



**UNITED NATIONS**

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**FINANCIAL REPORT AND ACCOUNTS**

**for the biennium 1974-1975 ended**

**31 December 1975**

**and**

**REPORT OF THE BOARD OF AUDITORS**

---

*Volume III*

**(United Nations University)**

**GENERAL ASSEMBLY**

OFFICIAL RECORDS: THIRTY - FIRST SESSION

SUPPLEMENT No. 7 (A/31/7)

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**New York, 1976**

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LETTERS OF TRANSMITTAL

31 March 1976

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the accounts of the United Nations University and the Endowment Fund for the United Nations University for the biennium 1974-1975 ended 31 December 1975, which I hereby approve. The financial statements have been prepared and certified as correct by the Acting Controller of the Office of Financial Services.

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

Accept, Sir, the assurances of my highest consideration.

(Signed) Kurt WALDHEIM

The Chairman of the Board of Auditors  
United Nations  
New York

25 June 1976

Sir,

I have the honour to transmit to you the financial statements of the United Nations University and the Endowment Fund for the United Nations University as at 31 December 1975, which were submitted to the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board with respect to the United Nations University and the Endowment Fund for the United Nations University for the biennium 1974-1975 ended 31 December 1975.

Accept, Sir, the assurances of my highest consideration.

(Signed) J. J. Macdonell  
Auditor General of Canada  
and  
Chairman of the United Nations  
Board of Auditors

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

# I. FINANCIAL REPORT FOR THE BIENNIUM 1974-1975 ENDED 31 DECEMBER 1975

## Introduction

1. The Secretary-General has the honour to submit herewith his financial report on the accounts for the biennium 1974-1975 ended 31 December 1975. These accounts are comprised of two statements supported by two schedules. These accounts were transmitted to the Board of Auditors in accordance with financial regulation 11.4 on 31 March 1976.

2. The establishment of a United Nations University was first proposed by Secretary-General U Thant in 1969 and a Founding Committee was established in 1971. The General Assembly adopted the Charter of the United Nations University by resolution 3081 (XXVIII) on 6 December 1973 and decided that the University Centre would be located in the Tokyo metropolitan area in Japan. The University Council, the governing body, was appointed in May 1974. The executive head, the Rector, was appointed in November 1974 and took up his duties on a full-time basis in Tokyo on 1 September 1975.

3. United Nations University accounts were shown in 1973 in the United Nations Financial Report for the year ended 31 December 1973, schedule 32, as a trust fund, "Fund for the Establishment of an International University" and were audited by the Board of Auditors together with other trust funds. The unencumbered fund balance as at 31 December 1973 was transferred to the General Operating Fund for the United Nations University. The Board of Auditors did not make any observations which called for action to be taken as a result of their audit of 1973 accounts.

## Financing of the United Nations University

4. According to the Charter of the United Nations University, capital costs and recurrent costs of the University shall be met from voluntary contributions for the University or from income derived from contributions. In accordance with the United Nations University Charter, the funds of the University shall be kept in a special account established by the Secretary-General of the United Nations. Contributions are made by Governments and by non-governmental sources, including foundations, universities and individuals.

## Summary of significant accounting policies

5. The United Nations University 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, administrative instructions issued by the United Nations Controller and in conformance with generally accepted accounting principles.

6. The other significant accounting policies for the United Nations University are those adhered to by the United Nations as shown in the United Nations Financial Report and Accounts for the biennium 1974-1975 ended 31 December 1975.

The Endowment Fund and the General Operating Fund for the United Nations University

7. In 1974, the Government of Japan pledged \$100 million to the United Nations University to be paid in five yearly instalments of \$20 million each. These funds are to be invested in such a manner that the original contribution will remain intact. Interest from the investment of the funds may be used for the purpose of covering the costs necessary for the establishment of the University as well as for its operation. During the biennium 1974-1975, the Government of Japan was followed by the Governments of Greece, Norway, Sweden and Venezuela which made pledges, and some countries made actual contributions to the United Nations University.

8. The Endowment Fund for the United Nations University was established to record transactions relating to the funds contributed by these Governments. The General Operating Fund for the United Nations University was established to record income and expenditures relating to the establishment and operation of the University. Income of the General Operating Fund includes interest earned by the Endowment Fund and contributions made to the General Operating Fund by the Governments of Cyprus, Ghana and Senegal, and by non-governmental sources.

Financial position of the United Nations University

9. Statement I shows that the combined assets for the General Operating Fund for the United Nations University and for the Endowment Fund of the United Nations University amounted to \$111,100,920. This includes \$90,202,441 representing pledged contributions receivable from Governments for the United Nations University Endowment Fund, the details of which are given in schedule 1.

10. The unencumbered fund balance of the General Operating Fund at year-end 1975 amounted to \$609,721, which is carried forward to the 1976 financial year and is available to finance future operation of the University.

