

**UNITED NATIONS  
INSTITUTE FOR TRAINING AND RESEARCH**

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**FINANCIAL REPORT  
and  
AUDITED FINANCIAL STATEMENTS  
for the year ended 31 December 1988  
and  
REPORT OF THE BOARD OF AUDITORS**

**GENERAL ASSEMBLY**

OFFICIAL RECORDS: FORTY-FOURTH SESSION

SUPPLEMENT No. 5D (A/44/5/Add.4)



**UNITED NATIONS**

New York, 1989

## **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.**

[12 July 1989]

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LETTERS OF TRANSMITTAL

5 April 1989

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1988, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Michel DOO KINGUE  
Under-Secretary-General and  
Executive Director of UNITAR

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 Institute for Training and Research for the financial period ended 31 December 1988, which were submitted by the Executive Director. 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) Eufemio C. DOMINGO  
Chairman, Commission on Audit,  
the Philippines  
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 YEAR ENDED 31 DECEMBER 1988

## Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1988, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with subparagraph 3 (i) of article IV of the statute of the Institute.

## Statement I

### UNITAR General Fund: status of expenditure against approved budget

2. Statement I gives the status of expenditure against approved budget for the year ended 31 December 1988. The budget approved by the UNITAR Board of Trustees at its meeting in April 1988 was \$1,069,700. Total expenditures amounted to \$1,273,571. The Executive Director was authorized by the Board of Trustees to undertake additional programmes not provided for in the budget, should additional resources become available before the end of the year. A Regional Training Course on International Law for Latin America and the Caribbean Countries was conducted at Brasilia in November 1988 at a cost of \$49,470. In addition rental and related expenses were budgeted at \$260,000, with the expectation that the land would be purchased before the end of 1988. The actual cost for these expenses in 1988 was \$360,349.

## Statement II

### UNITAR General Fund: statement of income and expenditure

3. The amount of \$851,013 shown in statement II was pledged by Governments as contributions to the General Fund for 1988 (schedule 3.1). In addition, \$479,115 was received as other income bringing the total income for the year to \$1,330,128. The expenditures for the year amounted to \$1,273,571, which resulted in an excess of income of \$56,557 over expenditure.

## Statement III

### UNITAR General Fund: statement of assets and liabilities

4. Statement III reflects the assets and liabilities of the General Fund as at 31 December 1988. The assets, totalling \$963,324, consisted of cash of \$78,813, pledged contributions unpaid in the amount of \$708,123, accounts receivable of \$153,515, and deferred charges of \$22,873. The liabilities of the General Fund amounted to \$3,033,436. Of this, \$47,105 was for accounts payable, \$30,659 for unliquidated obligations (statement I), \$1,870,763 was due to the United Nations General Fund, and \$398,909 was recorded as deferred income for future years' pledges. In addition, a reimbursable advance of \$686,000 from the United Nations General Fund is reflected as approved by General Assembly resolution 38/177 of 19 December 1983; repayments began in 1986.

5. The Fund balance as at 31 December 1988 for the UNITAR General Fund shows a deficit of \$2,070,112. This balance comprises the deficit as at 1 January 1988 of \$1,579,089, plus charges against the Reserve Account of \$547,580, less excess of income over expenditure (statement II) of \$56,557.

#### Expenditure against UNITAR Reserve Account

6. As a transitional measure pending completion of the process of scaling down the Institute's expenditures to the level approved in the 1988 budget, certain costs are being carried temporarily outside the budget of UNITAR against the proceeds anticipated from the proposed sale of the UNITAR building. These costs include salaries and entitlements of staff whose posts have been abolished pending expiration of their contracts or transfer to other sources of funding, the costs of security services pending reintroduction into the UNITAR budget, and a payment due to the United Nations Joint Staff Pension Fund in respect of non-contributory service performed by former holders of UNITAR Letters of Award. As at 31 December 1988, these charges amounted to \$547,580 (schedule 3.2). Should the sale of the building not materialize, these charges will need to be borne, at some stage, by UNITAR.

#### Statement IV

##### UNITAR Capital Assets Fund: statement of assets and Fund balance

7. The leasehold and building shown in statement IV at \$465,000 represent the amount paid for the leasehold located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated to the United Nations by a foundation for use by the Institute. The leasehold will expire in the year 2035.

#### Statement V

##### UNITAR Special Purpose Grants Fund: statement of income and expenditure

8. Statement V shows the income and expenditure of the Special Purpose Grants Fund. A total amount of \$1,601,585 was received during 1988 as grants. After adding interest income of \$38,453, savings in liquidation of prior year's obligations of \$215,123, miscellaneous income of \$112,096 and exchange gain of \$477, the total income in this Fund was \$1,967,734. The total expenditure of \$2,287,450 (schedule 5.1) represents disbursements of \$2,004,771, plus unliquidated obligations of \$282,679. The net excess of expenditure over income amounted to \$319,716, which was met from the Fund balance brought forward from 1 January 1988.

##### UNITAR Special Purpose Grants Fund: statement of assets and liabilities

9. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1988 are shown in statement V. The total assets of \$1,261,328 consist of cash of \$768,036, cash in non-convertible currencies of \$259,460, accounts

receivable of \$148,117 and deferred charges of \$85,715. The liabilities amounted to \$385,590, including \$7,083 as accounts payable, \$282,679 as unliquidated obligations (schedule 5.1), and \$95,828 due to the United Nations General Fund.

10. The balance of the Special Purpose Grants Fund was \$875,738 as at 31 December 1988. This represents a decrease of \$319,716 in the Fund balance for the year ended 31 December 1988, corresponding with the excess of expenditure over income.

