

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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DIRECTOR-GENERAL'S FINANCIAL REPORT

ON THE 1979 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE
1979 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 1979. 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, 1979 contributions were assessed on the contracting parties in the amount of SwF 37,798,000. Collections as at 31 December 1979 amounted to SwF 36,127,809.

(b) Miscellaneous income

3. For 1979, miscellaneous income amounted to SwF 888,920 against an estimate of SwF 758,122.

4. The details compared with those of 1978 are as follows:

	<u>1978</u> <u>SwF</u>	<u>1979</u> <u>SwF</u>
Interest on investments	137,222	145,540
Sale of publications	72,978	113,793
Profit or loss on exchange	(80,307)	(24,884)
Savings on previous year's outstanding obligations	169,659	204,622
Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of withdrawals of participants	26,078	39,889
Refund of staff cost for staff employed at Centre William Rappard on behalf of other occupants	323,214	325,238
Rental of meeting rooms and office space at Centre William Rappard to others	11,150	11,050
Other income	98,495	73,672
	<u>758,489</u>	<u>888,920</u>

5. Other income for 1979 comprises the following:

	<u>Swiss francs</u>
Bank interest on current accounts and other interest	5,991
Refund of prior years' expenditure	25,220
Work done for delegations and others	31,973
Proceeds from the sale of equipment	1,800
Miscellaneous items	<u>8,688</u>
	<u>73,672</u>

(ii) Expenditure

6. Appropriations for the financial year 1979 were approved at a level of SwF 38,747,000. As shown in Statement 2, obligations incurred in 1979 totalled SwF 38,363,382, of which SwF 1,231,262 were unliquidated at 31 December 1979, leaving an unencumbered balance of SwF 383,618.

7. The Council approved transfers of SwF 385,710 which were necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 5 - Common services (SwF 51,858), Section 7 - Representation and hospitality (SwF 1,553), Part IV - Section 12 - Trade Negotiations (SwF 153,460) and Part VI - Section 14 - Contribution to the International Trade Centre UNCTAD/GATT (SwF 178,839).

8. 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 1979. In addition, expenditure of SwF 7,163 was incurred for the purchase and maintenance of canteen equipment.

Surplus Account
(Statement 3)

9. The balance of SwF 190,878 on the Surplus Account at 1 January 1979 was transferred to 1979 income in accordance with a decision of the CONTRACTING PARTIES (L/4708). Of the excess of 1979 income over budgetary expenditure amounting to SwF 514,416, SwF 3,665 were repaid to the Working Capital Fund in respect of the advance made in 1978, SwF 11,911 were used to write off further exchange losses arising from the revaluation of dollar contributions outstanding and SwF 6,173 were used to write off irrecoverable debts. The increase in the level of contracting parties' contributions in arrears at 31 December 1979 amounted to SwF 43,340. The unappropriated balance on the Surplus Account at 31 December 1979 was SwF 449,327.

Statement of Assets and Liabilities
(Statement 4)

(i) Assets

(a) Investments

10. Investments at 31 December 1979 totalled SwF 2,558,922 which were held in interest bearing deposit accounts and on 24-hour call (Schedule A), of which SwF 1,068,955 related to the General Fund and SwF 1,489,967 to the Working Capital Fund.

(b) Contributions receivable from contracting parties

11. Contributions receivable from contracting parties amounted to SwF 4,684,183 at 31 December 1979, 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\$71,262. This amount, recorded at 31 December 1979 at the internal accounting rate of SwF 1.60 to US\$1, equalled SwF 114,019. Contributions for the financial years 1973 to 1979 were assessed in Swiss francs and an amount of SwF 4,570,164 was due at 31 December 1979 in respect of these financial years.

(c) Miscellaneous accounts receivable

12. Miscellaneous accounts receivable as at 31 December 1979 totalled SwF 1,133,135. This amount included outstanding invoices in respect of sale of publications and services rendered of SwF 509,980 and advances to staff members for education grants of SwF 141,050, for travel and subsistence allowances of SwF 19,477 and for salaries of SwF 17,580. Miscellaneous items amounted to SwF 445,048 which included advance payment of insurance premiums, recoverable Swiss Federal taxes, prepaid 1980 expenditure, etc.

(ii) Liabilities

(a) Miscellaneous accounts payable

13. Miscellaneous accounts payable as at 31 December 1979 amounted to SwF 147,705. This included amounts held in guarantee pending final acceptance of renovation and installation work at the Centre William Rappard (SwF 100,996), amounts payable in respect of insurance compensation to staff member's dependents (SwF 16,333), for training course trainees' medical expenses (Swf 8,146) and for interpreters' social security (SwF 7,680) and miscellaneous items (SwF 14,550).

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

14. Irrecoverable debts in respect of publications sales amounting to SwF 178.50 were written off in 1979 against this provision.

