

**UNITED NATIONS  
INDUSTRIAL DEVELOPMENT FUND**

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**FINANCIAL REPORT**  
and  
**AUDITED FINANCIAL STATEMENTS**  
for the year ended 31 December 1983  
and  
**REPORT OF THE BOARD OF AUDITORS**

**GENERAL ASSEMBLY**

OFFICIAL RECORDS: THIRTY-NINTH SESSION

SUPPLEMENT No. 5 I (A/39/5/Add.9)



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**UNITED NATIONS**  
New York, 1984

## **NOTE**

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

[11 July 1984]

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LETTER OF TRANSMITTAL

18 June 1984

Sir,

I have the honour to transmit to you the financial statements of the United Nations Industrial Development Fund for the financial period ended 31 December 1983, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

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

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

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

## Introduction

1. The Secretary-General has the honour to submit herewith his financial report on the accounts of the United Nations Industrial Development Fund for the biennium 1982-1983 ended 31 December 1983. The financial statements, consisting of two statements supported by one schedule, and the notes to the financial statements are considered to be an integral part of the financial report. The significant accounting policies are described in the notes to the financial statements (see annex). These accounts were transmitted to the Board of Auditors on 31 March 1984 in accordance with financial regulation 11.4.

## Summary

2. The General Assembly, in resolution 31/202 of 22 December 1976, decided to establish the United Nations Industrial Development Fund to enhance the ability of the United Nations Industrial Development Organization (UNIDO) to meet, promptly and flexibly, the needs of the developing countries. The general procedures governing the operations of the Fund were established under General Assembly resolution 31/203.

3. The desirable annual level of funding for the Fund adopted by the Industrial Development Board at its eleventh session, 1/ and subsequently endorsed by the General Assembly (resolution 32/166 of 19 December 1977), is \$50 million. However, as shown in the following table, annual pledges announced have always fallen considerably short of that level:

<u>Pledged for year</u>	<u>Millions of United States dollars</u>
1978	9.9
1979	12.2
1980	14.0
1981	13.1
1982	13.2
1983	14.2
1984 estimated	13.7

4. The contributions may be classified into four main categories: general purpose contributions in convertible currencies; general purpose contributions in non-convertible currencies; special purpose contributions in convertible currencies; and special purpose contributions in non-convertible currencies. The general purpose convertible component is the only segment of the fund that allows the Secretariat to programme without any constraints.

5. The Fund began its operations on 1 January 1978. The nine priority programme components established for Fund activities are:

Special measures for least-developed, land-locked and island developing countries

Development and transfer of industrial technology and industrial information

Economic co-operation among developing countries

Training programmes and strengthening industrial training institutions in developing countries

Industrial institutional infrastructure

Industries processing local natural resources, including export-oriented industries

Industries satisfying basic needs and support to rural industries

Promotional activities

Other activities

6. These priority areas, agreed upon by the Board at the inception of the Fund, remain valid. Within these areas, however, efforts were made, in the biennium 1982-1983 to sponsor certain programmes of special concern, namely, those related to the least developed countries, the Industrial Development Decade for Africa, energy and environment.

7. The following table provides an overall view of Fund activities for the biennium 1982-1983. Comparative figures for the previous biennium are also shown:

	<u>1982-1983</u>	<u>1980-1981</u>
Income from pledged contributions	\$27.3 million	\$29.5 million
Collections in biennium	\$27.4 million	\$29.0 million
Number of projects approved in biennium	381	418
Value of projects approved in biennium	\$31.5 million	\$32.5 million
Total expenditure in the biennium	\$31.8 million	\$27.1 million

Income and expenditure

8. Contributions to the Fund for the biennium 1982-1983 were \$2.2 million less than for 1980-1981. Interest income increased by \$0.3 million, reflecting continuing efficient cash management. Total expenditures increased by \$4.7 million. The increases occurred mainly in the areas of staff and other personnel costs (\$3.5 million), contractual services (\$0.6 million), and operating expenses (\$0.6 million). There were small decreases in other areas.

9. The 1982-1983 income figure has been arrived at after a write-off of \$195,949 originally recorded as the contribution pledged by the pre-revolutionary government of Iran.

