

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

L/4638  
5 June 1978

Limited Distribution

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Original: English

DIRECTOR-GENERAL'S FINANCIAL REPORT

ON THE 1977 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE  
1977 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 1977.

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 1977 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, 1977 contributions were assessed on the contracting parties in the amount of SwF 35,600,000. Collections as at 31 December 1977 amounted to SwF 33,967,907.

(b) Miscellaneous income

4. For 1977, miscellaneous income amounted to SwF 518,567 against an estimate of SwF 457,532.

5. The details compared with those of 1976 are as follows:

|  | <u>1976</u><br><u>SwF</u> | <u>1977</u><br><u>SwF</u> |
|--|---------------------------|---------------------------|
| Interest on investments  | 205,713                   | 252,159                   |
| Sale of publications   | 58,958                    | 52,809                    |
| Profit or loss on exchange   | (47,087)                  | 43,142                    |
| Savings on previous year's<br>outstanding obligations  | 93,369                    | 81,822                    |
| Refund of the organization's<br>contribution to the United<br>Nations Joint Staff Pension<br>Fund in respect of withdrawals<br>of participants | 43,814                    | 41,966                    |
| Rental of meeting rooms and<br>office space at Centre William<br>Rappard to others   | -                         | 5,550                     |
| Other income   | <u>44,952</u>             | <u>41,119</u>             |
|  | <u>399,719</u>            | <u>518,567</u>            |

6. Interest on investments, covering also interest earned on the Working Capital Fund, includes amounts accrued as at 31 December 1977.

7. Other income for 1977 comprises the following:

|                                      | <u>Swiss francs</u> |
|--------------------------------------|---------------------|
| Bank interest on current accounts    | 10,403              |
| Refund of prior years' expenditure   | 16,464              |
| Work done for delegations and others | 12,688              |
| Miscellaneous items                  | <u>1,564</u>        |
|                                      | 41,119              |
|                                      | =====               |

(ii) Expenditure

8. Appropriations for the financial year 1977 were approved at a level of SwF 36,320,000. As shown in Statement 2, obligations incurred in 1977 totalled SwF 35,346,007 of which SwF 1,548,972 were unliquidated at 31 December 1977 leaving an unencumbered balance of SwF 973,993.

9. The savings arose mainly on (a) the section for the 33rd Session of the CONTRACTING PARTIES since the meeting lasted for two days only, whereas provision was made for a one-week session; (b) common staff costs as expenditure for installation, repatriation and education grants and joint services were lower than was anticipated; (c) common services, mainly as a result of the liability to pay rent and complementary charges such as electricity, cleaning, insurance, etc., for the new premises at the Centre William Rappard with effect from July 1977 only, rather than from April 1977 as had been foreseen when the 1977 budget was approved; (d) the item for printing due mainly to the non-utilization of the credits for the Certification of Changes to Schedules and for the Status of Legal Instruments of the GATT. Economies were also realized with respect to the cost of printing International Trade 1976/77 and the pamphlet GATT, What it is; (e) the Multilateral Trade Negotiations due to the fact that requirements, particularly for staff, were less heavy than had been originally anticipated; and (f) payments of the GATT contribution to the International Trade Centre budget as a result of the reduction of the average inflation rate used for budgetary purposes and due to the fact that the contributions were made from the GATT budget, expressed in Swiss francs, whereas the Centre budget was established in US dollars. In addition, the provision for unforeseen expenditure was not utilized and the credit for the GATT Commercial Policy Training Courses, provided in view of the uncertainty with regard to the financing of the courses by UNDP in 1977, was not used due to the fact that 1977 costs did not exceed the relevant UNDP budgetary provisions.

10. The Council approved transfers of SwF 684,127 which were necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 1 - Salaries and wages and official travel. The major reason for this excess expenditure was the need to recruit additional temporary staff in 1977 in order to meet the individual essential requirements of each Division, particularly for translation and revision services, for typists, secretaries, clerks, sound operators and messengers. Urgently needed ad hoc support had to be provided in respect of these services in various areas of the secretariat notwithstanding the Director-General's efforts to maintain temporary assistance requirements at an absolute minimum. In addition, overtime payments substantially exceeded the provision made.