11. As shown in statement II, the total income available to the General Operating Fund amounted to \$1,716,093, including interest income of \$1,636,899 earned by the Endowment Fund from inception in 1975 through 31 December 1975. Interest earned by the Endowment Fund was transferred to the General Operating Fund as per the monthly expenditure requirements and at year-end 1975 the balance of the interest income not yet transferred, \$523,416, was handed over to the General Operating Fund in order to meet the future expenditure requirements (schedule 2).

12. The total obligations incurred in the General Operating Fund for the establishment and operation of the University Centre in Tokyo during the biennium 1974-1975 totalled \$1,132,064, of which \$58,825 were unliquidated obligations as at 31 December 1975. These obligations are shown under "Expenditure" in statement II. \$1,019,593 (90.07%) for personnel services is composed of \$564,402 (49.86%) for salaries, \$144,889 (12.80%) for common staff costs and \$310,302 (27.41%) for travel. \$27,288 (2.41%) were for subcontracts and \$859 (0.08%) were for equipment. \$84,324 (7.44%) for other is composed of \$68,901 (6.09%) for general operating expenses, \$14,937 (1.31%) for acquisitions and \$486 (0.04%) for other.



13. In September, November and December 1975, three expert group meetings were convened in Tokyo and task force meetings related to these groups were held in New York. This involved substantial expenditures for travel and per diem as well as for the preparation and printing of official United Nations University reports on those meetings.

14. Schedule 1 reflects the combined status of pledges as at 31 December 1975. In addition to the amount of \$40,432,274 pledged to the Endowment Fund during 1974 and 1975, \$70 million were pledged by Governments for future years. A total of \$20,231,215 was received during 1974 and 1975 leaving a balance of \$90,201,159 for unpaid pledges at year-end 1975 towards the Endowment Fund. Subsequent to 31 December 1975, payments of \$22 million were received through 20 February 1976 against the above-mentioned outstanding pledges for the Endowment Fund.

15. The status of the University's interest-bearing bank deposits as at 31 December 1975 is shown in schedule 2. The total interest earned on the Endowment Fund was \$1,636,899, which was transferred to the General Operating Fund as explained earlier.

## II. AUDIT OPINION

We have examined the following appended financial statements, numbered I and II, properly identified, and relevant schedules of the United Nations University and the Endowment Fund for the United Nations University for the biennium 1974-1975 ended 31 December 1975. 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 properly reflect the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 31 December 1975.

(Signed) J. J. MACDONELL  
Auditor General of Canada

(Signed) A. MARTINEZ ZULETA  
Controller General of Colombia

(Signed) A. HAMID  
Auditor General of Pakistan

25 June 1976

III. ACCOUNTS FOR THE BIENNIUM 1974-1975 ENDED 31 DECEMBER 1975

## UNITED NATIONS UNIVERSITY

Statement of assets, liabilities and unencumbered fund balance  
as at 31 December 1975

(Expressed in United States dollars)

	<u>General Operating Fund for the United Nations University</u>	<u>Endowment Fund for the United Nations University</u>	<u>Total</u>
<u>Assets</u>			
Cash at banks and on hand	52 117	-	52 117
Interest-bearing bank deposit	523 416	20 231 215	20 754 631
Pledged contributions receivable from Governments	1 282	90 201 159	90 202 441
Accounts receivable	8 226	-	8 226
Accrued interest receivable	54 598	-	54 598
Due from United Nations General Fund	<u>28 907</u>	<u>-</u>	<u>28 907</u>
Total assets	<u>668 546</u>	<u>110 432 374</u>	<u>111 100 920</u>
<u>Liabilities and unencumbered fund balance</u>			
<u>Liabilities</u>			
Unliquidated obligations	58 825	-	58 825
Deferred contributions and income	<u>-</u>	<u>70 000 000</u>	<u>70 000 000</u>
Total liabilities	<u>58 825</u>	<u>70 000 000</u>	<u>70 058 825</u>
<u>Unencumbered fund balance</u>			
Balance available at 1 January 1974	25 692	-	25 692
Add: Excess of income over expenditure (see statement II)	<u>584 029</u>	<u>40 432 374</u>	<u>41 016 403</u>
Balance available at 31 December 1975	<u>609 721</u>	<u>40 432 374</u>	<u>41 042 095</u>
Total liabilities and unencumbered fund balance	<u>668 546</u>	<u>110 432 374</u>	<u>111 100 920</u>

CERTIFIED CORRECT

(Signed) W. H. ZIEHL  
Acting Controller  
Office of Financial Services

New York, 30 March 1976

## UNITED NATIONS UNIVERSITY

Statement of income and expenditure for the biennium 1974-1975  
ended 31 December 1975

(Expressed in United States dollars)

