United Nations

Audited financial statements

for the biennium ended 31 December 2001 and

Report of the Board of Auditors

Volume III
International Trade Centre UNCTAD/WTO

General Assembly
Official Records
Fifty-seventh Session
Supplement No. 5 (A/57/5)

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**Volume III
International Trade Centre UNCTAD/WTO**

United Nations • New York, 2002

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0257-0815

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Letters of transmittal

31 May 2002

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the International Trade Centre UNCTAD/WTO for the biennium 2000-2001, which I hereby approve. The financial statements have been completed and certified by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Kofi A. **Annan**

Mr. Shauket A. Fakie
Chairman
United Nations Board of Auditors
New York

27 June 2002

I have the honour to transmit to you the financial statements of the International Trade Centre for the biennium 2000-2001 ended 31 December 2001, which were submitted by the Secretary-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.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
and Chairman
United Nations Board of Auditors

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

Chapter I
Financial report for the biennium ended 31 December 2001

A. Operations

1. The International Trade Centre UNCTAD/WTO (ITC) is a technical cooperation organization whose mission is to support developing countries and transition economies, particularly their business sectors, in their efforts to realize their full potential for developing exports and to improve import operations with the ultimate goal of achieving sustainable development. As a joint subsidiary organ of the World Trade Organization (WTO) and the United Nations — the latter acting through the United Nations Conference on Trade and Development (UNCTAD) — the Centre deals specifically with the operational aspects of trade promotion and export development. It acts as the focal point for all United Nations technical cooperation activities in trade promotion, as affirmed by the Economic and Social Council in its resolution 1819 (LV) of 9 August 1973. Within the medium-term plan of the United Nations for the period 1998-2001,[1] the Centre is responsible for the implementation of subprogramme 9.6, Institutional development and support services for trade promotion, export development and international purchasing and supply management, and subprogramme 9.7, Market development and trade information. The Secretary-General submitted to the General Assembly the outline of the proposed programme budget for the biennium 2000-2001 for ITC (A/54/127). The General Assembly, in its decision 53/485 of 28 July 1999, took note of the outline of which the United Nations share expressed in Swiss francs was to be SwF 29,197,300.

2. The programme had five principal targets during the biennium 2000-2001: facilitating integration into the multilateral trading system; supporting the design of trade development strategies; reinforcing trade support services; improving sector performance and building enterprise competitiveness. In order to maximize impact and to become more cost-effective, three approaches for cooperation have been adopted. These are: global coverage through networking; an integrated multi-country/multi-agency programme approach; and tailor-made trade development projects. Priority was given to least developed countries and to the special needs of small and medium-sized enterprises. The Centre continued to play an active role in the implementation of the following programmes: the integrated framework for trade-related technical assistance to least developed countries; the Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in selected least developed and other African countries; the World Tr@de Net, capacity-building and networking for business information services; competitiveness improvement of small and medium-sized enterprises and South-South trade promotion.

3. During the biennium 2000-2001, ITC implemented 98 interregional, regional and country-specific projects, of which 66 were monodisciplinary and 32 were multidisciplinary, that is, covering elements of both subprogrammes. The level of activities financed by trust funds continued the consolidation of recent years, rising in 2000-2001 by 9 per cent from the 1998-1999 level to reach $20.8 million. However, the decline experienced since the early 1990s in UNDP-funded activities persisted, dropping to a level of $3.1 million in 2000-2001, that is, 46 per cent lower

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 6* (A/53/6/Rev.1).

than in 1998-1999. Despite the decline in UNDP project implementation, overall, ITC project delivery in 2000-2001 reached $23.7 million. Owing to budgetary constraints, ITC concentrated on multi-agency ventures, which led to new avenues of technical cooperation, particularly in the area of trade strategy development and enterprise competitiveness. Simultaneously, ITC has been actively engaged in developing a technical cooperation response to e-trade, which may emerge in the next few years as one of the greatest competitive challenges to exporters in developing and transition economies. National partner institutions continued to act as multiplier agents for ITC products and services under a "product-network" approach.

4. Under subprogramme 9.6, which accounted for 55 per cent of the technical cooperation expenditures during the biennium, the organization continued to reinforce trade support organizations, notably the trade promotion organizations, chambers of commerce and other institutions offering services related to trade promotion. The Centre also enhanced other institutions specializing in areas of packaging, quality management, finance, purchasing and supply management and human resource development. Special attention was also devoted to providing technical assistance in strategy analysis and development. This was achieved through the ITC ongoing executive forum on national export strategies and country-specific projects. To enable the business community to benefit from the new multilateral trading system and the WTO agreements, ITC works in close cooperation with the WTO and UNCTAD in bringing together all entities participating in Multilateral Trading System issues and linking them globally through the World Tr@de Net. This provided a platform for identifying and voicing the views of the business community relating to national negotiating positions on WTO issues. Development of human resource activities is ensured by efficient use of resources: through sustainability (through networking and other capacity-building features) and replicability for enhancement of entrepreneurial trade-related abilities. Overall, within the subprogramme, some 3,000 persons benefited from some 84 ITC-sponsored events. About 45 publications were completed and disseminated worldwide, while an increasing number of other technical materials and services were being made available, especially through Internet-based applications. The "product-network" approach has been strengthened by consolidating existing and developing new generic technical assistance products.

5. Under subprogramme 9.7, which accounted for 45 per cent of the technical cooperation expenditures during the biennium, ITC provided direct support to the business community in product development and international marketing. The Centre's strategic market research tools were in strong demand. In-depth assistance to enterprises was provided through a process that linked advising individual enterprises with assistance for trade support institutions or business associations in order to build national capacity. New avenues by the Internet and computerized trade flow analysis were explored for international marketing and promotion, including virtual exhibitions and online matchmaking. The ITC methodology for the promotion of South-South trade continues to be applied with great success. These supply and demand surveys (on a product and country basis) followed by subsequent buyers-sellers meetings (that confirm the identified opportunities in a "real life" situation) paved the way for actual business transactions. In the area of trade information, ITC started implementing its new strategy, which focuses on capacity-building through the establishment of effective and sustainable trade information

services and networks at both the national and regional levels. Overall, within the subprogramme, some 2,350 persons, especially entrepreneurs, benefited from 66 events organized by ITC and over 25 publications were completed and disseminated.

