL FUND

Working capital (operating reserve) for the year ended
31 December 1987

(United States dollars)

1986		1987
19 357 996	Balance as at 1 January	22 848 978
	Add:	
2 619 236	Excess of income over expenditure	2 986 143
871 746	Savings on liquidation of prior years' commitments	-
<u>22 848 978</u>	Balance as at 31 December	<u>25 835 121</u>

SCHEDULE 1

GENERAL FUND

Expenditure for the year ended 31 December 1987

(United States dollars)

	Cash	In kind	Total
EDUCATION SERVICES			
<u>Elementary education</u>	53 460 445	25 400	53 485 845
<u>Preparatory education</u>	35 169 205	27 568	35 196 773
<u>Vocational and professional training</u>			
<u>Training conducted in UNRWA centres</u>			
Gaza Vocational Training Centre	1 460 400	46 416	1 506 816
Siblin Training Centre	532 313	-	532 313
Damascus Vocational Training Centre	1 010 852	66 180	1 077 032
Wadi Seer Training Centre	1 809 423	291 466	2 100 889
Amman Training Centre	1 529 352	50 095	1 579 447
Kalandia Vocational Training Centre	1 030 336	35 662	1 065 998
<u>Training subsidised outside UNRWA centres</u>			
Trade training	13 354	-	13 354
Adult craft training	5 101	-	5 101
<u>University education</u>			
University scholarships in Gaza	48 971	-	48 971
University scholarships in Lebanon	6 557	-	6 557
University scholarships in Syria	20 141	-	20 141
University scholarships in Jordan	120 542	-	120 542
University scholarships in the West Bank	42 904	-	42 904
<u>Placement services</u>	60 764	-	60 764
<u>Common training costs</u>	312 142	287 494	599 626
<u>Other activities</u>	4 007 926	762 543	4 770 469
Total, education services	100 640 728	1 592 814	102 233 542

SCHEDULE 1 (continued)

	Cash	In kind	Total
OPERATIONAL SERVICES			
<u>Supply and transport services</u>			
Supply warehousing	1 849 068	6 812	1 855 880
Vehicle maintenance	1 055 485	870	1 056 355
Passenger transport	1 675 985	-	1 675 985
Freight transport	1 202 130	145 074	1 347 204
Port operations	253 021	84 043	337 064
Administration	1 609 306	83	1 609 389
<u>Architectural and engineering services</u>	1 576 526	-	1 576 526
Total, operational services	9 221 521	236 882	9 458 403
COMMON SERVICES			
<u>General management</u>			
Agency administration	642 507	-	642 507
Field office administration	1 878 399	-	1 878 399
Area administration	949 545	-	949 545
Camp services administration	605 694	12	605 706
Public information services	1 692 195	-	1 692 195
External relations	597 139	-	597 139
Programme planning and evaluation services	460 249	-	460 249
Internal and external audit services	706 489	-	706 489
Legal services	516 658	-	516 658
New York liaison office	193 874	-	193 874
Cairo office	52 761	-	52 761
Lebanon temporary unit, Larnaca	337 946	-	337 946
<u>Administration</u>			
Personnel services	2 253 205	-	2 253 205
Administrative services	4 375 764	216	4 375 980
Finance services	3 125 900	-	3 125 900
Data processing services	2 130 462	-	2 130 462
Protective services	1 164 125	-	1 164 125
Production units - capital costs	55 225	319	55 544
Building maintenance services	568 488	-	568 488
Income programme support	(511 114)	-	(511 114)
Total, common services	21 795 511	547	21 796 058
Grand Total	161 707 958	19 434 170	181 142 128

SCHEDULE 1 (continued)

	Cash	In kind	Total
HEALTH SERVICES			
<u>Medical services</u>			
Pharmacy services	370 167	-	370 167
Laboratory services	462 127	213	462 340
Clinic services	8 758 149	202 196	8 960 345
Maternity centres	285 245	9 823	295 068
General hospitals	2 965 689	16 268	2 981 957
Tuberculosis control	135 201	84 159	219 360
Mental health	6 871	-	6 871
Dental care	457 870	11 102	468 972
School health services	288 494	-	288 494
Health education	191 248	-	191 248
Augusta Victoria Hospital	2 009 393	-	2 009 393
Administration	1 808 334	193 700	1 702 034
<u>Environmental sanitation</u>			
Surface-water drainage	129 676	-	129 676
Refuse and sewage disposal	5 185 898	561	5 186 459
Water supply	450 437	453 786	904 223
Insect and rodent control	56 510	-	56 510
Administration	228 918	93 780	322 698
<u>Allocation to supplementary feeding</u>	145 999	1 594 886	1 740 885
Total, health services	23 636 226	2 660 474	26 296 700
RELIEF SERVICES			
<u>Shelter</u>			
Shelter construction and maintenance	443 107	-	443 107
Roads and camp improvements	123 220	-	123 220
Camp rentals	537	321 375	321 912
<u>Special hardship assistance</u>			
Cost of supplies	152 173	14 479 860	14 632 033
Distribution costs	383 928	3 037	386 965
Other costs	1 907 743	181 375	2 089 118

SCHEDULE 1 (concluded)

	Cash	In kind	Total
Relief and welfare services			
Quality control	94 798	-	94 798
Eligibility and registration	730 699	-	730 699
Sewing centre instruction	407 538	490	408 028
Carpentry centre instruction	20 931	-	20 931
Youth activities	50 752	437	51 189
Women's activities	104 862	-	104 862
Training of handicapped youth	124 674	-	124 674
Income-generating project	1 695	-	1 695
Administration	1 867 318	-	1 867 318
Undistributed balances of payments from 1986 that were received in 1987 for certain food products and for the reimbursement of various handling costs	-	907 764	907 764
Adjustment to prior years' expenditure	-	(950 885)	(950 885)
Total, relief services	6 413 972	14 943 453	21 357 425

SCSCHEDULE 2

GENERAL FUND

Report on Cash Contributions as at 31 December 1987

(United States dollars)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987		Subtotal	Payments received during 1987	Balance as at 31 December 1987
			Local currency	United States dollars			
Governments							
Argentina		14 100	-	-	14 100	14 100	-
Australia		-	250 000	172 435	172 435	172 435	-
Austria		-	-	145 000	145 000	145 000	-
Bahrain		-	-	15 000	15 000	-	15 000
Bangladesh		-	-	5 000	5 000	-	5 000
Barbados		1 000	-	1 000	2 000	1 000	1 000
Belgium		-	18 000 000	478 215	478 215	478 215	-
Brazil		-	-	20 000	20 000	10 000	10 000
Burma		-	-	1 000	1 000	1 000	-
Cameroon		6 000	-	-	6 000	-	6 000
Canada		-	8 750 000	6 626 213	6 626 213	6 626 213	-
Chile		-	-	15 685	15 685	15 685	-
China		-	-	5 000	5 000	-	5 000
Cyprus		-	1 000	50 000	50 000	50 000	-
Denmark		-	-	2 242	2 242	-	2 242
Denmark		-	12 000 000	1 648 012	1 648 012	1 648 012	-
Egypt		-	10 000	4 505	4 505	-	4 505
Finland		-	5 000 000	1 089 805	1 089 805	1 089 805	-
France	additional contribution	-	1 700 000	393 419	393 419	393 419	-
France	additional contribution	-	9 580 000	1 569 977	1 569 977	1 569 977	-
Germany, Federal Republic of	additional contribution	-	100 000	17 547	17 547	-	17 547
Germany, Federal Republic of	special contribution	-	2 350 000	1 288 024	1 288 024	1 288 024	-
Greece		-	-	3 705 346	3 705 346	3 705 346	-
Holy See		-	-	65 000	65 000	65 000	-
Holy See	special contribution	-	-	2 500	2 500	2 500	-
Iceland		-	-	12 000	12 000	12 000	-
Iceland		-	-	9 500	9 500	9 500	-
India		16 470	-	16 333	32 803	32 803	-
Indonesia		8 000	-	-	8 000	8 000	-
Indonesia		8 000	-	-	8 000	8 000	-
Iran (Islamic Republic of)		30 000	-	-	30 000	-	30 000
Ireland		-	-	372 500	372 500	372 500	-
Italy		-	7 000 000 000	5 473 539	5 473 539	4 618 938	854 601
Italy	for VTC, Gaza	-	-	1 614 400	1 614 400	1 614 400	-
Jamaica		3 000	-	3 000	6 000	5 000	-
Japan		-	-	9 500 000	9 500 000	9 500 000	-
Korea, Republic of		-	-	5 000	5 000	5 000	-
Kuwait		-	-	600 000	600 000	600 000	-
Kuwait	additional contribution	-	-	500 000	500 000	500 000	-
Kuwait	for 1986	500 000	-	-	500 000	500 000	-
Lebanon		600 000	-	-	600 000	600 000	-
Lebanon		-	-	100	100	100	-