#### Assets and liabilities

10. Total assets increased by \$4.1 million over the previous biennium. Cash reflects a decrease of \$0.5 million, maintaining more or less its old level. Pledges unpaid increased by \$2.6 million. The large amount of cash held (\$19.3 million) is due to the fact that an extremely high proportion of pledges is for special-purpose projects; for these projects, negotiations are much more drawn out and implementation is much slower. For 1984 and future years, for example, out of a total pledge so far of \$13.8 million, \$10.5 million is for special-purpose projects. Of the total for special-purpose projects, \$9.6 million are intended to be disbursed in convertible currencies. Of the total cash of \$19.3 million, \$16.5 million is held in convertible currencies, of which \$14.2 million is held in time deposit and call (interest-bearing) accounts.

11. Of the total accounts receivable \$0.3 million represents accrued interest receivable. Accounts receivable decreased by \$0.3 million, largely owing to fewer advances being made. Deferred charges and other assets reflect an increase of \$2.1 million, largely owing to the high increase in the obligations for future years. Obligations for future years are not expensed in the current year. They are rather treated as deferred charges to be expensed in subsequent years.

12. Accounts payable increased by \$1.4 million. This is due to a large amount of 1982 obligations which still remains unliquidated, and has now been grouped with accounts payable. Current year obligations decreased by \$1.8 million, while future year obligations increased by \$2.1 million. In accordance with the financial rules of the Fund, an operating reserve of \$0.2 million has been established. Deferred income increased by \$4.3 million. Deferred income comprises pledges to the Fund for future years.



## II. REPORT OF THE BOARD OF AUDITORS

### Introduction

1. As required by General Assembly resolution 74 (I) and article XI of the special annex to the Financial Regulations and Rules of the United Nations for the United Nations Industrial Development Fund, the Board of Auditors has audited for the first time the accounts of the United Nations Industrial Development Fund established by General Assembly resolutions 31/202 and 31/203 of 22 December 1976. Previously the accounts of the Fund were included with those of the United Nations Industrial Development organization (UNIDO) and therefore were incorporated in the United Nations accounts.
2. The examination was conducted in accordance with article XII of the Financial Regulations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at the headquarters at Vienna, and the Board followed its practice of systems-based auditing as applicable to all other organizations in the United Nations system for which the Board has audit responsibility.
3. 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 findings

4. Our examination revealed that a substantial amount of outstanding pledges remained unpaid, and annual pledges to the Fund were far below the annual funding level endorsed by the General Assembly. We also noted that the bank reconciliation function was in arrears, and unidentified deposits and long-outstanding cheques were not cleared in time.
5. We further observed that financial statements were not prepared on an annual basis for 1982 and 1983 as required under the financial rules of the Fund.
6. Our review of project activities disclosed that in some cases expenditure was incurred either in excess of, or without, allotments, while in others allotments remained unspent or significantly underspent. We also noted unusual delay in the commencement of a project which had no work plan and instances where advances were made to host Governments for meeting field expenditures in excess of the prescribed limits.
7. Furthermore, travel authorizations were not issued on time and excess baggage allowances were paid in contravention of existing instructions. Additionally, we were informed by the Administration that an amount of \$195,949 had been written off as uncollectable pledges.

## Cash management

### Collection of unpaid pledges

8. Our audit disclosed that as at 31 December 1983, the unpaid pledges relating to 1983 and prior years amounted to \$2.4 million. Government contributions totalling \$30,416 were due since 1977 and earlier years, and an amount of \$1.3 million represented unpaid pledges for the 1978-1979 biennium.

9. We further noted that annual pledges to the Fund were far below the annual funding level endorsed by the General Assembly, and pledges in the 1982-1983 biennium showed an increase of less than one per cent over those of 1980-1981.

10. We recommended, and the Administration agreed, that efforts should be intensified to achieve the desirable funding level and to collect the overdue pledges. The Administration further stated that the problem was not that of cash management but project preparation and review by donor countries. It also stated that, although annual pledges to the Fund remained far below the annual funding level endorsed by the General Assembly, taking into consideration the world-wide recession during the 1980s, the seemingly modest increase in pledges over the last few years was a positive result.

