

DELOITTE & CO

WEEKLY AUDIT MEETINGS

OUTSTANDING FROM MEETING, FRIDAY 17 MAY 46

Wm Campbell
File

1. INTERPRETATION OF CLAUSES
IN ARMY D.P. AGREEMENTS

We are awaiting a copy of M. Burnsey's
Report on this matter.

2. ACCOUNTING PROCEDURES FOR SPECIAL MISSIONS
(see "A" attached)

Mr. Green to report on the procedure to be
followed with regard to the expenses of
special missions for which independent budgets
have been set up.

3. COMMODITY ACCOUNTING
ACCOUNTING FOR COMMODITY EXCHANGES }

Discussed by Mr. Turner with
the Deputy Controller.

4. D.P. FIELD OFFICE ACCOUNTING

Mr. Thistlethwaite to furnish us with a
copy of the instructions which were produced
at the 17/5/46 meeting.

5. U.N.E.S.C.O.

Mr. Green to make further investigations of
matters covered by "Notes of the Week" 11/5/46,
and to produce certain cables clarifying this
matter to which he referred on 17.5.46.

6. DISPOSAL OF SURPLUS EQUIPMENT

The procedure for disposing of Surplus
Equipment is still being drafted. A copy
will be supplied to us.

7. UNIFORM ALLOWANCES

Mr. Stephenson to supply us with copy of Accounting Procedure for UNRRA Allowances when issued.

8. MUNICH CENTRE UNIVERSITY

We would still like any available details regarding the internal organisation for accounting for any funds in possession of responsible officials. Mr. Thistlethwaite to follow up.

9. CONTROL OVER IMPREST CASH REQUEST BOOKS IN GERMANY. UNRRA FORM 2.

Mr. Thistlethwaite to supply a copy of ~~these~~ instructions regarding control of these books.

10. P.X. PURCHASES, GERMANY

It is believed the effective date of currency control over PX Purchases has been postponed by the Army until 1st July. Can Accounting Section confirm?

11. ACCOUNTING FOR UNRRA AIR TRANSPORT SERVICE

Still outstanding. Mr. Thistlethwaite to study problems involved and ensure issuance of necessary instructions.

12. REFUGEE CAMPS IN EAST AFRICA
(see "B" attached)

Mr. Thistlethwaite to advise on accounting problems arising out of operation these camps.

13. WASHINGTON CURRENT A/C RECONCILIATIONS.
(see "C" attached)

Mr. Greig is now handling the matter of the December reconciliation. Will Accounts Dept. keep in contact with us and advise us of progress?

14. REFUND OF PURCHASE TAX

Mr. Thistlethwaite will reply to our memo. of April 30th in this connection when ~~General~~ General Counsel's opinion is known.

15.40 DEVONSHIRE CLOSE

We are still awaiting the necessary authority for the write-off of the cost of free of charge accommodation for certain individuals at 40 Devonshire Close. It is in the hands of the C.F.A. and we still await his decision.

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WEEKLY AUDIT MEETINGSOUTSTANDING FROM MEETING ON 10TH MAY, 1946.

File

1. SURPROP ACCOUNTING

The decision of Washington as to which Surprop expenses if any have to be treated as chargeable to Mission accounts is awaited.

2. CLEARANCE OF PERSONAL ACCOUNTS

Copies of new instructions issued to the field as a series of cables are to be supplied to us.

3. INTERPRETATION OF CLAUSES IN ARMY D.P. AGREEMENTS

It is understood that no decisions have yet been arrived at.

4. AUDIT ADJUSTMENTS ON FIELD OFFICE ACCOUNTS
31ST DECEMBER, 1945.

Mr. Campbell will discuss this matter with Mr. Turner on Monday, 13th instant, at 2.30 p.m.

5. ACCOUNTING PROCEDURES. SPECIAL MISSIONS

Mr. Thistlethwaite is to prepare instructions to ensure that expenses of special Missions authorised by special budgets are properly accounted for by E.R.O. and Field Offices.

6. COMMODITY ACCOUNTING

A draft of the proposed revised procedure is to be shown to us.

7. ACCOUNTING PROCEDURE FOR COMMODITY EXCHANGES

The proposed instructions for accounting for commodity exchanges will be discussed with us.

8. D.P. ACCOUNTING

Mr. Thistlethwaite is to supply us with a copy of instructions issued to German D.P. Offices with regard to the procedure for consolidating accounts in D.P. Operations, Germany.

9. 40 DEVONSHIRE CLOSE

We are still awaiting the necessary authority for the write-off of the cost of free of charge accommodation for certain individuals at 40 Devonshire Close. It is understood that the matter is in the hands of the C.F.A.

10. UNESCO

Mr. Green will make further enquiries regarding accounting problems which may arise and will report to us.

11. DISPOSAL OF SURPLUS EQUIPMENT

The procedure for disposing of surplus equipment is still being drafted. A copy will be supplied to us.

12. UNIFORM ALLOWANCES

Mr. Stephenson will supply us with a copy of accounting procedure for uniform allowances.

13. MUNICH CENTRE UNIVERSITY

Mr. Thistlethwaite will study this matter further and report whether special accounting instructions are necessary.

14. CONTROL OVER IMPREST CASH REQUEST BOOKS
IN GERMANY (UNRRA FORM NO.2)

Mr. Thistlethwaite will supply a copy of the instructions regarding the control to be exercised over the issue and use of the above-mentioned forms.

15. PX PROCEDURE, GERMANY

A decision as to the procedure to be adopted is awaited from Washington. When this decision is received the accounting problems, if any, will be discussed with us.

16. M. & T. BASE, GRANVILLE, LIQUIDATOR'S ACCOUNTS

Mr. Campbell will discuss this matter with Mr. Turner at 2.30 p.m. on Monday, 13th instant.

17. ACCOUNTING FOR UNRRA AIR TRANSPORT SERVICE

Mr. Thistlethwaite will study the problems involved and ensure that the necessary instructions are issued.

18. REFUGEE CAMPS FOR EAST-AFRICA etc.

Mr. Thistlethwaite will study the accounting problems involved in the proposed operations of Refugee Camps for East-Africa etc. and ensure that the necessary instructions are issued.

19. ACCOUNTS OF THE MISSION TO POLAND AND
THE POLISH DELEGATION.

Mr. Thistlethwaite will study the matter and decide whether the Polish Delegation accounts require to be kept separate from those of the Mission to Poland.

WEEKLY AUDIT MEETINGS

OUTSTANDING FROM MEETING ON 26TH APRIL, 1946

File

1. SURPROP ACCOUNTING

Cable 4169 Washington to London says that except for local currency expenditure Surprop expenses shall be charged as administrative. This does not appear to accord with the classification of expenditure adopted by the Administration and promulgated in A.O.58.

2. CLEARANCE OF PERSONAL ACCOUNTS

It is agreed that The Hague should be given May 15th as the target date for the clearance of queries on personal accounts. Mr. Campbell said that he would see Mr. Mouat regarding staff requirements to clear the situation in Paris. He stated he would also instruct Mr. Lane to visit Brussels on his way from Germany and to report on the situation there. The question as to whether Mr. Blanchett had reported progress recently was raised.