Write-off of losses of cash and receivables

11. There were no write-offs during 1988 in accordance with financial rule 110.14. The write-offs for the year 1987 amounted to \$151,146.

Summary of significant accounting policies

12. The significant accounting policies of UNITAR are outlined in the notes to the financial statements (see annex).



## II. REPORT OF THE BOARD OF AUDITORS

### Introduction

1. As required by article VIII, paragraph 6, of the statute of the United Nations Institute for Training and Research (UNITAR), the Board of Auditors has audited the accounts of UNITAR for the year ended 31 December 1988.
2. The examination was carried out in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at the Institute's headquarters in New York.
3. The following are the most significant matters from our 1988 audit and are intended to assist the Administration in considering and introducing further improvements in the financial management and control system of UNITAR. We have discussed these matters with the Administration, whose reactions have been incorporated where appropriate. The present report is divided into two parts, covering the audit of financial statements and management issues, respectively.

### Summary of recommendations

4. We recommend that the following corrective actions, presented in order of priority, be taken:
  - (a) Expenditures should not be allowed to exceed allotments and no expenditures should be incurred for any special purpose projects unless there are allotments issued for the purpose (see paras. 19 and 20);
  - (b) The Administration should provide in the General Fund budget for the losses from the undocumented accounts receivable and deficit of a terminated special purpose grant project (see para. 13);
  - (c) The plan of action to reverse the downtrend of pledged contribution income should immediately be implemented to give a new lease of life to the Institute (see para. 30);
  - (d) The Administration should promote or accept only special purpose grant projects from which the Institute can derive project support income of at least 13 per cent (see para. 44);
  - (e) Efforts should be made to update and improve the reconciliation of accounting records, so that errors in the balances of accounts could be minimized (see para. 28);
  - (f) The Administration should follow the provisions of special purpose grant agreements regarding rendition of final report and final financial statements within six month after completion or termination of a project (see para. 38).

## Summary of findings

5. UNITAR is likely to incur substantial losses for long outstanding receivables and deferred charges for which no records are available to determine their nature.
6. Expenditures exceeded allotments in both the General Fund and Special Purpose Grant Fund. Some projects were observed to have incurred expenditures even though no allotments were issued for the projects.
7. Lapses in accounting control, especially in the reconciliation aspects, resulted in several discrepancies in the balances of the accounts.
8. Income has been declining every year at an alarming rate, surpassing the rate of decline in expenditures; this situation contributed to the accumulation of a substantial fund deficit in the General Fund balance.
9. We observed that a final report and final financial report for a special purpose grant project, which was terminated on 31 August 1988, had not been submitted; this could be considered a deviation from the provision of the special purpose grant agreement.
10. A fellow received a \$30,000 grant from a private foundation for a UNITAR project with the fund remaining in his custody instead of being accounted for as UNITAR funds; this arrangement deprived the Institute of the 13 per cent programme support income.

## PART I

### Financial statements

#### Losses from undocumented receivables and deferred charges

11. UNITAR stands to lose \$80,566 from the writing-off of dormant and undocumented accounts receivable and deferred charges, aside from the deficit of a closed project amounting to \$62,900. These are as follows:

(a) The accounts receivable of \$2,922 for a Dakar project that was terminated in 1986 included the account of one staff member who is no longer connected with the Institute;

(b) Deferred charges for \$77,644 set up in 1982 for a Dakar project were never charged to expenditures. These deferred charges can no longer be charged to expenditure, simply because the project no longer exists; moreover, it even has an outstanding fund deficit of \$62,900, resulting in a total loss of \$140,544.

12. According to the Administration, the then accountant of the United Nations, together with the Chief Administrative Officer of UNITAR, went to Dakar purposely to audit the accounts. The accountant took the accounting files and records of the Dakar office and those of the project in Rome. Based on those records, journal vouchers were prepared setting up those deferred charges that had been objected to by the Dakar office. However, the accounts referred to remain unadjusted until now.

13. Since it appears that the records are no longer available to substantiate the accounts receivable and deferred charges, steps should be taken to write them off, together with the fund deficit, and to charge them to the General Fund. The Accounts Division of the United Nations Secretariat expressed the same position in their comments to this observation.

### Budgetary control

#### General Fund

14. Expenditures exceeded allotments in the General Fund, where, in five out of seven budget chapters, or 71 per cent, and in all budget sections, or compatible objects of expenditure except two, expenditures exceeded allotments. The same observation is true in the case of budget section 01 for salaries and common staff costs where, under normal conditions, overexpenditures ought not to have been incurred. The total excess of expenditures over allotment is 19 per cent of the total allotments and 16 per cent of the total expenditures.

15. The Administration contended that the Executive Director was authorized by the Board of Trustees to transfer funds from one budget chapter/section to another and that he was authorized to implement programmes not provided for in the budget, provided it would not result in a deficit.

16. Although we agreed with the Administration that such authority was given, the decision specified that, "... if additional resources were available, the Executive Director was authorized to implement two training projects that he had been compelled to cancel in order to balance the budget, namely, the regional training and refresher course in international law for Latin America and the Caribbean and the seminar for new members at the permanent missions at Geneva".

17. The Administration implemented the first project costing \$42,000, of which \$10,000 was shared by the United Nations. This amount is very much less than the total budget deficit as shown in statement I of its financial statement, still leaving out a balance of overexpenditures of \$171,871.