SCHEDULE 2 (continued)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987		Subtotal	Payments received during 1987	Balance as at 31 December 1987
			Local currency	United States dollars			
Governments (continued)							
Libyan Arab Jamahiriya	for 1982	1 250 000	-	-	1 250 000	-	1 250 000
	for 1981 (additional contribution)	3 000 000	-	-	3 000 000	-	3 000 000
Luxembourg		-	369 000	10 486	10 486	-	10 486
Malaysia		-	-	5 000	5 000	5 000	-
Maldives		-	-	1 000	1 000	1 000	-
Mauritius		-	-	1 324	1 324	1 324	-
Mexico		-	-	3 000	3 000	-	3 000
		600	-	-	600	600	-
Monaco		-	15 000	2 517	2 517	2 517	-
Netherlands		-	6 060 000	2 946 363	2 946 363	2 946 363	-
New Zealand		-	250 000	150 250	150 250	150 250	-
Norway		-	64 000 000	9 413 993	9 413 993	9 413 993	-
	for school construction	-	2 000 000	303 027	303 027	303 027	-
Oman		25 000	-	-	25 000	-	25 000
Pakistan		-	350 000	20 272	20 272	20 272	-
Philippines		-	-	2 000	2 000	2 000	-
Portugal		-	-	15 000	15 000	15 000	-
Saudi Arabia	for 1986	-	-	1 200 000	1 200 000	1 200 000	-
Senegal		-	-	4 000	4 000	4 000	-
	for 1984	5 000	-	-	5 000	5 000	-
	for 1985	5 000	-	-	5 000	5 000	-
		5 000	-	-	5 000	5 000	-
Seychelles		300	-	-	300	-	300
		-	-	500	500	-	500
Spain		-	180 000 000	1 448 628	1 448 628	1 448 628	-
Sweden		-	75 000 000	11 652 410	11 652 410	11 652 410	-
Switzerland		-	3 000 000	1 953 125	1 953 125	1 953 125	-
Thailand		-	360 500	13 881	13 881	13 881	-
Togo		624	-	-	624	624	-
		740	-	-	740	-	740
Tunisia		-	8 085	10 919	10 919	-	10 919
	for 1986	9 671	-	-	9 671	9 671	-
	for 1984	7 616	-	-	7 616	-	7 616
Turkey		-	-	35 000	35 000	-	35 000
		30 000	-	-	30 000	-	30 000
United Arab Emirates	for 1983	800 000	-	-	800 000	-	800 000
United Kingdom of Great Britain and Northern Ireland		-	5 000 000	7 859 000	7 859 000	7 859 000	-
United States of America		-	-	67 000 000	67 000 000	67 000 000	-
Uruguay		-	-	1 000	1 000	-	1 000
Venezuela		-	-	10 000	10 000	10 000	-
Total for Governments		6 326 127		139 489 092	145 815 219	138 076 257	7 738 962

SCHEDULE 2 (concluded)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987		Subtotal	Payments received during 1987	Balance as at 31 December 1987
			Local currency	United States dollars			
<u>Intergovernmental organizations</u>							
European Community	for education	-	20 000 000	22 610 000	22 610 000	22 610 000	-
Total for intergovernmental organizations		-		22 610 000	22 610 000	22 610 000	-
<u>United Nations</u>							
International staff costs		-		7 164 244	7 164 244	7 138 860	25 384
Cash withheld as reserve for other claims		-		44 943	44 943	44 943	-
Total for United Nations		-		7 209 187	7 209 187	7 183 803	25 384
<u>Non-governmental organizations</u>							
APREDA, Australia		-		14 482	14 482	14 482	-
Arabian American Oil Co. (ARAMCO)		-		156 000	156 000	156 000	-
Australian Care for Refugees (AUSTCARE)		-		2 319	2 319	2 319	-
Calouste Gulbenkian Foundation		-		13 363	13 363	13 363	-
Caritas (Swiss and German Aid)		-		10 000	10 000	10 000	-
CORSO, New Zealand		772		-	772	772	-
		11 833		3 009	14 842	14 842	-
Deutsche Stiftung for UNO Flüchtlinge-hilfe		-		16 144	16 144	16 144	-
Finnish Refugee Council		-		12 385	12 385	12 385	-
National Federation of UNESCO Assn., Japan		-		6 304	6 304	6 304	-
Norwegian Refugee Council		114 615		24 657	139 272	139 272	-
Total for non-governmental organizations		127 220		258 663	385 883	385 883	-
<u>Other sources</u>							
Jordan Travel Bureau		-		6 493	6 493	6 493	-
Sundry donors		-		7 367	7 367	7 367	-
Turkish Cypriot people ^{a/}		2 000		2 000	4 000	-	4 000
Total for other sources		2 000		15 860	17 860	13 860	4 000
Grand total		6 455 347		169 582 802	176 038 149	168 259 803	7 768 346

^{a/} The name of the contributor is that used when the contribution was pledged; it does not represent, nor should it be taken to imply, any expression of opinion by UNRWA.

SCHEDULE 3

GENERAL FUND

Report on in kind contributions as at 31 December 1987

(United States dollars)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987 United States dollars	Subtotal	Deliveries received during 1987	Balance as at 31 December 1987
Governments						
France	Rent	-	5 138	5 138	5 138	-
India	Sports supplies	-	3 720	3 720	3 720	-
Israel	Port services	-	80 945	80 945	80 945	-
	Transport services	-	145 057	145 057	145 057	-
	Water	-	68 900	68 00	68 900	-
Italy	Flour 3,500 tons	-	817 960	817 960	817 960	-
Japan	Flou. 20,702 tons	-	5 125 000	5 125 000	4 640 584	484 416
	Shipping costs	-	2 375 000	2 375 000	2 375 000	-
	Vehicles and spare parts for Wadi Seer Vocational Training Centre	-	216 665	216 665	216 665	-
Jordan	Rent	-	182 141	182 141	182 141	-
	Water	-	384 796	384 796	384 796	-
Lebanon	Rent, laboratory and X-ray services	-	1 279	1 279	1 279	-
Sri Lanka	Tea (C. and P. UNRWA ports)	-	2 000	2 000	2 000	-
Switzerland	Flour 4,000 tons (c.i.f. UNRWA ports)	-	2 500 000	2 500 000	1 308 804	1 191 196
Syrian Arab Republic	Rent	-	110 591	110 591	110 591	-
	Reimbursement of portorage costs	704	2 60	3 307	2 870	437
	Reimbursement of transport costs	2 662	11 017	13 679	12 043	1 636
United Kingdom of Great Britain and Northern Ireland	Clinic minor equipment	-	6 502	6 502	6 502	-
Yugoslavia	Various supplies	-	25 000	25 000	25 000	-
		-	25 000	25 000	25 000	-
		25 000	-	25 000	25 000	-
Total for Governments		28 366	12 089 314	12 117 680	10 439 995	1 677 685

