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Geneva, December 11th, 1933.

LEAGUE OF NATIONS

**CONFERENCE FOR THE REDUCTION AND LIMITATION
OF ARMAMENTS**

**Instruments necessary
for the Application of a System of Publicity
of National Defence Expenditure.**

**DRAFT PREPARED BY THE TECHNICAL COMMITTEE
OF THE NATIONAL DEFENCE EXPENDITURE COMMISSION**

Series of League of Nations Publications

**IX. DISARMAMENT
1933. IX. 11.**



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Geneva, February 28th, 1934.

LEAGUE OF NATIONS

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INSTRUMENTS NECESSARY FOR THE APPLICATION OF A
SYSTEM OF PUBLICITY OF NATIONAL DEFENCE EXPENDITURE

DRAFT PREPARED BY THE TECHNICAL COMMITTEE OF THE
NATIONAL DEFENCE EXPENDITURE COMMISSION

- Page 7 line 14 after "Ministries", insert a comma.
- Page 10 line 8 after "infantry", insert a comma.
- line 19 for "Chaplains", read "Religious ministrations".
- line 23 after "Military bands", insert "including drum and bugle bands".
- line 24 for "historical services", read "historical sections".
- Page 11 line 13 delete "liquid".
- line 18 delete "plant".
- line 22 delete "musketry".
- line 35 after "footing", delete "or" and insert a comma.
- line 39 for "programmes of material", read "programmes for material".
- line 40 before "material", insert "war".
- Page 13 clause 3, line 1, after "parliamentary", delete the comma.
- Page 14 clause 9, line 10, for "way", read "may".

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CORRIGENDUM



- Page 17 first line, for "to military instructors", read "of military instructors".
- Page 18 fourth line from foot of page, for "expenditure a shown", read "expenditure as shown".
- Page 22 first line, after "national debt", insert "securities".
- clause 32, heading, penultimate line, for "authorised on the claims originated", read "authorised or the claims originated".
- Page 23 clause 6, line 2, for "which", read "whether".
- Page 27 right-hand column, seventh line from foot of page, for "together with", read "as well as".
- Page 27 right-hand column, sixth line from foot of page, substitute a semi-colon for the comma after "aircraft".
- Page 28 left-hand column, line 20, delete "musketry".
- Page 32 left-hand column, before the heading "In respect of the Air Forces", delete the figure "3".
- same column, line 7, change the position of the comma so that the phrase reads: "oxygen apparatus, material for heating purposes".
- Page 43 last line, for "econd", read "second".
- Page 45 second line of title, for "explanatory tables", read "tables explanatory".
- Page 49 sub-head H, for "defence works", read "defensive works".
- sub-head K, after "installations", insert a comma.
- footnote, for "might possibly be modified", read "is liable to alteration".
- Page 50 sub-head H, for "defence works", read "defensive works".
- sub-head K, after "installations", insert a comma.
- footnote, for "might possibly be modified", read "is liable to alteration".
- Page 51 sub-head K, after "installations", insert a comma.
- footnote, for "might possibly be modified", read "is liable to alteration".
- Page 63 sub-head H, for "defence works", read "defensive works".
- sub-head K, after "installations", insert a comma.
- Page 67 sub-head H, for "defence works", read "defensive works".

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INTRODUCTION.

In its resolution dated June 8th, 1933, the General Commission, after deciding that:

“ . . . the first general Convention for the reduction and limitation of armaments shall contain provisions as to the application of the principle of publicity of national defence expenditure, subject to international supervision, in the conditions indicated in the report of the Technical Committee of the National Defence Expenditure Commission,”

requested the Technical Committee:

“ . . . to prepare, if possible before the beginning of the next session of the General Commission, the necessary draft articles with annexes to give effect to the above decision, taking into account the recommendations contained in the reports of the Technical Committee (document Conf.D.158) and of the National Defence Expenditure Commission (document Conf.D.161).”

In accordance with the General Commission's instructions, the Technical Committee at once embarked upon the work entrusted to it. After suspending its meetings on July 11th, it resumed its task on September 12th. The results of this stage of the work are set forth in the present document, which was **adopted unanimously**.

The following members took part in the Committee's work:

His Excellency M. J. DE MODZELEWSKI (Poland), Vice-Chairman;
M. R. JACOMET, Comptroller-General of the Army (France), General Rapporteur;
M. Y. ANDO (Japan);
Major-General L. BARBERIS (Italy);
Lieutenant-Colonel S. G. V. ELLIS (India);
Mr. M. H. FITZ GERALD (United Kingdom);
M. B. G. R. HÄGGLÖF (Sweden);
Major B. MOKRZYCKI (Poland);

M. H. WORBS, Counsellor (Germany), did not attend the Committee's meetings after October 14th, 1933.

The Committee was assisted by M. Finn T. B. FRIIS, member of the Disarmament Section, as Secretary, and by Dr. A. VON SUCHAN, member of the Financial Section and Economic Intelligence Service of the Secretariat, as Technical Adviser.

The Committee wishes to point out that, keeping strictly to the terms of reference laid down by the General Commission, it has dealt solely with the question of publicity in the form provided for in the Technical Committee's previous report (document Conf.D.158).

* * *

The Technical Committee, although it is an offspring of the National Defence Expenditure Commission, is sending the present document direct to the General Commission in accordance with the authorisation given by the National Defence Expenditure Commission on May 27th, 1933,¹ and the mandate entrusted to it by the General Commission.

* * *

The legal instruments contained in the present document and considered essential by the Committee for the application of a system of publicity include:

- (1) A series of articles (A to N) to be incorporated in the Convention;
- (2) A certain number of annexes which, from the legal standpoint, will form an integral part of the Convention.

These annexes have been classified as follows:

Annex I. — Conventional List of National Defence Expenditure.

Annex II. — Instructions for transmitting Budgets and Accounts.

Annex III. — Instructions for filling in Model Statement and Reconciliation Tables:

(1) Instructions for determining the expenditure to be entered in Tables I to IV of the statements:

- (a) General instructions for compiling the statements of estimates of expenditure and payments effected (Tables I to IV);
- (b) Special instructions for compiling the statement of estimates of expenditure;
- (c) Special instructions for compiling the statement of payments effected;

¹ See Minutes of the National Defence Expenditure Commission, page 90.

- (2) Instructions regarding classification of National Defence Expenditure;
- (3) Instructions regarding the special information to be included in Table V of the statements.
- (4) Instructions for compiling the Reconciliation Tables.

Annex IV. — Instructions for compiling the Summary Statements of Modifications in Original Authorisations of National Defence Expenditure.

Annex V. — Model Statement and Model Reconciliation Tables and Summary Returns.

* * *

Lastly, in accordance with its previous general report (document Conf.D.158) the Technical Committee has the honour to submit a number of statements relating to questions which, although they could not at the present time form the subject of contractual obligations by the contracting parties, are nevertheless of some importance from the point of view of perfecting the system of publicity. The Committee is accordingly submitting these statements to the General Commission in the hope that they may be included in the instruments drawn up by the Conference.

The reasons for these statements and for the detailed explanations regarding the questions dealt with in the instructions are set forth in detail in the Technical Committee's general report (document Conf.D.158), to which reference should be made for further particulars.

* * *

The Technical Committee feels bound to draw the General Commission's attention to the fact that, in accordance with the general provisions of the Convention, it has provided in the articles and instructions, the drafting of which was entrusted to it, stipulations of a special character ensuring from a technical standpoint reciprocity of the obligations contracted by States in regard to the publicity of national defence expenditure.

Indeed, notwithstanding the diversity of institutions and particularly of the rules of public accountancy, the Committee considers that the differences between one country and another will not prevent the satisfactory operation of the system of publicity which it has devised, and that the conditions of the application of this publicity laid down in the articles of the Convention actually guarantee, having regard to the practical aim in view, the reciprocity of the obligations to be undertaken by States.

The Technical Committee is aware that the final decisions which will be taken by the General Commission in other spheres may necessitate amendments in certain parts of the attached instruments concerning the publicity of national defence expenditure. It notes, in particular, that the General Commission has not yet taken any decision regarding the police forces and similar formations which are covered by Article 12 of the United Kingdom draft Convention and which might have to be included in the calculation of effectives. The Committee draws attention to the possible necessity, in the light of the decisions taken by the General Commission in this sphere, of introducing certain amendments into the texts it proposes.

DRAFT ARTICLES.

Article A.

The High Contracting Parties undertake to give publicity to all national defence expenditure by whomsoever that expenditure is incurred and whatever the nature and origin of the resources out of which the said expenditure is met.

Such publicity shall be given in conformity with the stipulations contained in Articles B to N and in the annexes to this part of the Convention and on the basis of reciprocity stipulated in those articles and in their annexes.

Article B.

Each High Contracting Party shall communicate the following documents:

1. (a) The draft general budget (estimates) of the central power, the draft individual budgets of each of the departments of National Defence;

(b) The draft individual budgets (estimates) of the other Ministries and draft special budgets whenever these documents include national defence expenditure.

2. (a) The general budget of the central power and the instruments enacting that budget, the individual budgets of each of the departments of National Defence;

(b) The individual budgets of other Ministries of colonies, protectorates, oversea territories, territories under the suzerainty of the High Contracting Parties or for which a mandate has been conferred on the High Contracting Parties, and special budgets, whenever these various documents include national defence expenditure.

3. (a) The general closed accounts of the central power, the individual closed accounts of each of the departments of National Defence;

(b) The individual closed accounts of other Ministries, of colonies, protectorates, oversea territories, territories under the suzerainty of the High Contracting Parties or for which a mandate has been conferred on the High Contracting Parties, and special accounts, whenever these various documents include national defence expenditure.

Article C.

The High Contracting Parties shall forward the documents specified in paragraphs 1 and 2 of Article B within a period of thirty days of their publication, or, alternatively, of their receipt by the central home administration, and in any case within a period of three months from the date on which the aforesaid documents are given their final form.

The closed accounts specified in paragraph 3 of the same article shall be despatched within thirty days of their publication, or, alternatively, of their receipt by the central home administration. In any event, such accounts shall be published in time to be attached to the statement, the communication of which is provided for in Article F of the present Convention.

Article D.

The High Contracting Parties shall forward a statement of the estimates of national defence expenditure compiled in accordance with the instructions given in the annexes in respect of the first two financial years after the coming into force of the Convention. This statement, accompanied by reconciliation tables, shall be despatched within three months of the beginning of the financial year in accordance with the conditions mentioned in Annex III, 1 (b).

For the third financial year and following financial years, the High Contracting Parties undertake to furnish a statement of their estimates of expenditure in the simplified form which the Permanent Commission will indicate. In drawing up the form of this statement, the Permanent Commission shall endeavour, in the light of the experience gained during the preceding years, to reduce the figures shown in the statement to one global figure for each of the forces.

Article E.

The High Contracting Parties shall forward for each financial year two summary statements showing, in relation to the grand total of the initial national defence expenditure authorisations, what changes have been made in that total from the time when the authorisations were fixed up to the end of periods of nine and fifteen months respectively, reckoned from the beginning of the financial year.

The two aforementioned summary statements, compiled in accordance with the instructions laid down in Annex IV, shall be despatched within fifteen days of the expiry of the two periods of nine and fifteen months respectively, referred to in the preceding paragraph.

Article F.

The High Contracting Parties shall despatch within fourteen months of the end of the financial year a statement of the payments effected, compiled in accordance with the instructions prescribed in Annex III.

This statement shall be based on the closed accounts, the communication and dates of despatch of which are prescribed respectively in Article B, paragraph 3, and Article C, paragraph 2.

In addition, the High Contracting Parties shall attach to the statement the following supporting documents:

A certified statement of the national defence expenditure included in the accounts of the federated States;

A certified statement of the national defence expenditure effected by regional or local public bodies.

Article G.

Without prejudice to the general provisions of the Convention relating to supervision, the High Contracting Parties undertake to communicate, on receipt of a special request accompanied by a statement of reasons from the Permanent Commission, the individual budgets and accounts of civil ministries, special budgets and accounts, the budgets and accounts of federated States or of regional or local bodies, the regular and periodical communication of which is not provided for under the terms of Article B.

Article H.

The High Contracting Parties undertake, so long as the Convention remains in force, not to reduce the degree of detail of their budgets and accounts as submitted to the Conference to an extent which would make it more difficult for the Permanent Commission to check the accuracy of the figures contained in the statements and to follow the financial outlay devoted by each State to its armed forces.

Such High Contracting Parties as have laid before the Conference unpublished budgetary documents of a more detailed character than those actually published at the time when the unpublished documents were submitted, undertake in future to introduce into their published budgets and accounts a degree of detail at least as great as that of the unpublished documents submitted to the Conference.

As regards the High Contracting Parties whose documentary material it was not possible for the Conference to examine, the Permanent Commission will decide whether the degree of detail of the published budgetary documents furnished in support of the first statements supplied in execution of the Convention is satisfactory; if necessary, it will specify any modification in the detail which, in its opinion, should be introduced.

Article I.

The Permanent Commission shall verify the statements provided for in Articles D and F of the present Convention before publishing them.

During the examination of these statements, the Commission may ask the Governments concerned for any additional particulars and explanations that it considers necessary.

If, as a result of this examination, the Commission considers that alterations should be made in the figures supplied to it, it shall inform the Government concerned of the changes which it would wish to be made in these figures, stating the reasons therefor.

The statements published by the Commission shall show the figures as supplied or corrected by the Governments. Should agreement not be reached between the Commission and the Government concerned as regards the figures in the statements, the Commission shall attach to the statements a note specifying in detail the changes which it considers should be made in the figures submitted by the Government.

Article J.

The Permanent Commission shall follow the progress made by the States in the presentation of the documentary material provided for in the preceding articles.

By the continuous examination of the whole of this documentary material, the Commission shall, on the one hand, follow the development of the financial outlay devoted by each State to its national defence and, on the other hand, see the changes in the military strength of each country by means of the information thus collected.

Article K.

The stipulations of the present Convention shall apply, in the case of each High Contracting Party, to the first financial year following the entry into force of the Convention, subject, however, to the rules laid down in Articles L to N.

TRANSITIONAL PROVISIONS.

Article L.

The High Contracting Parties shall forward to the Permanent Commission all the documents enumerated in Article B, paragraphs 1 and 2, in respect of the financial year already in progress at the time of the entry into force of the Convention. These documents shall be despatched not later than two months after the entry into force of the Convention. Within nine and fifteen months, respectively, of the beginning of the financial year in progress when the Convention comes into force, the High Contracting Parties shall despatch a list of all laws and other instruments by which

the grand total of the initial national defence expenditure authorisations in respect of that year may have been changed, together with the texts of all such laws and instruments.

Article M.

The first statement supplied by the States in pursuance of the provisions of Article F shall be accompanied, not only by the closed accounts relating to the financial year for which this statement is compiled, but also by the closed accounts of the three previous financial years.

If the High Contracting Parties, when presenting the first statement, are not in a position to communicate the closed accounts for the three previous financial years, they shall lay before the Permanent Commission certified statements of payments effected for national defence during each of these three financial years, it being understood that the closed accounts themselves of the last three financial years will be despatched as soon as possible.

Article N.

The High Contracting Parties referred to in Article H, paragraph 2, shall be entitled to despatch their draft budgets and budgets together with the accounts in respect of the first two financial years in the form in which such documents were published prior to the entry into force of the Convention. In support of the statements, they shall, however, append certified statements of estimates and payments so compiled as to have the same practical value for the purpose of checking by the Permanent Commission as the statements of payments submitted to the Conference.

ANNEX I.

CONVENTIONAL LIST OF ITEMS OF NATIONAL DEFENCE EXPENDITURE.¹

National defence expenditure is expenditure in respect of military formations, services and establishments of the land, naval and air forces, in the home country and overseas, in particular:

Central administrations;
Missions;
Military attachés;²
Headquarters staffs and staffs of commands;
Arms and services of the armed forces:

Combatant and non-combatant personnel of the land armed forces, infantry cavalry, artillery, engineers and signal corps, tanks, anti-gas units, combatant and non-combatant personnel of all categories of the naval armed forces, flying, non-flying and auxiliary personnel of the air armed forces and all services, formations and establishments of the land, naval and air armed forces, including the air defence;

Supply corps, transport troops;
Pay and accountancy technical services;
Recruiting services;
Medical and hospital services;
Remount and veterinary services;
Chaplains;
Military police;
Justice and prisons;
Colleges, schools and training centres;
Military bands.

Scientific services, historical services, records, libraries;
Geographical service, hydrographical or coastal surveys, cartographic, geodesic and topographical services;
Meteorological service and astronomical service.

In so far as these services work for the army, navy or air force.

This expenditure includes:

1. *In respect of Expenditure on Personnel.*

Pay, half-pay, salaries, emoluments, allowances of all kinds, bonuses, gratuities, remuneration, grants, family and any other allowances, grants for the civil professional training of soldiers, travelling and mission allowances, contributions to social insurance funds (sickness, old-age, invalidity, unemployment, etc.) on behalf of military and civil personnel, whether normally forming or not forming an effective part of the formations, services and establishments of the land, naval and air forces, personnel of the police forces and similar formations to be included in the table of effectives (personnel with the colours, unattached or on leave, persons undergoing preparatory military training, reservists, territorials) during periods of training or not.

Expenditure on maintenance, viz.:

Expenditure for meeting the immediate requirements of the effectives normally forming part of military formations, services and establishments, and of personnel called up for periods of training, more especially expenditure on subsistence, clothing, equipment, bedding, furniture, laundry, sanitary and medical attention, religious ministrations, office expenditure or various other items of expenditure not covered by 2, 3 and 4, expenditure for military, physical and athletic training and education, games and various amusements, including subsidies for those purposes, together with expenditure in respect of compensation for losses and damage caused by military formations, services and establishments.

Expenditure in respect of the creation and maintenance for military purposes of reserves of goods, foodstuffs, raw materials or products relating to the aforementioned requirements; subsidies

¹ The enumeration contained in this list is not exhaustive.

² The term "military", wherever it is used in the present list, is understood to apply indiscriminately to the land, naval and air forces.

paid to private associations and undertakings with a view to meeting these same requirements, together with expenditure relative to rifle clubs and physical culture societies, pigeon fanciers' societies and aviation clubs of military value.

2. *In respect of Expenditure on Transport.*

Expenditure relating to horses and other animals, the purchase of raw materials, hand tools, finished articles and their repair and maintenance, irrespective of whether such materials and products (forage, shoeing material, harness, solid fuel, liquid fuel—whether for vehicles, ships or aircraft—lubricants, etc., spare parts and accessories) are intended for stock or current use, together with expenditure relating to transport and communications services (railways, post, telegraph, telephone, radio) rendered by non-military organisations.

Subsidies of a military nature for horse-breeding and the training of horses, mules and other saddle, draught and pack animals, subsidies paid for military purposes to transport undertakings, subsidies or other expenditure relating to the organisation of communications with a view to protection against air-raids and, generally speaking, all other expenditure in respect of liquid fuel, whether for vehicles, ships or aircraft, transport and communications.

3. *In respect of Expenditure on Buildings.*

Expenditure relating to the construction, repair and upkeep of fortifications and defensive works.

Expenditure relating to the purchase and hire of land and buildings, building operations, installation of gas, electricity and water plant, improvement, extension, upkeep and repair thereof, and also current expenditure on gas, electricity and water; heating and lighting of all kinds of buildings, including fixed machinery and heavy plant (barracks, accommodation, schools, hospitals, prisons, cattle-sheds, stables, State establishments for meeting the material needs of the military units, store-houses and depots, hangars, aerodromes, training camps and musketry ranges, sheds for stores, etc., marine works in naval ports and naval bases, including landing-stages and all other works for the land, naval or air forces and formations).

