

**UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES IN THE NEAR EAST**

FINANCIAL REPORT

and

AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 1985

and

REPORT OF THE BOARD OF AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-FIRST SESSION

SUPPLEMENT No. 5C (A/41/5/Add.3)



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UNITED NATIONS

New York, 1986

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LETTER OF TRANSMITTAL

30 June 1986

Sir,

I have the honour to transmit to you the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial period ended 31 December 1985, which were submitted by the Commissioner-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) R. T. NELSON
Auditor General of Ghana and
Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

Introduction

1. The Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has the honour to submit his financial report on the accounts for the year ended 31 December 1985. The financial statements, consisting of 12 statements supported by eight schedules and notes, are considered to be an integral part of the financial report. The significant accounting policies are described in a note to the financial statements. These accounts have been transmitted to the Board of Auditors of the United Nations in accordance with article XII of the Financial Regulations of the United Nations.
2. The following paragraphs summarize significant items reflected in the financial statements and schedules.

Fund accounting

3. A full system of fund accounting is utilized by UNRWA. Under this system, all contributions received for unrestricted use are credited to the Agency's General Fund while contributions received for special purposes are credited to individual fund accounts, thus providing a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund.
4. In order to provide a financial picture of the total programme of the Agency during 1985 and to provide a comparison with the financial results of previous years, financial statements I and II present information on a consolidated or all-fund basis. All other financial data have been shown on an individual fund basis (statements III-V with respect to the General Fund and statements VI and VII with respect to separate project funds). Separate statements are also provided for the Bayssarieh Camp Fund (statements VIII and IX) and the Area Staff Provident Fund (statements X-XII).

1985 budget

5. The Agency's budget is contained in the Commissioner-General's annual report to the General Assembly. Preliminary information on the 1985 budget was thus submitted to the Assembly at its thirty-ninth session 1/ and information on revised budget estimates based on updated calculations of anticipated income was submitted to the fortieth session. 2/ The final total General Fund budget figures as shown on statement I are the same as the revised estimates submitted to the Assembly. Minor variations between the cash and in kind portions of the budget are due to the distribution of costs to each source of funds. The budgets for project funds contained in statement I have been revised to reflect the special purpose contributions received during the year.

1/ Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 13 (A/39/13).

2/ Ibid., Fortieth Session, Supplement No. 13 (A/40/13 and Add.1 and Corr.1).

6. As indicated in statement I, against a revised programme budget for all funds of \$203.4 million, UNRWA incurred expenditures of \$187.4 million. The General Fund budget was \$174.6 million, but expenditures were limited due to the availability of resources to \$169.4 million. Budgets for project funds totalled \$28.9 million, against which expenditures of \$18 million were incurred.

1985 income and expenditure

7. Total income received by UNRWA for all funds in cash and in kind in 1985 was \$182 million, as shown in statement II. Included in this figure is approximately \$16 million received from several donors in response to the urgent appeal by the Commissioner-General for funds to finance the 1985 General Fund budget. Without these generous contributions, the Agency would have been forced to reduce severely its services to refugees.

8. Expenditure in 1985 by all funds was \$187.4 million, \$3.9 million less than in 1984. The excess of expenditure over income was reduced from \$10.1 million in 1984 to \$5.4 million in 1985, of which \$1.2 million was in respect of the General Fund. The balance was attributable to projects and was fully met by the carry-over of available funds for the projects concerned.

General Fund

9. As indicated in statement III, \$168.2 million of income in cash and in kind was received for the General Fund for 1985, as compared to \$162.1 million in unrestricted income for the General Fund in 1984, an increase of \$6.1 million. Pledged contributions in kind rose by \$7.1 million in 1985, while gains attributable to exchange rate changes were \$736,000 less and the allocation from the United Nations was \$189,000 less. General Fund regular programme expenditure in cash and in kind in 1985 totalled \$165.8 million. This included \$2.2 million in unbudgeted costs attributable to the Lebanon emergency and a final cost of \$121,000 in winding down the basic rations programme. In addition, net allocations were made from the General Fund to the supplementary feeding project in the amount of \$3.6 million.

10. The working capital account of UNRWA is not a statutory operating reserve but is the balance remaining in the General Fund after liabilities are deducted from assets. The working capital account is used for three purposes: (a) to meet temporary, within-year imbalances in cash flow. (b) to fund unforeseen emergency needs, and (c), in the event of a substantial reduction in the Agency's programme, to meet any extraordinary liquidating liabilities. The working capital account balance was \$18.6 million as at 1 January 1985 and \$19.4 million as at 31 December 1985. Included in this amount is \$5 million in pledged contributions unpaid for more than two years. The available balance in the working capital account represents less than two months' operating expenses of the General Fund.

Project funds

11. During 1985, UNRWA had under implementation 23 projects funded by special contributions. Statement VI shows income and expenditure in 1985 for each project, while statement VII contains the assets and liabilities of each project fund as at 31 December 1985.

Area Staff Provident Fund

12. The accounts of the Area Staff Provident Fund are shown in statements X to XII. Net investment income increased from \$23.4 million in 1984 to \$30.4 million in 1985 and the total assets of the Fund rose from \$254.1 million to \$294.2 million.

13. In 1985, the Provident Fund Advisory Committee commissioned a study of the Fund's investment policies by an independent firm of consulting actuaries. The final report of the study will be presented to the Advisory Committee at its spring 1986 session.

14. During 1985, on the recommendation of the Provident Fund Advisory Committee, a loan scheme was established to assist participants by making available funds for housing and educational purposes. At 31 December 1985, \$2.2 million in loans had been approved.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article XII of the Financial Regulations of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Board of Auditors has audited the accounts of UNRWA for the year ended 31 December 1985.
2. The examination was made in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at UNRWA headquarters at Vienna and at the Agency's field offices in the West Bank and the Syrian Arab Republic.
3. During the year under review, the Board of Auditors continued its normal practice of reporting the results of specific audits and issuing management letters containing detailed observations and recommendations to the Administration. This practice has helped to maintain a continuous dialogue with the Administration.
4. The following are the most significant matters arising from our audit examination. We have discussed these matters with the Administration whose responses are referred to as appropriate.

Summary of findings

5. Our audit of payroll and personnel systems revealed that the International Staff Regulations and Rules of UNRWA do not take account of the notion "locally recruited" staff.
6. Our review indicated that the non-resident allowance was taken into account in determining the Joint Staff Pension Fund contribution.
7. Our audit revealed that, although no provision is made in the area staff regulations and rules and the Occupation Classification Manual, interim social security supplements have been paid to all area staff since 1981.
8. We noted also that 99 sanitation labourers and 9 foremen have received special compensation allowances since 1981, although the conditions for payment of such benefits established in the Occupation Classification Manual were not fulfilled.
9. An examination revealed that dependency allowances were being paid for extended periods of time in respect of the children of married female staff members without follow-up by the field office on their continued eligibility. In other cases, dependency allowances were being paid to widows in respect of children for whom monthly orphan benefits were also being received.
10. We questioned the practicality of continuing the payment of transitional personal allowances to 16 staff members, as approved for special cases in 1973.

11. We noted that, contrary to the terms and conditions laid down in part VIII of the Occupation Classification Manual and part VI of the personnel directive A/3, an additional assignment allowance has been granted to 30 Head Teachers to compensate them for an increased work-load.
12. Our audit revealed again a restrictive use of the liquidated damages clause for all high-value purchases.
13. We found that, contrary to established UNRWA policy, it is field office practice to require from each bidder a security deposit equivalent to 5 per cent of the estimated total amount of the tendered contract.
14. We noted that the register of approved suppliers was not kept in compliance with the Manual of Supply Procedures and that, owing to a lack of clarity, the terms and conditions of tender were not always considered in the same way by the different bidders.
15. Finally, a review of the goods in transit accounts indicated that some purchase orders were still outstanding since 1980 and 1981.

Payroll and personnel systems

International staff members locally recruited

16. Although the International Staff Regulations and Rules of UNRWA do not take into account the notion "locally recruited" as do the United Nations staff rules, we noted that the Agency has recruited a number of staff members in the General Service category who are considered as "locally recruited", in which case they should not be entitled to some allowances. Their letter of appointment states, nevertheless, that the employment is based on the provisions of the Staff Regulations and Rules.

17. We recommended, and the Administration agreed, that a provision regarding conditions governing local recruitment should be inserted in the rules.

United Nations Joint Staff Pension Fund - non-resident's allowance

18. We noted that the United Nations staff rule 103.5 stipulates that the non-resident's allowance shall not be taken into account in determining Joint Staff Pension Fund contribution, while UNRWA international staff member rule 103.4.A provides that this allowance shall be taken into account.

19. As the cost of almost all the international staff members of UNRWA are supported by the United Nations regular budget, we recommended, and the Administration agreed, that the UNRWA staff rules should be brought in line with the United Nations staff rules.

Interim social security supplement

20. With reference to the UNRWA accounts for the year 1984, ^{1/} we noted previously that salary-related allowances and benefits for area staff have been established in part VIII of the Agency's Occupation Classification Manual without any provision on the general terms and payment conditions in chapter III of the UNRWA area staff rules.

21. Our audit of the accounts for the year 1985 revealed that an interim social security supplement benefit equivalent to 5 per cent of the salary has been paid to all area staff since April 1981, for which no provision has been made in the area staff regulations and rules or in chapter VIII of the Occupation Classification Manual.

22. In the light of the sizeable costs involved, we recommended that the payment of the interim social security supplement should be regularized as soon as possible, either by making appropriate provisions in the area staff rules, or by incorporating the benefit in the salary scales.

23. The Director of Personnel of UNRWA explained that, among the improvements approved by the Commissioner-General in April 1981 for the Lebanon and Syrian Arab Republic field offices as a result of International Civil Service Commission (ICSC) surveys and recommendations, was an interim social security supplement of 5 per cent payable to all area staff in the Syrian Arab Republic in order to offset the low value of UNRWA health care coverage and separation benefits compared to those of the outside market.

24. It was established that the interim social security supplement would be reduced or phased out as improvements in social security conditions of employment were implemented by UNRWA. Under the new salary scales approved by the Commissioner-General, the interim social security supplement would be incorporated in new scales in January 1985, but the revised 1985 salaries could not be implemented as a result of austerity measures introduced in an attempt to balance the budget.

25. Therefore, the Administration intends to incorporate such supplements in the salary scales when they are next revised. The Administration also took note of our recommendation that current salary scales should be included as appendices to area staff rule 103 and it indicated that it would attempt this as soon as possible. Later it informed us that work has begun on the amalgamation of documents identifying personnel entitlements now contained in the Occupation Classification Manual, Staff Management Instructions and Personnel Directives.