3. INTERPRETATION OF CLAUSES IN ARMY D.P. AGREEMENTS

Mr. Campbell stated that this matter is now being dealt with by Mr. Burney and Mr. Howell.

4. AUSTRIAN MILITARY AGREEMENT

A cable setting out the arrangements for the take-over from the Military Authorities in Austria has still to be produced to us.

5. AUDIT ADJUSTMENTS ON FIELD OFFICE ACCOUNTS
31ST DECEMBER, 1945.

Appointment was made for 10 a.m. Tuesday, 30th April, for Mr. Penn to discuss this matter with Mr. Thistlethwaite.

6. ACCOUNTING PROCEDURE. SPECIAL MISSIONS

Mr. Thistlethwaite is to prepare instructions to ensure that expenses of such Missions authorised by a special budget are properly accounted for by E.R.O. and Field Offices.

7. HAAREN LIQUIDATION REPORT 29TH MARCH, 1946.

We are to be supplied with a copy of this report.

8. COMMODITY ACCOUNTING

The Commodity Accounting Procedure being under review Mr. Turner asked that Mr. Thomson should see him regarding proposed changes in dealing with specimen signatures of representatives of recipient Governments.

9. ACCOUNTING PROCEDURE - TRAVELLERS CHEQUES

Instructions for issuing officers at Field Offices regarding sterling travellers cheques were produced. These instructions are confined to issuance as travel advances. It is understood that further instructions will be issued to cover the issuance of travellers cheques chargeable against home allotments and the issuance of U.S. dollar and Canadian Dollar travellers cheques.

10. ACCOUNTING PROCEDURE FOR COMMODITY EXCHANGES

Although barter transactions have been discontinued, a certain number have already been carried through or partially completed. Accounting instructions in respect of such transactions will have to be considered.

It is questionable whether transactions such as those envisaged in cable 2518 Washington to Athens are in fact to be classed as barter transactions, if not, instructions for Field Offices and Commodity Accounting Section will have to be issued.

It is understood that Mr. Howell will give a ruling on these matters.

11. D. P. ACCOUNTING

Mr. Fiddes is to supply us with a copy of a bulletin issued to German D.P. Offices with regard to the procedure for consolidating accounts in D.P. operations, Germany.

12. ALBANIAN MISSION - DUPLICATION OF PAYMENTS OF SALARIES

Mr. Campbell stated that he will discuss this matter with Mr. Howell on his return as he understood that Mr. Howell would be making it a subject of enquiry during his present tour.

13. 40. DEVONSHIRE CLOSE WRITE-OFF AUTHORITY

Mr. Thistlethwaite undertook to obtain the necessary write-off authority for individuals accommodated free of charge at 40 Devonshire Close.

14. UNESCO

Mr. Green will supply us with details of accounting plans in connection with the joint operations between UNESCO and UNRRA.

15. CLOSING OF INTER OFFICE ACCOUNTS
31ST DECEMBER, 1945.

Mr. Thistlethwaite undertook to study the situation and to determine a date upon which all inter-office accounts should be closed for reconciliation purposes.

16. DISPOSAL OF SURPLUS EQUIPMENT

We are to be supplied with a copy of proposed procedure for disposing of surplus equipment, to be issued on 1st May and applicable to the Administration's property in Belgium.

17. UNIFORM ALLOWANCES

Mr. Stephenson and Mr. Hart will discuss details of the procedure for accounting for uniform allowances.

18. CABLE REFERENCES

Mr. Thistlethwaite was referred to various cables which appeared as though they might involve special accounting implications.

19. PROVISIONAL ACCOUNTS 31ST DECEMBER, 1945

Mr. Thistlethwaite undertook to supply us with a copy of the provisional accounts as at 31st December, 1945.

20. MUNICH CENTRE UNIVERSITY

Mr. Thistlethwaite was referred to the possibility that special accounting instructions might have to be issued to record the activities of the Administration in operating an international university at Munich.

21. CONTROL OVER IMPREST CASH REQUEST BOOKS IN
GERMANY (UNRRA FORM NO.2).

Mr. Thistlethwaite undertook to supply a copy of the instructions regarding the control to be exercised over the issue of the above-mentioned forms.

C O P Y

FOR INFORMATION ONLY

INCOMING CABLE

ATTENTION: S. Department
C.O.S.

S

WASHINGTON.....TO.....ATHENS

No.2518

D. 4th April, 1946.

R. 18.40 hrs. 4th April, 1946.

Repeated London 3558

PROCURE.

1. Greek Government cabled Varvaressos we accept in principle the plan of supplying Greek products to UNRRA in exchange for increased imports of foodstuffs we can deliver at Greek ports within 2 months products such as tobacco, dried fruit, salt colophony and so on. Please inform competent authorities and ask that UNRRA Greece Mission be authorized to begin immediate negotiations for definite agreement on types and quantities of products, prices, conditions of delivery and so on.
2. Please cable soonest complete list of commodities so available stating types, amounts available, grades for example in case of salt. This will determine price which will in turn determine amount to be credited Greece budget conditions of delivery etc.

C/PM

Wide implications for all countries

File

WEEKLY AUDIT MEETINGSOUTSTANDING FROM MEETING ON 12TH APRIL, 1946.1. SURPROP ACCOUNTING

The cable from Washington regarding the classification of Surprop expenses as administrative refers to Paris only. Confirmation that this ruling covers other Surprop activities and also Suruk should be obtained.

2. SHIPPING LISTS FOR GREECE

We are to see Mr. Lormer as to whether any action has been taken on the provision of Shipping Lists, Eastern Hemisphere, for Greece.

3. CLEARANCE OF PERSONAL ACCOUNTS

We have seen Mr. Brown from The Hague. Mr. Sutherland is to see us whilst in London regarding the position in Paris. The Internal Audit Section will send a man to Brussels to report on the situation there.

4. INTERPRETATION OF CLAUSES IN ARMY D.P. AGREEMENTS.

This matter is still under discussion. We will be advised when any special interpretations have been placed upon the clauses in the agreements.

5. AUSTRIAN MILITARY AGREEMENT.

Mr. Campbell states that the take-over from the Military Authorities in Austria will be progressive and will not be confined to 1st April. A cable in connection with these arrangements will be produced to us.

6. JOINT OPERATIONS WITH THE AMERICAN RELIEF FOR ITALY.

We are to supply to the Chief Accountant an extract from Washington Office letter L.99 of 5th April, 1946.

7. AUDIT ADJUSTMENTS ON FIELD OFFICE ACCOUNTS 31ST DECEMBER 1945.

We are to see Mr. Fiddes regarding audit adjustments arising out of our audit of Field Office books.

8. ACCOUNTING PROCEDURE SPECIAL MISSIONS

Mr. Thistlethwaite is to prepare instructions for the Field to ensure that expenses of special Missions (e.g. Calkins - Agricultural Rehabilitation) where such Missions are authorised by a separate budget either in E.R.O. or Washington, are properly accounted for by E.R.O. and Field Offices.

9. HAAREN LIQUIDATION REPORT 29TH MARCH, 1946

We are to be supplied with a copy of this report.

10. COMMODITY ACCOUNTING

We are to receive for review draft instructions to be issued to Missions as to the form in which specimen signatures shall be provided for E.R.O.