Expenditure relating to the construction, modification, repair or upkeep for specifically military purposes of roads, bridges, railways, landing-stages, jetties, lighthouses, lightships, buoyage, platforms, semaphore apparatus, canals, together with drainage or forestry works.

Subsidies granted for military purposes with a view to the purchase, hire, improvement, extension, upkeep and repair of the buildings and objects mentioned above under this heading, or any similar expenditure.

4. *In respect of Expenditure on War Material.*

This expenditure comprises, for all categories of war material specified below:

Expenses of upkeep and repair, purchase from private traders or manufacturers, and manufacture in State factories, of ships, goods, materials and munitions, whether complete or in parts, intended either for purposes of training in time of peace or for the equipment and armament of forces on a war footing or the purveying and supply of material of all kinds for these forces and also the expenses relating to the creation and maintenance (in State or private hands) of stocks and plant intended solely for the construction of warlike stores.

Cost of scientific research and experiment, expenditure on the inspection of material delivered and preparation of programmes of material, expenditure on the supervisory services, expenditure relating to the preparation of industrial mobilisation as regards material and all other similar expenditure.

Subsidies granted to industries, undertakings and workshops which normally manufacture war material in peace time, with a view to the installation, upkeep or extension of plant and equipment for the manufacture of war material and the creation or maintenance of stocks of war material.

Subsidies granted to industries, undertakings and workshops which do not normally manufacture war material in peace time with a view to preparing them for industrial mobilisation—*i.e.*, to equipping them in peace time for the production of war material as soon as mobilisation begins.

Subsidies granted to the mercantile marine expressly with a view to the use of merchant ships if necessary for national defence purposes; subsidies granted with a similar object to the owners of vehicles.

The classes of material mentioned above are as follows:

In respect of the Land Forces:

Arms, ammunition, fighting material and other war material, engineering material:

Small arms and automatic firearms; rifles, muskets, carbines, revolvers and pistols, quick-firing rifles and quick-firing pistols, machine-pistols, machine-guns, apparatus and appliances for throwing projectiles, including vehicles for their transport;

Cannons (long and short), howitzers, mortars, field guns, anti-aircraft guns and other anti-aircraft appliances, and all apparatus (armour-plating, etc.) for the operation of these appliances;

Ammunition for small arms, automatic weapons and guns; bombs, grenades, and other kinds of projectiles, explosives, mines, including the electric apparatus connected with all this material, ammunition waggons, carriages, cases, etc., for their transport;

Cutting weapons, such as swords, sabres, lances, bayonets and daggers;

Tanks, armoured cars, armoured trains;

All other arms, ammunition, apparatus and appliances for throwing projectiles; accessory equipment and spare parts.

Railway material, pioneer equipment, bridging equipment, mining material, liaison material, signalling and radio stores, boats, searchlights, acoustic and optical instruments, anti-gas stores, tractors, motor and horse-drawn vehicles whether specialised or not, bicycles, with their accessory equipment and spare parts, subsidies to the owners of motor and horse-drawn vehicles and all other categories of engineering material.

In respect of the Naval Forces:

In addition to the above-mentioned material:

Warships of all kinds, aircraft-carriers, seaplane-carriers, victualling craft, fuelling craft, naval armament vessels, and all other naval transport vessels, repair ships, salvage vessels, floating barracks, harbour craft, tugs, barges and lighters, floating docks; torpedoes, paravanes, and material of all kinds connected with these vessels, and all other craft intended for naval use.

In respect of the Air Forces:

In addition to the above-mentioned material:

Aeroplanes, seaplanes, amphibian planes, boats, airships, free and captive balloons, instruments, engines and stores—wireless, electrical, photographic—oxygen apparatus, material for heating purposes, ground equipment, parachutes, hydrogen and helium, accessories and spare parts, material for anti-aircraft defence (watch, alarm and liaison systems, signalling and listening-in apparatus, protective balloons and interception cables, apparatus for artificial fog and camouflage devices, etc.).

Note. — Certain expenditure considered to be of little importance from the point of view of national defence, such as expenditure on military museums and memorials, has been deliberately excluded from this conventional list.

ANNEX II.

INSTRUCTIONS FOR THE TRANSMISSION TO THE PERMANENT
COMMISSION OF BUDGETS, CLOSED ACCOUNTS AND OTHER
DOCUMENTS REFERRED TO IN THE CONVENTION.

1. Number of Copies and Translation of Documents to be supplied. The contracting parties shall communicate three copies of all documents (budgets, closed accounts, statements, reconciliation tables, summary statements) the transmission of which is provided for in Articles B, C, E and F of the Convention.

As a translation of the wording of the various budgetary items relating to national defence is to be given in the reconciliation tables (see page 39), it is not necessary to translate such wording in the budgets or closed accounts themselves, although a translation of the headings of the various tables and of the columns of such tables shall be supplied. Such translations shall be furnished in respect of the tables and column headings of the budgets or accounts of the departments of national defence and also of the tables and column headings in the other budgetary documents showing national defence expenditure.

The Permanent Commission shall be entitled to modify the provisions of the present paragraph whenever its experience would appear to make such a course desirable.

2. Communication of General Draft Budgets, Accounts, and of Individual Draft Budgets, Budgets and Accounts. Such contracting parties as publish separately, not only a draft general budget, a general budget and a general closed account, but also the individual draft budgets, budgets and closed accounts of each ministerial department shall transmit both classes of documents.

3. Publications containing Draft Budgets, Budgets either voted or enacted, and Closed Accounts. Of the publications (*Official Journal* and its annexes, parliamentary, proceedings, special publications) containing the draft budgets, budgets either voted or enacted and the closed accounts, there shall be sent to the Permanent Commission the earliest of the several publications issued dealing with the draft budgets, budgets or closed accounts, followed by the most complete of each class, in the event of the earlier publication's being less detailed and less complete than any of the subsequent publications.

4. Closed Accounts serving as a Basis for the Compilation of Statements of Expenditure. The published closed accounts shall be communicated, even if not audited by the higher auditing authorities until after publication. In the latter case, the contracting parties shall advise the Permanent Commission as soon as the published accounts have been duly audited by the higher auditing authorities. Should the audit result in any modification in the figures previously published, such modifications shall be notified to the Permanent Commission.

5. Documents to be regarded as published. Documents shall be regarded as published, not only when they may be purchased in the usual way, but also when they are distributed to Members of Parliament without being marked "Confidential" or "Secret", or when they are deposited in the library of Parliament where they may be consulted by the public, even if such consultation is subject to special authorisation.

6. Time-limit for transmitting Documents. In view of the fact that the publication of certain budgets and certain specially voluminous accounts takes place by degrees as the printers and book-binders are able to complete their work, it is to be understood that the three copies intended for the Permanent Commission will be sent to it as soon as copies are first put into circulation. The copies so sent shall bear an indication of the date on which copies were actually first put into circulation.

7. Budgets and Accounts of Federated States and of Regional and Local Authorities.

The provisions of Article G regarding the budgets and accounts of federated States and of regional and local authorities should be interpreted to mean that such budgets and accounts are to be transmitted to the Permanent Commission on receipt of a specific request from that body accompanied by a statement of reasons and specially mentioning the federated States and the particular regional and local public bodies of which the Permanent Commission desires to receive the budgets or accounts.

If there are any official statistical publications giving a summary of the budgets of all regional or local bodies or of certain categories of such budgets, the Powers shall inform the Permanent Commission accordingly.

8. Budgets and Accounts of Colonies, Protectorates, etc.

The stipulations of the Convention relative to the despatch of the budgets and accounts of colonies, protectorates, overseas territories or territories under the suzerainty or mandate of the contracting parties, apply exclusively to the general budgets of such colonies, protectorates or territories and not to the local budgets.

9. Documents to be submitted in respect of Certain Territories under Suzerainty or Protection.

The provisions laid down in Article F for the production of certified returns for federated States and for regional or local bodies shall be applicable by analogy to certain territories under suzerainty or protection which defray a portion of the national defence expenditure to be included by a contracting party in its statement.

Furthermore, if the budgets and accounts of any of the States, territories or bodies mentioned above are not published, and if the Permanent Commission, in accordance with Article G, asks for the communication of these documents, the contracting party responsible for entering in its statement the national defence expenditure defrayed by the said States, territories or bodies may, in place of the budgets and accounts asked for, draw up a return of the estimated figures of national defence expenditure borne by such States, territories or bodies. This return shall be certified by a competent Government authority, which shall testify that these figures are officially considered by the contracting party as representing as accurately as possible the grand total of the national defence expenditure of such States, territories or bodies.

10. Certified Statements.

The certification of documents provided for in paragraphs 3 and 4 of Article F of the present Convention shall be effected by affixing an official stamp over the signature of a competent Government authority.

11. Delay in the Transmission of the Statement based upon the Draft Budget.

Where it has proved absolutely impossible to prepare a draft budget in time to permit of the transmission of the statement of estimates within the period specified in Article D of the Convention, the contracting parties concerned shall send the Permanent Commission a report stating the reasons for the delay in supplying the statement.

12. Transitional Provisions.

If the date of the entry into force of the Convention is subsequent to the expiration of the period of nine months as from the beginning of the current financial year, it will not be necessary to make the first despatch of the list of laws and Acts of all kinds having modified the budgets of the said year, and of the texts of these documents the communication of which is prescribed in Article L.

ANNEX III.

INSTRUCTIONS FOR COMPILING THE STATEMENTS
AND THE RECONCILIATION TABLES.

1. INSTRUCTIONS FOR DETERMINING THE EXPENDITURE TO BE ENTERED
IN TABLES I TO IV OF THE STATEMENTS (ARTICLES D AND F OF THE
CONVENTION).

1. Purpose of the Instructions. In order to determine the expenditure to be entered in the statements, of estimates of expenditure or of payments effected, the contracting parties shall comply with the general instructions herebelow, paragraphs 2 to 19, and, further, in respect of each of the two statements, they shall comply with the rules laid down in paragraphs 20 to 28 and 29 to 34 of the present instructions.

Section (a).

GENERAL INSTRUCTIONS FOR COMPILING THE STATEMENTS (TABLES I TO IV).

2. Determination of the Expenditure to be entered in the Statements. The expenditure to be entered in the statements provided for in Articles D and F of the Convention is that which, in general, is necessitated or entailed by the creation, maintenance and training, in time of peace, of armed forces and by immediate preparation for mobilisation.

Such expenditure is scheduled in the conventional list of national defence expenditure in Annex I.

In accordance with the provisions of Article A of the Convention, the contracting parties shall enter in their statements all expenditure in respect of the purposes scheduled in the aforementioned list, by whomsoever incurred and irrespective of the nature and origin of the resources from which such expenditure is defrayed.

3. Exceptional and Unforeseeable Expenditure. Deductions shall be made from the totals of national defence expenditure in respect of certain expenditure of an exceptional and unforeseeable character resulting from the employment of the armed forces, and the loss or destruction of material of all kinds, in so far as such expenditure shall not have increased the armed strength of the State by which the deductions are made.

Deductions shall only be made under the provisions of the foregoing paragraph in respect of expenditure entailed by natural calamities, such as earthquakes, cyclones, tidal waves, large-scale explosions, epidemics, the repression of internal disturbances, civil wars, risings in distant possessions and the protection of the life and property of nationals in danger.

The deduction shall be assessed, as the case may be, on the value of the material or buildings destroyed, if such are replaced, or on the cost of restoring or repairing damaged buildings or materials, and likewise on the cost of transport, additional appropriations or grants of every kind, or any other additional expenditure entailed by the exceptional use of the armed forces.

When in accordance with the above provisions a State deducts unforeseeable and exceptional expenditure, it shall show the total of these deductions in a note at the bottom of each of the tables I to IV of the statement. This note shall be worded as follows:

“ These sums do not include exceptional and unforeseeable expenditure amounting to . . . (For details of the deductions, see the reconciliation tables.) ”

If a State considers that the unforeseeable and exceptional expenditure is not of sufficient importance to influence the interpretation of the figures of national defence expenditure for the purpose of publicity, it may insert the amounts of this expenditure in tables I to IV of the statement.

4. Expenditure arising directly out of the Reduction of Armaments.

Expenditure occasioned by the reduction of armaments must be inserted in the statements. Nevertheless, sums paid to third parties as compensation for the cancellation of building or manufacturing contracts or supply contracts, or the breach of contracts of any kind whatsoever, arising out of such reductions, shall be deducted from the expenditure to be entered in the statements.

When any such deduction has been made, this shall be mentioned in a note at the bottom of the tables I to IV of the statements. This note shall be worded as follows:

“The above amounts do not include expenditure on compensation for cancellation of contracts entailed by the reduction of armaments amounting to . . . (For details of the deductions, see the reconciliation tables.)”

If any State considers that this expenditure is not of sufficient importance to influence the interpretation of the national defence expenditure figures for the purpose of publicity, it may insert the amount in tables I to IV of the statement.

5. Expenditure occasioned by Previous Wars.

Expenditure in respect of the settlement or adjustment of expenditure incurred during previous wars (terminal charges on account of previous wars) shall be deducted from the expenditure entered in the statements. Should any State make such deductions, it must mention the amount in a note at the bottom of each of the tables I to IV of the statements. This note shall be drafted as follows:

“The above amounts do not include terminal charges on account of previous wars amounting to . . . (For details of the deductions, see the reconciliation tables.)”

If a State considers that the amount of the terminal charges on account of previous wars is not of sufficient importance to influence the interpretation of the national defence expenditure figures for the purpose of publicity, it may insert this expenditure in tables I to IV of the statements.

6. Expenditure of a General Character capable of enhancing the Defensive Power of States. War Potential.

As a rule, expenditure of a general character, even if capable of enhancing the armed power of the country concerned, shall not be entered in the statements. Thus expenditure on *public works*, such as expenditure on the construction and upkeep of railways, canals, roads, bridges, aerodromes, expenditure on the development of airways, drainage works, forestry works, maritime works, expenditure in connection with construction and maintenance of lighthouses and buoyage; expenditure on the *development of certain industries* (steel works, national fuel supplies (solid and liquid) refining or storing of liquid fuel and lubricants, refrigerating plant, optical industry, shipbuilding, motor and aircraft industry, etc.), and expenditure on the *physical training of the young* need not as a rule be inserted in the statements.

If, however, some of the expenditure mentioned above has been incurred for mainly military purposes, the State concerned shall insert in the statements that part of such expenditure which it deems to have been incurred for military purposes. In order to assist the Permanent Commission in examining statements (see Article I), the State concerned shall communicate in a note annexed to the reconciliation tables its interpretation of the principles stated above.

If, on the other hand, expenditure on the upkeep or construction of railways, the improvement of wharves or the construction of roads is incurred for purely strategical purposes—*i.e.*, if they are not regularly operated or used in the ordinary way—such expenditure must, in accordance with the instructions contained in the list of expenditure on national defence (Annex I), be entered in its entirety in the statements.

It should be remembered, moreover, that subsidies, as defined in the list of national defence expenditure, which may be granted to the above-mentioned undertakings, must be entered in the statements.

7. Expenditure relating both to the Civil and Military Activities of the State.

In the case of expenditure which relates both to the civil and military activities of the State, that part of such expenditure which relates to national defence shall be inserted in the statements.

The proportion of such mixed expenditure to be inserted in the statements shall be computed as far as possible in accordance with the following instructions, which only deal with the most common cases. Special cases not expressly mentioned in the present instructions shall be dealt with on the analogy of the indications given below.

(a) *Expenditure in respect of the Pay of Military Personnel seconded for Service with Civil Departments.*

All expenditure on the pay of personnel discharging military functions and temporarily seconded for service with civil departments must be included in the statements even when such pay is charged to civil budgets; this would be the case with expenditure on the pay of officers and military personnel of every kind on the active list who are temporarily entrusted with civil

duties in the colonies, or to military instructors temporarily seconded for service with civil departments for the physical education of the young and military personnel employed on civil work (*e.g.*, studs, cartographical service, etc.). Should such personnel, although maintaining their military rank, be definitely seconded to civil administrations and receive a salary different from the pay attaching to the rank, the expenditure on their salary should not be included.

(b) *Expenditure common to Civil and Military Aviation.*

Should there be services common both to civil and military aviation, the expenditure on civil and military aviation respectively should be computed in the light of administrative documents or, failing these, on estimation. That part of such expenditure which relates to military aviation shall be entered in the statements. The Power concerned shall state in the reconciliation tables the bases on which such computation has been made.

(c) *Expenditure common to the Navy and the Merchant Marine; Expenditure on Sea Fisheries Protection Service.*

The same rule as in the preceding paragraph will apply, where applicable. Further:

(1) Should the staff of the harbour-master's offices consist of military personnel, the expenditure shall be deemed to be national defence expenditure;

(2) Should the merchant marine services be responsible for recruiting naval crews, an estimate shall be made of the expenditure thus incurred by the merchant marine services and the amount thereof shall be included in the statements. The Power concerned must indicate in the reconciliation table the methods adopted for making this computation.

(d) *Expenditure on the Geographical, Hydrographical, Cartographical, Geodesical, Survey and Meteorological Services.*

Whenever expenditure on these services is entered in the budgets and accounts of a national defence ministry, it shall be presumed to represent national defence expenditure in its entirety. If, however, the State considers that the totals thus included contain expenditure of a non-military character, it will have the option of estimating the amount of such non-military expenditure with a view to its exclusion from the statements. If, on the other hand, such expenditure is shown in the budgets and accounts of civil ministries or services, an estimate shall be made of such part of it as has a military value. If, in the latter case, the Power concerned is of opinion that no such expenditure should be included in the statements, it shall append a note to the reconciliation tables stating the reasons for which it has thought fit to omit such expenditure from its returns.

(e) *Expenditure on the Construction, Transformation and Upkeep of Buildings, Furniture, Office Expenses, Printing, and Certain Health Services.*

Where such expenditure relating at once to both national defence and civil purposes is merged in the budgets and accounts of civil ministries, an assessment shall be made either by means of departmental documents, or, failing these, by estimation, of the expenditure relating to national defence and civil activities respectively. The part of such expenditure which relates to national defence must be entered in the statements. The Power concerned shall indicate in the reconciliation tables the methods employed in making this assessment.

(f) *Services rendered without Payment or at Reduced Rates to the National Defence Organisation by Certain Public Services such as Railways, Posts and Telegraphs, Telephones, Semaphore Services, Wireless Telegraphy, etc.*

Should the national defence organisation use these various services without being liable for any payment in respect thereof, or should the State pay over to such services lump sums on account of all branches of the public administration, the value of the services rendered without payment to the national defence organisation shall be estimated and the resultant amount inserted in the statements. If, however, a contracting party considers it impossible to make an estimate of the value of such services, a note should be added to the reconciliation tables stating the reasons why such an allocation has proved impossible.

(g) *Expenditure on Justice, Prisons, etc.*

Should such expenditure be borne by a civil ministry in respect either of all military personnel or merely of a part thereof, and should the expenditure in respect of military personnel not be shown separately in the budgets and accounts of the civil department concerned, an estimate shall be made and that proportion of the total expenditure representing charges occasioned by military personnel shall be entered in the statement. If, however, a contracting party considers

it impossible to make an estimate of such expenditure, a note should be added to the reconciliation tables stating the reasons why such an estimate has proved impossible.

(h) *Expenditure on Audit.*

The expenditure of the general auditing bodies common to both military and other Government expenditure must not be entered in the statements. Only the expenditure of the auditing sections directly responsible to and acting on behalf of the Departments of National Defence shall be entered in the statements.

