

[Communicated to the Council,
the Members of the League
and the Delegates at the Assembly.]

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30 JUN 1928

Geneva, May 1st, 1928.

League of Nations

SECRETARIAT AND SPECIAL ORGANISATIONS

INTERNATIONAL LABOUR ORGANISATION

PERMANENT COURT OF INTERNATIONAL JUSTICE

STAFF PROVIDENT FUND

AUDITED ACCOUNTS

FOR THE

NINTH FINANCIAL PERIOD

(1927)

AND REPORTS THEREON BY M. A. CERESA, AUDITOR.

<p>Publications of the League of Nations X. FINANCIAL ADMINISTRATION OF THE LEAGUE 1928. X. 1.</p>
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CONTENTS

	Page
PART I. — GENERAL STATEMENT OF ASSETS AND LIABILITIES OF THE LEAGUE OF NATIONS AS AT DECEMBER 31ST, 1927.	4
PART II. — SECRETARIAT AND SPECIAL ORGANISATIONS OF THE LEAGUE.	
I. Budget Account for the Ninth Financial Period	6
A. General Summary.	6
B. Summary of Items	7
C. Schedules	9
II. Statement of Assets and Liabilities as at December 31st, 1927	17
III. League of Nations: Working Capital Statement as at December 31st, 1927	22
IV. Recoverable Advances made from the Working Capital Fund	24
V. Expenses borne on the Vote for Unforeseen Expenditure incurrable only by Special Resolution of the Council.	24
VI. Recoverable Advances, Unforeseen Expenditure and Transfers: Memorandum by the Secretary-General	24
PART III. — INTERNATIONAL LABOUR ORGANISATION.	
I. Budget Account for the Ninth Financial Period	35
II. Transfers from Item to Item.	40
III. Transfers from Sub-head to Sub-head	42
IV. Statement of Assets and Liabilities as at December 31st, 1927	44
PART IV. — PERMANENT COURT OF INTERNATIONAL JUSTICE.	
1. Budget Account for the Ninth Financial Period:	
I. Accounts	48
II. Transfers	51
2. Statement of Assets and Liabilities as at December 31st, 1927.	54
PART V. — REPORT BY M. A. CERESA (AUDITOR) ON THE AUDIT OF THE LEAGUE OF NATIONS ACCOUNTS FOR THE NINTH FINANCIAL PERIOD (1927).	56
PART VI. — ACCOUNTS OF THE STAFF PROVIDENT FUND FOR 1927	73
Report thereon by M. A. Ceresa (Auditor)	78

Part

GENERAL STATEMENT OF ASSETS AND

LIABILITIES.

	Gold francs	Gold francs	Gold francs
Capital Account:			
Balance as at December 31st, 1927		24,631,084.10	
States Members: Arrears of Contributions.		10,982,342.21	
		<hr/>	35,613,426.31
Working Capital Fund.			4,861,156.49
Building Annuity.			1,375,000.—
Depreciation Reserve :			
<i>Property in Geneva:</i> International Labour Organisation	161,493.24		
<i>Property in Rome:</i> International Labour Organisation	14,957.84		
	<hr/>	176,451.08	
<i>Furniture, fittings, typewriters, etc.:</i>			
Secretariat	1,131,277.02		
International Labour Organisation.	509,424.46		
Permanent Court of International Justice	124,404.58		
	<hr/>	1,765,106.06	
<i>Library (books):</i>			
Secretariat	609,320.19		
International Labour Organisation.	229,944.15		
Permanent Court of International Justice	4,165.35		
	<hr/>	843,429.69	
<i>Library (shelving):</i>			
Secretariat		88,337.16	
		<hr/>	2,873,323.99
Suspense Accounts and Trust Funds as <i>per contra</i>:			
Secretariat		246,710.62	
International Labour Office.		10,483.49	
		<hr/>	257,194.11
			<hr/>
			44,980,100.90

March 15th, 1928.

I.

LIABILITIES AS AT DECEMBER 31ST, 1927.

ASSETS.

	Gold francs	Gold francs	Gold francs
Property in Geneva :			
Hotel National and Armleder property		4,000,000.—	
International Labour Office: expended to date		3,434,903.98	
Secretariat and Assembly Hall construction account: expended to date		3,530,762.—	
		<hr/>	10,965,665.98
Property in Rome :			
International Labour Office.			34,125.55
Furniture, fittings, typewriters, etc. :			
Secretariat		1,131,277.02	
International Labour Organisation.		787,343.77	
Permanent Court of International Justice.		145,205.83	
		<hr/>	2,063,826.62
Library (Books) :			
Secretariat		696,907.78	
International Labour Organisation.		306,811.32	
Permanent Court of International Justice.		4,818.67	
		<hr/>	1,008,537.77
Library (Shelving) :			
Secretariat			92,056.58
States Members : Arrears of Contributions:			
Compounded and consolidated arrears		235,394.65	
Second Financial Period		29,947.47	
Third Financial Period		208,333.—	
Fourth Financial Period		384,386.—	
Fifth Financial Period		2,194,131.42	
Sixth Financial Period		1,900,286.33	
Seventh Financial Period.		1,623,631.29	
Eighth Financial Period		1,411,897.56	
Ninth Financial Period.		2,994,334.49	
		<hr/>	10,982,342.21
Working Capital Fund :			
Recoverable advances			238,911.39
Suspense Accounts and Trust Funds :			
Secretariat		246,710.62	
International Labour Organisation.		10,483.49	
		<hr/>	257,194.11
International Labour Organisation :			
Stock of stationery and paper			23,512.40
Cash in hand and at Banks :			
Building Fund: Assembly Hall and Secretariat construction		10,912,959.08	
International Labour Office.		45,742.47	
Assembly Hall furnishing account		505,416.75	
Building Annuity		1,375,000.—	
Working Capital Fund		4,181,890.06	
Balance cash surplus from 1926		873,626.25	
Cash surplus		1,419,293.68	
		<hr/>	19,313,928.29
			<hr/>
			44,980,100.90

(Signed) P. G. Watterson,
Chief Accountant.

Part II.

SECRETARIAT AND SPECIAL ORGANISATIONS OF THE LEAGUE

I. BUDGET ACCOUNT FOR THE NINTH FINANCIAL PERIOD
ENDED DECEMBER 31ST, 1927.

A. GENERAL SUMMARY

	Allotted	Expended ¹	Shown as expended but not actually paid ²
	Gold francs	Gold francs	Gold francs
A. SECRETARIAT AND SPECIAL ORGANISATIONS.			
Chapter I.			
<i>Assembly and Council</i>	967,900.—		372,449.31
Chapter II.			
<i>General Services of the Secretariat.</i>	7,441,274.—	7,033,371.05	
Less: Appropriations in aid (see page 7)	<u>233,000.—</u>	<u>348,029.47</u>	
	7,208,274.—		6,685,341.58
Chapter III.			
<i>Special Organisations of the League.</i>	5,820,299.97	4,962,878.57 ³	
Less: Appropriations in aid:			
International Health Organisation:			
Item 23, Contribution from the International Health Division of the Rockefeller Foundation:			
Amount received, Gold francs 622,247.57	571,382.84	571,382.84	
Social Questions: Item 24, Contribu- tion from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry on Opium-Poppy Culti- vation in Persia:			
Amount received, Gold francs 55,541.42	3,498.55	3,498.55	
Contribution from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry into Traffic in Women and Children:			
Amount received, Gold francs 47,546.36	45,230.78	45,230.78	
Legal Assistance to the Poor: Item 29, Contribution from the National Association of Legal-Aid Organi- sations: Amount received, Gold francs 42,850.70	<u>2,521.80</u>	<u>2,521.80</u>	
	5,197,666.—		4,340,244.60
Chapter IV.			
	13,373,840.—		11,398,035.49
<i>Profit on Exchange.</i>	100,000.—	17,113.27	
Deduct: Loss on exchange	<u>100,000.—</u>	<u>3,164.07</u>	
			(less) 13,949.20
	13,373,840.—		11,384,086.29
Chapter V.			
<i>Permanent Equipment, etc.</i>	188,000.—		174,917.31
TOTAL: Secretariat and Special Organisations	<u>13,561,840.—</u>		<u>11,559,003.60</u>
B. OTHER ORGANISATIONS.			
International Labour Organisation.	7,431,724.—	7,431,724.—	907,831.05
Permanent Court of International Justice	2,143,777.—	2,143,777.—	261,875.77
C. BUILDINGS AT GENEVA			
	<u>1,375,000.—</u>	<u>1,375,000.—</u>	
	24,512,341.—		22,509,504.60
Less expended than allotted in re- spect of Secretariat and Special Organisations			<u>2,002,836.40</u> 24,512,341.—

¹ In the budget for 1927, the gold franc was taken as the equivalent of the Swiss franc. In so far as the expenditure of the Secretariat and Special Organisations is concerned, the same parity is used in the accounts. The income from contributions is reckoned at the fixed parity of one dollar = 5.1826 gold francs.

² The sums shown under this column represent the difference between the amount due under the budget and that actually remitted to the International Labour Organisation or the Permanent Court of International Justice.

³ The amount of 4,962,878.57 gold francs represents the gross expenditure of the special Organisations of the League. The net expenditure chargeable to the budget of the League, after deducting the various appropriations in aid, amounting to 622,633.97 gold francs, is 4,340,244.60 gold francs.

March 12th, 1928.

(Signed) P. G. WATTERSON,
Chief Accountant.

SECRETARIAT AND SPECIAL ORGANISATIONS.

B. SUMMARY OF ITEMS.

Section I. Ordinary Expenditure.

CHAPTER I. — ASSEMBLY AND COUNCIL.

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
1. Session of the Assembly (see Schedule A) . .	392,900.—	392,900.—	325,934.20
2. Sessions of the Council	75,000.—	75,000.—	43,554.31
3. Unforeseen Expenditure (subject to special vote of the Council)	500,000.—	500,000.—	
Expenses incurred by the British, French and Italian Attachés in carrying out their mission in the Polish-Lithuanian frontier zone			2,960.80
	967,900.—	967,900.—	372,449.31

CHAPTER II. — GENERAL SERVICES OF THE SECRETARIAT.

4. Salaries, wages and allowances:			
(a) Secretariat at Geneva (see Schedule B)	4,896,061.—	4,758,561.—	4,519,371.35
(b) House Staff at Geneva (see Schedule C)	344,829.—	351,329.—	340,723.60
5. Contribution to the Staff Provident Fund. .	250,000.—	277,000.—	269,920.60
6. Latin-American Liaison Bureau (see Sched- ule D)	105,535.—	105,535.—	101,691.42
7. Branch Offices (see Schedule E)	136,764.—	136,764.—	121,731.75
8. Travelling expenses of officials of the League:			
(a) Travelling expenses and subsistence allowances in connection with Gene- ral Services	190,000.—	142,000.—	138,060.67
(b) Travelling Expenses of members of the Secretariat returning home on leave.	45,000.—	51,500.—	48,884.09
(c) Removal expenses to and from Geneva	60,000.—	101,500.—	101,480.61
(d) Passports and visas	—	—	—
9. Frais de représentation (see Schedule F) . .	162,500.—	162,500.—	158,751.87
10. Property account: maintenance:			
(a) Headquarters at Geneva (see Sched- ule G)	229,225.—	229,225.—	193,026.15
(b) House allowance of the Secretary- General (£1,000)	25,220.—	25,220.—	25,220.—
11. Publications Department (see Schedule H) .	395,500.—	395,500.—	373,879.96
12. General office expenses (see Schedule I) . .	388,000.—	483,000.—	466,042.73
13. Special staff charges (see Schedule J) . . .	119,040.—	128,040.—	107,929.45
14. Interest charges: Bank accounts	1,000.—	1,000.—	—
15. Unforeseen expenses of the Secretariat. . .	50,000.—	50,000.—	37,797.—
16. Unpaid Liabilities Fund	5,000.—	5,000.—	2,643.35
17. Supervision of Revenue and Expenditure:			
(a) Auditors' travelling and subsistence allowances	12,500.—	12,500.—	11,672.75
(b) Expenses of Supervisory Commission .	17,500.—	17,500.—	11,883.55
(c) Expenses of Salaries Adjustment Com- mittee	100.—	2,100.—	1,081.80
(d) Expenses of Committee on Allocation of Expenses.	7,500.—	5,500.—	1,578.35
	7,441,274.—	7,441,274.—	7,033,371.05
<i>Deduct: Appropriations in Aid.</i>			<i>Actual Income</i>
(a) Sale of publications	175,000.—	175,000.—	187,996.56
(b) Interest earned	50,000.—	50,000.—	128,358.06
(c) Miscellaneous cash receipts	8,000.—	8,000.—	31,674.85 ¹
	7,208,274.—	7,208,274.—	6,685,341.58

¹ Includes an amount of 7,788.75 francs proceeds of sale of 1,500 copies of League exhibit, cost of production of which was charged in the accounts of 1926.

CHAPTER III. — SPECIAL ORGANISATIONS OF THE LEAGUE.

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
18. Administrative Commissions and Minorities Questions (see Schedule K)	352,739.—	332,739.—	301,452.97
19. Economic and Financial Organisation (see Schedule L)	1,171,746.—	1,161,746.—	1,084,016.33
20. General Economic Conference	320,000.—	550,000.—	479,463.94
21. Mandates (see Schedule M)	259,038.—	219,038.—	191,044.95
22. Transit (see Schedule N)	366,983.—	391,983.—	340,911.16
23. International Health Organisation (see Schedule O)	996,700.—	996,700.—	913,700.89 ¹
24. Social Questions (see Schedule P): Suppression of Traffic in Women and Children; Supervision of Opium Traffic, etc.	275,181.—	285,181.—	257,414.17 ²
25. Reduction of Armaments (see Schedule Q)	1,097,047.—	882,047.—	452,170.75
26. Intellectual Co-operation, International Bureaux, and Miscellaneous Questions (see Schedule R)	207,132.—	207,132.—	171,409.67
27. Settlement of Armenian Refugees	15,100.—	15,100.—	10,056.60
28. International Convention on Slavery	1,000.—	1,000.—	261.65
29. Legal Assistance for the Poor.	—	—	— ³
30. Experts' Committee for the Progressive Codification of International Law	75,000.—	50,000.—	45,565.15
31. Conference — if any — and preparatory work on a scheme for an International Federation for Mutual Assistance in the Relief of Peoples overtaken by Disaster	30,000.—	30,000.—	17,968.67
32. Committee of Press Experts	30,000.—	75,000.—	74,807.70
	5,197,666.—	5,197,666.—	4,340,244.60

CHAPTER IV. — PROFIT AND LOSS ON EXCHANGE.

33. Profit on Exchange	100,000.—	100,000.—	17,113.27
<i>Deduct:</i> Loss on Exchange	100,000.—	100,000.—	3,164.07
	—	—	13,949.20

Section II. Capital Expenditure.

CHAPTER V. — PERMANENT EQUIPMENT, ETC.

35. Further purchases of furniture, equipment, etc.:			
For Annex	40,000.—	40,000.—	39,719.50
Current requirements	45,000.—	45,000.—	44,739.65
36. Library:			
(a) Books, maps	55,000.—	49,000.—	41,932.04
(b) Binding	25,000.—	28,000.—	27,565.20
(c) Periodicals	13,000.—	20,000.—	17,104.32
(d) Equipment, shelving, etc.	10,000.—	6,000.—	3,856.60
	188,000.—	188,000.—	174,917.31

¹ This figure represents the *net* expenditure of the International Health Organisation chargeable to the budget of the League. The *gross* expenditure, after adding the sum of 571,382.84 francs contributed by the Rockefeller Foundation, amounts to 1,485,083.73 francs.

² This figure represents the *net* expenditure of the Section for Social Questions chargeable to the budget of the League. The *gross* expenditure, after adding the sums of 3,498.55 francs and 45,230.78 francs contributed by the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry on Opium-Poppy Cultivation in Persia and towards the expenses of the Commission of Enquiry into the Traffic in Women and Children, amounts to 306,143.50 francs.

³ No expenditure chargeable to the budget of the League has been met from this item. Actual expenditure to an extent of 2,521.80 francs has been satisfied from the contribution received from the National (U.S.A.) Association of Legal-Aid Organisations.

C. SCHEDULES

SCHEDULE A TO CHAPTER I, ITEM I. — *Session of the Assembly.*

	Original Appropriation Gold francs	Appropriation as modified by internal transfers Gold francs	Actual Expenditure Gold francs
1. Salaries of additional temporary clerical and house staff	123,200.—	110,200.—	85,340.10
2. Overtime payments of permanent staff.	8,000.—	8,000.—	3,304.90
3. Travelling expenses and subsistence allowances of temporary staff brought expressly to Geneva	13,000.—	23,000.—	16,625.45
4. Assembly Hall: Rent, lighting, heating, etc.	25,000.—	28,000.—	25,447.35
5. Special printing.	190,700.—	190,700.—	165,796.—
6. Cables, telegrams and telephones	1,000.—	1,000.—	475.55
7. Supplies and stores	13,000.—	13,000.—	12,928.90
8. Automobile and cyclist service	10,000.—	10,000.—	7,527.15
9. Incidental expenses	9,000.—	9,000.—	8,488.80
	<u>392,900.—</u>	<u>392,900.—</u>	<u>325,934.20</u>

SCHEDULE B TO CHAPTER II, ITEM 4 (a). — *Salaries, Wages and Allowances of the Secretariat.*

		Appropriation as modified by transfers	
I. General Organisation.			
Secretary-General	100,880.—	100,880.—	99,568.56
Secretary-General's Office	96,649.—	96,649.—	85,460.20
Deputy-Secretary-General	75,660.—	75,660.—	74,676.48
Deputy-Secretary-General's Office	92,839.—	92,839.—	82,047.10
Under-Secretary-General	75,660.—	80,197.—	79,213.26
Under-Secretary-General's Office	71,595.—	71,595.—	63,574.10
Under-Secretary-General	75,000.—	75,000.—	73,408.10
Under-Secretary-General's Office	23,700.—	28,615.—	27,253.95
Under-Secretary-General	75,000.—	75,000.—	71,146.25
Under-Secretary-General's Office	27,385.—	27,385.—	17,099.70
Political Section	221,711.—	221,711.—	213,927.60
Information Section	845,703.—	809,203.—	777,780.20
Legal Adviser's Branch	356,940.—	337,178.—	243,615.40
Treasurer's Office	88,150.—	88,175.—	85,877.70
(a) Replacements, temporary engagements, overtime, etc., for the General Organisation	10,000.—	12,163.—	10,913.65
(b) Allowances for special languages	2,500.—	1,000.—	810.—
TOTALS: General Organisation.	<u>2,239,372.—</u>	<u>2,193,250.—</u>	<u>2,006,372.25</u>
II. Internal Services.			
Internal Services	219,326.—	193,115.—	179,708.85
Accounting Branch	91,808.—	91,783.—	88,950.80
Internal Control	78,600.—	78,600.—	72,859.15
Précis-Writing and Publications Department	346,886.—	346,886.—	334,688.60
Indexing of Publications	77,448.—	77,448.—	66,732.70
Drafting Committee	25,497.—	25,667.—	24,759.60
Interpreting and Translating	513,110.—	504,110.—	488,603.60
Library	157,954.—	151,954.—	138,932.10
Registry	209,563.—	209,563.—	196,903.70
Central Services.			
Pool of Typists	519,031.—	476,031.—	438,474.30
Duplicating and Multigraph Service	179,582.—	169,582.—	154,236.75
Distribution of Documents	169,663.—	169,851.—	165,558.40
Miscellaneous Services	81,641.—	81,141.—	72,128.30
(a) Replacements, temporary engagements and overtime for all Internal Services	90,000.—	93,000.—	90,462.25
(b) New miscellaneous services			
(c) Family allowances			
TOTALS: Internal Services	<u>2,760,109.—</u>	<u>2,668,731.—</u>	<u>2,512,999.10</u>
TOTALS: General Organisation and Internal Services	<u>4,999,481.—</u>	<u>4,861,981.—</u>	<u>4,519,371.35</u>
Deduct: Reduction in salaries due to lower cost of living	103,420.—	103,420.—	— ¹
GRAND TOTAL.	<u>4,896,061.—</u>	<u>4,758,561.—</u>	<u>4,519,371.35</u>

¹ The reduction in respect of lower cost of living has been deducted from individual sub-heads.

have been raised, and there is abundant material to be examined by that Committee. I therefore ask that suggestion No. II should be referred to the Drafting Committee.

The meeting rose at 8 p.m.

FOURTH MEETING

Held on Monday, July 2nd, 1928, at 4 p.m.

Chairman : M. BENEŠ (Czechoslovakia).

10. Adoption of Model Conventions A, B and C. (Annex 8, II b.)

The CHAIRMAN. — The first items on to-day's agenda are the adoption of Conventions A, B and C, a draft Assembly resolution and an introductory note; after that, the discussion of the German delegation's suggestions which was begun on Saturday afternoon will be continued, and I hope we may be able to terminate this discussion to-day.

I shall shortly call upon M. Politis to give you a general explanation as to the manner in which the model Conventions have been modified by the Drafting Committee at the second reading. M. Politis' explanations will deal with Conventions A, B and C and also with Conventions D, E and F, which will not be discussed until to-morrow.

I should first of all like to thank the Drafting Committee, and more particularly the Committee of Three, for the work they have done in regard to the study of the final text of Conventions A, B and C. You all have before you the text of those Conventions.

In view of the alterations made by the Drafting Committee in the text adopted at the Committee's March session, it was necessary to modify to a certain extent the draft resolution proposed to the Assembly for the submission and recommendation of model General Conventions for conciliation, arbitration and judicial settlement. The new text of this resolution has also been distributed (Annex 8, II c).

The introductory note to the General Conventions on arbitration and conciliation has likewise been revised (Annex 8, II a). As now drafted, the note contains, not only the principles followed by the Committee in drawing up texts adopted at the first reading, but also the alterations which the Committee deemed it expedient to make at the time of the second reading. I shall ask M. Politis to be good enough to give you a general explanation in regard to the alterations made in the model Conventions.

Lastly, I would say that the Drafting Committee has decided to request the Secretariat to frame bilateral conventions on the basis of models A, B and C. It is an easy matter to extract from general conventions the elements of a separate convention. These drafts will be submitted to you at a later meeting during the present session.

I must point out that the delegations which had submitted amendments to the preamble were good enough, while reserving the right to submit those amendments later during the examination of the Conventions by the Committees of the Assembly, to withdraw them, so that the Committee's work should not be delayed on that account. The preamble therefore remains unchanged.

M. POLITIS (Greece). — Two explanatory notes will be distributed, one dealing with model Conventions for the Pacific Settlement of International Disputes, and the other with Security Treaties.

These introductory notes will give details of the various alterations made in the text approved by you at our first reading. It is unnecessary for me to give you a summary of all the details contained in these two explanatory notes, which you will have the opportunity of reading yourselves. I shall therefore confine myself to giving you a few general indications with regard to the principles underlying the work, and the structure of the texts resulting from the second reading.

The method followed was the same as that which was adopted at the second session.

On the basis of the indications given by you, your Drafting Committee proceeded to examine a certain number of points in regard to which the texts appeared to call for some revision in the light of the proposals made on behalf of various Governments. After those points had been discussed, the task of drawing up new formulas for the purpose of revising or supplementing the original texts was entrusted to a Committee of Three.

Generally speaking — and confining myself first of all to the three model Conventions for the Pacific Settlement of International Disputes — I would say that no essential modification has been made in the substance of the Conventions. All the amendments are purely formal, their object being either to supplement or to explain more clearly the meaning of the text adopted at the first reading. The most important points to which I should like to draw your attention are as follows :

SCHEDULE C TO CHAPTER II, ITEM 4 (b). — *Wages of House Staff at Geneva.*

	Original Appropriation Gold francs	Appropriation as modified by internal transfers Gold francs	Actual Expenditure Gold francs
(a) Staff employed in Main Building	272,298.—	268,298.—	263,832.50
(b) Staff employed in Annexes	56,031.—	56,031.—	53,352.85
(c) Overtime, temporary engagements and replacements	15,000.—	25,000.—	21,905.20
(d) Family allowances	1,500.—	2,000.—	1,633.05
	<u>344,829.—</u>	<u>351,329.—</u>	<u>340,723.60</u>

SCHEDULE D TO CHAPTER II, ITEM 6. — *Liaison with Latin America.*

I. <i>Secretariat: Salaries.</i>	45,535.—	44,885.—	43,116.30
II. <i>Other Expenses:</i>			
(a) Correspondents, cables, travelling and removal expenses, etc.	30,000.—	26,450.—	24,380.12
(b) Provision for the development of the Office	—	—	—
(c) Technical investigations to be under- taken in Latin America.	30,000.—	34,200.—	34,195.—
	<u>105,535.—</u>	<u>105,535.—</u>	<u>101,691.42</u>

SCHEDULE E TO CHAPTER II, ITEM 7. — *Branch Offices.*

I. <i>London Sub-Office.</i>			
A. Staff Salaries	26,607.—	24,607.—	22,825.05
B. Property Account and General Office Expenses:			
(i) Rent and rates	£ 1,344	33,896.06	32,185.25
(ii) Lighting	17	428.74	336.65
(iii) Heating	30	756.60	758.05
(iv) Cleaning	85	2,143.70	2,106.70
(v) Repairs and renewals	60	1,513.20	7,705.75
(vi) Telephones.	100	2,522.—	1,664.45
(vii) Stationery	100	2,522.—	1,060.35
(viii) National Health and Unemployment Insu- rance	25	630.50	548.80
(ix) Postage	50	1,261.—	1,301.95
(x) Cables and telegrams	20	504.40	237.60
(xi) Newspapers	40	1,008.80	1,234.—
(xii) Miscellaneous expenses.	150	3,783.—	2,750.45
		<u>77,577.—</u>	<u>84,677.—</u>
			<u>74,715.05</u>
2. <i>Paris Sub-Office.</i>			
A. Staff Salaries	27,696.—	25,096.—	23,067.65
B. Property Account and General Office Expenses:			
(i) Rent	Fr. frs. 48,000	11,520.—	10,699.45
(ii) Lighting	2,500	600.—	621.45
(iii) Heating	12,000	2,880.—	2,733.75
(iv) Cleaning	1,500	360.—	244.35
(v) Repairs and renewals	2,000	480.—	465.40
(vi) Telephones.	15,000	3,600.—	3,404.05
(vii) Cables and telegrams	500	120.—	30.60
(viii) Stationery	3,000	720.—	538.75
(ix) Postage	600	144.—	—
(x) Newspapers	500	120.—	120.90
(xi) Miscellaneous expenses.	10,000	2,400.—	1,913.05
(xii) Reserve to meet increase in prices	20,000	4,800.—	—
		<u>55,440.—</u>	<u>48,840.—</u>
			<u>43,839.40</u>
C. Account due to French Telephone Administration:			
For 1920, 1921, 1922 and 1923 (pre- sented in 1926; credit entered in budget for 1927 in accordance with Article 30 of Financial Regulations)			
French francs 15,613.14	3,747.—	3,247.—	3,177.30
TOTALS: London and Paris Offices	<u>136,764.—</u>	<u>136,764.—</u>	<u>121,731.75</u>

SCHEDULE F TO CHAPTER II, ITEM 9. — *Frais de représentation.*

	Original Appropriation Gold francs	Appropriation as modified by internal transfers Gold francs	Actual Expenditure Gold francs
(a) Secretary-General (£2,500)	63,050.—	63,050.—	63,050.—
(b) Deputy-Secretary-General (£1,000)	25,220.—	25,220.—	25,219.91
(c) Three Under-Secretaries-General	37,720.—	37,870.—	37,854.81
(d) General Fund	36,510.—	36,360.—	32,627.15
	162,500.—	162,500.—	158,751.87

SCHEDULE G TO CHAPTER II, ITEM 10 (a). — *Property Account: Maintenance, Geneva.*

I. Main Building:			
(a) Water rates	5,500.—	5,500.—	5,484.35
(b) Repairs and Renewals:			
(i) Building	60,000.—	70,000.—	65,261.65
(ii) Furniture	25,000.—	11,000.—	9,938.95
(iii) Equipment	6,000.—	4,000.—	3,524.85
(c) Lighting	18,000.—	18,000.—	17,997.60
(d) Heating	25,000.—	23,750.—	20,176.05
(e) Power:			
(i) Water power	1,000.—	1,000.—	826.05
(ii) Electric power (lift)	2,000.—	2,000.—	1,726.05
(f) Insurance and protection:			
(i) Building and furniture	1,700.—	1,720.—	1,704.—
(ii) Securitas (police)	1,200.—	1,200.—	1,200.—
(iii) Villa			—
(g) Employer's liability	250.—	250.—	—
(h) Telephones, local service	22,000.—	30,000.—	23,475.45
(i) Uniforms	3,000.—	3,000.—	2,822.10
(j) Chimneys, repairs to flues	2,000.—	2,000.—	1,262.30
(k) Automobiles, replacements, upkeep and insurance	10,500.—	10,500.—	3,762.55
(l) Office laundry	4,500.—	5,750.—	5,665.85
(m) Sundry supplies	10,000.—	10,000.—	9,901.65
II. Annexes:			
(a) Water rates	500.—	500.—	479.—
(b) Lighting	8,000.—	8,000.—	5,941.95
(c) Heating	8,000.—	6,000.—	—
(d) Electric power	1,500.—	1,500.—	641.70
(e) Insurance	575.—	555.—	334.20
(f) Telephones, local service	8,000.—	8,000.—	7,633.15
(g) Uniforms	2,000.—	2,000.—	1,959.45
(h) Chimneys, repairs to flues, etc.	500.—	500.—	133.60
(i) Laundry	500.—	500.—	494.85
(j) Sundry supplies	2,000.—	2,000.—	678.80
	229,225.—	229,225.—	193,026.15

