

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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DIRECTOR-GENERAL'S FINANCIAL REPORT

ON LIE 1974 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE
1974 ACCOUNTS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The Director-General hereby submits his report on the accounts of the General Agreement on Tariffs and Trade for the financial year ended 31 December 1974.

2. Following the decision taken by the CONTRACTING PARTIES to express the budget in Swiss francs with effect from 1 January 1973, the annual accounts for 1974 are presented in Swiss francs.

GENERAL FUND

Income and Expenditure Account
(Statements 1 and 2)

(i) Income

(a) Contributions

3. At the adoption of the income budget, 1974 contributions were assessed on the contracting parties in the amount of SwF 23,130,000. Collections as at 31 December 1974 amounted to SwF 22,221,824.

(b) Miscellaneous income

4. For 1974, miscellaneous income amounted to SwF 1,272,965 against an estimate of SwF 284,000.

5. The details compared with those of 1973 are as follows:

	<u>1973</u> <u>SwF</u>	<u>1974</u> <u>SwF</u>
Interest on investments	302,037	1,057,778
Sale of publications	60,016	51,589
Profit or loss on exchange	32,326	(33,914)
Savings on previous year's outstanding obligations	31,190	120,101
Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participant withdrawals	103,558	39,706
Other income	<u>32,796</u>	<u>37,705</u>
	<u>561,923</u>	<u>1,272,965</u>
	=====	=====

6. Interest on investments, covering also interest earned on the Working Capital Fund, includes amounts accrued as at 31 December 1974.

7. "Other income" for 1974 comprises the following:

	<u>Swiss Francs</u>
Reimbursement of staff costs for services rendered	10,101
Bank interest on current accounts	2,352
Refund of prior year's expenditure	3,981
Work done for delegations and others	16,721
Proceeds from the sale of equipment	3,623
Miscellaneous items	<u>927</u>
	37,705
	<u>=====</u>

8. Appropriations for the financial year 1974 were originally approved by the CONTRACTING PARTIES at a level of SwF 24,414,000. A supplementary appropriation of SwF 160,000, to cover a training course for senior officials from developing countries and to be financed from the 1973 surplus, was approved subsequently. Total approved appropriations for 1974 thus amounted to SwF 24,574,000. As shown in Statement 2, obligations incurred in 1974 totalled SwF 22,501,360 of which SwF 631,741 were unliquidated as at 31 December 1974, leaving an unencumbered balance of SwF 2,072,640. This surplus resulted mainly from (a) the non-utilization of the provision for unforeseen expenditure; (b) savings made on the section for Trade Negotiations and their preparation due to the fact that in 1974 the level of these activities was much below that anticipated when the budget was approved; (c) savings made on payments based on or due in dollars, such as salaries and allowances, pension fund contributions and the GATT contribution to the International Trade Centre budget; (d) savings made on salaries due to the fact that a certain number of established posts remained unfilled during various periods of the financial year, and from the redeployment of available staff resources rather than making use of supplementary temporary assistance; (e) savings made on the section for the 30th Session of the CONTRACTING PARTIES since the meeting lasted three days only, whereas provision was made for a two-week session; and (f) savings realized on miscellaneous items such as travel on official business, postal services, and public information. For item (c), provision was made in the budget for dollar-based payments at a conversion rate of SwF 3.03 to US\$1. During the financial year the rates at which payments were made were usually considerably lower. In the case of salaries, the resulting savings were reduced through the application of the post adjustment system which partially compensated losses in take-home pay for staff in the professional category and above.

9. The Council will be requested to approve transfers of SwF 14,162 which are necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 5 - Representation and hospitality (SwF 13,740) and Section 6 - Public information (SwF 422). The excess expenditure incurred on the item for representation and hospitality is the result of an adjustment to the representation allowance for the Director-General decided by the Council subsequent to the approval of the budget.

10. In connexion with the running of the three staff canteens, subsidies in the form of free accommodation, electricity, heating, water supply, insurance premiums, etc., were charged to the relevant budget items in 1974. In addition, expenditure was incurred for the purchase and maintenance of equipment (SwF 4,776).

Statement of Assets and Liabilities
(Statement 3)

(i) Assets

(a) Investments

11. Investments at 31 December 1974 totalled SwF 4,430,861 which were held in interest-bearing short-term deposit accounts (Schedule A).