6. Annual meetings of the Joint Advisory Group on ITC, which brings together ITC parent bodies, States members of UNCTAD and members of WTO, donors and beneficiaries, as well as special technical meetings and informal sessions, provided for the regular review of ITC work and guidance on strategies and priorities. At its thirty-third and thirty-fourth sessions, in 2000 and 2001, the Joint Advisory Group praised ITC for the initiatives taken to enhance the competitiveness of small and medium-sized enterprises, strengthen the capacities of trade support institutions and achieve sustainable development through ownership of the development process by the beneficiaries themselves. Regular consultations with donors and beneficiaries also took place within the framework of the Consultative Committee on the ITC Global Fund.

B. 2000-2001 budget and expenditure

7. The financial statements and schedules in chapter V show the financial results of the Centre's activities. At the end of that chapter, notes to the financial statements explain the Centre's accounting and financial reporting policies and provide additional information on the individual funds.

8. Approximately half of the Centre's activities are financed by extrabudgetary funds, and the other half by the regular budget. The regular budget is assessed to the Member States of the United Nations and the States members of WTO in equal share. The current administrative and budgetary arrangements between the two organizations were decided by the General Assembly at its fifty-third session. The contributions by the respective organizations are fixed in Swiss francs as the net of miscellaneous income. Details of the regular budget appropriations are provided in statement IV.

9. Total resources expended during 2000-2001 by source of funds are as follows (in thousands of US$):

Regular budget	34 975
Trust funds	25 629
UNDP	2 386
Programme support costs	3 037
Revolving funds and other funds	1 074
Total	**67 101**

10. For the presentation of the financial statements, the Centre has adopted the format indicated in the appendix IIA (Option A) of the United Nations system accounting standards (A/51/523).

C. Financial results

11. The Centre's General Fund balance as at 1 January 2000 was $645,121. This, together with the contributions of $33,720,572 received from the United Nations and WTO, investment income of $138,965, miscellaneous income of $540,248, and the savings on/or cancellation of prior periods' obligations of $428,925, resulted in funds available totalling $35,473,831. Expenditures, including unliquidated obligations of $1,435,874, amounted to $34,975,030. After taking into account the above, the fund balance as at 31 December 2001 reflected a net surplus of $498,801, which will be carried forward to the biennium 2002-2003.

12. Statement I shows the income and expenditure and the balances of the Centre's General Fund, as well as for all other funds. Statement II shows the Centre's assets and liabilities for the General Fund and for all other funds. It should be noted, however, that these other balances are earmarked for special purposes and they would not be available to cover part of the costs of the Centre's core programmes, if such a need arose.

13. Statement III shows the cash flow for the General Fund for the biennium and that the Centre had $1,476,278 cash and term deposits at the end of the biennium. This amount will be required to cover mainly the outstanding obligations of the Centre for goods and services rendered of $1,435,874.

14. Note 3 (a) to the financial statements provides details of the income and note 3 (b) gives the breakdown by types of expenditure for the General Fund. Details of the assets and liabilities for the General Fund are provided in Notes 3 (c) and (d) to the financial statements. The details of income and expenditure, as well as the assets and liabilities for all other funds, are provided in notes 4 to 6 to the financial statements.

Annex

Supplementary information

1. The present annex includes an explanation of the information the Secretary-General is required to report.

Write-off of property

2. Property losses of $319,685 (based on their original cost) were written off in accordance with financial rule 110.15 during the biennium 2000-2001. Those write-offs brought the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. The details of the amounts written off were reported to the Board of Auditors in accordance with the provisions of financial rule 110.10 (b).

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has reviewed the operations of the International Trade Centre (ITC) in Geneva and audited its financial statements for the biennium ended 31 December 2001.

The Board's main findings are as follows:

(a) Administrative and financial arrangements between the United Nations and the World Trade Organization lead to cumbersome, dual-currency procedures, which may be only partly streamlined with the forthcoming migration to the Integrated Management Information System (IMIS);

(b) ITC does not file and update summary financial progress report tables of amounts received and paid during the implementation of a project;

(c) The Corporate Management Information System (CMIS) has yet to be fully implemented.

The Board made recommendations that the procedures resulting from the double supervision by the United Nations and the World Trade Organization be reviewed, that project management be improved and that CMIS be further developed.

A list of the main recommendations is presented in paragraph 9 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the International Trade Centre UNCTAD/WTO (ITC) for the biennium 2000-2001, in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the biennium 2000-2001 had been incurred for the purposes approved by the governing bodies; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements of ITC presented fairly the financial position as at 31 December 2001. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence, to the extent the Board considered necessary to form an opinion on the financial statements.

3. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of ITC. In 2000-2001, the Board examined project management and the Corporate Management Information System (CMIS).

4. During the period under review, the Board continued its practice of reporting the results of specific audits in management letters containing detailed observations and recommendations to the Administration.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, the views of which, where appropriate, have been reflected in the present report.

6. The Board's main recommendations are reported in paragraph 9. The Board's detailed findings are contained in paragraphs 10 to 33.

1. Previous recommendations not fully implemented

7. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by ITC to implement the recommendations made in the Board's report relating to the biennium 1996-1997. In its report on that biennium, the Board recommended that ITC, in liaison with United Nations Headquarters, review the accounting treatment of deferred charges and deferred income to ensure its consistency with best accounting practice. This issue was again raised in the Board's report for the biennium 1998-1999 and in paragraph 15 of the present report.

8. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to

implement the recommendations made in its report for the period ended 31 December 1999. Details of the action taken and the comments of the Board are set out in the annex to the present report.