11. In connexion with the running of the staff canteens, subsidies in the form of free accommodation, electricity, heating, water supply, insurance premiums, etc., were charged to the relevant budget items in 1977. In addition, expenditure was incurred for the purchase and maintenance of equipment (SwF 31,362), particularly in respect of the new canteen at the Centre William Rappard.

Surplus Account  
(Statement 3)

12. The balance on the Surplus Account was increased by the excess of 1977 income over budgetary expenditure amounting to SwF 1,035,028 and SwF 94,957 arising from a reduction in the provision for contributions in arrears at 31 December 1977. SwF 262,468 were transferred to the 1977 budget income and an amount of SwF 679,531, required to cover a deficit on the General Fund due to the increased level of contributions in arrears at 31 December 1976, was repaid to the Working Capital Fund during 1977 upon receipt of outstanding contributions. SwF 37,643 were used to write off further exchange losses arising from the revaluation of dollar contributions outstanding and SwF 75 were used to write off irrecoverable debts. In accordance with the decision of the CONTRACTING PARTIES (L/4583), SwF 221,858 were appropriated to the Building Fund. The unappropriated balance on the Surplus Account at 31 December 1977 was SwF 190,878.

Statement of Assets and Liabilities  
(Statement 4)

(i) Assets

(a) Investments

13. Investments at 31 December 1977 totalled SwF 3,704,299 which were held in interest-bearing short-term deposit accounts (Schedule A), of which SwF 2,221,544 related to the General Fund and SwF 1,482,755 to the Working Capital Fund.

(b) Contributions receivable from contracting parties

14. Contributions receivable from contracting parties amounted to SwF 3,333,375 at 31 December 1977, as shown in Schedule B. Contributions with respect to financial years 1963 to 1972 were assessed in US dollars and the amount still due was US\$139,943. This amount, recorded at 31 December 1977 at the internal accounting rate of SwF 2.17 to US\$1, equalled SwF 303,676. Contributions for the financial years 1973 to 1977 were assessed in Swiss francs and an amount of SwF 3,029,699 was due at 31 December 1977 with respect to these financial years.

(c) Miscellaneous accounts receivable

15. Miscellaneous accounts receivable as at 31 December 1977 totalled SwF 929,817. This amount included outstanding invoices in respect of sale of publications and services rendered of SwF 546,537, advances to staff members for education grants of SwF 133,350, for the payment of national income tax of SwF 109,633, for travel and subsistence allowances of SwF 15,840 and for salaries of SwF 2,682 and accrued interest on investments of SwF 6,497. Miscellaneous items amounted to SwF 115,278 which included advance payment of insurance premiums, recoverable Swiss Federal taxes, prepaid 1978 expenditure, etc.

(d) Buildings

16. The two GATT-owned buildings, erected on United Nations' land in 1960/61 and 1964/65 at a cost of SwF 951,450 and SwF 1,283,061 respectively, were sold in 1977 under the terms of the agreement reached with the United Nations (document C/W/78). In accordance with document L/4413, the proceeds of this sale, including proceeds in respect of certain fixtures and items of equipment, amounting to SwF 453,526, were used in 1977 to meet the cost of furniture for some conference rooms, for the Salle des Pas Perdus and for some other facilities at the Centre William Rappard.

(ii) Liabilities

(a) Miscellaneous accounts payable

17. Miscellaneous accounts payable as at 31 December 1977 amount to SwF 70,747. This includes amounts payable in respect of interpreters' social security (SwF 4,577), validations of staff members' contributions to the United Nations Joint Staff Pension Fund (SwF 14,674), insurance compensation to staff member's dependents (SwF 35,773), and miscellaneous items (SwF 15,723).

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

18. Irrecoverable debts in respect of publications sales amounting to SwF 1,026 were written off in 1977 against this provision.