11. ACCOUNTING PROCEDURE STERLING TRAVELLERS CHEQUES

The procedure for the control of issue of sterling travellers cheques is in course of preparation. We are to receive 3 copies.

12. ACCOUNTING PROCEDURE FOR COMMODITY EXCHANGES

General instructions for Field Offices and Commodity Accounting Section to deal with transactions such as those in cable 2518 Washington to Athens, are to be prepared and a copy supplied to us.

13. D.P. ACCOUNTING

Mr. Thistlethwaite will ascertain whether the suggestions made some time ago by Mr. Goldman for accounting and the consolidation of accounts in D.P. Operations, Germany, have been communicated in writing to the Offices concerned and if so, will arrange for a copy to be supplied to us.

12th April, 1946.

Memorandum of points raised at the weekly meeting
between the External Auditors and representatives
of the Division of Accounts and Audit on Friday,
5th April, 1946.

1. With regard to Commodity Accounting, Mr. Turner stated that up to the present he had only seen specimen signatures from Greece, and certain signatures from Albania, which were of doubtful value. These signatures were requested at the Rome Conference last October and should now be obtained, and he suggested that they should be rendered on a form to be specified from the E.R.O.
Action. Chief Accountant to cable for outstanding specimen signatures, the cable to outline, if possible, the form in which they are required to be submitted.
2. Mr. Turner referred to Cable No: 156 of 21st February from Albania promising to submit particulars of revised Commodity Accounting procedure, and if this has now been received he would like to see it.
Action. Chief Accountant to submit to Turner when obtained.
3. Mr. Turner raised the question as to whether the salaries, etc., of Surprop Offices are to be classified as Administrative or Operational.
Action. Mr. Penn to ask Mr. Robbie whether he has any information.
4. Mr. Turner referred to authority which he understood had yet to be obtained for accommodating Mr. and Mrs. D'Arcy and three Irish girls at 40, Devonshire Close, at the expense of the Administration. He suggested that this authority should be signed by a Senior Official of the Administration.
Action. Chief Accountant to request the Director of Administrative Services to certify personally.
5. Mr. Turner referred to the Army agreements relating to Displaced Persons. Mr. Campbell referred to a minute which he had prepared which he would like Mr. Turner to see.
Action. Mr. Campbell to arrange for the file containing his minute to be forwarded to Mr. Turner for examination.
6. Mr. Turner referred to the Austrian Military Agreement and Mr. Campbell stated that Mr. Haydon was hoping to clarify the question to-morrow with the General Counsel.
Action. Mr. Campbell promised to inform Mr. Turner of progress made.
7. Mr. Turner referred to a note which he had written regarding Mr. Reynolds, who is now in Athens for the Supply Department.
Action. Mr. Turner undertook to contact Mr. Lormer direct.
8. Mr. Turner referred to a note which he had written regarding the American Red Cross and an agreement which had been come to with them regarding a 50% participation by UNRRA in connection with the distribution of clothing in Italy.
Action. Mr. Green to follow up the enquiries which he has already initiated and report to Mr. Turner.
9. Mr. Turner stated that Mr. Penn had recently visited the Brussels Office on his behalf and had reported that no-one seemed to be interested in the Personal Accounts and that the present position was unsatisfactory. He suggested that the Internal Audit should investigate locally in Paris, Brussels, The Hague and Scandinavia with a view to ensuring that the real liability is indicated.
Action. Mr. Campbell undertook to telephone to Paris, The Hague and Brussels for reports, but suggested that Scandinavia was covered by the visits now in progress by Mr. Osbourne.
10. Mr. Turner referred to clearing of audit adjustments in connection with the Field Office accounts.
Action. Mr. Penn to see Mr. Fiddes regarding entries to be made in the Mission books and to see Mr. Stephenson regarding entries to be made in the E.R.O. books in connection with Administrative Property inventories and Military liabilities. Mr. Penn also to discuss with Mr. Fiddes a consolidation form which had been sketched out by Mr. Turner.
11. Mr. Turner suggested that in view of a recent cable from Poland, Messrs. Harrison and Buzzard should go to Czechoslovakia instead of to Poland on 10th April.
Action. Mr. Campbell agreed to do what he could to expedite the travel arrangements.

12. Mr. Turner referred to the question of Administrative Property Accountability and said that he felt that there was little hope of doing anything satisfactory in connection with 1945, but that every effort should be made to put the matter right for the future.

Action. Chief Accountant to follow up the accountability arrangements for 1946 through Mr. Drake, who is temporarily in charge.

WEEKLY AUDIT MEETINGS

OUTSTANDING FROM MEETING ON 5TH APRIL, 1946

1. ACCOUNTING FOR ADMINISTRATIVE SUPPLIES.

Clarification of paragraph 14 of Administrative Order A.201. has to be issued. Deals with accounting for Proceeds of Sales.

Chief Accountant Request Mr Turner to let me have his query in writing in order that I may forward it to the MCFA.

2. COMMUNITY ACCOUNTING.

Instructions are to be issued to Missions as to the form in which specimen signatures shall be provided for E.R.O.

Chief Accountant action through Mr Holmes & co-ordinating with Supply.

3. SURPROP ACCOUNTING.

We have to see Mr. Robbie as to whether a decision has been taken on the treatment of Surprop expenses as administrative or operating.

See my cable to Mr Howell

4. SHIPPING LISTS FOR GREECE.

We are to follow up with Mr. Lormer action taken on the provision of shipping lists for Greece.

5. AMERICAN RELIEF FOR ITALY.

We are to follow up with Mr. Green the problem of accounting for expenses connected with clothing distribution in Italy carried out jointly with the American Relief for Italy.

6. CLEARANCE OF PERSONAL ACCOUNTS.

Progress report by Mr. Blanchette dated 10th March will be supplied to us. Mr. Campbell will telephone Paris, Brussels and The Hague and ask for progress reports, copies of which will be supplied to us. We will be informed of the action taken in the Scandinavian Missions when Mr. Osborn reports.

7. INTERPRETATION OF CLAUSES IN ARMY D.P. AGREEMENTS.

Mr. Campbell will obtain for us the file dealing with this subject.

WEEKLY AUDIT MEETINGSOUTSTANDING FROM MEETING ON 5TH APRIL, 1946 (cont.)8. AUDIT ADJUSTMENTS ON FIELD OFFICE
ACCOUNTS 31ST DECEMBER, 1945.

Mr. Penn will go over with ✓
Mr. Fiddes draft journal entries
giving effect to adjustments in
the Mission books which we con-
sider necessary. Mr. Penn will
go over with Mr. Thistlethwaite,
Mr. Stephenson, or Mr. Green
draft adjustments affecting Mission
accounts which we consider ought to
be passed through E.R.O. books.

1st April, 1946.

Memorandum of points raised at the Weekly Meeting
between the External Auditors and representatives
of the Division of Accounts & Audit, on Friday,
29th March, 1946.