18. The Administration cited certain expenditures that caused the incurrence of overexpenditures, such as premises, loss of exchange and insurance premium of the building and other unanticipated costs.

19. Although we recognize the effort of the Administration to keep down its costs, we nevertheless wish to emphasize the need for UNITAR to operate on a balanced budget.

20. The revision of the budget and the approval by the Board of Trustees were still necessary before expenditures not provided for in the budget could be made. Besides, while the Institute is undergoing a financial crisis, it is not wise to let the expenditures exceed the approved budget.

#### Special Purpose Grant

21. In the Special Purpose Grant Fund, the expenditures also exceeded all except one of the allotments. Several projects without allotments were observed to have incurred expenditures. Total excess expenditures amounted to 35 per cent of total allotment and 26 per cent of total expenditure.

22. The Administration reasoned that the programme support cost in practice is not included in the allotment. However, we noted that programme support cost was only 53 per cent of the total deficit. After deducting this programme support cost from the total deficit, the ratio of deficit to total allotment is still 16 per cent, partly attributable to the charging of expenditures in anticipation of grants.

23. Allowing expenditures to exceed allotments in the special purpose grant projects could lead to a fund deficit. In fact, there were six projects, aside from the Dakar project, with fund deficits amounting to \$157,192. Allotment is an authority to incur expenditures and serves as a control device to avoid fund deficit. If this is ignored, as is being done, there would always be a fund deficit, which could finally lead to losses, as in the case of the Dakar project.

24. Since the Institute has not yet extricated itself from the financial crisis, it would be advisable to operate within the budget so as not to compound its financial problem. Financial rule 106.1, requiring written authorization before expenditures are incurred, should also be followed in the financial administration of special purpose grant projects.

#### UNDP-funded projects

25. In the case of projects funded by the United Nations Development Programme (UNDP), we reiterated our comments that the Institute could not obtain funding at the beginning of the respective project because it does not have executing agency status. The Institute pre-finances a large part of the project cost before it receives reimbursement. As such, it does not issue allotment advices until after expenditures are made and contributions are received. This scheme further strains the already limited funds of the Institute.

26. The Administration unsuccessfully attempted in 1988 to obtain executing agency status for the Institute. The matter, however, has been taken up with the support of the Director-General for Development and International Economic Co-operation and the Legal Office of the United Nations and will be taken up in the General Assembly at its forty-fourth session whereupon, hopefully, UNITAR will be appointed as an executing agency of UNDP.

#### Accounting records

27. We noted several discrepancies in the balances of certain accounts, the records of which are maintained for UNITAR by the United Nations. Although some were adjusted in April 1989, the discrepancies somehow indicated lapses in accounting control, primarily because reconciliation has not been done regularly. One of the discrepancies noted took place in 1984 in the education grant advance of a staff member when a credit of \$3,000 was not recorded in the books, but was reflected in the salary reconciliation report. Another was the failure to record a grant from Poland, of which 1 million zlotys, or \$1,783, was deposited to the account of UNITAR with Bank Narowdy Polski in 1987. Cash was therefore understated and so was grant income.

28. We recommend that reconciliation of accounting records should be updated and improved in order to minimize discrepancies in the balances of the accounts.

Management issues

Pledged contributions

29. Pledged contributions are the lifeline of UNITAR, without which the Institute would collapse. However, the alarming rate of decline of pledges from year to year was noted. From 1985 to 1988, the pledges dropped from \$1,988,871 to \$851,013, or by 50 per cent, which greatly contributed to the large deficit in the General Fund balance. This deficit increased from 1985 to 1988 from \$574,307 to \$2,070,112, or by 260 per cent, while the accumulated excess of expenditure over income in the same fund amounted to \$227,301, or 25 per cent of the fund balance deficit, the computation not including the extraordinary items in 1987 and charges to the Reserve Account in 1988. Because of this lack of financial support, UNITAR had to incur substantial debt to the United Nations, which increased from \$1,612,978 in 1985 to \$2,556,763 in 1988, or by 59 per cent.

30. We recommend that an immediate plan of action should be made to reverse the downtrend of pledged contributions in order to give a new lease of life to the Institute. Contributing countries ought to be encouraged to be generous to the Institute, which should emphasize the paramount importance of its training role in the United Nations.

31. The Administration replied that the financial difficulties of UNITAR could be traced as early as the 1970s, which had led the General Assembly to give UNITAR several grants from 1980 to 1985 to balance its budget and which had resulted also in the restructuring of UNITAR in 1986 and 1987. As such, this restructuring and the tight management of the financial resources available, according to the Administration, enabled UNITAR to post an excess of income over expenditure of \$56,000 in 1988.

32. The Administration stated further that "with the tight budget under which UNITAR is operating, the Institute's accumulated debt to the United Nations over the years could not be wiped out through the use of excess of income over expenditure. That is why the General Assembly has approved, in 1987, the sale of UNITAR headquarters property which will lead to the payment of the accumulated debt of UNITAR to the United Nations and to the establishment of a UNITAR Reserve Fund (hopefully in the order of at least \$6 million), the annual interest of which will be used to fund the General Fund budget of the Institute over and above the resources from Government voluntary contributions".

33. We understand fully the Administration's stand on this matter and it was precisely on the basis of this long period of financial difficulties, including the period mentioned above in paragraph 27, that the Board of Trustees of UNITAR had expressed, at its session in April 1989, that "greater stability, predictability and reliability in the financing of the Institute would not be achieved by merely establishing the UNITAR Reserve Fund; it would also depend upon a steady increase of Governments' voluntary contributions to the General Fund. It is therefore desirable that an increased number of Governments contribute to the General Fund".