2. Recommendations

9. The Board's main recommendations are that ITC should:

(a) **Amend note 2 (j) (iii) to the financial statements in the future, so as to reflect the accounting treatment of contributions receivable for future years (para. 20);**

(b) **Conduct its planned review of the outstanding requirements of CMIS, determine a cost-efficient monitoring system and reach a formal decision on the two CMIS modules that were put on hold (para. 31).**

B. Financial issues

1. Financial position

10. The regular budget of the Centre is financed jointly and equally by the United Nations and the World Trade Organization ($16.9 million for each entity for the biennium 2000-2001 and $18.5 million for 1998-1999). Total income reached $66.3 million in the biennium 2000-2001, against $72.5 million during the previous biennium. Total expenditure represented $67.1 million during the current biennium, against $70.8 million in the biennium 1998-1999.

11. The financial statements disclose a net shortfall of income over expenditure for the General Fund in the biennium 2000-2001: this shortfall ($575,000 on income of $34.4 million) increased by 43 per cent from 1998-1999. The Centre covered it as previously, by "savings on or cancellation of prior period obligations" of $429,000 and by decreasing the General Fund balances by $146,000, from $645,000 to a low of $499,000.

12. Income from Trust Fund donors for technical cooperation was stable at $23.3 million in 2000-2001 against $23.1 million for the previous biennium. There was a net shortfall of $880,000 for trust funds, funded by the balances resulting from a net excess of income over expenditure during the two previous bienniums. ITC commented that this was a sign that ITC was more effective in implementing its technical cooperation activities. As regards technical cooperation activities funded by the United Nations Development Programme (UNDP), the Board noted a reduction of $2.1 million in amounts received from UNDP during the biennium, after a reduction of $2.7 million during the biennium 1998-1999.

13. The Board reviewed the liquidity position and noted that assets ($29.6 million) exceeded liabilities ($22.87 million) globally, as well as on each fund ($1.95 million of assets and $1.45 million of liabilities for the General Fund; $22.8 million of assets and $19.5 million of liabilities for Trust Funds).

2. United Nations system accounting standards

14. The Board assessed the extent to which the financial statements of ITC for the biennium ended 31 December 2001 conformed to the United Nations system

accounting standards. The review indicated that the presentation of the financial statements was generally consistent with the standards.

15. The Centre included in its 2000-2001 financial statements unliquidated obligations for future years ($2.8 million) and contributions receivable for future years ($7.1 million), as it did in its previous financial statements. In its last report, the Board recommended that ITC liaise with the United Nations Controller to review the accounting treatment of amounts relating to future financial periods. The Board takes note of the consultations held between ITC and United Nations Headquarters on this matter and of the conclusion of the High-level Committee on Management in September 2001 that United Nations system accounting standards 33 and 41 were applicable. The Centre further informed the Board that it had been requested by the Director of the Accounts Division of the United Nations to report the contributions receivable and commitments for future periods in the financial statements themselves.

16. United Nations system accounting standard 41 states that “where commitments are incurred against future financial periods, they should be recorded in the organization’s accounts or disclosed in a note to the financial statements”. In its previous report, the Board suggested that the option of disclosing such commitments in a note was more consistent with the accrual concept, which requires expenditure to be recognized when obligations arise or liabilities are incurred.

17. United Nations system accounting standard 33 states that “voluntary contributions formally pledged represent a good-faith commitment of the contributor for the period and/or programme to which they relate. Such income should accordingly be recognized in that period”. In its previous report, the Board considered that the contributions receivable (pledged but not received) for future financial periods should have been disclosed in a note to the financial statements rather than included in the statement of assets and liabilities, since they did not relate to the biennium.

18. While taking note of the decisions of the High-level Committee on Management and of the Office of Programme Planning, Budget and Accounts, the Board notes that United Nations system accounting standard 41 allows for inconsistent treatment amongst the United Nations entities: unliquidated obligations for future years may be included in the financial statements or disclosed in a note. It acknowledges that the ambiguous wording of United Nations system accounting standard 33 (“Such income should accordingly be recognized in that period”) may lead to the interpretation that “that period” refers to the programme period and not the biennium. The Board is of the opinion that in order not to overstate contributions receivable for future years in the financial statements, a disclosure in the notes would be more appropriate, as recommended in the Board’s previous report.

19. Note 2 (j) (iii) to the financial statements states that “contributions from Governments or other donors [for technical cooperation accounts] are recorded upon receipt of the contribution”. Since such is not the case for future contributions, as explained above, ITC should in the future amend this note accordingly.

20. **The Board recommends that ITC amend in the future note 2 (j) (iii) to the financial statements, so as to reflect the accounting treatment of future contributions.**

3. Dual-currency accounting for the United Nations and the World Trade Organization

21. ITC is jointly funded by the United Nations and the World Trade Organization (WTO). Further to the creation of WTO in 1995, previous arrangements with the General Agreement on Tariffs and Trade were confirmed, including a Joint Advisory Group. In its report dated 29 September 1998 (A/53/7/Add.3), the Advisory Committee on Administrative and Budgetary Questions stated that the arrangements did respond to monitoring concerns of WTO. The Centre continues to use the United Nations accounting system and its accounts are reviewed by United Nations Headquarters. A large delegation of authority has been granted by the United Nations Secretary-General to ITC in the administration of the financial rules and regulations. The arrangements were approved by the General Assembly and by WTO in 1999, and then first implemented in the biennium 2000-2001. The report of the United Nations Board of Auditors is transmitted to the General Council of WTO by the Secretary-General of the United Nations.

22. The Board noted that, according to the new budgetary procedures, ITC has to process its budget proposals to the two governing bodies in sixteen steps instead of the usual nine, and in different formats, currencies (United States dollars and Swiss francs for the United Nations; Swiss francs for WTO) as well as cycles (biennial for the United Nations and annual for WTO). The basic version of the budget is presented in United States dollars in compliance with United Nations regulations; some 92 per cent of the expenditure is processed in Swiss francs. Accounts are kept in both currencies, as implied by the statutes and financial rules of both the United Nations and WTO.