SCHEDULE 3 (continued)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987 United States dollars	Subtotal	Deliveries received during 1987	Balance as at 31 December 1987
<u>Intergovernmental organizations</u>						
European Community	Reimbursement of handling costs (ECUs 351,000)	-	393 442	393 442	373 534	19 908
	Butter oil 1,223 tons	-	2 298 823	2 298 823	2 298 823	-
	Rice 1,672 tons	-	427 348	427 348	427 348	-
	Skin milk 1,419 tons	-	1 700 080	1 700 080	1 700 080	-
	Sugar 1,530 tons	-	464 377	464 377	464 377	-
	Sunflower oil 5 tons	-	3 994	3 994	3 994	-
	Cash for 2,208 tons of other food products	754 179	-	754 179	754 179	-
	Reimbursement of handling costs of 3,698 tons of basic commodities (ECUs 251,464)	21 140	-	21 140	-	21 140
	Reimbursement of handling costs of 2,208 tons of food products (ECUs 150,144)	147 200	-	147 200	147 200	-
	Butter oil	-	1 664	1 664	1 664	-
	Cash for 2,360 tons of other food products	-	2 708 855	2 708 855	2 072 744	636 111
	Reimbursement of handling costs	-	150 799	150 799	-	150 799
Total for intergovernmental organizations		922 519	8 149 382	9 071 901	8 243 943	827 958
<u>United Nations agencies</u>						
UNESCO	Services of staff	-	1 040 664	1 040 664	1 040 664	-
WHO	Services of staff X-ray unit	-	287 480 53 573	287 480 53 573	287 480 53 573	-
Total for United Nations agencies		-	1 381 717	1 381 717	1 381 717	-
<u>Non-governmental organizations</u>						
Church World Service	Blankets	-	15 000	15 000	15 000	-
Gaza Authorities	Rent Medical supplies	-	102 508 28 177	102 508 28 177	102 508 28 177	-
Sundry Donors	Medical supplies	-	123 553	123 553	123 553	-
Japan International Co-operation Agency	Lathe	-	29 977	29 977	29 977	-
Total for non-governmental organizations		-	299 215	299 215	299 215	-

SCHEDULE 3 (concluded)

Contributors	Description	Balance as at 1 January 1987 for 1986 and prior years	Pledges made in 1987 United States dollars	Subtotal	Deliveries received during 1987	Balance as at 31 December 1987
<u>Other sources</u>						
Hospital Sans Frontières	Medical supplies	-	6 088	6 088	6 088	-
Sundry Donors	Rent etc.	-	14 096	14 096	14 096	-
Total for other sources		-	20 184	20 184	20 184	-
Grand total		950 885	21 939 812	22 890 697	20 385 054	2 505 643

SCHEDULE 4

GENERAL FUND

Miscellaneous income for the year ended 31 December 1987

(United States dollars)

Description	Amount
Bank interest	3 346 138
Sale of empty containers and unserviceable property	66 609
Reimbursement of Area Staff Provident Fund administration costs	160 980
Profit on income producing activities (schedule 6)	150 751
Overheads recovered on procurement for other parties	94 997
Recovery of insurance and other claims	48 147
Other sources	78 650
	<u>3 946 272</u>

SCHEDULE 5

GENERAL FUND

Adjustments to prior years' accounts

(United States dollars)

Description	Cash	In kind	Total
Accounts receivable	122 603	-	122 603
Accounts payable	1 194 122	-	1 194 122
Contributions receivable	(6 570 682)	(950 885) a/	(7 521 567)
Savings on liquidation of prior years' commitments	953 155		953 155
	<u>(4 300 802)</u>	<u>(950 885)</u>	<u>(5 251 687)</u>

a/ Although this amount was not received in 1986, it was both recorded as income and charged to expenditure in that same year.

SCHEDULE 6

GENERAL FUND

Production and sales for the year ended 31 December 1987

(United States dollars)

Accounts	Embroidery centre	Carpentry unit	Printing unit	Bakery	Greeting cards and calendars	Total
<u>Production and capital costs</u>	240 160	316 590	404 223	83 940	9 940	1 054 853
Costs allocated to:						
other activities	(109 962)	(261 365)	(247 414)	(83 940)	-	(702 681)
cost of goods sold	(130 198)	-	(156 809)	-	(9 940)	(296 947)
Costs not allocated:						
construction and equipment	-	(55 225)	-	-	-	(55 225)
<u>Sales</u>	120 810	-	424 333	-	13 270	558 413
Cost of goods sold	(130 198)	-	(267 524)	-	(9 940)	(407 662)
Net profit on sales transferred to income	(9 388)	-	156 809	-	3 330	150 751

PROJECT FUNDS

Income and expenditure for the year ended 31 December 1987

(United States dollars)

Project	Fund balance 1 January 1987	Contributions			Subtotal	Expenditure			Fund adjust- ment	Fund balance 31 December 1987
		In cash	In kind	Total		In cash	In kind	Total		
FUNDED ONGOING ACTIVITIES										
Supplementary feeding	298 210	4 532 000	5 650 966	10 182 966	10 481 176	4 531 167	5 416 696	9 947 863	(44 946)	488 367
Mobile health team, Gaza	-	59 920	-	59 920	59 920	69 446	-	69 446	-	(9 526)
Gaza Centre for the Blind	-	359 792	964	360 756	360 756	193 292	964	194 256	43 427	209 927
Esameleh Training Centre	121 811	3 674 222	-	3 674 222	3 796 033	3 880 291	-	3 880 291	30 230	(54 028)
Vocational Training Centre, Gaza	-	212 000	-	212 000	212 000	-	-	-	-	212 000
University scholarships, ABRACO	61 019	64 000	-	64 000	125 019	63 948	-	63 948	-	61 071
Mobile dental clinic, Jordan	-	57 239	-	57 239	57 239	53 711	-	53 711	-	3 528
Dental clinic - Amman Polyclinic	-	7 000	-	7 000	7 000	3 944	-	3 944	-	3 056
Subtotal	481 040	8 966 173	5 651 930	14 618 103	15 099 143	8 795 799	5 417 660	14 213 459	28 711	914 395
CAPITAL AND SPECIAL PROJECTS										
School sanitary facilities, Gaza	239 907	-	-	-	239 907	199 597	-	199 597	-	40 310
Qalqilia Hospital, West Bank	134 410	117 647	-	117 647	252 057	122 292	-	122 292	-	129 765
School construction, West Bank	110 055	-	-	-	110 065	39 514	-	39 514	153 741	224 292
Income-generating Project, Gaza	18 887	21 532	-	21 532	40 419	22 364	-	22 364	-	18 055
Income-generating Project, West Bank	14 091	22 504	-	22 504	36 595	22 812	-	22 812	(6)	13 777
School construction, Gaza	593 161	-	-	-	593 161	222 450	-	222 450	-	370 711
Gaza pre-school programme	20	-	-	-	20	-	-	-	(20)	-
Gaza pre-school mothers programme	11 767	-	-	-	11 767	-	-	-	(11 767)	-

STATEMENT VII (continued)

Project	Fund balance 1 January 1987	Contributions			Subtotal	Expenditure			Fund adjust- ment	Fund balance 31 December 1987
		In cash	In kind	Total		In cash	In kind	Total		
Multi-purpose community centre, Lebanon	34 500	-	-	-	34 500	7 315	-	7 315	-	27 185
Other Gaza projects	570 902	936 636	-	936 636	1 507 538	569 184	-	569 184	-	938 354
Self-help project, West Bank	7 221	-	-	-	7 221	2 734	-	2 734	4 975	9 462
OFEC-Phase II	88 167	-	-	-	88 167	-	-	-	-	88 167
OFEC-Phase III	4 350	-	-	-	4 350	17 455	-	17 455	14 940	1 835
OFEC-Phase IV	121 251	-	-	-	121 251	102 042	-	102 042	1 247	20 456
OFEC-Phase V	546 000	-	-	-	546 000	517 726	-	517 726	-	28 274
OFEC-Phase VI	-	250 000	-	250 000	250 000	140 168	-	140 168	-	109 832
Augusta Victoria Hospital, West Bank	180 000	-	-	-	180 000	182 700	-	182 700	-	(2 700)
School construction - boys, Jordan	500 000	-	-	-	500 000	115 492	-	115 492	-	384 508
School construction - girls, Jordan	-	500 000	-	500 000	500 000	-	-	-	-	500 000
EC fellowships, Gaza	1 383	-	-	-	1 383	-	-	-	-	1 383
Miscellaneous projects	908 417	399 633	-	399 633	1 308 050	619 858	-	619 658	-	688 192
School construction Ya'bad, West Bank	-	288 600	-	288 600	288 600	23 548	-	23 548	-	265 052
Baq'a Centre for Disabled	-	13 022	-	13 022	13 022	3 555	-	3 555	-	9 467
School construction, agency-wide	436 768	-	-	-	436 768	138 408	-	138 408	232 292	530 652
Miscellaneous construction, 1984	707 125	-	-	-	707 125	366 613	-	366 613	23 066	363 578
New field office in Syria	-	1 700 000	-	1 700 000	1 700 000	-	-	-	-	1 700 000
Muzaireib School in Syria	-	825 000	-	825 000	825 000	-	-	-	-	825 000
Wadi Saer School in Jordan	-	515 000	-	515 000	515 000	-	-	-	-	515 000
Wagyas School in Jordan	-	662 000	-	662 000	662 000	-	-	-	-	662 000
Relocation of Jordan Education Development Centre	-	165 000	-	165 000	165 000	-	-	-	-	165 000
School sanitary facilities, Gaza	-	56 926	-	56 926	56 926	44 158	-	44 158	-	12 768
Jarash community project, Jordan	2 013	37 179	-	37 179	39 192	39 052	-	39 052	-	140
Suf community project, Jordan	486	32 300	-	32 300	32 786	18 968	-	18 968	-	13 818
Husan Centre for the Disabled, Jordan	-	12 386	-	12 386	12 386	14 201	-	14 201	-	(1 815)
Lebanon reconstruction Sewing Centre	4 853 640	-	-	-	4 853 640	262 451	-	262 451	380 082	4 971 271
Shatila, Lebanon	6 388	-	-	-	6 388	-	-	-	-	6 388