34. It is therefore in that context that we reiterate our contention of the imperatives of a definitive plan of action that would help accelerate contributions from Member States. As the Administration has replied to us, such a plan can be

prepared only in full agreement with the Board of Trustees of the Institute and in the light of the results of the forthcoming United Nations Pledging Conference in November 1989.

### Project evaluation

35. A special purpose grant project is covered by an agreement between the Institute and the donor country. In one of the projects evaluated, among the requirements is the preparation of a final report and the final financial statements within six months upon completion/termination of the project.

36. However, after the lapse of six months from the completion of the project in August 1988, no final report and final financial statements have been prepared.

37. The projects had a fund balance of \$27,259 as at 31 December 1988. Any donor country would be interested to know the final results of its operations and financial position through the issuance of the final report and final financial statements.

38. We, therefore, recommend that the provisions of the special purpose grant agreement regarding the final report and final financial statements should be complied with to encourage donor countries to sponsor more projects.

39. The Administration replied that it had complied with this requirement on 25 May 1989, that is, after we served our audit recommendation. It further stated that this case is not typical of UNITAR behaviour.

40. We wish to point out, however, that this finding deals with the same requirement, as discussed in paragraphs 16 to 18 of the 1987 report of the Board of Auditors. <sup>1/</sup> Furthermore, to date, UNITAR has not furnished us with copies of the final financial statements of this project.

### Receipt of grant for a UNITAR project by a fellow from a private foundation

41. We also observed that one fellow directly received in 1988 a \$30,000 grant from a private foundation, using the name of UNITAR in the initial stages of negotiation, to partially finance his work entitled "A New Approach to Arms Control and Disarmament: International Accountability for National Defense Policy", which is actually a project of UNITAR.

42. The custody and investment of the subject grant are not handled by UNITAR; neither was the 13 per cent programme support cost given to or retained by UNITAR to cover the overhead expenses being incurred by the Institute for the project in question. All of these practices run contrary to the pertinent provisions of the "Policies and procedures in connection with the establishment and management of special purpose grants" and Board of Trustees decision 1 (1986).

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<sup>1/</sup> Official Records of the General Assembly, Forty-third Session, Supplement No. 5D (A/43/5/Add.4, sect. II).

43. The Administration explained that the fellow concerned is to be regarded as a member of the "rotating staff" of the Institute and that UNITAR is not entitled to the execution fee that is applicable under regular circumstances because the services of the fellow concerned are free-of-charge through financial arrangements with the private donor. However, the comment of the Administration is not in accordance with the relevant provisions of the above-mentioned "Policies and procedures" and the UNITAR statute, which provides that fellows are not to be considered as members of the staff. Hence, the fellow in question cannot be regarded as a member of the rotating staff of UNITAR to be given such form of special consideration.

44. We recommend that the Administration, to protect its interest, should:

(a) Demand from the UNITAR fellow concerned the immediate transfer to UNITAR of the full amount of the \$30,000 grant, as required under existing policies and regulations, from which his fees will be drawn and paid by UNITAR, and the 13 per cent programme support cost should be retained by UNITAR as income to absorb the overhead expenses of the project; otherwise, a bill should be sent to the fellow concerned asking him to pay UNITAR the overhead/cost of the project being improperly absorbed by UNITAR;

(b) Prohibit all project officers and fellows of UNITAR from personally or directly receiving funds from donors for projects of UNITAR; this matter should be indicated clearly in the appointment letter in order to avoid error, possible abuse or similar questionable cases in the future;

(c) Advise all possible donors to pay or send funds directly to the Finance and Administrative Section of UNITAR or United Nations Headquarters.

45. The Administration replied that the fellow concerned had agreed to give UNITAR \$3,460 and that other services provided by UNITAR are now being paid out of the \$30,000 grant.

#### Comments on matters dealt with in the 1987 report

46. We followed up on the implementation of the recommendations made in our previous report. 1/

47. Our examination showed that the Administration has not complied with the recommendations to incur expenditures only on the basis of receipts of grants from donors (as discussed in paras. 21 to 24 of the present report).

48. However, as mentioned in paragraph 26 above, steps were taken to secure for UNITAR an executing agency status with UNDP. All other recommendations that we made in our previous report were acted upon favourably by the Administration.

#### Fraud and write-off of losses

49. In line with the provisions of paragraph 6 (c) (1) of the annex to United Nations Financial Regulations and of financial rule 111.10 (b), UNITAR informed the Board that there was no known case of fraud and presumptive fraud and that there was no write-off of accounts receivable for the year ended 31 December 1988.

### Acknowledgement

50. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended to the auditors by the Executive Director, the Chief Administration Office and members of their staff.

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

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

(Signed) J. K. GHANSAH  
Acting Auditor General of Ghana



### III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to V, properly identified, and relevant schedules of the United Nations Institute for Training and Research for the financial year ended 31 December 1988. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidences as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of the organisation 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 policies, which were applied on a basis consistent with that of the preceding financial period.

Transactions were in accordance with the financial regulations and legislative authority, except for the disposal of budgetary funds in excess of allotments, as explained in paragraphs 14 to 21 of our report.

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

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

(Signed) J. K. GHANSAH  
Acting Auditor General of Ghana

**IV. CERTIFICATION OF THE FINANCIAL STATEMENTS**

6 April 1969

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are correct.

