

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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RESTRICTED

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DIRECTOR-GENERAL'S FINANCIAL REPORT

ON THE 1978 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE  
1978 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 1978. Since 1 January 1973 the annual accounts have been presented in Swiss francs.

GENERAL FUND

Income and Expenditure Account  
(Statements 1 and 2)

(i) Income

(a) Contributions

2. At the adoption of the income budget, 1978 contributions were assessed on the contracting parties in the amount of SwF 37,800,000. Subsequently, a contribution of SwF 45,400 was assessed on Suriname. Of the total amount of SwF 37,845,400, collections as at 31 December 1978 amounted to SwF 35,268,233.

(b) Miscellaneous income

3. For 1978, miscellaneous income amounted to SwF 758,489 against an estimate of SwF 785,000.

4. The details compared with those of 1977 are as follows:

	<u>1977</u> <u>SwF</u>	<u>1978</u> <u>SwF</u>
Interest on investments	252,159	137,222
Sale of publications	52,809	72,978
Profit or loss on exchange	43,142	(80,307)
Savings on previous year's outstanding obligations	81,822	169,659
Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of withdrawals of participants	41,966	26,078
Refund of staff cost for staff employed at Centre William Rappard on behalf of other occupants	-	323,214
Rental of meeting rooms and office space at Centre William Rappard to others	5,550	11,150
Other income	41,119	98,495
	<u>518,567</u> =====	<u>758,489</u> =====

5. A refund in respect of staff cost for staff employed at the Centre William Rappard on behalf of the other occupants, payrolled by GATT, appeared for the first time in miscellaneous income. The refund received in 1977 was offset against the relevant expenditure accounts.

6. Other income for 1978 comprises the following:

	<u>Swiss francs</u>
Bank interest on current accounts	10,216
Refund of prior years' expenditure	63,806
Work done for delegations and others	21,413
Proceeds from the sale of equipment	850
Miscellaneous items	2,210
	<u>98,495</u>
	=====

(ii) Expenditure

7. Appropriations for the financial year 1978 were approved at a level of SwF 38,585,000. As shown in Statement 2, obligations incurred in 1978 totalled SwF 36,855,142 of which SwF 1,907,994 were unliquidated at 31 December 1978 leaving an unencumbered balance of SwF 1,729,858.

8. The Council approved a transfer of SwF 8,107 which was necessary in order to cover excess expenditure over approved appropriations incurred in Part I - Section 2 - Meetings of the Council and other meetings.

9. In connexion with the running of the staff canteen, subsidies in the form of free accommodation, electricity, heating, water supply, insurance premiums, etc., were charged to the relevant budget items in 1978. In addition, expenditure was incurred for the purchase and maintenance of equipment (SwF 6,162) for the canteen at the Centre William Rappard.

Surplus Account  
(Statement 3)

10. The balance of SwF 190,878 on the Surplus Account at 1 January 1978 was earmarked for transfer to 1979 income in accordance with a decision of the CONTRACTING PARTIES (L/4708). Of the excess of 1978 income over budgetary expenditure amounting to SwF 1,748,747, SwF 59,565 were used to write off further exchange losses arising from the revaluation of dollar contributions outstanding, SwF 1,349 were used to write off irrecoverable debts and in accordance with a decision of the CONTRACTING PARTIES, SwF 384,030 were transferred to a special temporary account (C/104). The increase in the level of contracting parties' contributions in arrears at 31 December 1978 amounted to SwF 1,307,468 and the balance of the 1978 surplus of SwF 1,303,803, together with a transfer from the Working Capital Fund of SwF 3,665, was required to increase the provision for contributions in arrears.

Statement of Assets and Liabilities  
(Statement 4)

(i) Assets

(a) Investments

11. Investments at 31 December 1978 totalled SwF 2,578,599 which were held in an interest-bearing 24-hour call account (Schedule A), of which SwF 1,092,297 related to the General Fund and SwF 1,486,302 to the Working Capital Fund.