(c) Provision for contributions in arrears

19. SwF 3,333,375 cover all contributions in arrears as at 31 December 1977. Contributions in arrears relating to financial years 1963 to 1972 are payable in US dollars (see paragraph 14) and provision has therefore been made with respect to arrears for these years on the basis of SwF 2.17 to US\$1.

BUILDING FUND  
(Statement 4)

20. In accordance with the CONTRACTING PARTIES' decision (document L/4413) an amount of SwF 850,000 was appropriated in 1977 towards the cost of the modification and renovation of the secretariat's new headquarters building and the balance of SwF 515,610, held on a suspense account at 31 December 1976, was also transferred to the Building Fund for this purpose (L/4594). A further sum of SwF 221,858 was transferred from the 1977 surplus in accordance with document L/4583. Expenditure in 1977 for modifications and renovations amounted to SwF 3,253,662. The balance available on the Building Fund at 31 December 1977 was SwF 601,171.

WORKING CAPITAL FUND  
(Statement 5)

21. The principal of the Working Capital Fund stood at SwF 1,431,124 at 31 December 1977. In addition, an amount of SwF 54,546 (US\$14,354) resulting from the revised assessment in 1965 of advances to the Fund (document L/2482) and SwF 2,354 (\$620) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (document L/2324) remained to the credit of Governments' accounts.

22. An amount of SwF 1,439, representing advances assessed on Haiti (SwF 56) and Rhodesia (SwF 1,383) was outstanding on 31 December 1977.

23. The amount of SwF 679,531, required to cover a deficit on the General Fund due to the increased level of CONTRACTING PARTIES' contributions in arrears at 31 December 1976, was repaid to the Working Capital Fund during 1977 upon receipt of outstanding contributions.

NON-EXPENDABLE EQUIPMENT

24. 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 4,022,478 as noted on the Statement of Assets and Liabilities (Statement 4). The increase over the 1976 figure of SwF 2,178,399 is mainly due to the purchase of additional furniture and equipment required for the Centre William Rappard.

(Signed)

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Olivier Long  
Director-General

(Signed)

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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 1977

I have examined the appended financial statements, numbered 1 to 5, of the General Agreement on Tariffs and Trade for the year ended 31 December 1977. 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.

(Signed)

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Douglas Henley  
(Comptroller and Auditor General, United Kingdom)  
External Auditor



GENERAL AGREEMENT ON TARIFFS AND TRADE

Income and Expenditure Account for the year ended 31 December 1977

(in Swiss francs)

| <u>EXPENDITURE</u>                |                   | <u>INCOME</u>                                      |                   |
|-----------------------------------|-------------------|--|-------------------|
| 1977 budget expenditure           | 35,346,007        | Contributions assessed on contracting parties      | 35,600,000        |
| Excess of income over expenditure | 1,035,028         | Miscellaneous:                                     |                   |
|                                   |                   | Interest on investments                            | 252,159           |
|                                   |                   | Sale of publications                               | 52,809            |
|                                   |                   | Profit on exchange                                 | 43,142            |
|                                   |                   | Savings on previous year's outstanding obligations | 81,822            |
|                                   |                   | Refund of the organization's contribution to the   |                   |
|                                   |                   | United Nations Joint Staff Pension Fund in         |                   |
|                                   |                   | respect of participants' withdrawals               | 41,966            |
|                                   |                   | Rental of meeting rooms and office space           | 5,550             |
|                                   |                   | Other income                                       | 41,119            |
|                                   |                   | Transfer from surplus account                      | 518,567           |
|                                   | <u>36,381,035</u> |  | <u>262,468</u>    |
|                                   |                   |  | <u>36,381,035</u> |

(Signed)

Olivier Long  
Director-General

(Signed)