STATEMENT VII (continued)

Project	Fund balance 1 January 1987	Contributions			Subtotal	Expenditure			Fund adjust- ment	Fund balance 31 December 1987
		In cash	In kind	Total		In cash	In kind	Total		
School health facilities, Gaza and the West Bank	-	297 334	-	297 334	297 334	110 595	-	110 595	-	186 739
Upgrading vocational training centre, Gaza	-	964 375	-	964 375	964 375	-	-	-	-	964 375
Specialist Baga'a clinic	-	12 000	-	12 000	12 000	10 072	-	10 072	-	1 928
Health sub-centre Marka camp	-	134 500	-	134 500	134 500	-	-	-	-	134 500
Bureij co-educational school, Gaza	-	38 400	-	38 400	38 400	1 773	-	1 773	-	36 627
Water and sewage lines for special hardship cases	-	12 828	-	12 828	12 828	10 867	-	10 867	-	1 961
Jerash health clinic, construction	-	140 000	-	140 000	140 000	-	-	-	-	140 000
Sewing Centre, Askar Camp, West Bank	-	47 945	-	47 945	47 945	79	-	79	-	47 866
Health Centre, Baga'a Camp, Jordan	-	134 500	-	134 500	134 500	-	-	-	-	134 500
School buildings and facilities, Gaza	-	1 114 923	-	1 114 923	1 114 923	-	-	-	-	1 114 923
Rehabilitation of disabled, Lebanon	-	15 000	-	15 000	15 000	-	-	-	-	15 000
School voluntary assistance	-	499 272	-	499 272	499 272	-	-	-	-	499 272
Eye Diseases Clinic, Gaza	-	26 250	-	26 250	26 250	-	-	-	-	26 250
Construction of school in Yaraok	-	303 027	-	303 027	303 027	-	-	-	-	303 027
Subtotal	10 090 919	10 295 719	-	10 295 719	20 386 638	3 948 043	-	3 948 043	798 550	17 237 145
Grand total	10 571 959	19 261 892	5 651 930	24 913 822	35 485 781	12 743 842	5 417 660	18 161 502	827 261	18 151 540

STATEMENT VIII

PROJECT FUNDS

Assets, receivables and liabilities as at 31 December 1987

(United States dollars)

Project	Cash on hand	Contributions receivable	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Income received in advance	Due to General Fund	Total liabilities	Fund balance	
										Including receivables	Excluding receivables
FUNDED ONGOING ACTIVITIES											
Supplementary feeding	378 052	234 270	-	612 322	8 610	115 345	-	-	123 955	488 367	254 097
Mobile health team, Gaza	-	-	-	-	-	-	-	526	9 526	(9 526)	(9 526)
Gaza Centre for the Blind	-	364 412	-	364 412	983	-	-	153 502	154 485	209 927	(154 485)
Ismaillah training centre	3 138 791	-	319	3 189 110	70 061	912 072	2 261 005	-	3 243 138	(54 075)	(54 028)
Vocational training centre, Gaza	212 090	-	-	212 090	-	-	-	-	-	212 090	212 090
University scholarships, ARAMCO	61 817	-	15 710	77 527	15 306	1 150	-	-	16 456	61 071	61 071
Mobile dental clinic, Jordan	3 528	-	-	3 528	-	-	-	-	-	3 528	3 528
Dental clinic - Amman Polyclinic	3 056	-	-	3 056	-	-	-	-	-	3 056	3 056
Subtotal	3 847 244	598 682	16 029	4 461 955	94 960	1 028 567	2 261 005	163 028	3 547 560	914 395	315 713
CAPITAL AND SPECIAL PROJECTS											
School sanitary facilities, Gaza	-	96 000	-	96 000	-	-	-	55 690	55 690	40 310	(55 690)
Qalqilia Hospital, West Bank	129 765	-	-	129 765	-	-	-	-	-	129 765	129 765
School construction, West Bank	-	421 500	-	421 500	4 156	-	-	193 052	197 208	224 292	(197 208)
Income-generating project, Gaza	21 131	-	-	21 131	-	3 076	-	-	3 076	18 055	18 055
Income-generating project, West Bank	13 777	-	-	13 777	-	-	-	-	-	13 777	13 777
School construction, Gaza	-	433 000	-	433 000	-	-	-	62 289	62 289	370 711	(62 289)
Gaza pre-school programme	-	-	-	-	-	-	-	-	-	-	-
Gaza pre-school mothers programme	-	-	-	-	-	-	-	-	-	-	-
Multi-purpose community centre, Lebanon	-	34 500	-	34 500	-	-	-	7 315	7 315	27 185	(7 315)
Other Gaza projects	938 354	-	-	938 354	-	-	-	-	-	938 354	938 354
Self-help project, West Bank	9 462	-	-	9 462	-	-	-	-	-	9 462	9 462

STATEMENT VIII (continued)

Project	Cash on hand	Contributions receivable	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Income received in advance	Due to General Fund	Total liabilities	Fund balance	
										Including receivables	Excluding receivables
OPEC-Phase II	-	90 204	-	90 204	-	-	-	2 037	2 037	88 167	(2 037)
OPEC-Phase III	1 835	-	-	1 835	-	-	-	-	-	1 835	1 835
OPEC-Phase IV	-	258 450	-	258 450	-	-	-	237 994	237 994	20 456	(237 994)
OPEC-Phase V	-	246 000	-	246 000	16 780	-	-	200 946	217 726	28 274	(217 726)
OPEC-Phase VI	-	224 000	-	224 000	50 175	-	-	63 993	114 168	109 832	(114 168)
Augusta Victoria Hospital, West Bank	-	60 000	-	60 000	-	-	-	62 700	62 700	(2 700)	(62 700)
School construction - Boys, Jordan	384 508	-	-	384 508	-	-	-	-	-	384 508	384 508
School construction - Girls, Jordan	500 000	-	-	500 000	-	-	-	-	-	500 000	500 000
EC fellowships, Gaza	-	21 795	-	21 795	-	-	-	20 412	20 412	1 383	(20 412)
Miscellaneous projects	689 906	-	-	689 906	1 714	-	-	-	1 714	688 192	688 192
School construction, Ya'bad, West Bank	40 452	224 600	-	265 052	-	-	-	-	-	265 052	40 452
Baq'a Centre for the Disabled	9 467	-	-	9 467	-	-	-	-	-	9 467	9 467
School construction, agency-wide	563 710	-	-	563 710	33 058	-	-	-	33 058	530 652	530 652
Miscellaneous construction, 1984	473 032	-	-	473 032	109 454	-	-	-	109 454	363 578	363 578
New field office in Syria	1 700 000	-	-	1 700 000	-	-	-	-	-	1 700 000	1 700 000
Ruzeireib School in Syria	825 000	-	-	825 000	-	-	-	-	-	825 000	825 000
Wadi Seer School in Jordan	515 000	-	-	515 000	-	-	-	-	-	515 000	515 000
Maqqas School in Jordan	662 000	-	-	662 000	-	-	-	-	-	662 000	662 000
Relocation of Jordan Education Development Centre	165 000	-	-	165 000	-	-	-	-	-	165 000	165 000
School sanitary facilities, Gaza	12 768	-	-	12 768	-	-	-	-	-	12 768	12 768
Jarash community project, Jordan	140	-	-	140	-	-	-	-	-	140	140
Suf community project, Jordan	13 818	-	-	13 818	-	-	-	-	-	13 818	13 818
Hajn Centre for the Disabled	-	-	-	-	-	-	-	1 815	1 815	(1 815)	(1 815)
Lebanon reconstruction	4 971 271	-	-	4 971 271	-	-	-	-	-	4 971 271	4 971 271