(b) Contributions receivable from contracting parties

12. Contributions receivable from contracting parties amounted to SwF 1,590,090 at 31 December 1974, as shown in Schedule C. Contributions with respect to financial years 1963 to 1972 were assessed in US dollars and the amount still due was US\$157,747. This amount, recorded at 31 December 1974 at the internal accounting rate of SwF 2.74 to US\$1, was SwF 432,227. Contributions for the financial years 1973 and 1974 were assessed in Swiss francs and an amount of SwF 1,157,869 was due at 31 December 1974 with respect to these financial years.

13. Miscellaneous accounts receivable as at 31 December 1974 totalled SwF 392,781. This amount included outstanding invoices in respect of sale of publications and services rendered of SwF 110,467, accrued interest on investments of SwF 70,424, advances to staff members on education grants of SwF 135,070, on travel subsistence allowances of SwF 13,918 and on salaries of SwF 856. Miscellaneous items amounted to SwF 62,046 which included advance payment of insurance premiums, recoverable Swiss Federal taxes, prepaid 1975 expenditure, etc.

(c) Buildings

14. The two GATT-owned buildings were erected on United Nations' land in 1960/61 and 1964/65 at a cost of SwF 951,450 and SwF 1,283,061 respectively. In accordance with the agreement reached with the United Nations (document C/W/78), the United Nations has the option of acquiring these two buildings at either the commercial value at the date vacated by GATT or at a depreciated value arrived at by applying a depreciation rate of 5 per cent per annum to the original construction cost in the case of the first annex and a rate of 6.25 per cent per annum in the case of the second annex. The applicable value on vacation by GATT would be the lower of the values resulting from the two methods of valuation mentioned above. On the basis of the second method of valuation, the two annexes would become the property of the United Nations without further payment by 31 December 1980.

(ii) Liabilities

(a) Miscellaneous accounts payable

15. Miscellaneous accounts payable as at 31 December 1974 amounted to SwF 1,297,587 representing almost entirely cheques drawn on banks but not presented (SwF 1,279,094).

(b) Provision for losses or returns
in respect of publications sales

16. Irrecoverable debts in respect of publications sales amounting to SwF 1,065 were written off in 1974 against this provision.

(c) Provision for contributions in arrears

17. SwF 1,590,096 cover all contributions in arrears as at 31 December 1974. Contributions in arrears relating to financial years 1963 to 1972 are payable in US dollars (see paragraph 12) and provision has therefore been made with respect to arrears for these years on the basis of SwF 2.74 to US\$1.

18. An amount of SwF 6,948 recorded in the 1973 year-end accounts as contribution in arrears was written off in 1974 against this provision. This amount represents the difference of a 1972 contribution assessed in dollars and paid in Swiss francs at a rate of exchange which was lower at the date of receipt of the contribution by the secretariat than on the date of remittance.

(d) Surplus

19. Excess of 1974 income over estimated income amounted to SwF 988,965 and the unencumbered balance on the 1974 expenditure budget was SwF 2,072,640, resulting in a surplus of SwF 3,061,605. Of this surplus, SwF 25,865 were used to meet the increased level of contracting parties' contributions in arrears as at 31 December 1974 and SwF 130 were used to write off debts irrecoverable. The Council decided the disposal of the remaining balance of SwF 3,035,610 as follows:

	<u>Swiss francs</u>
Transfer towards 1975 income (L/4097, paragraph 15)	1,250,000
Transfer towards 1975 income to cover a contribution in 1975 to the Staff Assistance Fund (L/4097, paragraph 15)	20,000
Transfer of balance to the Building Fund to cover expenditure for modifications and renovations of the recently-vacated ILO building (L/4097, paragraph 15)	<u>1,765,610</u>
	<u>3,035,610</u> =====

However, in view of the proposals made by the Director-General in document C/92 with regard to the compensation for losses in take-home pay suffered by the professional staff in 1974, an amount of SwF 515,610 of the surplus has been set aside in a suspense account (thus provisionally reducing the transfer to the Building Fund to SwF 1,250,000 - the estimated surplus at the time the Council took the above decision) pending the decision of the CONTRACTING PARTIES in this regard.

BUILDING FUND

20. In accordance with the CONTRACTING PARTIES' decision (document L/3986, paragraph 9), an amount of SwF 622,532, representing the balance of the 1973 Surplus Account, was transferred in 1974 to the Building Fund to cover initial expenditure for the modifications and renovations to be carried out at the newly-vacated ILO building before occupancy by the GATT secretariat. Expenditure in this respect in 1974 amounted to SwF 26,530.