1. Obtain copy of telex conversation between Washington and Acting Director of 26th March.
2. Agreed ~~that the~~ classification of Relief and Rehabilitation Expenses down to Main Object Expense Codes Classification or Sub Object Expense Classification, to be referred to the Controller on his arrival.
3. Messrs. Deloitte, Plender, Griffiths & Co. raised the following points:-
3. Whether there were any accounts maintained at the Surprop Depots at Liege, etc. Answer - Report in draft held pending return of Mr. Hart Schaaf. It was ascertained that Deloitte & Co. had already a copy of the report.
4. Reference was made to Administrative Order 201 after Section 14, Page 7, regarding the recording of the procedures of sales, and suggested that this section be clarified to the Field. Action - Deputy Chief Accountant.
5. Reference was made to non-receipt of the Polish accounts. Action - Deputy Chief Accountant to send follow-up cable.
6. If the Administration were still cashing cheques for personnel. Answer - This practice had been stopped by the Division of Finance.
7. If their accounts to the end of December had been settled. Action - Mr. A.A. Green to see that cheque had been forwarded.
8. Whether Imprest Accounts in the hands of Zone Offices were shown as debtors and/or cash; what steps were being taken to write such amounts off to Expense in order to show the true position. It was agreed to examine and adjust when the accounts were available.
9. Reference was made to the ambiguity of the terms of the agreement with the Military. Action - Messrs. Thistlethwaite and Haydon to see the General Counsel.

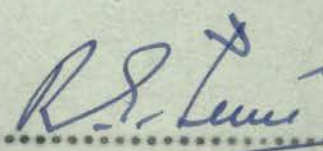
The following points were also discussed:-

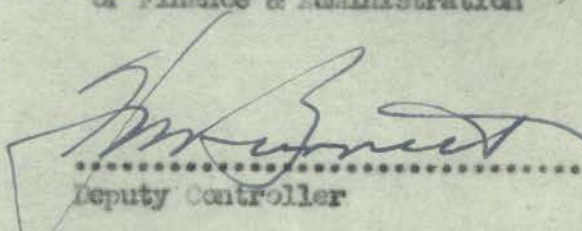
10. Cable WB4623 dated 22nd February from O.F.L.C. Paris to O.F.L.C. London Area Officer. Action - Mr. Iorner to obtain copy from Supply Registry and investigate.
 11. A follow-up cable to Washington re Personal Accounts to be sent regarding ~~non~~ reply to our 3003 9th March and two subsequent telex conversations.
- General:-
12. Major Goldman's extension to procedures to be sent out by F.A.C.B. as a bulletin.
 13. E.A.S.R. handed to the Acting Director a schedule of necessary operations to complete the internal audit to the satisfaction of the External Auditors.
 14. Mr. Morgan handed to the Acting Director a plan of the suggested internal audit requirements relative to Commodity Accounting.
 15. Mr. Morgan made an appointment with the Deputy Chief Account for 2.30 p.m. 1st April.
 16. The following week's meeting was fixed for 4.30 p.m. Friday, 5th April, 1946.

Deloitte, Plender & Griffiths & Co.,
5, London Wall Buildings,
London, E.C.2.

European Regional Office

1. It is our opinion, based upon examination of the records and all facts and information known to us, that Sundry Receivables, Travel Advances, sums due from Governments for emergency supplies etc., amounting to £362,381. 9. 8. at the close of business on 31st December, 1945 were good and recoverable by the Administration subject to an estimated reserve of £55,949. 2. 2. This reserve includes an estimated reserve of £500. for uncollectible accounts and an estimated reserve of £55,449. 2. 2. in respect of (a) Travel and other expense claims rendered in 1946 against advances made in 1945 and (b) Sundry other balances which have been or may be chargeable to expense.
2. It is our opinion, based upon examination of the records and all facts and information known to us, that Receivables from Recipient Governments in respect of Expenditure already Incurred amounting to £92,053. 19. 8. were good and recoverable by the Administration, subject to an adjustment to be made at Headquarters referred to in our Cable No. 17184 para. 3.
3. The above certificate is subject to any observations or recommendations by the Council's Auditors upon completion of their examination of the accounts.


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Deputy Director General & Chief
of Finance & Administration


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Deputy Controller

See page 2.

W. D. Campbell
.....
Assistant Controller

R. T. Russell
.....
Director of Monetary Accounting

MAY 23 1947
Date.....

Deloitte, Plender, Griffiths & Co.,
5, London Wall Buildings,
London, E.C.

Exhibit "B"

European Regional Office

1. The inventory of commodities on hand at the close of business at 31st December 1945 amounted to £2,985,806. 4. 6. and was valued at cost or estimated cost price, made up as follows:

(a) Commodities on hand in U.K.	820,610.	16.	9.
(b) Hides in transit from U.S.A. to United Kingdom for delivery to Ministry of Supply	5,570.	6.	6.
(c) Emergency Supplies in Warehouse	11,251.	8.	4.
(d) Commodities awaiting transport - Caserta	137,544.	16.	8.
(e) Clothing held by Government Agency for disposal	2,000,000.	0.	0.
(f) Commodities in Warehouse and in transit from Supplier - Alexandria	10,828.	16.	3.
	<u>£2,985,806.</u>	<u>4.</u>	<u>6.</u>

(a) In regard to commodities derived from U.K. Government Sources and from Voluntary Donations in kind, the amounts included as commodities on hand in U.K. (£380,042. 5. 5.) were taken from Stock Sheets of physical inventories.

In regard to Commodities on hand in U.K. derived from sources other than U.K. Government and Voluntary Donations in kind (£240,568. 11. 4.) the amounts were based on suppliers' invoices and Headquarters Debit Advices taken on charge in the period ended 31st December 1945 but not shipped as at that date. These items have been compared with documents or records relating to the storage or subsequent shipment of the commodities.

(b) In regard to Hides in transit from U.S.A. to United Kingdom the amounts were based on Headquarters debit advices received for hides shipped in the year 1945 matched with credit notes received from Ministry of Supply for the same hides delivered to the Ministry in the year 1946.


(c) In regard to emergency supplies in Warehouse the amounts were based on the documentation of commodities shipped or designated for shipment to the Government of Luxembourg but not accepted by that Government. These items have been compared with documents relating to the subsequent disposition of the commodities, subject to certain losses which occurred during storage moving and repacking.

(d) The value of Commodities awaiting transport - Caserta £137,544.16. 8. is based on the records of the Caserta Office.

(e) In regard to clothing held by Government Agency for disposal, this represents the estimated value of clothing held by U.K. Government under purchase orders issued on behalf of the Administration. This clothing will pass to the Administration to the extent that it is not disposed of by the U.K. Government to other parties.

(f) In regard to Commodities in Warehouse in Alexandria amounting to £6,732. 18. 5. the amount is based on an actual physical stocktaking certified by Bureau of Requirements and Supply, M.E.O., and valued at cost price. The balance of the stock in M.E.O. represents goods in transit from the supplier to UNEFA Warehouse, the title in which had passed to the Administration, amounting to £4,095. 17. 10.

2. Except as otherwise stated herein the inventories of commodities on hand at 31st December 1945 exclude Eastern Hemisphere procurements shipped prior to that date irrespective of whether the commodities had been delivered to the ultimate recipient by 31st December 1945.
3. It is our considered opinion based upon the best information available, that the sum of £2,985,806. 4. 6. is a correct valuation of the commodities on hand at 31st December 1945 on the basis set out in this certificate; that the commodities according to the evidence available, were the property of the Administration free of lien other than that arising from normal trade custom and that no commodities known to be spoiled or worthless were included therein.
4. The values certified above are subject to any observations or recommendations by the Council's Auditors upon completion of their examination of the accounts.