(b) Contributions receivable from contracting parties

12. Contributions receivable from contracting parties amounted to SwF 4,640,843 at 31 December 1978, as shown in Schedule B. Contributions in respect of financial years 1966 to 1972 were assessed in US dollars and the amount still due was US\$107,553. This amount, recorded at 31 December 1978 at the internal accounting rate of SwF 1.73 to US\$1, equalled SwF 186,067. Contributions for the financial years 1973 to 1978 were assessed in Swiss francs and an amount of SwF 4,454,776 was due at 31 December 1978 in respect of these financial years.

(c) Miscellaneous accounts receivable

13. Miscellaneous accounts receivable as at 31 December 1978 totalled SwF 1,301,764. This amount included outstanding invoices in respect of sale of publications and services rendered of SwF 687,122, advances to staff members for education grants of SwF 115,450, for travel and subsistence allowances of SwF 13,460 and for salaries of SwF 16,691. Miscellaneous items amounted to SwF 469,041 which included advance payment of insurance premiums, recoverable Swiss Federal taxes, prepaid 1979 expenditure, etc.

(ii) Liabilities

(a) Miscellaneous accounts payable

14. Miscellaneous accounts payable as at 31 December 1978 amounted to SwF 153,259. This included amounts held in guarantee pending completion of renovation and installation work at the Centre William Rappard (SwF 135,246), amounts payable in respect of insurance compensation to staff member's dependents (SwF 3,399), and miscellaneous items (SwF 14,614).

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

15. Irrecoverable debts in respect of publications sales amounting to SwF 374 were written off in 1978 against this provision.

(c) Provision for contributions in arrears

16. SwF 4,640,843 covered all contributions in arrears as at 31 December 1978. Contributions in arrears relating to financial years 1966 to 1972 are payable in US dollars (see paragraph 12) and provision has been made with respect to arrears for these years on the basis of SwF 1.73 to US\$1.

(d) Special temporary account

17. In accordance with the Council's decision on 22 December 1978 (C/104), an amount of SwF 384,030 was transferred from the Surplus Account to a special temporary account. This represented the 1978 surplus resulting from exchange rate fluctuations in relation to CONTRACTING PARTIES contributions to the United Nations Joint Staff Pension Fund in respect of staff in the professional and higher categories. The disposal of this amount is contingent upon decisions concerning the correction of anomalies in the pension system brought about by economic and monetary circumstances.

BUILDING FUND  
(Statement 4)

18. In accordance with the CONTRACTING PARTIES' decision (document L/4583) an amount of SwF 460,000 was appropriated in 1978 as a final contribution to the cost of the modification and renovation of the Centre William Rappard. Expenditure in 1978 for modifications and renovations amounted to SwF 1,061,171 bringing the total expenditure charged against the allotment to SwF 6,200,000. The Fund was thus entirely expended at 31 December 1978. A final report on the adaptation of the Centre William Rappard will be submitted to the Committee on Budget, Finance and Administration.

19. Special payments totalling SwF 22,869 were made to two employees in connexion with installation work at the Centre William Rappard.

WORKING CAPITAL FUND  
(Statement 5)

20. The principal of the Working Capital Fund stood at SwF 1,438,279 at 31 December 1978. SwF 95,000 were held to the credit of GATT and SwF 1,343,279 were held to the credit of contracting parties, representing the advances made by them.

21. In addition, an amount of SwF 54,546 resulting from the revised assessment in 1965 of advances to the Fund (document L/2482) and SwF 2,354 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 1,383, representing an additional advance assessed on Rhodesia was outstanding on 31 December 1978.

23. An amount of SwF 3,665 was required to cover a deficit on the General Fund due to the increased level of CONTRACTING PARTIES' contributions in arrears at 31 December 1978. The authority contained in document L/756, paragraph 10, of 27 November 1957, stipulates that subsequent receipts of outstanding contributions are to be credited to the Working Capital Fund to the extent necessary to reimburse the advance made.

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 4,394,308 as noted on the Statement of Assets and Liabilities (Statement 4).