(Signed) Susan R. MILLS  
Deputy Controller and  
Officer-in-Charge,  
Office of Programme Planning,  
Budget and Finance

**V. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1988**

## STATEMENT I

## UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Status of expenditure against approved budget for the year ended 31 December 1988

(United States dollars)

Budget chapter	Approved budget	Expenditure		Unobligated balance
		Disbursements	Unliquidated obligations	
<u>General Fund</u>				
I. Board of Trustees	-	-	-	-
II. Office of the Executive Director (OED)	166 100	170 140	17 500	187 640 (21 540)
III. OED - Publications and Information Unit	2 000	4 002	-	4 002 (2 002)
IV. OED - External Co-ordination and Board of Trustees Secretariat	-	-	-	-
V. OED - Finance and Administration	105 100	86 122	-	86 122 18 978
VI. Division of Training	182 800	191 633	7 636	199 269 (16 469)
VII. Division of Research	-	11 258	-	11 258 (11 258)
VIII. UNITAR European Office, Geneva	227 500	215 560	30	215 590 11 910
IX. Operational costs	386 200	564 197	5 493	569 690 (183 490)
Total	<u>1 069 700</u>	<u>1 242 912</u>	<u>30 659</u>	<u>1 273 571</u> <u>(203 871)</u>

The accompanying notes are an integral part of the financial statements.

## STATEMENT II

## UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of income and expenditure for the year ended 31 December 1988

(United States dollars)

	1988	1987
<b>Income</b>		
Government contributions pledged	851 013 <sup>a/</sup>	889 648
Public donations	-	11 307
Income from programme support costs (statement V)	245 231	138 813
Interest income	7 703	7 020
Rental income	183 475	171 654
Sale of publications	76	6 916
Royalty	2 017	1 583
Refund of prior year's expenditure	33 361	12 218
Savings in liquidation of prior year's obligations	3 645	27 821
Miscellaneous income	3 607	817
Exchange gain	-	43 967
	<u>1 330 128</u>	<u>1 311 764</u>
<b>Expenditure</b>		
Salaries and common staff costs	629 627	1 164 147
Outside expertise	35 868	34 782
Security services	286	68 450
Staff travel	33 476	39 905
Travel of participants	2 095	-
External audit	18 288	14 748
Fund-raising	18 545	13 202
Supplies and materials	4 587	8 332
Furniture and equipment	29 671	26 148
Library books, documents and periodicals	2 438	906
Documentation/publications	6 347	1 775
Communications	73 900	118 969
Premises	360 349	337 983
Subsidies for special projects	-	2 587
Public relations and hospitality	3 363	4 279
Fellowships	3 300	16 500
Miscellaneous expenses	51 431	43 150
	<u>1 273 571</u>	<u>1 895 863</u>
Excess of income over expenditure	56 557	(584 099)
<u>Add:</u> Adjustments for prior period		(617 568)
<u>Net excess of income over expenditure</u>	<u>56 557</u>	<u>(1 201 667)</u>
(statement III)		

<sup>a/</sup> Of this amount, \$693,322 has been paid in by 31 December 1988 and \$130,720 is still outstanding. The difference of \$26,971 represents loss on exchange.

The accompanying notes are an integral part of the financial statements.

## STATEMENT III

## UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of assets and liabilities as at 31 December 1988

(United States dollars)

	1988	1987
<b><u>Assets</u></b>		
Cash	78 813	89 545
Pledged contributions unpaid (schedule 3.1)	708 123	603 684
Accounts receivable	153 515	153 623
Deferred charges	22 873	17 247
	<u>963 324</u>	<u>864 099</u>
<b><u>Liabilities</u></b>		
Accounts payable	47 105 <sup>a/</sup>	28 195
Unliquidated obligations (statement I)	30 659	21 871
Deferred income	398 909	336 613
Due to United Nations General Fund	1 323 183	1 370 509
Advance from United Nations General Fund	686 000 <sup>b/</sup>	686 000
Due to United Nations from the Reserve Account	<u>547 580</u>	-
	<u>2 556 763</u>	<u>-</u>
	<u>3 033 436</u>	<u>2 443 188</u>
<b><u>Fund balance</u></b>		
<b><u>General Account</u></b>		
Balance available as at 1 January 1988	(1 579 089)	(377 422)
<u>Add: Excess of income over expenditure (statement II)</u>	<u>56 557</u>	<u>(1 201 667)</u>
	(1 522 532)	(1 579 089)
<b><u>Reserve Account</u></b>		
Expenditure against UNITAR Reserve Account (schedule 3.2)	(547 580)	-
	<u>(2 070 112)</u>	<u>(1 579 089)</u>
Balance available as at 31 December 1988	(2 070 112)	(1 579 089)
	<u>(2 070 112)</u>	<u>(1 579 089)</u>
Total liabilities and Fund balance	<u>963 324</u>	<u>864 099</u>

<sup>a/</sup> Excludes liability for the payment of pension fund contributions of \$50,759 for former UNITAR holders of letters of award, for whom retroactive participation in the United Nations Joint Staff Pension Fund has been approved.

<sup>b/</sup> Advance of \$886,000 was approved by the General Assembly in its resolution 38/177 of 19 December 1983 to cover the deficit in the Institute's budget for 1983.

The accompanying notes are an integral part of the financial statements.