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Deputy Director General & Chief of
Finance & Administration


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Deputy Controller


.....
Assistant Controller


.....
Director of Monetary Accounting

MAY 23 1947
Date.....

MUSOU 3696

Deloitte, Plender, Griffiths & Co.
5, London Wall Buildings,
London, E.C.

Exhibit "D"

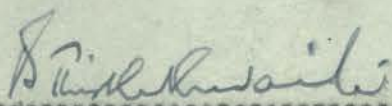
European Regional Office

1. We certify that, to the best of our knowledge and belief, all receipts and funds accruing to the Administration for the period ended 31st December 1945 are reflected in the accounts as at 31st December 1945, subject to an adjustment to be made at Headquarters referred to in our Cable No. 17184, para. 3. However, in respect to contributions from member governments, the Administration has, in accordance with its established policy, included in its financial statements only those contributions which were actually received.
2. We certify that, to the best of our knowledge and belief, no expenditures are included in the accounts to 31st December 1945, which, on the evidence available, are not proper to be so included.
3. The above certificates are subject to any observations or recommendations by the Council's Auditors upon completion of their examination of the accounts.


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Deputy Director General & Chief of
Finance & Administration


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Deputy Controller


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Assistant Controller


.....
Director of Monetary Accounting

Date 23 May 1947

ERO/CS/S

500 6/46 (4547) P644/PB453 5000 6/46 G & S 51

ASSETS

Cash in Banks, on Hand and in Transit

Employees' Provident Fund - See Reserve Contra

Cash in Banks

Sundry Receivables - Travel Advances, sums due from Governments for
for Emergency Supplies, etc.Less Reserve354,441 15
21,914 3

Commodities on Hand

Receivables from recipient Governments in respect of expenditure
already incurredEXPENDITURE

Administrative Expenditure

Operating Expenditure

Local Currency Expenditure (Recipient Countries)

Commodities Distributed

Transportation & Warehousing

LIABILITIES

Accounts Payable & Accruals

Reserve for Employees' Provident Fund - See Fund Contra

Amounts received from Recipient Governments in advance of expenditure

Headquarters Current Account

REVENUE

Administrative Revenue

Operating Revenue

Operating Revenue from non-governmental sources and miscellaneous Income

Allied Currency Supplied by Military Authorities

STATEMENT (EUROPEAN REGION) AS AT 31st DECEMBER 1945

BALANCES AFTER ADJUSTMENT BY
"B" & "C" JOURNAL ENTRIES &
CABLE NO. 17184, PARAS. 1 & 2

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penditure

aneous Income

2,111,900 6 4

2,113,167 19 1

277,718 12 11

277,718 12 11

354,441 15 8

362,381 9 8

21,924 3 6

329,527 12 2

55,949 2 2

306,432 7 6

2,948,261 7 10

2,985,806 4 6

86,357 19 2

92,053 19 8

778,136 18 9

779,225 16 6

7,805,341 - 9

7,803,031 2 1

2,161,671 14 -

2,169,372 6 1

33,558,804 2 9

33,919,499 3 4

5,745,275 19 10

6,170,198 7 6

55,703,055 14 6

56,616,505 19 2

4,190,493 5 9

4,196,044 18 5

277,718 12 11

277,718 12 11

104,559 8 3

99,344 11 7

13,755,589 1 10

13,767,966 18 1

376,550 17 4

376,550 17 4

34,321,214 11 -

35,170,306 5 2

203,363 7 10

204,925 17 10

311,894 15 7

314,275 11 9

ERO/CS/S

500 6/46 (4547) P644/PB453 5000 6/46 G & S 51

REVENUE (Continued)

Local Currency Receipts Accrued:-

Amounts received from Recipient Governments
Less Amounts received in advance of expenditure

2,179,893
106,559

Add Amounts due in respect of expenditure already incurred

2,075,333
86,337

The Notes to Financial Statements are an integral part of this Balance Sheet and should be considered in connection therewith.

Date...23rd...

Exhibit "A"

Deloitte, Plender & Griffiths & Co.,
5, London Wall Buildings,
London, E.C.2.

European Regional Office

1. It is our opinion, based upon examination of the records and all facts and information known to us, that Sundry Receivables, Travel Advances, sums due from Governments for emergency supplies etc., amounting to £362,381. 9. 8. at the close of business on 31st December, 1945 were good and recoverable by the Administration subject to an estimated reserve of £55,949. 2. 2. This reserve includes an estimated reserve of £500. for uncollectible accounts and an estimated reserve of £55,449. 2. 2. in respect of (a) Travel and other expense claims rendered in 1946 against advances made in 1945 and (b) Sundry other balances which have been or may be chargeable to expense.
2. It is our opinion, based upon examination of the records and all facts and information known to us, that Receivables from Recipient Governments in respect of Expenditure already incurred amounting to £92,053. 19. 8. were good and recoverable by the Administration, subject to an adjustment to be made at Headquarters referred to in our Cable No. 17184 para. 3.

R. S. Lewis
.....
Deputy Director General & Chief
of Finance & Administration

W. J. G. G. G. G.
.....
Deputy Controller

A. D. Campbell
.....
Assistant Controller

S. S. S. S. S.
.....
Director of Monetary Accounting

23 MAY 1947
Date.....

Deloitte, Plender, Griffiths & Co.,
5 London Wall Buildings,
London, E.C.

Exhibit "D"

European Regional Office

1. The inventory of commodities on hand at the close of business at 31st December 1945 amounted to £2,985,806.4.6. and was valued at cost or estimated cost price, made up as follows:

(a) Commodities on hand in U.K.	820,610	16	9
(b) Hides in transit from U.S.A. to United Kingdom for delivery to Ministry of Supply	5,570	6	6
(c) Emergency Supplies in Warehouse	11,251	8	4
(d) Commodities awaiting transport - Caserta	137,544	16	8
(e) Clothing held by Government Agency for disposal	2,000,000	-	-
(f) Commodities in Warehouse and in transit from Supplier - Alexandria	10,828	16	3
	<u>£2,985,806</u>	<u>4</u>	<u>6</u>

(a) In regard to commodities derived from U.K. Government Sources and from Voluntary Donations in kind, the amounts included as commodities on hand in U.K. (£380,042.5.5.) were taken from Stock Sheets of physical inventories.

In regard to Commodities on hand in U.K. derived from sources other than U.K. Government and Voluntary Donations in kind (£40,568.11.4.) the amounts were based on suppliers' invoices and Headquarters Debit Advices taken on charge in the period ended 31st December 1945 but not shipped as at that date. These items have been compared with documents or records relating to the storage or subsequent shipment of the commodities.

(b) In regard to Hides in transit from U.S.A. to United Kingdom the amounts were based on Headquarters debit advices received for hides shipped in the year 1945 matched with credit notes received from Ministry of Supply for the same hides delivered to the Ministry in the year 1946.

(c) In regard to emergency supplies in Warehouse the amounts were based on the documentation of commodities shipped or designated for shipment to the Government of Luxembourg but not accepted by that Government. These items have been compared with documents relating to the subsequent disposition of the commodities, subject to certain losses which occurred during storage moving and repacking.