WORKING CAPITAL FUND
(Statement 4)

21. "The principal of the Working Capital Fund stood at SwF 1,424,004 at 31 December 1974. In addition, an amount of SwF 54,546 (US\$14,354.12) resulting from the revised assessment in 1965 of advances to the Fund (document L/2482) and SwF 2,354 (US\$619.53) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (document L/2324) remained to the credit of the Government's accounts.

22. An amount of SwF 1,439, representing advances assessed on Haiti (SwF 56) and Rhodesia (SwF 1,383) was still outstanding on 31 December 1974.

NON-EXPENDABLE EQUIPMENT

23. The value at cost at the time of acquisition through the GATT budget of furniture, equipment (other than minor items) and vehicles still in use amounted to SwF 1,876,798 as noted on the Statement of Assets and Liabilities (Statement 3).

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1974

I have examined the appended financial statements, numbered 1 to 4, of the General Agreement on Tariffs and Trade for the year ended 31 December 1974. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, the financial statements are correct, subject to the observations in paragraphs 3 and 4 of my Report.

(Signed)

D. B. Pitblado
(Comptroller and Auditor General, United Kingdom)
External Auditor

GENERAL AGREEMENT ON TARIFFS AND TRADE

Income and Expenditure Account for the Year ended 31 December 1974

Statement 1

(in Swiss francs)

<u>EXPENDITURE</u>		<u>INCOME</u>	
1974 budget expenditure	22,501,360	Contributions assessed on contracting parties	23,130,000
Excess of income over expenditure	3,061,605	Miscellaneous:	
		Interest on investments	1,057,778
		Sale of publications	51,589
		Loss on exchange	(33,914)
		Savings on previous year's outstanding obligations	120,101
		Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participant withdrawal	39,706
		Other income	37,705
		Transfer from surplus account	1,160,000
	<u>25,562,965</u>		<u>25,562,965</u>

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Budgetary Expenditure 1974

(in Swiss francs)

Statement 2

	Original/Suppl. Appropriations	Authorized Transfers	Revised Appropriations	liquidated	Expenditure unliquidated	Total	Balances
<u>PART I - MEETINGS</u>							
Section 1. Thirtieth session of the CONTRACTING PARTIES	125,000	-	125,000	20,102	3,310	23,412	101,588
2. Meetings of the Council and other meetings	360,000	-	360,000	339,697	11,053	320,750	39,250
TOTAL PART I	485,000	-	485,000	329,799	14,363	344,162	140,838
<u>PART II - SECRETARIAT</u>							
Section 1. Salaries and wages and official travel	11,412,700	-	11,412,700	11,042,936	12,133	11,055,069	357,631
2. Common staff costs	2,750,000	-	2,750,000	2,534,273	134,992	2,669,265	80,735
3. Common services	1,441,000	-	1,441,000	1,084,972	339,494	1,424,466	16,534
4. Printing	289,700	(14,162)	275,538	180,825	46,658	227,483	48,055
5. Representation and hospitality	63,300	13,740	77,040	77,040	-	77,040	-
6. Public information	5,000	422	5,422	5,422	-	5,422	-
7. Permanent equipment	165,000	-	165,000	107,580	57,320	164,900	100
8. Special projects	20,000	-	20,000	20,000	-	20,000	-
9. Contribution to a Staff Assistance Fund	20,000	-	20,000	20,000	-	20,000	-
TOTAL PART II	16,166,700	-	16,166,700	15,073,048	590,597	15,663,645	503,055
<u>PART III - UNFORESEEN EXPENDITURE</u>							
Section 1. Unforeseen expenditure	230,000	-	230,000	-	-	-	230,000
<u>PART IV - TRADE NEGOTIATIONS AND THEIR PREPARATION</u>							
Section 1. Trade negotiations and their preparation	2,712,300	-	2,712,300	1,661,107	26,781	1,687,888	1,024,412
2. Training course	160,000	-	160,000	105,710	-	105,710	54,290
TOTAL PART IV	2,872,300	-	2,872,300	1,766,817	26,781	1,793,598	1,078,702
<u>PART V - INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>							
Section 1. Contribution to the International Trade Centre UNCTAD/GATT	4,820,000	-	4,820,000	4,699,955	-	4,699,955	120,045
GRAND TOTAL	24,574,000	-	24,574,000	21,869,619	631,741	22,501,360	2,072,640

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADEStatement of Assets and Liabilities as at 31 December 1974