23. The Centre is handicapped by the limitations of the old general accounting system, the dual-currency accounting requiring time-consuming manual adjustments. The implementation of the Integrated Management Information System (IMIS) is eventually to solve this data-processing problem. It started in 1997 with Release 1 (human resources), followed by the Time and Attendance modules in 2001 and Payroll in June 2002. In 2000, some $68,000 was also spent by ITC for changes related to the Swiss francs module and made to IMIS by United Nations Headquarters. The burden is significant to ITC, taking into account its limited resources: the project for migration to IMIS Release 3 (financial applications) had to be postponed to July 2002, owing to the unavailability of United Nations Office at Geneva staff in 2001. It has eventually been launched, with additional work limited to providing for the edition budgets, statements and reports in different formats and currencies. A “lessons learned” report, to be provided by ITC at the request of the Advisory Committee on Administrative and Budgetary Questions in 2002, will be an opportunity to reflect on such cumbersome duplication of procedures. The implementation of IMIS Release 3 is scheduled to take place in March 2003.

24. **The Board will review the appropriateness of the adaptations once they are implemented.**

4. Write-off of losses of cash, receivables and property

25. The Centre informed the Board that, during the biennium 2000-2001 it had written off amounts totalling $901,171. These comprised $319,685 of obsolete equipment, $555,426 in project equipment, including four vehicles purchased from technical cooperation project funds transferred to Governments or local authorities

upon completion of project activities, and $26,060 in one project's vehicle and equipment sold to a UNDP field office.

5. Ex gratia payments

26. No ex gratia payments were reported by ITC in the period.

C. Management issues

1. Project management

27. The supporting documentation on projects is adequate, although some accounting lines of projects are difficult to reconstitute, but there are no summary progress financial tables of amounts received and paid to monitor the development stages of a project. The Centre explained that, under the current general accounting system, additional summary tables would require a considerable amount of manual records which ITC could not thus far afford. However, it would look into the possibility of developing automated reports as suggested, and would then decide the best course of action, depending on costs, taking into account the fact that, as at 2003, this information is expected to be available through IMIS.

28. **The Board recommends that ITC further streamline the management of its projects and particularly file and update summary financial progress report tables of amounts received and paid.**

2. Corporate Management Information System

29. In its report on the 1998-1999 financial statements, the Board noted that ITC had developed a Corporate Management Information System (CMIS) at a cost of $290,000, to provide a planning, monitoring and reporting tool. The Board had found that the system was neither providing accurate data, nor used in the way intended, and recommended that it be kept up to date for more effective management use.

30. The Centre decided in November 2000 to defer the use of new CMIS modules on "project development" and "project implementation", in favour of a CMIS quarterly management reporting system. The system was finalized in April 2001, and since then work has been carried out to improve it. IMIS is to provide CMIS with real-time data that is thus far unavailable. The Centre plans to review the outstanding requirements of CMIS, to further improve planning and monitoring, while taking into account the requirements, still to be announced, for reporting under the new United Nations results-based budgeting to avoid duplication of entries.

31. **The Board recommended, and ITC agreed, that its review of the outstanding requirements of CMIS should be conducted with a view to determining a cost-efficient monitoring system and to reach a formal decision on the two CMIS modules that were put on hold.**

3. Delegation of authority

32. The basic delegation of authority for staff issues had been granted to the Executive Director of the International Trade Centre in April 2001 by the Under-

Secretary-General for Management. The staff of the Centre is appointed and administered by the Executive Director — for service limited to the Centre, regarding new appointees — under the Staff Regulations and Rules of the United Nations, with the exception of the matters specifically reserved to the Secretary-General or the Director-General of the United Nations Office at Geneva. The delegation of financial authority to the Executive Director is set out in an administrative instruction dated 28 February 1992 (ST/AI/315/Rev.1). The Centre is currently reviewing all official bulletins, administrative instructions and information circulars to determine their applicability to ITC, as well as its own internal instructions. In view of the planned implementation of the IMIS applications and for the preparation of the United Nations budget for the biennium 2004-2005, ITC also intends to review its current arrangements with the United Nations Office at Geneva.

33. **The Board encourages ITC to continue to streamline its database of instructions.**

4. Cases of fraud and presumptive fraud

34. No cases of fraud or presumptive fraud were reported to the Board during the biennium 2000-2001.

D. Acknowledgement

35. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Executive Director and the staff of the International Trade Centre during its audit.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Caragué**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

27 June 2002

Annex

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1999[a]

The Board has followed up on the action taken by ITC to implement the Board's recommendations made in the context of its report for the biennium ended 31 December 1999. Table A summarizes the status of implementation of all the previous recommendations, while table B details specifically those recommendations not implemented and those recommendations under implementation which require comment.

A total of nine recommendations were made in the audit for the biennium 1998-1999, of which two (22 per cent) were implemented, six (67 per cent) were under implementation and one was not being implemented (11 per cent).

Table A.1
Summary of status of implementation of recommendations for the biennium ended 31 December 1999

Topic	*Implemented*	*Under implementation*	*Not implemented*	*Total*
A. Financial issues				
1. Accounts and financial reporting	Para. 11 (a) Para. 11 (b)			
2. Information and communication technology		Para. 11 (c)		
Subtotal				
Number	**2**	**1**	**-**	**3**
Percentage	**66**	**33**	**-**	
B. Management issues				
1. Programme management	Para. 11 (d)	Paras. 31, 44, 47, 48		
2. Information and communication technology		Para. 11 (e)		
Subtotal				
Number	**1**	**5**	**-**	**6**
Percentage	**16.7**	**83.3**	**-**	**100**
Total				
Number	**3**	**6**		**9**
Percentage	**34**	**67**		**100**

[a] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5, vol. III, chap. I).