STATEMENT VIII (concluded)

Project	Cash on hand	Contribu- tions receivable	Pre- payments	Total	Accounts payable	Reserve for unliqui- dated obligations	Income received in advance	Due to General Fund	Total liabili- ties	Fund balance	
										Including receivables	Excluding receivables
Sewing centre, Sbatila, Lebanon	6 388	-	-	6 388	-	-	-	-	-	6 388	6 388
School health facilities, Gara and West Bank	211 626	-	-	211 626	24 887	-	-	-	24 887	186 739	186 739
Upgrading vocational training centre, Gaza	-	964 375	-	964 375	-	-	-	-	-	964 375	-
Specialist Baqa'a clinic	1 928	-	-	1 928	-	-	-	-	-	1 928	1 928
Health sub-centre, Marka Camp	76 000	58 500	-	134 500	-	-	-	-	-	134 500	76 000
Bureij Co-educational school, Gaza	36 627	-	-	36 627	-	-	-	-	-	36 627	36 627
Water and sewage lines for special hardship cases	1 961	-	-	1 961	-	-	-	-	-	1 961	1 961
Jarash health clinic, construction	140 000	-	-	140 000	-	-	-	-	-	140 000	140 000
Sewing centre, Askar Camp, West Bank	47 866	-	-	47 866	-	-	-	-	-	47 866	47 866
Health centre, Baqa'a Camp, Jordan	76 000	58 500	-	134 500	-	-	-	-	-	134 500	76 000
School building and facilities, Gaza	-	1 114 923	-	1 114 923	-	-	-	-	-	1 114 923	-
Rehabilitation of the disabled, Lebanon	15 000	-	-	15 000	-	-	-	-	-	15 000	15 000
School voluntary assistance	-	499 272	-	499 272	-	-	-	-	-	499 272	-
Eye diseases clinic	26 250	-	-	26 250	-	-	-	-	-	26 250	26 250
Construction of school in Yarmouk	303 027	-	-	303 027	-	-	-	-	-	303 027	303 027
Subtotal	13 583 069	4 805 619	-	18 388 688	240 224	3 676	-	908 243	1 151 543	17 237 145	12 431 526
Grand total	17 430 313	5 404 301	16 027	22 850 643	335 184	1 031 643	2 261 005	1 071 271	4 699 103	18 151 540	12 747 239

SCHEDULE 7

PROJECT FUNDS

Report on cash contributions as at 31 December 1987

(United States dollars)

Project	Contributors	Description	Balance due as at 1 January 1987 from 1986 and prior years	Pledges for 1987	Subtotal	Payments received during 1987	Balance as at 31 December 1987
FUNDED ONGOING ACTIVITIES							
Supplementary feeding	European Community	Operating costs	-	4 532 000	4 532 000	4 532 000	-
Mobile health team, Gaza	Radda Baraan	Health education for girls	23 437	59 920	83 357	83 357	-
		Operating costs	7 663	-	7 663	7 363	-
Gaza Centre for the Blind	Pontifical Mission Bischo Kosei Kai		42 604	193 293	235 897	37 985	197 912
			-	166 500	166 500	-	166 500
Ramallah training centres	Radda Baraan Denmark		-	115 630	115 630	115 630	-
		Construction of heating system	-	3 082 925	3 082 925	3 082 925	-
University scholarships, ABANCO	ABANCO		-	476 568	476 568	476 568	-
			-	64 000	64 000	64 000	-
Mobile dental clinic, Jordan Valley	Near East Council of Churches		-	57 239	57 239	57 239	-
Dental Unit, Amman Polyclinic	Near East Council of Churches		-	7 000	7 000	7 000	-
Subtotal			73 704	8 754 175	8 827 879	8 463 467	364 412
CAPITAL AND SPECIAL PROJECTS							
School sanitary facilities, Gaza	AGFUND	Improvement of sanitary facilities in Gaza	240 000	-	240 000	144 000	96 000
Qalquilia Hospital, West Bank	Anonymous	Improvement costs	-	117 647	117 647	117 647	-
School construction, West Bank	AGFUND	Construction and equipment for three schools in the West Bank	626 500	-	626 500	205 000	421 500

SCHEDULE 7 (continued)

Project	Contributors	Description	Balance due as at 1 January 1987 from 1986 and prior years	Pledges for 1987	Subtotal	Payments received during 1987	Balance as at 31 December 1987
Income-generating project, Gaza	Co-operation for development, United Kingdom		-	21 532	21 532	21 532	-
Income-generating project, West Bank	Co-operation for Development, United Kingdom		-	22 504	22 504	22 504	-
School construction, Gaza	AGFUND	Building of class-rooms	600 000	-	600 000	167 000	433 000
Gaza pre-school Programme	American Friends Service Committee		58 670	-	58 670	58 670	-
Multi-purpose Community Centre, El Buss Camp, Lebanon	Co-operation for Development, United Kingdom		22 500	-	22 500	-	22 500
	Save the Children Fund, United Kingdom		12 000	-	12 000	-	12 000
Other Gaza projects	Sundry donors		-	936 636	936 636	936 636	-
Self-help project, West Bank	AGFUND		80 000	-	80 000	80 000	-
OPEC FUND Phase II	OPEC FUND		90 204	-	90 204	-	90 204
OPEC FUND Phase IV	OPEC FUND		258 450	-	258 450	-	258 450
OPEC FUND Phase V	OPEC FUND		246 000	-	246 000	-	246 000
OPEC FUND Phase VI	OPEC FUND		-	250 000	250 000	26 000	224 000
Augusta Victoria Hospital	OPEC FUND		180 000	-	180 000	120 000	60 000
School Construction, Jordan	Japan		-	500 000	500 000	500 000	-
EC Fellowships Gaza	European Community		21 795	-	21 795	-	21 795
Miscellaneous Projects	Netherlands		-	399 633	399 633	399 633	-
School Construction, West Bank	AGFUND		-	288 600	288 600	64 000	224 600
Baq'a Center for Disabled	Diakonia		-	13 022	13 022	13 022	-
Construction of School Sanitary Facilities, Gaza	Near East Council of Churches		4 043	56 926	60 969	60 969	-

SCHEDULE 7 (continued)

Project	Contributors	Description	Balance due as at 1 January 1987 from 1986 and prior years	Pledges for 1987	Subtotal	Payments received during 1987	Balance as at 31 December 1987
Jarash Community Project	Norwegian Refugee Council OXFAM, United Kingdom		5 145	-	5 145	5 145	-
			-	37 179	37 179	37 179	-
Suf Community Project	OXFAM, United Kingdom		-	32 300	32 300	32 300	-
Rusn Centre for Disabled, Jordan	Nonnonte Central Committee OXFAM, United Kingdom		-	4 386	4 386	4 386	-
			-	8 000	8 000	8 000	-
Health and education projects, Gaza and West Bank	Canada		-	297 334	297 334	297 334	-
Upgrading vocational training centre, Gaza	European Community		-	964 375	964 375	-	964 375
Specialists clinic, Baqa'a	Near East Council of Churches		-	12 000	12 000	12 000	-
Maternal and child health sub-centre, Marka Camp	ACFUND		-	134 500	134 500	76 000	58 500
Construction of two class- rooms at Bureij School, Gaza	Save the Children Fund, United Kingdom		-	38 400	38 400	38 400	-
Water and sewage lines for special hardship cases, Jordan	Near East Council of Churches		-	12 828	12 828	12 828	-
Maternal and child health sub-centre, Baqa'a Camp	ACFUND		-	134 500	134 500	76 000	58 500
Support to rehabilitation of the disabled and aged, Lebanon	United Nations Office at Vienna		-	15 000	15 000	15 000	-
Jarash health centre, Jordan	Danish Refugee Council		-	140 000	140 000	140 000	-
Eye diseases clinic, Gaza	Soka Gakkai, Japan		-	26 250	26 250	26 250	-
School buildings and other facilities, Gaza	Sweden		-	1 114 923	1 114 923	-	1 114 923
Women's activities and sewing at Askar Camp, West Bank	ACFUND		-	47 945	47 945	47 945	-
Subtotal			2 445 307	5 626 420	8 071 727	3 765 380	4 306 347