(d) The value of Commodities awaiting transport - Caserta £137,544.16. is based on the records of the Caserta Office.

(e) In regard to clothing held by Government Agency for disposal, this represents the estimated value of clothing held by U.K. Government under purchase orders issued on behalf of the Administration. This clothing will pass to the Administration to the extent that it is not disposed of by the U.K. Government to other parties.

(f) In regard to Commodities in Warehouse in Alexandria amounting to £6,732. 18. 5. the amount is based on an actual physical stocktaking certified by Bureau of Requirements and Supply, M.E.O., and valued at cost price. The balance of the stock in M.E.O. represents goods in transit from the supplier to UHRA Warehouse, the title in which had passed to the Administration, amounting to £4,095. 17. 10.

2. Except as otherwise stated herein the inventories of commodities on hand at 31st December 1945 exclude Eastern Hemisphere procurements shipped prior to that date irrespective of whether the commodities had been delivered to the ultimate recipient by 31st December 1945.
3. It is our considered opinion based upon the best information available, that the sum of £2,985,806. 4. 6. is a correct valuation of the commodities on hand at 31st December 1945 on the basis set out in this certificate; that the commodities according to the evidence available, were the property of the administration free of lien other than that arising from normal trade custom and that no commodities known to be spoiled or worthless were included therein.

R. S. Lwin
.....
Deputy Director General & Chief of
Finance & Administration

J. M. Smith
.....
Deputy Controller

H. W. Campbell
.....
Assistant Controller

S. M. H. S. S. S.
.....
Director of Monetary Accounting

23 MAY 1947
Date

MUSEum 3696

Deloitte, Plender, Griffiths & Co.,
5, London Wall Buildings,
London, E.C.

Exhibit "C"

European Regional Office

From all the information and knowledge in our possession
we state that to the best of our knowledge:

(a) All liabilities against the Administration have been
recorded on the books as at 31st December 1945, subject to an
adjustment to be made at Headquarters referred to in our Cable
No.17184, para. 3.

(b) That all known contingent liabilities have been
reflected either by appropriate reserves, or by mention in the
notes which form part of the financial statements.

R. S. Lewis
.....
Deputy Director General & Chief of
Finance & Administration

W. J. Bennett
.....
Deputy Controller

A. W. Campbell
.....
Assistant Controller

S. A. H. H. H. H. H.
.....
Director of Monetary Accounting

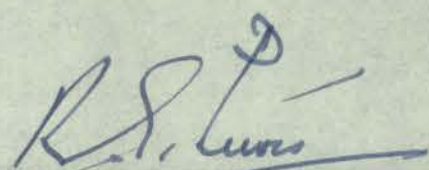
23 MAY 1947
Date.....

Deloitte, Plender, Griffiths & Co.
5, London Wall Buildings,
London, E.C.

Exhibit "D"

European Regional Office

1. We certify that, to the best of our knowledge and belief, all receipts and funds accruing to the Administration for the period ended 31st December 1945 are reflected in the accounts as at 31st December 1945, subject to an adjustment to be made at Headquarters referred to in our Cable No.17184, para.3. However, in respect to contributions from member governments, the Administration has, in accordance with its established policy, included in its financial statements only those contributions which were actually received.
2. We certify that, to the best of our knowledge and belief, no expenditures are included in the accounts to 31st December 1945, which, on the evidence available, are not proper to be so included.


.....
Deputy Director General & Chief of
Finance & Administration


.....
Deputy Controller


.....
Assistant Controller


.....
Director of Monetary Accounting

Date 23 MAY 1947
.....

ASSETS

Cash in Banks, on Hand and in Transit

Employees' Provident Fund - See Reserve Contra

Cash in Banks

Sundry Receivables - Travel Advances, sums due from Governments for
Emergency Supplies, etc.Less Reserve

(Note 2)

Commodities on Hand

(Note 3)

Receivables from recipient Governments in respect of expenditure
already incurred

(Note 4)

EXPENDITURE

Administrative Expenditure

(Note 5)

Operating Expenditure

(Note 5)

Local Currency Expenditure (Recipient Countries) (Note 4)

Commodities Distributed

(Note 6)

Transportation & Warehousing

(Note 7)

LIABILITIES

Accounts Payable & Accruals

Reserve for Employees' Provident Fund - See Fund Contra

Amounts received from Recipient Governments in advance of expenditure (Note 4)

Headquarters Current Account

REVENUE

Administrative Revenue

Operating Revenue

(Note 8)

Operating Revenue from non-governmental sources and miscellaneous Income (Note 9)

Allied Currency & Services supplied by military Authorities (Note 10)

354,441 15

24,924 1

BALANCES AFTER ADJUSTMENT BY
"B" & "C" JOURNAL ENTRIES &
CASES NO. 17101, 17102, 1 & 2

	2,111,900 6 4		2,113,167 19 1
	277,728 12 11		277,728 12 11
for	356,441 15 8 <u>25,924 1 6</u>	329,587 12 2	302,332 9 8 <u>25,924 2 2</u>
	2,445,261 7 10		2,405,806 4 6
to	6,337 19 2		92,053 19 8
	778,136 18 9		779,225 16 6
	7,805,341 - 9		7,803,031 2 1
	2,161,671 14 -		2,169,372 6 1
	33,556,981 2 9		33,519,499 3 4
	<u>8,725,275 13 10</u>		<u>6,170,198 7 6</u>
	<u>55,703,055 14 6</u>		<u>56,616,505 19 2</u>
	4,190,483 5 9		4,196,014 18 5
	277,728 12 11		277,728 12 11
enditure (Note 4)	102,959 8 3		99,941 11 7
	13,735,589 1 10		13,767,966 18 1
	376,550 17 4		376,550 17 4
	31,321,014 11 -		31,170,306 5 2
ous Income (Note 9)	203,963 7 10		202,925 17 10
Note 10)	311,024 15 7		314,275 11 9

REVENUE (Continued)

Local Currency Receipts Accrued:- (Note 4)

Accounts received from Recipient Governments

2,179,893 3

Less Amounts received in advance of expenditure104,559 8

2,075,333 24

Add Amounts due in respect of expenditure already incurred86,337 19

The Notes to Balance Sheet are an integral part of this Balance Sheet and should be considered in connection therewith.

Date...

BALANCES AFTER ADJUSTMENT BY
"B" & "C" JOURNAL ENTRIES &
CABLE NO. 17184, PARAS. 1 & 2

2,179,893 3 1
104,559 8 3
2,075,333 14 10
86,337 19 2

2,161,671 14 -

95,703,059 14 6

2,176,662 18 -
93,344 11 7
2,077,318 6 5
92,053 19 8

2,169,572 6 1

56,616,505 19 2

an integral
be considered

R. S. Lewis
.....
Deputy Director General & Chief of
Finance & Administration
J. M. Bennett
.....
Deputy Controller
R. W. Campbell
.....
Assistant Controller
J. T. Anderson
.....
Director of Monetary Accounting

Date..... 23 MAY 1947

U.N.R.R.A.