SCHEDULE H TO CHAPTER II, ITEM 11. — *Publications Department (exclusive of Salaries).*

(a) General printing not covered by special appropriations:			
(i) Council documents and <i>Official Journal</i>	90,000.—	93,000.—	92,911.80
(ii) Internal administration and miscellaneous	4,000.—	10,000.—	8,326.61
(b) <i>Treaty Series</i>	140,000.—	140,000.—	139,181.55
(c) <i>Monthly Summary</i>	60,000.—	60,000.—	54,059.—
Other publications of the Information Section	30,000.—	30,000.—	20,330.10
(d) Travelling, transport charges, advertising for Sales Department, catalogues, etc.	50,000.—	56,000.—	54,803.20
(e) Publications, photographs, etc., for free distribution	4,500.—	4,500.—	4,075.—
(f) Working capital for cinematographic films	2,000.—	2,000.—	192.70
(g) Consultation of experts for the development of the sale of the publications	15,000.—	—	—
	395,500.—	395,500.—	373,879.96

SCHEDULE I TO CHAPTER II, ITEM 12. — *General Office Expenses.*

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
(a) Upkeep of office equipment	10,000.—	2,100.—	1,841.79
(b) Stationery and stationery stores:			
(i) Ordinary	50,000.—	50,000.—	49,236.85
(ii) Supplies for Duplicating Department	80,000.—	106,000.—	105,528.35
(c) Cables, telegrams, long-distance telephone calls on general business	30,000.—	25,000.—	23,831.50
(d) Postage	140,000.—	215,500.—	206,677.30
(e) Freight and carriage	6,000.—	2,500.—	1,973.25
(f) Newspapers:			
(i) General.			1,912.90
(ii) Information Section	12,000.—	13,200.—	7,252.32
(iii) Library and Reading-room			3,793.42
(g) Subscriptions and Press cuttings.	36,000.—	34,500.—	34,448.55
(h) Courier service between Geneva and Paris.	20,000.—	27,700.—	25,052.25
(i) Advertising, etc., for tenders	1,000.—	1,500.—	1,325.60
(j) Miscellaneous petty-cash disbursements, including purchase of miscellaneous publi- cations of non-capital value	3,000.—	5,000.—	3,168.65
	388,000.—	483,000.—	466,042.73

SCHEDULE J TO CHAPTER II, ITEM 13. — *Special Staff Charges.*

(a) Indemnities provided in the Staff Regulations	60,000.—	55,000.—	53,690.80
(b) Reserve Fund for Death and Invalidity Fund	15,000.—	15,000.—	—
(c) Contribution to Sickness Insurance Associa- tion	21,000.—	21,000.—	21,000.—
(d) Fidelity guarantees	4,540.—	4,540.—	4,469.35
(e) Welfare	2,500.—	2,500.—	1,261.25
(f) Gratuities to house staff and others on New Year's Day	4,500.—	4,500.—	4,485.—
(g) Recruitment of staff: advertising, expenses of examinations, special travelling	10,000.—	23,000.—	21,221.20
(h) Medical examination	1,500.—	2,500.—	1,801.85
	119,040.—	128,040.—	107,929.45

SCHEDULE K TO CHAPTER III, ITEM 18. — *Administrative Commissions and Minorities Questions.*

1. Staff salaries	299,239.—	279,239.—	274,073.30
2. Travelling and removal expenses.	39,000.—	39,000.—	20,091.52
3. Printing and documentation.	12,000.—	12,000.—	6,521.05
4. Cables, telegrams and long-distance telephones	2,000.—	2,000.—	622.20
5. Miscellaneous expenses	500.—	500.—	144.90
	352,739.—	332,739.—	301,452.97

SCHEDULE L TO CHAPTER III, ITEM 19. — *Economic and Financial Organisation.*

1. General Conference and preparatory work . .	100,000.—	36,000.—	23,335.60
2. Sessions of the Economic and Financial Committees and of Sub-Committees of Experts:			
(a) Subsistence, travelling and other expenses	140,000.—	198,000.—	195,449.62
(b) Printing and publications for the Committees.	35,600.—	45,600.—	31,235.—
3. Administrative expenses:			
(a) Salaries of Secretariat	655,846.—	643,846.—	629,495.49
(b) Travelling and removal expenses of the Secretariat	50,000.—	70,000.—	56,958.27
(c) Printing and publishing.	117,800.—	117,800.—	110,995.60
(d) Cables, telegrams and long-distance telephones	12,500.—	10,500.—	7,746.95
4. Miscellaneous and unforeseen expenses . . .	60,000.—	40,000.—	28,799.80
	1,171,746.—	1,161,746.—	1,084,016.33

SCHEDULE M TO CHAPTER III, ITEM 21. — *Mandates.*

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
1. Sessions of Permanent Mandates Commission	77,500.—	64,500.—	51,736.05
2. Salaries of Secretariat	135,038.—	108,038.—	102,145.45
3. Travelling and removal expenses	12,000.—	12,000.—	10,337.—
4. Printing and documentation	33,000.—	33,000.—	26,090.15
5. Cables, telegrams, long-distance telephones, unforeseen contingencies and miscellaneous petty expenses	1,500.—	1,500.—	736.30
	259,038.—	219,038.—	191,044.95

SCHEDULE N TO CHAPTER III, ITEM 22. — *Communications and Transit Organisation.*

1. General Conference	40,000.—	40,000.—	32,688.70
2. Regional Conferences	16,000.—	—	—
3. Sessions of the Advisory and Technical Committee	75,000.—	70,000.—	63,254.36
4. Temporary Committees and technical work of experts	40,000.—	86,000.—	76,410.62
5. Printing of documents for the meetings of the Committee and the publication of information to Governments	19,700.—	19,700.—	14,897.30
6. Conciliation of disputes submitted to the Committee: fees to technical advisers and experts and other expenditure arising out of the enquiries	20,000.—	20,000.—	6,023.70
7. Salaries: Permanent Secretariat	129,783.—	129,783.—	125,815.70
Temporary Secretariat	3,000.—	3,000.—	2,345.15
8. Travelling and removal expenses of the Secretariat	20,000.—	20,000.—	17,371.43
9. Cablegrams, telegrams and long-distance telephones	3,000.—	3,000.—	1,694.80
10. Miscellaneous petty expenses and unforeseen contingencies	500.—	500.—	409.40
	366,983.—	391,983.—	340,911.16

	Original Appropriation:			Appropriation as modified by Internal Transfers:			Actual Expenditure		
	League Vote Gold francs	Grants Gold francs	Total Gold francs	League Vote Gold francs	Grants Gold francs	Total Gold francs	League Vote Gold francs	Grants Gold francs	Total Gold francs
I. Secretariat:									
Salaries of the Health Section	324,865.—	—	—	301,365.—	—	—	296,194.05	—	—
Rockefeller Grant I	—	72,508.—	—	—	45,558.48	—	—	45,247.47	—
Rockefeller Grant II	—	79,427.—	—	—	67,507.02	—	—	66,746.91	—
Rockefeller Grant III.	—	26,620.—	503,420.—	—	26,620.—	441,050.50	—	26,580.93	434,769.36
Travelling and removal expenses	50,000.—	—	50,000.—	59,500.—	—	59,500.—	58,645.67	—	58,645.67
General printing and documentation	2,000.—	—	2,000.—	2,000.—	—	2,000.—	688.38	—	688.38
Cables, telegrams and telephones.	8,885.—	—	8,885.—	16,885.—	—	16,885.—	16,799.50	—	16,799.50
Miscellaneous petty expenses	2,000.—	—	2,000.—	2,000.—	—	2,000.—	1,968.30	—	1,968.30
	<u>387,750.—</u>	<u>178,555.—</u>	<u>566,305.—</u>	<u>381,750.—</u>	<u>139,685.50</u>	<u>521,435.50</u>	<u>374,295.90</u>	<u>138,575.31</u>	<u>512,871.21</u>
II. Epidemiological and Public Health Intelligence:									
Special reports and enquiries	117,250.—	—	—	179,410.—	—	—	149,806.05	—	—
Rockefeller Grant II	—	90,769.58	208,019.58	—	102,689.56	282,099.56	—	74,412.50	224,218.55
Publications.	60,000.—	—	60,000.—	60,000.—	—	60,000.—	51,213.70	—	51,213.70
Sanitary notifications.	75,000.—	—	75,000.—	23,840.—	—	23,840.—	21,231.40	—	21,231.40
Collective and individual studies:									
Rockefeller Grant III.	—	82,214.60	82,214.60	—	82,214.60	82,214.60	—	65,638.20	65,638.20
	<u>252,250.—</u>	<u>172,984.18</u>	<u>425,234.18</u>	<u>263,250.—</u>	<u>184,904.16</u>	<u>448,154.16</u>	<u>222,251.15</u>	<u>140,050.70</u>	<u>362,301.85</u>
III. Health Committee and Conferences:									
Sessions of Health Committee:									
(a) Daily allowances and travelling.	75,000.—	—	75,000.—	89,000.—	—	89,000.—	85,874.80	—	85,874.80
(b) Printing and publication.	31,700.—	—	31,700.—	16,700.—	—	16,700.—	14,833.65	—	14,833.65
Conferences and technical missions	100,000.—	—	100,000.—	105,000.—	—	105,000.—	102,063.69	—	102,063.69
	<u>206,700.—</u>	<u>—</u>	<u>206,700.—</u>	<u>210,700.—</u>	<u>—</u>	<u>210,700.—</u>	<u>202,772.14</u>	<u>—</u>	<u>202,772.14</u>
IV. Interchange of Public Health Personnel:									
Expenses in connection with a system of liaison between the various national public health services	150,000.—	—	150,000.—	141,000.—	—	141,000.—	114,381.70	—	114,381.70
Collective, specialised and individual inter- changes:									
Rockefeller Grant III.	—	186,622.—	186,622.—	—	213,571.52	213,571.52	—	212,939.19	212,939.19
Rockefeller additional grant	—	84,086.39	84,086.39	—	84,086.39	84,086.39	—	79,817.64	79,817.64
	<u>150,000.—</u>	<u>270,708.39</u>	<u>420,708.39</u>	<u>141,000.—</u>	<u>297,657.91</u>	<u>438,657.91</u>	<u>114,381.70</u>	<u>292,756.83</u>	<u>407,138.53</u>
Summary:									
I. Secretariat	387,750.—	178,555.—	566,305.—	381,750.—	139,685.50	521,435.50	374,295.90	138,575.31	512,871.21
II. Epidemiological and Public Health Intelligence	252,250.—	172,984.18	425,234.18	263,250.—	184,904.16	448,154.16	222,251.15	140,050.70	362,301.85
III. Health Committee and Conferences.	206,700.—	—	206,700.—	210,700.—	—	210,700.—	202,772.14	—	202,772.14
IV. Interchange of Public Health Personnel.	150,000.—	270,708.39	420,708.39	141,000.—	297,657.91	438,657.91	114,381.70	292,756.83	407,138.53
	<u>996,700.—</u>	<u>622,247.57</u>	<u>1,618,947.57</u>	<u>996,700.—</u>	<u>622,247.57</u>	<u>1,618,947.57</u>	<u>913,700.89</u>	<u>571,382.84</u>	<u>1,485,083.73</u>

SCHEDULE P TO CHAPTER III, ITEM 24. — *Social Questions (Suppression of Traffic in Women and Protection of Children, Supervision of Opium Traffic, etc.).*

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
1. Salaries of the Secretariat	182,681.—	150,681.—	149,461.45
2. Travelling and removal expenses	8,000.—	20,000.—	18,735.07
3. Control of Traffic in Opium and other Dangerous Drugs:			
(i) Sessions of the Advisory Committee	10,000.—	9,000.—	8,552.40
(ii) Printing and documentation of the Committee	12,500.—	31,500.—	24,613.—
(iii) Cables, telegrams, etc.	2,000.—	1,000.—	559.85
(iv) Miscellaneous petty expenses and unforeseen contingencies	500.—	300.—	—
(v) Conference	—	—	—
(vi) Commission of Enquiry on Opium-Poppy Cultivation in Persia: <i>Appropriation in Aid: American Bureau of Social Hygiene</i>	3,498.55	3,498.55	3,498.55
4. Protection and Welfare of Children and Young People:			
(i) Sessions of the Committees	2,500.—	1,000.—	693.55
(ii) Suppression of Traffic in Women and Children:			
(a) Printing and documentation.	8,500.—	52,500.—	45,325.15
(b) Cables, telegrams, etc.	1,000.—	600.—	448.40
(c) Miscellaneous petty expenses and unforeseen contingencies.	500.—	300.—	—
(d) Enquiry into Traffic in Women and Children: <i>Appropriation in aid: American Bureau of Social Hygiene</i>	45,230.78	45,230.78	45,230.78
(iii) Protection of Children:			
(a) Sessions of Sub-Committees	14,000.—	5,000.—	1,199.90
(b) Work of Experts.	16,000.—	3,000.—	2,524.50
(c) Printing and documentation.	10,000.—	8,000.—	4,919.05
(d) Cables, telegrams, etc.	1,000.—	1,000.—	41.85
(e) Miscellaneous petty expenses and unforeseen contingencies.	4,000.—	800.—	99.60
5. Other Social Questions entrusted to the Section, and unforeseen contingencies	2,000.—	500.—	240.40
<i>Gross Expenditure</i>	323,910.33	333,910.33	306,143.50
<i>Deduct: Appropriations in aid: Contributions from the American Bureau of Social Hygiene:</i>			
(a) Towards the expenses of the Commission of Enquiry on Opium-Poppy Cultivation in Persia	3,498.55	3,498.55	3,498.55
(b) Towards the expenses of the Commission of Enquiry into the Traffic in Women and Children	45,230.78	45,230.78	45,230.78
<i>Net Expenditure</i>	275,181.—	285,181.—	257,414.17

SCHEDULE Q TO CHAPTER III, ITEM 25. — *Reduction of Armaments.*

	Original Appropriation Gold francs	Appropriation as modified by transfers Gold francs	Actual Expenditure Gold francs
I. Salaries of Secretariat:			
1. Staff	266,572.—	246,572.—	242,473.50
2. Travelling and removal expenses . .	8,000.—	8,500.—	8,220.40
II. Permanent Advisory Commission:			
1. Meetings of the Permanent Advisory Commission	2,000.—	2,000.—	370.80
2. Printing and documentation	500.—	1,300.—	465.05
3. Cables, telegrams and unforeseen expenses	1,500.—	700.—	150.—
III. Investigations	200,000.—	200,000.—	—
IV. Organ of the Council for Disarmament Work:			
1. Preparatory Commission for the Dis- armament Conference: Sessions of the Commission	15,000.—	30,000.—	18,715.90
2. Sub-Commissions A and B	5,000.—	5,000.—	—
3. Joint Commission: Sessions of the Commission	30,000.—	14,500.—	—
4. General Services:			
(a) Printing and documentation . .	46,475.—	71,475.—	44,361.60
(b) Cables, telegrams and other un- foreseen expenses	5,000.—	5,000.—	1,746.—
(c) Collaboration of experts (tra- velling and other allowances) and technical work	25,000.—	70,000.—	68,104.80
V. Statistical Year-Books:			
1. <i>Armaments Year-Book</i>	50,000.—	51,760.—	51,749.50
2. <i>Statistical Information on the Trade in Arms, Ammunition and Implements of War</i>	12,000.—	13,520.—	13,456.25
VI. International Conference for the Control of the Private Manufacture of Arms, Munitions and Implements of War (including prepa- ratory studies).	130,000.—	130,000.—	2,030.45
VII. International Disarmament Conference. . .	300,000.—	31,720.—	326.50
	1,097,047.—	882,047.—	452,170.75

SCHEDULE R TO CHAPTER III, ITEM 26. — *Intellectual Co-operation, International Bureaux, etc.*

A. Intellectual Co-operation:			
1. Salaries of Secretariat (including the officials who deal with questions relat- ing to International Bureaux).	69,632.—	69,632.—	66,768.30
2. Plenary sessions (including travelling expenses and subsistence allowances) and Sub-Committee meetings.	65,000.—	72,000.—	70,129.80
3. Conference of Experts on the Question of Scientific Property	20,000.—	20,000.—	7,445.30
4. Grant to the Commission for the Co- ordination of Bibliographical Work in the Field of Social Sciences, experts and correspondents	20,000.—	10,000.—	2,534.50
5. Travelling expenses (Secretariat)	8,000.—	11,000.—	10,333.72
6. Printing	11,500.—	11,500.—	9,064.05
7. Miscellaneous petty and unforeseen expenses	3,000.—	3,000.—	1,535.50
B. International Bureaux and Miscellaneous Questions	10,000.—	10,000.—	3,598.50
	207,132.—	207,132.—	171,409.67

II. STATEMENT OF ASSETS AND LIABILITIES AS AT
DECEMBER 31ST, 1927.

SECRETARIAT AND SPECIAL ORGANISATIONS

II. STATEMENT OF ASSETS AND

LIABILITIES.			
	Gold francs	Gold francs	Gold francs
International Labour Organisation :			
Compounded arrears.		65,732.30	
Third Financial Period.		68,725.38	
Fourth Financial Period		112,984.99	
Fifth Financial Period		700,834.93	
Sixth Financial Period		615,953.82	
Seventh Financial Period		526,010.49	
Eighth Financial Period		438,084.77	
Ninth Financial Period.		907,831.05	
		<hr/>	3,436,157.73
Permanent Court of International Justice.			
Compounded arrears.		1,379.42	
Fifth Financial Period		160,670.29	
Sixth Financial Period		168,183.83	
Seventh Financial Period.		136,738.33	
Eighth Financial Period		117,461.59	
Ninth Financial Period.		261,875.77	
		<hr/>	846,309.23
Building Annuity			1,375,000.—
Working Capital Account :			
Balance as per last account		4,672,313.07	
Add Interest earned during year		188,843.42	
		<hr/>	4,861,156.49
Depreciation Reserve :			
<i>Furniture, fittings, typewriters, etc.:</i>			
Balance as per last account	995,140.33		
Add Depreciation for year	136,136.69		
	<hr/>	1,131,277.02	
<i>Library (books):</i>			
Balance as per last account	469,938.64		
Add 20% on value as at December 31st, 1927	139,381.55		
	<hr/>	609,320.19	
<i>Library (shelving):</i>			
Balance as per last account	69,925.85		
Add 20% on value as at December 31st, 1927	18,411.31		
	<hr/>	88,337.16	
		<hr/>	1,828,934.37
Suspense Accounts and Trust Funds ¹			
Contribution from U.S.A. delegation towards the expenses of the Opium Conference		743.80	
Contribution from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry on Opium- Poppy Cultivation in Persia		52,042.87	
Contribution from the National Association of Legal-Aid Organisations (U.S.A.)		40,328.90	
Contribution from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry into Traffic in Women and Children: \$446.80		2,315.58	
International Health Division of the Rocke- feller Foundation Grants account : \$10,109.36		52,392.76	
		<hr/>	
		147,823.91	12,347,557.82
		<i>Carried forward</i>	

¹ See annex, page 32.

OF THE LEAGUE OF NATIONS.

LIABILITIES AS AT DECEMBER 31ST, 1927.

		ASSETS.		
		Gold francs	Gold francs	Gold francs
Property at Geneva :				
Hotel National, Armleder property and capital installation. Balance as per last account			4,000,000.—	
Secretariat and Assembly Hall construction: amount expended to date.			3,530,762.—	
			<hr/>	7,530,762.—
Capital Account.				
<i>Furniture, fittings, typewriters, etc.:</i>				
Balance as per last account	1,046,817.87			
Additions during year	84,459.15			
	<hr/>		1,131,277.02	
<i>Library (books):</i>				
Balance as per last account	610,306.22			
Additions during year	86,601.56			
	<hr/>		696,907.78	
<i>Library (shelving):</i>				
Balance as per last account	88,199.98			
Additions during year	3,856.60			
	<hr/>		92,056.58	
			<hr/>	1,920,241.38
Sundry Debtors — States Members :				
<i>Compounded Arrears Account:</i>				
Guatemala	5,123.60			
Honduras	55,326.58			
Liberia.	73,822.09			
Nicaragua	55,326.58			
Paraguay.	15,370.80			
Salvador	30,425.—			
	<hr/>		235,394.65	
<i>Second Financial Period:</i>				
Peru.			29,947.47	
<i>Third Financial Period:</i>				
Peru.			208,333.—	
<i>Fourth Financial Period:</i>				
China	182,119.—			
Peru.	202,267.—			
	<hr/>		384,386.—	
<i>Fifth Financial Period:</i>				
Bolivia.	100,000.—			
China	1,767,773.28			
Honduras	27,196.51			
Nicaragua	27,196.51			
Peru.	271,965.12			
	<hr/>		2,194,131.42	
<i>Sixth Financial Period:</i>				
Bolivia.	115,871.12			
China	1,506,324.51			
Honduras	23,174.23			
Nicaragua	23,174.23			
Peru.	231,742.24			
	<hr/>		1,900,286.33	
			<hr/>	
	<i>Carried forward</i>	4,952,478.87		9,451,003.38

The first point is that of the form of the Conventions. In March, we thought it would be possible to negotiate general Conventions of those three types on the basis of the models prepared, after their approval by the Assembly. These Conventions, after they had been signed by a certain number of States, were to come into force between all States Members of the League. States non-Members of the League to which these texts were to be communicated would be invited to accede to them.

After further consideration, we decided that this system was somewhat complicated and would run counter to the desire to make these Conventions readily accessible, at an early date, to the greatest possible number of States, whether Members or non-Members of the League.

We have drawn up a very simple system whose chief merit is its elasticity, and this system is as follows : If our model conventions are approved by you and after you by the next Assembly of the League of Nations, they will become League documents and will at once be submitted to all States Members and non-Members of the League for their acceptance. In order to become a contracting party, a State need only signify its accession to one or more of those models, and as soon as the accession of one State is followed by the accession of a second State, the convention will come into force and will remain open indefinitely for the signature of other States.

This system is, I repeat, an extremely elastic one, and will, I hope, encourage all States desirous of promoting peace, whether Members of the League or not, to accede to the conventions.

An important point in regard to which the texts have been amended is that of the automatic constitution of arbitral tribunals and conciliation commissions should the parties fail to agree upon the appointments to be made. We have followed the system established by the Hague Convention of 1907 for the Pacific Settlement of International Disputes, but we have adapted it to the special requirements in view, and have, I may say, improved it by making it more practical and more reliable.

A third point concerns the procedure of conciliation commissions. We have dealt chiefly with two questions : the necessity for the presence of all the members of the commission when the latter is called upon to pronounce an opinion in regard to the subject-matter of the dispute, and decisions taken by a majority vote only ; it is understood that, in this case, the fact must not be mentioned in the commission's *procès-verbal*, in order to allow its members full freedom of action.

Another point which has been cleared up after lengthy and important discussion is that of the intervention of third parties when pacific procedure has been begun between two or more contracting States. In our various conventions, third parties may or must, according to the circumstances, be requested to intervene. It has been recognised, however, that they must always be free to reject the request. If they accept it or intervene on their own initiative as having a legal interest in the case, only then will the decision rendered, whether in the form of a judicial sentence or arbitral award, be final, even in regard to the third parties intervening. If it should happen that the interpretation of a collective convention is given by this sentence, this interpretation shall likewise be binding upon third parties intervening.

We have had to take into account the fact that the conventions might, as we earnestly hope, be accepted by States non-Members of the League, and in view of this possibility, we have revised those texts drawn up in March, which provide, in cases where judicial or arbitral procedure is not applied, or where the conciliation procedure is unsuccessful, that recourse shall be had to the League Covenant. Up to the present, we had only provided for the operation of Article 15 of the Covenant. The fact that the contracting parties may include States non-Members of the League has induced us to mention Article 17 of the Covenant also, which is specially applicable to the case.

A final point deserving of mention is that of the system of reservations. In March last, we explained the reasons why a wide allowance was made in our model Conventions for the Pacific Settlement of International Disputes for the system of reservations. We have been obliged to retain this system, but we have endeavoured to improve it further by stating definitely that the various kinds of reservations already indicated are to be regarded as specific. Only those reservations and no others may be formulated by the contracting States in the model treaties we have prepared.

We thought that it might be possible to add a further class of reservations in order to make the Conventions still more elastic, and to enable certain States, which would not be prepared to accept the jurisdiction of the Permanent Court of International Justice in matters of common law, to substitute a special arbitral tribunal. Accordingly, two texts were drawn up, the scope of which is explained in the introductory note. Upon reflection, however, we decided that it would be somewhat difficult to retain this text. Opinions in the Committee were divided as to the advisability, even for the purpose of making the Conventions more elastic, of adding this fourth series of reservations. The question has therefore remained open and will be decided at a later meeting, or when our model Conventions are examined by the Assembly in September. We shall then have to see whether, by what means, and to what extent, it would be expedient to adopt these reservations, allowing States a wider choice and greater freedom in determining the judge in judicial or arbitral procedure in matters of common law.

LIABILITIES (continued)

	Gold francs	Gold francs	Gold francs
<i>Brought forward</i>		147,823.91	12,347,557.82
Darling Prize Fund		10,162.—	
Scholarship Fund for the Study of Malaria in the Kingdom of the Serbs, Croats and Slovenes		2,562.80	
Account of the Far Eastern Bureau for Epidemiological Intelligence: £2,087 16s. 2d.		52,654.50	
Grant of the League of Red Cross Societies for the organisation of training courses for medical and public health personnel: £245 9s. 11d.		6,190.25	
Balance of Government grants towards the International Sleeping-Sickness Commission		397.—	
Gift to the Child Welfare Committee: \$1,710.89.		8,866.86	
Balance of Epidemic Commission Fund: £559 11s. 7d.		14,111.85	
Balance of grant-in-aid of Italian Red Cross towards the constitution of the International Relief Union		<u>3,941.45</u>	
			246,710.62
Income and Expenditure Account :			
Balance as per last account		28,674,148.55	
Less Adjustment in respect of International Labour Office building		<u>3,310,000.—¹</u>	
		25,364,148.55	
Add Balance, being excess Income over Expenditure for Ninth Financial Period. .		<u>2,327,239.34</u>	
			<u>27,691,387.89</u>
			<u>40,285,656.33</u>

¹ The payments by the Secretariat for the International Labour Office building, amounting to 3,250,000 gold francs (increased in 1927 to 3,310,000 gold francs), appeared as an asset in the accounts for 1926, but as this asset also appears in the balance-sheet of the International Labour Organisation, it has been eliminated from the accounts of the Secretariat and Special Organisations on the proposal of the Auditor.

ASSETS (continued)

	Gold francs	Gold francs	Gold francs
<i>Brought forward</i>		4,952,478.87	9,451,003.38
<i>Seventh Financial Period:</i>			
Bolivia	121,166.51		
China	1,211,665.15		
Honduras	24,233.30		
Nicaragua	24,233.30		
Peru	242,333.03		
		<u>1,623,631.29</u>	
<i>Eighth Financial Period:</i>			
Bolivia	97,889.58		
China	1,022,094.81		
Honduras	24,472.39		
Nicaragua	24,472.39		
Paraguay	22,716.84		
Peru	220,251.55		
		<u>1,411,897.56</u>	
<i>Ninth Financial Period:</i>			
Albania	16,290.93		
Bolivia	96,600.36		
Canada	1,953.56		
China	929,513.11		
Guatemala	5,744.14		
Honduras	24,150.09		
Irish Free State	59,204.13		
Lithuania	6,401.60		
Nicaragua	24,150.09		
Paraguay	22,874.10		
Persia	66,295.—		
Peru	217,350.81		
Poland	620,468.24		
Spain	903,338.33		
		<u>2,994,334.49</u>	
			10,982,342.21
Suspense Accounts and Trust Funds as <i>per contra</i>			246,710.62
Cash at Bank and in hand:			
Building Annuity		1,375,000.—	
Secretariat and Assembly Hall construction account		10,912,959.08	
Assembly Hall furnishing account		505,416.75	
		<u>12,793,375.83</u>	
Working Capital Account:			
Cash balance		4,181,890.06	
Advances		567,611.55	
		<u>4,749,501.61</u>	
Cash at Bank and in hand:			
Balance cash surplus 1926		873,626.25	
Cash surplus in respect of Ninth Financial Period ending December 31st, 1927		1,189,096.43	
		<u>2,062,722.68</u>	
			<u>40,285,656.33</u>

March 12th, 1928.