SCHEDULE 7 (concluded)

Project	Contributors	Description	Balance due as at 1 January 1987 from 1986 and prior years	Pledges for 1987	Subtotal	Payments received during 1987	Balance as at 31 December 1987
FUNDED FROM GENERAL FUND							
New field office in Syria	N/A		-	1 700 000	1 700 000	1 700 000	-
Muzeireib School in Syria	N/A		-	825 000	825 000	825 000	-
Wadi Seer School in Jordan	N/A		-	515 000	515 000	515 000	-
Waggs School in Jordan	N/A		-	662 000	662 000	662 000	-
Relocation of Jordan Education Development Centre	N/A		-	165 000	165 000	165 000	-
Vocational training centre, Gaza	Italy		-	212 000	212 000	212 000	-
Construction of school in Yarmouk	Norway		-	303 027	303 027	303 027	-
Subtotal			-	4 382 027	4 382 027	4 382 027	-
Grand total			2 519 011	18 762 622	21 281 633	16 610 874	4 670 759

SCHEDULE 8

PROJECT FUNDS

Report on in kind contributions as at 31 December 1987

(United States dollars)

Project	Contributors	Description	Balance due as at 1 January 1987 from 1986 and prior years	Pledges for 1987	Subtotal	Deliveries received during 1987	Balance as at 31 December 1987
FUNDED ONGOING ACTIVITIES							
Supplementary feeding	European Community	Bacter oil 277 tons	-	520 666	520 666	520 666	-
		Rice 128 tons	-	32 716	32 716	32 716	-
		Skim milk 1 581 tons	-	1 894 169	1 894 169	1 894 169	-
		Sugar 470 tons	-	142 652	142 652	142 652	-
		Sunflower oil 45 tons	-	35 942	35 942	35 942	-
		Cash for purchase of 592 tons of food products	199 794	-	199 794	199 794	-
		Cash for purchase of 690 tons of food products	-	1 048 940	1 048 940	814 670	234 270
	Switzerland	Whole milk 300 tons	-	1 856 209	1 856 209	1 856 209	-
		Reimbursement of shipping costs	-	53 387	53 387	53 387	-
	World Health Organization	Services of staff	-	66 285	66 285	66 285	-
Gaza Centre for the Blind	Association Valentin Basy	Craft material	-	964	964	964	-
Subtotal			199 794	5 651 930	5 851 724	5 617 454	234 270
CAPITAL AND SPECIAL PROJECTS							
Baga'a Camp Girls School, Jordan	Ibrahim and Mohamed El-Zawen		35 000	-	35 000	35 000	-
Subtotal			35 000	-	35 000	35 000	-
Grand total			234 794	5 651 930	5 886 724	5 652 454	234 270

STATEMENT IX

LEBANON EMERGENCY FUND

Income and expenditure for the year ended 31 December 1987

(United States dollars)

	Cash	In kind	Total
INCOME			
Governments (schedules 9 and 10)	11 867 070	632 576	12 499 646
Intergovernmental organizations (schedule 10)	-	2 132 841	2 132 841
United Nations organizations (schedule 9)	-	9 521	9 521
Non-governmental organizations (schedule 10)	-	125 673	125 673
Other sources (schedule 9)	54 075	-	54 075
	11 921 145	2 900 611	14 821 756
EXPENDITURE			
Rations	1 564 114	1 716 049	3 280 163
Other emergency supplies	1 136 772	459 915	1 596 687
Transport costs	82 063	69 758	151 821
Emergency services in camps	277 831	-	277 831
Staff costs	493 272	-	493 272
Vehicles and their running costs	190 106	421 021	611 127
Health services	900 323	233 868	1 134 191
Repair of roads and shelters	197 055	-	197 055
Repair of agency installations	12 406	-	12 406
Replacement of school supplies and furniture	361 305	-	361 305
	5 215 247	2 900 611	8 115 858
Excess of income over expenditure	6 705 898	-	6 705 898

STATEMENT X

LEBANON EMERGENCY FUND

Assets and liabilities as at 31 December 1987

(United States dollars)

ASSETS

Cash in bank 7 240 454

LIABILITIES

Liabilities 553 390

Operating reserve 6 687 064

7 240 454

SCHEDULE 9

LEBANON EMERGENCY FUND

Report on cash contributions as at 31 December 1987

(United States dollars.)

Contributors	Description	Pledges made in 1987		Subtotal	Payments received during 1987	Balance as at 31 December 1987
		Local currency	United States dollars			
<u>Governments</u>						
Australia		250 000	170 500	170 500	170 500	-
Austria		200 000	15 625	15 625	15 625	-
Canada		1 000 000	749 561	749 561	749 561	-
Finland		1 000 000	218 956	218 956	218 956	-
France		1 000 000	162 417	162 417	162 417	-
Germany, Federal Republic of		300 000	164 384	164 384	164 384	-
Italy		7 000 000 000	5 372 218	5 372 218	5 372 218	-
Japan		50 000 000	334 113	334 113	334 113	-
Kuwait		-	900 000	900 000	900 000	-
Luxembourg		-	52 845	52 845	52 845	-
Netherlands		-	189 974	189 974	189 974	-
Switzerland		200 000	133 467	133 467	133 467	-
United Kingdom of Great Britain and Northern Ireland		250 000	403 000	403 000	403 000	-
United States of America		-	3 000 000	3 000 000	3 000 000	-
Total for Governments			11 867 070	11 867 070	11 867 070	-
<u>Other sources</u>						
Juma' Al-Majid		-	43 036	43 036	43 036	-
Hamid Qa'afar		-	8 772	8 772	8 772	-
Sundry donors		-	2 267	2 267	2 267	-
Total for other sources			54 075	54 075	54 075	-
Grand total			11 921 145	11 921 145	11 921 145	-

SCHEDULE 10

LEBANON EMERGENCY FUND

Report on in kind contributions as at 31 December 1987

(United States dollars)

Contributors	Description	Pledges made in 1987		Deliveries received during 1987	Balance as at 31 December 1987
		Local currency	United States dollars		
<u>Governments</u>					
Austria	Medical supplies		82 802	82 802	-
Germany, Federal Republic of	Medical supplies		32 162	32 162	-
Italy	Various commodities		116 360	116 360	-
Sweden	Purchase of six Volvo trucks and a Volvo ambulance	2 500 000	401 252	401 252	-
Total for Governments			632 576	632 576	-
<u>Intergovernmental organizations</u>					
Council of Arab Ministers of Health	Purchase of medical supplies		30 000	30 000	-
European Community	Lebanon emergency blankets and hospitalization		1 752 000	1 752 000	-
	Medical services	405 000	502 294	-	502 294
	Flour, 1,000 tons		281 083	281 083	-
	Reimbursement of handling costs		69 758	69 758	-
Total for intergovernmental organizations			2 635 135	2 132 841	502 294
<u>United Nations organizations</u>					
UNICEF	Generating set		9 521	9 521	-
Total for United Nations organizations			9 521	9 521	-
<u>Non-governmental organizations</u>					
Bumedica, Germany	Medical supplies		82 623	82 623	-
Turkish Red Crescent	Various commodities		17 000	17 000	-
Belgian Yellow Cross	Renault ambulance		19 769	19 769	-
	Medical supplies		6 281	6 281	-
Total for non-governmental organizations			125 673	125 673	-
Grand total			3 402 905	2 900 611	502 294

STATEMENT XI

AREA STAFF PROVIDENT FUND

Income distribution account for the year ended 31 December 1987

(United States dollars)