(c) Provision for contributions in arrears

15. SwF 4,684,183 covered all contributions in arrears as at 31 December 1979. Contributions in arrears relating to financial years 1966 to 1972 are payable in US dollars (see paragraph 11) and provision has been made with respect to arrears for these years on the basis of SwF 1.60 to US\$1.

(d) Special temporary account

16. In accordance with the Council's decision on 22 December 1978 (C/104), an amount of SwF 384,030 was transferred from the 1978 Surplus Account to a special temporary account. Further transfers totalling SwF 92,456 were made to the account during 1979 from Sections 3, 4 and 12 of the budget. These amounts totalling SwF 476,486 represented the 1978 and 1979 surpluses 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 these amounts is contingent upon decisions concerning the correction of anomalies in the pension system brought about by economic and monetary circumstances.

WORKING CAPITAL FUND
(Statement 5)

17. The principal of the Working Capital Fund stood at SwF 1,438,279 at 31 December 1979. 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.

18. 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.

19. An amount of SwF 1,383, representing an additional advance assessed on Rhodesia was outstanding on 31 December 1979.

20. An amount of SwF 3,665 which 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 was repaid to the Working Capital Fund in 1979 in accordance with the provisions contained in document L/756, paragraph 10, of 27 November 1957.

TRUST FUND
(Statement 6)

21. In accordance with the CONTRACTING PARTIES' decision (document L/4852), two special training courses to help the least-developed countries assess the benefits stemming from the Tokyo Round of multilateral trade negotiations are to be held in 1980 under financial sponsorship of the Nordic countries (Finland, Norway and Sweden). A balance of SwF 123,277, representing advance payments of SwF 169,625, against which expenditure of SwF 46,348 had been incurred, was held in a Trust Fund at 31 December 1979.

NON-EXPENDABLE EQUIPMENT

22. 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 4,813,090 as noted on the Statement of Assets and Liabilities (Statement 4).

(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 1979

I have examined the appended financial statements, numbered 1 to 6, of the General Agreement on Tariffs and Trade for the year ended 31 December 1979. 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)

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 1979
(in Swiss francs)

<u>EXPENDITURE</u>	<u>INCOME</u>
1979 budget expenditure	Contributions assessed on contracting parties 37,798,000
Excess of income over expenditure	Miscellaneous:
	Interest on investments 145,540
	Sale of publications 113,793
	Loss on exchange (24,884)
	Savings on previous year's outstanding obligations 204,622
	Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participants withdrawals 39,889
	Refund of staff costs for staff employed at Centre William Rappard on behalf of other occupants 325,238
	Rental of meeting rooms and office space at Centre William Rappard to others 11,050
	Other income 73,672
	888,920
	Transfer from Surplus account 190,878
	<u>38,877,798</u>
	=====
	<u>38,877,798</u>
	=====

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADEStatement of Budgetary Expenditure 1979

(in Swiss francs)

	Original Appropriations (L/4708)	Authorized Transfers	Revised Appropriations	Expenditure		Balances
				Liquidated	Unliquidated	
<u>PART I - MEETINGS</u>						
Section 1. Thirty-fifth session of the CONTRACTING PARTIES	100,000	-	100,000	44,968	4,218	50,814
2. Meetings of the Council and other meetings	514,000	-	514,000	503,058	4,336	6,606
TOTAL PART I	614,000	-	614,000	548,026	8,554	57,420
<u>PART II - SECRETARIAT</u>						
Section 3. Salaries and wages and official travel	17,763,000	(164,246)	17,598,754	17,503,517	41,744	17,545,261
4. Common staff costs	4,380,000	(198,895)	4,181,105	3,967,735	213,370	4,181,105
5. Common services	3,831,000	51,858	3,882,858	3,573,395	309,463	3,882,858
6. Printing	295,000	(19,371)	275,629	226,254	49,375	275,629
7. Representation and hospitality	80,000	1,553	81,553	81,553	-	81,553
8. Public information	5,000	(2,815)	2,185	2,185	-	2,185
9. Permanent equipment	350,000	(383)	349,617	347,784	1,833	349,617
10. Contribution to a staff assistance fund	20,000	-	20,000	20,000	-	20,000
TOTAL PART II	26,724,000	(332,299)	26,391,701	25,722,423	615,785	26,338,208
<u>PART III - UNFORESEEN EXPENDITURE</u>						
Section 11. Unforeseen expenditure	200,000	-	200,000	-	-	200,000
<u>PART IV - TRADE NEGOTIATIONS</u>						
Section 12. Trade negotiations	3,579,000	153,460	3,732,460	3,596,940	135,520	3,732,460
<u>PART V - COMMERCIAL POLICY TRAINING COURSES</u>						
Section 13. Commercial Policy Training Courses	600,000	-	600,000	525,892	1,403	72,705
<u>PART VI - INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>						
Section 14. Contribution to the International Trade Centre UNCTAD/GATT	7,030,000	178,839	7,208,839	6,738,839	470,000	7,208,839
GRAND TOTAL	38,747,000	-	38,747,000	37,132,120	1,231,262	38,363,382

Note: Expenditure on Sections 3, 4 and 12 includes SwF 92,456 transferred to the Special Temporary Account established by the Council (document C/104).