## SCHEDULE 3.1

## UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Schedule of pledged contributions as at 31 December 1988

(United States dollars)

Countries	Unpaid pledges as at 1 January 1988	Add: pledges for 1988	Add: pledges for future years	Less: collections during 1988	Less: loss on exchange	Unpaid pledges as at 31 December 1988
Algeria	10 000	-	-	10 000	-	-
Argentina	-	40 000	-	40 000	-	-
Burkina Faso	-	500	-	-	-	500
Burundi	847	-	-	-	180	667
Cameroon	42 403	-	44 369	-	1 447	85 325
Central African Republic	-	-	1 534	1 534	-	-
Chile	5 000	5 000	5 000	5 000	-	10 000
Congo	15 000	-	-	-	-	15 000
Côte d'Ivoire	-	22 000	-	22 000	-	-
Cuba	3 000	-	-	1 000	-	2 000
Democratic Yemen	2 690	-	-	-	-	2 690
Finland	-	110 612	-	110 612	-	-
France	-	117 613	68 259	49 587	3 510	132 775
Gabon	70 671	-	-	-	2 412	68 259
Ghana	-	-	5 000	-	-	5 000
Greece	-	5 000	5 000	5 000	-	5 000
India	-	25 000	20 000	25 000	-	20 000
Indonesia	-	4 000	4 000	4 000	-	4 000
Iraq	15 000	-	-	-	-	15 000
Italy	-	163 265	155 642	142 602	20 663	155 642
Jamaica	-	2 000	2 015	2 000	-	2 015
Japan	-	100 000	-	100 000	-	-
Kenya	941	-	-	-	67	874
Kuwait	-	20 000	20 000	-	-	40 000
Libyan Arab Jamahiriya	-	20 000	20 000	-	-	40 000
Luxembourg	-	4 035	-	3 486	549	-
Malawi	47	806	-	624	229	-
Mali	500	-	-	-	-	500
Malta	-	898	-	898	-	-
Nigeria	(20 000)	20 000	-	-	-	-
Oman	10 000	-	-	-	-	10 000
Pakistan	10 000	15 060	15 000	15 000	-	25 000

Schedule 3.1 (concluded)

Countries	Unpaid pledges as at 1 January 1988	Add: pledges for 1988	Add: pledges for future years	Less: collections during 1988	Less: loss on exchange	Unpaid pledges as at 31 December 1988
Philippines	-	7 500	2 000	7 500	-	2 000
Republic of Korea	-	9 333	10 000	9 333	-	10 000
Rwanda	-	1 000	15 000	-	-	16 000
Saint Lucia	-	1 000	-	1 000	-	-
Saint Vincent and the Grenadines	-	1 000	-	1 000	-	-
Senegal	3 000	3 000	-	-	-	6 000
Sierra Leone	1 500	-	-	-	-	1 500
Somalia	-	505	-	-	309	196
Suriname	500	-	-	500	-	-
Swaziland	-	-	847	-	-	847
Switzerland	-	125 874	-	125 874	-	-
Trinidad and Tobago	2 778	-	-	-	425	2 353
Tunisia	-	2 266	2 243	-	189	4 320
Uganda	5 000	5 000	-	-	3 137	6 863
United Republic of Tanzania	(1 806)	1 806	-	-	-	-
United States of America	47 000	-	-	38 203	-	8 797
Uruguay	-	1 000	-	1 000	-	-
Venezuela	-	10 000	-	10 000	-	-
Yemen	-	-	2 000	-	-	2 000
Yugoslavia	-	5 000	-	-	-	5 000
Zaire	43 000	1 000	1 000	43 000	-	2 000
<b>Total</b>	<u>267 071</u> a/	<u>851 013</u>	<u>398 909</u>	<u>775 753</u>	<u>33 117</u>	<u>708 123</u> b/

a/ Represents total unpaid pledges of \$603,664 at 31 December 1987, less \$314,807 future years' pledges unpaid at that date, less \$21,806 future years' pledges paid in 1987.

b/ Unpaid pledges relate to the following years:

1987 and prior	180 028
1988	130 720
Future year	<u>397 375</u>
	<u>708 123</u>



SCHEDULE 3.2

Expenditure against UNITAR Reserve Account for the year  
ended 31 December 1988

(United States dollars)

Expenditure

Salaries and common staff costs	420 577
Security	76 244
Payment to Pension Fund for former UNITAR fellows	<u>50 759</u>
Total expenditure	<u><u>547 580</u></u>

(statement III)

## STATEMENT IV

## UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - CAPITAL ASSETS FUND

Statement of assets and Fund balance as at 31 December 1988

(United States dollars)

	1988	1987
<b>Assets</b>		
Capital assets		
Leasehold and building	465 000	465 000
Total capital assets	<u>465 000</u>	<u>465 000</u>
<b>Fund balance</b>		
Donated funds as at 1 January 1988	465 000	465 000
Total fund balance	<u>465 000</u>	<u>465 000</u>

**Note:** The leasehold and building shown at \$465,000 represents the amount paid for the leasehold, located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated by a foundation to the United Nations for use by the United Nations Institute for Training and Research. This leasehold will expire in the year 2035.

The accompanying notes are an integral part of the financial statements.