(i) *Continuity in the Application by States of the Same Methods.*

The contracting parties undertake to apply throughout the period of the execution of the Convention whatever methods they may have adopted in accordance with the foregoing instructions for the differentiation of mixed expenditure on the occasion of the despatch of the first statement. Should changes in organisation subsequently necessitate a modification of such methods, the Power concerned should indicate the new bases of such differentiation.

8. Expenditure out of Funds derived from Gifts and Bequests. Under the provisions of Article A of the Convention, national defence expenditure financed from the proceeds of donations or bequests received by the defence services from associations or private individuals should be included in the statements.

9. Associations. All subsidies granted by the State or by regional or local public bodies to associations for national defence purposes must be included in the statements.

The expenditure incurred by associations out of their own funds for their own purposes may be excluded from the amounts to be entered in the statements. Nevertheless, the expenditure of these associations on the purchase, upkeep or repair of arms and ammunition and fighting material, as specified in the Conventional List of National Defence Expenditure (Annex I) and the Instructions on Classification (Annex III, part 2), must be included in the statements. If this expenditure cannot be computed on the basis of accounts, an estimate shall be made and the amount thereof entered in the statements. If this expenditure is insignificant, it may be excluded from the statements.

The nature and the purposes of the associations whose activities have a bearing on national defence shall be indicated in a note appended to the reconciliation tables.

10. Expenditure of National Defence Departments for a Foreign Government. Should a contracting party incur expenditure for such purposes as supplies, material or services intended for a foreign Government, such expenditure shall be excluded from the statements of the Government delivering the supplies or rendering the services for the year for which this expenditure was appropriated or incurred.

The application of this principle will not, however, be held to preclude a national defence department from deducting, as the expenditure in question, the total of the amount repaid, provided that the latter can be deemed to be equivalent to the actual expenditure and can be more easily traced in the accounts than the actual expenditure.

11. Expenditure by a National Defence Department on Articles for Delivery to Civil Authorities, Associations or Private Individuals. Should a national defence department incur expenditure on articles—*e.g.*, supplies, materials or on services—delivered or rendered to civil authorities, associations or private individuals, the expenditure on such articles may be deducted, except, however, expenditure on the purchase, manufacture or construction of arms, ammunition and fighting material as specified in the Conventional List (Annex I) (unless such expenditure has been covered by State subsidies (see 9 above)).

The application of the principle of deducting expenditure borne by a national defence department for the benefit of a civil department shall not, if the civil department refunds such expenditure and the amount thereof may more easily be traced in the accounts than the expenditure itself, prevent the deduction of the amount of such refunds (as expenditure) on practical grounds.

12. Expenditure by Autonomous Establishments. If expenditure on the upkeep, repair, manufacture or construction of supplies or material to be delivered by State establishments to the national defence departments is entered in special accounts for those establishments, and if the special accounts of these autonomous establishments show, as receipts, the amounts entered as expenditure in the budgets and accounts of national defence departments, it is the expenditure as shown in the budgets and accounts of national defence departments which must be entered in the statements.

The deficits of these establishments, and also their expenditure on new plant, the improvement of existing plant or the constitution of stocks which are charged against the general budget or

defrayed by the public Treasury or out of funds supplied by third parties (loans, etc.), shall be included in the statements.

13. Expenditure covered by the Receipts of the National Defence Services. National defence expenditure shall be entered in the statements in its entirety, without deduction of the receipts at the disposal of national defence services.

This rule shall apply both in cases in which, under the national legislation, the receipts of the national defence services are paid into the Treasury and recredited to such services, or *vice versa*, and in cases where these services are empowered to collect and use their receipts either in whole or in part, regardless of whether they are the proceeds of services rendered, of sales to third parties of new or used goods and materials, of contributions from regional or local public bodies and from colonies or, in general, of all contributions granted to the State for national defence purposes by third parties.

The rule shall apply whether the aforementioned expenditure is shown in the budgets or budgetary accounts or outside these budgets and accounts.

14. Sums deducted from Pay. Expenditure in respect of pay and salaries shall be entered in the statements at its gross amount, without deduction of sums retained out of the said amounts in respect of taxation, pensions, social insurance (sickness, disability, old age, unemployment . . .).

15. Expenditure charged against Loan Funds. Under the provisions of Article A of the Convention, national defence expenditure budgeted for or paid out of the proceeds of loans must be entered in the statements.

16. Expenditure charged against Extra-budgetary Resources. Should special resources be applied outside budgets or budgetary accounts to purposes scheduled in the conventional list of national defence expenditure, the expenditure covered by such resources shall be entered in the statements.

17. Duplication. Should the application of the foregoing principles tend to result in an item of expenditure being entered twice in the statements, it will be necessary, with a view to avoiding such duplication, to comply with the detailed provisions which are, for convenience of reference, given in the instructions for compiling reconciliation tables.

18. Expenditure to be stated in National Currency. The figures of expenditure entered in the documents communicated by the Governments to the Permanent Commission in execution of the provisions of the present Convention shall be stated in their respective national currencies.

The Permanent Commission may, subject to the provisions of Articles I and J of the Convention, ask States for the statistical data it considers necessary to estimate the effect on the cost of armaments of possible fluctuations in the purchasing power of their currencies.

19. Statements of Colonial Expenditure. When the statements prescribed in Articles D and F of the Convention include expenditure appearing in the budgets and accounts of the colonies, protectorates, oversea territories or territories under the suzerainty or mandate of contracting parties whose budgetary year does not correspond to that of the home country, the expenditure of the said colonies, protectorates and territories to be entered in the statements shall be that relating to the budgetary year of the colony, protectorate or territory which is current at the date on which the budgetary year of the home country has begun.

Section (b).

SPECIAL INSTRUCTIONS FOR DETERMINING THE EXPENDITURE TO BE ENTERED IN THE STATEMENT PROVIDED FOR IN ARTICLE D OF THE CONVENTION.

20. Determination of the Expenditure to be entered in the Statement of Estimates. In application of the provisions of Article A of the Convention and paragraph 2 of this Annex, the statement shall include the amounts of all estimated expenditure specified in the said Article and paragraph and shown (see paragraphs 21 to 23) in the general draft budgets or budgets, in the special draft budgets or budgets, or any other document as the case may be:

(a) Of the unitary State or federal State (national defence ministries and services, colonial ministries and, where appropriate, other civil ministries and services);

(b) Of the colonies, protectorates, oversea territories, territories under the suzerainty of the contracting parties, or territories for which a mandate has been entrusted to the contracting parties;

(c) Of the federated States and of all regional and local public authorities in the home country and colonies.

21. Compilation of the Statement on the Basis of the Budgets.

(a) *Expenditure authorisations shown in the State budget.* — The statement shall include the amounts of the expenditure authorisations shown in the State budget (unitary State or federal State) whenever such budget is enacted in time to permit of the transfer of the amounts therein entered to the statement to be despatched within the period prescribed in Article D of the present Convention.

(b) *Budgets fixed for several successive years.* — Should the annual State budget be enacted in advance for a certain number of successive years, the statements relating to the second and subsequent years shall include the amounts of the expenditure authorisations shown in the budget thus enacted for a certain number of years.

Should the State budget be enacted for a period of two or more years, the statement for each year shall include a proportional part of the expenditure authorisations.

If, however, in either cases, the initial budget has been modified prior to the compilation of the statements for the following years, the latter shall take account of the modifications thus introduced.

(c) *Extended budgets.* — If, owing to the budget's not having been enacted prior to the beginning of the financial year, the budget for the preceding year is extended to the new financial year, the statement shall include the amounts of the expenditure authorisations shown in the budget for the preceding year, due regard being had to any modifications which it may have undergone prior to the date by which the statement must be compiled to permit of its despatch within the period specified in Article D of the Convention.

22. Statement compiled on the basis of Published Draft Budgets.

In all cases other than those mentioned in paragraph 21, the statement shall include the amounts of the estimates shown in the published draft budget (Estimates) of the State (unitary State or federal State).

23. Block Credits and Transferable Credits.

Should credits have been granted to the national defence services for several years on the understanding that an instalment of such credits shall be entered in each year's budget, the amount of such annual instalments shall be entered in tables I to IV of the statement. Where credits are granted for several years in one budget without the entry in the budgets of each of the following years of such part of these block credits as may remain available at the end of each financial year, the full amount of such credits shall be entered in tables I to IV of the statement for the year in which they are granted.

24. Rectifications in the Statement based on Draft State Budgets.

In the event of the State budgets not being finally enacted until after the despatch of the statement, the contracting parties shall notify the Permanent Commission within two months of the date on which the State budget is enacted of any respects in which the statement requires to be rectified.

Such rectifications shall also take account of any changes made since the despatch of the statement in the estimates of expenditure outside the budget and in the estimates of the national defence expenditure of regional or local public authorities.

25. Inclusion in the Statement of Expenditure Authorisations outside the Budget.

In pursuance of the provisions of Article A of the present Convention and of paragraph 4 of the general instructions, whenever funds are appropriated under authorisations outside the budget for one or more of the purposes scheduled in the list of national defence expenditure, the amounts of such expenditure authorisations shall be shown in the statement, irrespective of whether they were granted by legislative or administrative action.

Where the employment of such funds is governed by one or several published authorisations, it is the amount or any fraction of the amount of such authorisation or authorisations relating to national defence purposes and available for expenditure in the course of the financial year which shall be shown in the statement.

Where the employment of funds allocated outside the budget to national defence has been decided without the decisions being embodied in published expenditure authorisations, an estimate of the expenditure to be effected for national defence purposes in the course of the financial year shall be entered in the statement.

In the latter case, an explanatory note in the reconciliation table shall be added stating to what purpose or purposes such expenditure is to be applied.

26. Expenditure Authorisations outside the Budget valid for Several Years. If under special provisions national defence expenditure is authorised outside the budget not merely for the current financial year but also for subsequent financial years, tables I to IV of the statement shall include the amounts of such authorisations as may be drawn upon within the meaning of the national law of the country concerned in the course of the financial year—*i.e.*, the amounts for which liabilities may be incurred, liabilities acknowledged, orders for payment issued or payments actually made, as the case may be.

27. Estimates of Expenditure out of Receipts available for National Defence Services. In application of the provisions of paragraph 13, the statement shall also include the estimated expenditure to be effected out of all kinds of receipts which national defence services are authorised to collect and use in the course of the financial year.

28. Losses on Exchange. Statements must include the expenditure appropriations in the budget to meet losses by exchange which might occur in the case of purchases made or services rendered abroad for the requirements of national defence during the financial year.

Section (c).

SPECIAL INSTRUCTIONS FOR COMPILING THE STATEMENT PROVIDED FOR IN ARTICLE F OF THE CONVENTION.

29. Determination of the Payments to be entered in the Statement. This statement shall include all payments made during the financial year in respect of the purposes scheduled in the list of national defence expenditure in Annex I:

(a) *State and Public Authorities.*

In consequence, all national defence payments shown in the budgetary accounts, special accounts and other accountancy documents, if any:

- (i) Of the unitary State or federal State (national defence ministries and services, colonial ministry, and, where appropriate, other civil ministries and services);
- (ii) Of the colonies, protectorates, oversea territories, or territories under the suzerainty or mandate of the contracting parties;
- (iii) Of the federated States, of all regional and local public authorities in the home country and colonies;

shall be transferred to the statement.

(b) *Associations.*

The entry in the model statement of payments made for national defence purposes by associations is dealt with in paragraph 9 of the general instructions.

(c) *Private Individuals, Various Services.*

(i) Should military personnel be required to supply at their own expense their mount and saddlery and all or part of their equipment, arms, clothing, or food, without receiving compensation, the amount of expenditure borne by such personnel shall be entered in the statement.

This rule does not apply to any of the expenditure listed above which may be defrayed by military personnel out of their pay, when the rate of their pay is so calculated as to enable them to meet such expenditure.

(ii) Should national defence works be carried out by workmen who are normally employed by companies or private individuals and continue to be paid by such companies or individuals for the national defence work on which they are engaged, no payment being made by the State on that account, the amount of the wages thus received by such workmen while engaged upon the aforesaid work shall be entered in the statement.

In the event of its being possible only to estimate the expenditure referred to in (i) and (ii) the amounts of these estimates (which are to be shown in the specimen table of the Special Information, No. 9, appended to the reconciliation tables) shall be inserted in the statement.

30. Conventional Definition of Payments. For the purposes of the Convention, the payment is the act which discharges the debtor from his debt either by the delivery to the creditor of the sum due to him, or by the placing of the amount of the said sum to the creditor's account in a banking institution, or, again, by the delivery of the sum to a third party, if the law recognises such delivery as discharging the debt.

Treasury bonds or other national debt delivered by the State to its creditors by way of payment are also to be regarded as payments for the purposes of the Convention, irrespective of whether such bonds or securities are entered in the budget accounts or elsewhere.

31. Services in Kind. Should associations or private individuals make gifts of materials or supplies to the national defence authorities, the amounts which the State would have had to pay had it bought or manufactured such materials at the date of their receipt shall be entered in the statement.

32. Inclusion of the Payments made in the course of the Financial Year, irrespective of the Dates on which the Expenditure was authorised on the claims originated. The statements shall include all payments made during the financial year, even when such payments are charged against credits granted during previous financial years or are made in settlement of claims originating in previous financial years, irrespective of whether the payments concerned are entered in the budgetary accounts proper or in special accounts (arrears accounts, etc.).

33. Special Funds formed out of Budgetary Credits. Where payments are charged against special accounts financed out of the general budget, it is the payments charged against these accounts which must be shown in the statement, and not the sums transferred from the budgets to the special accounts.

In accordance, however, with the provisions of paragraph 12 of the General Instructions, it is the transfers from the budget to the account of autonomous establishments which must appear in the statement, and not the expenditure of such establishments.

As a derogation to the rule laid down in sub-paragraph 1 above, whenever lump sums charged against the budgetary credits are made over to army units for the maintenance of their effectives or materials (" masses "), the States concerned may insert in the statements the amounts of the sums transferred to these funds as shown in the budgetary accounts, if they cannot enter the expenditure actually made by the army units out of such funds. In that case, States must, in a note appended to the reconciliation tables, explain the reasons why this is impossible and give full particulars of the nature of these funds.

34. Losses on Exchange. Expenditure in respect of purchases made or services rendered abroad for national defence purposes shall be shown in the national currency at the rate of exchange ruling on the date when the currency used in settlement was purchased.

2. INSTRUCTIONS FOR THE CLASSIFICATION OF EXPENDITURE IN TABLES I TO IV OF THE STATEMENTS.

A. GENERAL PROVISIONS.

1. Purpose. The annual returns of national defence estimates and payments provided for in Articles D and F of the Convention shall be compiled in accordance with the Model Statement to be found on pages 49-52 and with the instructions set out in the present Annex.

2. Expenditure to be entered in the Statements in accordance with the Purpose to which it is actually applied. The expenditure entered under the headings of the statements shall correspond to the purpose specified in such headings and in the present instructions.

3. Separation of Expenditure on Three Forces (Tables I, II and III). The tables in the statement relating to expenditure on each of the three forces respectively shall be drawn up as far as possible on the basis of estimated expenditure and actual payments for which separate figures are shown in the budgets and accounts.

4. Common Services administered by one of the National Defence Forces. Even if there are separate accounts for the expenditure of each force in the budgets of the national defence ministries or departments there will remain, in the case of certain States, common services administered by one only of the national defence forces, expenditure in respect of which cannot be accounted for separately without a radical transformation, not only of the accounts, but also of the existing military organisation of those States.

These common services, the expenditure on which is shown in the budget and account of one force only and cannot be split up by means of this account to show the extent to which it concerns the other national defence forces, can be divided into the two following categories:

(a) Common services, the amount of whose expenditure is closely related to the figures for effectives—*e.g.*:

- Recruiting service;
- Supplies service;
- Clothing and equipment service;
- Medical and hospital services;
- Religious ministrations;
- Justice and prisons;
- Colleges, schools and training centres.

The expenditure on the above-mentioned services should be split up between the various forces concerned as far as possible by means of internal accounts and administrative documents. If there are no accounts or documents by virtue of which the total expenditure on such services could be accurately split up, this should be done, as a derogation, by means of an estimate based upon the figures for the effectives of the forces concerned. For the purpose of such an estimation, a coefficient of correction should be employed, allowing for the differences between the rates of pay and, in general, the maintenance costs of these various categories of military and civil personnel.

(b) Common services, expenditure on which bears no direct relation to the totals of effectives of the various forces, but rather to the total expenditure of each of these forces—*e.g.*:

- Central administrations;
- Headquarters' staffs and staffs of commands;
- Transport troops;
- Pay and accountancy technical services;
- Scientific and record services;
- Geographical service; cartographic service;
- Meteorological service.

In the absence of internal accounts and administrative documents, the expenditure on these services should be split up between the forces which benefit therefrom on the basis of the percentage of the aggregate defence expenditure represented by the total expenditure (whether calculated or estimated) of each armed force respectively.

5. Services rendered by Civil Ministries to National Defence Departments. Expenditure in respect of services rendered to national defence by civil ministries, such as posts, telegraphs, public works, etc., and shown exclusively in the accounts of such departments, should be split up in accordance with the general principles laid down in paragraph 7(f) of the general instructions (see page 17) in regard to mixed services. For the purpose of the allocation of such expenditure as between the three forces and failing a more scientific basis, expenditure in respect of these common services should be split up, according to their nature and character, in the manner prescribed in the foregoing rules.

6. Expenditure on Fortifications, Coast Defence and Air Defence. This expenditure (for both personnel and material) should be included in Table I, II or III of the statement, according to which it appears in the budgets and accounts, of the land, naval or air forces. Expenditure shown in a special account should be entered in the table for the land forces when relating to fortifications or coast defence and in the table for the air forces when relating to air defence. The nature of this expenditure and its allocation among the various tables of the statement should be shown clearly in the reconciliation tables, Table B, column 8.

The expenditure on shipping belonging to the land forces should be shown in the expenditure statements of those forces.

7. Optional Columns. States may, if they so desire, enter separately, in the columns of the statement intended for this purpose, expenditure on the armed forces stationed in the home country and overseas respectively; they shall also be entitled to split up national defence expenditure between the columns relating respectively to the armed forces and other formations stationed in the home country or overseas. States which do not complete the optional columns should enter their full expenditure in the "Totals" column.

8. Derogations. In order to meet the difficulties which may arise in carrying out the present instructions in view of the varied character of the national defence organisation and institutions of the various countries, the contracting parties shall be entitled to depart from these instructions in cases where they find it impracticable to comply therewith.

The contracting parties may avail themselves of this right under the following conditions:

(1) The contracting parties shall endeavour to follow the instructions as closely as possible;

(2) Should difficulties be encountered which call for a special solution, the contracting parties undertake:

(a) To make it clear that derogations have been resorted to;

(b) To specify the nature of such derogations and the method adopted, when rendering the first statement;

(c) Not to change the method adopted during the period of the Convention without notifying the Permanent Commission.

B. DETAILED PROVISIONS.¹

Conventional List of Items of National Defence Expenditure.

Instructions for the Classification of Expenditure indicated in the Left-hand Column.