### Bank reconciliations

11. We noted that bank reconciliations in respect of eight bank accounts were made after periods of two or three months, and neither bank statements nor year-end confirmation of balances as at 31 December 1983 relating to five time deposits and call accounts were received and reconciled by the Reconciliation Section.

12. We further noted that some unidentified cash receipts were outstanding in the suspense account for a considerable period of time, and appropriate action was not taken on long-outstanding cheques.

13. We recommended that all bank accounts should be reconciled regularly, as laid down in financial rule 111.9 of the United Nations. Efforts should be made to identify deposits on time, and long outstanding cheques should be reviewed and accounted for in accordance with the relevant instructions.

14. The Administration stated that bank reconciliations were sometimes delayed owing to the non-receipt in time of bank statements; some unidentified cash receipts remained outstanding as no conclusive replies were received from the donors; and that appropriate action on some long outstanding cheques would be expedited.

### Financial period

15. The financial report and statements of the Fund have been prepared for the biennium 1982-1983 in accordance with United Nations Headquarters reporting requirements for UNIDO and United Nations financial regulation 2.1, which provides that the financial period of the United Nations shall consist of two consecutive calendar years.

16. We noted, however, that financial rules 401.1 and 402.1 of the Fund provided that the financial period of the Fund should consist of one calendar year and that

the Financial Rules of the United Nations should apply to any matter not covered by the financial rules of the Fund. Moreover, the General Assembly resolutions which established the Fund and prescribed the procedures governing its operations also laid down that all programmes of the Fund should be prepared and submitted annually to the Industrial Development Board. Programming and implementation of technical co-operation assistance were accordingly done on an annual basis.

17. We, therefore, recommended that the financial report and statements of the Fund should be prepared on an annual basis in conformity with the financial rules of the Fund. The Administration informed us that UNIDO had a biennial financial period, whereas the Fund had an annual financial period. It would, however, consult with United Nations Headquarters, New York, as to whether, in future, biennial reporting would be adopted.

### Project activities

#### Budgetary control

18. We noted that in a number of projects expenditure was incurred in excess of allotments or without allotments, and as at 31 December 1983, as many as 94 completed projects had unspent balances in the amount of about \$1.25 million which indicated delay in financial closing of projects after their operational completion.

19. We further observed that in contravention of the provision in financial and accounting instruction No. 50, to limit advance of funds to the recipient Government for meeting field expenditures to 80 per cent or less, 100 per cent advances were allowed in certain cases. As a result, significant unspent balances remained with them for a considerable period of time, and the settlement of project accounts was unduly delayed.

20. We recommended that allotment control procedures should be further strengthened, operationally completed projects should be financially closed in time, and instructions with regard to advances to recipient Governments for field expenditure should be strictly followed. The Administration has informed us that special care was being exercised to ensure prompt operational and financial completion of projects.

#### Project implementation

21. Our review further revealed that as many as 51 projects, with budget allocations for 1983 ranging from \$5,000 to \$232,104, had no project delivery at all, whereas in 21 other projects expenditures of \$0.6 million were incurred against budget allocations of \$3.3 million, indicating 18 per cent delivery.

22. We noted that in another case a project was approved before the budget and other documents had been accepted by the recipient Government. The project had no work plan and commenced almost a year after the scheduled data owing to delay in the selection of experts and participants.

23. We recommended, and the Administration agreed, that project monitoring and back-stopping functions should be further strengthened in order to improve project delivery and ensure timely completion of projects. The Administration further

stated that overall implementation rate for Fund-financed projects averaged 62 per cent. This rate, however, greatly varies for the different funding components, from 68 per cent to 83 per cent. The reason for the insufficient implementation rate can be found in the over-optimistic phasing of funds when the budgets were prepared. During the UNIDO project phasing exercise for 1984, special attention is being paid to realistic phasing, and it is certain that in future the implementation rate will improve.

#### Travel

24. We noted cases where travel authorizations were not issued before commencement of travel, and participants attending meetings or training programmes of less than one month's duration were allowed excess baggage allowance in contravention of the provisions of financial and accounting instruction No. 50.

25. We recommended, and the Administration agreed, that travel authorizations should be issued before the commencement of the journey, and payment of excess baggage allowance should be governed by the existing instructions. The Administration, however, stated that sometimes exceptions must be made to the guidelines, depending on the nature of the travel.