J. Tassin  
Director  
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Budgetary Expenditure 1977

(in Swiss francs)

|   | <u>Original Appropriations (L/4413)</u> | <u>Authorized Transfers</u> | <u>Revised Appropriations</u> | <u>Liquidated</u> | <u>Expenditure Unliquidated</u> | <u>Total</u>      | <u>Balances</u> |
|---|---|-----------------------------|-------------------------------|-------------------|---------------------------------|-------------------|-----------------|
| <b>PART I - MEETINGS</b>  |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Thirty-third session of the CONTRACTING PARTIES            | 53,000                                  | (41,487)                    | 11,513                        | 8,563             | 2,950                           | 11,513            | -               |
| 2. Meetings of the Council and other meetings                         | 390,000                                 | (12,510)                    | 377,490                       | 376,921           | 569                             | 377,490           | -               |
| <b>TOTAL PART I</b>   | <u>443,000</u>                          | <u>(53,997)</u>             | <u>389,003</u>                | <u>385,484</u>    | <u>3,519</u>                    | <u>389,003</u>    | -               |
| <b>PART II - SECRETARIAT</b>  |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Salaries and wages and official travel                     | 15,426,000                              | 684,127                     | 16,110,127                    | 16,091,579        | 18,548                          | 16,110,127        | -               |
| 2. Common staff costs   | 3,923,000                               | (39,593)                    | 3,883,407                     | 3,710,707         | 172,700                         | 3,883,407         | -               |
| 3. Common services  | 3,296,000                               | (480,718)                   | 2,815,282                     | 1,903,386         | 911,896                         | 2,815,282         | -               |
| 4. Printing   | 340,000                                 | (109,819)                   | 230,181                       | 122,670           | 89,400                          | 212,070           | 18,111          |
| 5. Representation and hospitality                                     | 78,000                                  | -                           | 78,000                        | 76,843            | 544                             | 77,387            | 613             |
| 6. Public information   | 5,000                                   | -                           | 5,000                         | 1,317             | -                               | 1,317             | 3,683           |
| 7. Permanent equipment  | 270,000                                 | -                           | 270,000                       | 108,947           | 161,026                         | 269,973           | 27              |
| 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            | -               |
| <b>TOTAL PART II</b>  | <u>23,378,000</u>                       | <u>53,997</u>               | <u>23,431,997</u>             | <u>22,055,449</u> | <u>1,354,114</u>                | <u>23,409,563</u> | <u>22,434</u>   |
| <b>PART III - UNPUBLISHED EXPENDITURE</b>                             |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Unforeseen expenditure                                     | 200,000                                 | -                           | 200,000                       | -                 | -                               | -                 | 200,000         |
| <b>PART IV - TRADE NEGOTIATIONS</b>                                   |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Trade negotiations   | 4,751,000                               | -                           | 4,751,000                     | 4,232,163         | 26,339                          | 4,258,502         | 492,498         |
| <b>PART V - INTERNATIONAL TRADE CENTRE UNCTAD/GATT</b>                |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Contribution to the International Trade Centre UNCTAD/GATT | 6,638,000                               | -                           | 6,638,000                     | 6,273,939         | 165,000                         | 6,438,939         | 199,061         |
| <b>PART VI - ACCOMMODATION</b>  |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Contribution to the Building Fund                          | 850,000                                 | -                           | 850,000                       | 850,000           | -                               | 850,000           | -               |
| <b>PART VII - COMMERCIAL POLICY TRAINING COURSES</b>                  |   |                             |                               |                   |                                 |                   |                 |
| Section 1. Commercial Policy Training Courses                         | 60,000                                  | -                           | 60,000                        | -                 | -                               | -                 | 60,000          |
| <b>GRAND TOTAL</b>  | <u>36,320,000</u>                       | <u>-</u>                    | <u>36,320,000</u>             | <u>33,797,035</u> | <u>1,548,972</u>                | <u>35,346,007</u> | <u>973,993</u>  |

(Signed)

Olivier Long  
Director-General

(Signed)

J. Tassin  
Director  
Administrative and Financial Division

1/ In accordance with document L/4413, the proceeds of the sale of the two GATT-owned Annexes of Villa le Rocage, including proceeds in respect of certain fixtures and items of equipment, amounting to SFr 453,526 were used in 1977 to meet the cost of furniture for some conference rooms, for the Salle des Pas Perdus and for some other facilities at the Centre William Rappard.