Table A.2
Details on previous recommendations under implementation or not implemented for the biennium 1998-1999

Component/area of concern	*Recommendations by the Board report on biennium 1998-1999*	*Specific management action/comments*	*Comments of the Board*
Accounts and financial reporting, para. 11 (b)	ITC should liaise with the United Nations Controller to review the accounting treatment of amounts relating to future financial periods.	A June 2001 Working Party on Accounting Standards reviewed the accounting standards and recommended that no change be made. The September 2001 High-level Committee on Management took note of the Working Party's recommendation.	Implemented (ITC liaised with United Nations Headquarters); however the Board makes a new recommendation on this matter regarding a note to the financial statements (para. 20).
Information technology, para. 11 (c)	ITC should liaise closely with the United Nations Office at Geneva to ensure that the IMIS module address the Centre's specific reporting requirements as soon as possible.	In 2001, ITC implemented the time and attendance module and upgraded its infrastructure. Payroll IMIS is scheduled for June 2002.	Under implementation The Board encourages ITC to continue to work closely with United Nations Headquarters and the United Nations Office at Geneva and will review this issue.
Programme management, para. 31	The future Joint Integrated Technical Assistance Programme project documents should classify activities on a cluster basis within the country context.	ITC agreed to implement this recommendation for future Joint Integrated Technical Assistance Programme projects.	Under implementation The Board will review this issue.
Programme management, para. 44	The Board recommends that realistic timetables are agreed with national bodies by them and that ITC monitor progress.	ITC agreed to implement this recommendation in future Joint Integrated Technical Assistance Programme projects.	Under implementation The Board will review this issue.
Programme management, para. 47	ITC and partners should involve national participants at an early stage.	ITC agreed with this recommendation.	Under implementation The Board will review this issue.

Component/area of concern	*Recommendations by the Board report on biennium 1998-1999*	*Specific management action/comments*	*Comments of the Board*
Programme management, para. 48	To minimize the need for remedial measures in future, the Board recommends that ITC undertake more extensive country-specific risk analysis before projects begin.	A group of experts is currently evaluating the Joint Integrated Technical Assistance Programme. A new criterion for assessing the support capacity of countries will become a part of the standard methodology.	Under implementation The Board will review this issue.
Information technology, para. 11 (e)	The Corporate Management Information System should be kept up to date.	It has been decided to start, in mid-2002, a review of outstanding requirements of CMIS.	Under implementation Refer to paragraphs 29 to 31 of the present report.

Chapter III
Audit opinion

We have audited the accompanying financial statements, comprising statements I to IV, and the supporting notes of the International Trade Centre for the biennium ended 31 December 2001. The financial statements are the responsibility of the Executive Director. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Executive Director, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2001 and the results of operations and cash flows for the period then ended in accordance with the Centre’s stated accounting policies set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the Centre, which we have tested as part of our audit, have, in all significant respects, been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the Centre’s financial statements.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

27 June 2002

Chapter IV
Certification of the financial statements

1. The financial statements of the International Trade Centre UNCTAD/WTO for the biennium 2000-2001 ending 31 December 2001 have been prepared in accordance with financial rule 111.4.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification of the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the International Trade Centre UNCTAD/WTO, numbered I to IV, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

31 May 2002

Notes to the financial statements

Note 1
International Trade Centre and its activities

(a) On 12 December 1967, the General Assembly adopted resolution 2297 (XXII) approving the establishment of the International Trade Centre to be jointly operated by the United Nations Conference on Trade and Development (UNCTAD) and the General Agreement on Tariffs and Trade on a continuing basis and in equal partnership with effect from 1 January 1968. These arrangements had previously been endorsed by the General Agreement on Tariffs and Trade (GATT) Council on 22 November 1967. In 1995, GATT responsibilities were assumed by the World Trade Organization (WTO). The WTO General Council then requested its secretariat to negotiate with the United Nations Secretariat for revised budgetary arrangements with regard to the International Trade Centre. On 18 December 1998, the General Assembly, in its decision 53/411 B, endorsed the recommendation of the Secretary-General of the United Nations and the Director-General of the World Trade Organization that the present arrangements governing the status of the Centre as a joint body be confirmed and renewed with WTO, and approved the revised administrative arrangements of the Centre as set out in paragraph 11 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/53/7/Add.3). Governmental supervision of the Centre is exercised by the members of WTO and by the Trade and Development Board of UNCTAD. The Joint Advisory Group is responsible for advising on the work programme and activities of the Centre.

(b) The Centre is a technical cooperation organization the mission of which is to support developing and transition economies, and particularly their business sectors, in their efforts to realize their full potential for developing exports and improving import operations, with the ultimate goal of achieving sustainable development. The Centre deals specifically with the operational aspects of trade promotion and export development. Its regular budget is financed jointly and equally by the United Nations and WTO, and technical cooperation projects are financed by voluntary contributions from trust fund donors and by allocations from the United Nations Development Programme (UNDP).

Note 2
Summary of significant accounting and financial reporting policies of the International Trade Centre

(a) The Centre's accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, and administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller, and in conformity with generally accepted accounting principles. They also take fully into account the United Nations system accounting standards, as adopted by the former Administrative Committee on Coordination (now the United Nations System Chief Executives Board for Coordination). The Organization follows international accounting standard No.1 on the disclosure of accounting policies, as modified and adopted by the Administrative Committee.

(b) The Centre's accounts are maintained on a "fund accounting" basis and each fund is maintained as a distinct financial and accounting entity.

(c) The financial period of the Centre is a biennium and consists of two consecutive calendar years.

(d) Income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) The accounts of the Centre are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid contributions and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(f) The Centre's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The results of the Centre's operations presented in statements I and II are shown at the summary level by general type of activity. Their presentation in a summarized format does not imply that the various separate funds can be intermingled in any way, since normally resources may not be utilized between funds.

(h) The Centre is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Centre to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments which might become payable pursuant to article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. As at the date of the current financial statement, the General Assembly has not invoked that provision.

(i) General Fund:

Income

(i) General Fund income reflects the actual contributions received from the United Nations and from WTO during the biennium;

(ii) Other/miscellaneous income includes income from the rental of premises, sales of publications, interest earned on various bank accounts and time deposits, refunds of prior years' expenditures and other miscellaneous items, including sales of obsolete equipment;

(iii) Refunds of expenditures which are charged in the same financial period against the budgetary accounts are credited to the same accounts, but refunds of expenditure relating to the prior financial periods are credited to miscellaneous income;

(iv) Gain or loss on exchange. On the closing of the accounts at the end of each financial period, the balance for loss or gain on exchange is charged to the budget if there is a net loss; if there is a net gain, the gain is credited to miscellaneous income;

(v) Savings on liquidation of prior periods' obligations are credited directly to the fund balance.