Special compensation allowance

26. In the UNRWA system, special compensation allowances for area staff are granted to enable the Agency to compete in the market for temporarily scarce skills when it is not deemed desirable to alter the grading of particular posts. The special compensation allowance is authorized to be paid only to specifically named individuals and is not applicable to the staffing posts as such, as referred to in part VIII of the Occupation Classification Manual.

^{1/} Official Records of the General Assembly, Fortieth Session, Supplement No. 5C (A/40/5/Add.3), sect. II.

27. Our audit indicated, however, that all 99 sanitation labourers and 9 foremen employed in the Syrian Arab Republic field office received special compensation allowances for the month of September 1985. We inquired whether the conditions for authorizing special compensation allowances have duly been complied with.

28. The Director of Personnel of UNRWA commented that these special compensation allowances have been in existence since 1 April 1981, because the 1981 salary survey in the Syrian Arab Republic identified a large gap between salaries of UNRWA sanitation labourers and those of outside labourers, and it was decided more appropriate to grant a special compensation allowance to recognize such a gap rather than include the data in salary survey calculations. Technical experts of the International Civil Service Commission (ICSC), feared indeed that such data would unbalance the survey analysis without significantly reducing the salary problem of the sanitation labourers. The Director of Personnel recognized that, in fact, these posts should probably have been classified at a higher level to permit a more reasonable comparison with outside market salaries. Unfortunately, this could not be done because of the internal relativity of the UNRWA classifications.

29. The Director of Personnel further informed us that, in June 1985, the situation was overtaken by austerity measures that dictated that such special compensation allowances would not be extended to any new staff recruited by UNRWA. The current payment of these allowances will be reviewed in the context of the next survey of salaries in the Syrian Arab Republic field office and when a new or revised salary scale is introduced.

30. In our view, the UNRWA special allowances system should not be applied for purposes other than intended and recognized salary discrepancies should be eliminated by means of appropriate arrangements made under the prevailing regulations and rules.

Dependency allowances paid to married female staff members

31. Our examination revealed that dependency allowances have been paid by the field office in the Syrian Arab Republic since 1974 in respect of the children of a married female staff member whose husband was in compulsory military service in 1974.

32. We questioned whether possible changes in the status of the husband after 1974 had been followed up by the field office for this case, and, in general, we inquired about the justification for the decision at headquarters in 1984 to discontinue the completion of "annual verification of dependency status" forms.

33. Field Office Management replied that immediate action is taken to correct all old cases of dependency by checking the case, interviewing all female staff members who are paid dependency allowances and, accordingly, deleting all cases of non-eligibility.

34. The Administration explained that staff members have the obligation under staff rule 104.2.2 of notifying the Agency, in writing, of any changes subsequent to their appointment, affecting their status under the staff regulations and rules. The annual verification of dependency status form was discontinued, on a trial basis, as from the beginning of 1984, but the procedure is now being reviewed.

Dependency allowances paid to widows

35. We noted that, in the same field office, widowed staff members continue to be recorded as "married" on the office personnel and payroll computer print-outs and that, at least in some cases, dependency allowances are paid to them in respect of children for whom monthly orphan allowances are also being received.

36. As it is not clear whether such orphan allowances qualify as "children's allowances received from another source" under the present eligibility provisions of the Agency's dependence allowance system, we recommended that the relevant terms and conditions of Personnel Directive A/3, part VIII, should be updated to specify the entitlement conditions under such circumstances Agency-wide. For control purposes, the personnel and payroll computer print-outs should clearly segregate widows and divorcees from married female staff.

37. The Administration agreed with our observation and informed us that a thorough study is taking place on the validity of dependency allowances presently being paid to married women or widows in the Syrian Arab Republic field office.

Transitional personal allowances

38. Our review of the general ledger payroll entries for September 1985 in the field office of the Syrian Arab Republic indicated that 16 staff members still receive the transitional personal allowance granted in lieu of acting appointment allowances to a number of Head and Assistant Head Teachers who no longer qualify for acting appointment allowances under the conditions of the revised scheme of rewarding performances effective 1 September 1973. The transitional personal allowance due to each staff member amounts to the difference between grade 08 and grade 09 salaries at the relevant step and, therefore, has to be calculated again at least once a year (increment month) by the Personnel Office.

39. For reasons of administrative practicality, we advised that the status of the 16 staff members receiving transitional personal allowances should now be reconsidered, with a view to regularizing the upgrading without additional cost to the Agency under the provisions referred to in part III, p.09/5, paragraph 8, of the Occupation Classification Manual.

40. The Administration clarified that a different system of rewarding performance as Head Teacher (and Assistant Head Teacher) existed prior to September 1973; the transitional personal allowance has been granted to certain staff members in lieu of the acting appointment allowance, which itself had been granted to staff who were not fully qualified at that time for appointment as Head Teachers (or Assistant Head Teachers). The transitional personal allowance has never been considered for conversion to full grade because the allowance was and still is contingent on continued performance of the functions of the Head or Assistant Head Teacher.

41. The Administration, however, agreed that following 15 years of service in these functions, it is unlikely that any of those 16 staff members would cease to be what they have been. It accepted that those staff members should be promoted to the full level of the post in order to avoid recurring salary calculations on the part of the Field Personnel Office.

Additional assignment allowances

42. We noticed that, in the West Bank field office, additional assignment allowances are being granted to 30 Head Teachers and School Attendants assigned to double-shift schools, in order to compensate these staff members for the increased work-load.

43. In this regard, we pointed out that the extra work-load of Head Teachers and School Attendants assigned to double-shift schools does not warrant the payment of additional assignment allowances under the terms and conditions laid down in part VIII, paragraph 2 (a) of the Occupation Classification Manual, and referred to in paragraph 5 of part VI of the Personnel Directive A.3, which provides, inter alia, that additional assignment allowances may be paid "only for specific periods of time", to staff members who are required "to carry out assignments clearly unrelated to their normal post duties and outside of normal hours of duty". In our opinion, the extra work-load should, in these cases, be qualified in terms of overtime performance or classified under the special circumstances qualifying for special post allowances.

44. Moreover, we fail to understand why the additional assignment allowance is described in both the Occupation Classification Manual and the Personnel Directive A/3 and further elaborated in a hoc memoranda issued by the Comptroller.

45. We, therefore, recommended that a fully appropriate statutory basis should be established for the possible compensation of staff assigned to double-shift schools and that the reference system for such allowances should be co-ordinated and simplified.

46. The Administration agreed that our observations were valid and that the specific references in the Occupation Classification Manual, Personnel Directives and Comptroller's memoranda should be reviewed. Measures would be taken to simplify the references and to identify all such allowances in one document.

Procurement system

Liquidated damages clause

47. A follow-up review revealed that the recommendation in our previous report 1/ with regard to a less restrictive use of the liquidated damages clause for all high-value purchases was not implemented.

48. We reiterated the recommendation and the Administration replied that it had on many occasions not included this clause, as it thought it might be counter-productive since suppliers might refrain from quoting when considering the risk of delays involved in shipping supplies to the Middle East. The Administration agreed, nevertheless, with the principle and indicated that the matter was currently under review in connection with the introduction of the new combined Purchase Order/Receipt Voucher.

Security deposits

49. Our examination disclosed that it is the practice of the Syrian Arab Republic field office to require from each bidder a security deposit equivalent to 5 per cent of the estimated total amount of the tender and that another 5 per cent deposit is requested from successful bidders on the award of contracts.

50. In this respect, we pointed out that the field office practice deviates from the established UNRWA policy, which is not to require security deposits on tenders unless it is considered that Agency interests have to be safeguarded by a deposit on specific tenders.

51. In the light of the fact that the cumbersome administrative field office practice may be a deterrent to potential contractors and possibly explains the low number of bids usually received by the office, we recommended that the administrative procedures should be simplified and security deposits required only from successful bidders in the future.

52. The Administration acknowledged that our observations broadly support existing Agency policy and that it would implement our recommendation.

Register of approved suppliers

53. Our examination of the register of approved suppliers in the West Bank field office showed the following deficiencies:

(a) Suppliers were not sought in accordance with the relevant provisions of the Manual of Supply Procedures;

(b) There was no trace of any market research;

(c) There was no evidence of an investigation for the suitability of the suppliers, and bank references of the contractors were only given in a few cases;

(d) It cannot be stated if deletion or addition of possible suppliers was made under the authority of the Chief of Supply or the Field Supply and Transport Officer.

54. As we consider the register of approved suppliers an essential means to simplify the processing of procurement that also provides for an easy control afterwards, we recommended that this list should be kept in compliance with the provisions of the Manual of Supply Procedures.

55. The Administration informed us that the updating of the register of suppliers is under study and that, although the guide presently used in the West Bank field office is the best available, it is agreed that an improved method of maintaining a register should be adopted.

Procurement procedure

56. From an inquiry into the contract system in the same field office, we noted that the terms and conditions of tender are not always considered in the same way by the different bidders and contractors. We mentioned the following cases:

(a) Some bids included transport costs to the field office while others did not;

(b) Prices were expressed in different currencies (Israeli shekels or United States dollars);

(c) Prices were given with or without taxes;

(d) Prices were given without taking into account the unit cost of containers, which were added afterwards on delivery of the goods.

57. We, therefore, recommended that calls for bids should be edited and conditions should be spelled out in such a way that there could be no confusion during the comparison procedure.

58. The Administration agreed that it would request the field supply and transport officers to ensure that all tender analysis documents were presented in a clear, comparable manner.

Expendable and non-expendable property

Goods-in-transit accounts

59. We pointed out in 1984 that the Field Finance Officer should review the monthly analysis of the goods-in-transit accounts to make sure that proper explanations exist for the items outstanding for a long period and appropriate measures should be taken to clear all the outstanding balances for which no delivery is expected.

60. Our review in the West Bank field office disclosed that some purchase orders were still outstanding since 1980 and 1981 and, therefore, we questioned the necessity to maintain such outstanding balances, especially because an investigation and a clearance cannot be undertaken owing to the absence of the essential documentation that seems to have been destroyed.

61. The Administration confirmed that these balances would be eliminated and field finance officers would be advised accordingly. It added that, with the introduction of a new combined purchase order/receiving report form, the final delivery of a purchase would be clearly identified and would cause all remaining undelivered balances to be eliminated from the goods-in-transit account.

Comments on matters dealt with in the 1984 report

62. The matters contained in our 1984 report 1/ have either been dealt with to our satisfaction or have been raised again in this report.