(Signed) P. G. WATTERSON,
Chief Accountant.

LEAGUE

III. WORKING CAPITAL STATEMENT

	Gold francs	Gold francs
Budget Allocation:		
In respect of Second Financial Period	10,104,360.—	
<i>Less</i> contributions written off	313,800.—	
	<hr/>	9,790,560.—
In respect of Third Financial Period	21,249,988.32	
<i>Less</i> contributions written off	993,085.77	
	<hr/>	20,256,902.55
In respect of Fifth Financial Period	25,673,507.30	
<i>Less</i> contributions written off	54,845.82	
	<hr/>	25,618,661.48
In respect of Sixth Financial Period		23,233,635.70
In respect of Seventh Financial Period	22,658,138.—	
<i>Less</i> contributions written off	22,478.71	
	<hr/>	22,635,659.29
		<hr/>
		101,535,419.02
		<hr/>
Receipts from States Members:		
In respect of Second Financial Period	9,760,612.53	
In respect of Third Financial Period	20,048,569.55	
In respect of Fifth Financial Period	23,424,530.06	
In respect of Sixth Financial Period	21,333,349.37	
In respect of Seventh Financial Period	21,012,028.—	
	<hr/>	95,579,089.51
		<hr/>
Working Capital authorised by Vote of Assembly:		
In respect of Second Financial Period	1,725,000.—	
<i>Less</i> allocation in contributions written off	53,571.45	
	<hr/>	1,671,428.55
In respect of Third Financial Period	1,890,000.—	
<i>Less</i> allocation in contributions written off	84,863.60	
	<hr/>	1,805,136.40
In respect of Fifth Financial Period	500,000.—	
<i>Less</i> allocation in contribution written off	538.48	
	<hr/>	499,461.52
In respect of Sixth Financial Period		442,500.—
In respect of Seventh Financial Period	50,000.—	
<i>Less</i> allocation in contributions written off	49.60	
	<hr/>	49,950.40
		<hr/>
		4,468,476.87
		<hr/>
Working Capital received:		
In respect of Second Financial Period	1,666,316.—	
In respect of Third Financial Period	1,784,207.63	
In respect of Fifth Financial Period	456,363.34	
In respect of Sixth Financial Period	403,567.86	
In respect of Seventh Financial Period	46,367.16	
	<hr/>	4,356,821.99
Voluntary contributions		38,228.15
Interest earned to date on unemployed Working Capital Fund		352,388.97
Interest earned, from date of Assembly decision, on advances not reimbursed within a period of six-months		2,062.50
		<hr/>
		4,749,501.61
		<hr/>

OF NATIONS

AS AT DECEMBER 31ST, 1927.

	Gold francs	Gold francs
Working Capital receivable:		
<i>In respect of Second Financial Period:</i>		
Amount authorised	1,671,428.55	
Amount received	1,666,316.—	
	<hr/>	5,112.55
<i>In respect of Third Financial Period:</i>		
Amount authorised	1,805,136.40	
Amount received	1,784,207.63	
	<hr/>	20,928.77
<i>In respect of Fifth Financial Period:</i>		
Amount authorised	499,461.52	
Amount received	456,363.34	
	<hr/>	43,098.18
<i>In respect of Sixth Financial Period:</i>		
Amount authorised	442,500.—	
Amount received	403,567.86	
	<hr/>	38,932.14
<i>In respect of Seventh Financial Period:</i>		
Amount authorised	49,950.40	
Amount received	46,367.16	
	<hr/>	3,583.24
		<hr/>
		111,654.88
		<hr/>

Statement showing how Amount shown as Working Capital is made up:

Cash at banks		4,181,890.06
<i>Advances:</i>		
Expenses of the High Commissioner at Danzig	98.59	
Question of the Frontier between Turkey and Iraq: Expenses of the Committee of Enquiry appointed by the Council in 1924 not already reimbursed by the Turkish Government.	199,534.50	
Advance of funds to the two Swedish officers placed at the disposal of the Bulgarian and Greek Governments	10,101.25	
International Labour Organisation.	328,700.16	
Minority schools in Polish Upper Silesia: Expenses of the expert appointed by Council	14,627.65	
Advances to the representative of the Financial Com- mittee in Austria	14,549.40	
	<hr/>	567,611.55
		<hr/>
		4,749,501.61
		<hr/>

March 12th, 1928.

(Signed) P. G. WATTERSON,
Chief Accountant.

IV. RECOVERABLE ADVANCES MADE FROM THE WORKING CAPITAL FUND.

(See Working Capital Statement, page 23, and Memorandum below.)

V. EXPENSES BORNE ON THE VOTE FOR UNFORESEEN EXPENDITURE INCURRABLE ONLY BY SPECIAL RESOLUTION OF THE COUNCIL.

(See Budget Account, page 7, and Memorandum, page 25.)

VI. RECOVERABLE ADVANCES, UNFORESEEN EXPENDITURE AND TRANSFERS.

Memorandum by the Secretary-General.

Paragraph 3 of Article 36 of the Regulations for the Financial Administration of the League of Nations reads as follows:

“ There shall be attached to the account as annexes a memorandum showing for the past financial year the resolutions of the Council with reference to: (a) any recoverable advances made from the Working Capital Fund; and (b) any advances originally thought to be recoverable and ultimately considered by the Council to be irrecoverable; and of the competent authority with reference to: (c) any expenses borne on a vote for unforeseen expenses incurable only by special resolution of a competent authority; and (d) any transfers made in the budget. ”

The present memorandum also includes for the sake of completeness a list of internal transfers approved by the Secretary-General.

A. RECOVERABLE ADVANCES MADE FROM THE WORKING CAPITAL FUND.

1. *Expenses of the High Commissioner at Danzig.*

On December 12th, 1925, the Council adopted the following resolution:

“ 2. Dr. van Hamel is hereby appointed High Commissioner at Danzig for a period of three years beginning on February 22nd, 1926 . . . ”

“ 4. The funds allocated for the maintenance of this post shall be advanced to the High Commissioner, as hitherto, by the Financial Department of the League of Nations. The High Commissioner shall present a report to the Financial Department on the employment of these funds, which will be utilised as far as possible in accordance with the general rules applied by the League of Nations in this domain. The advances thus granted to the High Commissioner will be repaid in equal parts by the Danzig and Polish Governments, in accordance with the agreement which they have concluded on this subject. ”

(37th Session, Minute 1627.)

2. *Question of the Frontier between Turkey and Iraq: Expenses of the Committee of Enquiry.*

On September 30th, 1924, the Council adopted the following resolution:

“ With a view to collecting the facts and data which it requires to fulfil the mission entrusted to it under Article 3, paragraph 2, of the Treaty of Lausanne:

“ Decides to set up a special Committee of three members.

“ . . . the Secretary-General shall furnish it with the necessary staff and shall advance it the funds which it may require, such advances to be refunded to the League in equal proportions by the Governments concerned. ”

(30th Session, Minute 1320.)

3. *Advance of Funds to the Two Swedish Officers placed at the Disposal of the Bulgarian and Greek Governments.*

On March 15th, 1926, the Council adopted the following resolution:

“ The Council authorises the Secretary-General to pay from the Working Capital Fund of the League the expenses which the Swedish officers placed at the disposal of the Bulgarian and Greek Governments will incur in proceeding to take up their duties and one month's salary to those officers. It is understood that the Bulgarian and Greek Governments undertake to refund their respective proportions of the said expenses within a period not exceeding three months, and in future to place at the disposal of the Secretary-General of the League of Nations, at the beginning of each quarter, the amounts of the monthly salaries of the above-mentioned officers for the ensuing quarter. ”

(39th Session, Minute 1672.)

4. *International Labour Organisation.*

Paragraph 1 of Article 33 of the Regulations for the Financial Administration of the League of Nations reads as follows:

“ (1) In accordance with Article 26, paragraph 2, the Working Capital Fund is primarily applicable to meet temporarily normal requirements of regular organisations of the League which cannot be paid out of income at the time when they are due to be met. Such organisations shall have the first claim to assistance from the Fund. The assistance shall be given in the form of advances from the Fund to the competent officials of the organisations, and such advances shall be repaid to the Fund as soon as the necessary income is available. ”

5. *Minority Schools in Polish Upper Silesia: Expenses of the Expert appointed by the Council.*

On March 12th, 1927, the Council adopted resolutions from which the following are extracts:

“ The Council decides to institute a system of enquiry . . .

“ In every doubtful case, the local authorities shall refer the question to the President of the Upper Silesian Mixed Commission, assisted by a Swiss national, who shall be an expert in educational matters . . .

“ The financial arrangements concerning the expert shall be made by the Rapporteur, with the assistance of the Secretary-General, on a basis of payment of costs by the League of Nations, subject to refund by the Polish Government. ”

(44th Session, Minute 1915.)

6. *Advances to the Representative of the Financial Committee in Austria.*

On June 13th, 1927, the Council adopted the following resolution:

“ The Council,

“ Considering that, in conformity with its resolution of June 9th, 1926, a quarterly advance of 12,000 francs has been made out of the Working Capital Fund to cover the expenses of M. Rost van Tonningen and of his office in Vienna during the period of July 1st, 1926, to March 31st, 1927.

“ Takes note that, for reasons known to and accepted by the Austrian Government, the actual expenditure has exceeded this sum and that the amount necessary for the reimbursement of the excess expenditure for the above-mentioned period has been remitted by the Austrian Government to M. Rost van Tonningen;

“ Considering that the Austrian Government and the Trustees of the loan have agreed to a small increase in the expenditure of M. Rost van Tonningen's office:

“ Decides to increase, as from the date of the present resolution, from 12,000 to 14,000 francs the maximum advance to be made to M. Rost van Tonningen out of Working Capital Fund, it being understood that the sums thus advanced will be reimbursed every three months by the Austrian Government. ”

(45th Session, Minute 1932.)

B. ADVANCES ORIGINALLY THOUGHT TO BE RECOVERABLE AND ULTIMATELY CONSIDERED BY THE COUNCIL TO BE IRRECOVERABLE.
Nil.

C. EXPENSES BORNE ON THE VOTE FOR UNFORESEEN EXPENDITURE INCURRABLE ONLY BY SPECIAL RESOLUTION OF THE COUNCIL.

Expenses incurred by the British, French and Italian Attachés in carrying out their Mission in the Polish-Lithuanian Frontier Zone.

On December 8th, 1927, the Council, at a secret meeting, decided that the representatives of Great Britain, France and Italy should be requested to instruct their military attachés to proceed

to the Polish-Lithuanian frontier zone, with a view to carrying out an inspection and reporting to the Council.

The Council, having taken no decision as regards the refunding of the expenses incurred by the military attachés in carrying out this mission, the Secretary-General obtained the authority of the President of the Council to charge these expenses to Item 3 of the budget for 1927: "Unforeseen expenditure subject to a special vote of the Council".

This decision of the President was ratified by the Council on March 5th, 1928, by the adoption of the following resolution:

"The Council of the League of Nations,
 "Endorsing the decision taken by its President on December 21st, 1927,
 "Authorises the Secretary-General to refund the travelling expenses of the military attachés who proceeded to the Polish-Lithuanian frontier zone and to grant them, in addition, a daily allowance of 70 francs, and
 "Decides that these expenses shall be charged to Item 3 of the budget for the 1927 financial period: 'Unforeseen expenditure (subject to a special vote of the Council)'."
 (49th session, Minute 2106.)

D. TRANSFERS IN THE BUDGET APPROVED BY THE COUNCIL.

1. On March 7th, 1927, the Council adopted the following resolution:

"The Council approves the following transfers in the budget for 1927:
 "I. 40,000 francs from sub-head 1 ('General Conference and preparatory works') of Item 19 ('Economic and Financial Organisation') to sub-head C ('Publications, printing and documentation of all kinds for the Conference') of Item 20 ('General Economic Conference').
 20,000 francs from sub-head 4 ('Miscellaneous and unforeseen expenses') of Item 19 ('Economic and Financial Organisation') to sub-head C ('Publications, printing and documentation of all kinds for the Conference') of Item 20 ('General Economic Conference').
 "II. 10,000 francs from sub-head 1 ('Salaries') of Item 18 ('Administrative Commissions and Minorities Questions') to sub-head 4 (ii) (a) ('Printing and Documentation') of Item 24 ('Social Questions').
 "III. 20,000 francs from sub-head 1 ('General Conference and preparatory work') of Item 19 ('Economic and Financial Organisation') to Item 32 ('Committee of Press Experts')."
 (44th session, Minute 1868.)

2. On June 13th, 1927, the Council adopted the following resolution:

"The Council decides to make the following transfers:
 "I. 170,000 francs from Item 25 ('Reduction of Armaments'), sub-head VII ('International Disarmament Conference'), to be allocated as follows:
 "50,000 francs to Item 20 (a) ('General Economic Conference: Meeting of the Preparatory Committee and work of experts').
 "50,000 francs to Item 20 (b) ('General Economic Conference: Meeting of the Conference').
 "70,000 francs to Item 20 (c) ('General Economic Conference: Publications, printing and documentation of all kinds for the Conference').
 "II. 10,000 francs from Item 18 ('Administrative Commissions and Minorities Questions'); and
 "15,000 francs from Item 21 ('Mandates'), a total sum of 25,000 francs, to Item 32 ('Committee of Press Experts')."
 (45th Session, Minute 1931.)

3. On September 2nd, 1927, the Council adopted the following resolution:

"The Council decides to make the following transfers in the budget for 1927:
 "I. 122,000 francs from Item 4 (a) ('Salaries, wages and allowances of the Secretariat'¹) to be allocated as follows: 27,000 francs to Item 5 ('Contribution to the Staff Provident Fund'), and 95,000 francs to Item 12 ('General office expenses').

¹ This sum was taken from the following sub-heads of Item 4:

	Swiss francs
4 (a) I, 12 (i), Information Section, Geneva	18,000
4 (a) I, 12 (vi), Information Section, Berlin	9,000
4 (a) II, 4, Précis-Writing	5,000
4 (a) I, 13 (i), Legal Section	10,000
4 (a) II, 7, Library	15,000
4 (a) II, 9 (ii), Duplicating	6,000
4 (a) II, 9 (i), Pool	10,000
4 (a) II, 6, Translating	40,000
	9,000
	<hr/>
	122,000

" II. 25,000 francs from Item 21 ('Mandates') and 25,000 francs from Item 30 ('Experts' Committee for the Progressive Codification of International Law') to Item 19, 2 (a) ('Subsistence, travelling and other expenses of the Economic and Financial Committees').

" III. 25,000 francs from Item 25, VII ('Reduction of Armaments, International Disarmament Conference'), to Item 22, 4 ('Communications and Transit Organisation, Temporary Committees and technical work of experts'). "

(46th Session, Minute 1983.)

4. On September 9th, 1927, the Council adopted the following resolution:

" The Council decides to transfer the sum of 9,000 francs from Item 4 (a) ('Salaries, wages, and allowances of the Secretariat' ¹ of the budget for 1927 to Item 13 (a) ('Indemnities provided in the Staff Regulations'). "

(46th Session, Minute 2008.)

E. INTERNAL TRANSFERS APPROVED BY THE SECRETARY-GENERAL.
(External Transfers not accounted for.)

The following internal transfers within the various items of the budget for 1927 were approved by the Secretary-General:

Sub-head No.	Sub-head	Original figure	Add Swiss francs	Subtract	New figure
Item I. SESSION OF THE ASSEMBLY.					
1.	Salaries of additional temporary clerical and house staff	123,200	—	13,000	110,200
3.	Travelling expenses and subsistence allowances of temporary staff brought expressly to Geneva . . .	13,000	10,000	—	23,000
4.	Assembly Hall, rent, lighting, heating, etc.	25,000	3,000	—	28,000
		<hr/>	<hr/>	<hr/>	<hr/>
		161,200	13,000	13,000	161,200
Item 4(a) SALARIES, WAGES AND ALLOWANCES: SECRETARIAT AT GENEVA:					
I. General Organisation of the Secretariat:					
5.	Under-Secretary-General in charge of Internal Administration . . .	75,660	4,537	—	80,197
8.	Under-Secretary-General's Office (Intellectual Co-operation) . . .	23,700	4,915	—	28,615
12.	Information Section:				
	(i) Geneva Office	680,671	—	815	679,856
	(ii) London Office	38,032	315	—	38,347
13.	Legal Adviser's Branch	356,940	—	4,762	352,178
14.	Treasurer's Office	88,150	25	—	88,175
15(a)	Replacements, temporary engagements, overtime, etc., for the general organisation (Sub-heads I to 14)	10,000	3,000	837	12,163
	(b) Allowance for special languages . .	2,500	—	1,500	1,000
II. Internal Services of the Secretariat:					
1.	Internal Services	219,326	—	26,211	193,115
2.	Accounting Branch	91,808	—	25	91,783
4.	Précis-writing and Publications Department	346,886	15,000	—	361,886
5.	Drafting Committee.	25,497	170	—	25,667
9.	Central Services:				
	(i) Stenographers' Branch	519,031	—	3,000	516,031
	(iii) Distribution of Documents . .	169,663	188	—	169,851
	(iv) Miscellaneous Services	81,641	—	500	81,141
10.	Replacements, temporary engagements and overtime for all internal services	90,000	3,000	—	93,000
	<i>Carried forward</i>	<hr/>	<hr/>	<hr/>	<hr/>
		2,819,505	31,150	37,650	2,813,005

¹ This sum was taken from the following sub-heads of Item 4:

	Swiss francs
4 (a) I, 12 (vi), Information Section, Berlin	1,000
4 (a) I, 12 (iii), Information Section, Paris	8,000
	<hr/>
	9,000

Sub-head No.	Sub-head	Original figure	Add Swiss francs	Subtract	New figure
	<i>Brought forward</i>	2,819,505	31,150	37,650	2,813,005
Item 4(b):	WAGES OF HOUSE STAFF AT GENEVA:				
	(a) House staff employed in Main Building	272,298	—	4,000	268,298
	(c) Overtime	15,000	10,000	—	25,000
	(d) Family allowances	1,500	500	—	2,000
		<hr/>	<hr/>	<hr/>	<hr/>
		3,108,303	41,650	41,650	3,108,303
Item 6.	LIAISON WITH LATIN AMERICA:				
I.	Secretariat	45,535	—	650	44,885
II.	Other expenses:				
	(a) Correspondents, cables, travelling and removal expenses	30,000	650	4,200	26,450
	(c) Technical investigations to be undertaken in Latin America	30,000	4,200	—	34,200
		<hr/>	<hr/>	<hr/>	<hr/>
		105,535	4,850	4,850	105,535
Item 7.	BRANCH OFFICES:				
I.	<i>London Office:</i>				
A.	(i) Staff.	25,351	—	2,000	23,351
B.	Property account and general office expenses:				
	(i) Rent and rates	33,896	—	1,500	32,396
	(ii) Lighting	429	100	—	529
	(iii) Heating	757	100	—	857
	(v) Repairs and renewals	1,513	11,600	—	13,113
	(vii) Stationery	2,522	—	1,000	1,522
	(ix) Postage	1,261	100	—	1,361
	(xi) Newspapers.	1,009	1,000	300	1,709
	(xii) Miscellaneous expenses.	3,783	—	1,000	2,783
2.	<i>Paris Office:</i>				
A.	(i) Staff.	18,576	—	2,500	16,076
	(ii) Temporary staff and overtime	1,920	—	100	1,820
B.	Property account and general office expenses:				
	(i) Rent.	11,520	—	600	10,920
	(ii) Lighting	600	100	—	700
	(ix) Postage	144	—	10	134
	(x) Newspapers.	120	10	—	130
	(xi) Miscellaneous expenses.	2,400	500	500	2,400
	(xii) Reserve to meet increase in prices	4,800	—	3,500	1,300
C.	Account due to French telephone administration for 1920, 1921, 1922 and 1923 (presented in 1926); credit entered in budget for 1927 in accordance with Article 30 of Financial Regulations	3,747	—	500	3,247
		<hr/>	<hr/>	<hr/>	<hr/>
		114,348	13,510	13,510	114,348
Item 8.	TRAVELLING EXPENSES OF OFFICIALS OF THE LEAGUE:				
(a)	Travelling expenses and subsistence allowances in connection with general services	190,000	—	48,000	142,000
(b)	Travelling expenses of members of the Secretariat returning home on leave	45,000	11,500	5,000	51,500
(c)	Removal expenses to and from Geneva	60,000	43,000	1,500	101,500
		<hr/>	<hr/>	<hr/>	<hr/>
		295,000	54,500	54,500	295,000
Item 9.	FRAIS DE REPRÉSENTATION:				
(c)	Three Under-Secretaries-General	37,720	150	—	37,870
(d)	General Fund	36,510	—	150	36,360
		<hr/>	<hr/>	<hr/>	<hr/>
		74,230	150	150	74,230

Sub-head No.	Sub-head	Original figure	Add	Subtract Swiss francs	New figure
Item 10 (a). PROPERTY ACCOUNT: MAINTENANCE:					
<i>Headquarters at Geneva:</i>					
1. Main Building:					
(b)	Repairs and renewals:				
(i)	Building	60,000	10,000	—	70,000
(ii)	Furniture	25,000	—	14,000	11,000
(iii)	Equipment	6,000	—	2,000	4,000
(d)	Heating	25,000	—	1,250	23,750
(f)	Insurance and protection:				
(i)	Building and furniture. . .	1,700	20	—	1,720
(h)	Telephones, local service . . .	22,000	8,000	—	30,000
(l)	Office laundry	4,500	1,250	—	5,750
2. Annexes:					
(c)	Heating	8,000	—	2,000	6,000
(e)	Insurance	575	—	20	555
		<u>152,775</u>	<u>19,270</u>	<u>19,270</u>	<u>152,775</u>
Item 11. PUBLICATIONS DEPARTMENT:					
(a)	(i) Council documents and <i>Official Journal</i>	90,000	6,000	3,000	93,000
	(ii) Internal administration and miscellaneous.	4,000	6,000	—	10,000
(e)	Travelling expenses, transport charges, advertising for Sales Department, catalogues, etc.	50,000	6,000	—	56,000
(h)	Consultation of experts for the development of the sale of publications	15,000	—	15,000	—
		<u>159,000</u>	<u>18,000</u>	<u>18,000</u>	<u>159,000</u>
Item 12. GENERAL OFFICE EXPENSES:					
(a)	Upkeep of office equipment. . .	10,000	500	8,400	2,100
(b)	2. Supplies of the Duplicating Department	80,000	6,000	—	86,000
(c)	Cables, telegrams, long-distance telephone calls on general business	30,000	5,000	10,000	25,000
(d)	Postage	140,000	10,000	9,500	140,500
(e)	Freight and carriage.	6,000	—	3,500	2,500
(f)	Newspapers	12,000	1,200	—	13,200
(g)	Subscriptions and Press cut- tings	36,000	—	1,500	34,500
(h)	Courrier service between Geneva and Paris	20,000	7,700	—	27,700
(i)	Advertising, etc., for tenders . .	1,000	500	—	1,500
(j)	Miscellaneous petty cash disbursements, including purchase of miscellaneous publications of non-capital value	3,000	2,000	—	5,000
		<u>338,000</u>	<u>32,900</u>	<u>32,900</u>	<u>338,000</u>
Item 13. SPECIAL STAFF CHARGES:					
(a)	Indemnities provided in the Staff Regulations	60,000	—	14,000	46,000
(g)	Recruitment of staff (advertis- ing, expenses of examina- tions, special travelling) . . .	10,000	13,000	—	23,000
(h)	Medical examination	1,500	1,000	—	2,500
		<u>71,500</u>	<u>14,000</u>	<u>14,000</u>	<u>71,500</u>
Item 17. SUPERVISION OF REVENUE AND EXPENDITURE:					
(d)	Expenses of Committee on Allocations of Expenses . . .	7,500	—	2,000	5,500
(c)	Expenses of Salaries Adjust- ment Committee	100	2,000	—	2,100
		<u>7,600</u>	<u>2,000</u>	<u>2,000</u>	<u>7,600</u>

These multiple Conventions — now six in number, including the three bilateral Treaties based on the three types of general conventions — are also open to the parties who can choose between them. The Drafting Committee did not feel able to give preference to any one of them. Opinions were divided and I think they will continue to be so.

Convention A is preferred by many to the other conventions; but, on the other hand, certain members prefer Conventions B and C to Convention A.

Under these circumstances, the Drafting Committee does not propose to indicate any order of preference as between the various model conventions, but to offer them all to the States for them to choose between them at their discretion and accept them. States may possibly feel inclined to accede to several of these conventions at the same time, and these multiple signatures or accessions to several texts may give rise to certain practical difficulties. We do not deny this. It was not our intention to consider difficulties in detail, but we thought that it would be for the parties concerned, when difficulties of this kind arose, to settle them by mutual agreement. Should an agreement not be reached, the remedy would be found in the general clause inserted at the end of all the model Conventions to the effect that disputes relating to the interpretation or application of those Conventions should be submitted to the Hague Court. This remedy would be open to all States and would, in every case, facilitate the application of our various conventions.

That, gentlemen, was what I wished to say with regard to Conventions for the Pacific Settlement of International Disputes.

A draft resolution attached to those texts was adopted by you at the first reading in March. It has remained practically unchanged and has merely been adapted to the new form now given to the three main general Conventions.

I should now like to say a few words with regard to the three other model Treaties: models D, E and F. The substance of the question has not been touched. We have merely adapted the form of certain provisions to the new form of the corresponding provisions in Conventions A, B and C, more particularly with regard to the automatic constitution of arbitral tribunals and the constitution of conciliation commissions. The form of Treaties D, E and F has not been changed, and the difference between the two classes of models is clearly defined. Whilst models A, B and C will, as I have just stated, be open immediately for the accession of all States after approval, we hope, by the next Assembly, models D, E and F cannot acquire the force of treaties until the necessary negotiations have taken place between States desirous of co-operating in the manner advocated in these conventions in the form of non-aggression and the pacific settlement of disputes or by means of closer co-operation in addition to non-aggression, that is to say, by mutual assistance in the event of one of the contracting parties being the victim of aggression by the other party.

That, gentlemen, is of the first importance, not only because in this second class of models we have only been able to lay the foundations for the work which we trust may be accomplished by States, but also because the negotiations necessary to give practical effect to texts of this kind will enable States interested to supplement our models in accordance with the special requirements of the region to which they belong by special clauses which we considered it useless or impossible to insert in a general and unalterable form in model Treaties. This question bears closely on various interesting proposals submitted to us, in particular by the Serb-Croat-Slovene and Polish delegations (Annexes 6 and 7).

The main object of those proposals was to supplement Article 3 of model D by extending the mutual assistance provided for therein to a certain extent.

The Serb-Croat-Slovene proposal stated that mutual assistance was to be extended to cases of flagrant aggression, and the Polish proposal provided for mutual assistance to be extended in cases where the Council is not unanimous and where, in accordance with the spirit and letter of the Covenant, each State Member of the League is free to take such action as it may deem advisable in regard to a dispute which has arisen between two other States.

These proposals were examined at length and we concluded that, in principle, they contain many valuable suggestions, but that it was particularly difficult to define their scope by means of a definite text. Several members of the Drafting Committee were of opinion that these suggestions should not be included in a general model security treaty, but that the essential points should be borne in mind by the contracting States during the subsequent negotiations with a view to giving practical effect to the models.

Moreover, as stated in the explanatory note, the question in regard to certain of these proposals remains open. They can be examined either by the forthcoming Assembly or at a later session of the Committee on Arbitration and Security.

These observations apply also to the Turkish delegation's proposal (Annex 5). The latter suggested that, with regard to Treaty D, two very important amendments might be made; one concerns the neutrality clause which, in the opinion of the Turkish delegation, constitutes partial assistance, and the other the possibility for contracting States non-Members of the League to have recourse in certain cases, in order to determine the aggressor, to an international organ other than the League Council.