(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 1978

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 1978. 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 1978

(in Swiss francs)

EXPENDITURE

1978 budget expenditure  
Excess of income over expenditure

INCOME

36,855,142	Contributions assessed on contracting parties	37,800,000
1,748,747	Contribution assessed on a contracting party subsequent to the adoption of the scale of contributions	45,400
	Miscellaneous:	
	Interest on investments	137,222
	Sale of publications	72,978
	Loss on exchange	(80,307)
	Savings on previous year's outstanding obligations	169,659
	Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participants withdrawals	26,078
	Refund of staff costs for staff employed at Centre William Rappard on behalf of other occupants	323,214
	Rental of meeting rooms and office space at Centre William Rappard to others	11,150
	Other income	<u>98,495</u>
<u>38,603,889</u>		<u>758,489</u>
		<u>38,603,889</u>

(Signed)

Olivier Long  
Director-General

(Signed)

J. Tassin  
Director  
Administrative and Financial Division



GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Budgetary Expenditure 1978

(in Swiss francs)

	<u>Original Appropriations (L/4583)</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-fourth session of the CONTRACTING PARTIES	53,000	(8,107)	44,893	21,793	2,500	24,293	20,600
2. Meetings of the Council and other meetings	360,000	8,107	368,107	366,305	1,802	368,107	-
TOTAL PART I	413,000	-	413,000	388,098	4,302	392,400	20,600
<b>PART II - SECRETARIAT</b>							
Section 3. Salaries and wages and official travel	16,774,000	-	16,774,000	16,594,236	26,189	16,620,425	153,575
4. Common staff costs	4,296,000	-	4,296,000	3,644,706	157,286	3,801,992	494,008
5. Common services	3,824,000	-	3,824,000	3,353,973	407,138	3,761,111	62,889
6. Printing	355,000	-	355,000	186,996	62,400	249,396	105,604
7. Representation and hospitality	80,000	-	80,000	79,371	80	79,451	549
8. Public information	5,000	-	5,000	1,338	-	1,338	3,662
9. Permanent equipment	330,000	-	330,000	297,698	32,254	329,952	48
10. Contribution to a staff assistance fund	20,000	-	20,000	20,000	-	20,000	-
TOTAL PART II	25,684,000	-	25,684,000	24,178,318	685,347	24,863,665	820,335
<b>PART III - UNFORESEEN EXPENDITURE</b>							
Section 11. Unforeseen expenditure	200,000	-	200,000	-	-	-	200,000
<b>PART IV - TRADE NEGOTIATIONS</b>							
Section 12. Trade negotiations	4,930,000	-	4,930,000	4,334,081	115,345	4,449,426	480,574
<b>PART V - INTERNATIONAL TRADE CENTRE UNCTAD/GATT</b>							
Section 13. Contribution to the International Trade Centre UNCTAD/GATT	6,838,000	-	6,838,000	5,586,651	1,085,000	6,671,651	166,349
<b>PART VI - ACCOMMODATION</b>							
Section 14. Contribution to the Building Fund	460,000	-	460,000	460,000	-	460,000	-
<b>PART VII - COMMERCIAL POLICY TRAINING COURSES</b>							
Section 15. Commercial Policy Training Courses	60,000	-	60,000	-	18,000	18,000	42,000
GRAND TOTAL	38,585,000	-	38,585,000	34,947,148	1,907,994	36,855,142	1,729,858

(Signed)

Olivier Long  
Director-General

(Signed)

J. Tassin  
Director  
Administrative and Financial Division

## GENERAL AGREEMENT ON TARIFFS AND TRADE

Surplus Account for the Year ended 31 December 1978

(in Swiss francs)

<u>DEBITS</u>		<u>CREDITS</u>
Increase of provision for all contributions in arrears	1,307,468	Balance as at 1 January 1978 190,878
Write-off of unrealized exchange loss on outstanding contributions assessed in dollars	59,565	Excess of income over expenditure in 1978 1,748,747
Write-off of debts irrecoverable	1,349	Advance from Working Capital Fund to cover 1978 deficit 3,665
Transfer to special temporary account established by the Council (Document C/104)	384,030	
Balance as at 31 December 1978:	190,878	
1977 surplus to be transferred to 1979 income (Document L/4708)		
	<u>1,943,290</u>	<u>1,943,290</u>