Acknowledgement

63. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Commissioner-General, his officers and members of their staff.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

(Signed) Teofisto T. GUINGONA, Jr.
Chairman, Commission on Audit,
the Philippines

III. OBSERVATIONS OF THE COMMISSIONER-GENERAL OF UNRWA ON THE COMMENTS AND RECOMMENDATIONS OF THE BOARD OF AUDITORS

Introduction

1. The report of the Board of Auditors is contained in section II above. The observations of the Commissioner-General on the points raised by the auditors are given in the following paragraphs and are intended to supplement the views of the Administration, as already contained in the report of the Board of Auditors. For convenience of reference the relevant paragraph numbers of the report of the Board of Auditors are shown alongside the headings of the Commissioner-General's observations.

International staff members locally recruited (audit, paras. 16 and 17)

2. A comprehensive review of personnel rules, directives, instructions and circulars is being undertaken to ensure that the contractual liabilities of the Agency to staff, including "locally recruited" staff, are clearly defined and easily identified. The objective of this study is to also ensure that the authority of the Occupation Classification Manual and various other personnel directives is clarified.

United Nations Joint Staff Pension Fund - non-resident's allowance (audit, paras. 18 and 19)

3. International staff rule 103.4 of UNRWA was aligned with United Nations staff rule 103.5 with effect from 1 April 1985. The revision directly reflects the content of the United Nations rule, which authorizes continuance of the allowance for those in receipt of it prior to when that rule was changed. Under article 54 of the Pension Fund rules, such staff members are entitled to have the non-resident allowance included in their pensionable remuneration.

Interim social security supplement (audit, paras. 20-25)

4. The interim social security supplement for staff in the Syrian Arab Republic was incorporated into the salary scale effective 1 June 1986.

Special compensation allowance (audit, paras. 26-30)

5. The special compensation allowance was introduced in 1981 to make up for the large difference in emoluments that existed between the salaries of UNRWA staff and those of other employers. In order to avoid an imbalance in salary scales and grade relativities, it was suggested by the experts of the International Civil Service Commission that an allowance should be paid instead of adjusting the salary scale or the grading pattern. The payment of special compensation allowances will be reviewed in the context of the next salary survey.

Dependency allowances paid to married female staff (audit, paras. 31-34)

6. Married female staff members of UNRWA may, under certain conditions, receive a dependency allowance. A review of the 177 cases receiving the allowance as at October 1985 in the Syrian Arab Republic resulted in 100 cases being reconfirmed as eligible, 45 cases being cancelled because they failed to substantiate anew their eligibility, and, in the remainder of the cases, a change in the allowance as the status of the staff member had changed.

7. The orphan pension that widowed staff members in the Syrian Arab Republic receive for their eligible children from outside sources does not include the element of children's allowance and is not considered as a dependency allowance under Personnel Directive A/3 VIII.

8. The reinstatement of the annual verification of dependency status is being reviewed.

Transitional personal allowance (audit, paras. 38-41)

9. A different system of rewarding performance as a head teacher existed prior to 1973. Transitional personal allowances were granted to certain staff members in lieu of an acting appointment allowance which itself had been granted to staff who were not fully qualified at that time for appointment as head teachers.

10. All staff members concerned (except one, who was transferred) have been promoted to grade 9 effective 1 January 1986, and the transitional personal allowances have been cancelled in all cases, as it was considered that, after 13 years of satisfactory service in the same post, these staff members were now fully qualified.

Additional assignment allowances (audit, paras. 42-46)

11. The specific references to additional assignment allowances in the Occupation Classification Manual, Personnel Directive A/3 and other memoranda will be reviewed and measures will be taken to identify all such allowances in one document.

Procurement system:

Liquidated damages clause (audit, paras. 47 and 48)

12. There are many methods of protecting the Agency against unsatisfactory performance - the liquidated damages clause is one. The Administration agrees that this clause may be applied in a less restrictive manner when it is in the Agency's interest to do so.

Security deposits (audit, paras. 49-52)

13. In future, tender security deposits will be requested by the field office of the Syrian Arab Republic only when the Agency's interest has to be safeguarded.

Register of approved suppliers (audit, paras. 53-55)

14. A register of suppliers is established to ensure that all the companies available are contacted for quotations, thus ensuring competition and integrity. The proper upkeep of the register of approved suppliers in the West Bank field office has been discussed and efforts are being made to implement the procedures of the Manual of Supply Procedures to the extent possible, given the unusual economic environment in the West Bank.

Expendable and non-expendable property

Goods-in-transit accounts (audit, paras. 59-61)

15. The balances that occasionally remained on the goods-in-transit account as a result of the incomplete delivery of purchase orders are now eliminated automatically on the final delivery of goods as a result of the introduction of a new purchase order/receipt voucher system.

IV. AUDIT OPINION

We have examined the following appended financial statements, numbered I to XII, properly identified, and relevant schedules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial period ended 31 December 1985. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles, which were applied on a basis consistent with that of the preceding financial period and the transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

(Signed) Teofisto T. GUINGONA, Jr.
Chairman, Commission on Audit,
the Philippines

V. CERTIFICATION OF THE FINANCIAL STATEMENTS

27 March 1986

I certify that the appended financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, numbered I to XII, are correct.

(Signed) Edward H. GREGORY
Comptroller

VI. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1985

STATEMENT I

ALL FUNDS

Budget and expenditure for the year ended 31 December 1975

(United States dollars)

	Budget			Expenditure		
	Cash	In kind	Total	Cash	In kind	Total
GENERAL FUND (schedule I)						
<u>Education services</u>						
General education:						
Elementary education	55 020 000	-	55 020 000	52 309 734	-	52 309 734
Preparatory education	36 636 000	-	36 636 000	34 456 252	-	34 456 252
Other activities	5 598 000	697 000	6 295 000	3 799 338	697 012	4 496 350
Vocational and professional training	8 405 000	1 040 000	9 445 000	8 023 588	1 040 058	9 063 646
Share of common costs	18 091 000	119 000	18 210 000	16 871 906	118 595	16 990 501
Subtotal	123 750 000	1 856 000	125 606 000	115 460 818	1 855 665	117 316 483
<u>Health services</u>						
Medical services	18 568 000	324 000	18 892 000	16 726 348	324 218	17 050 566
Environmental sanitation	6 295 000	678 000	6 973 000	5 844 085	678 084	6 522 169
Share of common costs	4 653 000	30 000	4 683 000	4 338 490	30 496	4 368 986
Subtotal	29 516 000	1 032 000	30 548 000	26 908 923	1 032 798	27 941 721
<u>Relief services</u>						
Shelter	396 000	327 000	723 000	295 161	326 776	621 937
Special hardship assistance	1 315 000	9 357 000	10 672 000	2 108 200	9 356 784	11 464 984
Relief and welfare services	3 901 000	-	3 901 000	3 201 482	-	3 201 482
Share of common costs	3 102 000	20 000	3 122 000	2 892 326	20 331	2 912 657
Subtotal	8 714 000	9 704 000	18 418 000	8 497 169	9 703 891	18 201 060
<u>Common costs</u>						
Supply and transport services	7 427 000	169 000	7 596 000	7 128 478	169 422	7 297 900
Other internal services	12 830 000	-	12 830 000	11 940 543	-	11 940 543
General administration	5 589 000	-	5 589 000	5 033 701	-	5 033 701
Subtotal	25 846 000	169 000	26 015 000	24 102 722	169 422	24 272 144
Common costs allocated to education, health and relief	(25 846 000)	(169 000)	(26 015 000)	(24 102 722)	(169 422)	(24 272 144)
<u>Unforeseen costs not budgeted</u>						
Costs attributable to Lebanon emergency	-	-	-	1 294 405	896 469	2 190 874
Winding down costs of basic rations programme	-	-	-	121 138	-	121 138
Allocation to supplementary feeding	-	-	-	2 298 247	1 338 836	3 637 083
Subtotal	-	-	-	3 713 790	2 235 305	5 949 095
Total, General Fund	161 980 000	12 592 000	174 572 000	154 580 700	14 827 659	169 408 359
PROJECT FUNDS (statement VI)						
Education services	11 795 000	1 030 000	12 825 000	7 543 102	1 026 756	8 569 858
Health services	5 993 000	3 570 000	9 563 000	3 266 035	3 570 108	6 836 143
Relief services	5 944 000	203 000	6 147 000	2 060 742	203 282	2 264 024
Common costs	366 000	+	336 000	293 367	-	293 367
Total, Project funds	24 068 000	4 803 000	28 871 000	13 163 246	4 800 146	17 963 392
Grand total	186 048 000	17 395 000	203 443 000	167 743 946	19 627 805	187 371 751

STATEMENT II

ALL FUNDS

Income and expenditure for the year ended 31 December 1985

(United States dollars)

Total 1984		General Fund	Project funds	Total
INCOME				
135 964 674	Governments (schedules 2, 3, 6 and 7)	136 848 259	3 938 983	140 787 242
21 461 338	Intergovernmental organizations (schedules 2, 3, 6 and 7)	19 570 481	7 185 866	26 756 347
16 380 867	United Nations organizations (schedules 2, 3, 6 and 7)	7 713 307	90 220	7 803 527
3 138 158	Non-governmental organizations (schedules 2, 3, 6 and 7)	740 022	2 062 274	2 802 296
335 855	Other sources (schedules 2, 3, 6 and 7)	196 386	500 000	696 386
3 161 010	Miscellaneous income (schedule 4)	3 153 237	-	3 153 237
746 802	Exchange rate gains	11 294	-	11 294
181 188 704		168 232 986	13 777 343	182 010 329
191 283 054	EXPENDITURE	169 408 359	17 963 392	187 371 751
(10 094 350)	Excess of income over expenditure	(1 175 373)	(4 186 049)	(5 361 422)

Note: The 1984 figures have been reclassified to conform to the current presentation.