Expenditure

(vi) Expenditures are incurred against authorized allotments. Total expenditures reported include unliquidated obligations and disbursements;

(vii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(viii) Expenditure for future financial periods are not charged to the current financial period and are recorded as deferred charges, as referred to in item (x) below.

Assets

(ix) Cash and term deposits comprise funds held in demand deposit accounts and interest-bearing bank deposits, certificate of deposits and call accounts. They are shown in the statements of assets and liabilities as cash and term deposits, and apart from changes in value arising from the retranslation of currencies as provided for in paragraph (e) above, all amounts are stated at cost;

(x) Deferred charges comprise expenditure items which are not properly chargeable in the current financial periods and which will be charged as expenditure in the subsequent financial period. These expenditure items include commitments for future financial periods in accordance with financial rule 110.6. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(xi) For balance sheet purposes only, those portions of education grant advances which are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances recovered;

(xii) Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Centre. Acquisitions are charged against budgetary accounts in the year of purchase.

Liabilities, reserves and fund balances

(xiii) Reserves are considered to be one component of the category encompassing both reserves and fund balances and are accordingly included in the totals for "Reserves and fund balances" shown in the financial statements;

(xiv) Commitments of the Centre relating to the current financial period are shown as unliquidated obligations which owing to WTO requirements, remain valid for 12 months following the end of the year, rather than the biennium, to which they relate;

(xv) Deferred income includes pledged contributions received for future periods and other income received but not yet earned;

(xvi) No provision is made in the General Fund for end-of-service benefits (e.g. repatriation grant entitlement, etc.), as funds are provided for in budget appropriations;

(xvii) Provision to meet contingencies under appendix D to the Staff Rules of the United Nations for personnel is calculated on the basis of 1 per cent of the net base pay and charged to the budget appropriations. This provision is disclosed in the United Nations General Fund;

(xviii) Liabilities do not include any provision for benefits payable to staff on termination of service.

(j) Technical cooperation accounts:

(i) Statements I and II include the financial reports on technical cooperation activities financed by the trust funds and the United Nations Development Programme (UNDP);

(ii) Funds received under inter-organizational arrangements — UNDP. The allocation income from UNDP is determined taking into account interest income and other miscellaneous items against total expenditures;

(iii) Voluntary contributions — trust funds. Contributions from Governments or other donors are recorded upon receipt of the contribution. All monies accepted for purposes specified by the donor are treated as trust funds or special accounts. Separate trust funds are set up for each project approved by the donor and the recipient country;

(iv) Interest accruing from the short-term investment of trust funds is credited first to the operating reserve to maintain that reserve at the agreed level (see para.(j) (x)), then to support costs to meet any annual deficit attributable to currency fluctuations and thereafter to donors' funds. Trust fund miscellaneous income accruing from the sale of surplus property or refunds of expenditure are credited to the project from which the purchase or expenditure was originally financed. If the project is closed, this income is credited to the donor;

(v) Contributions received in advance for other trust funds comprise contributions received in respect of project budgets which extend beyond the current period, including the programme support income relating to those project budgets;

(vi) Unliquidated obligations for the current period in respect of trust funds and UNDP-financed activities remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements;

(vii) Unliquidated obligations for future financial periods are reported both as deferred charges and as future year unliquidated obligations;

(viii) A system of average costing is used for UNDP and trust fund projects whereby those elements of experts' actual costs which are unique to the individual expert are charged to projects within the same fund at average cost, calculated by apportioning those costs over all technical cooperation projects in respect of which expert-months have been delivered in the current period;

(ix) Gain or loss on exchange. Any differences accruing on trust fund projects in respect of normal day-to-day transactions are borne by the appropriate project budgets. Those currency fluctuations, which cannot be attributed to any particular project, are debited/credited to the operating reserve (see subpara. (x));

(x) Operating reserve — trust funds. The Centre's policy is to maintain this reserve at a predetermined level and agreement has been reached with donors that the first charge upon interest be for the purpose of maintaining the reserve at that level;

(xi) Trust fund donors' fund balances. These funds comprise the unobligated balance of allocations, contributions not yet allocated, residual balances of closed projects, interest, and miscellaneous income, including those items described under subparagraph (k) (iv). These funds are held pending instructions from the donor as to their disposal and are constantly under review in the course of continuing discussions, which are maintained with all donors;

(xii) Miscellaneous income. All monies accepted for purposes specified by the donors are treated as trust funds or special accounts. However, monies accepted in respect of which no purpose is specified are treated as miscellaneous income;

(xiii) Provision to meet contingent liabilities for compensation under appendix D to the Staff Rules of the United Nations for personnel financed by technical cooperation trust funds is calculated on the basis of 1 per cent of the net base pay and charged to the project allocations. This provision is disclosed in the United Nations General Fund.

(k) Support costs:

(i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation activities and accounted for in the support costs fund. The reimbursement is calculated as a percentage of the programme resources expended;

(ii) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the General Fund;

(iii) Any balance in the support costs fund is carried forward to the next biennium;

(iv) An operating reserve at 20 per cent of estimated support cost income is required to be maintained to meet contingent liabilities in accordance with administrative instruction ST/AI/285.

(l) Revolving funds and other funds:

(i) Training Materials Revolving Fund. Income accruing from the sale of any training pack or similar item is credited to the Training Materials Revolving Fund and utilized to finance the costs of reprinting, translation and other related costs.

(ii) Trade Information Services Revolving Fund. Income accruing from the sale of electronic data-processing services is credited to the Trade Information Services (previously called Electronic Data Processing/International Computing Centre) Revolving Fund and utilized to finance the provision of further services.

(iii) Trade Flow Analysis Revolving Fund. Income accruing from the sale of trade data analyses at the global, regional, national and enterprise levels is credited to the Trade Flow Analysis Revolving Fund and utilized to finance the provision of further services.

(iv) Market News Service Fund. Income accruing from the subscription fees for providing up-to-date information needs of producers, exporters and importers of selected products in developing countries and economies in transition is credited to the Market News Service Fund and utilized to finance the Fund activities.