EUROPEAN REGION

NOTES TO BALANCE SHEET, AS AT 31st DECEMBER 1945

Note 1: Currency Conversion

The pound sterling has been adopted by the Administration as the reporting medium in the Balance Sheet of the European Region, and amounts in other currencies have been converted at the rates indicated on the Schedule at the end of these notes.

Note 2: Receivables for Travel Advances etc.

Advances were made to employees in respect of travel and other purposes for which claims for expenses had not been submitted at December 31st, 1945. A reserve has been established against these balances for the estimated amount which is not refundable to the Administration, due to expenditure having been incurred on the business of the Administration, or for other causes.

The Administration is of the opinion that no more than £500 of the total receivables at December 31st, represents uncollectible accounts due from employees.

Note 3: Commodities on Hand

The Administration's policy is to record all transactions at the date commodities are warehoused under U.N.R.R.A. control, or in the case of direct deliveries to seaboard, at the date vessels clear port. Consequently no amount has been included as commodities on hand, in respect of those items which were acquired through the agency of Government and which were either in transit to U.N.R.R.A. warehouse or awaiting shipment at dockside at December 31st, 1945.

All commodities shipped at December 31st, 1945 have been shown as distributed irrespective of whether they had reached their destination at that time or whether (as in the case of Italy) title had not actually passed from the Administration to the receiving country.

Similarly, certain equipment on loan to recipient governments at 31st December 1945 has been charged to Commodities Distributed although title had not at that date passed from the Administration.

The Administration did not take a complete physical inventory of commodities on hand at 31st December as this was considered impracticable. However, Administrative controls are maintained over commodities and employees' amenity supplies although in some instances the controls exercised were not rigidly maintained in the field during 1945.

Note 4: Local Currency Receipts Accrued
Receivables from Recipient Governments in respect of Expenditure
already incurred
Local Currency expenditure (Recipient Countries)
Amounts received from Recipient Governments in advance of Expenditures.

The expenses of the Administration within receiving countries have been borne as far as possible by such countries out of local currencies derived from the proceeds of the sale of commodities. Local currencies made available by receiving countries have been received by the Administration in advance of expenses incurred to an extent estimated at £99,344.11.7., while, in the case of two countries, expenditures have accrued to an estimated extent of £92,053.19.8. in excess of currencies received to 31st December 1945, which amounts appear under separate heads in the Balance Sheet. It is the policy of the Administration to record in its accounts the value of the services and facilities rendered by receiving countries only insofar as such amounts have been officially notified by such countries for this purpose.

Note 5: Administrative and Operating Expenditure

The cost of personal services and related items of the Headquarters, Regional and Sub-regional offices, and other groups concerned with general administrative procurement and policy forming functions have been classified as Administrative Expenditure, while Operating Expenditure includes costs incurred for personal services and related facilities and services, as well as the cost of commodities provided within the countries served by the Administration. Such incidental expenses as may be incurred by Administrative officials and employees during temporary and limited stays within a liberated area, and which

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fall to be paid out of the local currency of the area, have been charged generally to operating expense in accordance with Council Resolution No.43.

The line of demarcation between Administrative and Operating expense has been maintained, but the classification of expenses to the different activities and expense headings has not always been consistent owing to Administrative difficulties. The Administration does not intend to make any further review of the distribution of expenses as it does not consider that any such examination would reveal any material changes.

Note 6: Commodities Distributed

(a) Commodities Distributed represents the actual or estimated cost of commodities shipped to receiving countries or camps which had cleared port of origin on or before December 31, 1945.

(b) The account also includes the following items grouped under this head as the expenditure is chargeable against funds allocated to

Commodities Budget:-

(I) Losses and Shortages £2,887. 5. 8.

The general policy of the Administration is to charge Losses Account only to the extent of the value of cargoes lost through marine disasters which it has been agreed to replace in the country programmes of the recipient government. There were no major losses due to marine disasters in 1945. The above figure of losses is made up of :-

- (i) certain warehouses losses in U.K.
- (ii) discrepancies on outturn reports in respect of goods landed in U.K. for transhipment.
- (iii) losses in transit of emergency supplies to Luxembourg and Netherlands.
- (iv) goods procured for shipment in respect of which the documentation for the shipment cannot be traced.
- (v) sundry losses which occurred in the handling of commodities.
- (vi) reduced by credit in respect of surpluses on hides shipped from foreign sources and delivered to the U.K. government for processing and also reduced by cash received for damaged commodities.

(II) Cancelled Contracts:

Reserve for liability of Cancelled Contracts £258,276.

The above amount represents liabilities not yet fully determined which have arisen in respect of cancellation by the Administration of contracts originally made which

it has now been decided not to proceed with owing to such factors as time and date of delivery.

(III) Distribution Suspense £437,527.10.9.

This sum represents the amount by which the invoices rendered by British Government to December 31st 1945 exceed the amounts previously provisionally credited to the British Government Contribution for commodities in the books of the Administration. This difference arises through the fact that estimates had been made by the Administration in respect of commodities shipped and warehoused for which the British Government invoices had not been processed at the time of preparing the accounts. The figure largely arises through discrepancies in prices between those provisionally agreed by the Administration with the Ministry of Supply in respect of motor vehicles and the higher prices at which the Administration has been finally billed. For the purpose of these accounts the provisional prices have been charged to Commodities Shipped but the present state of negotiations with the Ministry of Supply indicates that the Administration will accept the revised prices and consequently the charges to various countries in respect of Commodities Distributed will require to be increased by appropriate portions of this Suspense.

There are included also in the British Government invoices a number of items which so far as British Government records were concerned had passed to the Administration but owing to the fact that they had not been received in U.N.R.R.A. warehouses or included in shipments prior to January 1st, 1946, had not been included in the Administration's figures of Commodities in Hand or Commodities Distributed. See paragraph 1, Note 3.

(c) Commodities Distributed includes commodities referred to in Note 3 paragraphs 2 and 3 to which the Administration technically

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retained title at December 31st, 1945 but which for accounting purposes have been regarded as Distributed.

(d) Accounting for the Balkan stockpile both acquisition and distribution has been dealt with in Headquarters' books.

(e) A fixed percentage has been added to the cost of commodities by the U.K. Government acquired through their agency for Departmental and accessorial charges, such as inland transportation, warehousing and handling, which amounts are subject to adjustment. Although some interim retroactive reductions in the fixed percentages have already been made, these have not been reflected in the accounts at December 31st, 1945 because final settlement has not yet been made.

A fixed percentage has also been added to the cost of commodities acquired from commercial suppliers on a basis other than free alongside ship to cover cost of transferring commodities from the place at which the Administration took title to ships' side or warehouse. The credit arising therefrom in the books has been deducted from the accessorial charges included under the head of Transportation and Warehousing.

(f) The Administration has endeavoured to obtain official receipts from the receiving countries covering all shipments shown as distributed in the attached financial statements. All official receipts in the possession of the Administration have not been completely reconciled with the amounts shown as Distributed and certain official receipts are known to be missing. The administration is taking active steps to obtain these. The missing and unreconciled receipts largely cover supplies procured from the military in the field, transshipments in the Mediterranean area, shipments to Italian Warehouses and Commodities shipped by air.

Note 7: Transportation and Warehousing

In accordance with the policy of the Administration, ocean freight and transportation costs beyond the port of shipment have not been included in the cost of commodities distributed to receiving countries.