STATEMENT III

GENERAL FUND

Income and expenditure for the year ended 31 December 1985

(United States dollars)

Total 1984		Cash	In kind	Total
INCOME				
152 052 946	Pledged contributions (schedules 2 and 3)	144 287 250	14 827 659	159 114 909
6 142 889	Allocation from the United Nations	5 953 546	-	5 953 546
3 161 010	Miscellaneous income (schedule 4)	3 153 237	-	3 153 237
746 802	Exchange rate gains	11 294	-	11 294
162 103 647		153 405 327	14 827 659	168 232 986
8 431 268	Earmarked income	-	-	-
170 534 915		153 405 327	14 827 659	168 232 986
EXPENDITURE				
177 551 396	Regular programme (schedule 1)	152 282 453	13 488 823	165 771 276
3 077 869	Allocation to project funds	2 298 247	1 338 836	3 637 083
180 629 265		154 580 700	14 827 659	169 408 359
(10 094 350)	Excess of income over expenditure	(1 175 373)	-	(1 175 373)

STATEMENT IV

GENERAL FUND

Assets and liabilities as at 31 December 1985

(United States dollars)

1984		1985
ASSETS		
11 798 027	Cash on hand and in banks	14 713 955
	Contributions receivable: (schedules 2 and 3)	
10 781 266	in cash 8 080 783	
2 895 267	in kind <u>3 004 235</u>	11 085 018
1 902 332	Accounts receivable, less provision for uncollectible amounts	1 523 968
345 057	Prepaid expenses and advances to suppliers	453 518
-	Deferred charges	33 570
2 838 499	Due from project funds (statement VII)	1 850 598
89 402	Due from Area Staff Provident Fund	-
<u>30 649 850</u>		<u>29 660 627</u>
LIABILITIES AND RESERVE		
Liabilities		
6 509 291	Accounts payable	7 776 182
3 715 384	Reserve for unliquidated obligations	2 125 075
	Income received in advance:	
1 866 787	in cash	118 096
-	Due to Area Staff Provident Fund	<u>283 278</u>
12 091 462		10 302 631
Reserve		
18 558 388	Working capital (operating reserve) (statement V)	19 357 996
<u>30 649 850</u>		<u>29 660 627</u>

STATEMENT V

GENERAL FUND

Working capital (operating reserve) for the year
ended 31 December 1985

(United States dollars)

1984		1985
19 229 333	Balance as at 1 January	18 558 388
	<u>Less:</u>	
10 094 350	Excess of expenditure over income	1 175 373
<u>9 134 983</u>		<u>17 383 015</u>
	<u>Add:</u>	
-	Prior years' inventories charged to project funds	1 294 667
6 037 884	Savings on liquidation of prior years' commitments	599 980
3 385 521	Net adjustments of prior years' accounts	80 334
<u>9 423 405</u>		<u>1 974 981</u>
<u>18 558 388</u>	Balance as at 31 December	<u>19 357 996</u>

Note: The 1984 figures have been reclassified to conform to the current presentation.

SCHEDULE 1

GENERAL FUND

Expenditure for the year ended 31 December 1985

(United States dollars)

		<u>Amount</u>
EDUCATION SERVICES		
<u>General education</u>		
Elementary education		52 309 734
Preparatory education		34 456 252
Other activities:		
Secondary education	130 415	
In-service staff training and education development centres	1 297 224	
Administration	<u>3 068 711</u>	<u>4 496 350</u>
Total, general education		<u>91 262 336</u>
<u>Vocational and professional training</u>		
<u>Training conducted in UNRWA centres</u>		
Wadi Seer training centre		1 730 053
Amman training centre		1 536 400
Kalandia vocational training centre		1 036 521
Gaza vocational training centre		1 323 275
Siblin training centre		561 204
Damascus vocational training centre		<u>1 688 499</u>
Total, training conducted in UNRWA centres		<u>7 875 952</u>
<u>Training subsidized outside UNRWA centres</u>		
Trade training		5 390
Nursing training		3 000
Secretarial training		11 385
Adult craft training		<u>6 584</u>
Total, training subsidized outside UNRWA centres		<u>26 359</u>
<u>Common training costs</u>		
Vocational training common costs		435 644
Vocational instructor training:		
in UNRWA centres		1 370
outside UNRWA centres		2 489
Teacher training common costs		<u>221 343</u>
Total, common training costs		<u>660 846</u>

Amount**EDUCATION SERVICES (continued)**Placement services

46 699

University education

University scholarships in the West Bank	34 767
University scholarships in Jordan	108 207
University scholarships in Egypt	25 136
University scholarships in Lebanon	5 845
University scholarships in the Syrian Arab Republic	49 703
University scholarships in Iraq	1 158
University scholarships in Turkey	450
University scholarships in Saudi Arabia	820
University scholarships in the Sudan	450
University scholarships in Algeria	450
University scholarships in Democratic Yemen	450

228 436

Vocational and professional training administration

225 354

Total, vocational and professional training

9 063 646

Share of common costs 70 per cent

16 990 501

Subtotal

117 316 483

HEALTH SERVICESMedical services

Pharmacy services	330 060
Laboratory services	378 281
Clinic services	8 064 669
Maternity centres	267 797
General hospitals	3 696 049
Tuberculosis control	187 943
Mental health	214 826
Dental care	366 124
School health services	305 854
Health education	186 617
Other medical services	184 111
Augusta Victoria Hospital	1 457 314
Administration	1 410 921

Total, medical services

17 050 566

	Amount
HEALTH SERVICES (continued)	
<u>Environmental sanitation</u>	
Surface-water drainage	140 833
Refuse and sewage disposal	5 046 753
Water supply	968 705
Insect and rodent control	38 708
Ancillary sanitation facilities	526
Administration	326 644
Total, environmental sanitation	6 522 169
<u>Share of common costs</u> 18 per cent	4 368 986
Subtotal	27 941 721
RELIEF SERVICES	
<u>Shelter</u>	
Shelter construction and maintenance	226 081
Roads and camp improvements	55 934
Camp rentals	326 776
Administration	13 146
Total, shelter	621 937
<u>Special hardship assistance</u>	
Cost of supplies	9 390 736
Distribution costs	419 548
Blankets and clothing	1 045 640
Subsidies and grants	566 725
Other costs	27 452
Administration	14 883
Total, special hardship assistance	11 464 984
<u>Relief and welfare services</u>	
Quality control	56 441
Eligibility and registration	759 015
Sewing centre instruction	322 071
Carpentry centre instruction	20 462
Youth activities	121 383
Women's activities	53 377
Training of handicapped youth	115 189
Income generating projects	12 388
Administration	1 741 156
Total, relief and welfare services	3 201 482

SCHEDULE 1 (continued)

Amount

RELIEF SERVICES (continued)

<u>Share of common costs</u> 12 per cent	2 912 657
Subtotal	<u>18 201 060</u>

COMMON COSTS

Supply and transport services

Supply procurement and control	957 090
Supply warehousing	853 293
Supply and transport insurance administration	61 288
Vehicle maintenance	892 243
Passenger transport	1 379 519
Freight transport	1 689 848
Port operations	409 479
Administration	<u>1 105 140</u>
Total, supply and transport services	<u>7 297 900</u>

Other internal services

Personnel services	1 795 289
Administrative services	2 768 232
Pay research and salary survey	11 793
Management services	597 586
Legal services	498 481
Finance services	2 332 870
Data processing services	951 333
Internal and external audit services	623 972
Protective services	1 242 853
Technical services	1 096 575
Production units - capital costs	<u>19 559</u>
Total, other internal services	<u>11 940 543</u>

General administration

Agency administration	438 663
Field office administration	1 327 161
Area administration	1 029 328
Camp services administration	527 562
Public information services	1 213 143
External relations and contributions	308 371
New York liaison office	165 134
Cairo office	<u>24 339</u>
Total, general administration	<u>5 033 701</u>

SCHEDULE 1 (concluded)

		<u>Amount</u>
COMMON COSTS (continued)		
<u>Allocation of common costs to:</u>		
Education services	70 per cent	(16 990 501)
Health services	18 per cent	(4 368 986)
Relief services	12 per cent	(2 912 657)
Total, common costs allocated		(24 272 144)
Subtotal		-
Total, regular programme		163 459 264
<u>Other costs not allocated to programme</u>		
<u>Costs attributable to Lebanon emergency</u>		
Supply and transport services	80 453	
Environmental sanitation	5 348	
Medical services	586 610	
Special hardship assistance	975 590	
Relief and welfare services	8 619	
General education	60 467	
General administration	175 29	
Other internal services	91 147	
Evacuation cost of international staff and dependants	164 658	
Travel subsistence for area staff	42 690	2 190 874
Winding down of basic rations programme		121 138
Allocation to supplementary feeding		3 637 083
Total, other costs		5 949 095
Grand total		169 408 359

GENERAL FUND

Report on cash contributions as at 31 December 1985

(United States dollars)

Contributors	Description	Balance as at		Pledges for 1985		Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
		1 January 1985	Prior years	Local currency	United States dollars			
<u>Governments</u>								
Argentina	For 1984	-	-	-	15 000	15 000	15 000	-
Australia	Additional contribution	-	-	1 400 000	143 660	1 143 660	1 143 660	-
Austria		-	-	400 000	264 240	264 240	264 240	-
Bahamas		-	-	-	145 000	145 000	145 000	-
Belgium		-	-	-	1 000	1 000	1 000	-
Belize		-	-	1 000	15 000	15 000	-	15 000
Belgium		-	-	-	1 000	1 000	1 000	-
Brazil		-	-	18 000 000	324 753	324 753	324 753	-
Burkina Faso		20 000	-	-	-	20 000	20 000	-
Burma		-	-	1 000 000	2 120	2 120	2 120	-
Cameroon	For 1984	-	-	-	1 000	1 000	1 000	-
Canada		-	-	2 000 000	5 214	5 214	5 214	-
Chile		-	-	-	4 936	4 936	4 936	-
China		-	-	2 540 2/	6 376	6 376	6 376	-
Cyprus		-	-	8 500 000	6 213 965	6 213 965	6 213 965	-
Denmark		-	-	-	5 000	5 000	5 000	-
Egypt		-	-	-	50 000	50 000	-	50 000
Finland		-	-	1 000	1 526	1 526	1 526	-
France	Special contribution	-	-	6 000 000	530 062	530 062	530 062	-
Germany	Extraordinary contribution for Lebanon	-	-	5 000 000	450 714	450 714	450 714	-
Greece		-	-	5 000 000	549 753	549 753	549 753	-
Hungary		-	-	6 000	7 299	7 299	-	7 299
Iceland		7 299	-	-	-	7 299	7 299	-
Ireland	Additional contribution	-	-	2 500 000	371 803	371 803	371 803	-
Italy		-	-	4 000 000	166 033	166 033	166 033	-

SCHEDULE 2 (continued)