Statement 3

(in Swiss francs)

<u>ASSETS</u>		<u>GENERAL FUND</u>	<u>LIABILITIES</u>	
Cash in hand		5,000	Miscellaneous accounts payable	1,297,587
Cash at Banks and Postal Cheque Account		1,384,336	Contributions paid in advance	631,656
Investments (Schedule A)		4,430,861	Reserve for 1974 obligations outstanding as at 31 December 1974 per Statement 2	631,741
Contributions receivable from contracting parties (Schedule C)		1,590,096	Provision for losses or returns in respect of publications sales	20,382
Miscellaneous accounts receivable		392,781	Provision for contributions in arrears	1,597,044
Buildings (see Note 1)			Deduct: arrears of contributions written off in 1974	<u>6,948</u>
First Annex: Construction cost	951,450		Due to building fund	1,590,096
Deduct: Amortization	<u>951,450</u>	NIL	Surplus:	596,002
Second Annex: Construction cost	1,283,061		Excess of income over expenditure in 1974	3,061,605
Deduct: Amortization	<u>1,283,061</u>	NIL	Deduct: Increase of provision for contributions in arrears	25,865
			Write off of debts irrecoverable	<u>130</u>
				<u>25,995</u>
				3,035,610
			Appropriated for:	
			Staff assistance fund	20,000
			1975 expenditure	1,250,000
			Building fund	1,250,000
			Transfer to suspense account	<u>515,610</u>
		<u>7,803,074</u>		<u>7,803,074</u>
			<u>BUILDING FUND</u>	
Cost in 1974		26,530	From 1973 surplus (document L/3986)	622,532
Due from General Fund		<u>596,002</u>		
		<u>622,532</u>		<u>622,532</u>

Notes:

- (1) Disposal of the buildings, which are erected on United Nations land, is subject to an agreement with the United Nations.
- (2) Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of items still held at 31 December 1974 was SwF
- (3) Stocks of publications, for sale and free distribution, were held.

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE
Statement of Assets and Liabilities as at 31 December 1974

Statement 4

(in Swiss francs)

<u>ASSETS</u>	<u>WORKING CAPITAL FUND</u>	<u>LIABILITIES</u>		
Cash at Banks	7,431	Principal of Fund:		
Investments (Schedule B)	1,472,034	Sums held to the credit of GATT	95,000	
		Advances made by contracting parties	1,329,004	1,424,004
Accounts receivable:		Accounts payable:		
Advances assessed on contracting parties	1,439	Due to Zambia (document L/2324)	2,354	
		Due to contracting parties (document L/2482)	54,546	56,900
	<u>1,480,904</u>			
	=====			<u>1,480,904</u>
				=====

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

Schedule A

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENERAL FUND

Investments held on 31 December 1974

(in Swiss francs)

310,450	11 7/8%	Deposit account with Kleinwort, Benson Ltd., London, due 6 January 1975
1,030,125	9 3/8%	Deposit account with Lloyds Bank International Ltd., Geneva, due 15 January 1975
450,000	10 1/8%	Deposit account with Lloyds Bank International Ltd., Geneva, due 20 February 1975
600,000	10 1/8%	Deposit account with Lloyds Bank International Ltd., Geneva, due 24 February 1975
500,000	11 1/2%	Deposit account with Kleinwort, Benson Ltd., London, due 10 March 1975
1,540,286	9%	Deposit account with Lloyds Bank International Ltd., Geneva, due 21 March 1975
<u>4,430,861</u>		

GENERAL AGREEMENT ON TARIFFS AND TRADE

WORKING CAPITAL FUND

Investments held on 31 December 1974

(in Swiss francs)

540,000	9 3/8%	Deposit account with Lloyds Bank International, Ltd., Geneva, due 15 January 1975
215,766	9 3/8%	Deposit account with Kleinwort, Benson, Ltd., London, due 23 January 1975
278,688	8%	Deposit account with Lloyds Bank International, Ltd., Geneva, due 18 February 1975
437,560	8 1/8%	Deposit account with Kleinwort, Benson, Ltd., London, due 24 February 1975
<hr/>		
<u>1,472,034</u>		