National defence expenditure is expenditure in respect of military formations, services and establishments of the land, naval and air forces, in the home country and overseas, in particular:

The expenditure on the personnel and material enumerated in the left-hand column should be classified under the various heads and subheads of Tables I to IV of the statements according to the following detailed instructions:

Central administrations;

Missions;

Military attachés;¹

Headquarters' staffs and staffs of commands;

Arms and services of the armed forces:

Combatant and non-combatant personnel of the land armed forces, infantry, cavalry, artillery, engineers and signal corps, tanks, anti-gas units, combatant and non-combatant personnel of all categories of the naval armed forces, flying, non-flying, and auxiliary personnel of the air armed forces, and all services, formations and establishments of the land, naval and air armed forces, including the air defence;

Supply corps, transport troops;

Pay and accountancy technical services;

Recruiting services;

Medical and hospital services;

Remount and veterinary services;

Religious ministrations;

Military police;

Justice and prisons;

Colleges, schools and training centres;

Military bands, including drum and bugle bands;

Scientific services, historical sections, records, libraries;

Geographical service, hydrographical or coastal surveys, cartographical, geodesic and topographical services;

Meteorological service and astronomical service.

In so far as these services work for the army, navy or air force.

¹ Throughout the present instructions the term "military" is applied indiscriminately to the land, naval and air forces.

This expenditure includes:

Head I.

**I. IN RESPECT OF EXPENDITURE
ON PERSONNEL;**

PERSONNEL.

SUBHEADS A AND B.

Subhead A. — PAY AND ALLOWANCES OF ALL KINDS: OFFICERS.

Subhead B. — PAY AND ALLOWANCES OF ALL KINDS: N.C.O.'S
AND MEN.

Pay, half-pay, salaries, emoluments, allowances of all kinds, bonuses, gratuities, remuneration, grants, family and any other allowances, grants for the civil professional training of soldiers, travelling and mission allowances, contributions to social insurance funds (sickness, old age, invalidity, unemployment, etc.) on behalf of military and civil personnel, whether normally forming or not forming an effective part of the formations, services and establishments of the land, naval and air forces, personnel of the police forces and similar formations to be included in the table of effectives (personnel with the colours, unattached or on leave, persons undergoing preparatory military training, reservists, territorials) during periods of training or not.

1. Subheads A and B should include the pay and allowances of all kinds of the officers, N.C.O.'s and men normally forming an effective part of military formations and services.

2. The following should be regarded as normally forming an effective part of formations and services: Officers, N.C.O.'s and men who, under the legislation in force in their own countries, carry out their duties in the formations and services of the active or regular land, naval or air armed forces either in a professional or permanent capacity or when performing an initial period of service.

3. The remuneration paid to personnel on furlough who may be required to resume active service on the expiry of their furlough should be entered under Subheads A and B.

4. Should any difficulty arise under national legislation in making a distinction between an officer and an N.C.O., the personnel in question should be classified under one of the two Subheads A and B according to the interpretation of the Power concerned; but, in doubtful cases, the system adopted should be indicated in an explanatory note.

5. These subheads should also include any part of the pay of military personnel which is not actually handed over to those concerned until they leave the service.

6. The following expenditure should not be included in these subheads:

(a) The remuneration of military personnel attached to the services whose expenditure should be shown under Subheads L to N;

(b) The pensions of military personnel, the State's contribution to pension funds and gratuities in lieu of pensions (see Part 3 of the present Annex).

SUBHEAD C.

**PAY AND ALLOWANCES OF ALL KINDS: CIVILIAN
PERSONNEL.**

1. Subhead C should include pay and allowances of all kinds assigned to civilian personnel for national defence purposes.

For the purposes of this subhead, civilian personnel shall be deemed to include civilian chaplains, civilian doctors, civilian dentists, civilian pharmacists, civilian male nurses, female nurses, civilian veterinary surgeons; civilian schoolmasters and teachers; advocates; civilian technical and scientific staff; civilian office staff and accounting staff, civilian cleaning and domestic staff, civilian workmen, non-military police and all other non-military staff, male or female, whether permanently employed, hired or engaged under contract by military formations, services and establishments, with the exception of personnel the expenditure on which is to be shown under Head IV.

2. This subhead should include any unemployment benefit which the aforementioned personnel employed for national defence purposes may continue to draw, as well as any additional allowances which may be paid to them for such purposes.

3. The present subhead should not include:

(a) The remuneration of military chaplains, doctors, male nurses, veterinary surgeons, etc. (to be entered under Subheads A, B and D);

(b) The remuneration of civilian personnel to be shown under Subheads L to N;

(c) Pensions paid to civilian personnel, contributions by the State to pensions funds and gratuities in lieu of pensions (see Part 3 of the present Annex).

SUBHEAD D.

PERSONNEL NOT NORMALLY FORMING A PART OF FORMATIONS AND SERVICES. PERSONS UNDERGOING PRE-MILITARY TRAINING, RESERVISTS AND RESERVE ORGANISATIONS.

1. Subhead D should include the pay and allowances of all kinds assigned to persons undergoing pre-military training and to military personnel not normally forming a part of formations and services.

2. The expression "not normally forming a part of formations and services" shall be deemed to apply to officers, non-commissioned officers and men not falling under the categories dealt with under Subheads A and B (personnel performing a second period of service, etc.).

3. This subhead should include all remuneration awarded to personnel who, on ceasing to belong to formations and services of the active or regular forces, receive remuneration in consideration of a liability imposed upon them to return to military service. This rule applies equally where the remuneration may be awarded as a combined reward for services rendered and in consideration of services to be rendered in time of peace (see instructions relating to ordinary pensions in Part 3 of the present Annex).

4. The present subhead should include:

(a) The pay and allowances of all kinds paid to officers and men in consideration of military services both during periods when they are recalled to the colours and in civilian life;

(b) Administrative expenditure in respect of reserve organisations which it is impossible to split up between the other subheads.

5. The present subhead should not include:

(a) The remuneration of personnel attached to services the expenditure in respect of which is to be shown in Subheads L to N;

(b) Pensions, State contributions to pensions funds and gratuities in lieu of pensions paid to personnel coming under the present subhead (see Part 3 of the present Annex).

SUBHEAD E.

Expenditure on maintenance—
viz.:

MAINTENANCE OF PERSONNEL REFERRED TO IN SUBHEADS A TO D.

1. The present subhead should include expenditure in respect of the purchase, manufacture and repair of all articles intended for the maintenance of personnel whether in State factories or private establishments; expenditure in respect of the storage of stocks, including cleaning, handling, etc., together with expenditure in respect of the purchase and maintenance of live-stock for use as food.

2. Articles of clothing and equipment shall be deemed to mean garments, articles for meeting the soldiers' requirements in the matter of personal hygiene, whether in garrison or on active service, and all articles accessory to the arms, ammunition and fighting material with which the soldier is provided with a view to performing his combatant duties.

3. For the purpose of the present subhead, furniture shall be deemed to mean the furniture of buildings of all kinds with the exception of those the expenditure on which is to be included in Head IV.

4. Expenditure on medical attention should include expenditure in respect of military recuperation centres, expenditure in respect of the treatment of national defence personnel in civilian hospitals and dressing-stations and all other expenditure relating to the medical services.

5. Expenditure in respect of military training and education should include all expenditure relating to the equipment of military schools of all kinds, including the special schools for reservists and children's schools, expenditure on the vocational and civilian training of military personnel, including expenditure on pilots' schools.

The present subhead should likewise include all the aforementioned classes of expenditure relating to military cartographical, hydrographical, meteorological, geographical, topographical, geodesic, etc., establishments and to all other scientific establishments engaged in national defence work and not to be assigned to Head IV, and all expenditure relating to military libraries and historical sections, to charges occasioned by the participation of military teams in athletic events and to institutions of all kinds dealing with the maintenance, training and recreation of military personnel and not to be assigned to other subheads.

6. Expenditure in respect of compensation for losses and damage shall be deemed to mean all sums granted by way of compensation or indemnity either to an association, undertaking

Expenditure for meeting the immediate requirements of the effectives normally forming part of military formations, services and establishments, and of personnel called up for periods of training, more especially expenditure on subsistence, clothing, equipment, bedding, furniture, laundry, sanitary and medical attention, religious ministrations, office expenditure or various other items of expenditure not covered by II, III and IV, expenditure for military, physical and athletic training and education, games and various amusements, including subsidies for those purposes, together with expenditure in respect of compensation for losses and damage caused by military formations, services and establishments.

Expenditure in respect of the creation and maintenance for military purposes of reserves of goods, foodstuffs, raw materials, or products relating to the aforementioned requirements; subsidies paid to private associations and undertakings with a view to meeting these same requirements, together with expenditure relative to rifle clubs and physical culture societies, pigeon fanciers' societies and aviation clubs of military value.

or private individual, or to national defence personnel, whether military or civilian, for losses, damage or other detriment caused them by national defence services with the exception of:

(a) compensation, etc., in respect of loss, damage, etc., occurring in the course of the manufacture, repair and maintenance of war material or occasioned thereby (to be entered in Head IV);

(b) pensions and gratuities granted to national defence personnel, whether military or civilian, and their dependents in respect of death or injury sustained in the performance of their duties (to be entered in Table V (1)).

7. Where office expenditure includes items relating to purposes appropriate to other subheads which it is impossible to split up satisfactorily, such office expenditure shall be entered in its entirety in Subhead E.

8. The present subhead should not include:

(a) The pay and allowances of the personnel, whether military or civilian, coming under Subheads A, B, C, D;

(b) Expenditure in respect of the purchase and maintenance of saddle, draught and pack animals (to be entered in Subhead F);

(c) Expenditure in respect of the upkeep, heating, lighting, water, fixed installations of buildings and grounds and expenditure on scavenging (to be inserted in Subhead K);

(d) All expenditure, whether in respect of personnel or material, which falls to be shown in Head IV.

Head II.

TRANSPORT.

2. IN RESPECT OF EXPENDITURE ON TRANSPORT:

SUBHEAD F.

Expenditure relating to horses and other animals, the purchase of raw materials, hand tools, finished articles and their repair and maintenance, irrespective of whether such materials and products (forage, shoeing material, harness, solid fuel, liquid fuel—whether for vehicles, ships or aircraft—lubricants, etc., spare parts and accessories) are intended for stock or current use, together with expenditure relating to transport and communication services (railways, post, telegraph, telephone, radio) rendered by non-military organisations.

Subsidies of a military nature for horse-breeding and the training of horses, mules and other saddle, draught and pack animals, subsidies paid for military purposes to transport undertakings, subsidies or other expenditure relating to the organisation of communications with a view to protection against air-raids and, generally speaking, all other expenditure in respect of fuel, whether for vehicles, ships or aircraft, transport and communications.

HORSES AND OTHER ANIMALS, FORAGE, HARNESS AND SHOEING.

1. This subhead shall apply to the land forces only. Expenditure on horses and other animals belonging to the naval and air forces shall be entered in Tables II and III, Subhead G.

2. Expenditure on horses and other animals shall be deemed to mean expenditure on the purchase, hire and maintenance of such animals.

3. The present subhead shall not include:

(a) The remuneration or maintenance of personnel whether military or civil (to be entered in Subheads A to E);

(b) Expenditure in respect of draught and pack animals used for transport within establishments coming under Head IV;

(c) Expenditure on animals (live-stock) intended to be used as food (to be entered in Subhead E);

(d) Expenditure in respect of veterinary schools (to be entered in Subhead E);

(e) Expenditure in respect of the upkeep, repair and manufacture of horse-drawn vehicles, and subsidies granted to the owners of such vehicles (to be entered under Head IV).

SUBHEAD G.

COAL, FUEL, OIL, PETROL, LUBRICANTS, ETC., AND OTHER TRANSPORT EXPENSES.

1. This subhead should include all expenditure in respect of solid and liquid fuel, etc., used for the transport of personnel and material and the propulsion of national defence material, including tanks, together with motor vehicles, warships and all other vessels and aircraft, expenditure on the hire of vehicles.

2. Expenditure relative to transport should include all expenditure in respect of harbour and pilot dues and also of the transport of the personnel, animals, supplies or material of the three forces by rail, water, road (including any taxes payable on this account), air, etc.

3. In the case of the naval and air forces and formations, expenditure on saddle, draught and pack animals should be entered in the present subhead. (In the case of the land forces, such expenditure is shown under Subhead F.)

4. The present subhead should not include:

(a) Expenditure in respect of the remuneration and maintenance of personnel whether military or civil (to be entered in Subheads A to E);

(b) Expenditure in respect of solid and liquid fuel, oils, grease, etc., for the heating, lighting and power services (to be entered in Subhead K or Head IV, according to whether it is regarded as expenditure on buildings or war material within the instructions relating to these various services);

(c) Expenditure in respect of the installation and maintenance of apparatus for the distribution of liquid fuel—*e.g.*, petrol pumps (to be entered in Subhead K and Head IV);

(d) Expenditure in respect of the purchase, upkeep and repair of motor and horse-drawn vehicles and bicycles (to be entered in Head IV);

(e) Subsidies to the owners of motor and horse-drawn vehicles (to be entered in Head IV);

(f) Subsidies granted to the mercantile marine with a view to the subsequent use of merchant vessels by the national defence authorities (to be entered in Subhead L).

Head III.

BUILDINGS.

3. IN RESPECT OF EXPENDITURE ON BUILDINGS:

SUBHEAD H.

Expenditure relating to the construction, repair and upkeep of fortifications and defensive works.

Expenditure relating to the purchase and hire of land and buildings, building operations, installation of gas, electricity, and water, the improvement, extension, upkeep and repair thereof, and also current expenditure on gas, electricity and water; heating and lighting of all kinds of buildings, including fixed machinery and heavy plant (barracks, accommodation, schools, hospitals, prisons, cattle-sheds, stables, State establishments for meeting the material needs of the military units, storehouses and depots, hangars, aerodromes, training camps and musketry ranges, sheds for stores, etc., marine works in naval ports and naval bases, including landing-stages and all other works for the land, naval or air forces and formations).

Expenditure relating to the construction, modification, repair or upkeep for specifically military purposes of roads, bridges, railways, landing-stages, jetties, lighthouses, lightships, buoyage, platforms, semaphore apparatus, canals, together with drainage or forestry works.

Subsidies granted for military purposes with a view to the purchase, hire, improvement, extension, upkeep and repair of the buildings and objects mentioned above under this heading or any similar expenditure.

CONSTRUCTION OF NEW FORTIFICATIONS AND DEFENSIVE WORKS.

1. The present subhead should include expenditure relating to the construction of new fortifications and defensive works, together with major improvements to such fortifications and works, including the purchase price of the site; expenditure on the construction of or major improvements to barracks, hutments or shelters for the use of troops (casemates) forming an integral part of the fortifications and defensive works; expenditure on installations and fixed protective shields for the artillery of such fortifications and works, together with the machinery or apparatus used for the service of such artillery.

2. The present subhead should not include:

(a) Expenditure on the remuneration and maintenance of personnel whether military or civilian (to be entered in Subheads A to E);

(b) Expenditure on the upkeep of fortifications (to be entered in Subhead K);

(c) Expenditure on guns in fortifications and on movable apparatus (protective shields, appliances) for the service of such guns (to be entered in Head IV).

SUBHEAD K.

BARRACKS, OTHER BUILDINGS, FIXED INSTALLATIONS, UPKEEP.

1. Subhead K should include the items of expenditure enumerated in the left-hand column whenever such expenditure is incurred in respect of buildings used by the services enumerated in E, F and G.

2. Expenditure in respect of heating, lighting and power should include expenditure relating to materials and products for the use of such services (solid and liquid fuel, etc.).

3. Expenditure in respect of the purchase and hire of land and buildings should include the rates paid to municipal or local authorities in respect of grounds and buildings belonging to the national defence authorities.

4. The present subhead should not include:

(a) Expenditure on the remuneration and maintenance of military and civilian personnel (to be entered in Subheads A to E);

(b) Expenditure in respect of the provision of solid and liquid fuel, etc., for movements and transport services (to be entered in Subhead G);

(c) Expenditure relating to the construction of fortifications (to be entered in Subhead H);

(d) Expenditure specified in the left-hand column relating to the establishments and services shown under Head IV;

(e) Subsidies to private industry and other expenditure incurred with a view to the improvement, extension or installation of plant for the building of war vessels, the manufacture of munitions and war material and other similar purposes (to be entered in Head IV).

Head IV.

4. IN RESPECT OF EXPENDITURE ON WAR MATERIAL:

WAR MATERIAL.

This expenditure comprises, for all categories of war material specified below:

Expenses of upkeep and repair, purchase from private traders or manufacturers, and manufacture in State factories, of ships, goods, materials and munitions, whether complete or in parts, intended either for purposes of training in time of peace or for the equipment and armament of forces on a war footing, the purveying and supply of material of all kinds for these forces and also the expenses relating to the creation and maintenance (in State or private hands) of stocks and plant intended solely for the construction of war-like stores.

Cost of scientific research and experiment, expenditure on the inspection of material delivered and preparation of programmes for material, expenditure on the supervisory services, expenditure relating to the preparation of industrial mobilisation as regards war material and all other similar expenditure.

Subsidies granted to industries, undertakings and workshops which normally manufacture war material in peace time, with a view to the installation, upkeep or extension of plant and equipment for the manufacture of war material and the creation or maintenance of stocks of war material.

Subsidies granted to industries, undertakings and workshops which do not normally manufacture war material in peace time with a view to preparing them for industrial mobilisation—*i.e.*, to equipping them in peace time for the production of war material as soon as mobilisation begins.

Subsidies granted to the mercantile marine expressly with a view to the use of merchant ships if necessary for national defence purposes; subsidies granted with a similar object to the owners of vehicles.

1. In view of the special importance of Head IV, which relates to expenditure on war material, the instructions hereunder should be followed as strictly as possible. In cases in which the amount of the expenditure to be allocated, in virtue of the present instructions, between the various subheads of Head IV cannot be exactly identified in the budgets and accounts, recourse should be had, wherever possible, to internal accountancy documents for the purpose of calculating such items, or, where that is impracticable, the closest possible estimates should be made.

2. The present head should include all expenditure in respect of warehouses and depots of war material and all storage costs relating to such material.

In regard to mixed depots, the expenditure relating to war material proper should be estimated, identifiable expenditure relating to other material being omitted.

3. In so far as war material is manufactured or repaired by private industry or autonomous State establishments, the present heading should include all expenditure representing the purchase price or cost of reconstitution or repair of war material, including all items in the cost of production of material manufactured or constructed. This head should also include all costs of transport as far as the place where delivery to the military authorities is required under the contracts or, in the case of supplies and deliveries of goods made by autonomous State establishments, under the regulations or standing orders, and also expenditure of every kind in respect of buildings used for the manufacture and construction of war material (see on this point Subhead K, 4 (d)).

4. In so far as this material is manufactured, reconstituted, repaired, maintained and stored by non-autonomous State establishments, all the working expenses of the establishment should be included; in particular:

- | | | |
|---|---|------------------------|
| Labour | } | Military and civilian; |
| Office staff | | |
| General subordinate staff | | |
| Managing and supervisory staff | } | Military and civilian; |
| Purchase of raw materials (including cost of transport to the establishment); | | |
| Construction, maintenance and repair of buildings of all kinds, arsenals, yards, including dry-docks, workshops, factories, etc.; | | |
| Rents actually paid; | | |
| Purchase, erection, maintenance and repair of fixed installations; | | |
| Purchase, erection, maintenance and repair of machinery, movable equipment and plant; | | |
| Transport for internal services of workshops, warehouses, etc.; | | |
| Fuel, solid and liquid, oil, etc.; | | |
| Gas, electricity; | | |
| Other motive power; | | |
| Water; | | |
| Washing, cleaning and scavenging; | | |
| Rates actually paid to municipalities; | | |
| Furniture; | | |
| Stationery, printing and office expenses; | | |
| Medical expenses; | | |
| Postal, telegraph and telephone expenses; | | |
| Delivery to the factory of all articles purchased; | | |
| All other auxiliary services necessary for the working of the factories and depots. | | |

5. This head should also include the sums paid as compensation or indemnity for loss, damage, injury, etc., sustained during or caused by the manufacture, repair or upkeep of war material, except pensions and gratuities paid in respect of such loss, damage, etc., to the military or civilian personnel of the national defence services, which will be entered in Table V.