Contributors	Description	Balance as at 1 January 1985 for 1984 and prior years		Pledges for 1985		Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
		Local currency	United States dollars					
France		-	6 600 000	694 737	694 737	694 737	694 737	-
Germany, Federal Republic of		-	2 500 000	741 620	741 620	741 620	741 620	-
	Special contribution	-	7 177 000	2 368 410	2 368 410	2 368 410	2 368 410	-
Greece		-	-	55 000	55 000	55 000	55 000	-
Holy See		-	-	2 500	2 500	2 500	2 500	-
	Special contribution	-	-	12 000	12 000	12 000	12 000	-
Iceland		-	-	9 500	9 500	9 500	9 500	-
India		-	200 000	17 321	17 321	17 321	-	17 321
		7 642	-	-	7 642	7 642	7 642	-
Indonesian		-	-	8 000	8 000	8 000	-	8 000
Ireland		-	300 000	303 450	303 450	303 450	303 450	-
Italy		-	2 500 000 000	1 275 510	1 275 510	1 275 510	1 275 510	-
	For vocational training centre, Gaza	-	-	1 542 600	1 542 600	1 542 600	-	1 542 600
Japan		-	-	9 000 000	9 000 000	9 000 000	9 000 000	-
Jordan		-	8 000	21 108	21 108	21 108	21 108	-
Kuwait		-	-	600 000	600 000	600 000	600 000	-
	Special contribution	-	-	500 000	500 000	500 000	500 000	-
		500 000	-	-	-	-	-	-
Libyan Arab Jamahiriya		1 250 000	-	-	1 250 000	-	-	1 250 000
	For 1981 (additional contribution)	3 000 000	-	-	3 000 000	-	-	3 000 000
Luxembourg		-	369 000	5 767	5 767	5 767	5 767	-
Malaysia		-	-	5 000	5 000	5 000	5 000	-
Maldives		-	-	1 000	1 000	1 000	-	1 000
	Additional contribution	-	-	500	500	500	500	-
Malta		-	400	778	778	778	778	-
Mauritius		-	-	1 088	1 088	1 088	1 088	-
	Additional contribution	-	-	1 100	1 100	1 100	1 100	-
Mexico		-	-	3 000	3 000	3 000	3 000	-
Morocco		-	10 000	1 025	1 025	1 025	1 025	-
Netherlands		-	4 960 000	1 378 507	1 378 507	1 378 507	1 378 507	-
	Additional contribution	-	-	353 482	353 482	353 482	353 482	-

SCHEDULE 2 (continued)

Contributors	Description	Balance as at + January 1985 for 1984 and prior years		Pledges for 1985		Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
		Local currency	United States dollars					
New Zealand		-	43 644 b/	59 770	59 770	59 770	-	-
Nigeria	For 1984	-		4 519	4 519	4 519	-	-
Norway	Additional contribution	-	60 000 000	6 687 461	6 687 461	6 687 461	-	-
		-	5 000 000	561 861	561 861	561 861	-	-
Oman	Additional contribution	-		25 000	25 000	-	-	25 000
		25 000		-	25 000	25 000	-	-
Pakistan		-	300 000	18 869	18 869	18 869	-	-
Panama		-	500	500	500	500	-	-
Philippines		-		2 000	2 000	2 000	-	-
Portugal		-	2 400 000	15 000	15 000	15 000	-	-
Qatar		100 000		-	100 000	-	-	100 000
Republic of Korea		-		5 000	5 000	5 000	-	-
San Marino	For 1984	-	5 000 000	2 669	2 669	2 669	-	-
Saudi Arabia	Special contribution	1 200 000		1 200 000	2 400 000	1 200 000	1 200 000	1 200 000
		-		1 000 000	1 000 000	1 000 000	-	-
Senegal	For 1984	-		5 000	5 000	5 000	-	5 000
	Balance of 1983 pledge	5 000		-	5 000	-	-	5 000
		322		-	322	322	-	-
Seychelles		-		500	500	500	-	-
Spain		-	154 000 000	953 564	953 564	953 564	-	-
		1 000 000		-	1 000 000	1 000 000	-	-
Sweden	Extra contribution	-	60 000 000	6 727 147	6 727 147	6 727 147	-	-
		-	10 000 000	1 214 687	1 214 687	1 214 687	-	-
Switzerland		-	2 900 000	1 136 141	1 136 141	1 136 141	-	-
Thailand		-	360 500	13 558	13 558	13 558	-	-
Togo		624		-	624	-	-	624
Trinidad and Tobago		-		2 487	2 487	-	-	2 487
	Special contribution	-		2 488	2 488	-	-	2 488

SCHEDULE 2 (continued)

Contributors	Description	Balance as at		Pledges for 1985		Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
		1 January 1985	for 1984 and prior years	Local currency	United States dollars			
Tunisia	Special contribution	-	-	7 350	9 633	9 633	-	9 633
	Regular contribution for 1984	-	7 616	2 500	3 277	3 277	-	3 277
	Special contribution for 1984	-	2 885	-	-	7 616	-	7 616
		-	-	-	-	2 885	-	2 885
Turkey		-	-	-	24 977	24 977	24 977	-
United Arab Emirates	For 1983	800 000	-	-	-	800 000	-	800 000
	For 1982	300 000	-	-	-	300 000	300 000	-
	Special contribution for 1982	500 000	-	-	-	500 000	500 000	-
United Kingdom of Great Britain and Northern Ireland		-	-	5 000 000	6 556 250	6 556 250	6 556 250	-
United States of America	Additional contribution	-	-	-	67 000 000	67 000 000	67 000 000	-
		-	-	-	7 969 397	7 969 397	7 969 397	-
Venezuela	For 1984	-	-	-	9 983	9 983	9 983	-
		-	-	-	10 000	10 000	10 000	-
Yugoslavia		-	-	-	25 000	25 000	-	25 000
Zimbabwe		-	-	10 000	3 780	3 780	3 780	-
	Total for Governments	8 726 386	-	-	130 663 971	139 190 359	131 110 129	8 080 230
<u>Intergovernmental organizations</u>								
European Community	For education	-	-	17 000 000	13 066 607	13 066 607	13 066 607	-
	For hospitalization in Lebanon	-	-	250 000	216 275	216 275	216 275	-
	Total for intergovernmental organizations	-	-	-	13 282 882	13 282 882	13 282 882	-
<u>United Nations organizations</u>								
National Federation of the United Nations Educational, Scientific and Cultural Organization		-	-	-	5 173	5 173	5 173	-
United Nations Children's Fund		-	-	-	8 500	8 500	8 500	-
	Total for United Nations organizations	-	-	-	13 673	13 673	13 673	-

SCHEDULE 2 (concluded)

Contributors	Description	Balance as at		Pledges for 1985		Payments received during 1985	Unpaid pledges as at 31 December 1985
		1 January 1985	Prior years	Local currency	United States dollars		
<u>Non-governmental Organizations</u>							
American Near East Refugee Aid, Inc. (ANEREA)		-	-	2 200	2 200	2 200	-
Arabian American Oil Co. (AARAWCO)		-	-	180 000	180 000	180 000	-
Australian Care for Refugees (AUSCARF)		22 189		13 325	35 513	35 513	-
Canadian Save the Children Fund (CANSAVE)		-	-	17 866	17 866	17 866	-
Caritas (Swiss and German Aid)		-	-	6 000	6 000	6 000	-
Finnish Refugee Council		-	-	54 397	54 397	54 397	-
Norwegian Refugee Council		-	-	233 028	233 028	233 028	-
Total for non-governmental organizations		22 189		506 816	545 004	529 004	-
<u>Other sources</u>							
Capen, Mrs. Anna		-	-	6 600	6 600	6 600	-
Turkish Cypriot people		-	-	2 000	2 000	2 000	-
Vocational training centre trainees, Gaza		-	-	5 345	5 345	5 345	-
Sundry contributors		-	-	5 963	5 963	5 410	553
Total for other sources		-	-	19 908	19 908	19 355	553
Grand total		8 748 576 c/		144 287 250	153 035 826	144 955 043	8 000 783

a/ In Jordanian dinars.

b/ In pounds sterling.

c/ The difference between the 1984 closing balance of cash contributions receivable of \$US 10,781,266 shown on statement IV and the balance of \$US 8,748,576 shown on this schedule is represented by:

- (a) \$US 2,024,801 in handling costs for the commodities from the European Community transferred to in kind contributions (see schedule 3);
- (b) A balance of \$US 7,889 due from the United Nations allocation, which is not included in this contributions report.

SCHEDULE 3

GENERAL FUND

Report on contributions in kind as at 31 December 1985

(United States dollars)

Contributors	Description	Balance as at		Pledges for 1985		Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
		1 January 1985	for 1984 and prior years	Local currency	United States dollars			
<u>Governments</u>								
Australia	Flour 1 000 tons	-	-	-	346 154	346 154	-	346 154
Austria	For purchase of flour	-	-	12 500 000	706 250	706 250	706 250	-
France	Rent	-	-	-	48 797	48 797	48 797	-
	Teaching of French: 1985/1986	-	-	780 388	82 146	82 146	82 146	-
	1984/1985	-	-	835 250	104 931	104 931	104 931	-
	Flour 1 100 tons	-	-	-	266 200	266 200	-	266 200
India	Sports supplies	7 642	-	-	-	7 642	-	7 642
	Surgical dressings (1983)	19 822	-	-	-	19 822	19 822	-
	Surgical dressings (1982)	19 822	-	-	-	19 822	19 822	-
Israel	Port services	-	-	-	62 869	62 869	62 869	-
	Transport services	-	-	-	128 695	128 695	128 695	-
	Water	-	-	-	68 900	68 900	68 900	-
	Medical supplies	-	-	-	271	271	271	-
Italy	Flour 3 500 tons	-	-	-	847 000	847 000	-	847 000
Japan	Flour	-	-	-	4 032 423	4 032 223	3 055 271	976 952
	Shipping costs	-	-	-	1 467 754	1 467 754	-	1 467 754
Jordan	Rent	-	-	-	155 792	155 792	155 792	-
	Water	-	-	-	664 319	664 319	664 319	-
	Medical supplies	-	-	-	63	63	63	-
Lebanon	Rent, lab, and X-ray services	-	-	-	12 142	12 142	12 142	-
	Cash for rent	-	-	60 000	3 240	3 240	-	3 240
	Cash for rent	6 744	-	-	-	6 744	6 744	-
Sri Lanka	Tea (c.f.f. UNRWA ports)	-	-	-	2 000	2 000	2 000	-
Switzerland	Flour 4 000 tons (c.i.f. UNRWA ports)	-	-	-	1 170 213	1 170 213	1 169 400	813
	Flour 843 tons (c.i.f. UNRWA ports)	266 012	-	-	-	266 012	266 012	-
Syrian Arab Republic	Rent	-	-	-	103 082	103 082	103 082	-
	Reimbursement of portage costs	1 057	-	22 380	5 738	6 795	5 356	1 439
	Reimbursement of transport costs	3 497	-	80 091	20 535	24 032	19 983	4 049
	Sanitary services	-	-	-	6 217	6 217	6 217	-