GENERAL AGREEMENT ON TARIFFS AND TRADE

Outstanding contributions as at 31 December 1974

Country	US dollars		Swiss francs		
			1973	1974	Total 1973/1974
Bangladesh				27,800	27,800
Brazil				198,900	198,900
Burundi	1972	24	25,500	27,800	53,300
Central African Republic	1972	5,330	25,500	27,800	53,300
Chad	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	17,890	25,500	53,300
Chile			4,793	71,700	76,493
Congo	1971	4,580			
	1972	<u>5,330</u>	9,910	25,500	53,300
Dahomey				27,800	27,800
Dominican Republic	1966	2,421			
	1967	9,000			
	1968	3,790			
	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	33,101	25,500	53,300
Gabon				399	399
Haiti ^{1/}	1963	2,491			
	1964	2,500			
	1965	2,500			
	1966	2,500			
	1967	3,000			
	1968	3,790			
	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	34,672	25,500	53,300
Italy				183,979	183,979
Ivory Coast				3,335	3,335
Kenya				1,528	1,528
Khmer Republic			12,106	27,800	39,906
Madagascar				182	182
Mauritania				13,406	13,406
Nicaragua	1971	1,330			
	1972	<u>5,330</u>	6,660	25,500	53,300

Country	US dollars	Swiss francs		
		1973	1974	Total 1973/1974
Niger			2,415	2,415
Pakistan			1,133	1,133
Peru			15,326	15,326
Rhodesia ^{2/}	1966 11,640			
	1967 9,000			
	1968 6,630			
	1969 5,710			
	1970 5,220			
	1971 4,970			
	1972 <u>5,780</u>	48,950	25,500	53,300
Rwanda	1972	1,210	25,500	53,300
Senegal			5,445	5,445
Sierra Leone			27,800	27,800
Sri Lanka			75	75
Tanzania			6,339	6,339
Togo			5,614	5,614
Zaire		3,294	37,000	40,294
		<u>157,747</u>	<u>249,693</u>	<u>908,176</u>
				<u>1,157,869</u>
1963 to 1972 : US \$ 157,747 at US \$ 1/Swf 2.74				<u>432,227</u>
				<u>1,590,096</u>

^{1/}US \$ 15 also due in respect of Working Capital Fund assessment

^{2/}US \$364 also due in respect of Working Capital Fund assessment

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE
FOR THE YEAR ENDED 31 DECEMBER 1974

General

1. In accordance with decisions of the CONTRACTING PARTIES, the Financial Regulations and Rules of the United Nations are, as far as appropriate and for the time being, applied to the financial administration of the secretariat to the General Agreement on Tariffs and Trade. My examination has been carried out in accordance with those regulations and rules and with the financial Resolutions and Decisions of the CONTRACTING PARTIES.

Out-turn in 1974

2. Appropriations originally authorized by the CONTRACTING PARTIES for 1974 were Sw F 24,414,000, to be financed by contributions of Sw F 23,130,000, estimated miscellaneous income of Sw F 284,000 and the transfer of Sw F 1,000,000 from the anticipated 1973 surplus. During the year the CONTRACTING PARTIES authorized the transfer of an additional sum of Sw F 160,000 from the 1973 surplus to meet the cost of a training course not provided for in the original budget, bringing total appropriations to Sw F 24,574,000. They also authorized additional expenditure of Sw F 100,000 arising from the consolidation of some post adjustment allowances in basic salary scales, but required it to be found from savings in the original budget or by withdrawal from the Working Capital Fund.

3. Total expenditure amounted to Sw F 22,501,360 (Statement 2), leaving an unobligated balance of appropriations of Sw F 2,072,640. Authority will be sought to meet excess expenditure of Sw F 14,162 under Sections 5 and 6 of Part II of the budget by transfer from savings under Section 4 of Part II. The appropriation of Sw F 230,000 for unforeseen expenditure in Part III was not drawn upon.

4. The actual miscellaneous income for the year, after meeting a loss on exchange of Sw F 33,914, was Sw F 1,272,965 and exceeded the original estimate by Sw F 988,965. This additional income, together with the unobligated balance of appropriations, resulted in a total excess of income over expenditure of Sw F 3,061,605 (Statement 1). This was transferred to the Surplus Account (Statement 3) and, after increasing the provision for contributions in arrears by Sw F 25,865, and writing-off irrecoverable debts of Sw F 130, a disposable surplus of Sw F 3,035,610 remained. In accordance with the decision of the CONTRACTING PARTIES in November 1974, Sw F 1,250,000 will be used to help finance the 1975 appropriations, and Sw F 20,000 will be contributed to the staff assistance fund. The CONTRACTING PARTIES also decided that the balance, which at

that time was expected to amount to Sw F 1,250,000, but which finally amounted to Sw F 1,765,510, should be transferred to the building fund. However, the Director-General has made proposals to compensate professional staff for losses in their take-home pay in 1974 due to currency fluctuations and for this reason Sw F 515,610 of the surplus has been set aside in a suspense account, pending the decision of the CONTRACTING PARTIES. Accordingly the transfer to the building fund has provisionally been reduced to the sum of Sw F 1,250,000 estimated in November 1974.