(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 1978  
(in Swiss francs)

Statement 4

GENERAL FUND

ASSETS

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

6,172  
252,140  
1,092,297  
4,640,843  
1,301,764

LIABILITIES

Miscellaneous accounts payable  
Contributions paid in advance  
Reserve for 1978 obligations outstanding as  
at 31 December 1978 per statement 2  
Provision for losses or returns in respect  
of publication sales  
Provision for contributions in arrears  
Special temporary account established by the Council  
(document C/104)  
Surplus account

153,259  
391  
1,907,994  
15,821  
4,640,843  
384,030  
190,878

7,293,216

7,293,216

BUILDING FUND

Cost in 1974  
Cost in 1975  
Cost in 1976  
Cost in 1977  
Cost in 1978

26,530  
531,183  
1,327,454  
3,253,662  
1,061,171

From 1973 surplus (Doc. L/3986) 622,532  
From 1974 surplus (Doc. L/4097) 1,250,000  
From 1976 budget appropriation (Doc L/4229) 2,280,000  
From suspense account (Doc. L/4594) 515,610  
From 1977 budget appropriation (Doc. L/4413) 850,000  
From 1977 surplus (Doc. L/4583) 221,858  
From 1978 budget appropriation (Doc. L/4583) 460,000

6,200,000

6,200,000

6,200,000

6,200,000

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 1978 was Sw F 4,394,308 of which Sw F 1,589,288 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)  
Olivier Long  
Director-General

(Signed)  
J. Tassin  
Director

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Assets and Liabilities as at 31 December 1978  
(in Swiss francs)

WORKING CAPITAL FUND

ASSETS

Cash at Banks 3,829  
Investments (Schedule A) 1,486,302  
Accounts receivable:  
Advances assessed on contracting parties 1,383  
Advance to cover 1978 deficit on General Fund 3,665

LIABILITIES

Principal of Fund:  
Sums held to the credit of GATT 95,000  
Advances made by contracting parties 1,343,279  
1,438,279  
  
Accounts payable:  
Due to Zambia (document L/2324) 2,354  
Due to contracting parties  
(document L/2482) 54,546  
56,900

1,495,179  
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1,495,179  
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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 1978

Swiss francs

Call account with Banque Scandinave en Suisse, Geneva	<u>2,578,599<sup>1/</sup></u>	1%	24-hour call
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<sup>1/</sup> of which: SwF 1,092,297 against General Fund; and  
SwF 1,486,302 against Working Capital Fund.

SCHEDULE B

GENERAL AGREEMENT ON TARIFFS AND TRADE

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1978

Country	US dollars 1966/1972	Swiss francs					Total 1973/1978
		1973	1974	1975	1976	1977	
Argentina							34,120
Bangladesh							45,400
Benin							44,772
Brazil							18,134
Burundi							45,400
Central African Empire					25,695		
Chad	1969/1972	15,815		23,143	40,300	42,700	45,400
Chile			27,800	31,600	40,300	42,700	45,400
Colombia							22,630
Congo, People's Republic of the					6,043	71,200	75,600
Cuba			13,958	31,600	40,300	42,700	45,400
Dominican Republic	1966/1972	33,101					128,500
Gabon		25,500	27,800	31,600	40,300	42,700	213,300
Gambia						19,603	65,003
Guyana						21,473	45,400
Haiti	1971/1972	9,687				4,836	45,400
Indonesia		25,500	27,800	31,600	40,300	42,700	50,236
Ivory Coast							213,300
Kaspuchea						5,278	151,200
Democratic Kenya		12,106	27,800	31,600	40,300	42,700	45,400
Madagascar							37,624
Mauritania							395
Nicaragua			18,938	31,600	25,219	42,700	45,400
Nigeria,					40,300	42,700	45,400
Peru						160,684	362,800
Philippines						60,500	71,800
Portugal							132,300
Rhodesia-1/							83,644
Senegal	1966/1972	48,950	27,800	31,600	40,300	42,700	158,700
Sierra Leone							45,400
Sri Lanka				31,600	40,300	2,361	45,400
Tanzania						42,700	45,400
Togo							2,700
Turkey						9,039	9,039
Uganda					2,057	42,700	45,400
Upper Volta						74,445	225,645
Yugoslavia						3,870	45,400
Zaire							21,609
							287,200
Total	107,553	114,106	171,896	275,943	396,019	919,645	2,577,167