6. This head should not include the pay and other remuneration of the personnel, whether military or civil, of the central administration of the national defence services; if, however, the central administration comprises technical services or sections, the expenditure of such services or sections should be entered in Head IV.

The classes of material mentioned above are as follows:

SUBHEAD M (*Land Forces*).

In respect of the Land Forces:

ARMS, AMMUNITION, FIGHTING MATERIAL.

Arms, ammunition, fighting material and other war material; engineering material:

1. All expenditure on the purchase, manufacture, repair and upkeep of the arms, ammunition and explosives, and other fighting material enumerated opposite should be entered in this subhead.

2. Subhead M should not include:

Small arms and automatic firearms; rifles, muskets, carbines, revolvers and pistols; quick-firing rifles and quick-firing pistols, machine-pistols, machine-guns, apparatus and appliances for throwing projectiles, including vehicles for their transport;

(a) Expenditure relating to non-explosive engineer stores (to be entered in Subhead M (a));

(b) Expenditure on horse-drawn or motor transport vehicles, whether specialised or not, and on subsidies granted to the owners of such vehicles, together with expenditure on bicycles (to be entered in Subhead M (a));

(c) Expenditure on depots for material specified in this subhead (to be entered in Subhead N).

Cannons (long and short), howitzers, mortars, field guns, anti-aircraft guns and other anti-aircraft appliances and all apparatus (armour-plating, etc.) for the operation of these appliances;

Ammunition for small arms, automatic weapons and guns; bombs, grenades and other kinds of projectiles, explosives, mines, including the electric apparatus connected with all this material, ammunition wagons, carriages, cases, etc., for their transport;

Cutting weapons, such as swords, sabres, lances, bayonets and daggers;

Tanks, armoured cars, armoured trains;

All other arms, ammunition, apparatus and appliances for throwing projectiles; accessory equipment and spare parts.

SUBHEAD M (a) (*Land Forces*).

ENGINEER AND OTHER WARLIKE STORES.

This subhead should not include:

(a) Expenditure on transport vehicles belonging to establishments for manufacturing or repairing arms, ammunition or fighting material (to be entered in Subhead M);

(b) Expenditure in respect of depots of the material included in this subhead (to be entered in Subhead N).

Railway material, pioneer equipment, bridging equipment, mining material, liaison material, signalling and radio stores, boats, searchlights, acoustic and optical instruments, anti-gas stores, tractors, motor and horse-drawn vehicles whether specialised or not, bicycles with their accessory equipment and spare parts, subsidies to the owners of motor and horse-drawn vehicles and all other categories of engineering material.

SUBHEAD N (*Land Forces*).

EXPENDITURE ON DEPOTS OF WAR MATERIAL AND EXPENDITURE NOT DIVISIBLE BETWEEN SUBHEADS M AND M (a).

This subhead should include:

- (a) The expenditure on storehouses and depots of war material of all kinds, and on all services for the storing of such material, including the cost of upkeep, greasing, cleaning, maintenance, etc.;
- (b) Expenditure on non-autonomous establishments for the manufacture or repairs, when such expenditure cannot be divided between Subheads M and M(a);
- (c) All other expenditure on the manufacture, repair or upkeep of war material which is not appropriate to Subheads M and M(a).

SUBHEAD L (*Naval Forces*).

In respect of the Naval Forces :

VESSELS: NEW CONSTRUCTION.

In addition to the above-mentioned material: warships of all kinds, aircraft-carriers, seaplane-carriers, victualling craft, fuelling craft, naval armament vessels and all other naval transport vessels, repair ships, salvage vessels, floating barracks, harbour craft, tugs, barges and lighters, floating docks; torpedoes, paravanes, and material of all kinds connected with these vessels, and all other craft intended for naval use.

1. This subhead should include all expenditure on the construction of all vessels and craft specified opposite, including expenditure on:

- (a) All their equipment, navigating instruments, etc., with accessories and spare parts;
- (b) Their armament of all kinds, both portable and fixed, with accessories and spare parts;
- (c) The initial supplies of explosives, ammunition and fuel, solid or liquid, and of other stores used for navigating and gunnery trials before the vessel is finally accepted for service.

2. The expenditure on construction of aircraft-carriers should include that on the catapults and other apparatus installed on board for launching aircraft, but not that on the aeroplanes themselves.

3. This subhead should also include subsidies granted to the mercantile marine with a view to the eventual use of its vessels for national defence purposes.

4. This subhead should not include expenditure in respect of military personnel embarked before the vessel is finally passed for service, even when such personnel assist in preparing the vessel for service; such expenditure should be entered in Subheads A to E.

SUBHEAD M (*Naval Forces*).

UPKEEP OF VESSELS AND THEIR ARMAMENT; PURCHASE, MANUFACTURE, REPAIR OR UPKEEP OF ARMS, AMMUNITION AND OTHER WAR MATERIAL.

1. This subhead should include all expenditure on the maintenance and repair of vessels of all kinds, including expenditure on the purchase, manufacture, upkeep or repair of ship's stores of all kinds, arms, ammunition and war material and all other equipment, accessories, spare parts, etc., for the vessels enumerated in the opposite column, whether intended for stock or for the current use of a specific vessel.

2. This subhead should also include:

- (a) Expenditure for the purchase or manufacture and for the repair and upkeep of arms, ammunition and any other naval war material not designed to form part of the armament or equipment of vessels;
- (b) Expenditure on the purchase, manufacture, repair and upkeep of motor and horse-drawn vehicles and of bicycles.

3. This subhead should not include:

(a) The remuneration and maintenance of the personnel, whether naval or civil, forming part of the crews of war vessels, repair ships and all other naval craft, even if the personnel is employed on the upkeep and current repair of vessels (to be entered in Subheads A to E);

(b) The remuneration of the civilian crews of national defence vessels employed on transporting material for the use of the fleet (to be entered in Subhead C);

(c) The cost of hiring transport vessels in peace time, and any other expenditure in respect thereof (to be entered in Subhead G);

(d) Expenditure on the initial supplies of all the stores, ammunition, etc., above mentioned, and on the initial supplies of solid or liquid fuel, etc., for the purpose of navigation and gunnery trials (to be entered in Subhead L);

(e) Any other expenditure on solid or liquid fuel, etc., supplied for warships or other craft (to be entered in Subhead G).

SUBHEAD N (*Naval Forces*).

EXPENDITURE ON DEPOTS OF WAR MATERIAL; EXPENDITURE NOT DIVISIBLE BETWEEN SUBHEADS L AND M.

This subhead should include:

(a) The expenditure on storehouses and depots of war material of all kinds, and on the various services relating to the storing of such material, including the cost of upkeep, greasing, cleaning, maintenance, etc.;

(b) The expenditure relating to non-autonomous establishments for the manufacture or repair of war material when such expenditure cannot be divided between Subheads L and M;

(c) Any other expenditure on the purchase, manufacture, repair or upkeep of war material which is not appropriate to Subhead L or M.

SUBHEAD M (*Air Forces*).

ARMS, AMMUNITION, FIGHTING MATERIAL AND ALL OTHER KINDS OF WAR MATERIAL.

3. *In respect of the Air Forces:*

In addition to the above-mentioned material: aeroplanes, seaplanes, amphibian planes, boats, airships, free and captive balloons, instruments, engines and stores—wireless, electrical, photographic—oxygen, apparatus material for heating purposes, ground equipment, parachutes, hydrogen and helium, accessories and spare parts, material for anti-aircraft defence (watch, alarm and liaison systems, signalling and listening-in apparatus, protective balloons and interception cables, apparatus for artificial fog and camouflage devices, etc.).

1. This subhead should include all expenditure on the purchase, manufacture, repair, upkeep and storing of the arms, ammunition, explosives, and other material proper to the air forces, mentioned opposite, including expenditure on horse-drawn and motor vehicles, subsidies granted to the owners of such vehicles and expenditure on bicycles.

2. This subhead should not include:

(a) Expenditure on catapults and other fixed launching apparatus mounted in the vessels belonging to the navy (to be entered in Subhead L (*Naval Forces*));

(b) Expenditure on fuel, lubricants, etc., intended for the use of aircraft (to be entered in Subhead G).

3. INSTRUCTIONS WITH REGARD TO THE SPECIAL INFORMATION¹ CONTAINED
IN TABLE V OF THE STATEMENTS.

Item No. 1. — Ordinary Pensions.

The publicity to be given under the present Convention in regard to pensions refers to *ordinary pensions* only.

1. Definition of Ordinary Pensions for the Purpose of the Convention. By ordinary pensions is understood for the purpose of the Convention any remuneration granted to national defence personnel for services previously rendered or any compensation for disabilities sustained in the service in time of peace, whether the recipient of such remuneration remains at the disposal of the military authorities or not.

Grants made to the dependents of deceased national defence personnel in return for services rendered by the latter to national defence shall be regarded as expenditure on pensions.

Where sums are paid by the State to institutions for defence force personnel retired for age or disability such as homes, sanatoria and hospitals, or in respect of treatment of all kinds given to such personnel, the States concerned, if they consider that such expenditure is sufficiently important, shall calculate or estimate the total involved and treat it as expenditure in respect of ordinary pensions.

Ordinary pensions shall not be deemed to include the remuneration, grants and expenditure of the nature described if granted in respect of war service.

2. Personnel whose Pensions are to be included in Table V. Item No. 1 of the special information contained in table V shall show the total ordinary pensions paid to personnel: officers, non-commissioned officers, other ranks and civilian personnel (permanent officials and industrials) or their dependents in return for services rendered to national defence.

When ordinary disability pensions are entered in the accounts with expenditure in respect of war pensions, and in the event of its being impossible either to identify them or estimate their amount, they shall not be included in table V of the statement, but a note shall be included in an explanatory table (No. 1) appended to the reconciliation tables to the effect that it is impossible to separate such expenditure from that in respect of war pensions.

3. Expenditure to be inserted. Item No. 1 shall show the amount of remuneration actually paid to the beneficiaries either by the State or from State pensions funds.

If the total expenditure from pensions funds on certain categories of personnel cannot be exactly ascertained or estimated, this fact shall be stated in a note to explanatory table No. 1. If, for example, it is impossible to calculate the sums paid as pensions to permanently employed industrial workers corresponding to that part of their service rendered in military establishments, the fact that such expenditure has not been included shall be duly pointed out.

4. Expenditure incurred in return for an Undertaking to give Subsequent Service. If there are categories of defence force personnel who have retired from the service and whose allowances are increased either temporarily or permanently in consideration of their obligation to render subsequent service, the Power concerned shall enter the total expenditure in tables I to IV of the statements unless it is possible to identify the portion of the total allowance which is paid for services rendered and the portion in return for the obligation to give subsequent service. In the latter case, the first part of the sum should be inserted in table V and the second part in tables I to IV. (See Annex III, Part 2, Instructions for subhead D, paragraph 3, page 26.)

5. Capital Payments. Item No. 1 shall include capital payments made in one or more instalments to certain defence force personnel who have left the service, provided such payments are of a sufficient amount to be regarded, in view of the beneficiaries' rank, as taking the place of a pension.

6. Remuneration of Personnel on Leave, invalided out, etc. Each State shall follow the principles laid down above in order to determine, according to their several regulations and systems whether the expenditure on personnel on the unemployed list, on the reserve list, invalided out, on extended leave or similarly situated, is to be inserted in tables I to IV of the statements or in item No. 1 of the special information contained in table V.

¹ See the specimen tables on pages 74-82.

7. Grants to Pensions Funds. Payments made by these Funds. Where appropriate, item No. 1 shall include the payments made by pensions funds to beneficiaries; on the other hand, however, the grants made to such funds by the State shall not be entered in the statement, If, however, it is impossible to ascertain the payments made by the said funds, no figure shall be entered in table V, the amounts paid to the pensions fund being indicated in a note to explanatory table No. 1.

8. Pensions granted as a Result of the Reduction of Armaments. Each Power shall have the option of indicating separately in table V of the statement the amounts of the pensions granted to personnel discharged as a result of the reduction of armaments. Should it be possible to identify such portion of the pensions granted on account of the reduction of armaments as correspond to services already rendered as opposed to services to be rendered in the future, only such amounts as relate to services rendered shall be taken into account when separately indicating such expenditure. (See Annex III, Part 2, Instructions for subhead D, paragraph 3, page 26.)

9. Particulars regarding Ordinary Pensions. As item No. 1 of the special information contained in table V of the statement can only show an aggregate figure for expenditure on ordinary pensions, with, in certain cases, a figure representing part of the pensions expenditure resulting from the reduction of armaments, particulars shall be included in explanatory table No. 1, indicating from what official publications the figures for ordinary pensions have been taken. References should be given to those items in the various accounts which contain the expenditure on ordinary pensions.

10. Special Cases. Interpretation of the Foregoing Instructions. In dealing with special cases arising out of their laws or regulations, the contracting parties shall be guided by the general principles laid down in the foregoing paragraphs. With a view to enabling the Permanent Commission to interpret the decisions taken by each of the contracting parties as regards the contents of item No. 1, the latter shall specify in doubtful cases the manner in which they have applied the foregoing instructions.

Item No. 2. — Difference between the initial amounts of the block credits granted for several years and any part of such credits already entered in the budget, including the budget for the year to which the statement refers.

11. In cases where credits relating to national defence expenditure are granted for several years, if the amounts of those block credits have to be split up into successive annual instalments in the budgets, the difference between the total amounts of these block credits and the total amount of the subsequent annual instalment or instalments already entered in the budgets, including the budget of the financial year for which the Statement is drawn up, shall be entered in item No. 2 of the special information contained in table V.

This information must be communicated, whatever the character of the budget credits, according to the legislation of the various States—*i.e.*, both in cases where these credits directly authorise commitments and in cases where they directly authorise the acknowledgment of debts, the issue of payment orders or the making of payments within the limit of the credits entered in the annual budgets.¹

12. The calculation of the difference between the block credits and the annual instalments entered in the budgets must take into account all the block credits, irrespective of whether these credits were granted before or after the entry into force of the Convention.

13. If the statement of estimates is compiled on the basis of the draft budget (paragraph 22 of Part 1 of the present Annex (page 20)), the estimated instalment to be provided in the budget of the year shall serve as the basis for calculating the difference between the block credit and the annual instalment or instalments entered in the budgets.

In cases where the rectifications provided for in paragraph 24 of Part 1 of the present Annex (page 20) also contain modifications of the amount of the instalment provided in the draft budget, the amount reported in item No. 2 of the special information attached to the statement as compiled on the basis of the draft budget should also be rectified.

14. Should the amount of the initial block credits be changed, the figure entered in item No. 2 of the special information contained in table V of the statement must be calculated with due reference to these changes.

15. The figure given under this item should be explained in explanatory table No. 2 appended to the reconciliation tables and, if necessary, in a note annexed thereto. This table and the accompanying note should also be produced whenever the budgets and closed accounts or other official documents do not permit of the verification of the figure required hereunder.

16. Item No. 2 should be completed when the statement of estimated expenditure provided for under Article D is furnished, so long as the production of this statement is required, and thereafter, when the simplified statement provided for in the same article is rendered.

¹ The following shall not be regarded as balances of block credits: the differences between the limits fixed to expenditure over several years and the amount actually voted each year in the budget when these differences are transferred to a reserve fund.

Item No. 3. — Difference between carry-forward credits—that is to say, credits which may be used for making payments to be made during the year in question or subsequent years—and payments in respect of such credits shown in the accounts for the former.

17. In cases where certain credits granted in the budget are not annulled at the end of the *exercice*, if they are not expended during that *exercice*, but can, on the contrary, be utilised during one or more *exercices*, the statement in item No. 3 of the special information contained in table V must show the difference between the total amount of these credits and the portion of the credits expended during the financial *exercice*.

In calculating this difference, account should be taken, not only of the credits fixed during the financial year, but also of the credits carried forward from the previous year or years.

18. Irrespective of whether, under the national legislation, the credits authorise the Departments under the national legislation to enter into commitments, to acknowledge debts, to issue payment orders or to pay expenditure within the limit fixed by these credits, the figure to be entered in item No. 3 shall represent the difference between the credits and the payments which are made during the financial *exercice*, including the payments appearing in the arrears accounts.

19. The composition of the total amount remaining available at the end of the financial year will be given, in respect of each credit carried forward which has been the subject of a vote or of a special authorisation, in explanatory table No. 3 attached to the reconciliation tables. This table shall also be produced in cases in which the budgets or closed accounts, or other official documents, do not permit of the verification of the figures communicated in pursuance of the provisions of the present paragraph.

20. Item No. 3 of the special information contained in table V will be supplied only when the statement of payments made is produced.

Item No. 4. — Authorisations to enter into commitments granted by Parliament or the authority enacting the budget, apart from the credits for payment voted in the budget for the year to which the statement refers.

21. In countries where Parliament or the authority which enacts the budget authorises commitments of expenditure on national defence to be entered into during the financial year on condition that such expenditure shall only be paid out of payment credits of the subsequent *exercice* or *exercices*, the amounts of such authorisations shall be entered in item No. 4 of the special information contained in table V of the statement.

22. The above information shall be obtained either from the budget itself, or from the enactment fixing the budget (finance acts), or, failing this, from the draft budget or draft enactment fixing the budget, according to whether the statement of estimates is based on the budget or the draft budget.

If such authorisations to enter into commitments are granted or modified after the despatch of the statement provided for in Article D of the Convention, such authorisations or modifications must be mentioned when sending the rectifications mentioned in paragraph 24 of Part I of the present Annex (page 20).

23. Explanatory table No. 4 attached to the reconciliation tables must include the following information:

- (a) The Law or Act granting authorisations to enter into commitments;
- (b) The nature and object of the authorisations as indicated in the corresponding Law or Act;
- (c) The manner in which the payment credits relating to these authorisations must be entered in the budget or budgets of the following year or years, and, in general, the procedure according to which such authorisations to enter into commitments are regularised in subsequent years.

24. The particulars referred to above will be given when sending the statement of estimates provided for in Article D of the Convention, as long as the production of this statement is compulsory, and thereafter when sending the simplified statement provided for in the same article.

Item No. 5. — Difference between the authorisations of expenditure contained in special accounts and the payments made against such accounts, including those made during the year in respect of which the statement has been compiled.

25. In cases where expenditure authorisations are granted outside the budget and are contained in special accounts, the credits of which can be used without fresh authorisation until they are exhausted, the difference between the total initial amounts of such authorisations and the payments made against them during each of the successive financial *exercices*, including the financial *exercice* for which the statement is drawn up, shall be entered in item No. 5 of the special information contained in table V of the statement.

In countries in which expenditure granted outside the budget and included in special accounts is not covered by published authorisation, an estimate should be made of the initial aggregate authorisation, and the difference between this estimated initial aggregate amount and the payments made during previous years and during the year for which the statement is drawn up should be included under item No. 5 of the special information shown in Table V of the statement.

26. The details of the calculation of the figure indicated in the above paragraph must be set out in the explanatory table of special information No. 5, attached to the reconciliation tables, in such a manner as to show for each special account the difference between the amount of the original authorisations and the payments made during each *exercice* against this special account.

The part of the State accounts in which the above-mentioned figures can be checked must be indicated.

27. If authorisations originally granted undergo changes, such changes must be mentioned and account must be taken of them in calculating the figures to be entered in item No. 5.