The Drafting Committee has examined these proposals and recognised that they were of great importance, but that, at the same time, they involved very serious problems, the chief

Sub-head No.	Sub-head	Original figure	Add	Subtract	New figure
Item 19. ECONOMIC AND FINANCIAL ORGANISATION:					
Swiss Francs					
1.	General Conference and preparatory work	100,000	—	4,000	96,000
2.	Sessions of the Economic and Financial Committees and of Sub-Committees of Experts:				
	(a) Subsistence, travelling and other expenses	140,000	10,000	2,000	148,000
	(b) Printing and publications for the Committees	35,600	10,000	—	45,600
3.	Administrative expenses:				
	(a) Salaries of Secretariat	655,846	—	32,000	623,846
	(b) Travelling and removal expenses of Secretariat	50,000	20,000	—	70,000
	(d) Cables, telegrams, long-distance telephones	12,500	—	2,000	10,500
4.	Miscellaneous and unforeseen expenses	60,000	20,000	20,000	60,000
		<u>1,053,946</u>	<u>60,000</u>	<u>60,000</u>	<u>1,053,946</u>
Item 20. GENERAL ECONOMIC CONFERENCE:					
	(a) Meeting of the Preparatory Committee and work of experts	120,000	—	66,000	54,000
	(b) Meeting of the Conference	100,000	11,000	20,000	91,000
	(c) Publications, printing and documentation of all kinds for the Conference.	100,000	75,000	—	175,000
		<u>320,000</u>	<u>86,000</u>	<u>86,000</u>	<u>320,000</u>
Item 22. COMMUNICATIONS AND TRANSIT ORGANISATION:					
2.	Regional Conferences	16,000	—	16,000	—
3.	Sessions of the Advisory and Technical Committee	75,000	—	5,000	70,000
4.	Temporary Committees and technical work of experts	40,000	21,000	—	61,000
		<u>131,000</u>	<u>21,000</u>	<u>21,000</u>	<u>131,000</u>
Item 23. INTERNATIONAL HEALTH ORGANISATION:					
I. Secretariat:					
1.	Salaries of the Health Section.	324,865	—	23,500	301,365
2.	Salaries of temporary staff:				
	Chargeable to:				
	(a) Rockefeller Foundation Grant I	\$13,990.66	—	\$5,200	\$8,790.66
	(b) Rockefeller Grant II	\$15,325.76	—	\$2,300	\$13,025.76
3.	Travelling and removal expenses	50,000	20,500	11,000	59,500
5.	Cables, telegrams and telephones	8,885	8,000	—	16,885
II. Epidemiological and Public Health Intelligence:					
1.	Special reports and enquiries	117,250	62,160	—	179,410
	(a) Chargeable to Rockefeller Grant II	\$17,514.24	\$2,300	—	\$19,814.24
3.	Sanitary notifications, contribution to the Singapore Office and epidemiological enquiries	75,000	—	51,160	23,840
III. Health Committee, Technical Sub-Committees and Conferences:					
1.	(a) Daily allowances and travelling expenses, etc.	75,000	14,000	—	89,000
	(b) Printing and publications for the Committees	31,700	—	15,000	16,700
2.	Conferences and technical missions.	100,000	5,000	—	105,000
	<i>Carried forward</i>	<u>782,700</u>	<u>109,660</u>	<u>100,660</u>	<u>791,700</u>
		\$ 46,830.66	\$ 2,300	\$ 7,500	\$ 41,630.66

Sub-head No.	Sub-head	Original figure	Add	Subtract	New figure
	<i>Brought forward</i>	782,700	109,660	100,660	791,700
		\$46,830.66	\$2,300	\$7,500	\$41,630.66
IV.	<i>Interchange of Public Health Personnel:</i>		Swiss Francs		
1.	Expenses in connection with a system of liaison between the various national public health services	150,000	—	9,000	141,000
2.	Collective, specialised and individual interchanges: expenses chargeable to Rockefeller Grant I	\$36,009.34	\$5,200	—	\$41,209.34
		932,700	109,660	109,660	932,700
		\$82,840	\$7,500	\$7,500	\$82,840
Item 24.	SOCIAL QUESTIONS (INCLUDING SUPPRESSION OF TRAFFIC IN WOMEN AND PROTECTION OF CHILDREN, SUPERVISION OF OPIUM TRAFFIC, ETC.):				
1.	Salaries of Secretariat	182,681	—	32,000	150,681
2.	Travelling and removal expenses	8,000	12,000	—	20,000
3.	Control of Traffic in Opium and other Dangerous Drugs:				
	(i) Sessions of Advisory Committee	10,000	—	1,000	9,000
	(ii) Printing and documentation of the Committee	12,500	27,000	8,000	31,500
	(iii) Cables, telegrams, etc.	2,000	1,000	2,000	1,000
	(iv) Miscellaneous petty expenses and unforeseen contingencies	500	—	200	300
4.	Protection and Welfare of Children and Young People:				
	(i) Sessions of the Committee	2,500	—	1,500	1,000
	(ii) Suppression of Traffic in Women and Children:				
	(a) Printing and documentation	8,500	34,000	—	42,500
	(b) Cables, telegrams, etc.	1,000	—	400	600
	(c) Miscellaneous petty expenses and unforeseen contingencies	500	—	200	300
	(iii) Protection of Children:				
	(a) Sessions of sub-committees	14,000	—	9,000	5,000
	(b) Work of experts	16,000	—	13,000	3,000
	(c) Printing and documentation	10,000	—	2,000	8,000
	(e) Miscellaneous petty expenses and unforeseen contingencies	4,000	1,000	4,200	800
5.	Other Social Questions entrusted to the Section, and unforeseen contingencies	2,000	—	1,500	500
		274,181	75,000	75,000	274,181
Item 25.	REDUCTION OF ARMAMENTS:				
I.	<i>Secretariat:</i>				
2.	Travelling and removal expenses of the Secretariat	8,000	500	—	8,500
	<i>Carried forward</i>	8,000	500	—	8,500

Sub-head No.	Sub-head	Original figure	Add	Subtract	New figure
			Swiss Francs		
	<i>Brought forward</i>	8,000	500	—	8,500
II.	<i>Permanent Advisory Commission:</i>				
2.	Printing and documentation	500	800	—	1,300
3.	Cables, telegrams and unforeseen expenses	1,500	—	800	700
IV.	<i>Organ of the Council for Disarmament Work:</i>				
1.	Preparatory Commission for the Disarmament Conference: Sessions of the Commission	15,000	15,000	—	30,000
3.	Joint Commission: Sessions of the Commission	30,000	—	15,500	14,500
4.	General Services:				
(a)	Printing and documentation	46,475	25,000	—	71,475
(c)	Collaboration of experts (travelling and other allowances) and technical work	25,000	45,000	—	70,000
V.	<i>Statistical Year-Books:</i>				
1.	<i>Armaments Year-Book</i>	50,000	1,760	—	51,760
2.	<i>Statistical Information on the Trade in Arms, Ammunition and Implements of War</i>	12,000	1,520	—	13,520
VII.	<i>International Disarmament Conference</i>	300,000	—	73,280	226,720
		488,475	89,580	89,580	488,475
Item 26. INTELLECTUAL CO-OPERATION, ETC.					
A. Intellectual Co-operation:					
2.	Plenary sessions (including travelling expenses and subsistence allowances) and sub-committee meetings	65,000	10,000	3,000	72,000
4.	Grant to the Commission for the Co-ordination of Bibliographical Work in the Field of Social Sciences, experts and correspondents	20,000	—	10,000	10,000
5.	Travelling expenses (Secretariat)	8,000	3,000	—	11,000
		93,000	13,000	13,000	93,000
Item 36. LIBRARY:					
(a)	Books, maps	55,000	—	6,000	49,000
(b)	Binding	25,000	3,000	—	28,000
(c)	Periodicals	13,000	7,000	—	20,000
(d)	Equipment, shelving, etc.	10,000	3,000	7,000	6,000
		103,000	13,000	13,000	103,000

Annex.

TRUST FUNDS SHOWN ON THE STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31ST, 1927.

EXPLANATORY NOTE.

I. *Contribution from the United States Delegation towards the Expenses of the Opium Conference*

The sum of 743.80 Swiss francs represents the balance of the contributions (amounting to \$1,952.04 and 4,801.03 Swiss francs) paid by the United States Government in 1925 in respect of their share of the expenses of the Second Opium Conference which met at Geneva from November 17th, 1924, to February 19th, 1925.

Expenditure to an extent of 11,903.55 francs in 1925 and 2,256.20 francs in 1926 was met from these grants and appeared as an appropriation in aid to the vote for Social Questions in the audited accounts for the periods in question. The balance will be brought to account as an appropriation in aid in 1928.

2. *Contribution from the American Bureau of Social Hygiene towards the Expenses of the Commission of Enquiry on Opium-Poppy Cultivation in Persia.*

On December 11th, 1925, and June 7th, 1926, respectively, the Council accepted grants amounting to the total sum of \$30,000 towards the expenses of the Commission of Enquiry on Opium-Poppy Cultivation in Persia. As against these contributions, amounts of 98,110.58 francs and 3,498.55 francs were expended in 1926 and 1927 and shown respectively as appropriations in aid to the vote for the Section for Social Questions. The balance of the second contribution, which amounted to \$10,000, will be returned to the American Bureau for Social Hygiene when the accounts have definitely been settled.

3. *Contribution from the National Association of Legal-Aid Organisations (U.S.A.).*

The Assembly at its fifth ordinary session invited the Secretariat to prepare and keep up to date a list of the measures taken or institutions created in each country for the purpose of giving to poor persons legal assistance in connection with litigation in the courts or free legal advice and consultation. The Assembly also requested the Secretariat to collect and publish the various laws and provisions regulating the legal assistance to poor persons in different countries.

As the Assembly had understood that, in undertaking this new work, the League would not incur new expenditure, the American National Committee on Legal Aid Work contributed for the purpose in 1924 and 1925 the total sum of 50,909.35 Swiss francs, the balance of which amounts to 40,328.90 Swiss francs.

4. *Contribution from the American Bureau of Social Hygiene towards the Expenses of the Commission of Enquiry into Traffic in Women and Children.*

At its sessions held in April and July 1923, the Council decided to appoint a special body of experts to study the conditions under which the traffic in women and children was carried out, on the understanding that special arrangements would be made to meet the necessary expenditure. On October 5th, 1923, the Bureau of Social Hygiene advised the Secretary-General that it would contribute to the cost of the investigation up to \$75,000. This contribution was accepted by the Council on October 23rd, 1923. A further gift of \$3,145.10 was received in October 1927.

Expenditure, less bank interest, was incurred as follows:

In 1924	\$27,254;
1925	\$34,554.50;
1926	\$ 7,190.50;
1927	\$ 8,699.30;

leaving a balance, as shown in the accounts, of \$446.80.

5. *International Health Division of the Rockefeller Foundation Grants Account.*

The sum of 52,392.76 Swiss francs represents the unspent balance of the grants of the Rockefeller Foundation towards the budget of the Health Organisation of the League, which, in accordance with the agreement, will be returned to the Foundation.

6. *Darling Prize Fund.*

At its thirty-seventh session, the Council approved the suggestion made by the Health Committee that a capital fund be collected by private subscription for the creation of a prize to be awarded periodically in commemoration of Dr. Darling and Dr. Lothian, who accidentally lost their lives in Syria when engaged on malaria investigations for the Health Committee.

Private contributions to this fund, which was inaugurated in January 1926, amount to 9,957.80 Swiss francs. No expenditure has been incurred to date, and the total fund, increased by interest, amounted on December 31st, 1927, to 10,162 Swiss francs.

7. *Scholarship Fund for the Study of Malaria in the Kingdom of the Serbs, Croats and Slovenes.*

The sum of 2,562.80 Swiss francs represents the balance, including interest, of the credit of 60,000 dinars (4,419.35 Swiss francs) given in 1924 by the Minister of Public Health of the Kingdom of the Serbs, Croats and Slovenes in order to enable two foreign medical officials to study malaria in the Kingdom. Expenditure to the extent of 2,106.70 Swiss francs was incurred in 1927.

8. *Account of the Far Eastern Bureau for Epidemiological Intelligence (52,392.76 Swiss francs).*

Under paragraph 7 of the Articles of Agreement between the League of Nations and the Rockefeller Foundation for the establishment and maintenance of an Epidemiological Intelligence Bureau in the Far East, "the Financial Director of the League of Nations will administer the subventions paid by the Board . . . and will make disbursements on the direction of the Secretary-General of the League of Nations after a budget has been approved by the Health Organisation of the League of Nations". Some of the contributions received from the contributing Governments are also paid to the Treasury of the League at Geneva, and are either remitted to Singapore or retained at headquarters as the needs of the banking arrangements demand.

9. *Grant of the League of Red Cross Societies for the Organisation of Training Courses for Medical and Public Health Personnel.*

The sum of £245 9s. 11d. represents the balance of the grant of £5,000 — of which only £1,625 16s. 4d. was administered by the League Treasury — appropriated in 1924 by the League of Red Cross Societies for the purpose of facilitating the organisation of training courses for all grades of medical and public health staff at centres such as Warsaw, Kharkoff and Moscow.

10. *Balance of Government Grants towards the International Sleeping-Sickness Commission.*

The sum of 397 Swiss francs represents the balance of the contributions of a number of Governments towards the International Sleeping-Sickness Commission which, with the concurrence of the Council, was set up in 1925 by the Health Organisation of the League.

11. *Gift to the Child Welfare Committee.*

At the session held in March 1925, the Council accepted a gift of \$1,500 presented to the League by friends of the League in the United States, on the understanding that this sum, together with a further gift of \$161.89 and interest, would be available for the Traffic in Women and Children and Child Welfare Committees of the League. This fund, which has remained untouched, has, by reason of interest, now accumulated to \$1,710.89 or 8,866.86 francs.

12. *Balance of Epidemic Commission Fund.*

The sum of 14,111.85 Swiss francs represents the balance of the contributions, amounting to approximately £300,000, made by various Governments in 1920 for the purpose of combating the typhus epidemic on the Russian border.

The accounts which, during the period of active operations, were administered by the Epidemic Commission and regularly verified and audited by Ralph Sutton & Co., Chartered Accountants, will be closed as soon as the detailed and certified statements of expenditure incurred at Warsaw are received from the Government concerned.

13. *Balance of Grant-in-aid of Italian Red Cross towards Constitution of the International Relief Union.*

The sum of 3,941.45 Swiss francs represents the balance of the grant of 10,000 Swiss francs contributed in November 1924 by the Central Committee of the Italian Red Cross as a grant-in-aid towards the expenses of the Preparatory Committee for the study of an international federation for mutual assistance and relief of peoples overtaken by disaster; the sums spent were shown in the League accounts against the relevant appropriation.

Part III.

INTERNATIONAL LABOUR ORGANISATION.

I. BUDGET ACCOUNT FOR THE NINTH FINANCIAL PERIOD.

(January 1st to December 31st, 1927).

SUMMARY OF CHAPTERS

	Original Appropriation Swiss Francs	Appropriation as amended by Transfers Swiss Francs	Actual Expenditure Swiss Francs
<i>Section I. — Ordinary Expenditure:</i>			
Chapter I. — Sessions of the Conference and of the Governing Body	396,500	396,500	395,998.07
Chapter II. — General Services of the Inter- national Labour Office	6,999,665	6,999,665	6,975,564.30
Chapter II (a). — Extraordinary and temporary expenditure: work on behalf of Russian refugees	325,325	325,325	325,325.—
Chapter III. — Profit and loss on exchange (<i>ad memoriam</i>)	—	—	Profit 235.14
 <i>Section II. — Capital Expenditure:</i>			
Chapter IV (a). — Ordinary expenditure: Buildings, permanent equipment, etc. . .	91,000	91,000	89,861.10
General Total . .	7,812,490	7,812,490	7,786,513.33
<i>Deduct:</i> Estimated receipts from sale of publications	115,000	115,000	127,113.77
Net Total	7,697,490	7,697,490	7,659,399.56

Geneva, March 5th, 1928.

(Signed) F. M. COLLINS,
Chief Accountant.

SECTION I. — ORDINARY EXPENDITURE.

CHAPTER I. — SESSIONS OF THE CONFERENCE AND OF THE GOVERNING BODY.

	Original Appropriation Swiss Francs	Appropriation as amended by Transfers Swiss Francs	Actual Expenditure Swiss Francs
1. Sessions of the Conference (see Schedule A)	303,500	299,070	298,580.77
2. Sessions of the Governing Body (see Schedule B)	85,000	97,430	97,417.30
2 (a). Unforeseen Expenses	8,000	—	—
Total of Chapter I.	396,500	396,500	395,998.07

CHAPTER II. — GENERAL SERVICES OF THE INTERNATIONAL LABOUR OFFICE.

3. Salaries, wages and allowances:			
(a) Salaries, diminished by reductions due to fall in cost of living	4,896,365	4,906,365	4,904,749.65
(b) Contribution towards Provident Fund.	214,500	220,110	220,102.15
4. Travelling expenses of officials:			
(a) Removal expenses to and from Geneva	22,000	19,370	19,368.45
(b) Travelling expenses and allowances of officials and their families proceeding to Geneva to take up their posts	10,000	18,450	18,448.80
(c) Travelling expenses and subsistence allowances occasioned in connection with General Services	120,000	120,000	119,996.85
(d) Travelling expenses of officials on leave	35,000	45,300	44,689.60
5. Entertainment allowances (see Schedule D)	85,000	85,000	84,983.30
6. Property Account: maintenance of Geneva Office (see Schedule E)	129,000	129,000	128,845.40
7. Printing (see Schedule F)	454,000	454,000	453,945.16
8. General office expenses (see Schedule G)	225,000	248,750	248,188.09
9. Special staff charges (see Schedule H)	61,700	71,745	55,483.25
10. Unpaid Liabilities Fund	—	—	—
11. Supervision of revenue and expenditure:			
(a) Auditors' travelling and subsistence allowance	5,000	5,000	4,781.05
(b) Expenses of Financial Supervisory Commission	10,000	9,480	6,785.30
(c) Expenses of Salaries Adjustment Committee	100	620	618.20
12. Enquiries and investigations	120,000	127,400	126,601.40
13. Commissions (see Schedule I)	69,000	62,350	62,250.70
14. Correspondents and collection of information (see Schedule J)	450,000	476,681	475,726.95
15. Unforeseen expenditure	93,000	44	—
Total of Chapter II	6,999,665	6,999,665	6,975,564.30

CHAPTER II (a). — EXTRAORDINARY AND TEMPORARY EXPENDITURE.

Work on behalf of Russian and Armenian refugees.	325,325	325,325	325,325.—
Enquiry into the possibility of settling Armenian refugees	—	—	—
Total of Chapter II (a)	325,325	325,325	325,325.—

CHAPTER III.

16. Profit on exchange	10,000	10,000	248.46
Deduct: Loss on exchange	10,000	10,000	13.32
Total of Chapter III	—	—	235.14 (profit)

SECTION II. — CAPITAL EXPENDITURE.

CHAPTER IV(a). — ORDINARY EXPENDITURE (BUILDINGS, PERMANENT EQUIPMENT, ETC.).

	Original Appropriation Swiss Francs	Appropriation as amended by Transfers Swiss Francs	Actual Expenditure Swiss Francs
17. Furniture, fittings and additional equipment	30,000	30,000	29,933.55
18. Typewriters, calculating machines, duplicators and dictaphones	18,000	18,000	17,959.—
19. Library: books, periodicals, cards, etc.	39,000	39,000	38,968.55
20. Premises for the Rome Office.	3,000	3,000	3,000.—
21. Unforeseen expenses (Chapter IV(a))	1,000	1,000	—
Total of Chapter IV(a)	91,000	91,000	89,861.10

SCHEDULE A

to Chapter I, Item 1.

SESSIONS OF THE CONFERENCE.

(a) Salaries of additional temporary staff, etc.	52,000	61,077	61,075.60
Overtime	1,000		
(b) Travelling expenses and subsistence allowances of temporary staff brought to Geneva	10,000	5,182	5,180.15
(c) Conference hall, rent, heat, light, equipment, etc.	36,500	38,191	38,189.30
(d) Special printing (reports for the Conference, Director's report, final and provisional re- cords and miscellaneous)	195,000	179,570	179,088.72
(e) Hire of office equipment and furniture	2,000	7,719	7,718.30
(f) Automobile and cyclist services	6,000	5,025	5,023.50
(g) Cables, telegrams, telephonic communications.	1,000	2,306	2,305.20
Total	303,500	299,070	298,580.77

SCHEDULE B

to Chapter I, Item 2.

SESSIONS OF THE GOVERNING BODY.

(a) Travelling expenses and allowances of mem- bers of the Governing Body	65,000	76,080	76,075.20
(b) Printing of documents for the Governing Body	20,000	21,350	21,342.10
Total	85,000	97,430	97,417.30

SCHEDULE D

to Chapter II, Item 5.

ENTERTAINMENT ALLOWANCES.

(a) Director	30,000	30,000	30,000.—
(b) Deputy-Director.	12,500	12,500	12,500.—
(c) Chairman of the Governing Body	12,500	12,500	12,500.—
(d) Entertainment Fund	30,000	30,000	29,983.30
Total	85,000	85,000	84,983.30

SCHEDULE E

to Chapter II, Item 6.

PROPERTY ACCOUNT, MAINTENANCE OF GENEVA OFFICE.

	Original Appropriation Swiss Francs	Appropriation as amended by Transfers Swiss Francs	Actual Expenditure Swiss Francs
(a) Rent (main building)	—	—	—
(b) Rent (annexes)	—	—	—
(c) Water rate	1,300	2,050	2,043.10
(d) Heating	25,000	27,740	27,733.90
(e) Electricity { Lighting	7,500	8,660	8,655.45
Electric motors	4,700	3,750	3,748.40
(f) Repairs and renovations to buildings	1,000	990	983.65
(g) Insurance (fire, water, loss of effects, civil responsibility, etc.)	5,000	4,810	4,793.—
(h) Insurance (domestic staff and chauffeurs)	1,000	—	—
(i) Upkeep of office furniture and equipment (including automobiles)	13,500	11,780	11,743.25
(j) Laundry and cleaning of premises	65,000	64,890	64,885.95
(k) Uniforms	2,000	2,000	1,939.05
(l) Sundry supplies	3,000	2,330	2,319.65
Total	129,000	129,000	128,845.40

SCHEDULE F

to Chapter II, Item 7.

PRINTING.

(a) <i>Industrial and Labour Information</i>	70,000	61,000	60,995.86
(a bis) <i>Monthly Record of Migration</i>	15,000	16,650	16,639.55
(b) <i>Official Bulletin</i>	10,000	11,900	11,897.70
(c) <i>International Labour Review</i> (French, En- glish, German, Spanish and Italian editions)	96,000	90,730	90,729.50
(c bis) <i>Industrial Safety Survey</i>	18,000	17,600	17,590.40
(d) <i>Legislative Series</i>	65,000	53,360	53,358.85
(e) <i>Studies and Reports</i>	100,000	125,760	125,758.45
(f) Special publications	35,000	35,000	34,998.80
(g) General printing (circulars, questionnaires, reports, etc.)	15,000	15,000	14,997.05
(h) Travelling, advertising for Sales Branch	20,000	20,000	19,989.35
(i) Printing for various commissions	10,000	7,000	6,989.65
Total	454,000	454,000	453,945.16

SCHEDULE G

to Chapter II, Item 8.

GENERAL OFFICE EXPENSES.

(a) Stationery: office supplies	55,000	60,500	60,431.85
(b) (i) Postage	110,000	130,800	130,756.79
(ii) Courrier Geneva - Paris			
(c) Cables and telegrams	14,000	11,450	11,351.20
(d) Telephones (subscriptions and surcharges)	22,500	25,980	25,969.20
(e) Papers and Press cuttings of non-permanent value	14,000	12,850	12,799.50
(f) Additional miscellaneous expenses:			
(i) Freight and carriage	7,500	5,650	5,490.90
(ii) Photographs	1,000	1,000	969.80
(iii) Other expenses	1,000	520	418.85
Total	225,000	248,750	248,188.09

SCHEDULE H

to Chapter II, Item 9.

SPECIAL STAFF CHARGES.

	Original Appropriation Swiss Francs	Appropriation as amended by Transfers Swiss Francs	Actual Expenditure Swiss Francs
Special Staff Changes			
(a) Indemnities provided for in the Staff Regulations	3,000	9,098	9,009.45
(b) Reserve Fund for Death and Invalidity Fund	15,000	15,000	—
(c) Contribution to Sickness Insurance Fund	18,000	19,052	19,052.—
(d) Upkeep of sick-room.	500	500	484.90
(e) Nurse	7,200	7,200	7,200.—
(f) Medical Adviser's fees	3,500	3,500	3,500.—
Cost of second medical examination	500	500	424.65
(g) Welfare	1,000	3,895	3,717.—
(h) Subsidy to office restaurant.	—	—	—
(i) Transportation: motor-bus service	—	—	—
(j) Recruitment of staff (advertising, expenses of examinations, special travelling, etc.)	4,000	4,000	3,699.70
(k) Cantonal and communal subscriptions	1,500	1,500	1,480.45
(l) Miscellaneous.	—	—	—
(m) Pension for the child of the late Dr. Pardo	7,500	7,500	6,915.10
Total	61,700	71,745	55,483.25

SCHEDULE I

to Chapter II, Item 13.

COMMISSIONS.

1. <i>Joint Maritime Commission:</i>			
(a) Travelling expenses and allowances of members	15,000	13,200	13,183.40
2. <i>Agricultural Commission:</i>			
(a) Travelling expenses and allowances of members	5,000	70	57.—
3. <i>Social Insurance Commission:</i>			
(a) Travelling expenses and allowances of members	8,000	3,995	3,977.80
4. <i>Meeting of Experts to Study Questions concerning Disabled Men:</i>			
(a) Travelling expenses and allowances of members	—	—	—
5. <i>Meeting of Experts on Industrial Hygiene:</i>			
(a) Travelling expenses and allowances of members	7,000	11,285	11,265.05
6. <i>Emigration Commission:</i>			
(a) Travelling expenses and allowances of members	12,000	—	—
7. <i>Joint Commission on Economic Crises</i>	5,000	1,850	1,831.—
8. <i>Committee of Experts on Native Labour</i>	10,000	13,485	13,481.20
9. <i>Other commissions or meetings of experts</i>	7,000	18,465	18,455.25
Total	69,000	62,350	62,250.70

SCHEDULE J

to Chapter II, Item 14.

CORRESPONDENTS' OFFICES.

Correspondents' Offices			
(a) Paris Office	47,500	47,500	47,500.—
(b) London Office	102,200	102,200	102,151.25
(c) Washington Office.	99,000	99,000	98,769.90
(d) Rome Office	30,500	41,800	41,766.—
(e) Berlin Office	89,500	89,500	89,474.35
(f) Tokio Office	80,800	96,181	96,065.45
(h) Provision to meet fluctuations in exchange.	500	500	—
Total	450,000	476,681	475,726.95

one being whether and to what extent these amendments would be compatible for the Members of the League with their obligations under the Covenant; it was understood that these questions would be examined more closely on another occasion.

I cannot complete this brief survey without stating that the amount of work which it has been possible for the Drafting Committee and the Committee of Three to accomplish is due to the intelligent and valuable co-operation of the Director of the department of the League Secretariat concerned and his colleagues, to which I should like to pay tribute.

The CHAIRMAN. — I have nothing to add to M. Politis' explanations. They are so clear and full that we can take a vote on the Conventions at once.

I should like to thank M. Politis on behalf of the whole Committee.

I may add that the new proposals mentioned by M. Politis refer in point of fact to Convention D. As we have postponed consideration of that Convention until to-morrow, the Polish, Serb-Croat-Slovene and Turkish delegations will have an opportunity of presenting explanations.

Adoption of Convention A.

Convention A was then examined article by article.

MUNIR Bey (Turkey). — Article 8 provides that the dispute *may be* submitted to the Permanent Court of International Justice or to the arbitral tribunal. The first paragraph also uses the word "may". This, however, definitely indicates that the contracting Parties are free to choose their line of action. Since, according to the general plan of the Convention, the contracting Parties are compelled to accept the jurisdiction either of the Permanent Court of International Justice or of an arbitral tribunal selected by themselves, I consider that the word to be used in the second paragraph should not be "may" but "shall". This point might subsequently give rise to utterly different interpretations.

M. POLITIS (Greece). — There would be no difficulty in using "shall", but I think that this would be neither in keeping with the facts nor juridically sound. We are dealing here with an obligation, that is certain. We must not forget, however, that, if an obligation devolves upon the country called upon to submit to judicial procedure, there is no obligation to be a plaintiff. In the present case, an attempt has been made to settle the dispute beforehand by conciliation. It has failed. What is going to happen then under normal circumstances? If the plaintiff country wishes to proceed further, it need only lay the matter before the Hague Tribunal or before a special tribunal as the case may be. But it is not obliged to take this line. The conciliation procedure may have convinced it that it was wrong, and, on second thoughts, it may consider that it should not press its point. I hold that in international as in private relations, the ideal is to avoid too many legal proceedings. If the plaintiff State changes its mind, why compel it to take action?

M. FROMAGEOT (France). — If you look at Article 4, you will see that it refers to disputes which must necessarily be submitted to an adjudicating body — either the Permanent Court of International Justice or an arbitral tribunal. The terms of Article 4 are imperative. If you then look at Article 8, to which Munir Bey has just referred, you will find that, if the attempt at conciliation fails, there is no further obligation. There is merely an optional form of procedure. It appears to me essential to reconcile Article 8 with Article 4. Now, as Article 8 deals with disputes which will necessarily be submitted either to the Permanent Court or to the arbitral tribunal, it seems somewhat strange to keep the word "may". Indeed, it appears to me essential to use the word "shall" as in Article 4, otherwise there will be an obligation, in the event of there being no conciliation procedure, but no obligation in the event of an attempt at conciliation having failed.

I may add that I agree with M. Politis that the parties will be free at all times to come to an understanding. But, when they have come to such an understanding, there will no longer be a dispute to be settled and this is what we must hope for.