Contributors	Description	Balance as at		Pledges for 1985		Payments received during 1985	Unpaid pledges as at 31 December 1985	
		1 January 1985 for 1984 and prior years	Local currency	United States dollars	Subtotal			
Yugoslavia	Medical supplies	25 000	-	-	25 000	25 000	-	
	Medical supplies for 1983 pledged in 1984	25 000	-	-	25 000	25 000	-	
		374 596	10 305 531	10 680 127	6 758 884	3 921 243		
<u>Less:</u>								
	Contributions to be applied to 1986 operations	-	3 921 243	3 921 243	-	-	3 921 243	
	Total for Governments	374 596	6 384 288	6 758 884	6 758 884	-	-	
<u>Intergovernmental organizations</u>								
European Community	For Lebanon emergency relief:							
	flour 1 460 tons	-	353 320	353 320	350 948	2 372		
	cash for 300 tons of sugar	-	107 636	107 636	58 837	48 799		
	cash for 2 722 tons of other food products	-	126 000	-	-	-		
	reimbursement of handling costs	-	2 960 092	2 515 102	1 668 077	847 025		
	olive oil, 371 tons ^{a/}	31 436	505 596	460 375	259 779	200 596		
	skim milk 250 tons ^{a/}	229 325	-	31 436	31 436	-		
	butter oil, 100 tons ^{a/}	201 592	-	229 325	229 325	-		
	reimbursement of handling costs ^{a/}	76 450	-	201 592	201 592	-		
			-	76 450	35 254	41 196		
	Butter oil, 1 046 tons	-	2 244 240	2 244 240	521 646	1 722 594		
	Olive oil, 50 tons	-	97 308	97 308	77 847	19 461		
	Skim milk, 1 391 tons	-	1 385 718	1 385 718	391 342	994 376		
	Butter oil, 800 tons	1 612 743	-	1 612 743	1 612 743	-		
	Olive oil, 30 tons	52 029	-	52 029	52 029	-		
	Skim milk, 950 tons	855 899	-	855 899	855 899	-		
	Reimbursement of handling costs ^{a/}	420 757	-	420 757	420 757	-		
	Reimbursement of handling costs ^{a/}	159 148	-	159 148	155 232	3 916		
	Cash for other food products ^{a/}	1 444 896	-	1 444 896	1 444 896	-		
		5 084 275	7 163 699	12 247 974	8 367 639	3 880 335		
	<u>Less:</u>							
		Contributions to be applied to 1986 operations	-	876 100	876 100	-	876 100	
		Total for intergovernmental operations	5 084 275	6 287 599	11 371 874	8 367 639	3 004 235	

SCHEDULE 3 (continued)

Contributors	Description	Balance as at 1 January 1985		Pledges for 1985		Payments received during 1985	Unpaid pledges as at 31 December 1985
		for 1984 and prior years	Local currency	United States dollars			
				Subtotal			
<u>United Nations Organizations</u>							
United Nations Development Programme (UNDP)	Equipment	-		4 967	4 967	4 967	-
United Nations Educational, Scientific and Cultural Organization (UNESCO)	Services of staff Generator	- -		1 292 188 9 515	1 292 188 9 515	1 292 188 9 515	- -
World Health Organization (WHO)	Services of staff	-		430 177	430 177	430 177	-
United Nations Children's Fund (UNICEF)	Generator	-		8 741	8 741	8 741	-
United Nations Truce Supervision Organization in Palestine (UNTSO)	Used car	-		500	500	500	-
Total for United Nations organizations				1 746 088	1 746 088	1 746 088	-
<u>Non-governmental organizations</u>							
American Near East Refugee Aid, Inc. (ANERA)	Medical supplies	-		5 486	5 486	5 486	-
Amnesty International	Blankets	-		2 000	2 000	2 000	-
Austrian Junior Red Cross	Toilet kits	-		5 733	5 733	5 733	-
Church World Service	Blankets	-		5 030	5 030	5 030	-
Finnish Refugee Council	Medical supplies	-		4 600	4 600	4 600	-
Gaza Authorities	Rent	-		94 613	94 613	94 613	-
	Medical supplies	-		7 958	7 958	7 958	-
Redd Barna, Norway	Services of staff for Lebanon emergency relief a/	11 676		1 786	13 462	13 462	-
Save the Children Fund/ United Kingdom	Services of staff	-		30 143	30 143	30 143	-

SCHEDULE 3 (concluded)

Contributors	Description	Balance as at 1 January 1985 for 1984 and prior years	Pledges for 1985		Payments received during 1985	Unpaid pledges as at 31 December 1985
			Local currency	United States dollars		
Statens Serum Institute	Medical supplies	-	2 970	2 970	2 970	-
Sundry donors	Medical supplies	-	72 887	72 887	72 887	-
	Total for non-governmental organizations	11 676	233 206	244 882	244 882	-
<u>Other sources</u>						
Sheikh Mohammad El-Zaben	School construction	-	162 600	162 600	162 600	-
Sundry donors	Rent, etc.	-	13 878	13 878	13 878	-
	Total for other sources	-	176 478	176 478	176 478	-
	Grand total	5 470 547	14 827 659	20 298 206	17 293 971	3 004 235

a/ The difference between the 1984 closing balance of in kind contributions receivable of \$US 2,895,267 shown on statement IV and the balance of \$US 5,470,547 shown on this schedule is represented by:

(a) \$US 550,479 transferred from the Lebanon emergency project;

(b) \$US 2,024,801 in handling costs for in kind contributions transferred from cash contributions (see schedule 2).

SCHEDULE 4

GENERAL FUND

Miscellaneous income for the year ended 31 December 1985

(United States dollars)

Description	Amount
Bank interest	2 696 153
Sale of empty containers and unserviceable property	43 677
Reimbursement of Area Staff Provident Fund administration costs	96 894
Profit on income-producing activities (schedule 5)	15 076
Overheads recovered on procurement for other parties	11 941
Recovery of insurance claims	3 170
Sale of tents	266 864
Miscellaneous	19 462
	<u>3 153 237</u>

SCHEDULE 5

GENERAL FUND

Production and sales for the year ended 31 December 1985

(United States dollars)

Accounts	Embroidery Centre	Carpentry Shop	Printing Unit	Production of cement blocks and tiles	Bread-baking	Building maintenance services	Greeting cards and calendars	Total
<u>Production and capital costs</u>	281 642	285 588	50 008	823	48 200	170 946	2 139	839 346
Costs allocated to:								
other activities	(137 520)	(285 588)	(50 008)	(823)	(48 200)	(165 646)	-	(687 785)
cost of goods sold	(129 863)	-	-	-	-	-	(2 139)	(132 002)
Costs not allocated:								
construction and equipment	(14 259)	-	-	-	-	(5 300)	-	(19 559)
<u>Sales</u>	141 421	-	-	-	-	-	5 657	147 078
Cost of goods sold	(129 863)	-	-	-	-	-	(2 139)	(132 002)
Net profit on sales transferred to income	11 558	-	-	-	-	-	3 518	15 076

STATEMENT VI

PROJECT FUNDS

Summary of fund balances for the year ended 31 December 1985

(United States dollars)

Project	Fund balance as at 1 January 1985	Contributions		Total	Expenditure		Total	Fund adjustment	Fund balance as at 31 December 1985
		In cash	In kind		In cash	In kind			
Supplementary Feeding &/ Rehabilitation Centre, South Lebanon	-	2 800 348	3 506 144	6 306 492	2 710 348	3 506 144	6 216 492	-	90 000
Intermediate Health Care Unit	-	-	60 780	60 780	-	60 780	60 780	-	-
Arab Gulf Programme for United Nations Development Organizations (AGPUND)	-	320 254	-	320 254	228 503	-	228 503	-	91 751
Gaza Centre for the Blind	-	1 444 500	-	1 444 500	755 498	-	755 98	-	688 502
Gaza pre-school programme	-	-	203 282	203 282	-	203 282	203 282	-	-
Gaza pre-school mother's programme	-	-	363 678	363 678	-	363 577	363 577	-	2 101
Other Gaza projects	-	-	54 353	54 353	-	54 353	54 353	-	-
QPEEC-Phase II	341 834	857 700	-	857 700	550 739	-	550 739	-	306 961
QPEEC-Phase III	988 182	-	-	-	341 834	251 732	251 732	-	90 102
QPEEC-Phase IV	-	582 450	-	582 450	968 865	-	968 865	-	19 317
Remallah training centres	575 760	2 718 971	-	2 718 971	2 934 952	-	2 934 952	-	359 779
University scholarships, ABRAMCO	52 813	75 000	-	75 000	127 813	-	76 341	-	51 472
EC fellowships, Gaza	-	33 157	-	33 157	15 887	-	15 887	-	17 273
Baq'a Camp Girls School Construction	-	-	500 000	500 000	-	500 000	500 000	-	-
Construction of school sanitary facilities	-	-	112 165	112 165	-	-	110 826	-	1 339
School construction B/	1 654 402	-	-	-	1 654 402	151 077	1 191 077	(182 889)	646 211

STATEMENT VI (concluded)

Project	Fund balance as at 1 January 1985	Contributions		Subtotal	Expenditure		Total	Fund adjustment	Fund balance as at 31 December 1985
		In cash	In kind		In cash	In kind			
Miscellaneous construction	2 013 631	-	-	2 013 631	1 231 997	-	1 231 997	-	731 634
Jarash Community Project	-	11 125	-	11 125	11 125	-	11 125	-	-
Sui Community Project	-	30 065	-	30 065	30 065	-	30 065	-	-
Lebanon reconstruction	8 214 779	50 312	3 184	8 268 275	2 144 824	3 184	2 148 008	-	6 120 267
Sewing Centre, Shabilla Camp	17 638	-	-	17 638	11 238	-	11 238	-	6 400
Income-generating- self-support project	-	49 875	-	49 875	49 655	-	49 655	-	272
	13 859 039	8 973 757	4 803 586	27 636 382	13 163 246	4 890 146	17 963 392	(182 886)	9 855 576

2/ In addition, the supplementary feeding programme received an allocation from the General Fund of \$US 3,637,083.

3/ Fund adjustment in school construction represents liabilities transferred to the General Fund.