1986		1987
26 466 766	Balance as at 1 January	45 222 883
	Add:	
8 086 161	Transfer from unallocated surplus	-
34 552 927		45 222 883
	Deduct:	
33 809 944	Interest credited to continuing participants' accounts	43 163 420
742 983	Balance	2 059 463
	Add:	
46 478 686	Net investment income (schedule 10)	48 603 891
	Add:	
-	Net exchange rate gains on payment to separated participants	(14 889)
46 478 686		48 589 002
	Less:	
161 679	General administration expenses	302 934
46 317 007		48 286 068
	Less:	
12 433	Loan scheme administration expenses	13 463
46 304 574	Net income	48 272 605
47 047 557	Subtotal	50 332 068
	Add:	
533 553	Transferred from unallocated surplus	-
47 581 110		50 332 068
	Deduct:	
2 358 227	Interest paid on credits withdrawn during year	2 048 949
45 222 883	Balance as at 31 December	48 283 119

STATEMENT XII

AREA STAFF PROVIDENT FUND

Unallocated surplus account for the year ended 31 December 1987

(United States dollars)

1986		1987
8 826 161	Balance as at 1 January	10 000
	Less:	
8 086 161	Transfer to income for distribution	-
740 000		10 000
	Less:	
196 447	Share paid to separated participants	7 682
543 553		2 318
	Less:	
533 553	Transfer to income for current year	-
10 000	Balance as at 31 December	2 318

STATEMENT XIII

AREA STAFF PROVIDENT FUND

Assets and liabilities as at 31 December 1987

(United States dollars)

1986		1987
ASSETS		
Investments:		
76 254 753	Bank of America, London	89 516 436
83 726 372	Bankers Trust, London	100 634 246
95 427 549	First National Bank of Chicago, Geneva	105 000 040
79 570 764	Creditanstalt Bankverein, Vienna	98 554 007
6 282 341	Loan scheme	5 770 175
341 261 779		399 474 904
10 000	Deferred loan scheme development costs	..
<u>341 271 779</u>		<u>399 474 904</u>
LIABILITIES		
Continuing participants' credits:		
69 456 504	United States dollar credits (Gaza)	81 587 291
34 189 528	United States dollar credits (Lebanon)	37 283 074
32 833 336	United States dollar credits (Syrian Arab Republic)	38 603 224
148 424 634	Jordanian dinar credits (Jordan and West Bank) JD 58,834,537 at 0.335	175 625 484
9 448 469	Austrian schilling credits (Headquarters, Vienna) S 122,316,568 at 11.10	11 019 511
294 352 471		344 118 584
Retirees' credits		
-	United States dollar credits (Gaza)	1 494 951
-	United States dollar credits (Lebanon)	239 035
-	United States dollar credits (Syrian Arab Republic)	535 094
-	Jordanian dinar credits (Jordan and West Bank) JD 269,039 at 0.335	803 103
-	Austrian schillings credits (Headquarters, Vienna) S 11,386,923 at 11.10	1 025 849
		4 098 032

STATEMENT XIII (concluded)

1986		1987
1 733 473	Ex-participants' credits	2 589 865
20 096	Due to UNRWA General Fund	381 358
(67 144)	Balance of exchange rate adjustments	1 628
	Surplus:	
45 222 883	Income available for distribution (statement XI)	48 283 119
10 000	Unallocated surplus (statement XII)	2 318
<u>341 271 779</u>		<u>399 474 904</u>

SCHEDULE 11

AREA STAFF PROVIDENT FUND

Investments and investment income for the year ended 31 December 1987

(United States dollars)

	Bank of America, London	Bankers Trust, London	First National Bank of Chicago, Geneva	Creditanstalt Bankverein, Vienna	Loan scheme	Total
Investments as at 1 January	76 254 753	83 726 372	95 427 549	79 570 764	6 282 341	341 261 779
<u>Add:</u>						
Funding during year	-	-	-	10 800 000	(1 190 765)	9 609 235
	76 254 753	83 726 372	95 427 549	90 370 764	5 091 576	350 871 014
Gross investment income	13 542 420	17 033 833	9 705 458	8 256 251	678 599	49 216 561
<u>Deduct:</u>						
Investment managers' fees	280 737	125 959	132 967	73 008	-	612 671
Net investment income	13 261 683	16 907 874	9 572 491	8 183 243	678 599	48 603 890
Investments as at 31 December	89 516 436	100 634 246	105 000 040	98 554 007	5 770 175	399 474 904
Investment yield	17.4%	20.2%	10.0%	9.9%	11.8%	14.1%

SCHEDULE 11 (concluded)

	Bank of America, London	Bankers Trust, London	First National Bank of Chicago, Geneva	Creditanstalt Bankverein, Vienna	Loan Scheme	Total
Investments by currency (per cent)						
United States dollars	48.4	16.9	58.0	77.9	29.3	50.0
Canadian dollars	-	-	6.0	8.6	-	3.6
Pounds sterling	-	25.6	5.4	3.6	-	8.7
Irish pounds	11.5	-	-	-	-	2.6
Deutsche mark	12.6	3.6	18.3	1.2	-	8.8
Austrian schilling	-	2.5	-	3.8	1.2	1.6
Danish kroner	-	-	-	1.4	-	0.4
Netherlands guilders	-	2.3	-	-	-	0.5
Norwegian kroner	-	-	-	1.0	-	0.3
Finnish markkaa	-	-	-	0.8	-	0.2
French francs	20.6	24.8	-	-	-	10.9
European Currency Units (ECU)	-	9.9	-	-	-	2.5
Japanese yen	6.9	14.4	9.8	-	-	7.8
Australian dollars	-	-	2.5	1.7	-	1.1
Jordanian dinars	-	-	-	-	68.2	1.0
Lebanese pounds	-	-	-	-	0.9	-
Syrian pounds	-	-	-	-	0.4	-
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Investments by maturity						
Up to two years	25.5	74.3	64.7	45.1	7.1	52.6
Up to seven years	49.5	21.2	35.3	48.2	92.9	39.0
Over seven years	25.0	4.5	-	6.7	-	8.4
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies

- (a) The Agency utilizes a system of fund accounting by which it operates the following funds or types of funds:
- (i) The General Fund is for the funding of the operating costs of running the Agency's core activities, i.e. its regular programmes of education, health and relief services plus operational and common services including general management and administration. It receives unearmarked contributions.
 - (ii) Project funds are divided into two categories, one labelled funded ongoing activities and the other, capital and special projects. The first category contains activities that are defined as having an indefinite life and that would be funded out of the Agency's own resources in the absence of special contributions. They are treated in a manner similar to the activities covered under the General Fund. The second category is comprised of funds earmarked for construction projects or for some other capital or special projects that are usually of a non-recurrent character, such as the procurement of certain equipment. Project funds within this category that are to cover recurrent costs of extrabudgetary activities as proposed by the donor(s) do not represent any commitment on the part of the Agency to continue these activities in case contributions cease.
 - (iii) The Lebanon Emergency Fund was established in 1987 in order to alleviate the hardship imposed on Palestine refugees due to the camp wars and the general civil unrest prevailing throughout this area of operations.
 - (iv) The Area Staff Provident Fund was set up to provide a retirement fund for area staff members upon their separation from service. Contributions to this fund are made both by the Agency and by the area staff members themselves.

A contribution that has been accepted and donated for a particular purpose and thus attributed to a specific project fund or to the Lebanon Emergency Fund cannot be transferred, without the donor's consent, to any other fund. Neither can the Provident Fund, nor part of it, be used for any other purpose than the one for which it was established.

However, contributions to the General Fund that are received without restrictions regarding their use can, if the financial situation so permits and the Commissioner-General deems it appropriate, be used to fund such projects for which special donations are sought but not found. In such cases, part of the contributions to the General Fund can be reallocated to project funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. Contributions or allocations to project funds are attributed to individual funds which are kept as distinct financial and accounting entities with separate double-entry groups of accounts. Separate financial statements are prepared for these funds.

(b) The Agency's income from contributions is recognized on the cash basis of accounting, while its expenditure is recognized on the accrual basis of accounting. (This represents a change of policy, as cash income from Governments was in prior years recognized on an accrual basis.) This is in line with the Agency's policy of basing its accounts on the going concern premise and the principle of prudence.