#### Write-off of uncollectable pledges

26. The Board was informed by the Administration that an amount of \$195,949 had been written off as uncollectable pledges, with the approval of the Secretary-General.

#### Acknowledgement

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

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

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

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

### III. AUDIT OPINION

We have examined the following appended financial statements, numbered I and II, properly identified, and relevant schedules of the United Nations Industrial Development Fund for the years 1982 and 1983. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles and were in accordance with the Financial Regulations and legislative authority.

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

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

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

13 June 1984

**IV. FINANCIAL STATEMENTS FOR THE BIENNIUM 1982-1983  
ENDED 31 DECEMBER 1983**

## UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND

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

(United States dollars)

	1983	1981
<u>Income</u>		
Pledged contributions	27 330 975	29 465 839
Interest income	3 261 519	2 998 131
Miscellaneous income	-	1 600
Total	<u>30 592 494</u>	<u>32 465 570</u>
<u>Expenditure</u>		
Staff and other personnel costs	8 066 684	4 537 151
Travel	366 978	185 753
Contractual services	4 423 145	3 774 791
Operating expenses	4 949 419	4 320 169
Acquisitions	2 873 278	2 967 087
Fellowships, grants, other	8 148 218	8 371 231
Sub-total	<u>28 827 722</u>	<u>24 156 182</u>
Programme support costs	2 972 261	2 942 173
Total expenditure	<u>31 799 983</u>	<u>27 098 355</u>
Excess of income over expenditure for the above period	(1 207 489)	5 367 215
<u>Less:</u> adjustment for prior period	-	274 070 <u>a/</u>
Net excess of income over expenditure	<u>(1 207 489)</u>	<u>5 093 145</u>

a/ Adjustment for the overstatement of miscellaneous income (\$233,665) and income from pledged contributions (\$40,405) from the Republic of Korea for the biennium 1978-1979 ended 31 December 1979.

Certified correct

(Signed) Abd-El Rahman KHANE  
 Executive Director

## UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND

Statement of assets and liabilities as at 31 December 1983

(United States dollars)

	1983	1981
<u>Assets</u>		
Cash	19 339 927	19 824 324
Pledged contributions unpaid	15 900 136	13 271 432
Accounts receivable	522 726	813 550
Due from United Nations General Fund	133 198	-
Deferred charges and other assets	2 987 339	849 900
Total assets	<u>38 883 326</u>	<u>34 759 206</u>
<u>Liabilities</u>		
Accounts payable	1 471 231	40 208
Unliquidated obligations	4 591 603	6 393 904
Unliquidated obligations, future years	2 987 105	848 368
Operating reserve	197 000	-
Due to United Nations General Fund	-	802 558
Deferred income	13 755 543	9 418 835
Total liabilities	<u>23 002 482</u>	<u>17 473 873</u>
<u>Fund balance</u>		
Balance available 1 January 1982	17 285 333	12 192 188
<u>Add:</u> net excess of income over expenditure	<u>(1 207 489)</u>	<u>5 093 145</u>
Sub-total	16 077 844	17 285 333
<u>Less:</u> transfer to reserves	<u>197 000</u>	<u>-</u>
Balance available 31 December 1983	<u>15 880 844</u>	<u>17 285 333</u>
Total liabilities and Fund balance	<u>38 883 326</u>	<u>34 759 206</u>

Certified correct

(Signed) Abd-El Rahman KHANE  
Executive Director



UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND  
Status of unpaid pledges as at 31 December 1983