GENERAL AGREEMENT ON TARIFFS AND TRADE

Surplus Account for the Year ended 31 December 1977

(in Swiss francs)

| <u>DEBITS</u>  |                  | <u>CREDITS</u>   |
|--|------------------|--|
| Transfer to 1977 budget income (Document L/4413)                                       |                  | Balance as at 1 January 1977                           |
| Repayment to the Working Capital Fund  | 262,468          | Excess of income over expenditure in 1977              |
| Write-off of unrealized exchange loss on outstanding contributions assessed in dollars | 679,531          | Decrease of provision for all contributions in arrears |
| Write-off of irrecoverable debts   | 37,643           |  |
| Transfer to building fund (document L/4583)  | 75               |  |
| Unappropriated surplus   | 221,858          |  |
|  | 190,878          |  |
|  | <u>1,392,453</u> | <u>1,392,453</u>                                       |

(Signed)

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 Olivier Long  
 Director-General

(Signed)

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 J. Tassin  
 Director  
 Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Assets and Liabilities as at 31 December 1977

Statement 4

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(in Swiss francs)

GENERAL FUND

ASSETS

Cash in hand  
Cash at Banks and Postal Cheque Accounts  
Investments (Schedule ..)  
Contributions receivable from contracting parties (Schedule B)  
Miscellaneous accounts receivable

5,000  
657,455  
2,721,544  
3,353,375  
929,817

LIABILITIES

Miscellaneous accounts payable  
Contributions paid in advance  
Reserve for 1977 obligations outstanding as at 31 December 1977 per statement 2  
Provision for losses or returns in respect of publications sales  
Provision for contributions in arrears  
Due to building fund  
Unappropriated surplus

70,747  
1,370,655  
1,548,972  
13,913  
3,333,375  
598,671  
190,878  
7,127,191

7,127,191

BUILDING FUND

Cost in 1974  
Cost in 1975  
Cost in 1976  
Cost in 1977

26,530  
531,183  
1,327,654  
2,251,662

From 1973 surplus (Doc. L/3986)  
From 1974 surplus (Doc. L/4097)  
From 1976 budget appropriation (Doc. L/4229)  
From suspense account (Doc. L/4594)  
From 1977 budget appropriation (Doc. L/4413)  
From 1977 surplus (Doc. L/4585)

622,532  
1,250,000  
2,280,000  
515,610  
850,000  
221,858

5,138,829  
2,500  
598,671

5,745,000

5,740,000

Notes:

- (1) Furniture, equipment and vehicles are charged to the budget at time of purchase; the value at cost of items still held at 31 December 1977 was Swf 4,022,478 of which Swf 1,445,134 was charged to the Building Fund and is included in the cost shown above.
- (2) Stocks of publications, for sale and free distribution, and of other expendable stores were also held.

(Signed)

Yves 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 1977

(in Swiss francs)

WORKING CAPITAL FUND

ASSETS

Cash at Banks  
 Investments (Schedule A)  
 Accounts receivable

3,850  
 1,482,755  
 1,439

LIABILITIES

Principal of Fund:  
 Balance as at 31 December 1976  
 Recovery of 1976 transfer to the General Fund  
 being:  
   Sums held to the credit of GATT  
   Advances made by contracting parties

751,593  
679,531  
 95,000  
 1,336,124

Accounts payable:

Due to Zambia (document L/2724)  
 Due to contracting parties (document L/2482)

2,354  
54,546

56,900

1,488,024  
 \*\*\*\*\*

1,488,024  
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(Signed)

Olivier Long  
 Director-General

(Signed)

J. Tassin  
 Director  
 Administrative and Financial Division

Schedule A

General Agreement on Tariffs and Trade

Investments held on 31 December 1977

(in Swiss francs)

Deposit accounts with Banque Scandinave  
en Suisse, Geneva

|           |        |                      |
|-----------|--------|----------------------|
| 500,000   | 3%     | due 15 February 1978 |
| 1,500,000 | 2 7/8% | due 23 February 1978 |
| 704,299   | 2 3/4% | due 4 January 1978   |

Deposit account with Société de Banque  
Suisse, Geneva

|           |        |                    |
|-----------|--------|--------------------|
| 1,000,000 | 1 3/4% | due 5 January 1978 |
|-----------|--------|--------------------|

3,704,299<sup>1/</sup>  
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<sup>1/</sup> of which: SwF 2,221,544 against General Fund; and  
SwF 1,482,755 against Working Capital Fund.