The CHAIRMAN. — As M. Politis does not press his point, we might perhaps, in order to make matters clear and to avoid any misunderstanding, adopt the proposal submitted by Munir Bey and supported by M. Fromageot.

Agreed.

LORD CUSHENDUN (British Empire). — I must make a general reservation with regard to Article 42; this reservation applies to the other conventions also, and I shall not repeat it. The British representative on the Drafting Committee has already made a reservation with regard to this article. The original language employed, I believe, was "signature and ratification", which is now replaced by "accession". Now, there are technical questions which may arise on this point in connection with the methods of accession of the various parts of the British Empire. I am not quite certain that the language employed here will meet the requirements of the case and these technical difficulties. In order to reserve my right to recur to this matter at a later period, I would like to repeat the reservation made by the British representative on the Drafting Committee.

INTERNATIONAL LABOUR ORGANISATION.

II. TRANSFERS FROM ITEM TO ITEM.

TRANSFERS FROM ITEM TO ITEM IN THE BUDGET OF THE NINTH FINANCIAL PERIOD
EFFECTED BY THE GOVERNING BODY OF THE INTERNATIONAL LABOUR OFFICE.

Thirty-third Session, Geneva, October 1926.

	Swiss Francs		Swiss Francs
<i>From Chapter II, Item 15:</i>		<i>To Chapter II, Item 3:</i>	
Unforeseen expenditure	16,000	Salaries: Diplomatic Division.	10,000
		<i>To Chapter II, Item 13 (1):</i>	
		Joint Maritime Commission .	6,000
	<hr/> 16,000		<hr/> 16,000

Thirty-fourth Session, Geneva, January 1927.

<i>From Chapter II, Item 15:</i>		<i>To Chapter II, Item 13 (5):</i>	
Unforeseen expenditure	2,000	Meeting of Experts on Industrial Hygiene	2,000

Thirty-sixth Session, Geneva, May 1927.

<i>From Chapter II, Item 15:</i>		<i>To Chapter II, Item 9 (g):</i>	
Unforeseen expenditure	5,895	Welfare of staff	2,895
		<i>To Chapter II, Item 13 (5):</i>	
		Meeting of Experts on Industrial Hygiene	3,000
	<hr/> 5,895		<hr/> 5,895

Thirty-seventh Session, Berlin, October 1927.

<i>From Chapter II, Item 15:</i>		<i>To Chapter II, Item 3 (b):</i>	
Unforeseen expenditure	69,061	Contribution towards Staff Provident Fund	5,610
		<i>To Chapter II, Item 4 (a):</i>	
		Removal expenses to and from Geneva	1,870
		<i>To Chapter II, Item 4 (b):</i>	
		Travelling expenses and allowances of officials proceeding to Geneva to take up their posts	950
		<i>To Chapter II, Item 4 (d):</i>	
		Travelling expenses of officials on leave	13,300
		<i>To Chapter II, Item 8 (a):</i>	
		Stationery and office supplies.	5,500
		<i>To Chapter II, Item 8 (d):</i>	
		Telephones (subscriptions and surcharges)	3,250
		<i>To Chapter II, Item 9 (a):</i>	
		Indemnities provided for in the Staff Regulations	7,150
		<i>To Chapter II, Item 12:</i>	
		Enquiries and investigations.	7,400
		<i>To Chapter II, Item 14 (d):</i>	
		Rome Office	8,650
		<i>To Chapter II, Item 14 (f):</i>	
		Tokio Office	15,381
	<hr/> 69,061		<hr/> 69,061

	Swiss Francs		Swiss Francs
<i>From Chapter I, Item 2 (a):</i>		<i>To Chapter I, Item 1, Annual Conference:</i>	
Sessions of the Conference and the Governing Body: unforeseen expenditure.	8,000	§ (a) Salaries of additional temporary staff and overtime	2,687
		§ (b) Travelling expenses of temporary staff brought to Geneva	572
		§ (c) Conference Hall, rent, heat, light and equipment	2,291
		§ (e) Hire of office equipment and furniture	2,119
		§ (g) Cables, telegrams, telephonic communications	331
	<hr/> 8,000		<hr/> 8,000
<i>From Chapter I, Item 1 (d):</i>		<i>To Chapter I, Item 2 (a):</i>	
Annual Conference: printing.	12,430	Travelling expenses and allowances of members of the Governing Body	7,280
		<i>To Chapter I, Item 2 (b):</i>	
		Printing of documents for the Governing Body	5,150
	<hr/> 12,430		<hr/> 12,430
<i>From Chapter II, Item 13, Commissions.</i>		<i>To Chapter II, Item 8 (b)</i>	
1. Joint Maritime Commission	7,800	Postage.	15,000
2. Agricultural Commission	4,930		
3. Social Insurance Commission.	2,980	<i>To Chapter II, Item 14 (d)</i>	
5. Meeting of Experts on Industrial Hygiene	715	Rome Office.	2,650
6. Emigration Commission.	725		
7. Joint Commission on Economic Crises.	500		
	<hr/> 17,650		<hr/> 17,650

(Signed) F. M. COLLINS,
Chief Accountant.

Geneva, March 5th, 1928.

INTERNATIONAL LABOUR ORGANISATION.

III. TRANSFERS FROM SUB-HEAD TO SUB-HEAD.

TRANSFERS FROM SUB-HEAD TO SUB-HEAD WITHIN THE SAME BUDGET ITEM EFFECTED BY THE DIRECTOR IN THE BUDGET FOR THE NINTH FINANCIAL PERIOD.

Chapter I, Item 1: Sessions of the Conference.

	Swiss Francs		Swiss Francs
<i>From</i> § (b):		<i>To</i> § (a):	
Travelling expenses of temporary staff brought to Geneva	5,390	Salaries of additional temporary staff	5,390
<i>From</i> § (c):		<i>To</i> § (e):	
Conference Hall, rent, heat, light, equipment, etc.	600	Hire of office equipment and furniture	3,600
<i>From</i> § (d)		<i>To</i> § (g):	
Special printing for Conference	3,000	Cables, telegrams and telephonic communications	975
<i>From</i> § (f):			
Automobile and cyclist services	975		
	<u>9,965</u>		<u>9,965</u>

Chapter I, Item 2: Sessions of the Governing Body.

<i>From</i> § (b):		<i>To</i> § (a):	
Printing of documents for the Governing Body	3,800	Travelling expenses of members of the Governing Body	3,800

Chapter II, Item 4: Travelling Expenses of Officials.

<i>From</i> § (a):		<i>To</i> § (b):	
Removal expenses to and from Geneva	4,500	Travelling expenses of officials proceeding to Geneva to take up their posts	7,500
<i>From</i> § (d):			
Travelling expenses of officials on leave.	3,000		
	<u>7,500</u>		<u>7,500</u>

Chapter II, Item 6: Property Account: Maintenance of Geneva Office.

<i>From</i> § (e):		<i>To</i> § (c):	
Electric motors	950	Water rate	750
<i>From</i> § (f):		<i>To</i> § (d):	
Repairs and renovations to buildings	10	Heating.	2,740
<i>From</i> § (g):		<i>To</i> § (e):	
Insurance (fire, water, loss of effects, etc.)	190	Electric lighting	1,160
<i>From</i> § (h):			
Insurance (domestic staff and chauffeurs)	1,000		
<i>From</i> § (i):			
Upkeep of office furniture and equipment	1,720		
<i>From</i> § (j):			
Laundry and cleaning of premises	110		
<i>From</i> § (l):			
Sundry supplies	670		
	<u>4,650</u>		<u>4,650</u>

Chapter II, Item 7: Printing.

	Swiss francs		Swiss franc ^s
<i>From § (a):</i>		<i>To § (a bis):</i>	
<i>Industrial and Labour Information</i>	9,000	<i>Monthly Record of Migration.</i>	1,650
<i>From § (c):</i>		<i>To § (b):</i>	
<i>International Labour Review.</i>	5,270	<i>Official Bulletin</i>	1,900
<i>From § (c bis):</i>		<i>To § (e):</i>	
<i>Industrial Safety Survey</i>	400	<i>Studies and Reports</i>	25,760
<i>From § (d):</i>			
<i>Legislative Series</i>	11,640		
<i>From § (i):</i>			
<i>Printing for various Commissions</i>	3,000		
	29,310		29,310

Chapter II, Item 8: General Office Expenses.

<i>From § (c):</i>		<i>To § (b):</i>	
<i>Cables and telegrams</i>	2,550	<i>Postage.</i>	5,800
<i>From § (e):</i>		<i>To § (d):</i>	
<i>Papers and press cuttings of non-</i>		<i>Telephones (subscriptions and</i>	
<i>permanent value</i>	1,150	<i>surcharges)</i>	230
<i>From § (f) (i):</i>			
<i>Freight and carriage</i>	1,850		
<i>From § (f) (iii):</i>			
<i>Other miscellaneous expenses</i>	480		
	6,030		6,030

Chapter II, Item 9: Special Staff Charges.

<i>From § (a):</i>		<i>To § (c):</i>	
<i>Indemnities provided for in the</i>		<i>Contribution to Sickness In-</i>	
<i>Staff Regulations</i>	1,052	<i>surance Fund</i>	1,052

Chapter II, Item 11: Supervision of Revenue and Expenditure.

<i>From § (b):</i>		<i>To § (c):</i>	
<i>Expenses of Financial Supervisory</i>		<i>Expenses of Salaries Adjust-</i>	
<i>Commission.</i>	520	<i>ment Commission</i>	520

Chapter II, Item 13: Commissions.

<i>From § 3:</i>		<i>From § 8:</i>	
<i>Social Insurance Commission</i>	1,025	<i>Committee of Experts on</i>	
<i>From § 6:</i>		<i>Native Labour</i>	3,485
<i>Emigration Commission</i>	11,275	<i>To § 9:</i>	
<i>From § 7:</i>		<i>Other Commissions and Meet-</i>	
<i>Joint Commission on Economic</i>		<i>ings of Experts</i>	11,465
<i>Crises</i>	2,650		
	14,950		14,950

Geneva, March 5th, 1928.

(Signed) F. M. COLLINS,
Chief Accountant.

INTERNATIONAL LABOUR

IV. STATEMENT OF ASSETS AND LIABILITIES AS

NINTH FINANCIAL PERIOD: JANUARY

LIABILITIES.

	Gold francs	Swiss francs
<i>Working Capital Fund.</i>	328,700.16	328,492.03
<i>Depreciation Reserves:</i>	Swiss francs	
New Building at Geneva	161,076.55	
Rome Office Premises	14,919.25	
Furniture and fittings	311,436.54	
Machines	196,673.49	
Library	229,350.84	
	<u> </u>	913,456.67
<i>Cash Suspense Accounts as per contra:</i>		
New Building Account	45,697.46	
Russian Refugees Account	3,778.94	
Mrs. Mather's legacy	551.50	
Grant from British Legion towards cost of album on prosthesis	3,086.25	
Grant from Union Fédérale des Associations françaises des		
Blessés towards cost of report on the " Rates of War		
Pensions in connection with the cost of living "	1,325.00	
Balance of grant from National Bureau of Economic Research		
for enquiry into history of migration statistics	1,741.80	
	<u> </u>	56,180.95

Carried forward:

1,298,129.65

ORGANISATION.

AT DECEMBER 31ST, 1927.

IST TO DECEMBER 31ST, 1927.

ASSETS.		Swiss Francs	Swiss Francs
<i>Buildings:</i>			
New buildings at Geneva		3,426,169.32	
Rome Office premises		34,037.50	
		3,460,206.82	3,460,206.82
<i>Furniture, Machines and Library:</i>			
Furniture and fittings at Head Office and Branches		529,860.72	
Typewriters and duplicating and other machines at Head Office and Branches		255,451.52	
Library books at Head Office and Branches.		306,019.68	
		1,091,331.92	1,091,331.92
<i>Contributions due from Nations, 3rd Financial Period (1921):</i>			
Peru. (\$ = 5.17 Swiss francs)		68,725.38	68,558.43
<i>Contributions due from Nations, 4th Financial Period (1922):</i>			
China		53,531.38	
Peru.		59,453.61	
	(\$ = 5.17 Swiss francs)	112,984.99	112,710.29
<i>Contributions due from Nations, 5th Financial Period (1923):</i>			
Bolivia.		31,941.33	
China		564,650.44	
Honduras		8,686.93	
Nicaragua		8,686.93	
Peru.		86,869.30	
	(\$ = 5.17 Swiss francs)	700,834.93	699,131.08
<i>Contributions due from Nations, 6th Financial Period (1924):</i>			
Bolivia.		37,558.16	
China		488,256.08	
Honduras		7,511.63	
Nicaragua		7,511.63	
Peru.		75,116.32	
	(\$ = 5.17 Swiss francs)	615,953.82	614,456.24
<i>Contributions due from Nations, 7th Financial Period (1925):</i>			
Bolivia.		39,254.52	
China		392,545.13	
Honduras		7,850.90	
Nicaragua		7,850.90	
Peru.		78,509.04	
	(\$ = 5.17 Swiss francs)	526,010.49	524,730.98
<i>Contributions due from Nations, 8th Financial Period (1926):</i>			
Bolivia.		30,373.27	
China		317,136.37	
Honduras		7,593.33	
Nicaragua		7,593.33	
Paraguay.		7,048.62	
Peru.		68,339.85	
	(\$ = 5.17 Swiss francs)	438,084.77	437,019.70
	<i>Carried forward</i>		7,008,145.46

LIABILITIES (*continued*).

	Swiss Francs
<i>Brought forward:</i>	1,298,129.65
Balance, being excess of Assets over Liabilities	6,760,844.91
<hr/>	
	<hr/>
	8,058,974.56

Geneva, March 5th, 1928.

ASSETS (continued)

	Gold francs	Swiss francs
<i>Brought forward.</i>		7,008,145.46
<i>Contributions due from Nations, 9th Financial Period (1927):</i>		
Albania	4,939.13	
Bolivia	29,287.58	
Canada	592.28	
China	281,812.53	
Guatemala	1,741.53	
Honduras	7,321.90	
Irish Free State	17,949.70	
Lithuania	1,940.85	
Nicaragua	7,321.90	
Paraguay	6,935.05	
Peru	65,897.06	
Persia	20,099.50	
Poland	188,115.26	
Spain	273,876.78	
	<hr/>	
(\$ = 5.17 Swiss francs)	907,831.05	905,623.88
<i>Contributions due from Nations: Compounded Arrears Account:</i>		
Guatemala	1,375.32	
Honduras	14,850.98	
Liberia	23,148.20	
Nicaragua	14,850.98	
Paraguay	4,125.91	
Salvador	7,380.91	
	<hr/>	
(\$ = 5.17 Swiss francs)	65,732.30	65,572.54
	Swiss Francs	
<i>Stocks:</i>		
Printing paper	7,256.23	
Stationery	16,195.50	
	<hr/>	
		23,451.73
<i>Cash in hand, at banks and with correspondents:</i>		
<i>Cash Suspense Accounts as per contra:</i>		
New Building Account	45,697.46	
Russian Refugees Account	3,778.94	
Mrs. Mather's legacy	551.50	
Grant from British Legion towards cost of album on prosthesis	3,086.25	
Grant from Union Fédérale des Associations françaises des Blessés towards cost of report on the "Rates of War Pensions in connection with the cost of living"	1,325.00	
Balance of grant from National Bureau of Economic Research for Enquiry into History of Migration Statistics	1,741.80	
	<hr/>	
		56,180.95
		<hr/>
		8,058,974.56

(Signed) F. M. COLLINS,
Chief Accountant.

Part IV

PERMANENT COURT OF INTERNATIONAL JUSTICE.

I. Budget Account for the ninth financial period of the League of Nations
(January 1st—December 31st, 1927).

I. *Accounts.*

- A. Summary of Chapters.
- B. Summary of Articles.

II. *Transfers.*

2. Balance-Sheet to December 31st, 1927.

(Financial Regulations, Art. 35.)

NOTES.

I. As the accounts for the financial year 1927 show, the Court has effected the following economies upon the credits voted for this period:

Chapter I	Fl.	159,120.72	
„ II	„	12,523.76	
„ III	„	1,164.48	
„ IV	„	—	(Net profit on exchange: Fl. 1,089.48.)
„ V	„	318.46	

This table shows that almost the whole of the savings effected during the past financial year have been made in Chapter I, expenses of sessions of the Court; this is due to the fact that the Court in 1927 was in session for 185¹ days instead of 240², the number of days adopted as a basis for the estimates made in Chapter I, and that it has held one session only instead of four.

II. In accordance with a decision taken by the Court on September 2nd, 1927, the Turkish Government, which was a Party in the *Lotus* case, has paid 5,000 florins as a contribution to the expenses of the Court, under Article 35 of the Statute.

I. BUDGET ACCOUNT.

I. ACCOUNTS.

A. *Summary of Chapters.*

	Original Credits	Credits and Transfers Dutch Florins	Expenditure
SECTION I. — ORDINARY EXPENDITURE.			
<i>Chapter I.</i>			
Sessions of the Court	560,200.—	560,200.—	401,079.28
<i>Chapter II.</i>			
General Services of the Court	458,902.83	458,902.83	446,379.07
<i>Chapter III.</i>			
Cost of administration of the Court's Funds	75.—	75.—	
<i>Chapter IV.</i>			
Contribution towards the constitution of a Fund to defray the expenses resulting from the Pensions Regulations for the personnel of the Court	10,000.—	10,000.—	1,089.48 (net profit on exchange) 10,000.—
SECTION 2.			
<i>Chapter V.</i>			
Capital Account	10,000.—	10,000.—	9,681.54
	<u>1,039,177.83</u>	<u>1,039,177.83</u>	<u>866,050.41</u>
<i>Receipts to be deducted:</i>			
Bank interest	10,000.—	10,000.—	6,966.86
	<u>1,029,177.83</u>	<u>1,029,177.83</u>	<u>859,083.55</u>

¹ Not including days spent in travelling.
² Including days spent in travelling.

B. Summary of Articles.

	Original Credits	Credits and Transfers Dutch Florins	Expenditure
SECTION I. — ORDINARY EXPENDITURE.			
<i>Chapter I.</i>			
1. Sessions of the Court (see Table A)	560,200.—	560,200.—	401,079.28
<i>Chapter II.</i>			
General Services of the Court:			
2. (a) Annual salaries (see Table B)	356,547.93	356,547.93	348,747.65
(b) Contribution to the Pension Fund	5,954.90	5,954.90	5,502.41
(c) Indemnities provided for in the Staff Regulations	400.—	50.—	—
(d) Contribution towards sickness insurance.	400.—	100.—	60.34
3. Travelling expenses of the Registrar and officials of the Registry:			
(a) Travelling expenses and subsistence allowance of Registrar and officials of the Registry (on duty)	4,000.—	4,500.—	4,390.08
(b) Travelling expenses of Registrar and officials of the Registry on leave to native country	1,000.—	1,000.—	960.05
(c) Removal expenses (in taking up appointment and on departure)	1,000.—	500.—	336.65
4. Contribution to the Carnegie Foundation:			
(a) Repayment of the expenditure contemplated in Article I of the contract	21,000.—	21,000.—	21,000.—
(b) Supplementary credit contemplated in Article VI of the contract	19,000.—	19,000.—	19,000.—
5. Administrative expenses (see Table C)	15,800.—	16,450.—	15,581.89
6. Printing	30,000.—	30,000.—	30,000.—
7. (a) Unpaid Liabilities Fund for 1926	3,000.—	3,000.—	—
(b) <i>id.</i> for 1924	800.—	800.—	800.—
	458,902.83	458,902.83	446,379.07
<i>Chapter III.</i>			
Cost of administration of the Court's Funds.			
8. Loss on exchange	5,000.—	5,000.—	4.83
9. Bank charges	75.—	75.—	40.20
	5,075.—	5,075.—	45.03
<i>To be deducted:-</i>			
Profit on exchange	5,000.—	5,000.—	1,134.51
	75.—	75.—	1,089.48 (net profit on exchange)
<i>Chapter IV.</i>			
10. Contribution towards the constitution of a Fund to defray the expenses resulting from the Pensions Regulations for the personnel of the Court	10,000.—	10,000.—	10,000.—
SECTION 2. — CAPITAL ACCOUNT.			
<i>Chapter V.</i>			
Permanent installations, etc.			
11. Furniture and installation of additional fittings.	9,500.—	9,500.—	9,476.73
12. Library	500.—	500.—	204.81
	10,000.—	10,000.—	9,681.54

(Signed) D. J. BRUINSMA,
Accountant - Establishment Officer.

(Signed) A. HAMMARSKJÖLD,
Registrar of the Court.

The CHAIRMAN : The Committee on Arbitration and Security takes note of this reservation.

The text of the Convention was adopted as a whole.

Adoption of Convention B.

The text of the Convention was examined article by article.

The text of the Convention was adopted as a whole.

Adoption of Convention C.

The text of Convention C was examined article by article.

The text of the Convention was adopted as a whole.

11. Resolution on the Submission and Recommendation of the Model General Conventions on Conciliation, Arbitration and Judicial Settlement.

“ The Assembly,

“ Having noted with satisfaction the model General Conventions drawn up by the Committee on Arbitration and Security on the subjects of conciliation, arbitration and judicial settlement ;

“ Highly appreciating the value of these model General Conventions ; and

“ Being convinced that their adoption by the greatest possible number of States would serve to increase the guarantees of security ;

“ Recommends all States, whether Members of the League or not, to accede thereto ;

“ Draws the attention of Governments which may not feel able to assume general obligations to the fact that they could accept the rules established by the aforesaid model conventions by means of special agreements or a simple exchange of notes with any States they may desire ; and

“ Requests the Council, with a view to this eventuality, to give the Secretariat of the League of Nations instructions to keep a list of the special obligations undertaken within the scope of the General Conventions, so as to enable States Members and non-Members of the League of Nations to obtain information thereon as soon as possible. ”

Lord CUSHENDUN (British Empire). — I should like to be allowed to make one or two observations upon this draft resolution. I am quite aware that it is in accordance with the usual practice pursued by Commissions and organs of the League, but as I hold rather strongly that a great deal of the procedure requires reform, I hope it will not be considered out of place if I take this occasion to indicate the view that I hold, though I do not wish, of course, to press it if it does not commend itself to the Committee. This resolution is a resolution to be passed by the Assembly, and it does not seem that we have a very high opinion of the resources of the Assembly if we submit a draft resolution beforehand. I venture to think that the resources of the Assembly are equal to drafting a resolution for themselves, and I do not consider that we should take it upon ourselves to dictate a text to them, especially as we are asking them to express their satisfaction with regard to the model conventions drafted by the Arbitration Committee. How can we know that they will view them with satisfaction ? It is quite possible that they may view them with anything but satisfaction. But even if they did, it is for them to say so and not for us to suggest it.

Again, this draft contains the following phrase : “ Highly appreciating the value of these model General Conventions... ”

Well, I certainly hope they will, but would it not be at least more modest of us not to say beforehand that these models are highly satisfactory.

In a word, we are telling the Assembly what it has to say ; I think that this is really a most inconvenient practice. I would therefore propose that we pass another resolution worded as follows :

“ The Committee on Arbitration and Security calls the attention of the Assembly to certain draft treaties drafted by this Committee, and requests the Assembly to take these drafts into consideration. ”

That is all we have any right to do and, for the rest, we should leave matters to the Assembly. If the Assembly does view our work with the admiration we anticipate, it will be quite capable of saying so itself.

M. PAUL-BONCOUR (France). — Lord Cushendun has humorously pointed out that we are awarding ourselves a certificate of merit and are thus somewhat anticipating matters, to say the least of it. I entirely agree with him. At the same time, I think we should — without falling into the sin of pride — find some way of throwing into prominence what I fancy was regarded in March last as one of the essential points to be kept in view by this Committee ; in other words, it must be made clear that the Committee hopes that these treaties, which we are already complacently describing as models, will not be simply shelved, but that they will be available for the conduct of what I may call international League policy

TABLE A, CHAPTER I, ARTICLE I.

Sessions of the Court.

	Original Credits	Credits and Transfers Dutch Florins	Expenditure
1. Duty and subsistence allowance of Judges (see annexed Table No. 1).	493,000.—	478,000.—	335,150.—
2. Salaries of temporary staff and overtime pay (permanent and temporary staff) (see annexed Table No. 2)	29,500.—	44,500.—	42,208.33
3. Travelling expenses of Judges and temporary staff (see annexed Table No. 3)	52,500.—	52,500.—	28,428.95
4. Taxis to convey female staff to their homes after nightwork	400.—	400.—	203.65
5. Welfare of staff.	200.—	200.—	88.35
	<hr/>	<hr/>	<hr/>
	575,600.—	575,600.—	406,079.28
Sums recoverable:			
Contributions of non-members	7,600.—	7,600.—	5,000.—
Assessors	7,800.—	7,800.—	—
	<hr/>	<hr/>	<hr/>
	560,200.—	560,200.—	401,079.28

ANNEXED TABLE NO. I TO TABLE A.

Duty and Subsistence Allowance of Judges.

Duty allowance of Vice-President, Judges and Deputy-Judges	294,000.—	294,000.—	202,600.—
Subsistence allowance of Vice-President, Judges and Deputy-Judges	120,000.—	120,000.—	89,100.—
National Judges (duty allowance)	40,000.—	40,000.—	33,750.—
National Judges (subsistence allowance)	13,000.—	13,000.—	9,700.—
Assessors (subsistence allowance)	20,000.—	5,000.—	—
Witnesses and Experts (Article 52 of Rules of Court).	6,000.—	6,000.—	—
	<hr/>	<hr/>	<hr/>
	493,000.—	478,000.—	335,150.—

ANNEXED TABLE NO. 2 TO TABLE A.

Salaries of Temporary Staff and Overtime Pay (Permanent and Temporary Staff).

Salaries of temporary staff	27,500.—	42,500.—	40,995.33
Overtime pay, permanent staff	1,500.—	1,500.—	1,189.—
Overtime pay, temporary staff	500.—	500.—	24.—
	<hr/>	<hr/>	<hr/>
	29,500.—	44,500.—	42,208.33

ANNEXED TABLE NO. 3 TO TABLE A.

Travelling Expenses of Judges and Temporary Staff.

Judges	25,000.—	25,000.—	19,741.43
Deputy-Judges	9,000.—	9,000.—	3,691.38
National Judges	5,000.—	5,000.—	2,769.70
Assessors	10,000.—	10,000.—	—
Temporary staff	2,500.—	2,500.—	2,226.44
Witnesses and Experts (Article 52 of Rules of Court)	1,000.—	1,000.—	—
	<hr/>	<hr/>	<hr/>
	52,500.—	52,500.—	28,428.95

TABLE B.

Annual Salaries.

President of the Court	60,000.—	60,000.—	60,000.—
Judges	150,000.—	150,000.—	150,000.—
Registrar	27,000.—	27,000.—	27,000.—
Permanent staff of Registry	119,547.93	119,547.93	111,747.65
	<hr/>	<hr/>	<hr/>
	356,547.93	356,547.93	348,747.65

TABLE C.

Administrative Expenses.

	Original Credits	Credits and Transfers Dutch Florins	Expenditure
Cost of distribution of documents	1,500.—	1,500.—	1,060.59
Supplies	7,500.—	7,500.—	7,396.05
Post, telephone, telegraph	5,000.—	5,000.—	4,960.36
Insurances	100.—	100.—	75.55
Gratuities at the New Year	200.—	200.—	200.—
Financial control and salaries adjustment	1,500.—	2,150.—	1,889.34
	<hr/> 15,800.—	<hr/> 16,450.—	<hr/> 15,581.89

II. TRANSFERS.

A. *Transfers in the Budget approved by the Court.*

Extract from the Minutes of Meeting No. 73 of the Twelfth (Ordinary) Session of the Court (November 9th, 1927):

“ 180. — Transfers in the Budget for the year 1927:

“ At the request of the PRESIDENT, the REGISTRAR explained the reasons making necessary the transfers indicated in Annex I to the Agenda.

“ The Court authorised the proposed transfers.”

Annex I to the agenda for the meeting of November 9th, 1927, was in the following terms (in so far as concerns the transfers submitted for the Court's approval):

“ In the course of the present financial period, it has appeared that some of the credits in the 1927 Budget would not be adequate and that consequently it is necessary to effect transfers.

“ The transfers which it seems indicated to effect are as follows:

- (a) Fl. 350, from credit 2c: “ Various indemnities provided for by the Staff Regulations ” to the item: “ Financial control and salaries adjustment ”, of credit No. 5 “ Administrative expenses ”.
- (b) Fl. 300, from credit 2d: “ Contribution towards sickness insurance ” to the item: “ Financial control and salaries adjustment ”, of credit No. 5 “ Administrative expenses ”.
- (c) Fl. 500, from credit 3c: “ Removal expenses ” to credit 3a: “ Travelling expenses and subsistence allowance of the Registrar and officials of the Registry (on duty) ”.

B. *Transfers within One and the Same Article of the Budget, approved by the Registrar of the Court.*

I. — On October 11th, 1927:

(a) ANNEXED TABLE NO. 1 TO TABLE A.

Duty and Subsistence Allowance of Judges.