## STATEMENT V

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH -  
SPECIAL PURPOSE GRANTS FUNDI. Statement of income and expenditure for the year ended  
31 December 1988

(United States dollars)

	1988	1987
<b>Income</b>		
Grants (schedule 5.1)	1 601 585	1 591 026
Interest income	38 453	58 573
Savings on liquidation of prior year's obligations	215 123	415 147
Exchange gain	477	55 299
Miscellaneous income	112 096	73 684
<b>Total income</b>	<b>1 967 734</b>	<b>2 193 729</b>
<b>Expenditure</b>		
Staff and other personnel costs	654 866	679 168
Staff travel	152 452	182 067
Outside expertise	365 692	722 025
Panels and conferences	407 197	3 750
Fellowships, grants, etc.	-	197 193
Participants travel	133 569	179 580
Documentation and publications	33 379	24 519
Communications	34 639	49 730
Premises	114 186	100 014
Miscellaneous expenses	146 239	176 665
<b>Subtotal</b>	<b>2 042 219</b>	<b>2 314 711</b>
Programme support costs	245 231	138 813
<b>Total expenditure (schedule 5.1)</b>	<b>2 287 450</b>	<b>2 453 524</b>
<b>Excess of income over expenditure</b>	<b>(319 716)</b>	<b>(259 795)</b>

## STATEMENT V (concluded)

II. Statement of assets and liabilities as at 31 December 1988

(United States dollars)

	1988	1987
<b>Assets</b>		
Cash	768 036	935 364
Cash (non-convertible currencies)	259 460	394 799
Accounts receivable	148 117	426 922
Deferred charges	85 715	85 924
	<u>1 261 328</u>	<u>1 843 009</u>
<b>Total assets</b>	<b><u>1 261 328</u></b>	<b><u>1 843 009</u></b>
<b>Liabilities</b>		
Accounts payable	7 083	7 083
Unliquidated obligations	282 679	392 065
Due to United Nations General Fund	95 828	248 407
	<u>385 590</u>	<u>647 555</u>
<b>Total liabilities</b>	<b><u>385 590</u></b>	<b><u>647 555</u></b>
<b>Fund balance</b>		
Balance available as at 1 January 1988	1 195 454	1 455 249
Add: Excess of income over expenditure	(319 716)	(259 795)
	<u>875 738</u>	<u>1 195 454</u>
Balance available as at 31 December 1988	875 738 a/	1 195 454
	<u>1 261 328</u>	<u>1 843 009</u>
<b>Total liabilities and Fund balance</b>	<b><u>1 261 328</u></b>	<b><u>1 843 009</u></b>

a/ For details by project, see schedule 5.1.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 5.1

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - SPECIAL PURPOSE GRANTS FUND

Statement of income and expenditure and Fund balance for the year ended 31 December 1988

(United States dollars)

Projects	Fund balance 1 January 1988	Income from grants	Other income and adjust- ments <u>a/</u>	Funds available	Expenditures			Fund balance 31 December 1988
					Disbursements	Unliquidated obligations	Total	
<b>A. <u>Convertible currencies</u></b>								
Regional and interregional co-operation in the 1980s	165	-	(165)	-	-	-	-	-
Strategies for the future of Asia	124	-	(124)	-	-	-	-	-
Strategy for the future of Africa	(61 797)	-	-	(61 797)	1 103	-	1 103	(62 900)
Establishment of a centre for simultaneous interpretation - Libyan Arab Jamahiriya	3 935	-	117	4 052	3 900	-	3 900	152
Establishment of a diplomatic institute in Saudi Arabia	76 152	71 200	6 251	153 603	33 907	-	33 907	119 696
The Evaluation of the Liability of States for Damages Caused through Scientific and Technological Innovations	152	-	(152)	-	-	-	-	-
Assistance to the diplomatic institute in Tripoli	19 954	-	938	20 892	20 892	-	20 892	-
Fast-growing tree species for fuelwood products in Asia	241	-	(241)	-	-	-	-	-
United Nations Covenant on Economic, Social and Cultural Rights	10 092	-	(10 092)	-	-	-	-	-
UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	-	236 513	1 000	237 513	232 531	-	232 531	4 982
Second Conference on Heavy Crudes and Tar Sands	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Training programme for government officials in Cape Verde	(118)	-	118	-	-	-	-	-
Conference on Shallow (Small) Oil and Gas	(496)	-	496	-	-	-	-	-
Centre on Small Energy Resources - Italy	109 274	230 500	94 678	434 452	351 103	77 398	428 501	5 951

## SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1988	Income from grants	Other income and adjust- ments <u>a/</u>	Funds available	Expenditure			Fund balance 31 December 1988
					Disbursements	Unliquidated obligations	Total	
Training programme for the Gabonese foreign service	24	-	(24)	-	-	-	-	-
Regional Symposium in English and French on the Modernization of Public Administration in Africa	25 547	-	746	26 293	25 764	-	25 764	529
Diplomatic training programme for government officials of the Ministry of Foreign Affairs - Guinea-Bissau	4 117	-	193	4 310	-	-	-	4 310
Seminar on President Truman and the United Nations	350	-	(350)	-	-	-	-	-
Training publication project	233	-	11	244	-	-	-	244
World Social Prospects Association	(13 276)	7 271	-	(6 005)	-	-	-	(6 005)
Training programme on reporting under Human Rights Conventions	77 112	-	3 603	80 715	100 800	-	100 800	(20 085)
Strategies for the future of Latin America	(29 485)	23 355	3 455	(2 675)	36 000	3 487	39 487	(42 162)
Training seminar for Latin American diplomats on marine pollution through radioactive waste	61	-	(61)	-	-	-	-	-
Joint UNITAR/Institut international d'administration publique (IIAP) training course for junior diplomats of French-speaking African countries	(9 687)	51 993	5 347	47 653	51 619	-	51 619	(3 966)
Junior professional officer - Federal Republic of Germany	36	1 764	492	2 292	2 292	-	2 292	-
Latin American population information network	23 355	(23 355) <u>b/</u>	-	-	-	-	-	-
Junior professional officer at Geneva	375	5 831	-	6 206	6 206	-	6 206	-
Diplomacy training course for senior officials from Namibia	6 345	-	74	6 419	6 419	-	6 419	-
Pilot seminars on foreign policy analysis and planning for senior advisers of African Governments	(17 205)	(6 902) <u>c/</u>	24 735	628	628	-	628	-

## SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1988	Income from grants	Other income and adjust- ments <u>a/</u>	Funds available	Expenditure			Fund balance 31 December 1988
					Disbursements	Unliquidated obligations	Total	
New realities for economic policies in Africa - public versus private sector	982	(770) <u>b/</u>	(212)	-	-	-	-	-
Training of trainers workshop on communication and presentation technique	(58)	-	58	-	-	-	-	-
Training programme on geographical information system technology in the field of environment - Switzerland	273 499	392 925	69 244	735 668	271 964	131 511	403 475	332 193
Training programme for the managers of the foreign debt in the least developed countries - Switzerland	24 389	-	4 453	28 842	52 550	576	53 126	(24 284)
Conference on the United Nations and the maintenance of international peace and security	1 994	-	32	2 026	1 566	-	1 566	460
Economic and social history of the United Nations	83 591	(22 281) <u>d/</u>	2 075	63 385	36 126	-	36 126	27 259
Seminar on planning and management development	18 921	-	27 452	46 373	44 051	-	44 051	2 322
Role of economic integration in the development of Latin American countries	(15 546)	-	21 656	6 110	1 319	-	1 319	4 791
Diplomacy training - UNDP - Suriname	(38 745)	38 428	973	656	-	-	-	656
Study tour of five Nigerian officials: training in multidisciplinary sectors	6 178	(6 120) <u>b/</u>	735	793	94	-	94	699
UNDP/South West African People's Organization (SWAPO) training in development aid planning, co-ordination and administration	(19 584)	-	19 584	-	-	-	-	-
Diplomatic training course for officials from Guinea	(33 605)	34 230	-	625	625	-	625	-
Assistance to UNITAR Programme Department	19 396	40 000	909	60 305	59 046	-	59 046	1 259
Fourth international Conference on Heavy Crude and Tar Sands	48 841	135 403	42 992	227 236	83 553	20 929	104 482	122 754
Training for senior government officials of Nigeria	(6 267)	-	13 060	6 793	362	-	362	6 431

## SCHEDULE 5.1 (concluded)

Projects	Fund balance 1 January 1988	Income from grants	Other income and adjust- ments <u>a/</u>	Funds available	Expenditure			Fund balance 31 December 1988
					Disbursements	Unliquidated obligations	Total	
Junior field officer at Geneva	77 724	47 405	7 303	132 450	65 833	-	65 833	66 617
Photovoltaic Systems Information and Promotional Workshop for Latin America and the Caribbean	-	47 331	58	47 389	42 734	2 898	45 632	1 757
Stones in Brazil	-	22 374	18	22 392	15 865	6 500	22 365	27
Connecting flights for participants in the round table on the future of the United Nations in an independent world	-	10 000	313	10 313	8 759	-	8 759	1 554
Training programme for disaster relief managers	-	97 266	-	97 266	25 642	31 583	57 225	40 041
Subtotal	<u>606 618</u>	<u>1 434 361</u>	<u>341 748</u>	<u>2 382 727</u>	<u>1 583 253</u>	<u>274 882</u>	<u>1 858 135</u>	<u>524 592</u>
<b>B. <u>Non-convertible currency</u></b>								
Fund for Training and Research								
Union of Soviet Socialist Republics	544 786	167 224	24 206	736 216	417 847	7 797	425 644	310 572
China	11 357	-	-	11 357	576	-	576	10 781
Hungary	21 770	-	192	21 962	3 095	-	3 095	18 867
Fund for Scholarships								
Romania	10 923	-	3	10 926	-	-	-	10 926
Subtotal	<u>588 836</u>	<u>167 224</u>	<u>24 401</u>	<u>780 461</u>	<u>421 518</u>	<u>7 797</u>	<u>429 315</u>	<u>351 146</u>
Total	<u>1 195 454</u>	<u>1 601 585</u>	<u>366 149</u>	<u>3 163 188</u>	<u>2 004 771</u>	<u>282 679</u>	<u>2 287 450</u>	<u>875 738</u>

a/ Comprises interest income, savings in liquidation of prior year's obligations, exchange gain and miscellaneous income.

b/ Transferred to other special-purpose grants.

c/ Refunded to donor.

d/ Transferred to United Nations General Trust Funds.



## ANNEX

### Notes to the financial statements

#### Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the accounts of the United Nations Institute for Training and Research are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, 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 United Nations 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 Institute's financial statements 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) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(d) The financial period of the Institute consists of one calendar year.

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

(f) Translation of currencies. The accounts of the Institute 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 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.

(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 and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charges.

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and will be charged as expenditure in the subsequent financial period;

(ii) For balance sheet statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

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

(k) Capital assets. The assets shown in the statement of assets and liabilities of the Institute's Capital Assets Fund include the cost of a leasehold agreement. No amortization of the leasehold is provided for. Maintenance and repairs of the UNITAR building are charged against the appropriate budgetary accounts.

(l) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations staff rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

(m) Miscellaneous income.

- (i) The net income realized from the revenue-producing activities is reported as miscellaneous income;
- (ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;
- (iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;
- (iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, it is credited to miscellaneous income;
- (v) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.

(n) The trust 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.

(o) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis, during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(p) The obligations incurred for the Special Purpose Grants Fund are accounted for on a project basis; therefore, commitments are recorded for the life of each project.

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