Country or organization	Unpaid pledges as at 1 January 1982	Pledges for 1982-1983 and adjustments of prior pledges	Pledges for future years	Collections during 1982-1983	Loss/gain on exchange	Unpaid pledges as at 31 December 1983
Afghanistan	-	3 000	1 500	3 000	-	1 500
Algeria	80 500	128 175	40 000	208 675	-	40 000
Angola	20 000	20 000	-	40 000	-	-
Arab Industrial Development Organization	-	29 892	-	29 892	-	-
Argentina	84 600	66 810	-	141 810	-	9 600
Australia	-	765 507	138 889	696 856	63 651	138 889
Austria	(161 791)	1 245 519	655 738	1 033 627	50 101	655 738
Bahrain	-	10 000	5 000	10 000	-	5 000
Bangladesh	4 000	8 000	2 200	9 950	50	4 200
Barbados	-	4 000	-	4 000	-	-
Belgium	66 666	1 293 027	450 704	1 359 693	-	450 704
Benin	-	4 000	-	-	-	4 000
Bhutan	-	3 066	1 200	3 066	-	1 200
Bolivia	3 300	1 700	-	5 000	-	-
Botswana	-	4 130	4 587	4 130	-	4 587
Brazil	-	30 000	15 000	15 000	-	30 000
Bulgaria	-	205 399	101 523	191 655	13 744	101 523
Burma	1 000	2 000	1 000	2 986	14	1 000
Burundi	-	3 340	-	3 340	-	-
Cameroon	-	7 255	-	6 376	879	-
Central African Republic	900	-	-	-	-	900
Chad	7 068	-	-	-	2 225	4 843
Chile	-	20 000	10 000	20 000	-	10 000
China	-	713 991	403 030	692 351	21 640	403 030
Colombia	262	11 417	5 700	11 679	-	5 700
Congo	15 133	10 000	10 000	16 867	(2 394)	20 660
Costa Rica	1 480	-	-	-	-	1 480
Cuba	-	55 134	24 202	53 802	1 332	24 202
Cyprus	1 545	2 561	-	3 090	90	926
Czechoslovakia	-	362 259	155 763	335 220	(220)	183 022
Democratic Yemen	-	6 943	-	6 943	-	-
Djibouti	2 000	2 000	-	4 000	-	-
Dominica	-	1 000	1 852	-	-	2 852
Ecuador	-	7 000	5 000	7 000	-	5 000
Egypt	-	127 178	72 492	63 589	-	136 081
Ethiopia	-	-	1 122	-	-	1 122
Fiji	-	2 200	1 050	2 200	-	1 050
Finland	354 404	333 969	-	224 656	114 763	348 954

Country or organization	Unpaid pledges as at 1 January 1982	Pledges for 1982-1983 and adjustments of prior pledges	Pledges for future years	Collections during 1982-1983	Loss/gain on exchange	Unpaid pledges as at 31 December 1983
France	-	1 825 481	1 069 182	1 670 669	154 812	1 069 182
Gambia	1 530	(1 530)	-	-	-	-
German Democratic Republic	-	658 815	507 692	665 749	(6 934)	507 692
Germany, Federal Republic of	-	4 521 771	2 461 538	4 567 812	69 344	2 346 153
Ghana	-	7 273	-	7 273	-	-
Greece	7 000	55 000	-	54 800	-	7 200
Guatemala	-	10 000	-	10 000	-	-
Guinea	-	6 072	-	6 072	-	-
Guinea-Bissau	395	-	-	388	7	-
Guyana	933	2 367	-	-	-	3 300
Honduras	-	1 000	-	-	-	1 000
Hungary	-	130 357	68 074	130 357	-	68 074
India	10 286	2 000 000	1 000 000	2 010 286	-	1 000 000
Indonesia	-	100 000	50 000	100 000	-	50 000
Iran (Islamic Republic of)	195 949	(110 949)	-	85 000	-	-
Iraq	-	338 983	-	-	16 402	322 581
Italy	(296 610)	4 092 483	2 515 723	3 334 517	461 356	2 515 723
Ivory Coast	-	242 309	152 490	138 928	11 371	244 500
Jamaica	-	8 000	4 000	8 000	-	4 000
Japan	678 263	830 347	135 992	1 629 281	-	15 321
Jordan	-	12 086	-	12 086	-	-
Kenya	15 554	17 952	17 037	20 867	2 639	27 037
Kuwait	-	150 000	75 000	150 000	-	75 000
Lao People's Democratic Republic	1 500	3 000	1 500	3 000	-	3 000
Lebanon	3 696	2 000	2 000	-	408	7 288
Lesotho	-	4 000	2 000	4 000	-	2 000
Liberia	-	2 500	-	2 500	-	-
Luxembourg	-	13 651	5 446	12 134	1 517	5 446
Madagascar	7 067	4 241	-	9 973	1 335	-
Malawi	-	4 896	2 344	4 973	(77)	2 344
Malaysia	-	40 000	-	20 000	-	20 000
Mali	-	1 767	-	-	556	1 211
Malta	-	8 896	-	8 878	18	-
Mauritius	-	1 883	836	1 894	(11)	836
Mexico	458	29 373	-	29 831	-	-
Mongolia	-	4 363	2 169	4 337	26	2 169
Morocco	-	17 646	6 417	8 438	2 791	12 834
Mozambique	-	5 026	-	4 872	154	-
Nepal	-	1 400	-	1 400	-	-
Nicaragua	1 000	-	-	1 000	-	-