If, at the beginning of the Convention, payments are made from accounts opened before the date on which the Convention comes into force, the amounts indicated in the above paragraph must also include the difference between the amounts of the initial authorisations and the payments effected in virtue of those authorisations.

28. Item No. 5 will only be completed when sending the statement of payments made.

Item No. 6. — Credit balances of autonomous establishments remaining at the disposal of those establishments at the end of the financial "exercice".

29. The statement must show, in item No. 6 of the special information in table V of the statement, the total credit balances (surplus of receipts over expenditure) of autonomous establishments remaining at the disposal of those establishments at the end of the *exercice*.

30. The distribution of this total amount as between the different establishments shall be shown in explanatory table No. 6 attached to the reconciliation tables. Explanatory table, No. 6 shall also state the documents and pages where these balances may be found.

31. These particulars will only be given when sending the statement of payments made.

Item No. 7. — Amounts liquidated but not paid for materials delivered and services rendered payment for which has been deferred.

32. In cases where materials are delivered or services rendered during an *exercice* without such deliveries or services having been paid for at the end of the year, item No. 7 of the special information in table V of the statement shall show the value of the materials delivered and the services rendered which are to be paid for during the subsequent *exercice* or *exercices*.

33. The provisions laid down in the previous paragraph do not apply to cases in which payments are made within the usual time-limits for Government payments.

34. The particulars mentioned above must be supplemented in explanatory table No. 7 attached to the reconciliation tables by showing separately the following categories of deferred payments:

- (a) Transfers from one Government to another;
- (b) Purchases from private firms;
- (c) Transfers made to national defence departments by autonomous establishments;
- (d) Services rendered by personnel, associations or private individuals to a national defence department;
- (e) Transfers under which the creditors have transferred their claims against the State to a bank, in cases where the State has not refunded the bank at the end of the *exercice*.

35. Full information must be supplied in explanatory table No. 7 in so far as it is necessary for informing the Permanent Commission as to the nature and origin of delays in payments, mention also being made as far as possible of the published documents by which the figures communicated may be checked.

36. The particulars referred to above will only be supplied when sending the statement of payments made.

Item No. 8. — Expenditure not included in the statement in respect of subsidies paid to and participations in private enterprises having as one of their objects the delivery of war material in time of peace.

37. If a Power considers that subsidies paid to and participations in private armament enterprises (subsidies to private enterprises having as one of their objects the manufacture of war material in time of peace) have not a national defence character, but were granted for economic or social purposes, it must indicate their total amount in item No. 8 of the special information in table V of the statement; a list of these subsidies and the reasons for which they have been excluded from tables I to IV of the statement must be given in explanatory table No. 8 attached to the reconciliation tables.

38. The particulars referred to above will only be supplied when sending the statement of payments made.

Item No. 9. — Various information regarding unpaid services and supplies for national defence.

39. Should the expenditure referred to in paragraph 29c of Part I of the present Annex (page 21) not be included in the accounts, an estimate of the value thereof corresponding to the amount which shall be entered in tables I to IV of the statements must be given in explanatory table No. 9 attached to the reconciliation tables. A note attached to this table shall state the basis of this estimate.

40. If a sufficiently accurate estimate of the free services or supplies cannot be made, States should mention the impossibility of doing so in item No. 9 of the special information in table V of the statement, but they must give, in the relevant explanatory table, as complete particulars as possible regarding the nature and extent of such services rendered to the State free of charge.

In this item No. 9, States must also indicate the amount of services in kind rendered to the armed forces as, for instance, free lodging provided by the local authorities in connection with the movement of troops, or supplies of foodstuffs, etc., whatever the nature of such supplies may be.

41. Item No. 9 will show only the total amount of the value of free supplies. The appropriate explanatory table will indicate any documents in which the relevant expenditure is to be found.

42. The particulars referred to above shall only be supplied when sending the statement of payments made.

4. INSTRUCTIONS FOR DRAWING UP RECONCILIATION TABLES.

1. Object of the Instructions. The object of the instructions given in the following paragraphs is to explain to the contracting parties the way in which the reconciliation tables should be drawn up. The latter are intended to show the manner in which the national defence expenditure figures entered in the various accounting documents (budgets, budget accounts, special accounts, etc.) are transferred to the statements referred to in Articles D and F of the Convention.

2. Form of the Reconciliation Tables. Three reconciliation tables should be drawn up for each of the statements. Models of these tables are given on pages 55-73.
Summary Table A gives separately for the three forces (land, naval and air) the aggregate amount of national defence expenditure; it shows how this aggregate amount is obtained by adding to the expenditure of the national defence ministries national defence expenditure incurred by other ministries, other authorities, associations or individuals, and deducting from the amounts contained in the budgets and accounts of the national defence ministries expenditure which, although it is shown in those budgets and accounts, does not constitute national defence expenditure within the meaning of the Convention, and the deduction of which is authorised in accordance with the provisions of Part 2 of this Annex.

Analytical Table B gives in detail, and with the necessary explanations, all the items—*i.e.*, the divisions and subdivisions (votes, subheads, items, etc.) in the budgets or accounts of the defence ministries, and also the divisions and subdivisions of the budgets or accounts of other ministries, regional and local authorities, colonies, etc., containing expenditure for national defence purposes, and also the distribution of each amount as between the different tables and subheads of the statement, together with the amounts to be excluded.

Synthetic Table C, which is subdivided into three tables, gives separately for the three forces (land, naval and air) a synthetic recapitulation of analytical table B, presented so as not only to show how the figures in the various subheads of the three tables I, II, and III of the statement are made up by inserting the items of expenditure shown in table B, but also to allow the accuracy of the total sums entered under each subhead of the statements to be rapidly verified.

The manner in which the reconciliation tables should show exceptional and unforeseeable expenditure which the contracting parties are entitled, if necessary, to deduct from the statements in accordance with the provisions of paragraph 3 of Part I of the present Annex will be indicated later.

3. Table B, Columns 1-3. As all national defence expenditure, without any exception, must be inserted in the statements, the first step in drawing up the reconciliation tables will be the preparation of a complete list of the items of expenditure relating to the objects enumerated in the conventional list of national defence expenditure. All these different items should be inserted in columns 1 to 3 of table B.

In order to include all expenditure which relates, in whole or in part, to national defence, it will be necessary to examine all documents in which public expenditure is entered (budgets and budget accounts of all ministries of the State, all regional or local authorities, the colonies, special accounts, etc.).

Amounts applied to national defence purposes and not inserted in the foregoing documents, particularly expenditure incurred by associations and private persons, should also be traced and entered in table B.

4. Exact Indication of Sources of Expenditure. Table B should show clearly the sources from which the different items of expenditure have been obtained and the place in the documents where they can be found.

For this purpose, table B should include the different series of divisions and subdivisions of each budget or each account under headings, giving for each budget or account such indications as make it possible to find that expenditure without difficulty in the actual budgets and accounts. For instance, the arrangement might be as follows:

I. State Budget (or account) (Central Authority):

- 1. Budget (or account) of the Ministry of War (exact title of the publication in the national language; date of the publication and page on which the subheads begin).

Vote 1. — Subhead 1
 Vote 1. — Subhead 2

 Vote 2. —

- 2. Budget (or account) of the Ministry of Marine:

Vote 1. — Subhead 1
 Vote 1. — Subhead 2
 Vote 2. —
 (and so on for the other defence ministries or ministries whose activities are largely devoted to national defence (air, colonies, etc.)—if any).

- 3. Budget (or account)—*e.g.*, of the Ministry of the Interior (if it contains expenditure for national defence purposes).

(and so on for the other civil ministries, such as Finance, Education, Agriculture, Public Works, etc.):

Vote X. —

 (Total of the votes ¹ which relate entirely or in part to national defence expenditure.)

- 4. Special State budgets (or accounts) (exact title of the publication, date, page):

.

- II. Estimated (or actual) expenditure of the federated States and regional and local authorities.

.

- III. Budgets (or accounts) of the colonies, protectorates, or territories under the suzerainty or mandate of the contracting parties (title of each publication, pages).

.

- IV. Other expenditure (title of each publication,² page).

¹ However, in the case of certain divisions of the civil budgets of which only a very small part relates to national defence, that part alone need be mentioned in table B instead of the total amount of the division.

² If there is no publication, this fact should be mentioned. In such cases, reference should be made to the estimates to be made by Governments in certain eventualities contemplated in the instructions.

States with separate ministries or accounts for the three forces may divide table B into three subdivisions corresponding to these three forces, in such a way that the chapters in the war budget relating to naval and air services are ordinarily inserted after the naval and air budgets respectively, and each special account and each division of the local or colonial budgets relating to the land, naval, or air forces can be inserted after the war, naval, and air budgets respectively. States taking advantage of this possibility must, however, show the figures in such a way as to make it easy to find the whole series of the items as shown in the original budgets and accounts and must clearly show their distribution between the expenditures of the three forces.

All the divisions and subdivisions of the budgets or accounts of the national defence ministries should be inserted, even if they have not all been transferred to the statement. But if several of the latter divisions or subdivisions are grouped in the budgets or accounts of the defence ministries because they relate to purposes of a similar nature (for instance, to the merchant marine, civil aviation, public works, etc.), they can be mentioned *en bloc*, except, of course, items in those groups which refer in whole or in part to national defence expenditure. The total in column 3 of each budget or each account should correspond to the total to be found in the accounting documents from which that expenditure has been taken.

In the first column the number of each division and subdivision should be shown (e.g., "Votes, Subheads"; or "Chapitres, Articles, Paragraphes"; or "Kapiteln, Titeln", etc.), repeating, in the case of each subdivision, the number of the main division—for example, "Subhead 4 of Vote 33" will be shown as (33) 4.

In the second column ("Headings") the complete headings of the different budgetary items (divisions and subdivisions) should be translated into French or English.

5. Entry of Differences between Gross and Net Expenditure.

If the amounts inserted in the items of the budgets or accounts represent gross expenditure, the latter should be transferred, as it stands, to column 3 of table B.

If the amounts entered in the items of the budgets or accounts represent net expenditure, the net figures should be entered in column 3, and the differences between these figures and the gross amounts should be added, also in column 3, at the end of each budget, but separately in respect of each item of expenditure and not *en bloc*.

Notes should be added showing, with explicit references to the original documents, the manner of computing the differences between the net and the gross amounts.

6. Distribution of the Various Items among the Subheads of the Statement (Columns 4 to 8 of Table B).

After having transferred to the three left-hand columns of table B the items of expenditure corresponding to the objects enumerated in the conventional list, the amounts will be allocated between columns 4 to 7 of table B.

For each item which can be transferred *en bloc* to a subhead of the statement, there should be mentioned in columns 5 to 7, the amount and also the table and the subhead to which it has been transferred.

If an item of expenditure, from its nature, cannot be transferred *en bloc* to one of the subheads of the statement, it should be subdivided into its constituent elements, and the table and subhead of the statement to which each of those elements has been transferred should be mentioned in columns 6 and 7.

If one of the items or a part of an item shown in the columns 1 to 3 includes expenditure which does not relate to national defence purposes or which should not be included in the statement, the sums excluded should be given in column 4.

For the purposes of the apportionment or exclusion of the expenditure mentioned above, each Power concerned should (in the order of preference given in Part 2 of the present Annex) either consult unpublished accounts or make use of other administrative documents, or, failing these, of estimates.

In the case of the apportionment or exclusion of any sums which cannot be directly verified by means of the published documents communicated, the words "unpublished accounts" or "administrative documents" or "estimates", as the case may be, should be inserted in the "Observations" column of table B.

In the "Observations" column, it should also be stated whether any derogations have been made from the rules given in Part 2 of the present Annex. The explanation of each derogation should be given in a special note.

Similarly, all explanations concerning expenditure on fortifications, on air defence, on coast defence, mixed expenditure, etc., mentioned in Parts 1 and 2 of the present Annex, should be given in the form of special notes.

As there will probably not be enough room in the "Observations" column, observations should be given as footnotes to table B, references to the foot-notes being given in the "Observations" column.¹

¹ For the question of duplication, see paragraph 11 below.

7. Expenditure incurred in respect of Exceptional and Unforeseeable Events, etc. Expenditure excluded in respect of exceptional or unforeseeable events (see Part I (a) of the present Annex) should be shown separately in column 4 and recapitulated in respect of each force in a special table entitled: "Expenditure incurred in respect of Exceptional or Unforeseeable Events, to be excluded from the Statement", which should be inserted after table B.

Permissible deductions of expenditure occasioned by the reduction of armaments or by the liquidation of past wars should also be shown separately in column 4.

8. Table C. Table C should be completed by transferring the various figures in column 5 of table B to the appropriate heads. The arrangement and order of the various items should, as far as possible, be the same as in table B.

Whereas, in table B, the names of the items of the budgets and accounts should be translated in full into English or French, they can be abridged in table C, also in English or French.

The totals of each column to be carried forward to the following page should be given at the foot of each page of table C.

A special table showing, by heads of tables I to III of the statement, the expenditure incurred in respect of exceptional and unforeseeable events and deducted from the amounts to be entered in the statements, but not specifying the manner in which such expenditure is distributed among the subheads of each head, should be added, if necessary, to each of the tables C.

9. Table A. After tables B and C have been completed, they should be recapitulated in table A, which is intended to give briefly in a few figures the composition of the grand totals entered in the statements.

In drawing up this table, the amount of all expenditure included in the budgets or accounts of each force should first be entered in the subdivision relating to that force.

Sums which should not be included in the statement (expenditure not relating to national defence or, as the case may be, national defence expenditure incurred in respect of unforeseeable or exceptional events, expenditure incurred by the reduction of armaments, costs of liquidation of previous wars, and all entries which might lead to duplication) should be deducted from this amount.

10. Annexes to the Reconciliation Tables. At the end of table C should be given, on as many sheets as there are items of special information in table V, explanatory tables, specimens of which are on pages 74-82.

There should in addition be given a list and also the amounts of subsidies to, and participations in, private undertakings whose objects include the manufacture or construction of war material in peace time, or any establishment or undertaking for the purpose of enabling them to obtain new installations or to improve their existing installations with a view to the manufacture of war material on mobilisation. In each case, the date and title of the law or instrument under which the subsidies or participations have been granted should be stated, together with the names of the beneficiaries mentioned in those laws or instruments and the necessary references to enable those laws or instruments to be found in the official journals or other official documents.¹

11. Duplication. In accordance with the provisions of paragraph 17 of Part I of this Annex, the entry of the same expenditure twice over in the statements is to be avoided. In applying those provisions, the general principles and special provisions hereunder will be adhered to. Any cases not specifically mentioned in these instructions will be dealt with on analogous lines.

(a) *General Principles.* — Inasmuch as the statement is essentially based upon the budgets and accounts of the national defence ministries, if civil authorities or services, regional or local authorities, colonies, etc., associations or private persons, bear expenditure which, at the same time, appears in the budgets and accounts of the national defence services, the expenditure shown in those budgets and accounts will, as a general rule, be entered in the statements, and the expenditure borne by the civil authorities or services, regional or local public bodies, colonies, etc., associations and private persons will not be shown.

Where, however, it is a case of avoiding duplication as between the different national defence departments, whose expenditure is to be classified according to the tables, heads and subheads of the statements, the following rule will be adopted in order to carry out this classification of

¹ Such references should be connected with the information to be given in table V on subsidies and participations of this kind which the Governments have seen fit to exclude in virtue of the instructions with regard to the special information (see paragraph 37 of Part 3 of this Annex (page 36)).

expenditure with accuracy: expenditure incurred by one national defence department for the purchase of material on behalf of another national defence department will, in accordance with the general instructions, be entered in the statement relating to the department on whose behalf such expenditure was effected. To avoid duplication, any repayment that the latter department may make in respect of the expenditure incurred on its behalf will be excluded from its own statement. For practical reasons, however, where it is easier to identify the amount of the repayment in the accounts than the expenditure itself, it is the amount of the repayment that should be entered (as expenditure) notwithstanding the rule laid down above.

(b) When a particular service in a national defence ministry enters as expenditure sums devoted to the purchase or manufacture of objects, foodstuffs, or supplies of any kind, for the use of another service or of personnel, such sums being repaid to it by the service or personnel on whose behalf they were expended, without the amount of such repayments being deducted in the actual budgets and accounts (*e.g.*, if a budget or account shows expenditure for the purchase or manufacture of articles of clothing or miscellaneous goods, such as tobacco, soap, etc., and also shows the amount of the allowances—whether separate from or incorporated in pay—given to personnel for the purpose of supplying themselves with such articles), there will be deducted from the expenditure of the purveying service the amount of the repayments.

(c) Where capital expenditure for national defence purposes is borne by a civil department or regional or local authorities, etc., the capital expenditure effected in the course of the financial year shall, in accordance with the general principles, be included in the statements. If the national defence ministry (or ministries) pay rent or annual interest or amortisation for the purpose of covering the capital expenditure, such payments (rent, interest or amortisation) shall be deducted from the statement, even if the capital expenditure was effected prior to the entry into force of the Convention.

(d) Where the national defence budgets and accounts show current expenditure and capital expenditure separately, and where current expenditure includes expenditure for interest and amortisation on borrowings (and also rent, if any), the amounts in respect of such interest and amortisation and rent will be deducted, even if the capital expenditure was effected prior to the entry into force of the Convention. If expenditure on rent, interest and amortisation of capital expenditure incurred for national defence purposes appears elsewhere than in the budgets and accounts of the national defence ministries, the rule laid down above will likewise be followed.

(e) In the case referred to in paragraph 15 of Part I of this Annex (page 19), in which national defence expenditure is effected out of loan funds (Treasury loans, loans from insurance or reserve funds, etc.), the amounts of the interest and amortisation of such loans appearing in the budgets and accounts of the national defence services will be deducted, in order to avoid duplication even if the capital expenditure was effected prior to the entry into force of the Convention.

(f) When a State hands its creditors Treasury Bonds or National Debt securities by way of payment (see paragraph 30 of Part I (c) of this Annex [page 21]), the expenditure on the redemption of these securities will not be shown in the statements of subsequent years.

(g) When a budget contains a credit suspense account to enable the national defence services to meet current expenditure which will subsequently be charged to other chapters of the budget, the credit suspense account will not be entered in the statement.

(h) Where, in the course of a financial year, national defence services grant repayable advances to military personnel, the amounts of such advances should not be included in the statement, unless the accounts show only the net amount of pay issued during the period of reimbursement.

(i) Where military personnel draw on grants accorded to them by the State in order to establish deposit funds for any purpose, the expenditure effected out of such deposit funds should not be entered in the statements, even if the State has a right to supervise their administration.

(j) *Services rendered and Material supplied by one Government to another Government.* — If a national defence department effects expenditure either by performing a service (*e.g.*, repairs) or by supplying material to another Government, the national defence department concerned should deduct the expenditure from its statements (see paragraph 10 of Part I (a) of this Annex [page 18]).

On the other hand, the Government for which the service is performed or to which the materials are supplied will enter in its statements the amounts it has paid for the service rendered or the material supplied, but will not enter the amounts of the expenditure borne by the Government which performed the service or supplied the material. If for any reason whatsoever, the sum paid does not represent the value of the service or the material, calculated according to ordinary commercial practice, or if no payment is made at all, the Government concerned will call the attention of the Permanent Commission to this point in a special note, to be appended to explanatory table No. 9, annexed to the reconciliation tables.

ANNEX IV.

INSTRUCTIONS FOR COMPILING THE SUMMARY STATEMENTS
PROVIDED FOR IN ARTICLE E OF THE CONVENTION.

(Changes in the grand total of initial expenditure authorisations.)