	Original figure	Added	Deducted	New figure
	Dutch Florins			
Duty allowance of Vice-President, Judges and Deputy-Judges	294,000.—			294,000.—
Subsistence allowance of Vice-President, Judges and Deputy-Judges	120,000.—			120,000.—
National Judges (duty allowance).	40,000.—			40,000.—
National Judges (subsistence allowance).	13,000.—			13,000.—
Assessors (subsistence allowance)	20,000.—		10,000.—	10,000.—
Witnesses and Experts (Article 52 of Rules of Court)	6,000.—			6,000.—
	<hr/> 493,000.—		<hr/> 10,000.—	<hr/> 483,000.—

(b) ANNEXED TABLE NO. 2 TO TABLE A.

Salaries of Temporary Staff and Overtime Pay (Permanent and Temporary Staff).

Salaries of temporary staff	27,500.—	10,000.—	37,500.—
Overtime pay, permanent staff	1,500.—		1,500.—
Overtime pay, temporary staff	500.—		500.—
	<hr/> 29,500.—	<hr/> 10,000.—	<hr/> 39,500.—

2 — On November 9th, 1927:

(a) ANNEXED TABLE NO. 1 TO TABLE A.

Duty and Subsistence Allowance of Judges.

	Original figure after transfers, if any	Added	Deducted	New figure
		Dutch Florins		
Duty allowance of Vice-President, Judges and Deputy-Judges	294,000.—			294,000.—
Subsistence allowance of Vice-President, Judges and Deputy-Judges	120,000.—			120,000.—
National Judges (duty allowance).	40,000.—			40,000.—
National Judges (subsistence allowance).	13,000.—			13,000.—
Assessors (subsistence allowance)	10,000.—		5,000.—	5,000.—
Witnesses and Experts (Article 52 of Rules of Court)	6,000.—			6,000.—
	483,000.—		5,000.—	478,000.—

(b) ANNEXED TABLE NO. 2 TO TABLE A.

*Salaries of Temporary Staff and Overtime Pay
(Permanent and Temporary Staff).*

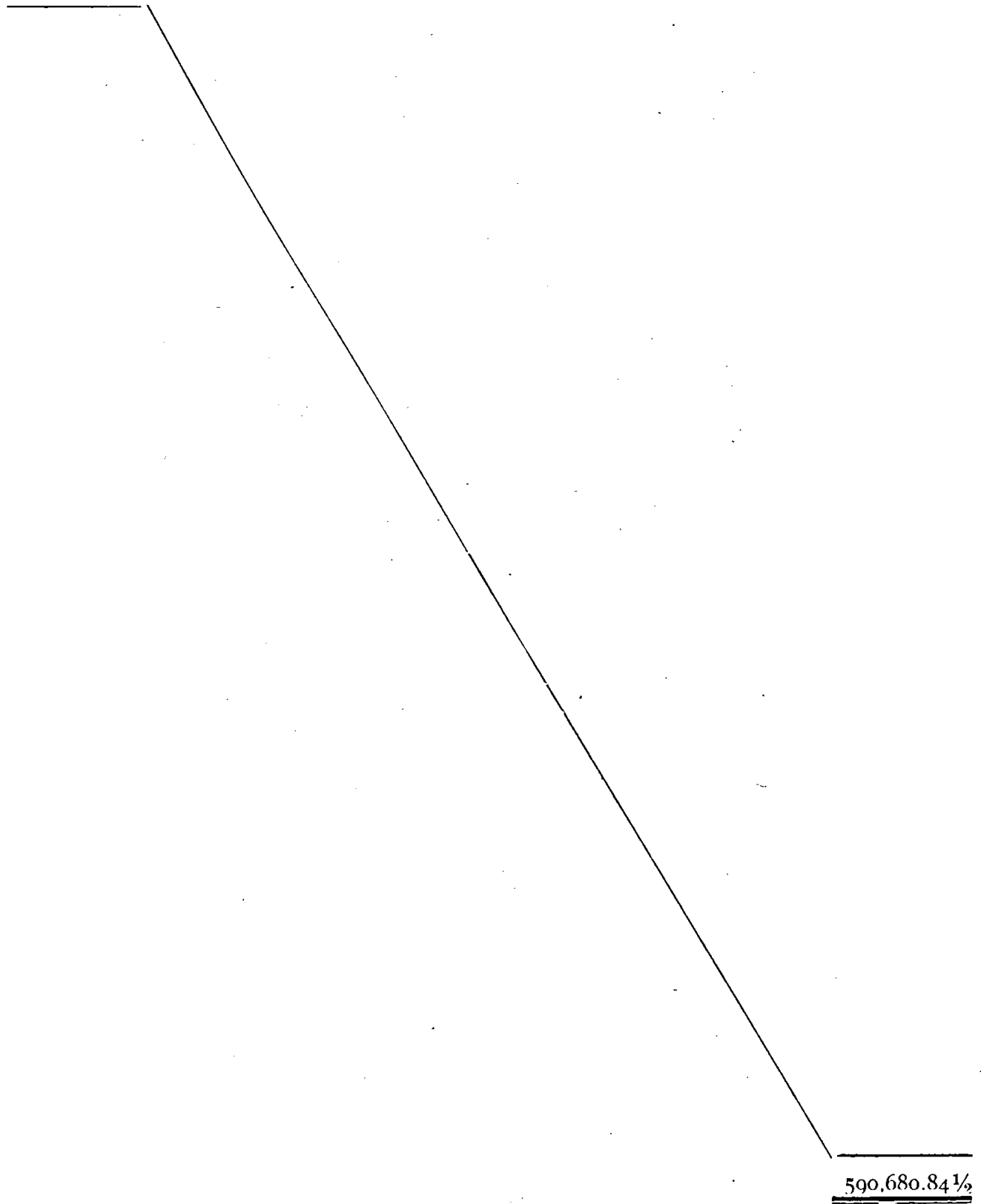
Salaries of temporary staff	37,500.—	5,000.—	42,500.—
Overtime pay, permanent staff.	1,500.—		1,500.—
Overtime pay, temporary staff	500.—		500.—
	39,500.—	5,000.—	44,500.—

2. STATEMENT OF ASSETS AND LIABILITIES AS AT
DECEMBER 31ST, 1927.

2. STATEMENT OF ASSETS AND

LIABILITIES.

	Dutch Florins	Dutch Florins	Dutch Florins
<i>Depreciation account:</i>			
(a) Furniture, typewriters, etc., to December 31st, 1926.	57,075.54		
Plus depreciation to Dec. 31st, 1927.	2,991.37		
	<hr/>	60,066.91	
(b) Library:			
To December 31st, 1926.	1,887.25 1/2		
Plus depreciation to Dec. 31st, 1927	123.85		
	<hr/>	2,011.10 1/2	
Surplus of assets over liabilities			62,078.01 1/2
			<hr/>
			528,602.83



590,680.84 1/2

LIABILITIES AS AT DECEMBER 31ST, 1927.

ASSETS.		Dutch Florins	Dutch Florins
<i>Furniture, typewriters, etc.:</i>			
Balance from the financial year 1926		60,615.51	
Purchases during financial year 1927		9,476.73	
		<hr/>	70,092.24
<i>Library:</i>			
Balance from the financial year 1926		2,121.54½	
Purchases during financial year 1927		204.81	
		<hr/>	2,326.35½
<i>Compounded arrears account:</i>		Gold francs	
Liberia		1,379.42	686.70
<i>Contributions to be received for Fifth Financial Period:</i>			
Bolivia	7,322.74		
China	129,449.22		
Honduras	1,991.53		
Nicaragua	1,991.53		
Peru	19,915.27		
	<hr/>		
	160,670.29		79,711.04
<i>Contributions to be received for Sixth Financial Period:</i>			
Bolivia	10,255.05		
China	133,316.65		
Honduras	2,051.01		
Nicaragua	2,051.01		
Peru	20,510.11		
	<hr/>		
	168,183.83		80,652.85
<i>Contributions to be received for Seventh Financial Period:</i>			
Bolivia	10,204.34		
China	102,043.51		
Honduras	2,040.88		
Nicaragua	2,040.88		
Peru	20,408.72		
	<hr/>		
	136,738.33		65,354.76
<i>Contributions to be received for Eighth Financial Period:</i>			
Bolivia	8,143.84		
China	85,032.26		
Honduras	2,035.97		
Nicaragua	2,035.97		
Paraguay	1,889.92		
Peru	18,323.63		
	<hr/>		
	117,461.59		56,391.17
<i>Contributions to be received for Ninth Financial Period:</i>			
Albania	1,424.76		
Bolivia	8,448.38		
Canada	170.85		
China	81,292.51		
Guatemala	502.38		
Honduras	2,112.10		
Ireland	5,177.81		
Lithuania	559.87		
Nicaragua	2,112.10		
Paraguay	2,000.50		
Persia	5,797.97		
Peru	19,008.86		
Poland	54,264.34		
Spain	79,003.34		
	<hr/>		
	261,875.77		125,720.69
<i>Cash in hand and at Bank</i>			109,745.04
			<hr/>
			590,680.84½

(Signed) D. J. BRUINSMA,
Accountant-Establishment Officer.

(Signed) Å. HAMMARSKJÖLD,
Registrar of the Court.

Part V.

AUDIT OF THE LEAGUE OF NATIONS ACCOUNTS FOR THE NINTH
FINANCIAL PERIOD

(January 1st to December 31st, 1927.)

REPORT BY M. A. CERESA,
Auditor.

CONTENTS.

	Page
Letter addressed on April 15th, 1928, by the Auditor to the Secretary-General of the League of Nations	56
INTRODUCTION	56
I. GENERAL BUDGET OF THE LEAGUE FOR 1927	57
<i>Income:</i>	
Contributions of States in respect of 1927	57
Contributions in Arrears	57
Appropriations in Aid	59
<i>Expenditure:</i>	
1. Secretariat	60
2. International Labour Organisation	62
3. Permanent Court of International Justice.	63
II. GENERAL STATEMENT OF ASSETS AND LIABILITIES OF THE LEAGUE AS AT DECEMBER 31ST, 1927:	
I. Property at Geneva	64
2. Building Fund.	65
3. Assembly Hall Furnishing Account	66
4. Building Annuity	66
5. Furniture, Equipment, etc.	67
6. Depreciation Reserve Fund.	67
7. Contributions in Arrears	68
8. Working Capital Fund.	68
9. Suspense Accounts.	68
10. Cash in Hand and at Banks	69
II. Final Figures	69
III. WORKING CAPITAL FUND	70
IV. SURPLUS OF ACTUAL INCOME OVER EXPENDITURE FOR 1927	71
V. CONCLUSION	72

LETTER ADDRESSED, ON APRIL 15TH, 1928,
BY THE AUDITOR TO THE SECRETARY-GENERAL.

In conformity with Article 44 of the Regulations for the Financial Administration of the League of Nations, I have the honour to transmit to you herewith my report on the audit of the accounts of the League for the financial year 1927.

(Signed) A. CERESA,
Auditor.

INTRODUCTION.

In beginning my report, I have pleasure in expressing my satisfaction at the care and accuracy displayed in setting up the accounts of the League of Nations for 1927, which have been submitted to me in accordance with the Regulations.

The form of these accounts has been improved, particularly as regards the way in which the general budget figures for the International Health Organisation, which in former years left much to be desired in the matter of clearness, are shown¹.

I will now proceed to state the result of my audit.

¹ Cf. my report on the accounts for 1926, page 66 (document A.3.1927.X).

I. GENERAL BUDGET OF THE LEAGUE FOR THE FINANCIAL YEAR 1927.

The credits voted by the Assembly at its meeting of September 25th, 1926, for the expenses of the 1927 financial year amounted in all to 24,512,341 gold francs, an increase of 1,581,708 gold francs over those voted for the previous financial year (1926). The increase is made up as follows ¹:

	1927 Gold francs	1926 Gold francs	Difference for 1927 Gold francs
Secretariat	13,561,840	12,533,004	+ 1,028,836
International Labour Office	7,431,724	7,114,938	+ 316,786
Permanent Court of International Justice Buildings at Geneva. . .	2,143,777 1,375,000	1,907,691 1,375,000	+ 236,086 —
Total	24,512,341	22,930,633	+ 1,581,708

INCOME

Contributions of States in respect of 1927.

The contributions to be received from the States Members of the League, to meet the expenses of 1927, were fixed, in accordance with the budget approved by the Assembly, at the sum of 24,512,341 gold francs.

From this sum of 24,512,341 gold francs there had, however, to be deducted, in pursuance of an Assembly resolution, the sum of 1,400,000 gold francs, to be refunded in respect of 1926 to the States which contributed to the formation of the Building Fund. The sum of 1,400,000 gold francs included 1,592.21 francs in respect of the Republic of Costa Rica, from which no contribution had been asked for 1927 as it had ceased to belong to the League of Nations ².

The reduction in the total contributions to be paid by the other States had therefore to be brought down to the figure of 1,398,407.79 francs (difference between the sum of 1,400,000 francs and that of 1,592.21 francs indicated above). The total of the contributions in question was consequently finally fixed at 23,113,933.21 gold francs ³.

The sum actually paid by the States amounted to 20,119,598.72 gold francs, and at December 31st, 1927, the sum of 2,994,334.49 gold francs was still owing in respect of that year.

The proportion of contributions received compared to the amount due in 1927 is approximately 87 per cent, as against 86 ³/₄ per cent in 1926 and 84 ¹/₄ per cent in 1925.

The payment of contributions therefore shows a general tendency to become more regular.

Contributions in Arrears.

In regard to the category of compounded arrears the figures are as follows:

	December 31st, 1927 Gold francs	December 31st, 1926 Gold francs	Difference at December 31st, 1927 Gold francs
Guatemala	5,123.60	12,808.97	— 7,685.37
Honduras	55,326.58	55,326.58	nil
Liberia.	73,822.09	85,265.04	— 11,442.95
Nicaragua	55,326.58	55,326.58	nil
Paraguay	15,370.80	15,370.80	nil
Salvador	30,425.—	36,510.—	— 6,085.—
	235,394.65	260,607.97	— 25,213.32

¹ The reasons for the increase are shown in document C.581.M.220.1926.X. These are, mainly, larger estimates for staff, for meetings of committees, etc., and for conferences.

² The sum of 1,592.21 gold francs was therefore refunded to the Republic of Costa Rica separately.

³ See Secretary-General's memorandum on the allocation of expenses for 1927 (document C.593.M.229.1926.X).

No payment was made in 1927 by Honduras, Nicaragua or Paraguay in discharge of their indebtedness. Nicaragua has informed the Secretary-General, however, that she will shortly be in a position to pay part of her debt to the League.

Another category of contributions in arrears concerns the financial years from 1920 to 1925 inclusive. As will be seen from the following table, nothing was received in 1927 on account of these contributions, which amount altogether to the considerable sum of 6,340,715.51 gold francs.

Year	December 31st, 1927	December 31st, 1926	Difference December 31st, 1927
	Gold francs	Gold francs	Gold francs
1920	29,947.47	29,947.47	nil
1921	208,333.—	208,333.—	nil
1922	384,386.—	384,386.—	nil
1923	2,194,131.42	2,194,131.42	nil
1924	1,900,286.33	1,900,286.33	nil
1925	1,623,631.29	1,623,631.29	nil
	6,340,715.51	6,340,715.51	nil

The arrears in respect of 1926 were, at the end of the same year, 3,046,006.43 gold francs. At December 31st last, this had been reduced to 1,411,897.56 gold francs, so that, at the date named, 94 per cent of the total contributions for the financial period had been recovered.

So far, the amount of 1,411,897.56 gold francs has remained unchanged.

The contributions for the last financial period (1927) remaining to be recovered at the end of the said period were 2,994,334.49 gold francs, as already stated in the previous chapter.

As at March 31st, 1928, the amount to be recovered for 1927 had been brought down to 1,980,732.32 gold francs.

To sum up, the total amount of contributions in arrears at December 31st, 1927, was as follows:

	Gold francs
Compounded arrears	235,394.65
Contributions for the periods from 1920 to 1925 inclusive.	6,340,715.51
Contributions for 1926 ¹	1,411,897.56
Contributions for 1927	2,994,334.49
Total	10,982,342.21

as against a total of 9,647,329.91 at the end of the previous financial year (1926).

The principal debtors are the following States:

	Gold francs
China	6,619,489.86
Peru	1,624,190.22
Bolivia	531,527.57
Total	8,775,207.65

In addition, there is the indebtedness of certain States² in respect of compounded arrears and of their contributions for the succeeding financial periods. These debts amount altogether to 533,182.77 gold francs.

The remainder (1,673,951.79 francs) represents indebtedness in respect of contributions for the last financial period (1927), a debt which is largely of a temporary nature. At March 31st, 1928, it had been brought down to 666,093.76 gold francs.

As regards China's debt, it should be recalled that the Assembly, at its meeting of September 25th, 1926, adopted the following resolution:

" The Assembly,

" (3) Requests China to propose effective and concrete methods, acceptable to the League of Nations, with a view to the payment of her contributions in arrears. "

Subsequently, at its meeting of September 22nd, 1927, the Assembly decided as follows.

" The Assembly,

" Requests the Secretary-General:

" (1) To continue negotiations with the Chinese Government with a view to arriving at some arrangement by which the contributions in arrears may be liquidated. "

¹ These contributions are owed by China, Peru, Bolivia, Honduras, Nicaragua and Paraguay.

² Guatemala, Honduras, Liberia, Nicaragua, Paraguay and Salvador.

As a result of the representations made by the Secretary-General in pursuance of the Assembly's request, the Chinese Government communicated a memorandum on the method of collecting the funds necessary for the payment of the "outstanding contributions owed by China and the contribution for the year 1927 which she has to pay."

This memorandum was circulated to the Members of the League of Nations on December 16th, 1926.

The Chinese representative accredited to the League communicated to the Council a further confidential note on June 15th, 1927, on this question of the settlement of contributions in arrears¹.

Appropriations in Aid.

The principal appropriations in aid of the Secretariat are the following contributions to the expenses of the special organisations of the League (Chapter III of the 1927 budget):

	Receipts Gold francs (1)	Expenditure Gold francs (2)	Balance at December 31st, 1927 Gold francs (3)
<i>International Health Organisation:</i>			
Contribution from the International Health Division of the Rockefeller Foundation	622,247.57	571,382.84	² 50,864.73
<i>Social Questions:</i>			
1. Contribution from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry on Opium-Poppy Cultivation in Persia	55,541.42	3,498.55	52,042.87 ³
2. Contribution from the American Bureau of Social Hygiene towards the expenses of the Commission of Enquiry into Traffic in Women and Children	47,546.36	45,230.78	2,315.58
3. <i>Legal Assistance to the Poor:</i>			
Contribution from the National Association of Legal-Aid Organisations	42,850.70	2,521.80	40,328.90
Total	768,186.05	622,633.97	145,552.08

These receipts (column 1) exceeded the budget estimates by 84,086.57 gold francs. The surplus concerns the International Health Organisation and represents a special contribution of the International Health Board of the Rockefeller Foundation.

The actual appropriations in aid — *i.e.*, the receipts which provided further funds to meet budget expenditure in addition to the credits voted for the International Health Organisation and the Social Section — are given in column 2 of the table³.

The balances shown in column 3 of the table have to be refunded, and are therefore placed to liabilities in the balance-sheet at December 31st, 1927.

There were also the following other appropriations in aid, which were deducted from the expenses of the general services of the Secretariat (Chapter II of the budget), thus reducing the call on the credits voted to meet those expenses:

	Gold francs.
Sale of publications	187,996.56
Interest earned	128,358.06
Miscellaneous cash receipts	31,674.85
	<hr/>
	348,029.47

The above figures exceed those for the previous financial year, and also exceed the estimates. There is a particularly notable increase in interest earned, which rose to 128,358.06 gold francs, as compared with 44,385.24 francs in 1926.

¹ See the Secretary-General's note of September 3rd, 1927 (document A.IV.3.1927).

² In the Secretariat balance-sheet the balance to the credit of the Rockefeller Foundation is shown at the higher figure of 52,392.76 gold francs. The difference of 1,528.03 gold francs represents the interest on the sum of 50,864.73 gold francs shown above.

³ In the previous financial year, these receipts amounted to 760,942.03 gold francs (see my report for 1926).

and will be proposed in this way to the various States for adoption. There can be no question but that the Assembly is alone entitled to take this step, but it is none the less true that our work is highly valuable. The minor points which inevitably arise at a second reading may obscure for a time the importance of this work. Nevertheless, when we are able to view it in proper perspective we shall see that, in drafting these treaties, and submitting them to the Assembly for approval, we shall, if they are taken up by the latter and then by the Council, have contributed towards the improvement of the position in regard to security. We must therefore devise some means of expressing our views on this point, without laying ourselves open to the witty and very justifiable criticisms of the representative of the British Empire. I would therefore make a proposal on this point. In the beginning of the text of the proposed resolution, we might delete the passage which crowns us with bays not yet awarded to us, but we might with advantage take up the text at the point where we say that the adoption of these Conventions by the largest possible number of States would contribute towards the strengthening of the guarantees of security.

We might usefully say that the Committee on Arbitration and Security recommends that a draft resolution be submitted to the Assembly, whereby that body would express its conviction that the adoption of conventions by the largest possible number of States would contribute towards strengthening the guarantees of security, and would recommend that all States, whether or not Members of the League of Nations, should accede thereto; the text would then go on as before, all verbs being put into the conditional mood. This change to the conditional would indicate that we fully appreciate how far we are entitled to go. We should be putting forward a recommendation, whilst at the same time expressing our desire that the Assembly should not merely place the texts on record, but should put them forward on its own authority and recommend them to the various countries for adoption.

The CHAIRMAN. — I have no objection to these changes. It will be for the Committee to decide. But it is the duty of the Chairman to say a word in defence of the Committee. We have always considered that the Assembly enjoyed sovereign rights and was free to take whatever decision it wished on any proposal submitted. Moreover, it must not be forgotten that we have already voted this text, and that the criticisms now levelled at it apply to what we did in February and March.

Finally, we have been appointed to undertake a perfectly definite piece of work, *i.e.*, to indicate to the Assembly the practical ways in which security might be increased. After submitting concrete results, and framing draft treaties, we therefore decided to append an invitation to the Assembly, showing how we consider that our work might be utilised.

I may add that we were obliged to frame draft resolutions, as certain of the questions brought up before the Committee could be dealt with in no other way. By way of example, I would draw your attention to the resolution on the good offices of the Council.

The Committee was led to standardise its work by submitting resolutions in final form. But I agree with Lord Cushendun with regard to the laudatory passages. Indeed, I should be very glad if his criticisms were taken into account in all resolutions submitted to the Assembly. If such forms of words were avoided, and if, in future, resolutions merely dealt with points of substance, as suggested by M. Paul-Boncour, I believe that they would be all the more trenchant.

Lord CUSHENDUN (British Empire). — May I say that I am very gratified by the words which you have used, Mr. Chairman, which showed that there is a certain amount of agreement with the spirit of the criticism that I have made. The very last thing that I desire is to start a discussion which may become a long one, but I have already indicated that I have no intention of pressing my view.

When M. Paul-Boncour began his speech, I had great hopes that I was going to have his powerful support for all my proposals; but as he continued, disappointment grew upon me. But it would be very distasteful to me to make any breach in the *entente cordiale* here in Geneva, and consequently, although I think my proposal a very much better one than his, I am quite prepared to accept his criticism and to be content with what you, Mr. Chairman, have said.

The CHAIRMAN. — If we follow Lord Cushendun's advice, I think we shall very easily agree on a text. Some slight amendments to the original text have been handed to me. The first is to delete the words "with satisfaction" from the first paragraph of the resolution; the second is to delete the word "fully" in the second paragraph. In any case, our discussion shows that the Assembly can take whatever decision it thinks desirable.

If there are no remarks, I shall regard the resolution as accepted with these modifications.

The resolution thus amended was adopted (Annex 8, II c.)

12. German Delegation's Suggestions: Continuation of the Discussion on Suggestion No. II.

M. SATO (Japan). — Mr. Chairman, at Saturday's meeting I followed the discussion of the German delegation's suggestions with the greatest interest. So long as the discussion merely turned on the possible drafting of a collective — as distinct from a general — model treaty, I thought it preferable to remain silent in order to avoid unnecessarily hampering the work of this Committee.

No payment was made in 1927 by Honduras, Nicaragua or Paraguay in discharge of their indebtedness. Nicaragua has informed the Secretary-General, however, that she will shortly be in a position to pay part of her debt to the League.

Another category of contributions in arrears concerns the financial years from 1920 to 1925 inclusive. As will be seen from the following table, nothing was received in 1927 on account of these contributions, which amount altogether to the considerable sum of 6,340,715.51 gold francs.

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Total	<u>768,186.05</u>	<u>622,633.97</u>	<u>145,552.08</u>

These receipts (column 1) exceeded the budget estimates by 84,086.57 gold francs. The surplus concerns the International Health Organisation and represents a special contribution of the International Health Board of the Rockefeller Foundation.

The actual appropriations in aid — *i.e.*, the receipts which provided further funds to meet budget expenditure in addition to the credits voted for the International Health Organisation and the Social Section — are given in column 2 of the table³.

The balances shown in column 3 of the table have to be refunded, and are therefore placed to liabilities in the balance-sheet at December 31st, 1927.

There were also the following other appropriations in aid, which were deducted from the expenses of the general services of the Secretariat (Chapter II of the budget), thus reducing the call on the credits voted to meet those expenses:

	Gold francs.
Sale of publications	187,996.56
Interest earned	128,358.06
Miscellaneous cash receipts	31,674.85
	<u>348,029.47</u>

The above figures exceed those for the previous financial year, and also exceed the estimates. There is a particularly notable increase in interest earned, which rose to 128,358.06 gold francs, as compared with 44,385.24 francs in 1926.

¹ See the Secretary-General's note of September 3rd, 1927 (document A.IV.3.1927).

² In the Secretariat balance-sheet the balance to the credit of the Rockefeller Foundation is shown at the higher figure of 52,392.76 gold francs. The difference of 1,528.03 gold francs represents the interest on the sum of 50,864.73 gold francs shown above.

³ In the previous financial year, these receipts amounted to 760,942.03 gold francs (see my report for 1926).

The total appropriations in aid for 1927 amounted to 970,663.44 gold francs, a figure which differs very little from that for the previous financial year (972,877.87 gold francs).

The appropriations in aid of the International Labour Office and the Permanent Court of International Justice will be mentioned in the chapters dealing with the expenditure of these two autonomous organisations.

EXPENDITURE.

The general budget expenditure for 1927 may be summarised as follows:

	Allotted Gold francs	Expended ¹ Gold francs	Saving Gold francs
I. Secretariat and Special Organisations	13,561,840.—	11,559,003.60	2,002,836.40
II. International Labour Office.	7,431,724.—	7,431,724.—	—
III. Permanent Court of International Justice	2,143,777.—	2,143,777.—	—
IV. Buildings at Geneva (Building annuity)	1,375,000.—	1,375,000.—	—
Total	24,512,341.—	22,509,504.60	2,002,836.40

Taking separately the Secretariat budget and the budgets of the two great autonomous organisations (the International Labour Organisation and the Permanent Court of International Justice), we obtain the following figures:

1. Secretariat.

	Gross expenditure Gold francs	Less appropriations in aid Gold francs	Net expenditure Gold francs
Budget appropriations	14,417,473.97	855,633.97	13,561,840.—
Expenditure ²	12,529,667.04	970,663.44	11,559,003.60
Saving.	1,887,806.93	115,029.47	2,002,836.40

(excess of appropriations in aid)

¹ For heads II, III and IV the expenditure is shown as equal to the credit granted, because the contributions due from Governments towards the funds voted for the expenses of the autonomous organisations and for the buildings have to be paid in full to the organisations and the Building annuity, respectively.

At December 31st, 1927, the following payments were outstanding:

to the Labour Office, 907,831.05 francs, out of 7,431,724 francs;
to the Permanent Court, 261,875.77 francs, out of 2,143,777 francs;

as certain States had not fully paid up their contributions for that year.

² The detail of the expenditure for the Secretariat and the Special Organisations for 1927 is as follows:

	Gross expenditure Gold francs	Less appropriations in aid Gold francs	Net expenditure Gold francs
I. Assembly and Council	372,449.31		372,449.31
II. General Services of the Secretariat	7,033,371.05	348,029.47	6,685,341.58
III. Special Organisations of the League.	4,962,878.57	622,633.97	4,340,244.60
	12,368,698.93	970,663.44	11,398,035.49
IV. Profit and Loss on Exchange.	— 13,949.20		— 13,949.20
	12,354,749.73	970,663.44	11,384,086.29
V. Permanent Equipment, etc.	174,917.31		174,917.31
Total	12,529,667.04	970,663.44	11,559,003.60

It will be seen that the saving, which amounts to 1,887,806.93 francs on the gross expenditure, is 2,002,836.40 francs on the net expenditure, as the Secretariat received appropriations in aid which exceeded the estimates by 115,029.47 francs.