Subsequent to 1945, settlements were made with certain Governments in Europe as compensation for the cost of transporting relief supplies through their countries to final destinations. No amount therefor has

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been included in these accounts as it was found impracticable to apply any portion of such settlements against the period ended December 31st, 1945.

Note 8: Operating Revenue

Operating Revenue represents the contributions to the Administration's funds from member nations which are provided for the purpose of relief and rehabilitation of invaded countries.

In accordance with its established policy the Administration has included in its financial accounts:-

- (a) Cash contributions actually received from member governments,
- (b) Commodities received which are in stock in U.N.R.R.A. warehouses or have been shipped at December 31st, 1945,

but it is to be noted that contributions of commodities and services received from member governments for operations include estimates amounting to approximately £2,260,000 for which final documentation had not been submitted to the Administration. These estimates have been based on the best information available. In particular, attention is drawn to the fact that at December 31st, 1945 the Administration had not been able to reconcile in detail drawings of petroleum products from depots in Europe which were operated by the British Military Authorities. Certain petroleum products were drawn from these depots for which bills rendered by the United Kingdom have not been finally reconciled. These transactions have been included in the accounts on the basis of invoices received.

Negotiations between the Administration and the United Kingdom for bulk settlement of part of the supplies contributed to U.N.R.R.A. by the United Kingdom may result in an adjustment in subsequent financial accounts to the amount of the contributions expended at 31st December 1945.

Note 9: Operating Revenue from Non-Governmental Sources

All contributions of commodities and supplies from sources other than member governments are included in the accounts at a

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valuation:-

- (a) In the case of used clothing at the rate of 5/- per pound which rate is considered by the Administration to represent a fair valuation.
- (b) Other contributions from individuals and organisations at the prices indicated by the donors. A complete list of all donors will be published with the final accounts of the Administration.

Donations in kind were received by the Administration and warehoused prior to allocation to recipient countries. It will be appreciated however that it is difficult to identify with the original gift, goods of a general nature, such as used clothing, which have been distributed to recipient countries. Consequently some difficulty has been experienced in agreeing the schedules of gifts in kind provided by the unit responsible for receiving these goods and the items actually shipped or in warehouse at December 31st, 1945 on which the actual credit to Contributions in kind has been based. As a consequence the schedule of contributions in kind supporting the Balance Sheet includes a certain number of items distinguished as "Unidentified Donors". In fact, the donors are known but it is impracticable to distinguish whether the donations in question were actually in warehouse or shipped at December 31st 1945, and agreement can only be made in total. A schedule of the original contributions is available and approximates to the amount shown in the books.

It is anticipated that it will be possible to reconcile records of receipts and shipments on final despatch of all contributed supplies.

Note 10: Allied Currency & Services supplied by Military Authorities

Under the terms of the U.N.R.R.A. SHAEF agreement the Administration was provided by the U.S., British and French armies with services and supplies in Germany, and with allied marks to meet its commitments in local currency. The Administration's interpretation of the U.N.R.R.A. SHAEF agreement is that such *currency*

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supplies and services are not reimbursable out of the Administration's funds, nor are they considered part of the U.S. and U.K. Contribution to U.N.R.R.A.

The Administration has recorded in its accounts only the local currency which has been provided for the Administration's operations in Germany by the Military Authorities.

The Administration has received official confirmation from the British War Office that the local currency was provided on a non-reimbursable basis. Personal contact with the War Office officials responsible for liaison with the Administration indicates that, (though no official confirmation has been received) the War Office interprets the U.N.R.R.A. SHAEF agreement in the same manner as the Administration.

Similarly, the British and American armies have provided currency, services and supplies for the Administration's operations in Austria. The British War Office has officially confirmed that the currency is provided on a non-reimbursable basis. Amounts received from both British and American armies have therefore been credited to allied currency. No provision has been made in the Balance Sheet for supplies and services rendered by the armies which the Administration contends should be regarded as provided on a non-reimbursable basis. There is at present no evidence that the War Department of the U.S. and the U.K. adopt any other view point.

The British Occupation Forces also provided local currency and services on a non-reimbursable basis in Greece and Albania. Credits in respect thereof have been included in the Accounts and the appropriate expenses charged with amounts agreed with the British War Office.

Note 11:

General equipment is included in the Balance Sheet in expenditure and represents Motor Vehicles and Office furniture and other non-expendable equipment acquired by the Administration for the European Region during the period to December 31st, 1945. It has been charged to Administrative or Operating Expense according to the nature of the office for

which the equipment was acquired.

Although the Administration has not maintained fiscal controls over this general equipment it has exercised the best administrative control it found possible in the circumstances.

The Administration's policy is to make no accounting entry to record the value of general equipment losses inasmuch as general equipment is charged to expense at date of purchase (see note 12).

Note 12:

There exist the following contingent liabilities for which no provision has been made or is considered necessary at December 31st, 1945:-

- (a) Equipment and supplies borrowed from Military Authorities and others for which liability may exist in case of non-replacement or dilapidation.
- (b) Claims by third parties which may remain unreported.
- (c) Contingent liabilities may exist in respect of firm requests made through British Government departments for commodities and supplies during the period ended December 31st, 1945 of which for some reason the Administration may be unable to accept delivery. However, it is not considered that any substantial figures are involved apart from the amount of £258,276 provided for in the accounts.

R. S. Lewis
.....
Deputy Director General & Chief
of Finance & Administration

W. J. Smith
.....
Deputy Controller

A. W. Campbell
.....
Assistant Controller

J. T. H. H. H. H. H.
.....
Director of Monetary Accounting

Date..... 23 MAY 1947

U.N.R.R.A.EUROPEAN REGIONSCHEDULE OF EXCHANGE RATES USED IN ACCOUNTSAS OF 31ST DECEMBER, 1945

<u>Country</u>	<u>Currency Unit</u>	<u>Rate of Exchange to £ Sterling</u>	
Albania	Albanian Francs	150.00	
	Italian Lire	400.00	
Austria	Austrian Schillings	40.00	
Belgium	Belgian Francs	176.50	
Cyprus	Cyprian Pounds	par	(9 piastres = 1 shilling)
Czechoslovakia	Czech. Crowns	201.50	
Denmark	Danish Kroner	24.00	to 31st August 1945
		19.34	thereafter
Dodecanese Islands	B.M.A. Pounds	par	
Egypt	Egyptian Pounds	0.975	
Ethiopia	Ethiopian Dollars	10.00	
France	French Francs	200.00	to 25th December 1945
		480.00	thereafter
Germany	Allied Marks	40.00	
Greece	Drachmae	600.00	to 4th June 1945
		2,000.00	from 5th June 1945 to 26th December 1945
		12,000.00	thereafter
Italy	Lire	400.00	
Luxembourg	Luxembourg Francs	176.50	
Netherlands	Guilders	10.691	
Norway	Norwegian Kroner	20.00	
Poland	Zloty	600.00	
Sweden	Swedish Kroner	16.88	
Switzerland	Swiss Francs	17.35	
United States	U.S. Dollars	4.03	
Yugoslavia	Dinars	1,000.00	to 30th April 1945
		200.00	thereafter
		400.00	

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