Country or organization	Unpaid pledges as at 1 January 1982	Pledges for 1982-1983 and adjustments of prior pledges	Pledges for future years	Collections during 1982-1983	Loss/gain on exchange	Unpaid pledges as at 31 December 1983
Norway	4 000	(39 612)	-	(39 612)	-	4 000
Oman	-	24 000	-	24 000	-	-
Pakistan	50 505	138 450	75 019	173 524	15 431	75 019
Panama	-	2 000	1 000	2 000	-	1 000
Paraguay	18 000	-	-	-	-	18 000
Peru	-	-	20 000	-	-	20 000
Philippines	900	45 000	13 500	37 685	-	21 715
Poland	11 295	406 291	157 895	417 586	-	157 895
Portugal	-	30 000	15 000	29 435	565	15 000
Qatar	-	60 000	-	60 000	-	-
Republic of Korea	-	60 000	30 000	60 000	-	30 000
Romania	-	36 364	-	36 364	-	-
Rwanda	-	5 600	4 000	5 600	-	4 000
Saudi Arabia	-	2 000 000	-	2 000 000	-	-
Senegal	22 000	1 000	4 000	-	-	27 000
Seychelles	-	1 000	-	1 000	-	-
Sierra Leone	9 000	(1 800)	-	7 200	-	-
Somalia	67	2 400	-	-	-	2 467
Sri Lanka	3 000	6 000	3 000	5 882	118	6 000
Sudan	61 228	30 000	11 719	-	-	102 947
Suriname	2 000	4 000	-	6 000	-	-
Swaziland	2 139	4 981	-	5 164	276	1 680
Sweden	307 291	418 102	-	649 138	76 255	-
Switzerland	-	741 805	2 112 676 a/	741 805	-	2 112 676
Syrian Arab Republic	-	88 895	-	88 895	-	-
Thailand	-	46 288	23 084	46 228	60	23 084
Togo	3 534	6 335	1 257	3 248	1 779	6 099
Trinidad and Tobago	-	40 000	20 000	40 000	-	20 000
Tunisia	23 000	54 916	22 101	73 433	4 483	22 101
Turkey	2 615	488 030	204 082	404 691	73 486	216 550
Uganda	1 127	2 320	-	320	97	3 030
Union of Soviet Socialist Republics	-	1 372 403	657 895	1 405 487	(33 084)	657 895
United Kingdom of Great Britain and Northern Ireland	2 038 125	382 757	-	800 638	442 895	1 177 349
United Republic of Tanzania	-	4 516	1 643	3 735	781	1 643
Upper Volta	-	11 716	2 513	11 053	663	2 513
Uruguay	830	-	-	-	-	830
Venezuela	-	42 000	-	41 963	37	-
Viet Nam	3 000	1 000	1 000	3 861	139	1 000
Yemen	55 000	(48 000)	-	-	-	7 000
Yugoslavia	61 053	284 245	161 435	237 865	46 380	222 488

Country or organisation	Unpaid pledges as at 1 January 1982	Pledges for 1982-1983 and adjustments of prior pledges	Pledges for future years	Collections during 1982-1983	Loss/gain on exchange	Unpaid pledges as at 31 December 1983
Saire	50 800	-	3 000	50 800	-	3 000
Zambia	14 000	27 022	11 194	36 336	2 917	12 963
Zimbabwe	-	18 020	11 538	18 020	-	11 538
<b>Total</b>	<b>3 852 597 <sup>b/</sup></b>	<b>27 330 975</b>	<b>13 755 543</b>	<b>27 419 112</b>	<b>1 619 867</b>	<b>15 900 136</b>

<sup>a/</sup> Including pledge for 1985, \$1,056,338.