PROJECT FUNDS

Assets and liabilities as at 31 December 1935

(United States dollars)

Project	Cash	Contributions Receivable		Accounts receivable	Total assets	Accounts payable	Reserve for unliquidated obligations	Income received in advance	Due to General Fund	Total liabilities	Princ balance
		In cash	In kind	Total							
Supplementary feeding	90 000	-	1 234 619	1 234 619	-	-	81 876	-	1 152 743	1 234 619	90 000
Rehabilitation Centre, South Lebanon	-	-	58 567	58 567	-	-	-	-	58 567	58 567	-
Intermediate Health Care Unit	91 751	-	-	-	-	-	-	-	-	-	91 751
ACQUAD	-	1 444 570	-	1 444 500	-	-	752 368	-	3 510	755 898	888 602
Gaza Centre for the Blind	-	-	48 986	48 986	-	-	-	-	48 986	48 986	-
Gaza pre-school programme	-	-	171 582	171 582	-	-	5 320	-	164 161	169 481	2 101
Gaza pre-school mother's programme	-	-	14 353	14 353	-	-	-	-	14 353	14 353	-
Other Gaza projects	306 961	-	-	-	-	-	-	-	-	-	306 961
OEBC-Phase II	-	263 000	-	263 000	-	-	30 063	-	142 835	172 898	90 102
OEBC-Phase III	-	300 000	-	300 000	309	-	75 273	-	205 719	280 992	19 327
OEBC-Phase IV	324 000	258 450	-	258 450	-	-	-	-	-	-	582 450
Ramallah Training Centres	1 915 453	98 039	-	98 039	76	2 083 568	157 256	1 566 533	-	1 721 789	359 779
University scholarships, AMUCCO	56 152	-	-	-	14 817	67 969	41 694	-	-	16 497	51 472
EC fellowships, Gaza	-	24 795	-	24 795	15 867	37 662	11 830	-	8 582	20 422	47 370
Baza's Camp Girls school construction	-	-	300 000	300 000	-	-	300 000	-	-	300 000	-
Construction of school sanitary facilities	-	-	61 339	61 339	-	-	58 293	-	1 707	60 000	1 339
School construction	1 190 323	-	-	-	-	1 190 323	544 112	-	-	544 112	646 211
Miscellaneous construction	948 246	-	-	-	-	948 246	166 612	-	-	166 612	781 634

STATEMENT VII (continued)

Project	Cash	Contributions Receivable		Accounts receivable	Total assets	Accounts payable	Reserve for unliquidated obligations	Income received in advance	Due to General Fund	Total liabilities	Fund balance
		In cash	In kind								
Jarash Community Project	323	-	-	-	323	-	323	-	-	323	-
Suf Community Project	486	-	-	-	486	-	486	-	-	486	-
Lebanon reconstruction	6 120 267	-	-	-	6 120 267	-	-	-	-	-	6 120 267
Sewing Centre Shatila Camp	6 400	-	-	-	6 400	-	-	-	-	-	6 400
Income-generating-self-support project	-	49 655	-	-	49 655	-	-	-	49 435	49 435	220
	11 120 362	2 435 439	1 889 446	4 324 885	28 089 15 473 336	23 524	2 176 805	1 566 533	1 850 596	5 617 460	9 855 976

SCHEDULE 6

PROJECT FUNDS

Report on cash contributions as at 31 December 1985

(United States dollars)

Project	Contributors	Description	Balance due as at 1 January 1985 from 1984 and prior years	Pledges for 1985	Subtotal	Payments received during 1985	Unpaid pledges as at 31 December 1985
Supplementary feeding	European Community	Operating costs	-	2 800 349	2 800 349	2 800 349	-
Intermediate Health Care Unit	United States of America		-	320 254	320 254	320 254	-
AGFUND	AGFUND		-	1 444 500	1 444 500	-	1 444 500
Other Gaza projects	Sundry donors		-	857 700	857 700	857 700	-
QPEC FUND-Phase II	QPEC FUND		563 000	-	563 000	300 000	263 000
QPEC FUND-Phase III	QPEC FUND		1 000 000	-	1 000 000	700 000	300 000
QPEC FUND-Phase IV	QPEC FUND		-	582 450	582 450	324 000	258 450
Ramallah training centres	Denmark	For 1985/86	-	783 267	783 267	783 267	-
	Rikda Earsen-Seeden	For 1984/85	-	1 744 728	1 744 728	1 744 728	-
		For 1984/85	14 389	190 975	205 364	107 325	98 039
University scholarships, ABAMCO	ABAMCO		-	75 000	75 000	75 000	-
EC fellowships Gaza	European Community		-	33 157	33 157	11 362	21 795
Jarash Community Project	QAFAM, United Kingdom		-	11 125	11 125	11 125	-
Suf Community Project	QAFAM, United Kingdom		-	30 065	30 065	30 065	-
Lebanon reconstruction	Sundry donors		-	50 312	50 312	50 312	-
Seeing Centre, Shatila Camp	Norwegian People's Aid		28 376	-	28 376	28 376	-
Income-generating- self-support project	Norwegian People's Aid UNESCO		-	49 655 220	45 655 220	- 220	49 655 -
			1 605 765	8 973 757	10 579 522	8 144 083	2 435 439

PROJECT FUNDS

Report on contributions in kind as at 31 December 1965

(United States dollars)

Project	Contributors	Description	Balance due as at		Pledges for 1965	Subtotal	Payments received during 1965	Unpaid pledges as at 31 December 1965
			1 January 1965	from 1964 and prior years				
Supplementary feeding	European Community	Butter oil	-	-	437 691	437 691	321 832	115 859
		Skim milk	-	-	1 154 599	1 154 599	266 824	887 775
		Other products	-	-	733 120	733 120	502 135	230 985
		Butter oil	403 146	-	-	403 146	403 146	-
		Skim milk	810 851	-	-	810 851	810 851	-
		Sugar	326 419	-	-	326 419	326 419	-
	Switzerland	Whole milk	-	-	1 069 498	1 069 498	1 069 498	-
		Whole milk	142 516	-	-	142 516	142 516	-
		Reimbursement of shipping costs	-	-	21 236	21 236	21 236	-
	WHO	Procurement of milk powder	-	-	90 000	90 000	90 000	-
Rehabilitation Centre, South Lebanon	Norwegian Refugee Council	Procurement of milk powder	-	-	90 000	90 000	90 000	-
		Bagging machine	-	-	90 000	90 000	90 000	-
Gaza Centre for the blind	Pontifical Mission		54 159	-	60 780	114 939	56 372	58 567
			82 872	-	203 282	286 154	237 166	48 988
Gaza pre-school programme	American Friends Services Committee		224 265	-	293 678	507 943	336 362	171 581
			-	-	80 000	80 000	80 000	-
Gaza pre-school mother's Programme	Holy Land Christian Mission International		-	-	54 353	54 353	40 000	14 353
			-	-	500 000	500 000	200 000	300 000
Baq'a Camp Girls School Construction	Iraqis and Mahmud El-Zaben		-	-	112 165	112 165	50 826	61 339
			-	-	3 184	3 184	3 184	-
Construction of school sanitary facilities	Near East Council of Churches		-	-	4 803 586	4 803 586	4 958 438	1 889 446
			-	-	6 847 884	6 847 884	6 847 884	-
Lebanese reconstruction	Deutsche Stiftung für UNO Flüchtlinge		-	-	3 184	3 184	3 184	-
			2 044 298	4 803 586	6 847 884	4 958 438	1 889 446	

STATEMENT VIII

BAYSSARIEH CAMP FUND

Income and expenditure for the period from 1 January 1978
to 31 December 1985

(United States dollars)

1978-1984		1978-1985
INCOME		
Contributions		
1 600 000	Government of Lebanon (LL 5 million)	1 600 000
69 783	Government of the Netherlands (ESTg 24 150 and f. 50 000)	69 783
1 669 783		1 669 783
2 103 768	Bank interest	2 431 536
3 773 551		4 101 319
170 424	EXPENDITURE	170 424
3 603 127	Excess of income over expenditure	3 930 895

STATEMENT IX

BAYSSARIEH CAMP FUND

Assets and liabilities as at 31 December 1985

(United States dollars)

1984		1985
ASSETS		
<u>3 603 127</u>	Cash in Bank	<u>3 930 895</u>
<u><u>3 603 127</u></u>		<u><u>3 930 895</u></u>
LIABILITIES AND RESERVE		
-	Liabilities	-
	Reserve:	
<u>3 603 127</u>	Fund balance	<u>3 930 895</u>
<u><u>3 603 127</u></u>		<u><u>3 930 895</u></u>

STATEMENT X

AREA STAFF PROVIDENT FUND

Income distribution account for the year ended 31 December 1985

(United States dollars)

1984		1985
16 993 824	Balance as at 1 January	20 428 867
	<u>Add:</u>	
1 400 000	Transfer from unallocated surplus	1 000 000
18 393 824		21 428 867
	<u>Deduct:</u>	
18 061 417	Interest credited to continuing participants' accounts	20 915 552
332 407	Balance	513 315
	<u>Add:</u>	
23 394 982	Net investment income (schedule 8)	30 416 227
	<u>Add:</u>	
(348)	Net exchange rate gains on payment to separated participants	2 121
23 394 634		30 418 348
	<u>Less:</u>	
95 084	General administration expenses	127 710
23 299 550		30 290 638
	<u>Less:</u>	
-	Loan Scheme administration expenses	3 426
23 299 550	Net income	30 287 212
23 631 957	Subtotal	30 800 527
	<u>Deduct:</u>	
	10 per cent of net income transferred to unallocated surplus	3 028 721
2 329 955		27 771 806
21 302 002		
	<u>Deduct:</u>	
873 135	Interest paid on credits withdrawn during year	1 305 040
20 428 867	Balance as at 31 December	26 466 766

STATEMENT XI

AREA STAFF PROVIDENT FUND

Unallocated surplus account for the year
ended 31 December 1985

(United States dollars)

1984		1985
6 480 238	Balance as at 1 January	7 184 215
	<u>Less:</u>	
1 400 000	Transfer to income for distribution	1 000 000
5 080 238		6 184 215
	<u>Less:</u>	
225 978	Share paid to separated participants	386 775
4 854 260		5 797 440
	<u>Add:</u>	
2 329 955	Transfer from income for current year	3 028 721
7 184 215	Balance as at 31 December	8 826 161

STATEMENT XII

AREA STAFF PROVIDENT FUND

Assets and liabilities as at 31 December 1985

(United States dollars)

1984		1985
ASSETS		
Investments:		
53 460 094	Bank of America, London	61 249 011
66 441 611	Bankers Trust, London	70 025 471
77 570 908	First National Bank of Chicago, Geneva	85 979 725
56 714 739	Creditanstalt Bankverein, Vienna	74 326 028
-	Loan Scheme	2 269 156
254 187 352		293 849 391
(89 402)	Due from UNRWA General Fund	281 278
-	Deferred Loan Scheme Development Costs	20 321
254 097 950		294 152 990
LIABILITIES		
Continuing participants credits:		
50 005 822	United States dollar credits (Gaza)	58 581 450
29 419 161	United States dollar credits (Lebanon)	31 497 821
26 948 945	United States dollar credits (Syrian Arab Republic)	32 502 511
	Jordanian dinar credits (Jordan and West Bank)	
110 556 024	JD 46 631 916 at 2.6882	125 355 918
	Austrian schilling credits (Headquarters, Vienna)	
8 539 578	AS 139 995 240 at 0.0571	7 993 785
225 469 530		255 931 485
272 878	Ex-participants' credits	3 197 212
742 460	Balance of exchange rate adjustments	(268 634)
	Surplus:	
20 428 867	Income available for distribution (statement X)	26 466 766
7 184 215	Unallocated surplus (statement XI)	8 826 161
254 097 950		294 152 990