1. Object of the Summary Statements. With a view to showing in the two summary statements provided for in Article E of the Convention the changes made in the grand total of the initial expenditure authorisations, the contracting parties shall take account exclusively of changes affecting:

- (a) The budgets of national defence departments;
- (b) Authorisations of national defence expenditure contained in the budgets of civil departments, including the colonial departments;
- (c) Extra-budgetary national defence expenditure authorisations;
- (d) Authorisations for national defence expenditure contained in the colonial budgets.

As regards changes in the budgets mentioned under (a), the contracting parties shall have the right to state in an explanatory note whether such changes relate to national defence expenditure or to expenditure which, although it is included in the military budgets, does not constitute national defence expenditure within the meaning of the Convention.

As regards the categories of expenditure covered by (b) and (d), account shall only be taken of changes affecting items relating solely to national defence expenditure. Moreover, as regards the expenditure covered by (d) only those States the greater part of whose colonial military expenditure is shown in the colonial budgets shall show the changes made in the initial authorisations of such expenditure.

Should the initial estimates for the expenditure covered by (c) have formed the subject of one or more published authorisations, the changes in such expenditure as compared with the amounts of these published authorisations shall be calculated. Should it have been decided, however, to utilise extra-budgetary resources for national defence purposes without that decision having been published, the expenditure assigned to national defence should be estimated and any changes in such expenditure as compared with the amount of the estimate should be calculated.

For the purposes of the present instructions, extra-budgetary expenditure shall include authorisations for national defence expenditure granted outside the budget either by legislative or administrative means and relating, for instance, to naval construction, the defensive organisation of frontiers, anti-aircraft measures, the construction of military buildings, etc. No distinction will be made between authorisations relating solely to objects of the kind enumerated above and those included in programmes of national equipment, programmes designed to reduce unemployment and other programmes of general interest.

States may, if they desire, take account of the indirect effects of certain laws of a general character (revision of official salaries, etc.) on the amounts of the expenditure authorisations.

2. Categories of Changes. The two summary statements shall show separately the changes in the total amounts of the initial authorisations for national defence expenditure enumerated in the previous paragraph, which are due to:

- (a) The authorisation of fresh expenditure;
- (b) An increase in the initial expenditure authorisations;
- (c) A reduction in such initial authorisations.

3. Calculation of Changes. In calculating changes in the total amount of the initial authorisations, each of the categories of expenditure enumerated in the model summary statements shall be considered separately (see pages 83 and 84).

4. Expenditure Authorisations carried forward. The initial amounts of the expenditure authorisations shall not include the amounts of expenditure authorisations carried forward from the previous financial year to the financial year for which the summary statements are compiled; on the other hand, in calculating changes in the initial amounts, the amounts of expenditure authorisations carried forward to the following financial year shall not be deducted, even when the amounts carried forward are known at the time the second summary statement is compiled.

5. Changes to be excluded from the Summary Statements.

In compiling the summary statements, account shall be taken only of measures which affect the total amounts of the initial expenditure authorisations enumerated above. There will thus be no need to cite the instruments in virtue of which transfers have been made between the various subdivisions of the budgets mentioned in the model summary statements.

6. Second Summary Statement.

In compiling the second summary statement, account shall be taken of the modifications shown in the first summary statement, and the further modifications introduced between the two dates to which these two summary statements refer shall be added in accordance with the method of calculation described under paragraph 3 above.

7. Communication of the Laws and Decrees enacting the Modifications.

In addition to specifying the laws and decrees of the legislative or executive authorities which have led to changes being made in the total amounts of the initial expenditure authorisation, States shall communicate the actual texts of these various instruments.

8. Modifications in the Budgets of the Colonies.

States which, in accordance with paragraph 1 above, have to take account of changes in the expenditure authorisations contained in the colonial budgets shall have the right, as regards such changes, to make out the summary statements for the periods of eight and fourteen months respectively as from the beginning of the financial year.

9. Form of the Summary Statements.

The form of the summary statements is laid down in the models given on pages 83 and 84.

While the Convention is in force, the Permanent Commission shall have the right, in the light of the experience gained, to change the form of the summary statements, without, however, adding to their complexity.

ANNEX V.

MODEL STATEMENT OF NATIONAL DEFENCE EXPENDITURE,
MODEL RECONCILIATION TABLES AND EXPLANATORY TABLES
OF THE SPECIAL INFORMATION CONTAINED IN TABLE V
OF THE STATEMENT,
MODEL SUMMARY STATEMENTS OF CHANGES
MADE IN NATIONAL DEFENCE EXPENDITURE AUTHORISATIONS.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
58 CHEMISTRY BUILDING
CHICAGO, ILLINOIS 60637

TO: _____
FROM: _____
SUBJECT: _____

RE: _____
DATE: _____
BY: _____

THIS IS TO CERTIFY THAT _____
HAS BEEN RECEIVED BY _____
ON _____

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the University of Chicago, this _____ day of _____, 19____.

Vice-Chancellor

Secretary

Registrar

Director of the University of Chicago Press

Director of the University of Chicago Library

Director of the University of Chicago Center for the Study of Language Acquisition

Director of the University of Chicago Center for the Study of the Mind

Director of the University of Chicago Center for the Study of the History of Science and Technology

Director of the University of Chicago Center for the Study of the History of the Earth and Planetary Sciences

MODEL STATEMENT OF NATIONAL DEFENCE EXPENDITURE

These models should be used for compiling both the statement of estimates and the statement of payments made, as provided for in Articles D and F of the Convention respectively.

As regards the statement of estimates, see note on page 52.

MOBI STATEMENT OF NATIONAL REVENUE EXPENDITURE

Amount in all the various forms of revenue received by the Government of India for the year ending 31st March 1914, as shown in the Statement of National Revenue Expenditure, is Rs. 1,00,00,00,000.

At the end of the year the amount of National Revenue Expenditure was Rs. 1,00,00,00,000.

MODEL STATEMENT.

Country

Year

Table I.

LAND FORCES.

SUB-HEAD	CATEGORY OF EXPENDITURE	Armed forces stationed in the home country (optional)	Armed forces stationed overseas (optional)	Police forces and similar formations stationed in the home country ¹ (optional)	Police forces and similar formations stationed overseas ¹ (optional)	TOTAL
		(1)	(2)	(3)	(4)	(5)
	HEAD I.					
	Personnel.					
	<i>Personnel normally forming part of formations and services:</i>					
A	Pay and allowances of all kinds: Officers.					
B	Pay and allowances of all kinds: N.C.O.s and men .					
C	Pay and allowances of all kinds: Civilian personnel.					
	<i>Personnel not normally forming part of formations and services:</i>					
D	Persons undergoing pre-military training, reservists and reserve organisations					
E	<i>Maintenance of personnel referred to in subheads A to D</i>					
	HEAD II.					
	Transport.					
F	Horses and other animals, forage, harness and shoeing.					
G	Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses . . .					
	HEAD III.					
	Buildings.					
H	Construction of new fortifications and defence works					
K	Barracks, other buildings, fixed installations upkeep					
	TOTAL: HEADS I TO III .					
	HEAD IV.					
	War Material.					
M	Arms, ammunition, fighting material					
M(a)	Engineer and other warlike stores					
N	Expenditure on depots of war material and expenditure not divisible between subheads M and M(a)					
	TOTAL: HEAD IV.					
	GRAND TOTAL.					

¹ This heading might possibly be modified.

Table II.

NAVAL FORCES.

SUB-HEAD	CATEGORY OF EXPENDITURE	Armed forces (optional)	Police forces and similar formations ¹ (optional)	TOTAL
		(1)	(2)	(3)
	HEAD I. Personnel.			
	<i>Personnel normally forming part of formations and services:</i>			
A	Pay and allowances of all kinds: Officers			
B	Pay and allowances of all kinds: N.C.O.s and men.			
C	Pay and allowances of all kinds: Civilian personnel			
	<i>Personnel not normally forming part of formations and services:</i>			
D	Persons undergoing pre-military training, reservists and reserve organisations			
E	Maintenance of personnel referred to in subheads A to D			
	HEAD II. Transport.			
G	Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses			
	HEAD III. Buildings.			
H	Construction of new fortifications and defence works.			
K	Barracks, other buildings, fixed installations upkeep			
	TOTAL: HEADS I TO III			
	HEAD IV. War Material.			
L	Vessels: new construction			
M	Upkeep of vessels and their armament; purchase, manufacture, repair or upkeep of arms, ammunition and other war material			
N	Expenditure on depots of war material; expenditure not divisible between subheads L and M			
	TOTAL: HEAD IV			
	GRAND TOTAL			

¹ This heading might possibly be modified.

Table III.
AIR FORCES.

SUB-HEAD	CATEGORY OF EXPENDITURE	Armed forces stationed in the home country (optional)	Armed forces stationed overseas (optional)	<i>Police forces and similar formations stationed in the home country</i> ¹ (optional)	<i>Police forces and similar formations stationed overseas</i> ¹ (optional)	TOTAL
		(1)	(2)	(3)	(4)	(5)
	HEAD I.					
	Personnel.					
	<i>Personnel normally forming part of formations and services:</i>					
A	Pay and allowances of all kinds: Officers.					
B	Pay and allowances of all kinds: N.C.O.s and men .					
C	Pay and allowances of all kinds: Civilian personnel.					
	<i>Personnel not normally forming part of formations and services:</i>					
D	Persons undergoing pre-military training, reservists and reserve organisations					
E	<i>Maintenance of personnel referred to in subheads A to D</i>					
	HEAD II.					
	Transport.					
G	Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses. . .					
	HEAD III.					
	Buildings.					
K	Barracks, other buildings, fixed installations upkeep.					
	TOTAL: HEADS I TO III .					
	HEAD IV.					
	War Material.					
M	Arms, ammunition, fighting material and all other kinds of war material . .					
	TOTAL: HEAD IV					
	GRAND TOTAL.					

¹ This heading might possibly be modified.



Table IV.

TOTAL EXPENDITURE FOR THE THREE FORCES.

LAND FORCES	
NAVAL FORCES	
AIR FORCES	
GRAND TOTAL	

Table V.

SPECIAL INFORMATION.¹

- Item 1. ORDINARY PENSIONS
Including pensions granted as a result of the reduction of armaments (*optional*)
- Item 2. Difference between the initial amounts of the block credits voted for several years and any part of such credits already entered in the budgets, including the budgets for the year to which the statement refers
- Item 3. Difference between carry-forward credits—that is to say, credits which may be used for payments to be made during the year or subsequent years—and payments in respect of such credits shown in the accounts for the former
- Item 4. Authorisations to enter into commitments granted by Parliament or the authority enacting the budget, apart from the credits for payments voted in the budget of the year to which the statement refers
- Item 5. Differences between the authorisations of expenditure contained in special accounts and payments already made against such accounts, including those made during the year in respect of which the statement has been compiled
- Item 6. Credit balances of autonomous establishments remaining at the disposal of those establishments at the end of the financial *exercice*
- Item 7. Amounts liquidated and not paid for material supplied and services rendered, the payment of which has been deferred
- Item 8. Expenditure not included in the statement in respect of subsidies paid to and participations in private enterprises having as one of their objects the delivery of war material in time of peace
- Item 9. Various information regarding unpaid services and supplies for national defence

¹ Only Item No. 2 and Item No. 4 should be completed for the statement of estimates (Article D). On expiry of a period of two years, these two items should be given with the simplified statement provided for in the aforesaid Article D.

MODEL RECONCILIATION TABLES

These model reconciliation tables may be used for both the statement of estimates (Article D) and the statement of payments made (Article F).

MODEL REGISTRATION TABLE

No.	Name	Address	City	State	Profession	Registration No.	Expiration Date
1	John Doe	123 Main St	Springfield	Ill.	Architect	12345	12/31/2025
2	Jane Smith	456 Oak Ave	Chicago	Ill.	Engineer	67890	06/30/2026
3	Robert Brown	789 Elm St	Peoria	Ill.	Surveyor	11223	03/31/2024
4	Mary White	101 Pine St	Rockford	Ill.	Architect	44556	09/30/2027
5	James Green	202 Cedar St	Urbana	Ill.	Engineer	77889	11/30/2025
6	Elizabeth Black	303 Birch St	Decatur	Ill.	Surveyor	10112	08/31/2026
7	William Gray	404 Spruce St	Normal	Ill.	Architect	13141	05/31/2024
8	Patricia King	505 Willow St	Macomb	Ill.	Engineer	16171	10/31/2027
9	Richard Lee	606 Ash St	Normal	Ill.	Surveyor	19181	07/31/2025
10	Susan Hall	707 Hickory St	Normal	Ill.	Architect	22191	04/30/2026

A. SUMMARY TABLES.

I. TOTAL EXPENDITURE ENTERED IN TABLE I OF THE MODEL STATEMENT
(LAND FORCES).

Total expenditure of the Ministry of War (or Ministry of National Defence) . . . . .	.....
Reconstruction of gross expenditure . . . . .	.....
<i>To be deducted:</i>		
Expenditure relating to the naval forces . . . . .	.....
Expenditure relating to the air forces. . . . .	.....
Unforeseeable and exceptional expenditure ¹ . . . . .	.....
Expenditure resulting from the reduction of arma- ments . . . . .	.....
Expenditure entailed by the liquidation of previous wars . . . . .	.....
Sums, the entry of which would give rise to duplica- tion . . . . .	.....
Non-military expenditure of the Ministry of War . . . . .	.....	.....
	
<i>To be added:</i>		
Expenditure on the land forces borne on the budget of the Ministry of Marine ² . . . . .	.....
Expenditure on the land forces borne on the budget of the Air Ministry ² . . . . .	.....
Expenditure on the land forces borne on the budgets of other Departments: ²		
Ministry of . . . . .	.....
Ministry of . . . . .	.....
Ministry of . . . . .	.....
Ministry of . . . . .	.....
Expenditure from Special Accounts . . . . .	.....
" " " "	
Expenditure in regional and local budgets . . . . .	.....
Expenditure of the colonies, etc. . . . .	.....
.....
	
Total of Table I of the Model Statement (Land Forces). . . . .	.....	.....

[Continued]

¹ Should this item include unforeseeable and exceptional expenditure relating to one of the other two forces, a note should be added stating the respective amounts of the deductions in respect of the two forces in question.
² Where unforeseeable and exceptional expenditure concerning the land forces is deducted from the expenditure of the Department in question, a note should be added showing the amounts of the expenditure thus deducted.

[Continued]

III. TOTAL EXPENDITURE ENTERED IN TABLE III OF THE MODEL STATEMENT
(AIR FORCES).

Total expenditure of the Air Ministry (or Ministry of National Defence)
Reconstruction of gross expenditure

To be deducted:

Expenditure relating to the land forces
Expenditure relating to the naval forces
Unforeseeable and exceptional expenditure ¹
Expenditure resulting from the reduction of arma-
ments
Expenditure entailed by the liquidation of previous
wars
Sums, the entry of which would give rise to dupli-
cation
Non-military expenditure of the Air Ministry

To be added:

Expenditure on the air forces borne on the budget
of the Ministry of War ²
Expenditure on the air forces borne on the budget
of the Ministry of Marine ²
Expenditure on the air forces borne on the budgets
of other Departments: ²
Ministry of
Ministry of
Ministry of
Ministry of

Expenditure from Special Accounts
" " " "
Expenditure in regional and local budgets
Expenditure of the colonies, etc.

Total of Table III of the Model Statement (Air Forces)

¹ Should this item include unforeseeable and exceptional expenditure relating to one of the other two forces, a note should be added stating the respective amounts of the deductions in respect of each of the two forces in question.
² Where unforeseeable and exceptional expenditure concerning the air forces is deducted from the expenditure of the Department in question, a note should be added showing the amounts of the expenditure thus deducted.

B. ANALYTICAL TABLE.

DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES OF THE MODEL STATEMENT AND THEIR SUBHEADS.

VOTES, SUBHEADS, ETC., OF THE BUDGETS (OR ACCOUNTS) (..... 1)			DISTRIBUTION OF THE TOTAL OF THE VOTE (OR SUBHEAD) OF THE BUDGET (OR ACCOUNT)				OBSERVATIONS
Number of the Vote, Subhead, etc.	Headings [English or French translation of the entire heading]	Total entered in the Budget (or Account)	Sums excluded from the Model Statement	Sums included in the Model Statement			
				Amount	Number of the table of the Model Statement	Subhead of the Model Statement	
1	2	3	4	5	6	7	8
<p>I. BUDGETS (OR ACCOUNTS) OF THE STATE (CENTRAL POWER)</p> <p><i>Budget (or Account) of the Ministry of WAR</i> (.....²) published</p> <p><i>Votes</i>..... <i>to</i>..... (<i>pages</i>.....).</p>							
<p>Sums to be added to certain Votes or Subheads in order to arrive at gross amounts</p>							

[Continued.]

¹ Description in the national language.

² Exact title of the publication in the national language.

General Notes on Analytical Table B.

I. All indications in these specimens in italics are given for purposes of illustration. The distribution and order of the different groups of votes, subheads, etc., will be set out in accordance with the structure of the national budgets, beginning always with the National Defence Departments.

II. Where a large subdivision of the budget or account falls in its entirety into a single table of the Statement and a single subhead of the table, the amounts of separate subheads, etc., making up the subdivision need not be given in detail. But the numerical reference and heading of such subheads, etc., should be shown in columns 1 and 2 of Analytical Table B.

III. If the space in column 8 is not sufficient for the entry of the observations, the latter should be appended in a footnote at the bottom of the page, with a reference thereto in column 8 itself.

IV. A sufficient number of extra pages to be inserted for each National Defence Department.

B. ANALYTICAL TABLE.

DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES OF THE MODEL STATEMENT AND THEIR SUBHEADS (continued).

VOTES, SUBHEADS, ETC., OF THE BUDGETS (OR ACCOUNTS) (..... 1)			DISTRIBUTION OF THE TOTAL OF THE VOTE (OR SUBHEAD) OF THE BUDGET (OR ACCOUNT)				OBSERVATIONS
Number of the Vote, Subhead, etc.	Headings [English or French translation of the entire heading]	Total entered in the Budget (or Account)	Sums excluded from the Model Statement	Sums included in the Model Statement			
				Amount	Number of the table of the Model Statement	Subhead of the Model Statement	
1	2	3	4	5	6	7	8
<p><i>Budget (or Account) of the Ministry of MARINE (.....²) published..... (pages.....) Votes to (pages.....).</i></p>							
<p><i>Budget (or Account) of the AIR Ministry (.....²) published..... (pages.....) Votes to (pages.....).</i></p>							
<p>.....³</p>							

[Continued.]

¹ Description in the national language.
² Exact title of the publication in the national language.
³ Ministries of the Colonies, if any.

See General Notes (page 58).

B. ANALYTICAL TABLE.

DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES OF THE MODEL STATEMENT AND THEIR SUBHEADS (*continued*).

VOTES, SUBHEADS, ETC., OF THE BUDGETS (OR ACCOUNTS) (..... ¹)			DISTRIBUTION OF THE TOTAL OF THE VOTE (OR SUBHEAD) OF THE BUDGET (OR ACCOUNT)				OBSERVATIONS
Number of the Vote, Subhead, etc.	Headings [English or French translation of the entire heading]	Total entered in the Budget (or Account)	Sums excluded from the Model Statement	Sums included in the Model Statement			
				Amount	Number of the table of the Model Statement	Subhead of the Model Statement	
1	2	3	4	5	6	7	8
<p align="center"><i>Budget (or Account) of the Ministry of the INTERIOR</i>² (.....³) published</p> <p align="center"><i>Votes</i>..... (pages</p>							
<p align="center"><i>Budget (or Account) of the FINANCE Ministry</i>² (.....³) published</p> <p align="center"><i>Votes</i>..... (pages</p>							
<p align="right">.....⁴</p> <p>.....</p> <p>.....</p> <p>.....</p>							

[Continued.]