1966 to 1972: US\$107,553 at SwF 1.73 to US\$1.-

186,067

SwF 4,640,843

1/ 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 1978

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 1978

2. Appropriations authorized by the CONTRACTING PARTIES for 1978 were SwF 38,585,000, to be financed by contributions of SwF 37,800,000 and estimated miscellaneous income of SwF 785,000.

3. Total expenditure amounted to SwF 36,855,142 (Statement 2) leaving an unobligated balance of SwF 1,729,858. Excess expenditure of SwF 8,107 incurred under Section 2 of Part I of the budget was met by an authorized transfer from savings under Section 1 of Part I. The appropriation of SwF 200,000 for unforeseen expenditure under Part III was not drawn upon.

4. Actual miscellaneous income for 1978 fell short of the estimate by SwF 26,511 after taking account of exchange losses of SwF 80,307, mainly on sums receivable in US dollars. However, with the budget saving of SwF 1,729,858 and a contribution of SwF 45,400 assessed on a new contracting party, there was a surplus of income over expenditure in the year of SwF 1,748,747 (Statement 1). This was transferred to the Surplus Account (Statement 3).

5. As shown in Statement 3, the Surplus Account was charged during 1978 with an increase of SwF 1,307,468 in the provision for contributions in arrears; a loss of SwF 59,565 on revaluation of outstanding dollar contributions; the write-off of irrecoverable debts of SwF 1,349, and a transfer of SwF 384,030 authorized by the GATT Council to a special temporary account pending a decision by the UN General Assembly on proposals to correct anomalies in the pension system caused by economic and monetary circumstances. These transactions left a balance of SwF 187,213 on the surplus account. In view of a decision by the CONTRACTING PARTIES (SR/34/1) to transfer a sum equivalent to the 1977 surplus (SwF 190,878) to help finance the 1979 budget, GATT considered it necessary to increase the balance on the Surplus Account to this figure by making a temporary transfer of SwF 3,665 from the Working Capital Fund. However, as shown in Statement 4, there was no cash shortage in the General Fund. The SwF 3,665 will be repaid to the Working Capital Fund from outstanding contributions received in 1979.

Outstanding Contributions

6. Contributions outstanding at 31 December 1977 totalled SwF 3,333,375. After taking account of sums received during 1978, the contributions outstanding at 31 December 1978 totalled SwF 4,640,843. To cover the considerable increase in the total contributions outstanding, the provision against non-payment of contributions was accordingly increased by SwF 1,307,468 to SwF 4,640,843. In addition, as mentioned in paragraph 5 above, a further loss of SwF 59,565 arose from the revaluation of the dollar contributions outstanding from the pre-1973 period.

Building Fund

7. The Building Fund to which I referred in my Reports on the 1976 and 1977 accounts has now been closed. In addition to the expenditure of SwF 6,200,000 shown on Statement 4, some costs were incurred on the adaptation of the Centre William Rappard, mainly technical services staff expenditure. These extra costs have been met from the General Fund or from receipts arising from the sale of two annexes to the Villa Le Bocage. GATT are proposing to submit a final report on the adaptation of the Centre William Rappard to the Committee on Budget, Finance and Administration.

Losses

8. I have examined the writes-off of irrecoverable debts totalling SwF 1,723, referred to in paragraphs 10 and 15 of the Director-General's Financial Report. I have no comments to make on them.

Supplies, Equipment and Stock Records

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

10. In paragraph 13 of my Report on the 1977 Accounts I referred to proposed new procedures to facilitate effective control of non-expendable equipment and other stores. The new procedures have not yet been introduced in full. I have also drawn attention to the need to improve the procedures relating to the removal of items from the inventory and the recording of their disposal.

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11. 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