The saving of 2,002,836.40 gold francs was effected on the following chapters:

	Gold francs.
<i>Chapter I.</i>	
Assembly and Council	595,450.69
The saving is principally due to the fact that only 2,960.80 francs were expended out of the 500,000 francs voted for unforeseen expenditure subject to special vote of the Council.	
<i>Chapter II.</i>	
General Services of the Secretariat.	522,932.42
A saving of 249,795 francs was effected on salaries, wages and allowances, and appropriations in aid amounted to 115,029 francs more than the estimate.	
<i>Chapter III.</i>	
Special Organisations of the League	857,421.40
Appreciable savings were effected on various items under this head. The greatest is the saving of 429,877 francs on "Reduction of Armaments". This is mainly due to the fact that the appropriation of 200,000 francs for investigations was left intact, and that the expenditure on the International Conference for the Supervision of the Private Manufacture of Arms and Ammunition and of Implements of War, for which 130,000 francs were allotted, amounted to only 2,030.45 francs for preparatory studies ¹ .	
<i>Chapter V.</i>	
Permanent Equipment, etc.	13,082.69
The chief saving is on the Library.	
	1,988,887.20
Profits on exchange after deducting losses on exchange (Chapter IV) produced a further saving of.	13,949.20
on the total budget appropriations for the expenditure of the Secretariat and Special Organisations.	
	2,002,836.40
Total saving	

The savings shown above are calculated with reference to the estimates as modified by transfers. In 1927, there were a great many transfers, some of considerable dimensions, such as that shown in the note ¹ below.

¹ Under the head of "Reduction of Armaments" a sum of 300,000 gold francs was allowed for the International Disarmament Conference.

It will be remembered that the Conference did not take place, and therefore this amount should normally have been saved.

268,280 gold francs, however, were taken from this sum and added to the funds available to meet other expenditure.

Transfers amounting to 195,000 francs were authorised by the Council, and others amounting to 73,280 francs by the Secretary-General.

The transfers authorised by the Council were as follows:

	Gold francs
Added to the appropriation for the World Economic Conference	170,000
Added to the appropriation for the expenses of the Communications and Transit Organisation (cost of temporary Committees and technical expert investigations)	25,000

The transfers authorised by the Secretary-General affected various items under the head of "Reduction of Armaments".

These withdrawals of funds reduced the appropriation under this head to 31,270 francs, of which only 326.50 francs were expended.

2. International Labour Organisation ¹.

	Gross expenditure Gold francs	Less appropriations in aid Gold francs	Net expenditure Gold francs
Credits voted out of the League budget	7,546,724	115,000	7,431,724
German contribution for 1926 (carried forward for 1927 expenditure) ²	265,766	—	265,766
Total	7,812,490	115,000	7,697,490
Actual expenditure	7,786,513.33	127,113.77	7,659,399.56
Saving	25,976.67	12,133.77	38,090.44

(excess of appropriations in aid)

Comparing the expenditure with the corresponding budget appropriations, we obtain the following figures:

	Sum voted Swiss francs	Expenditure Swiss francs	Percentage of expenditure to sum voted
1. Sessions of the Conference and the Governing Body	396,500	395,998.07	99.87
2. General services	6,999,665	6,975,564.30	99.65
3. Work on behalf of Russian Refugees	325,325	325,325 ³	100
4. Profit and loss on exchange	—	235.14 (profit)	—
5. Capital expenditure	91,000	89,861.10	98.75
Gross expenditure	7,812,490	7,786,513.33	99.66
Less: Appropriations in aid.	115,000	127,113.77	—
Net expenditure	7,697,490	7,659,399.56	99.51

It will be seen from this and the preceding table that the actual 1927 expenditure was	Swiss francs	7,786,513.33
To this must be added for bank charges		639.60
Total		7,787,152.93

The receipts for 1927 were as follows:

Contributions for the financial year 1927 (6,523,892.95 gold francs) received on account of the credit of 7,431,724 gold francs voted, including Germany's contribution for that year ⁴	Swiss francs	6,532,109.53
Contributions in arrears (514,160.09 gold francs)		514,439.62
Germany's contribution for 1926		265,087.90
Net proceeds of the sale of publications		127,113.77
Bank interest		11,448.26
Miscellaneous receipts		1,476.55
Value of printing-paper taken from stock in hand		6,985.27
Total		7,458,660.90

¹ The accounts of the International Labour Office are kept in Swiss francs. It should be noted that in the budget figures of the League, the Swiss francs in which expenditure is calculated are reckoned at par (1 Swiss franc = 1 gold franc). On the other hand, the shares of contributions due to the Labour Organisation, which are paid to it in gold francs by the Secretariat, are reckoned on the basis of 1 dollar = 5.1826 gold francs.

In the Secretariat balance-sheet at the end of the year, Swiss francs are converted into gold francs in respect of the adjustment of the accounts between the Secretariat and the Labour Office. Dutch florins are dealt with in the same way in the case of the Permanent Court of International Justice.

² In 1926, Germany had not yet become a Member of the League.

³ The actual expenditure was 365,180.06 Swiss francs. The deficit of 39,855.06 francs was met by the following grants from Governments:

German Government	Swiss francs (equivalent)	18,475.30
Austrian Government		7,200.—
Bulgarian Government		15,165.—
Polish Government		2,793.70
		43,634.—

This left a balance of 3,778.94 Swiss francs.

⁴ The amount received as Germany's contribution for 1927 was 578,429.77 gold francs.

The difference of 328,492.03 Swiss francs between the total income and the total expenditure shown above was met out of the Working Capital Fund ¹.

In the financial year 1926, the International Labour Office again found itself unable to meet its expenditure out of income, and was obliged to apply to the Working Capital Fund for 208,530.51 gold francs, which had afterwards to be made good out of the League surplus for that year, this involving a corresponding reduction in the amount to be deducted from the Government contributions for 1928.

In 1927, as in the previous year, this action became necessary because a large portion of the annual Government contributions had not been paid, and consequently income and expenditure during the year did not balance. As, however, this discrepancy is not a new and unforeseen factor, it would be desirable to bear it in mind when undertaking commitments during the year so that expenditure should not exceed the funds available.

3. Permanent Court of International Justice.

	Gross expenditure	Less appropriations in aid	Net expenditure
	Gold francs	Gold francs	Gold francs
Credits voted out of the League budget	2,164,835.10	21,058.10	2,143,777.—
Actual expenditure	1,823,737.61	14,670.88	1,809,066.73
Saving	341,097.49	6,387.22	334,710.27

The expenditure of the Court for 1927 is made up as follows:

	Credits voted	Expenditure	Percentage of expenditure to credits voted
	Dutch florins	Dutch florins	
Sessions of the Court	560,200.—	401,079.28	71.59
General services	458,902.83	446,379.07	97.27
Administration of funds	75.—	1,089.48	
		(net profit on exchange)	
Contribution towards the constitution of a fund to defray the expenses resulting from the Pensions Regulations for the Personnel of the Court	10,000.—	10,000.—	
Capital expenditure	10,000.—	9,681.84	96.82
Gross expenditure	1,039,177.83	866,050.41	83.34
Less : Appropriations in aid (bank interest)	10,000.—	6,966.86	69.67
Net expenditure	1,029,177.83	859,083.55	83.47

It will be seen that almost the whole of the savings effected during the past financial year is in connection with the expenses for the sessions of the Court. This is due:

- (a) To the fact that the Court, in 1927, was in session for less days than those adopted as a basis for the estimates made in the 1927 Budget for the same expenses;
- (b) To the fact that the Court held one session only instead of four.

It must be added that, in accordance with a decision taken by the Court on September 2nd, 1927, the Turkish Government, which was a party in the *Lotus* case, has paid 5,000 florins as a contribution to the expenses of the Court, under Article 35 of the Statutes.

The 5,000 florins were deducted from the actual expenditure of the Court for its sessions, — 406,079.28 florins — bringing it down to the figure of 401,079.28 florins, as shown in the Budget account ².

¹ In the accounts of the Secretariat, which is responsible for the Working Capital Fund, the amount withdrawn is shown at 328,700.16 gold francs.

² In the 1927 Budget of the Court, the amount of "Sums recoverable" was estimated as follows:

Contributions of non-members	Florins 7,600
Assessors	7,800
	15,400

The amount actually recovered was 5,000 florins in respect of Turkey, as above mentioned.

II. GENERAL STATEMENT OF ASSETS AND LIABILITIES OF THE LEAGUE AS AT DECEMBER 31ST, 1927.

1. Property at Geneva.

As regards the present Palais des Nations, with the adjoining property — formerly known as the Armleder estate — the General Statement as at December 31st, 1927, shows the same sum (4,000,000 gold francs) as that given at the close of the previous financial year. This represents the price guaranteed by the Swiss Government for the sale of the Palais when the Secretariat is finally transferred to the new buildings.

The Statement as at December 31st, 1927, also gives the total amount spent up to that date in connection with the building of the new Assembly Hall and the new Secretariat buildings — 3,530,762 gold francs, as against 2,338,644.60 gold francs on December 31st, 1926¹.

The sums spent on the new premises of the International Labour Organisation, which amounted on December 31st, 1926, to 3,024,780.01 gold francs, had risen on December 31st, 1927, to 3,434,903.98 gold francs, an increase of 410,123.97 gold francs.

In this connection, the following points should be noted by way of explanation.

Out of the Building Fund, 3,310,000 gold francs were placed at the disposal of the Labour Organisation for its new building.

In the accounts of the Labour Organisation, these 3,310,000 gold francs were converted into 3,301,388.25 Swiss francs (the equivalent.)

	Swiss francs
To the sum of	3,301,388.25
must be added:	

(a) *By gifts from Governments:*

	Swiss francs	
British Government	68,969.85	
Australian Government	8,500.—	
Queensland Government	7,425.—	
Canadian Government	1,200.—	
Serb-Croat-Slovene Government.	17,548.30	
	103,643.15	

(b) *By other gifts:*

American Federation of Labour	8,581.55	
Kate Crane Foundation	518.—	
	9,099.55	

(c) *Various receipts* 35,089.70

(d) *Bank interest.* 22,646.13

Total 3,471,866.78

Of this sum there had been spent, up to December 31st, 1927, inclusive, 3,426,169.32 Swiss francs, shown in the General Statement as their equivalent in gold francs (3,434,903.98, as explained above).

There therefore remained available on this date 45,697.46 Swiss francs, shown in the Statement above mentioned, as their equivalent in gold francs — 45,742.47.

To sum up, the property of the League at Geneva, according to the General Statement, was, on December 31st, 1927:

	Gold francs
Palais des Nations	4,000,000.—
International Labour Office building (sum spent up to December 31st, 1927, inclusive).	3,434,903.98
Ground and expenses in connection with the erection of a new Assembly Hall and new Secretariat building	3,530,762.—
Total	10,965,665.98

The International Labour Office also possesses premises at Rome, shown in the General Statement at 34,125.55 gold francs (purchase price), equivalent to 34,037.50 Swiss francs.

¹ Cf. also the chapter on the Building Fund.

2. Building Fund.

In pursuance of a resolution adopted by the Assembly on September 26th, 1925, a Fund was set up to meet the extraordinary expenditure required by the construction at Geneva of the International Labour Office building, of the new Assembly Hall and of the building for the headquarters of the League ¹.

As at December 31st, 1926, the Building Fund showed a balance of	Gold francs	Gold francs
In 1927, the following payments were made from the Fund:		11,621,402.24
(1) Expenses in connection with the construction of the new Assembly Hall and of a building for the Secretariat (headquarters of the League) ²	1,192,117.40	
(2) To make up the sum of 1,400,000 gold francs to be repaid in respect of 1927 to the States Members of the League in pursuance of the Assembly's resolution of September 25th, 1926	25,000.—	
	<hr/>	1,217,117.40
Balance		10,404,284.84
To be added, in respect of earned interest in 1927 on deposits at the bank (after deducting slight exchange differences)		508,674.24
The available balance of the Fund at December 31st, 1927, was thus		10,912,959.08

¹ It may be useful to give a full table of the sums so far assigned to the Building Fund:

<i>Surplus of Income over Expenditure for the Financial Periods:</i>		Gold francs
1923		1,139,580.45
1924		9,395,721.35
1925		3,367,847.28
		<hr/>
		13,903,149.08
<i>Sums paid by the Argentine as Contributions for the Financial Periods:</i>		
1922 }		
1923 }		2,799,692.14
1924 }		
Total		<hr/>
		16,702,841.22
<i>Interest on the Fund during the Financial Periods:</i>		Gold francs
1925		102,807.20
1926		460,436.23
1927		509,722.56
		<hr/>
		1,072,965.99
<i>Minor Differences in Rate of Exchange in the Years:</i>		
1926 }		
1927 }		2,913.87
		<hr/>
		17,788,721.08

² The expenditure charged to the Building Fund in the 1926 and 1927 financial periods was as follows:

	1926 Gold francs	1927 Gold francs	Total Gold francs
Payments for the new International Labour Office building	3,310,000.—	—	3,310,000.—
Cost of land:			
Bartholoni estate	1,130,000.—	}	1,880,000.—
Moynier estate	750,000.—		
"La Perle du Lac" estate (sold by the State of Geneva to the League of Nations under contract dated November 29th, 1927)	—	798,500.—	798,500.—
Cost of a building subsequently joined to the present Palais des Nations	270,000.—	—	270,000.—
Internal and external alterations to the above-mentioned building	88,504.90	33,896.70	122,401.60
Legal expenses	9,003.95	3,902.05	12,906.—
Travelling expenses and subsistence allowances of the Jury of Architects	47,633.05	69,088.45	116,721.50
Prizes awarded in the international competition for plans for the new League building	—	164,763.65 *	164,763.65
Travelling expenses and subsistence allowances of the Building Committee	4,657.80	11,729.35	16,387.15
Printing and Miscellaneous	38,844.90	110,237.20	149,082.10
Total	<hr/>	<hr/>	<hr/>
	2,338,644.60	1,192,117.40	3,530,762.—

* The following payments were made: 108,000 francs for nine prizes of 12,000 francs each; 34,200 francs for nine honourable mentions, Class I, at the rate of 3,800 francs each; and 22,500 francs for nine honourable mentions, Class II (2,500 francs each).

This constituted a diminution of 708,443.16 gold francs as compared with the balance on December 31st of the previous year¹.

A brief explanation seems to be necessary concerning the sum of 25,000 francs charged to the Building Fund in 1927 as shown in Item (2) of the above table.

The Supervisory Commission, in its report of May 1st, 1926 (document A.5.1926.X), made the following proposals, which were subsequently approved by the Assembly:

(1) The Members of the League to be asked each year for an extraordinary contribution of 1,375,000 gold francs to cover the expenditure in connection with buildings at Geneva, which was meanwhile to be met by the Building Fund.

(2) 1,400,000 gold francs — subject to possible later changes in this sum — to be refunded annually to those States which, by paying the contributions they had been called upon to make in respect of each financial year, had helped to create the annual surpluses of income over expenditure which were subsequently set aside for the formation of the Building Fund².

The difference between the sum of 1,400,000 gold francs to be repaid annually and the sum of 1,375,000 gold francs to be raised by the extraordinary contribution in question amounts to 25,000 francs and represents a commitment of the League not covered by a corresponding credit in the budget.

As we have seen, this sum of 25,000 francs has been charged to the Building Fund in the accounts for 1927. It is open to question, however, whether such a proceeding is in keeping with the purposes of this Fund, which has been constituted exclusively to meet the expenditure on new constructions, and cannot therefore be drawn upon for any other purpose.

I am therefore of the opinion that this sum of 25,000 francs represents an actual expense, and should be met by means of an additional credit in the budget.

To the possible objection that in this way States would pay for the building annuity exactly the same total sum as they would receive in return, it may be replied that not all the States called upon to pay the extraordinary contribution for the said annuity receive a share of the 1,400,000 francs, and that the contribution and the refund are divided between the States on an absolutely different basis.

But another circumstance of still greater importance must be noted. Owing to the fact that some States are not up to date with their contributions, the League finds itself in the position of having to pay over in full the sum of 1,400,000 gold francs to the States to which it has been assigned, without having received the whole of the sum of 1,375,000 francs for the building annuity. The difference therefore constitutes an additional charge on the general funds of the Secretariat.

Out of the annual sum of 1,375,000 gold francs, 1,192,350.73 francs were received in 1926 and 1,207,035.22 francs in 1927. The deficiency was therefore 182,649.27 francs in 1926 and 167,964.78 in 1927.

3. Assembly Hall Furnishing Account.

In accordance with the Supervisory Commission's suggestion, an account has been opened for furnishing the new premises to be erected at Geneva.³

The first sum paid into this account was 500,000 gold francs taken from the League's 1926 surplus.

At the end of 1927, this fund had increased to 505,416.75 francs by accretion of earned interest.

4. Building Annuity.

The sum of 1,375,000 gold francs, entered under Liabilities in the Statement, is the annuity for 1927. This amount, together with the 25,000 francs already mentioned in connection with the Building Fund, was deducted from the Government contributions for the financial year 1927.

In view of the provisional nature of these annuities, they might perhaps be more properly included in the "suspense accounts" in the Statement, provided the "Trust funds", which are of quite a different character, were kept separate.

¹ The Special Committee of five members appointed by the Assembly at its meeting of September 10th, 1927, drew attention to the inadequacy of the Building Fund, even taking account of subsequent additions to the Fund in respect of interest and of the sum to be obtained in due course by the sale of the present Palais des Nations.

Accordingly, the Assembly decided, at its meeting of September 26th, 1927, to approve in principle that the amount to be spent on the new buildings at Geneva might be increased to approximately 19,500,000 gold francs, and added that the exact amount of the supplementary credit necessary should be submitted to the Assembly at the next session.

² The sum of 1,400,000 francs was allocated in proportion to the amount which each State had contributed to the Building Fund.

³ Document A.5.1927.X.

5. Furniture, Equipment, etc.

The situation as regards these assets will be seen from the following figures, which are compared with last year's:

	December 31st, 1927	December 31st, 1926	Difference on December 31st, 1927
	Gold francs	Gold francs	Gold francs
<i>Secretariat:</i>			
Furniture and miscellaneous equipment, typewriters, etc.	1,131,277.02	1,046,817.87	+ 84,459.15
Library (books)	696,907.78	610,306.22	+ 86,601.56
Library (shelving).	92,056.58	88,199.98	+ 3,856.60
	<u>1,920,241.38</u>	<u>1,745,324.07</u>	<u>+ 74,917.31</u>
<i>International Labour Office:</i>			
Furniture and miscellaneous equipment, typewriters, etc.	787,343.77	720,390.08	+ 66,953.69
Library (books).	306,811.32	264,920.25	+ 41,891.07
	<u>1,094,155.09</u>	<u>985,310.33</u>	<u>+ 108,844.76</u>
<i>Permanent Court of International Justice:</i>			
Furniture and miscellaneous equipment, typewriters, etc.	145,205.83	125,521.70	+ 19,684.13
Library (books).	4,818.67	4,393.26	+ 425.41
	<u>150,024.50</u>	<u>129,914.96</u>	<u>+ 20,109.54</u>

6. Depreciation Reserve Fund.

(a) SECRETARIAT.

At December 31st, 1926, a fund of 1,535,004.82 gold francs had already been constituted for the gradual writing-off of the value of the furniture and of the library. This fund had risen, as at December 31st, 1927, to 1,828,934.37 gold francs, and was set off against the following assets, to the extent shown for each:

	Assets as shown in the balance-sheet Gold francs	Amount set off against Gold francs	Percentage
Furniture and miscellaneous equipment	1,131,277.02	1,131,277.02	100.—
Library (books).	696,907.78	609,320.19	87.43
Library (shelving)	92,056.58	88,337.16	95.96
	<u>1,920,241.38</u>	<u>1,828,934.37</u>	

As will be seen, the value of the furniture and miscellaneous equipment was already entirely covered by the Depreciation Fund on December 31st, 1927. In the current year, the same will be the case in regard to the value of the shelving of the Library and of the books it contains.

Here the question might arise how to deal with the sums which may be required for subsequent acquisitions of furniture, equipment or books, or for work carried out in the library.

Two solutions are possible:

(1) To provide for the writing-off of this expenditure at the rate of 20 per cent per annum, which was adopted in previous financial years.

(2) To cover the entire expenditure in the same financial year in which it was incurred by means of a corresponding increase in the Depreciation Fund.

The second of these alternatives, although it may appear somewhat drastic, seems to me preferable, since the time of extraordinary expenditure for the equipment of the offices of the Secretariat and of the library has gone by, and the annual expenses of this kind should not in future be sufficiently high to justify their distribution over several financial periods; moreover, in view of the expenditure on furniture and equipment which will be incurred when the Secretariat is transferred to the new building, it would be preferable not to have still to provide for covering the expenses of previous financial periods.

(b) INTERNATIONAL LABOUR OFFICE.

Carrying out the suggestion I made in my report on the 1926 accounts, the International Labour Office has adopted in its balance-sheet as at December 31st, 1927, the arrangement already employed by the Secretariat and the Permanent Court, in respect of certain assets for which a Depreciation Fund will gradually be formed. That is to say, the accounts show on one side the value of these assets, and on the other the corresponding amount of the Depreciation Fund.

In the course of discussion, however, we came to consider a problem of the highest importance and found ourselves faced with a very serious question, namely, supervision. I therefore feel it to be my duty to say a word on this subject.

My colleagues will doubtless remember that the opinion of my Government on this subject has been stated on many occasions. I do not propose, therefore, to make a detailed statement of its views, which you will find set forth in the documents of Sub-Commission A. I should like to say, however, that my Government still has great difficulty in accepting the idea of supervision. There seem to be two currents of opinion in this Committee. Some of our colleagues demand supervision as an essential condition of their acceptance of the German suggestions; others, on the contrary, show little inclination to approve these suggestions if they are to be accompanied by a system of supervision.

For the moment, at all events, I fail to see how we can reconcile these two clearly divergent opinions and thus extricate ourselves from the difficulties in which we are at present involved. We must not forget, moreover, that we are unaware as yet of the final text of the draft. We do not know exactly what it will contain. In the circumstances, I think it best not to express a final opinion here and now on the question of supervision, but to wait until we are in possession of a definite text which will be submitted to us for a first reading. That will enable us to view the question as a whole.

Generally speaking, however, my Government has some difficulty in adhering to the German suggestions. It remains of opinion that the Council should be given all possible latitude in deciding what measures are to be taken in emergencies, and should not be tied down in advance by hard-and-fast rules. If the Japanese Government was able to subscribe to the decision taken by the Council on December 6th, 1927, endorsing the work of the Committee of Three on the application of Article 11 of the Covenant, it was because this work merely involved the study of the measures which might possibly be taken and not a definite undertaking to be given beforehand. The two things are quite distinct.

It is because of these objections on grounds of principle that the Japanese delegation is unable to say at once whether it can or cannot accept the German suggestions. At the same time, my Government has no objection whatever to the further consideration of these suggestions, but reserves the right to express a final opinion on them in due course.

M. FOTITCH (Kingdom of the Serbs, Croats and Slovenes). — The discussion of the German suggestions having led up to the consideration of the question of supervision and sanctions, I feel bound to state the opinion of the Serb-Croat-Slovene delegation on these important matters.

We entirely concur in the statements made at our last session on this subject by the honourable representatives of France and Poland. Like them, we hold that the Council could not take effective measures to secure a return to the military *status quo* without an efficient system of supervision, the operation and machinery of which would be determined beforehand, and that this system of supervision would naturally entail the application of sanctions to a State which refused to submit to supervision or to carry out the recommendations of the Council. I should like to point out, however — and I believe that on this point there is full agreement between myself and my honourable colleagues of France and Poland — that, in contemplating the system of supervision, my delegation has in view, not only the measures for securing a return to the military *status quo*, but also the conservatory measures which the Council might take as indicated in the German suggestions.

These measures, as contemplated in suggestion No. I, may be highly important, and the honourable delegate for Germany agreed, at the end of our last meeting, that the Committee might perhaps examine whether those referred to in suggestion No. II are not already covered in part by suggestion No. I. It is of the highest importance that, by measures of supervision supplemented by sanctions, the Council should not only organise the machinery which should speedily be brought into operation, but should be able to satisfy itself that the parties have carried into effect the recommendations which they pledged themselves beforehand to execute and enforce.

The Serb-Croat-Slovene delegation is of opinion that supervision and sanctions should be laid at the foundation of the treaty drawn up in accordance with the German suggestions, towards which we are very sympathetic. In this way only can these suggestions produce practical effects and be set in their proper place, that is to say, in the draft model Treaty of Mutual Assistance.

The CHAIRMAN. — If there are no other remarks on suggestion No. II, I propose that we pass to the consideration of suggestion No. III.

Lord CUSHENDUN (British Empire). — May I ask exactly what that means? Let us know where we are! What will the position be with regard to suggestion No. II if we pass on now? Is it not necessary for us to come to some conclusion about it? It appears to me we shall be leaving it on one side. Numbers of criticisms have been passed, and a good many delegations have said it will require sanctions and control, which are not included in any part of the suggestions of the German delegation. I think, with great respect, that it is impossible for us to pass from suggestion No. II without coming to some definite conclusion about it.

The figures of the balance-sheet, converted into gold francs, are set out thus in the General Statement for the League:

	Value in the balance-sheet Gold francs	Depreciation Gold francs	Percentage
New building in Geneva (total sums expended up to December 31st, 1927)	3,434,903.98	161,493.24	4.70
Premises in Rome	34,125.55	14,957.84	43.83
Furniture, fittings, etc.	787,343.77	509,424.46	64.70
Library (books)	306,811.32	229,944.15	74.95
	<u>4,563,184.62</u>	<u>915,819.69</u>	

As regards the new building in Geneva, I think that the ratio of the annual depreciation and the length of the amortisation period should be reconsidered, as soon as the final cost of the property has been ascertained.

In the case of the Rome premises, depreciation might — for purposes of strict valuation — be continued for another year, the rate being reduced from 10 to 5 per cent.

Finally, as regards the further depreciation of furniture and books, it is obvious that a method similar to that employed in the case of the corresponding Secretariat assets should be adopted.

(c) PERMANENT COURT OF INTERNATIONAL JUSTICE.

The balance-sheet of the Court shows the following figures:

	Value shown in the balance- sheet Dutch florins	Depreciation Account Dutch florins	Percentage
Furniture, typewriters, etc.	60,615.51	60,066.91	99.09½
Library	2,121.54½	2,011.10½	94.79
	<u>62,737.05½</u>	<u>62,078.01½</u>	98.95

7. Contributions in Arrears.

On this subject, we would refer to the remarks in Chapter I of the present report.

8. Working Capital Fund.

The Working Capital Fund is shown on the liabilities side of the Statement at 4,861,156.49 gold francs.

Against this figure we have, on the assets side of the Statement:

	Gold francs
Cash balance of the Fund	4,181,890.06
Recoverable advances	238,911.39
Total	<u>4,420,801.45</u>

The difference between this last figure and that shown above is 440,355.04 francs, representing as to 111,654.88 francs arrears of contributions to the Fund, which are incorporated in the total of contributions in arrears (shown at 10,982,342.21 francs in the Statement), and as to 328,700.16 francs the advance made to the International Labour Office in 1927.

Further details regarding the Fund are given in Chapter III of the present report.

9. Suspense Accounts.

These really relate to trust funds, as the very useful explanatory note appended by the Secretariat to the 1927 accounts clearly shows¹.

In view of their nature and origin, the balances of these accounts are shown both as assets and liabilities.

¹ In the case of the International Labour Office, the various items in the suspense accounts are specified in the balance-sheet of the Organisation as at December 31st, 1927.

10. Cash in Hand and at Banks.

This item includes:

	Gold francs
(1) Working Capital Fund cash balance	4,181,890.06
(2) Building Fund	10,912,959.08
(3) 1927 Building Annuity	1,375,000.—
(4) Balance of the " Assembly Hall Furnishing Account "	505,416.75
(5) Balance at the disposal of the International Labour Office out of the sum credited to it for the new building	45,742.47
(6) Balance of 1926 cash surplus	873,626.25
(7) 1927 cash surplus	1,419,293.68
Total	19,313,928.29

With regard to the 1926 cash surplus, it will be remembered that, on December 31st of that year, the surplus amounted to 1,590,471.47 gold francs.

Of this total, the following amounts were expended, on the proposal of the Supervisory Commission and with the approval of the Assembly:

	Gold francs
Sum repayable to the Rockefeller Foundation on grants for the financial years 1922 and 1924 (1,604.35 United States dollars)	8.314.71
Sum repayable to the Working Capital Fund for the advance made to the International Labour Office out of the Fund, for 1926	208.530.51
Sum set aside to inaugurate the " Assembly Hall Furnishing Account "	500.000
Total	716.845.22

On December 31st, 1927, there therefore remained a balance of 873,626.25 gold francs which was refunded by a reduction of the 1928 contributions, in conformity with a decision taken by the Assembly on September 27th, 1927.

Reference is made to the 1927 cash surplus under Chapter IV of the report.