This change in accounting policy results in the exclusion of contributions receivable at 31 December 1987 from the accounts. The amounts involved are as follows:

	<u>General Fund</u> \$	<u>Project funds</u> \$	<u>Lebanon Emergency Fund</u> \$
Contributions receivable in cash	7 768 346	5 170 031	-
Contributions receivable in kind	<u>2 505 643</u>	<u>234 270</u>	<u>502 294</u>
	<u>10 273 989</u>	<u>5 404 301</u>	<u>502 294</u>

The effect of this change in accounting policy distorts the comparison between the 1986 and 1987 accounts. Applying the revised accounting policy to the 1986 accounts would result in the following comparisons:

<u>Operating reserve</u>	<u>1986</u> \$	<u>1987</u> \$
General fund	15 442 746	25 835 121
Project funds	7 818 153	12 747 239
Lebanon Emergency Fund	-	<u>6 687 064</u>
	<u>23 260 899</u>	<u>45 269 424</u>

(c) The financial period of the Agency is the calendar year.

(d) The accounts of the Agency are maintained in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transaction at the United Nations operational rates of exchange. At the end of the financial period, assets and liabilities not in United States dollars are reflected in United States dollars at the then applicable United Nations rates of exchange. Gains or losses on exchange of currencies are treated as an addition to or deduction from income.

(e) Costs for the purchases of all kinds of supplies are immediately charged to expenditure at the time the goods are received and paid for. As a consequence, stocks or inventories are not included as assets in any of the Agency's funds. (However, an exception is made for the production units, the reason for which is explained below.) Although the Agency's stocks and inventories are not treated as assets, stock records and a strict inventory control are maintained. The approximate value of the Agency's stocks and inventories based on the historical procurement costs as at 31 December 1987 amounted to \$19.1 million.

(f) The Agency has four production units, which are all meant to be self-supporting: The Printing Unit is located in Beirut, while the Embroidery Centre, the Carpentry Unit and the Bakery are all in Gaza. Up to and including 1987, these units were part of the General Fund. As of 1988, they have been set up as separate projects to be governed by a new set of instructions (Budget Technical Instruction No. 14), to enable management better to control them and to assess their performance. For such assessments, the recording of stocks on hand is indispensable. Therefore, as an exception to the Agency's accounting policies, stocks appear as assets in the accounts of the production units, which will be shown separately next year.

(g) The Agency's Financial Regulations, which were established in 1950 and revised in 1952, 1959 and 1962 by the Commissioner-General, in consultation with the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions, need to be reviewed in the light of the changes that have been made during the past few years in the Agency's accounting policies. On this subject, the Agency has initiated action to amend the Financial Regulations.

General Fund

Note 2. Accounts receivable (statement V)

Accounts receivable reported in statement V do not include claims against Governments amounting to \$9,142,308 in respect of damages to Agency property, as these are not considered true receivables. They are in the nature of memorandum accounts. The collection of these claims is considered doubtful and a provision of 100 per cent for uncollectable amounts has been set up against them.

Note 3. Reserve for unliquidated obligations (statement V)

The reserve for unliquidated obligations is a reserve of funds for budgeted items for which a purchase order or a contract has been issued not later than at the year-end, but for which the goods or services have not yet been received. These items which have been charged to the current year's or prior years' expenditure, comprise:

In current year	\$ 1 631 315
In prior years	<u>26 976</u>
	<u>\$ 1 658 291</u>

This reserve will be liquidated as and when disbursements are made.

Note 4. Provision for staff separation and repatriation costs

A provision is made in the annual budget for separation and repatriation payments to staff members who will leave the Agency during the year. Reserves have not been established for separation and repatriation for future years, as such payments would be expected to be met from future income and operating reserves.

Note 5. Contingent liabilities

The Agency may have contingent liabilities of a material but undeterminable amount in respect of certain claims for subsidies by Governments. In addition, in connection with a dispute with a supplier, which is still unresolved, there is a contingent liability to the extent of \$225,000.

Note 6. Fixed assets

(a) The fixed assets not reported in statement V on assets and liabilities are summarized below at original cost values:

	<u>United States dollars</u>
Vehicles (excluding those surveyed but not yet disposed)	7 864 454
Other equipment	13 273 107
Land owned by UNRWA	51 248
Buildings on land owned by UNRWA	<u>422 031</u>
	<u>21 610 840</u>

(b) The Agency has only the right of current occupancy of buildings (schools, training centres, ration distribution centres, clinics, warehouses and other installations) constructed by it on land owned by Governments or leased from private owners. The total cost of construction of such buildings (including the cost of financing the purchase of land by local Governments in certain cases, and of compensation to private landowners of leased land) to 31 December 1986, is \$51,916,404.

(c) The Agency has also constructed refugee shelters at a total cost of \$11,662,204 on land owned by Governments or by individuals. The legal status of these shelters is uncertain.

Bayssarieh Camp Fund

Note 7.

For a number of reasons, the Agency was not able to proceed with this project which was established in 1977 as a special fund under financial regulation 13.1. In 1987 the principal contributor to the project, the Government of Lebanon, asked that its contribution to the project be returned. The original contribution of LL.5,000,000 had grown to \$US 4,352,376 in 1987 and pursuant to the Commissioner-General's decision, this amount was returned to the Lebanon Government

on 23 December 1987. After returning the Lebanon Government's contribution with interest \$4,352,376, there remained on deposit with UNRWA a balance of \$189,974 being the only other contribution to the project from Stg.E 24,150 plus HFL 50,000 from the Netherlands Government which had increased in value through the addition of interest to \$189,974. This amount was transferred to the Lebanon Emergency Fund and the Bayssarieh Camp Fund account was closed as at 31 December 1987.

Area Staff Provident Fund

Note 8. Continuing participants' and retirees' credits (statement XIII)

(a) The continuing participants' credits and the retirees' credits in currencies other than United States dollars include exchange rate adjustments for the year ended 31 December 1987. Details are as follows:

	<u>United States dollars</u>
Jordanian dinars: minus 3.6 per cent - JD 2,094,978 at 0.335	6 253 666
Austrian schillings: minus 19.4 per cent - S 32,181,733 at 11.1	<u>2 899 255</u>
	<u>9 152 921</u>

(b) A small credit balance of \$1,628 remains in the exchange rate adjustments' account.

Note 9. Investments and investment income (statement XIII and schedule 11)

(a) The assets of the Fund are substantially placed with professional managers for investment. These investments are valued at cost or market value, whichever is lower. Based on this principle, the whole investment portfolio in the statement is shown at cost at \$399,474,904. However, all the investment managers base their valuations on market value, which, at 31 December 1987, was \$422,615,955.

(b) Because of the difference in valuation and the different accounting treatment of accrued management fees, the investment figures at year-end differ from the figures indicated by the investment managers in their annual reports. For similar reasons, investment yields of the portfolio on schedule 11 differ from those reported by the investment managers.

(c) The loan scheme, which enables Provident Fund participants to borrow money from the Fund, is another form of investment. The interest rate applied to the loans includes 1 per cent to cover the costs of administering the scheme. The costs this year amounted to \$13,463, which includes the second final amortization of the loan scheme development costs.

Note 10. Contributions and funding (schedule 11)

Net funding provided to the investment managers and to the loan scheme was \$9,609,235. This figure essentially represents the difference between total Agency's and participants' contributions received and payments made by the Agency on behalf of the Provident Fund. The interrelationship of the above figures can be seen from the following computation:

	<u>United States dollars</u>
Contributions during the year	25 503 861
<u>Deduct:</u>	
Withdrawals less transfers, lump sums and reinstatements during the year	<u>3 764 096</u>
	21 739 765
<u>Deduct:</u>	
Overfunding by the General Fund as of 1 January 1987	<u>20 096</u>
	21 719 669
<u>Less:</u>	
Payments made from the General Fund during the year	<u>12 491 792</u>
	9 227 877
<u>Less:</u>	
Net funding to the investment managers and loan scheme from the General Fund during the year	<u>9 609 235</u>
Overfunding by the General Fund as of 31 December 1987	<u><u>(381 358)</u></u>

Note 11. Unallocated surplus (statement XII)

In conformity with the Provident Fund Advisory Committee's recommendation, which was endorsed by the Commissioner-General, the balance in the unallocated surplus account has been almost entirely transferred to the income distribution account. A small balance of \$2,318 remains as at 31 December 1987.