Schedule B

GENERAL AGREEMENT ON TARIFFS AND TRADE

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1977

| Country                            | US dollars<br>1963/1972 | Swiss francs |        |         |         |         |         | Total<br>1973/1977 |
|------------------------------------|-------------------------|--------------|--------|---------|---------|---------|---------|--------------------|
|                                    |                         | 1973         | 1974   | 1975    | 1976    | 1977    |         |                    |
| Argentina                          | •••••                   | •••••        | •••••  | •••••   | •••••   | •••••   | 78      |                    |
| Burundi                            | •••••                   | •••••        | •••••  | •••••   | •••••   | •••••   | 42,700  |                    |
| Central African<br>Empire          | 1972 5,330              | 27,800       | 31,600 | 40,300  | 42,700  | 42,700  | 167,900 |                    |
| Chad                               | 1969/1972 17,890        | 27,800       | 31,600 | 40,300  | 42,700  | 42,700  | 167,900 |                    |
| Chile                              | •••••                   | •••••        | •••••  | 5,437   | 92,600  | 92,600  | 98,037  |                    |
| Colombia                           | •••••                   | •••••        | •••••  | 6,043   | 71,200  | 71,200  | 77,243  |                    |
| Congo, People's<br>Republic of the | •••••                   | 13,958       | 31,600 | 40,300  | 42,700  | 42,700  | 128,558 |                    |
| Dominican Republic                 | 1966/1972 33,101        | 27,800       | 31,600 | 40,300  | 42,700  | 42,700  | 167,900 |                    |
| Gabon                              | •••••                   | •••••        | •••••  | •••••   | 19,603  | 19,603  | 19,603  |                    |
| Gambia                             | •••••                   | •••••        | •••••  | •••••   | 21,473  | 21,473  | 21,473  |                    |
| Ghana                              | •••••                   | •••••        | •••••  | •••••   | 5,265   | 5,265   | 5,265   |                    |
| Guyana                             | •••••                   | •••••        | •••••  | •••••   | 4,836   | 4,836   | 4,836   |                    |
| Haiti                              | 1963/1972 34,672        | 27,800       | 31,600 | 40,300  | 42,700  | 42,700  | 167,900 |                    |
| Indonesia                          | •••••                   | •••••        | •••••  | •••••   | 56,075  | 56,075  | 56,075  |                    |
| Ivory Coast                        | •••••                   | •••••        | •••••  | •••••   | 53,400  | 53,400  | 58,178  |                    |
| Jamaica                            | •••••                   | •••••        | •••••  | 4,778   | 12,991  | 12,991  | 12,991  |                    |
| Kampuchea                          | •••••                   | •••••        | •••••  | •••••   | •••••   | •••••   | •••••   |                    |
| Democratic                         | •••••                   | 27,800       | 31,600 | 40,300  | 42,700  | 42,700  | 154,506 |                    |
| Kenya                              | •••••                   | •••••        | •••••  | •••••   | 10,469  | 10,469  | 10,469  |                    |
| Kuwait                             | •••••                   | •••••        | •••••  | •••••   | 249,200 | 249,200 | 249,200 |                    |
| Mauritania                         | •••••                   | •••••        | •••••  | •••••   | 42,700  | 42,700  | 81,686  |                    |
| Nicaragua                          | •••••                   | 18,938       | 31,600 | 40,300  | 42,700  | 42,700  | 133,538 |                    |
| Nigeria, Fed.                      | •••••                   | •••••        | 7,907  | 221,500 | 245,700 | 245,700 | 475,107 |                    |