(Signed)

Olivier Leno

(Signed)

GENERAL AGREEMENT ON TARIFFS AND TRADESurplus Account for the Year ended 31 December 1979

(in Swiss francs)

<u>DEBITS</u>		<u>CREDITS</u>
Transfer to 1979 budget income (document L/4708)	190,878	Balance as at 1 January 1979 190,878
Repayment to Working Capital Fund	3,665	Excess of income over expenditure in 1979 514,416
Increase of provision for all contributions in arrears	43,340	
Write-off of unrealized exchange loss on outstanding contributions assessed in dollars	11,911	
Write-off of debts irrecoverable	6,173	
Unappropriated surplus	449,327	
	<u>705,294</u>	<u>705,294</u>
	=====	=====

(Signed)

 Olivier Long
 Director-General

(Signed)

 J. Tassin
 Director
 Administrative and Financial Division

STATEMENT 4

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Assets and Liabilities as at 31 December 1979
(in Swiss francs)

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash in hand	5,000	Balance due to Trust Fund	123,277
Cash at Banks and Postal Cheque Accounts	1,212,011	Miscellaneous accounts payable	147,705
Investments (Schedule A)	1,068,955	Contributions paid in advance	973,280
Contributions receivable from contracting parties (Schedule B)	4,684,183	Reserve for 1979 obligations outstanding as at 31 December 1979 per Statement 2	1,231,262
Miscellaneous accounts receivable	1,133,135	Provision for losses or returns in respect of publication sales	17,764
		Provision for contributions in arrears	4,684,183
		Special temporary account established by the Council (document C/104)	476,486
		Surplus account	449,327
	<u>8,103,284</u> =====		<u>8,103,284</u> =====

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 1979 was SwF 4,813,090.
- (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
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE

Statement of Assets and Liabilities as at 31 December 1979
(in Swiss francs)

WORKING CAPITAL FUND

<u>ASSETS</u>	<u>LIABILITIES</u>
Cash at Banks	Principal of Fund:
3,829	
Investments (Schedule A)	Sums held to the credit of GATT
1,489,967	95,000
Accounts receivable:	Advances made by contracting parties
Advances assessed on contracting parties	1,343,279
1,383	1,438,279
	Accounts payable:
	Due to Zambia (document L/2324)
	2,354
	Due to contracting parties
	54,546
	56,900
<u>1,495,179</u>	<u>1,495,179</u>
=====	=====

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

STATEMENT 6

GENERAL AGREEMENT ON TARIFFS AND TRADE

TRUST FUND FOR SPECIAL COURSES FOR OFFICIALS OF LEAST DEVELOPED COUNTRIES

Statement of Account as at 31 December 1979

(in Swiss francs)

Nordic countries (Finland, Norway and Sweden)

Advances received	169,625
<u>Less: payments made</u>	<u>46,348</u>
Balance at 31 December 1979	<u>123,277</u>
	=====

Represented by:

Due from GATT General Fund (see Statement 4)

123,277
=====

(Signed)

Olivier Long

(Signed)

J. Tassin

Schedule A

GENERAL AGREEMENT ON TARIFFS AND TRADE

Investments held on 31 December 1979

Swiss francs

Deposit accounts with Scandinavian Bank in Switzerland, Geneva:	1,000,000	11% due 3 January 1980
	1,003,033	5 1/8% due 7 January 1980
Deposit account with Lloyds Bank International, Geneva:	500,000	4% due 7 January 1980
Call account with Scandinavian Bank in Switzerland, Geneva:	55,889	1% 24-hour call
	<u>2,558,922^{1/}</u>	

^{1/} of which: SwF 1,068,955 against General Fund; and
SwF 1,489,967 against Working Capital Fund.