SCHEDULE 8

AREA STAFF PROVIDENT FUND

Investments and investment income for the year ended 31 December 1985

(United States dollars)

	Bank of America, London	Bankers Trust, London	First National Bank of Chicago, Geneva	Creditanstalt Bankverein, Vienna	Loan Scheme	Total
Investments as at 1 January	53 460 094	66 441 611	77 570 908	56 714 739	-	254 187 352
Add:						
Funding during year	-	(3 000 000)	-	10 054 000	2 191 812	9 245 812
	53 460 094	63 441 611	77 570 908	66 768 739	2 191 812	263 433 164
Gross investment income	7 957 996	6 670 093	8 517 551	7 613 640	77 344	30 836 624
Deduct:						
Investment managers' fees	169 079	86 233	108 734	56 351	-	420 397
Net investment income	7 788 917	6 583 860	8 408 817	7 557 289	77 344	30 416 227
Investments as at 31 December	61 249 011	70 025 471	85 979 725	74 326 020	2 269 156	293 849 391
Investment yield	14.6%	10.3%	10.8%	11.7%	9.1%	11.7%

SCHEDULE 8 (concluded)

Investments by currency	Bank of	Bankers	Fir National Bank	Creditanstalt	Loan Scheme	Total
	America, London	Trust, London	of Chicago, Geneva	Bankverein, Vienna		
<u>Percentage</u>						
United States dollars	75.1	88.4	99.5	94.7	19.5	89.9
Pounds sterling	-	-	-	1.8	-	0.5
Swiss francs	-	-	0.1	-	-	-
German mark	7.2	-	0.4	-	-	1.6
French francs	3.9	-	-	-	-	0.8
Austrian schillings	-	-	-	0.2	0.9	0.1
Danish kroner	-	-	-	1.4	-	0.4
Norwegian kroner	-	-	-	0.8	-	0.2
Finnish markkaa	-	-	-	1.1	-	0.3
European Community units (ECU)	-	11.6	-	-	-	2.8
Japanese yen	7.9	-	-	-	-	1.6
Australian dollars	5.9	-	-	-	-	1.2
Jordanian dinars	-	-	-	-	74.7	0.6
Lebanese pounds	-	-	-	-	3.2	-
Syrian pounds	-	-	-	-	1.7	-
	100	100	100	100	100	100

Investments by maturity	Percentage					
Up to two years	56.2	40.9	62.6	53.4	1.7	53.3
Up to seven years	43.8	24.9	37.4	46.4	98.3	38.5
Over seven years	-	34.2	-	0.2	-	8.2
	100	100	100	100	100	100

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of the Agency. These policies apply to the General Fund and project funds, the Bayssarieh Camp Fund and the Area Staff Provident Fund were applicable:

(a) The Agency's accounts are maintained in accordance with the Financial Regulations of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, as established by the Commissioner-General in consultation with the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions.

(b) The financial period of the Agency is the calendar year.

(c) The Agency's accounts are based on the premise of a going concern and on the principle of prudence.

(d) Assets and liabilities and income and expenditure are recognized on the accrual basis of accounting. However, cash contributions by other than Governments and United Nations agencies are recorded upon actual receipt of the cash.

(e) The accounts of the Agency are maintained in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transaction at the United Nations operational rates of exchange. At the end of the financial period, assets and liabilities not in United States dollars are reflected in United States dollars at the then applicable United Nations rates of exchange. Gains or losses on exchange of currencies are treated as an addition to or deduction from income.

(f) Fixed assets of the Agency (consisting of vehicles, other equipment and certain lands and the buildings thereon) are not included in the assets reports in statement IV of the General Fund. Costs of these assets are fully charged to expenditure in the period of purchase or construction. Memorandum records are maintained for such assets. In addition, buildings and refugee shelters constructed by the Agency on land owned by Governments or private individuals are not included in statement IV. Appropriate memorandum records, however, are maintained for these buildings and for refugee shelters, ownership of which will presumably revert to the land-owners concerned, although this is less certain in the case of refugee shelters.

(g) Following a change in 1984 in the accounting policy with respect to supply inventories, the costs of all supplies purchased for inventories are fully charged to expenditure at the time of receipt of the goods. Memorandum records and the normal inventory control are maintained for these assets.

(h) Miscellaneous income:

(i) The net income realized from revenue-producing activities is treated as miscellaneous income;

(ii) Recoveries of expenditure that have been charged in the same financial year are credited against the same expenditure accounts, but recoveries of expenditure relating to earlier financial years are credited to miscellaneous income.

(1) The contributions that are received for special projects are established as separate funds, which are maintained on a fund accounting bases. Each fund is kept as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for these funds.

General Fund

Note 2. Contributions in kind and expenditure (statements III and IV)

The Agency received pledged contributions in kind of \$19,625,002 in 1985 which, together with in kind contributions of \$2,895,267 carried over from 1984, made available \$22,520,269 in 1985. Expenditure of contributions in kind during the year were \$14,827,659. Of the \$7,801,578 in contributions in kind remaining as at 31 December 1985, \$4,797,343 will be applied to the 1986 programme and \$3,004,235 was unpaid.

Note 3. Reserve for unliquidated obligations (statement IV)

The reserve for unliquidated obligations is a reserve of funds for budgeted items for which a purchase order or a contract has been issued not later than at the year-end, but for which the goods or services have not yet been received. These items, which have been charged to the current year's or prior years' expenditure, comprise:

	<u>United States dollars</u>
In current year	1 074 619
in prior years	1 050 456
	<u>2 125 075</u>

This reserve will be liquidated when disbursements are made for the items.

Note 4. Provision for staff separation and repatriation costs

A provision is made in the annual budget for separation and repatriation payments to staff members who will leave the Agency during the year. Reserves have not been established for separation and repatriation for future years, as such payments would be expected to be met from future income and operating reserves.

Note 5. Contingent liabilities

The Agency may have contingent liabilities of a material but undeterminable amount in respect of certain claims for subsidies by Governments. In addition, there is a contingent liability to the extent of \$225,000 resulting from a dispute with a supplier.

Note 6. Working capital (statements IV and V)

(a) A sum of \$1,294,667 has been charged to project funds in respect of prior years' inventories that had been debited to the working capital account.

(b) On liquidation of prior years' commitments savings in the amount of \$599,980 have been realized.

Note 7. Fixed assets

(a) The fixed assets not reported in statement IV on assets and liabilities are summarized below original cost values:

	<u>United States dollars</u>
Vehicles (excluding those surveyed but not yet disposed of)	5 469 132
Other equipment	10 550 396
Land owned by UNRWA	51 248
Buildings on land owned by UNRWA	<u>422 031</u>
	<u>16 492 807</u>

(b) The Agency has only the right of current occupancy of buildings (schools, training centres, ration distribution centres, clinics, warehouses and other installations) constructed by it on land owned by Governments or leased from private owners. The total cost of construction of such buildings (including the cost of financing purchase of land by local governments in certain cases and of compensation to private landowners of leased land) to 31 December 1985 is \$44,886,427.

(c) The Agency has also constructed refugee shelters at a total cost of \$11,553,518 on land owned by Governments or by individuals. The legal status of these shelters is uncertain.

Bayssarieh Camp Fund

Note 8. Operations accounts (statements VIII and IX)

This project has been established as a special fund under the Agency's financial regulation 13.1 to provide the accounting and budgetary framework for the construction of a refugee camp at Bayssarieh in Lebanon. Transactions related to this project commenced in 1977 when the contributions were received. No expenditure was, however, incurred prior to 1 January 1978. The income and expense account covers the entire period from the establishment of the project in 1977 to 31 December 1985. But it should be noted that the project has been dormant for the past six years and no expenditure has been incurred during the years 1980-1985.

Area Staff Provident Fund

Note 9. Continuing participants' credits (statement XII)

(a) The continuing participants' credits in currencies other than United States dollars include exchange rate adjustments for the year ended 31 December 1985. Details are as follows:

	<u>United States dollars</u>
Jordanian dinars : minus 7.5 per cent - JD 3 749 428 at 2.6882	10 079 213
Austrian schillings : minus 19.9 per cent - S 34 776 498 at 0.0571	1 985 738
	<u>12 064 951</u>

(b) A debit balance of \$268,634, comprising \$258,936 (for Jordanian dinars) and \$9,698 (for Austrian schillings), remains in the exchange rate adjustments' account. These amounts are brought forward to 1986 and will be merged with future exchange adjustments.

Note 10. Investments and investment income (statement XII and schedule 8)

(a) On 1 July 1985, a loan scheme was introduced enabling Provident Fund participants to borrow money from the Provident Fund under certain conditions. Details of such conditions are set out in Finance Technical Instruction No. 37 and ad hoc guidelines which are issued from time to time. The rate of interest applied to the loans is the latest rate of interest credit declared by the Commissioner-General for the continuing participants in the Provident Fund, plus 1 per cent. The additional per cent is intended to cover the costs of administering the loan scheme. The initial costs incurred in the development of the scheme will be amortized over a minimum of two years.

(b) Except for the funds required for the Loan Scheme, all other assets of the Fund are placed with professional managers for investment. These investments are valued at cost or market value, whichever is lower. Based on this principle, the whole investment portfolio is shown at cost. However, all the investment managers base their valuations on market value.

(c) Because of the difference in valuation as well as the different accounting treatment of accrued management fees the investment figures at year-end differ from the figures indicated by the investment managers in their annual reports for 1985. For the same reasons, investment yields of the portfolio on schedule 8 differ from the yields reported by the investment managers. A comparison of these yields is as follows:

	<u>Schedule 8</u>	<u>Manager's Report</u>
	(Percentage)	
Bank of America	14.6	21.3
Bankers Trust	10.3	12.6
First National Bank of Chicago	10.8	13.5
Creditanstalt Bankverein	11.7	10.9

Note 11. Contributions and funding (schedule 8)

Net funding provided to the investment managers and to the new Loan Scheme amounted to \$9,245,812. This figure essentially represents the difference between total Agency and participants contributions received and payments made by the Agency on behalf of the Provident Fund. A computation of the figures is as follows:

United States dollars

Contributions during the year: 26 448 157

Add:

Adjustments during year
(i.e., transfers, lump sums,
reinstatements less withdrawals) 89 764

26 537 921

Less:

Over-funding by the General Fund
as at 1 January 1985 89 402

26 448 519

Less:

Payments made from the General Fund
during the year 16 919 429

9 529 090

Less:

Funding to the Investment Managers
and Loan Scheme from the General
Fund during the year 9 245 812

9 245 812

Under-funding by the General Fund as at
31 December 1985

283 278

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