Outstanding Contributions

5. I recorded in my report on the 1973 accounts that, with effect from 1 January 1973, the budget was expressed and contributions were assessed in Swiss francs instead of US dollars, but that outstanding contributions due to the General Fund for periods up to 31 December 1972, which were originally assessed in US dollars, continued to be treated as US dollar assets subject to revaluation with changes in the Swiss franc/US dollar exchange rate used for United Nations accounting purposes.

6. The contributions outstanding at 31 December 1973 were Sw F 1,571,179 being US\$227,733 in respect of periods up to 31 December 1972, which represented Sw F 728,744 at the United Nations exchange rate of Sw F 3.20 to the US dollar ruling at 31 December 1973, and Sw F 842,435 in respect of 1973. After taking account of amounts received in 1974 the contributions unpaid at 31 December 1974 consisted of US\$157,747 in respect of periods up to 31 December 1972, which represented Sw F 432,227 at the United Nations exchange rate of Sw F 2.74 to the US dollar ruling at 31 December 1974, and Sw F 1,164,817 in respect of 1973 and 1974, giving a total of Sw F 1,597,044. This was Sw F 25,865 more than the amount outstanding at 31 December 1973 and the provision made against the possible non-receipt of outstanding contributions was increased by transferring Sw F 25,865 from the surplus for the year.

7. As stated in paragraph 18 of the Director-General's Report, arrears of contributions arising from exchange rate variations and amounting to Sw F 6,948 were written off in 1974 against the provision for contributions in arrears. At 31 December 1974 the amount of contributions outstanding was therefore Sw F 1,590,096 and provision is made for the possible non-receipt of this amount in the Assets and Liabilities Statement (Statement 3).

Establishment of Building Fund

8. In January 1974 the Council approved a recommendation by the Committee on Budget, Finance and Administration that an agreement should be entered into with the Fondation des Immeubles pour les Organisations Internationales (FIPOI) under which a part of the building then occupied by the International Labour Organisation (ILO) would be leased for use by the GATT secretariat for a term of 15 years beginning on 1 July 1976. An agreement between GATT and FIPOI was confirmed in an exchange of letters in April 1974, and a formal contract will be signed in due course. The Council also approved a recommendation by the Committee that the Director-General should be authorized to enter into firm commitments for renovation and adaptation of the building to GATT's needs at an estimated cost of Sw F 5,000,000 and a recommendation that the balance of the 1973 surplus which had not been already appropriated for other purposes should be used in 1974 to establish a fund to meet initial expenditure on work on the building. In November 1974 the CONTRACTING PARTIES adopted the Council's approvals for leasing the building and for financing its renovation and adaptation, and also approved the transfer to the building fund of the balance of the 1974 surplus, estimated at that time at Sw F 1,250,000, but which finally amounted to Sw F 1,765,610, as mentioned in paragraph 4 above.

9. The account of the building fund is presented in Statement 3 and shows the receipt during 1974 of Sw F 622,532 from the 1973 surplus and payments from the fund during the year amounting to Sw F 26,530, leaving a balance of Sw F 596,002 at 31 December 1974. Appropriations of Sw F 1,250,000 from the 1974 surplus have been transferred to the fund during 1975. The balance of Sw F 515,610 which, according to the decision of the CONTRACTING PARTIES, should also have been transferred, has been kept in a suspense account, pending a decision by the CONTRACTING PARTIES on the proposals made by the Director-General, as referred to in paragraph 4 above.

10. I have examined the writes-off of irrecoverable debts totalling Sw F 8,143 referred to in paragraphs 16, 18 and 19 of the Director-General's Financial Report. I have no comment to make on them.

Supplies, equipment and stock records

11. Test examinations of the supplies, equipment and stock records maintained by the Organization have been carried out by my officers with satisfactory results.

12. I wish to record my appreciation of the willing co-operation given by the officers of the Organization during my audit.

(Signed)

D. B. Pitblado
(Comptroller and Auditor General,
United Kingdom)
External Auditor

20 August 1975