SCHEDULE B

GENERAL AGREEMENT ON TARIFFS AND TRADE

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1979

Country	US dollars 1966/1972	Swiss francs							Total 1973/1979
		1973	1974	1975	1976	1977	1978	1979	
Benin							44,772	45,400	90,172
Burundi							45,400	45,400	116,495
Central African Republic			23,143	40,300		42,700	45,400	45,400	196,943
Chad	15,815	25,500	27,800	31,600	40,300	42,700	45,400	45,400	258,700
Chile								6,558	6,558
Congo, People's Republic of the			13,958	31,600	40,300	42,700	45,400	45,400	219,358
Dominican Republic	6,497	25,500	27,800	31,600	40,300	42,700	45,400	45,400	258,700
Gambia						21,473	45,400	45,400	112,273
Ghana								45,400	45,400
Guyana						4,836	45,400	45,400	95,636
Haiti				1,581	40,300	42,700	45,400	45,400	175,381
Ivory Coast							11,473	52,900	64,373
Kampuchea									
Democratic Kenya		12,106	27,800	31,600	40,300	42,700	45,400	45,400	245,306
Madagascar								26,109	26,109
Mauritania								510	510
Nicaragua			18,938	31,600	25,219	42,700	45,400	45,400	158,719
Nigeria					40,300	42,700	45,400	45,400	224,338
Peru						160,684	362,800	347,700	871,184
Philippines								75,600	75,600
Rhodesia 1/	48,950	25,500	27,800	31,600	40,300	42,700	45,400	55,466	258,700
Rwanda								22,700	22,700
Senegal								45,400	67,216
Sierra Leone							21,816	45,400	67,216
Sri Lanka				31,600	40,300	42,700	45,400	45,400	205,400
Tanzania								16,648	16,648
Togo							9,039	45,400	54,439
Tunisia						11,716	45,400	45,400	102,516
Turkey								6,900	6,900
Uganda						74,445	151,200	151,100	376,745
Upper Volta						3,870	45,400	45,400	94,670
Total	71,262	88,606	144,096	245,924	387,919	729,719	1,303,709	1,670,191	4,570,164

114,019

4,684,183

1966 to 1972: US\$71,262 at SwF 1.60 to US\$1.-

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 1979

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 1979

2. Appropriations authorized by the CONTRACTING PARTIES for 1979 were SwF 38,747,000, to be financed by contributions of SwF 37,798,000, estimated miscellaneous income of SwF 758,122 and the transfer of the 1977 surplus of SwF 190,878 from the Surplus Account.

3. Total expenditure amounted to SwF 38,363,382, leaving an unobligated balance of appropriations of SwF 383,618 (Statement 2). Excess expenditure of SwF 385,710 incurred under Sections 5, 7, 12 and 14 of the budget was met by authorized transfers from savings under Sections 3, 4, 6, 8 and 9. The appropriation of SwF 200,000 for unforeseen expenditure under Part III of the budget was not drawn upon.

4. After taking account of exchange losses of SwF 24,884, mainly on sums receivable in US dollars, actual miscellaneous income for 1979 exceeded the estimate by SwF 130,798. This, together with the budget saving of SwF 383,618 resulted in a surplus of income over expenditure in the year of SwF 514,416 (Statement 1) which was transferred to the Surplus Account (Statement 3).

5. As shown in Statement 3, the Surplus Account was charged in 1979 with the transfer of the 1977 surplus of SwF 190,878 to 1979 budget income; the repayment to the Working Capital Fund of SwF 3,665 temporarily transferred from the Fund in 1978; the increase of SwF 43,340 in the provision for contributions in arrears; a loss of SwF 11,911 on revaluation of outstanding dollar contributions; and the write-off of irrecoverable debts of SwF 6,173. These transactions left a balance on the Account of SwF 449,327, the disposal of which has not yet been decided.

6. In my report on the 1978 accounts I referred to the transfer of SwF 384,030 from the Surplus Account 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. The GATT Council had authorized this transfer in 1978 and

also the transfer of any surplus that might occur in 1979. Savings on pension, etc., costs due to depreciation of the US dollar amounted to SwF 92,456 in 1979. A subvention of this amount was made from Sections 3, 4 and 12 of the budget to the special temporary account, the balance on which was thereby increased to SwF 476,486.

Outstanding Contributions

7. Contributions outstanding at 31 December 1979 totalled SwF 4,684,183. This was SwF 43,340 more than at 31 December 1978 and the provision against non-payment of contributions (shown in Statement 4) was correspondingly increased.

Trust Fund

8. During 1980 two special courses to help the least-developed countries assess the benefits stemming from the Tokyo Round of Multilateral Trade Negotiations will be organized by GATT and financed from funds provided by Finland, Norway and Sweden. The total cost is estimated at SwF 600,000. Statement 6 shows that an advance of SwF 169,625 was received in 1979 from which payments totalling SwF 46,348 were made for the travelling expenses of officials due to attend the first special course in January 1980.

Losses

9. I have examined the write-off of irrecoverable debts totalling SwF 6,351.50, referred to in paragraphs 9 and 14 of the Director-General's Financial Report. I am satisfied with the information and explanations which I have obtained about them.

Supplies, Equipment and Stock Records

10. Test examinations of the supplies, equipment and stock records maintained by the Organization have been carried out by my officers with generally satisfactory results. During the year improved procedures were introduced for the control of equipment and stores - a matter I have referred to in my previous reports.

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

(Signed)

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