Schedule B (Cont'd)

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1977

| Country               | US dollars<br>1963/1972 | Swiss francs   |                |                |                |                  | Total<br>1973/1977 |
|-----------------------|-------------------------|----------------|----------------|----------------|----------------|------------------|--------------------|
|                       |                         | 1973           | 1974           | 1975           | 1976           | 1977             |                    |
| Peru                  | ..                      | ..             | ..             | ..             | ..             | 60,500           | 60,500             |
| Philippines           | ..                      | ..             | ..             | ..             | ..             | 20,316           | 20,316             |
| Rhodesia <sup>2</sup> | 48,950                  | ..             | ..             | ..             | ..             | 42,700           | 167,900            |
| Senegal               | ..                      | 27,800         | ..             | 31,600         | ..             | 2,361            | 2,361              |
| Sierra Leone          | ..                      | ..             | ..             | ..             | ..             | 42,700           | 114,600            |
| Togo                  | ..                      | ..             | ..             | 31,600         | ..             | 42,700           | 44,757             |
| Tunisia               | ..                      | ..             | ..             | ..             | 2,057          | ..               | 11,756             |
| Turkey                | ..                      | ..             | ..             | ..             | ..             | 131,700          | 131,700            |
| Uganda                | ..                      | ..             | ..             | ..             | ..             | 3,870            | 3,870              |
| Zaire                 | ..                      | 13,519         | ..             | 42,100         | ..             | 47,000           | 148,919            |
| <b>Total</b>          | <b>139,943</b>          | <b>139,606</b> | <b>213,215</b> | <b>334,407</b> | <b>710,378</b> | <b>1,632,093</b> | <b>3,029,699</b>   |

1963 to 1972: US\$139,943 at SwF 2.17 to US\$1 =

303,676

SwF 3,333,375

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<sup>1</sup>SwF 56 also due in respect of Working Capital Fund assessment.

<sup>2</sup>SwF 1,383 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 1977

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.

Outturn in 1977

2. Appropriations authorized by the CONTRACTING PARTIES for 1977 were SwF 36,320,000, to be financed by contributions of SwF 35,600,000, estimated miscellaneous income of SwF 457,532 and the transfer of the balance of SwF 262,468 from the 1975 surplus.

3. Total expenditure amounted to SwF 35,346,007 (Statement 2) leaving an unobligated balance of SwF 973,993. Excess expenditure of SwF 684,127 was incurred under Section 1 of Part II of the budget and this was met by authorized transfers from savings under Sections 1 and 2 of Part I and Sections 2, 3 and 4 of Part II. The appropriations of SwF 200,000 for unforeseen expenditure under Part III and SwF 60,000 for Commercial Policy Training Courses under Part VII were not drawn upon. During the year, the two GATT-owned annexes on land leased from the United Nations at Villa le Bocage were sold to the UN together with fittings and equipment. The proceeds (SwF 453,526) were used in 1977 to meet part of the costs of furnishing the Centre William Rappard, as mentioned in the Note to Statement 2.

4. Actual miscellaneous income for 1977 exceeded the estimate by SwF 61,035. This together with the budget saving of SwF 973,993 resulted in a surplus of income over expenditure in the year of SwF 1,035,028 (Statement 1), which was transferred to the Surplus Account (Statement 3). During the year the SwF 679,531 drawn from the Working Capital Fund to meet the 1976 deficit was repaid, SwF 221,858 was transferred to the Building Fund, and losses of SwF 37,643 on revaluation of outstanding dollar contributions and SwF 75 for irrecoverable debts were written off. These were all met from the Surplus Account which, after allowing for a reduction of SwF 94,957 in the provision for contributions outstanding, showed an unappropriated surplus of SwF 190,878 at 31 December 1977. The Director-General intends to put forward proposals to the Committee on Budget, Finance and Administration for them to consider and make recommendations to the CONTRACTING PARTIES on the disposal of this surplus.