	<u>General Operating Fund for the United Nations University</u>	<u>Endowment Fund for the United Nations University</u>	<u>Total</u>
<u>Income</u>			
Contributions from Governments	53 008	40 432 374	40 485 382
Public donations	25 030	-	25 030
Subventions from Endowment Fund for the United Nations University	1 636 899	-	- <u>a/</u>
Interest income	<u>1 156</u>	<u>1 636 899</u>	<u>1 638 055</u>
Total income	<u>1 716 093</u>	<u>42 069 273</u>	<u>42 148 467</u>
<u>Expenditure</u>			
Personnel services	1 019 593	-	1 019 593
Subcontracts	27 288	-	27 288
Equipment and supplies	859	-	859
Transfer to General Operating Fund	-	1 636 899	- <u>a/</u>
Other	<u>84 324</u>	<u>-</u>	<u>84 324</u>
Total expenditure	<u>1 132 064</u>	<u>1 636 899</u>	<u>1 132 064</u>
Excess of income over expenditure	<u>584 029</u>	<u>40 432 374</u>	<u>41 016 403</u>

a/ Net of adjustments for elimination of interfund transactions.

CERTIFIED CORRECT

(Signed) W. H. ZIEHL  
 Acting Controller  
 Office of Financial Services

New York, 30 March 1976

UNITED NATIONS UNIVERSITY

Combined status of pledges unpaid as at 31 December 1975

(Expressed in United States dollars)

<u>Countries</u>	<u>Unpaid pledges as at 1 January 1974</u>	<u>Pledges and adjustments for 1974 and 1975</u>	<u>Pledges for future years</u>	<u>Collections during 1974 and 1975</u>	<u>Unpaid pledges as at 31 December 1975</u>
General Operating Fund for the United Nations University					
Cyprus	-	1 282	-		1 282
Ghana	-	29 540	-	29 540	-
Senegal	-	22 087	-	22 087	-
Subtotal	-	52 909	-	51 627	1 282

100

Endowment Fund for the  
United Nations University

Greece	-	20 000		-	20 000
Japan	-	40 000 000	60 000 000	20 000 000	80 000 000
Norway	-	181 159	-	-	181 159
Sweden	-	231 215	-	231 215	-
Venezuela	-	-	10 000 000	-	10 000 000
Subtotal	-	40 432 374	70 000 000	20 231 215	90 201 159
Grand total	-	40 485 283	70 000 000	20 282 842	90 202 441

## UNITED NATIONS UNIVERSITY

Interest-bearing bank deposit as at 31 December 1975

(Expressed in United States dollars)

Endowment Fund for the United Nations University

Bank of Tokyo		
8 7/16 per cent, 22 January 1976	10 000 000	
Mitsubishi Bank		
8 7/16 per cent, 22 January 1976	10 000 000	
United Nations Miscellaneous Trust		
Fund Investment Pool	<u>231 215</u>	20 231 215

General Operating Fund for the United Nations University

United Nations Miscellaneous Trust		
Fund Investment Pool		<u>523 416</u>
Grand total		<u>20 754 631</u>

#### IV. REPORT OF THE BOARD OF AUDITORS

1. The Board of Auditors, established under General Assembly resolution 74 (I), is required to audit the accounts of the United Nations University in accordance with article XII of the United Nations Financial Regulations and Rules and the annex thereto.

2. The Secretary-General submitted for audit the following financial statements and two supporting schedules:

Statement I. Statement of assets, liabilities and unencumbered fund balance as at 31 December 1975.

Statement II. Statement of income and expenditure for the biennium 1974-1975 ended 31 December 1975.

##### Scope of audit

3. The scope of the audit of the Board of Auditors is governed by article XII of the Financial Regulations and Rules of the United Nations which state that:

"The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

"The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

"The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit."

4. The responsibilities of the Board of Auditors are set out in the annex to the Financial Regulations and Rules of the United Nations referred to in article XII, paragraph 1, which reads as follows:

"The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

"(a) That the financial statements are in accord with the books and records of the Organization;

"(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;



"(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

"(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

"(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits."

5. The examination of the accounts and financial statements was carried out in conformity with the above provisions and included a general review of accounting procedures and systems of internal financial controls, and such tests of the accounting records and supporting evidence as were considered necessary in the circumstances.

6. In the course of the audit, liaison was maintained with the Joint Inspection Unit, the Panel of External Auditors of the United Nations and Specialized Agencies, and the United Nations Internal Audit Service in order to avoid duplication of effort and overlapping of work.

7. The Board's examination of the accounts and financial statements was carried out in New York. However, since the accounting responsibility is being transferred to Tokyo, future audits will have to be carried out in that city.

#### Acknowledgement

8. The Board of Auditors records its appreciation for the co-operation and assistance extended by the Rector of the United Nations University, the officers and members of the staff and the Secretariat of the United Nations.

(Signed) J. J. MACDONELL  
Auditor General of Canada

(Signed) A. MARTINEZ ZULETA  
Controller General of Colombia

(Signed) A. HAMID  
Auditor General of Pakistan

25 June 1976

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