<sup>b/</sup> Representing total unpaid pledges of \$13,271,432 at 31 December 1981 less \$9,418,835 future year pledges unpaid at that date.

Notes

1/ Official Records of the General Assembly, Thirty-second Session,  
Supplement No. 16 (A/32/16), para. 131 (a).

Notes to the financial statementsNote 1. Summary of significant accounting policies

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

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

(b) The financial statements of the Fund are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) The financial period of the Fund consists of one calendar year.

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

(e) Translation of currencies. The accounts of the Fund are presented in United States dollars. Accounts maintained in other currencies are translated into

United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges (other than pledges for future years) and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(f) Fund statements reflect the "clean surplus" theory by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

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

(h) Investments. Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charges. Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in a subsequent financial period. These expenditure items include commitments approved for future financial periods when they are necessary in the interests of the Fund.

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

(k) Provision is made in the Fund for repatriation grant entitlements and to meet contingencies under appendix D to the Staff Rules of the United Nations. Provision for repatriation grant entitlements is calculated on the basis of 8 per cent of net base pay for all project personnel. Provision to meet contingencies under appendix D is calculated on the basis of 1 per cent of net base pay and is maintained in the United Nations General Fund.

(l) Miscellaneous income:

- (i) Refunds of expenditures charged to prior financial periods are credited to miscellaneous income;
- (ii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;
- (iii) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the Fund balance. If there is a net gain, this is credited to miscellaneous income;

- (iv) The proceeds from the sale of surplus property are credited to the Fund;
- (v) The refunds from the United Nations Joint Staff Pension Fund in respect of pension contributions (7 per cent of pensionable remuneration) of participants entering the Fund on or after 1 January 1967, but withdrawing within five years, are credited to the Fund. Pension refunds have been discontinued effective 1 January 1983 in accordance with General Assembly resolution 37/131 dated 17 December 1982.
- (m) In accordance with rule 405.2 of the Fund, an operational reserve has been established to ensure the financial liquidity of the Fund programme and to compensate for uneven cash flows. As at 31 December 1983, this reserve has been established to equal 5 per cent of the 1982-1983 pledges made to the general-purpose convertible segment of the Fund.
- (n) Unliquidated obligations for future years are treated as deferred charges, and as a separate liability item.
- (o) Prior years' obligations continue to be reflected as accounts payable until they are liquidated. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure.
- (p) Reimbursement for programme support cost is provided from the resources of the Fund and is authorized by the Executive Director at the rate of reimbursement to executing agencies currently applied by the United Nations Development Programme (UNDP).
- (q) The Fund follows the general provisions of the Secretary-General's bulletin on the establishment and management of trust funds (ST/SGB/188) and also its supporting administrative instructions, documents ST/AI/285 and ST/AI/286, although as indicated in paragraph 3 of document ST/SGB/188, that bulletin does not apply to such funds as United Nations Industrial Development Fund, which are subject to the administrative authority of their executive heads.

## Note 2. Cash

At 31 December 1983, cash totalled \$19,339,927. It was held as follows:

	(United States dollars)
In convertible currencies	16 466 779
In non-convertible currencies	2 873 148
	<hr/>
	19 339 927
	<hr/>

## Note 3. Pledged contributions unpaid

See schedule 2.1 above.



Note 4. Accounts receivable

	Less than six months	Six months to one year	More than one year	Total	
				1983	1981
Staff members	59 595	4 705	1 142	65 442	
Governments	4 775	-	-	4 775	
Specialized agencies	69 096	-	57 222	126 318	
Other	326 191	-	-	326 191	
Total accounts receivable	<u>459 657</u>	<u>4 705</u>	<u>58 364</u>	<u>522 726</u>	<u>813 550</u>

Note 5. Due to/from United Nations General Fund

These are interfund balances which reflect transactions between the United Nations Industrial Development Fund and other funds and they are normally settled in the following month.

Note 6. Accounts payable

Staff members	84 525
Governments	11 436
Specialized agencies	-
Vendors	1 295 096
Provision for repatriation grant claims	78 778
Provision for compensation claims (Appendix D to the United Nations Staff Regulations)	398
Other	998
	<u>1 471 231</u>

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