### Outstanding Contributions

5. The contributions outstanding at 31 December 1976 totalled SwF 3,428,332. This comprised US\$141,710 for periods up to 31 December 1972, which represented SwF 345,771 converted at the UN exchange rate ruling at the end of December 1976, and SwF 3,082,561 for the four years 1973 to 1976. After taking account of sums received during 1977, the contributions outstanding at 31 December 1977 consisted of US\$139,943 for periods up to 31 December 1972, which represented SwF 303,676 at the UN exchange rate ruling at 31 December 1977, and SwF 3,029,699 for the five years 1973 to 1977 giving a total of SwF 3,333,375. The provision against non-payment of contributions was accordingly reduced by SwF 94,957. Losses resulting from revaluations of dollar contributions outstanding since their due dates now exceed SwF 200,000 in total.

### Final Disposal of the Surplus for 1974

6. In paragraph 6 of my Report on the 1976 Accounts, I referred to the amount of SwF 515,610 set aside from the 1974 surplus and shown in a suspense account on the Statement of Assets and Liabilities at 31 December 1976 pending a decision by the CONTRACTING PARTIES on another question. In the event this surplus was transferred in 1977 to the Building Fund (Statement 4) in accordance with a further decision taken by the CONTRACTING PARTIES in November 1977.

### General Service Staff Salaries

7. In my Report on the 1976 Accounts I mentioned that the thirty-first session of the UN General Assembly, after considering a Joint Inspection Unit (JIU) report, had decided that the International Civil Service Commission (ICSC) should urgently establish the method for applying the principles for determining conditions of service for General Service staff in Geneva, and should survey local employment conditions in Geneva and recommend appropriate UN salary scales.

8. The ICSC included the results of their survey in its third annual report submitted on 30 September 1977 for consideration by the thirty-second session of the General Assembly. The ICSC took into account the view expressed by the JIU that the methodology adopted cast considerable doubt on the validity of the salary increases awarded to General Service staff since 1975, but the Commission concluded that it should limit itself to recommending new salary scales based on its best judgement of what was appropriate in the light of the findings of its own survey. It recommended salary scales significantly lower than those in force but proposed that transitional arrangements should be made to avoid any actual reduction in the emoluments being paid to the General Service staff in Geneva.

9. The thirty-second session of the General Assembly noted the ICSC report and a statement submitted by the Secretary-General of the United Nations reporting the agreement he had reached with the executive heads of the Geneva-based agencies accepting the ICSC report's findings and recommendations, and specifying the transitional arrangements to be adopted. GATT accordingly applied the new (lower) salary scales as from 1 January 1978 to all General Service staff and introduced personal transitional allowances for existing staff equal to the difference between their existing salary and the amount payable on the new scale. These allowances will not be affected by annual increments or by increases on promotion but will be reduced by the amount of any increases resulting from cost-of-living adjustments. The ICSC is to conduct a further review of these salaries and make the results available to the executive heads of Geneva-based organizations in 1980.

#### Building Fund

10. I referred in my Report on the 1976 Accounts to the Building Fund which was established to meet the cost, originally estimated at SwF 5,000,000, of renovating and adapting part of a building previously occupied by the International Labour Organisation (the Centre William Rappard) for occupation by the GATT secretariat. The account of the Fund (Statement 4) shows receipts of SwF 5,740,000, and expenditure of SwF 5,141,329, of which SwF 2,500 is recoverable, leaving a balance at 31 December 1977 of SwF 598,671 due from the General Fund. The overall cost of the work is now estimated at SwF 6,200,000. The additional SwF 460,000 have been provided in the 1978 budget appropriations.

#### Losses

11. I have examined the writes-off of irrecoverable debts totalling SwF 1,101, referred to in paragraphs 12 and 18 of the Director-General's Financial Report. I have no comment to make on them.

#### Supplies, Equipment and Stock Records

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

13. Following the removal of the Organization into the Centre William Rappard there was a significant increase in the value of non-expendable equipment and other stores, and GATT are to introduce new procedures to facilitate effective control.

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

(Signed)

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Douglas Henley  
(Comptroller and Auditor General, United Kingdom)  
External Auditor