(v) Report Processing Account. A system of standard costs is applied for charging technical cooperation projects with costs for reports, which are drafted by project personnel and consultants. The standard rate used per report is $950. The expenditures incurred against this account cover mainly administrative staff costs involved in editing and reproduction and the costs of stationery and materials used in document reproduction.

Note 3
General Fund (statements I and II)

(a) Income during the biennium 2000-2001. Under the terms of General Assembly resolution 2297 (XXII) of 12 December 1967 and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade dated 22 November 1967, and the new administrative arrangements between the United Nations and the World Trade Organization (WTO) as endorsed by the General Assembly at its fifty-third session (decision 53/411), the regular budget of ITC is assessed in Swiss francs and shared equally between the United Nations and WTO. The contribution received from each of the parent bodies during the biennium 2000-2001 was $16,860,286, totalling $33,720,572.

Other income during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Income from rental of premises	320 957	435 327
Sale of publications	16 319	39 420
Refund of prior years' expenditures	9 045	158 918
Miscellaneous	193 927	522 946
Total	**540 248**	**1 156 611**

(b) Expenditure during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Salaries and common staff costs	28 087 231	31 163 348
Travel	386 832	402 878
Contractual services	1 706 851	1 941 562
General operating expenses	3 741 209	3 971 188
Hospitality	7 467	10 437
Supplies and materials	557 889	604 727
Furniture and equipment	487 551	645 008
Total	**34 975 030**	**38 739 148**

(c) Assets:

(i) Cash and term deposits represent the total of all cash balances. The amount of $1,476,277 was held in interest earning deposits.

(ii) Accounts receivable comprise (in United States dollars):

	2001	*1999*
Advances to staff	146 730	261 418
ICC costs paid in advance	151 839	186 256
Value-added tax to be reimbursed by Governments	2 055	2 115
Accrued interest	10 968	33 841
Miscellaneous items	22 655	45 376
Total	**334 247**	**529 006**

(iii) Deferred charges comprise (in United States dollars):

	2001	*1999*
Education grant advances to staff (note 2 (i) (viii))	75 159	128 408
Miscellaneous items paid in advance	61 415	30 253
Total	**136 574**	**158 661**

(iv) Non-expendable property. In accordance with the United Nations accounting policies, non-expendable property is not included in the fixed assets of the Centre but is charged against the current appropriations when acquired. The inventory records at 31 December 2001 totalled $5,663,080, which includes $3,385,835 for ITC technical cooperation projects.

(d) Liabilities:

(i) Accounts payable comprise (in United States dollars):

	2001	*1999*
Balances due to staff	-	17 963
Other items	6 570	63 125
Total	**6 570**	**81 088**

(ii) In addition to the above-mentioned liabilities, ITC has financial commitments in respect of leases extending beyond the financial period ending 31 December 2001. The estimated costs of these arrangements to be met from the appropriations of the bienniums 2002-2003 and 2004-2005 are (in United States dollars):

	2002-2003	*2004-2005*
Lease of ITC headquarters building	1 840 476	1 840 476
Rental of reprographic equipment	421 588	51 074
Rental of photocopiers	22 393	-
Rental of fax machines	12 821	-
Total	**2 297 278**	**1 891 550**

(iii) Reserves and fund balances. The surplus account of the Centre’s General Fund represents funds available for the credit of the United Nations and WTO arising from the unobligated balance of appropriations and the savings on the liquidation of obligations for the prior period. The Centre’s General Fund ended with a shortfall of income over expenditure of $575,245. However, a surplus of $645,121 was brought forward from the biennium 1998-1999 and the savings of $428,925 on the liquidation of 1998-1999 obligations was realized to offset the shortfall of $575,245. Thus, the net surplus as at 31 December 2001 of $498,801 will be carried forward to the biennium 2002-2003.

Note 4
Technical cooperation activities (statements I and II)

(a) Trust funds:

(i) Income during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Voluntary contributions	23 290 121	23 056 443
Interest	1 458 847	1 596 520
Total	**24 748 968**	**24 652 963**

(ii) Expenditure during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Salaries and common staff costs	14 506 677	12 733 277
Travel	1 759 974	1 714 073
Contractual services	2 927 412	2 445 382
General operating expenses	695 219	788 542
Acquisitions	508 965	636 824
Fellowships, grants, other	2 288 743	1 948 400
Total project costs	**22 686 990**	**20 266 498**
Programme support costs	2 941 989	2 623 453
Total expenditure	**25 628 979**	**22 889 951**

(iii) Assets:

a. Cash comprises (in United States dollars):

	2001	*1999*
Cash at banks	90 000	833 028
Interest-bearing deposits	18 220 571	15 909 756
Held by imprest holders	1 158	1 082
Total	**18 311 729**	**16 743 866**

b. Inter-fund balances receivable comprise (in United States dollars):

	2001	*1999*
Due from ITC General Fund	-	71 353
Due from ITC support costs	-	16 928
Due from ITC revolving funds	2 071	-
Inter-fund balances receivable	1 025 895	2 962 779
Total	**1 027 966**	**3 051 060**

c. Other accounts receivable comprise (in United States dollars):

	2001	*1999*
Advances to staff members	261 117	254 618
Accrued interest	109 426	329 630
Value-added tax recoverable from Governments	8 170	11 395
Other items	28 212	20 548
Total	**406 925**	**616 191**

d. Deferred charges and other assets comprise (in United States dollars):

	2001	*1999*
Unliquidated obligations for future periods	2 672 721	2 575 701
Education grant advances to staff (note 2 (j) (viii))	42 094	26 624
Allocations to WTO and UNCTAD	335 196	563 138
Miscellaneous items	4 057	3 260
Total	**3 054 068**	**3 168 723**

(iv) Liabilities:

a. Inter-fund balances payable comprise (in United States dollars):

	2001	*1999*
Due to ITC support costs	44 076	-
Due to ITC revolving funds	-	561 848
Due to UNDP	-	2 210 447
Total	**44 076**	**2 772 295**

b. Other accounts payable comprise (in United States dollars):

	2001	*1999*
Due to United Nations General Fund	2 468 083	1 450 188
Payable to staff	382 610	83 716
Miscellaneous items	232 272	85 417
Total	**3 082 965**	**1 619 321**

c. Other liabilities comprise (in United States dollars):

	2001	*1999*
Contributions receivable for future years	7 105 065	7 520 313
Total	**7 105 065**	**7 520 313**

(v) Operating reserve. This reserve is maintained to meet contingencies arising from the termination of employment of experts, etc. As reflected in the summary of significant accounting policies (note 2 (j) (x)), it is the Centre's policy to maintain this reserve at a predetermined level and, with the general agreement of the donors, the first charge upon interest accruing from the investment of funds is to maintain the reserve at that level. For the biennium 2000-2001, the operating reserve is maintained at $1,087,816.