11. Final Figures.

The results of the general balance-sheet of the League of Nations as at December 31st, 1927, may be summarised as follows:

	Gold francs
Assets	44,980,100.90
Liabilities	9,366,674.59
Surplus of assets over liabilities, shown in the budget under the heading " Capital Account "	35,613,426.31

On December 31st, 1926, there was a surplus of 32,858,115.14 gold francs.

The accounts at the end of last year therefore show an increase in the surplus (Secretariat and autonomous organisations) for the year 1927 of 2,755,311.17 gold francs, constituted as follows:

	Gold francs
Secretariat	2,327,239.34
<i>Less:</i>	
Cash balance due on December 31st, 1926, to the Interna- tional Labour Office, being the balance of the sum of 3,310,000 francs credited to the Labour Office for its new building	401,088.91
International Labour Office	1,926,150.43
Permanent Court of International Justice	200,696.73
Total	2,755,311.17

In conformity with the decision reached by the Supervisory Commission ¹ as a result of an observation in my report on the 1926 accounts, the sum of 35,613,426.31 gold francs mentioned above has been divided into two parts in order to show separately and clearly the portion (10,982,342.21 francs) which represents contributions in arrears.

¹ Cf. document A.5.1927.X.

III. WORKING CAPITAL FUND.

On December 31st, 1926, this Fund amounted to 4,560,229.58 gold francs.¹
In 1927, the Fund was increased by the following sums:

	Gold francs
(1) Contributions paid in this year by Liberia on account of her 1921 and 1923 arrears	428.61
(2) Interest on bank deposits	186,780.92
(3) Interest at 4 per cent on the repayable quota owed by Turkey in respect of the advance made from the Fund to meet the expenses of the Commission of Enquiry appointed by the Council of the League in 1924 to collect information concerning the frontier between Turkey and Iraq ²	2,062.50
Total	<u>189,272.03</u>

As at December 31st, 1927, the Fund had therefore risen to 4,749,501.61 gold francs.

This represented:

(a) 4,181,890.06 gold francs in cash, mainly on deposit in banks at various rates of interest averaging 4 ³/₄ per cent;

(b) 567,611.55 advances made as follows:

	Gold francs
Expenses of the High Commissioner at Danzig	98.59
Sum to be repaid by Turkey on the advance mentioned above, including 2,062.50 francs interest as stated	199,534.50
Expenditure in respect of the two Swedish officers placed at the disposal of the Bulgarian and Greek Governments following the frontier incident between Bulgaria and Greece (sum to be repaid by the Governments concerned)	10,101.25
Expenses of the expert appointed by the Council of the League in connection with minority schools in Polish Upper Silesia	14,627.65
Advances to the Financial Committee's representative in Austria	14,549.40
Advance made in 1927 to the International Labour Office from the share of the Fund to which it is entitled, in order to meet the deficit of income as against expenditure for the current financial year.	328,700.16
Total	<u>567,611.55</u>

On December 31st, 1927, the Working Capital Fund was still entitled to a further sum of 111,654.88 gold francs, being the difference between the contributions (4,468,476.87 gold francs), which Members had been requested to pay, less cancelled contributions, and the amount of the contributions paid up to the end of 1927 (4,356,821.99).

¹ The credits voted by the Assembly for the formation of the Working Capital Fund amounted, for the financial years up to and including 1925, to 4,607,500 gold francs. Since 1925, no further contributions to the Working Capital Fund have been called for.

From these 4,607,500 gold francs there were, however, deducted 139,023.13 gold francs to cover the cancellation of certain debts in the form of contributions owed by various States.

The contributions required for the Working Capital Fund were therefore reduced to 4,468,476.87 gold francs. Up to December 31st, 1926, inclusive, 4,356,393.38 francs had been paid on account.

To this sum must be added 38,228.15 francs (voluntary contributions) and 165,608.05 francs interest up to that date — in all, 203,836.20 francs.

On December 31st, 1926, therefore, the Fund amounted to 4,560,229.58 gold francs, as stated above.

² Interest as above was calculated in accordance with the general decision taken by the Assembly on September 26th, 1927, on the proposal of the Supervisory Commission, with regard to advances not repaid within six months; it covers the period from September 27th to December 31st, 1927.

The advance to which it relates, however, was made at a much earlier date. The corresponding credit is carried on from year to year.

These 111,654.88 gold francs form part of the total contributions in arrears as at December 31st, 1927, but it is very doubtful whether they can be recovered ¹.

IV. SURPLUS OF ACTUAL INCOME OVER EXPENDITURE FOR 1927.

In accordance with Article 38 (a) of the Financial Regulations, it is necessary to ascertain the difference between the actual income and expenditure for the financial year 1927.

For the Secretariat we have the following figures:

	Gold francs
Actual income ²	23,990,835.80
Expenditure ³	22,801,739.37
	<hr/>
Surplus of income over expenditure	1,189,096.43

As has already been stated, the International Labour Office showed in 1927 an excess of 328,492.03 Swiss francs expenditure over income, which was met by a grant from the Working Capital Fund.

The following are the figures for the Permanent Court of International Justice:

	Dutch florins
Actual income	975,795.45
Expenditure	866,050.41
	<hr/>
Surplus of income over expenditure	109,745.04

¹ The following are the financial years to which this sum refers, compared with the figures as at December 31st, 1926

	December 31st, 1927	December 31st, 1926	Differences on December 31st, 1927
	Gold francs	Gold francs	Gold francs
1920	5,112.55	5,112.55	—
1921	20,928.77	21,300.52	— 371.75
1923	43,098.18	43,155.04	— 56.86
1924	38,932.14	38,932.14	—
1925	3,583.24	3,583.24	—
	<hr/>	<hr/>	<hr/>
	111,654.88	112,083.49	— 428.61

The sum of 428.61 gold francs represents payments made by Liberia, as stated at the beginning of this chapter.

² The items are as follows:

	Gold francs
Contributions for the financial year 1927	21,519,598.72
Contributions in arrears	1,659,322.19
Interest on the Working Capital Fund	186,780.92
Contribution of the International Labour Office to the expenses of the Committee of Statistical Experts . .	2,500.00
Appropriations in aid	622,633.97
	<hr/>
	23,990,835.80

³ The items of expenditure were as follows:

	Gold francs
Budget expenditure	12,181,637.57
Sums paid from 1927 contributions:	
	Gold francs
To the International Labour Office	6,523,892.95
To the Permanent Court of International Justice . .	1,881,901.23
To the " Building Annuity "	1,375,000.—
	<hr/>
	9,780,794.18
Sums paid out of the contributions in arrears received in 1927:	
To the International Labour Office	514,160.09
To the Permanent Court of International Justice . .	136,161.84
To the Working Capital Fund	428.61
	<hr/>
	650,750.54
Payment to the Working Capital Fund of the interest thereon (see previous note)	186,780.92
Refund to the Government of Costa Rica (see chapter on 1927 con- tributions)	1,592.21
Cancellation of an irrecoverable advance	183.95
	<hr/>
	22,801,739.37

109,745.04 Dutch florins are equivalent to 230,197.25 gold francs.

When the figures for the Secretariat and the Court are taken together, it will be seen that the cash surplus of the League on December 31st, 1927, amounted to 1,419,293.68 gold francs. Unless the Assembly decides otherwise, this sum should, under existing regulations, be carried over to the 1929 budget and deducted from the Government contributions for that financial year.

The following figures indicate the cash surplus for the last three financial years; as a whole, they show a progressive decrease, due mainly to the fact that, as the payment of contributions becomes more regular, payments of arrears tend to diminish.

	1925	1926	1927
	Gold francs	Gold francs	Gold francs
Secretariat	2,365,985.98	1,421,618.11	1,189,096.43
International Labour Office	409,334.78	—	—
Permanent Court of International Justice	52,334.05	168,853.36	230,197.25
Total	<u>2,827,654.81</u>	<u>1,590,471.47</u>	<u>1,419,293.68</u>

V. CONCLUSION

The following are the main points in the financial situation of the League as reflected in the 1927 accounts.

A considerable landed estate is gradually being acquired in view of the necessity of endowing the Secretariat with adequate headquarters in Geneva and of constructing an Assembly Hall, for which purpose existing funds are to be greatly increased.

There exist cash balances of over 4,000,000 francs in the Working Capital Fund, apart from the portion used for repayable advances.

There is also a Reserve Fund that almost entirely covers the value of movable property and, as regards the International Labour Office, is set off against the value — not yet definitely ascertained — of the new Labour Office building.

In only one direction is there cause for momentary anxiety: the increase of expenditure and the continued dilatoriness of certain States in paying their contributions.

Sixième Partie.

COMPTES DE LA CAISSE DE PRÉVOYANCE DU PERSONNEL POUR 1927

Part VI.

ACCOUNTS OF THE STAFF PROVIDENT FUND FOR 1927.

SOCIÉTÉ DES NATIONS. — LEAGUE OF NATIONS
CAISSE DE PRÉVOYANCE DU PERSONNEL. — STAFF PROVIDENT FUND

BILAN AU 31 DÉCEMBRE 1927.
BALANCE-SHEET AS AT DECEMBER 31ST, 1927.

Passif. — Liabilities.

COMPTE CAPITAL — CAPITAL ACCOUNT.

	Francs suisses Swiss Francs	Francs suisses Swiss Francs	Francs suisses Swiss Francs
<i>Secrétariat — Secretariat.</i>			
Contributions versées par les membres — Contributions by members	829,100.10		
Contributions versées par la Société — Contributions by League.	795,811.23		
		<u>1,624,911.33</u>	
<i>Bureau international du Travail — International Labour Office.</i>			
Contributions versées par les membres — Contributions by members	732,915.84		
Contributions versées par la Société — Contributions by League.	739,406.78		
		<u>1,472,322.62</u>	
<i>Cour permanente de Justice internationale — Permanent Court of International Justice.</i>			
Contributions versées par les membres — Contributions by members	38,264.69		
Contributions versées par la Société — Contributions by League.	36,364.72		
		<u>74,629.41</u>	
CAISSE DE DÉCÈS ET D'INVALIDITÉ — DEATH AND INVALIDITY FUND.		<u>146,726.91</u>	3,318,590.27
PLACÉ AU FONDS DE RÉSERVE CRÉÉ POUR PARER ÉVENTUELLEMENT A UNE DÉPRÉCIATION DES VALEURS — INVESTMENTS RESERVE FUND. . .		9,000.—	
<i>Plus prime afférente au remboursement de \$ 2,000 emprunt allemand — Add premium on redemption of \$2,000 German Loan . . .</i>		517.60	
<i>Plus somme virée du compte d'intérêts — Add amount transferred from Revenue Account .</i>		8,000.—	
		<u>17,517.60</u>	
COMPTE D'INTÉRÊTS — REVENUE ACCOUNT.			
Solde reporté — Balance brought forward. .		939.47	
<i>Plus intérêts nets pour l'année se terminant le 31 décembre 1927 — Add net revenue in respect of year ended December 31st, 1927 .</i>		156,892.77	
		<u>157,832.24</u>	
<i>Moins déductions opérées sur certains titres et équivalant à une réduction à la valeur au pair — Less amount written off certain securities equivalent to reduction to par value</i>	12,362.24		
<i>Moins somme portée au fonds de réserve — Less amount transferred to Investments Reserve Fund</i>	8,000.—		
<i>Moins somme portée au compte capital et représentant la répartition d'intérêts à raison de 5 % par an — Less amount transferred to Capital Account, being distribution of interest at 5 % per annum.</i>	136,739.35		
		<u>157,101.59</u>	730.65
			<u>3,336,838.52</u>

SOCIÉTÉ DES NATIONS. — LEAGUE OF NATIONS
CAISSE DE PRÉVOYANCE DU PERSONNEL. — STAFF PROVIDENT FUND

BILAN AU 31 DÉCEMBRE 1927.
BALANCE-SHEET AS AT DECEMBER 31ST, 1927.

Actif. — Assets.

COMPTE PLACEMENTS — INVESTMENTS ACCOUNT.	<i>Valeur nominale</i> <i>Nominal Value</i>	Francs suisses
	Francs suisses Swiss Francs	Francs suisses Swiss Francs
5% Ch. Fer Fédéraux 1924	100,000	98,222.50
4% Ch. Fer Fédéraux 1923	100,000	87,727.50
3½% Ch. Fer Fédéraux 1899-1902	100,000	79,560.50
4½% Ch. Fer Fédéraux 1922	100,000	94,205.—
3% Ch. Fer Fédéraux 1903.	100,000	74,151.50
3½% Ch. Fer Jura-Simplon, 1894	100,000	75,986.—
4% Ch. Fer Fédér. 1900	99,750	84,528.40
4½% Fédéral 1917 (VI)	100,000	95,830.—
4½% Fédéral 1917 (VII)	100,000	97,900.—
5% Fédéral 1923	100,000	99,498.—
5% Fédéral 1924	100,000	98,913.—
5% Fédéral 1925	150,000	147,000.—
4½% Fédéral 1915	100,000	94,915.—
4½% Fédéral 1927	50,000	48,500.—
6% Emprunt autrichien 1943 — 6% Austrian Loan 1943	100,000	95,440.—
7% Emprunt belge 1926 — 7% Belgian Loan 1926	100,000	100,000.—
7% Ch. F. Français.	50,000	50,000.—
6% Ch. F. Paris-Orléans, 1922 — 6% Ch. Fer Paris Orleans, 1922	50,000	49,437.—
7½% Emp. hongrois 1924 — 7½% Hungarian Loan 1924	80,000	80,000.—
7% Emp. autrichien 1943 — 7% Austrian Loan, 1943	\$38,000	196,938.80
7½% Emp. hongrois 1944 — 7½% Hungarian Loan 1944.	\$20,000	101,709.11
7% Emp. allemand 1949 — 7% German Loan 1949	\$38,000	196,938.80
6½% Emp. japonais 1954 — 6½% Japanese Loan 1954.	\$30,000	153,075.51
5½% Emp. danois 1955 — 5½% Danish Loan 1955	\$20,000	103,051.72
6% Emp. argentin 1959 — 6% Argentine Loan 1959.	\$20,000	102,628.74
6% Emp. argentin 1927/1960 — 6% Argentine Loan 1927/1960	\$10,000	51,669.75
5% Emp. australien 1955 — 5% Australian Loan 1955	\$20,000	101,927.78
5½% Emp. norvégien 1965 — 5½% Norwegian Loan 1965.	\$20,000	103,175.16
7% Emp. italien 1951 — 7% Italian Loan 1951	\$20,000	100,892.77
6% Emp. belge 1955 — 6% Belgian Loan 1955	\$9,000	45,635.50
6% Ville de Marseille, 1934 — 6% City of Marseilles, 1934	\$40,000	205,165.03
6½% Etat libre de Prusse, 1951 — 6½% Free State of Prussia, 1915	\$20,000	101,146.80
7% Emp. bulgare 1926 — 7% Bulgarian Loan, 1926	£100	2,313.55
5% Emp. britannique de guerre — 5% British War Loan	£2,400	60,528.—
		3,278,611.42
<i>Plus intérêts échus au 31 décembre 1927 — Plus accrued interest to December 31st, 1927</i>		49,632.—
EN BANQUE — CASH AT BANK		3,328,243.42
		8,595.10
		3,336,838.52

(Signed) P. G. WATTERSON,
Chef comptable — Chief Accountant.

NOTES.

	Francs suisses Swiss Francs
1. La valeur en bourse des titres détenus par la Caisse au 31 décembre 1927 représentait, non compris les intérêts — The market value of the investments held by the Fund as at December 31st, 1927, was, exclusive of interest	3,370,221.—
2. Les avances ci-dessous ont été accordées à divers membres pour le règlement de primes afférentes à des polices déposées à la Caisse — The following advances have been made to members to satisfy premiums on policies deposited with the Fund:	
Secrétariat — Secretariat	47,602.50
Bureau international du Travail — International Labour Office	86,560.80
Cour permanente de Justice internationale — Permanent Court of International Justice	1,967.33
	136,130.63

COMPTE D'INTÉRÊTS — REVENUE ACCOUNT

pour les douze mois se terminant le 31 décembre 1927.
for the twelve months ended December 31st, 1927.

DÉPENSES — EXPENDITURE.

	Francs suisses Swiss Francs
Dépenses diverses relatives à l'achat de valeurs, y compris leur garde et les frais de banque — To Sundry Expenses relative to purchase of securities, including safe keeping of same, and bank charges	4,699.28
Solde porté au bilan — To Balance transferred to balance-sheet	156,892.77
	<u>161,592.05</u>

COMPTE CAISSE — CASH ACCOUNT

pour les douze mois se terminant le 31 décembre 1927.
for the twelve months ended December 31st, 1927.

RECETTES — RECEIPTS.

	Francs suisses Swiss Francs	Francs suisses Swiss Francs	Francs suisses Swiss Francs
DISPONIBILITÉS EN BANQUE — TO CASH AT BANK			
1 ^{er} janvier 1927 — January 1st, 1927			118,697.10
CONTRIBUTIONS — CONTRIBUTIONS.			
<i>Secrétariat — Secretariat.</i>			
Contributions des membres — Contributions by members	267,435.45		
Contributions de la Société — Contributions by League	243,898.02		
		<u>511,333.47</u>	
<i>Bureau international du Travail — International Labour Office.</i>			
Contributions des membres — Contributions by members	220,810.25		
Contributions de la Société — Contributions by League	194,981.37		
		<u>415,791.62</u>	
<i>Cour permanente de Justice internationale — Permanent Court of International Justice.</i>			
Contributions des membres — Contributions by members	11,456.14		
Contributions de la Société — Contributions by League	10,310.58		
		<u>21,766.72</u>	
CAISSE DE DÉCÈS ET D'INVALIDITÉ — DEATH AND INVALIDITY FUND.		<u>72,857.14</u>	1,021,748.95
REVENU PRODUIT PAR LES PLACEMENTS, Y COMPRIS LES INTÉRÊTS DE BANQUE — INCOME FROM INVESTMENTS, INCLUDING BANK INTEREST.			139,146.05
VALEUR DES PLACEMENTS REMBOURSÉS (y compris la prime), 7 % emprunt allemand 1949, \$2,000 — VALUE OF INVESTMENTS REDEEMED (including premium), 7 % German loan 1949, \$ 2,000			<u>10,870.15</u>
			<u>1,290,462.25</u>

COMPTE D'INTÉRÊTS — REVENUE ACCOUNT

pour les douze mois se terminant le 31 décembre 1927.
for the twelve months ended December 31st, 1927.

RECETTES — INCOME.

	Francs suisses Swiss Francs
Revenu net des placements: montant perçu et à percevoir, y compris les intérêts de banque — By Net Revenue received and receivable from investments, including bank interests	161,592.05
	<u>161,592.05</u>

COMPTE CAISSE — CASH ACCOUNT

pour les douze mois se terminant le 31 décembre 1927.
for the twelve months ended December 31st, 1927.

DÉPENSES — EXPENDITURE.

	Francs suisses Swiss Francs	Francs suisses Swiss Francs	Francs suisses Swiss Francs
MONTANTS VERSÉS A DES MEMBRES DÉMISSIONNAIRES, ETC. — REFUNDS CONSEQUENT ON RESIGNATION, ETC.			
<i>Secrétariat. — Secretariat.</i>			
Compte des membres — On members' account	49,865.70		
Compte de la Société — On League account	44,876.33		
	<u>94,742.03</u>		
<i>Bureau international du Travail — International Labour Office.</i>			
Compte des membres — On members' account	20,206.96		
Compte de la Société — On League account	18,184.15		
	<u>38,391.11</u>		
AVANCES AFFÉRENTES AUX PRIMES D'ASSURANCE — ADVANCES IN RESPECT OF INSURANCE PREMIUMS.			133,133.14
Secrétariat — Secretariat		20,203.35	
Bureau international du Travail — International Labour Office		32,760.75	
Cour permanente de Justice internationale — Permanent Court of International Justice		528.21	
		<u>53,492.31</u>	
ALLOCATIONS PRÉLEVÉES SUR LA CAISSE DE DÉCÈS ET D'INVALIDITÉ — GRANTS FROM DEATH AND INVALIDITY FUND.			46,924.70
DÉPENSES DIVERSES AFFÉRENTES AUX ACHATS DE VALEURS, ETC. — SUNDRY EXPENSES RELATIVE TO PURCHASE OF SECURITIES, ETC.			4,699.28
REMBOURSEMENT DE L'EMPRUNT DU SECRÉTARIAT — REFUND OF LOAN FROM SECRETARIAT.			81,000.—
COMPTE PLACEMENTS — INVESTMENTS ACCOUNT			962,617.72
DISPONIBILITÉS EN BANQUE — CASH AT BANK.			8,595.10
			<u>1,290,462.25</u>

The CHAIRMAN. — Lord Cushendun's observations are similar to those submitted on Saturday by M. Sokal. The question is whether, after this first consideration of the German suggestions, we should proceed to a final decision in plenary meeting.

I have already reminded you of the procedure which has been followed up till now. First, a general discussion takes place during which each delegation states its objections to the proposals under review. Then, guided by these indications, the Drafting Committee prepares a definite text, for it is very difficult to reach a clear and exact conclusion at the issue of a first debate.

Thus, the plenary Committee merely decides upon the general lines, and the Drafting Committee is then asked to prepare a definite text with reference to each measure.

If you continue to regard this procedure as satisfactory, we may adhere to it; if not, we will endeavour to have a full debate upon the question at once, in order to reach a final decision forthwith.

Lord CUSHENDUN (British Empire). — I am much obliged to the Chairman for the explanation he has offered, but with the greatest possible respect, I really do not think that procedure assists us very much to arrive at any definite conclusion. There has been a debate on this question of the *status quo ante*. Different opinions have been expressed. What can the Drafting Committee do? The Drafting Committee, as I have always understood its functions, has to put into correct form conclusions arrived at by the general Committee. We have not arrived at any conclusions, and all the Drafting Committee can do is to summarise the arguments which have been used on both sides and make a report to us, telling us what we have said and what our colleagues have said. We know that already and it will not bring us any nearer to a conclusion.

I respectfully suggest that it would be much better, if there is a difference of opinion, as there appears to be, to take a vote to ascertain whether the majority of this Committee think that this suggestion really offers any contribution to the cause of peace. If the majority hold, as I do, that, anxious as we are to do anything which would prevent aggression and prevent trouble developing into war, nevertheless this particular suggestion would never do that, that it is impracticable and could not be carried out, and that in very conceivable circumstances it might have the effect (as I stated on Saturday) of assisting the aggressor, there is no advantage that I can see in the Drafting Committee telling us that all over again. It would be very much better for us to decide that now and to instruct the Drafting Committee that this particular proposal is not acceptable.

The CHAIRMAN. — I do not believe that there is any very great difference of opinion between myself and Lord Cushendun. According to Lord Cushendun, the Committee should take a vote on the whole of suggestion No. II, whereas I think it preferable, in the present state of affairs, to avoid taking a vote.

The Drafting Committee would, I imagine, work on the following lines: suggestion No. II raises two questions. First, should a text concerning the maintenance of, or return to, the military *status quo*, be prepared? So far as I remember, two or three delegations have expressed their doubts on this subjects in a sufficiently precise and definite manner to show the Drafting Committee clearly what should be done.

Then comes the question of supervision. Here, again, a certain number of delegations have stated their views in a sufficiently definite manner. Some have said that supervision would be impossible. Others have said that supervision seemed possible to them only on condition that the Drafting Committee should be given fresh instructions to go into this question. Once the conditions under which supervision would be possible had been examined, it would then be seen whether some part of suggestion No. II should or should not be embodied in a definite proposal. This is how I imagined we should proceed. If this debate has not been sufficient — and I admit that it may appear to have been insufficient — I have no objection to holding a further discussion on the subject.

M. ROLIN JAEQUEMYS (Rapporteur). — I wonder whether, in view of the observations made on Saturday by various members, in regard to suggestion No. II, the Committee on Arbitration and Security might not, rather than follow the proposal of the honourable delegate of the British Empire, leave it to the Drafting Committee to prepare, if it thinks fit, a text on suggestion No. II for submission to the plenary committee.

In any case, I think that a great deal depends on the instructions we might give to the Drafting Committee as regards suggestion No. III. In this connection, I have just been informed of a highly interesting suggestion, which, as it happens, has been put forward by the British delegation itself.

I may perhaps be allowed to add one remark. Suggestion No. I relates to a dispute in which the League organs would intervene, in order to prevent it from developing into a menace of war or a war. Suggestion No. III relates to cases in which hostilities have begun. These are two perfectly definite cases. For my own part, I have considerable misgivings about the Council of the League of Nations declaring before the world: "This is a dispute, but not an ordinary dispute; it is a dispute involving the danger of war, and suggestion No. II applies." After such a declaration, gentlemen, in a case where there was perhaps no danger of war, the danger of war might arise because it had, so to speak, been called forth. That is why I think that the opinions of the Committee on Arbitration and Security with regard to suggestion No. III might perhaps enable your Drafting Committee to prepare a text in such terms that suggestion No. II would be covered by the clauses arising out of suggestion No. I or suggestion No. III.

ACCOUNTS OF THE STAFF PROVIDENT FUND FOR 1927

REPORT BY M. A. CERESA (AUDITOR)

BALANCE-SHEET AS AT DECEMBER 31ST, 1927.

Capital Account.

The following table shows the capital of the Fund at December 31st, 1927, together with the corresponding figures on the same date in the previous year and the differences between the two:

	December 31st, 1927 Swiss francs	December 31st, 1926 Swiss francs	Difference at December 31st, 1927 Swiss francs
Secretariat	1,624,911.33	1,162,117.84	+ 462,793.49
Labour Office.	1,472,322.62	1,066,903.46	+ 405,419.16
Court	74,629.41	50,392.—	+ 24,237.41
Total	3,171,863.36	2,279,413.30	+ 892,450.06
Death and Invalidity Fund	146,726.91	114,238.82	+ 32,488.09
Grand Total	3,318,590.27	2,393,652.12	+ 924,938.15

The increase in the capital of the Provident Fund is made up as follows:

	Swiss francs
Contributions by members.	499,701.84
Contributions by League.	449,189.97
Total	948,891.81
Interest 1927	130,183.70
Grand Total	1,079,075.51

Less:

	Swiss francs
Payments to members resigning	133,133.14
Advances in respect of insurance premiums	53,492.31
Balance.	892,450.06

The increase in the capital of the Death and Invalidity Fund is made up as follows:

	Swiss francs
Contributions by the League (one-tenth of the total League contribution)	72,857.14
Interest 1927	6,555.65
Balance	32,488.09

Investments in securities, which amounted to 2,338,708.49 francs at the end of the previous year, had risen to 3,278,611.42 francs at December 31st, 1927 — an increase of 939,902.93 francs, details of which are given below:

	Swiss francs	Swiss francs
New investments during the year		962,617.72
Less: Reduction of the value of certain securities to bring them to par	12,362.24	
Accounting value of redeemed securities	10,352.55	22,714.79
		939,902.93

The figure for investments at December 31st, 1927 (3,278,611.42 francs, as already stated) represents the purchase price of the securities. Their market value on the same date was 3,370,221 francs, or 91,609.58 francs more than the purchase price.

The Investments Reserve Fund, which amounted to 9,000 francs at December 31st, 1926, was 17,517.60 francs at December 31st, 1927.

The increase represents 8,000 francs placed to reserve from the excess of receipts over expenditure for the year and 517.60 francs by way of premium on the redemption of securities.

The cash balance (at bank) was 8,595.10 francs on December 31st, 1927, as against 118,697.10 francs on the same date in 1926. The decrease is mainly due to the fact that, in 1927, the Fund had to repay an advance of 81,000 francs made by the Secretariat in 1926.

Receipts and Expenditure Account.

The annual yield from investments was 161,592.05 francs in 1927, as against 102,655.19 francs in 1926.

It was made up as follows:

	Swiss francs
Interest on investments:	
Received during the financial year 1927	111,542.61 ¹
Balance outstanding at December 31st, 1927	49,632.—
	<hr/>
Bank interest	161,174.61
	417.44
	<hr/>
Total	161,592.05

From this sum of 161,592.05 francs must be deducted, however, 4,699.28 francs for expenses in connection with the purchase of investments, bank charges for their safe deposit, and other bank charges.

The remaining 156,892.77 francs was added to the Revenue Account, which, at December 31st, 1926, showed a balance of 939.47 francs, carried forward to 1927. Out of the resulting total of 157,823.24 francs:

- (a) 12,362.24 francs were deducted from the value of certain securities to bring them to par, as already stated;
- (b) 136,739.35 francs were added to the Capital Account for interest at 5 per cent credited to members' individual accounts;
- (c) 8,000 francs were added to the reserve intended to meet a possible depreciation of bond investments.

The balance of 730.65 francs was carried forward to 1928.

I have no observations to make on my audit of the Provident Fund Accounts.

(Signed) A. CERESA, Auditor.

¹ The figure of 139,146.05 francs shown in the Cash Account appended to the balance-sheet of the Provident Fund is made up as follows:

	Swiss francs
Interest on investments for the previous year	27,186.00
Interest on investments for 1927	111,542.61
Bank interest	417.44
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	139,146.05