(b) United Nations Development Programme:

(i) Expenditure during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Salaries and common staff costs	1 214 043	1 922 611
Travel	225 058	371 383
Contractual services	286 360	279 434
General operating expenses	85 445	427 170
Acquisitions	186 689	410 411
Fellowships, grants, other	202 102	426 406
Total project costs	**2 199 697**	**3 837 415**
Programme support costs	186 243	665 738
Total expenditure	**2 385 940**	**4 503 153**

(ii) Assets:

a. Cash comprises (in United States dollars):

	2001	*1999*
Held by imprest holders	486	2 926
Total	**486**	**2 926**

b. Other accounts receivable comprise (in United States dollars):

	2001	*1999*
Value-added tax recoverable from Governments	-	3 173
Due from other agencies	7 356	-
Due from staff	18 050	49 436
Miscellaneous items	8 494	11 023
Total	**33 900**	**63 632**

c. Deferred charges comprise (in United States dollars):

	2001	*1999*
Unliquidated obligations for future years	128 090	222 580
Other items	4 372	197
Total	**132 462**	**222 777**

(iii) Liabilities:

a. Inter-fund balances payable comprise (in United States dollars):

	2001	*1999*
Inter-fund balances payable	1 025 895	2 962 779
Total	**1 025 895**	**2 962 779**

b. Other accounts payable comprise (in United States dollars):

	2001	*1999*
Payable to staff	-	60 662
Total	**-**	**60 662**

c. Statement I excludes expenditure of $911,537, net of programme support cost, on projects executed by the Centre for various organizations as an implementing agency for the biennium 2000-2001. Those expenditures are reported fully in the executing agencies' own financial statements. The programme support cost income earned from these activities, $91,153, is included in statement I.

Note 5
Special account for programme support costs (statements I and II)

(a) Income during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Support costs on trust fund projects	2 941 989	2 623 453
Support costs on revolving fund projects	111 066	47 925
Support costs on UNDP projects	186 243	665 738
Support costs on associated agency projects	91 153	525 471
Interest	178 562	191 303
Miscellaneous	37 791	75 342
Total	**3 546 804**	**4 129 232**

(b) Expenditure during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Salaries and common staff costs	2 407 894	3 322 104
Travel	2 798	1 020
Contractual services	61 534	76 777
General operating expenses	2 520	10 656
Fellowships, grants, other	562 080	540 792
Total	**3 036 826**	**3 951 349**

(c) Reserves and fund balances. The reserves and fund balances totalled $2,254,558 as at 31 December 2001 and reflected the following movements during the biennium 2000-2001 (in United States dollars):

Fund balance as at 1 January 2000	1 291 422
Savings on or cancellation of prior period's obligations	71 137
Transfers from operating reserve	15 057
Excess of income over expenditure	509 978
Fund balance as at 31 December 2001	**1 887 594**
Operating reserves as at 1 January 2000	382 021
Transfers to surplus account	(15 057)
Reserve balance as at 31 December 2001	**366 964**

Note 6
Revolving funds and other accounts (statements I and II)

(a) Income during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Training Materials Revolving Fund	71 184	3 202
Trade Information Services Revolving Fund	53 421	160 262
Trade Flow Analysis Revolving Fund	694 275	247 120
Market News Service Fund	205 183	163 514
Report Processing Account	95 764	252 584
Interest	58 580	54 430
Total	**1 178 407**	**881 112**

(b) Expenditure during the biennium 2000-2001 comprises (in United States dollars):

	2001	*1999*
Training Materials Revolving Fund	17 422	30 549
Trade Information Services Revolving Fund	63 932	224 877
Trade Flow Analysis Revolving Fund	703 049	125 689
Market News Service Fund	181 014	92 688
Report Processing Account	108 633	260 462
Total	**1 074 050**	**734 265**

Note 7
Liabilities for end-of-service and post-retirement benefits

(a) The Centre has not specifically recognized, in any of its financial accounts, liabilities for after-service health insurance costs or the liabilities for other types of end-of-service payments, which will be owed when staff members leave the Centre. Such payments are budgeted for in the Centre's General Fund, and the actual costs incurred in each financial period are reported as current expenditures. In order to gain a better understanding of the financial dimensions of the Centre's liabilities for after-service health insurance, a consulting actuary was engaged by the United Nations to carry out an actuarial valuation of post-retirement health insurance benefits and, on the basis of the study, it was estimated that the Centre's liability as at 1 January 2001 projected to 31 December 2001 for after-service health insurance benefits covering all participants, regardless of funding source, was as follows (in thousands of United States dollars):

	Present value of future benefits	*Accrued liability*
Gross liability	61 633	52 814
Offset from retiree contributions	(14 176)	(12 147)
Net liability	47 457	40 667

(b) The present value of future benefits figures shown above are the discounted values of all benefits to be paid in the future to all current retirees and active employees expected to retire. The accrued liabilities represent those portions of the present values of benefits that have accrued from the staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued when the staff members have reached their dates of full eligibility for benefits.

(c) Staff members who separate from the Centre are entitled to be paid for any unused vacation days they may have accrued up to a maximum limit of 60 days. The Centre's total liability for such unpaid accrued vacation compensation as at 31 December 2001 is estimated to be $950,000.

(d) Some staff members are entitled to repatriation grants and related expenditures of relocation upon their termination from the Centre based on the number of years of service. The Centre's total liability for such unpaid repatriation grants and relocation entitlements as at 31 December 2001 is estimated to be $2.7 million.

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