¹ Description in the national language.

² If it contains national defence expenditure.

³ Exact title of the publication in the national language.

⁴ Other civilian Ministry responsible for any national defence expenditure.

B. ANALYTICAL TABLE

DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES OF THE MODEL STATEMENT AND THEIR SUBHEADS (continued).

VOTES, SUBHEADS, ETC., OF THE BUDGETS (OR ACCOUNTS) (..... 1)			DISTRIBUTION OF THE TOTAL OF THE VOTE (OR SUBHEAD) OF THE BUDGET (OR ACCOUNT)				OBSERVATIONS
Number of the Vote, Subhead, etc.	Headings [English or French translation of the entire heading]	Total entered in the Budget (or Account) ²	Sums excluded from the Model Statement	Sums included in the Model Statement			
				Amount	Number of the table of the Model Statement	Subhead of the Model Statement	
I	2	3	4	5	6	7	8
<p align="center"><i>Special Budget or Special Account of the State</i>³ (.....⁴) published in Vote (pages).</p>							
<p align="center"><i>II. Estimates of defence expenditure or expenditure actually effected by Federal States and regional and local authorities</i>³ (.....⁴) published Vote (pages)</p>							
<p align="center"><i>III. Budget (or Account) of Colonies, Protectorates, Oversea Territories, territories under the suzerainty of the High Contracting Parties, or territories in respect of which a mandate has been entrusted to the same</i>³ (.....⁴) published Vote⁽³⁾ (pages).</p>							
<p align="center"><i>IV. Other Expenditure.</i></p>							

¹ Description in the national language.

² In certain cases, for which provision is made in the instructions, the amounts shown in column 3 will be estimated figures instead of budgetary figures or will be figures shown in certified statements of payments instead of in published accounts.

³ If they contain national defence expenditure.

⁴ Exact title of each publication in the national language.

TABLE.

TABLE I OF THE MODEL STATEMENT.

Land Forces.

HEAD II. — TRANSPORT.			HEAD III. — BUILDINGS.		HEAD IV. — WAR MATERIAL.		
Subhead E.	Subhead F.	Subhead G.	Subhead H.	Subhead K.	Subhead M.	Subhead M(a)	Subhead N.
Maintenance of personnel referred to in subheads A to D	Horses and other animals, forage, harness and shoeing	Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses	Construction of new fortifications and defence works	Barracks, other buildings, fixed installations upkeep	Arms, ammunition, fighting material	Engineer and other warlike stores	Expenditure on depots of war material and expenditure not divisible between subheads M and M(a)
8	9	10	11	12	13	14	15
<i>MINISTRY OF WAR.</i>							
<i>MINISTRY OF MARINE.¹</i>							
<i>AIR MINISTRY.¹</i>							
.....			2				
.....			3				

¹ If it contains expenditure on the land forces. ² Any other National Defence Ministry, the budget (or account) of which contains expenditure on the land forces. ³ Any civil Ministry the budget (or account) of which contains expenditure on the land forces.

TABLE (continued).

TABLE I OF THE MODEL STATEMENT (continued).

Land Forces (continued).

		HEAD II. — TRANSPORT.		HEAD III. — BUILDINGS.		HEAD IV. — WAR MATERIAL.		
Subhead E.	Subhead F.	Subhead G.	Subhead H.	Subhead K.	Subhead M.	Subhead M(a)	Subhead N.	
8	9	10	11	12	13	14	15	
<i>BUDGET (OR ACCOUNT).¹</i>								
<i>STATES AND REGIONAL AND LOCAL AUTHORITIES.¹</i>								
<i>OVERSEA TERRITORY, TERRITORY UNDER THE SUZERAINTY OF THE HIGH CONTRACTING PARTY HAS BEEN INVESTED WITH A MANDATE.¹</i>								
<i>EXPENDITURE.¹</i>								

¹ If it contains national defence expenditure for the land forces.

TABLE (continued).

TABLE II OF THE MODEL STATEMENT.

Naval Forces.

	HEAD II. TRANSPORT	HEAD III. — BUILDINGS.		HEAD IV. — WAR MATERIAL.		
Subhead E.	Subhead G.	Subhead H.	Subhead K.	Subhead L.	Subhead M.	Subhead N.
Maintenance of personnel referred to in subheads A to D	Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses	Construction of new fortifications and defence works	Barracks, other buildings, fixed installations, upkeep	Vessels: new construction	Upkeep of vessels and their armament; purchase, manufacture, repair or upkeep of arms, ammunition and other war material	Expenditure on depots of war material and expenditure not divisible between subheads L and M
8	9	10	11	12	13	14
<i>MINISTRY OF MARINE.</i>						
<i>MINISTRY OF WAR.¹</i>						
<i>AIR MINISTRY.¹</i>						
..... ²						
..... ³						

¹ If it contains expenditure for the naval forces.
² Other National Defence Ministry, if it contains expenditure for the naval forces.
³ Civil Ministry containing national defence expenditure for the naval forces.

Naval Forces (continued).

Votes, Items, etc. (indicate designations current in the country)		Sums to be split up	HEAD I. — PERSONNEL.			
Number of vote, item, etc.	Abridged title		Subhead A.	Subhead B.	Subhead C.	Subhead D.
I	2	3	4	5	6	7
	<i>Brought forward . . .</i>					
<i>SPECIAL STATE</i>						
<i>ESTIMATES (OR CERTIFIED STATEMENTS) OF FEDERATED</i>						
<i>BUDGET (OR ACCOUNT) OF COLONY, PROTECTORATE, THE HIGH CONTRACTING PARTY OR IN RESPECT OF WHICH</i>						
<i>OTHER</i>						
	<i>Total . . .</i>					

See General Note (page 62).

TABLE (continued).

TABLE II OF THE MODEL STATEMENT (continued).

Naval Forces (continued).

	HEAD II. TRANSPORT.	HEAD III. — BUILDINGS.		HEAD IV. — WAR MATERIAL.		
Subhead E.	Subhead G.	Subhead H.	Subhead K.	Subhead L.	Subhead M	Subhead N.
8	9	10	11	12	13	14
<i>BUDGET (OR ACCOUNT).¹</i>						
<i>STATES AND REGIONAL AND LOCAL AUTHORITIES.¹</i>						
<i>OVERSEA TERRITORY, TERRITORY UNDER THE SUZERAINITY OF THE HIGH CONTRACTING PARTY HAS BEEN INVESTED WITH A MANDATE.¹</i>						
<i>EXPENDITURE.</i>						

¹ If it contains national defence expenditure for the naval forces.

TABLE (continued).

TABLE III OF THE MODEL STATEMENT.

Air Forces.

PERSONNEL.			HEAD II. TRANSPORT.	HEAD III. BUILDINGS.	HEAD IV. WAR MATERIAL.
Subhead C. Pay and allowances of all kinds Civilian personnel	Subhead D. Persons undergoing pre-military training, reservists and reserve organisations	Subhead E. Maintenance of personnel referred to in subheads A to D	Subhead G. Coal, fuel, oil, petrol, lubricants, etc., and other transport expenses	Subhead K. Barracks, other buildings, fixed installations, upkeep	Subhead M. Arms, ammunition, fighting material and other kinds of war material
6	7	8	9	10	11
<i>AIR MINISTRY.</i>					
<i>MINISTRY OF WAR.</i> ¹					
<i>MINISTRY OF MARINE.</i> ¹					
..... ²					
..... ³					

¹ If it contains expenditure for the air forces.

² Other National Defence Ministries, if they contain expenditure for the air forces.

³ Civil Ministry containing national defence expenditure for the air forces.

Air Forces (*continued*).

Votes, Items, etc. (indicate designations current in the country)		Sums to be split up	HEAD I. — PERSONNEL.		
Number of vote, item, etc.	Abridged title		Subhead A.	Subhead B.	Subhead C.
1	2	3	4	5	6
	<i>Brought forward . . .</i>				
<i>SPECIAL STATE</i>					
<i>ESTIMATES (OR CERTIFIED STATEMENTS) OF FEDERATED</i>					
<i>BUDGET (OR ACCOUNT) OF COLONY, PROTECTORATE, THE HIGH CONTRACTING PARTY OR IN RESPECT OF WHICH</i>					
<i>OTHER</i>					
	<i>Total . . .</i>				

See General Note (page 62).

TABLE (continued).

TABLE III OF THE MODEL STATEMENT (continued).

Air Forces (continued).

		HEAD II. TRANSPORT.	HEAD III. BUILDINGS.	HEAD IV. WAR MATERIAL.
Subhead D.	Subhead E.	Subhead G.	Subhead K.	Subhead M.
7	8	9	10	11
<i>BUDGET (OR ACCOUNT).¹</i>				
<i>STATES AND REGIONAL AND LOCAL AUTHORITIES.¹</i>				
<i>OVERSEA TERRITORY, TERRITORY UNDER THE SUZERAINITY OF THE HIGH CONTRACTING PARTY HAS BEEN INVESTED WITH A MANDATE.¹</i>				
<i>EXPENDITURE.</i>				

¹ If it contains national defence expenditure for the air forces.

EXPLANATORY TABLE FOR ITEM No. 1 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

ORDINARY PENSIONS.

Authority responsible for expenditure	Amounts	Remarks
<i>Ministry</i>	Vote ... vote ... internal accounts estimates and any other particulars.
<i>Ministry</i>	
<i>Ministry</i>	
.....	
or <i>Pensions Fund</i> (specify which)	
.....	
Total ¹	

¹ Pensions granted to personnel discharged in consequence of the reduction of armaments—included in the above table—amount to

General Notes on the Explanatory Tables.

All directions printed in italics in the present specimen tables are given as examples only. The distribution and order of these various particulars should follow the arrangement of the national budgets, beginning with the National Defence Departments in all cases.

Should it be found that there is not room in the column "Remarks", the latter should be set out at the bottom of the page, attention being drawn to them by means of a reference in the "Remarks" column.

EXPLANATORY TABLE FOR ITEM No. 2 OF THE SPECIAL INFORMATION CONTAINED
IN TABLE V OF THE STATEMENT.

DIFFERENCE BETWEEN THE INITIAL AMOUNTS OF THE BLOCK CREDITS VOTED FOR SEVERAL YEARS
AND ANY PART OF SUCH CREDITS ALREADY ENTERED IN THE BUDGET, INCLUDING THE BUDGETS
FOR THE YEAR TO WHICH THE STATEMENT REFERS.

Particulars				Remarks
<i>Ministry of War.</i>				Law — or equivalent enactment—dated .
Initial amount of the credit	.....			..... <i>Official Journal</i> or other document.... contain- ing particulars of the voting or authorisa- tion of the credit of to be entered in the budgets of financial years as from the year for the sum of each year in respect of expendi- ture on account of..
Amount of the credits shown in the:				Vote....
<i>budget for 1930</i>	.....			Vote....
" " <i>1931</i>	.....			Vote....
" " <i>1932</i>	.....	.....
Difference to be shown in subsequent budgets . .				.....
—				
Initial amount of the credit..... etc., etc.	.....			.....
<i>Ministry of Marine.</i>				
Initial amount of the credit..... etc., etc.	.....			.....
.
Grand Total . . .	.....			.....

Note. — Particulars in respect of changes in credits. Should changes have been made in the initial amount, purpose or distribution of the initial credit, the relevant particulars—which should embody the same information as that to be supplied in regard to the first credit—should be shown after those relating to the original law.

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 3 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

DIFFERENCE BETWEEN CARRY-FORWARD CREDITS—THAT IS TO SAY, CREDITS WHICH MAY BE
USED FOR PAYMENTS TO BE MADE DURING THE YEAR OR SUBSEQUENT YEARS—AND PAYMENTS
IN RESPECT OF SUCH CREDITS SHOWN IN THE ACCOUNTS FOR THE FORMER.

Vote, items, etc.		Amount of the credit carried forward from the previous year	Amount of the carry-forward credit fixed for the year	Total	Total payments included in the statement	Difference between columns 5 and 6. Carry-forward credits in hand at the end of the year	Remarks
No.	Description						
1	2	3	4	5	6	7	8
<i>Ministry of War.</i>							
.....	
.....	
.....	
.....	
	Total: Ministry of War . .					.....
<i>Ministry of Marine.</i>							
.....	
.....	
	Total: Ministry of Marine .					.....
.....	
.....	
.....	
.....	
RECAPITULATION.							
	<i>Ministry of War</i>					.....
	<i>Ministry of Marine</i> . . . .					.....
	
	Grand Total .					.....

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 4 OF THE SPECIAL INFORMATION CONTAINED
IN TABLE V OF THE STATEMENT.

AUTHORISATIONS TO ENTER INTO COMMITMENTS GRANTED BY PARLIAMENT OR THE AUTHORITY
ENACTING THE BUDGET, APART FROM THE CREDITS FOR PAYMENTS VOTED IN THE BUDGET OF THE
YEAR TO WHICH THE STATEMENT REFERS.

Particulars			Remarks
<i>Ministry of War.</i>			
Commitment authorisation granted under the Law (or equivalent enactment) dated in respect of expenditure on .....	.....		<i>Official Journal</i> or other document
Commitment authorisation, etc..... ..... .....	..... ..... .....		The payment credits relating to this authorisation are to be shown in the budget for the following years....
Total for the Ministry of War . . .		.....	<i>Or:</i> The regularisation of this authorisation in the year or the years will be effected (specify procedure)
<i>Ministry of Marine.</i>			
Commitment authorisation, etc..... .....	..... .....	
Grand Total . . . . .		.....

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 5 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

DIFFERENCE BETWEEN AUTHORISATIONS OF EXPENDITURE CONTAINED IN SPECIAL ACCOUNTS
AND PAYMENTS ALREADY MADE AGAINST SUCH ACCOUNTS, INCLUDING THOSE MADE DURING THE
YEAR IN RESPECT OF WHICH THE STATEMENT HAS BEEN COMPILED.

Particulars				Remarks
<i>Special account</i>				Law—or equivalent enactment—dated
Initial amount of credit ¹ . . .	.....			.....
Total payments made in the year . . . . .	.....			<i>Official Journal</i> or other document
<i>id.</i> 1930. . . . .	.....			... showing the credit of
<i>id.</i> 1931. . . . .	.....			in respect of expenditure
<i>id.</i> 1932. . . . .	.....			to be effected during the years ² .
Difference . . . . .	.....			(Reference to State account from which the figures entered may be checked.)
<i>Special account</i>				
Balance available at the beginning of the year . . . . .	.....			Any other particulars.
Receipts . . . . .	.....		
Total payments . . . . .	.....		
Available balance at the end of the year . . . . .	.....		
Grand Total . . . . .	.....		

¹ Particulars should be given of any changes made in the amounts of the initial credits as to their total, distribution or purpose.

² Where there is no published authorisation, enter the estimated amount of the expenditure.

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 6 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

CREDIT BALANCES OF AUTONOMOUS ESTABLISHMENTS REMAINING AT THE DISPOSAL OF THOSE
ESTABLISHMENTS AT THE END OF THE FINANCIAL "EXERCICE".

Particulars of autonomous establishments				Remarks
<i>Establishment</i>				Particulars of the documents with page references in which such balances are to be found. Any other particulars.
Balance in hand at the beginning of the year . . .	.....		
Receipts . . . . .	.....		
Expenditure . . . . .		..... .....
Balance at the end of the year			.....
<i>Establishment</i>				
Balance in hand at the beginning of the year . . .	.....		
Receipts . . . . .	.....		
Expenditure . . . . .		..... .....
Balance at the end of the year			.....
<i>Establishment</i>				
etc.			.....
Total Balance . . . . .			.....

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 7 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

AMOUNTS LIQUIDATED AND NOT PAID FOR MATERIAL SUPPLIED AND SERVICES RENDERED,
THE PAYMENT OF WHICH HAS BEEN DEFERRED.

Particulars	Expenditure relating to the Heads of the Statement		Totals	Remarks
	I to III	IV		
<i>Ministry of War.</i>				
(a) Government deliveries of	Particulars regarding the character and origin of delays in making payments, together with references to published documents from which the figures supplied may be verified.
(b) Purchases from private undertakings or services rendered by such undertakings	
(c) Deliveries by autonomous establishments	
(d) Services rendered by personnel, etc.	
(e) Purchases in respect of which the creditors have transferred their claim against the State to a bank, provided that the State has not settled with that bank	
(f)	
Totals: Ministry of War	
<i>Ministry of Marine.</i>				
(a)	
(b)	
(c)	
etc.				
Totals: Ministry of Marine	
<i>Ministry of</i>				
.....	
Totals: Ministry of	
RECAPITULATION.				
<i>Ministry of War</i>	
<i>Ministry of Marine</i>	
<i>Ministry of</i>	
Grand total.	

See General Notes (page 74).

EXPLANATORY TABLE FOR ITEM No. 8 OF THE SPECIAL INFORMATION
CONTAINED IN TABLE V OF THE STATEMENT.

EXPENDITURE NOT INCLUDED IN THE STATEMENT IN RESPECT OF SUBSIDIES PAID TO AND PARTICIPATIONS IN PRIVATE ENTERPRISES HAVING AS ONE OF THEIR OBJECTS THE DELIVERY OF WAR MATERIAL IN TIME OF PEACE.

Particulars		Totals	Remarks
<i>Ministry of</i> subsidies or participation in respect of id. id.: etc.		Law (or equivalent enactment) (<i>Official Journal</i> or other document) vote — or other subdivision Name of recipient designated in the above-mentioned law or enactment Subsidy or parti- cipation, etc.
Total: Ministry of	
<i>Ministry of</i> subsidies or participation: etc. id. id.: etc.		
Total: Ministry of	
.....	
Grand total	

See General Notes (page 74).

Country:.....

Date:.....

**FIRST SUMMARY STATEMENT OF CHANGES MADE IN NATIONAL DEFENCE
EXPENDITURE AUTHORISATIONS**

FROM THE ENACTMENT OF THE ORIGINAL BUDGET TO THE EXPIRATION OF A PERIOD OF NINE MONTHS AS
FROM THE BEGINNING OF THE FINANCIAL YEAR.

ORIGINAL AUTHORISATIONS			CHANGES IN ORIGINAL AUTHORISATIONS				Total authorisations on (C±G=H)	Particulars of documents published. Date of publication ²
Where authorised	Date of authorisation	Total amount	Total amount of new expenditure authorised	Total amount of increases in original credits	Total amount of reductions in original credits	Algebraic sum of various changes made (D+E—F=G)		
A	B	C	D	E	F	G	H	J
Budget of War Ministry	
Budget of Ministry of Marine	
Budget of Air Ministry	
Budgets of other Ministries:								
Ministry of	
Ministry of	
Ministry of	
Colonial budgets	
Authorisations outside the budget ¹	
.....	
.....	
.....	
.....	
Total	

RECAPITULATION.

Total original authorisations (Column C) . . . . .	.....
New expenditure authorised (Column D) . . . . .	.....
Increases in original credits (Column E) . . . . .	.....

Reduction in original credits (Column F) . . . . .	.....

Total authorisations on (Column H)	.....

¹ Here enter expenditure authorised outside the budget—naval shipbuilding, fortifications, etc.
² Particulars which cannot be entered in this column should be given in a note attached to the present table.

The documents should be enclosed with the present summary statement.

Country:

Date:

**SECOND SUMMARY STATEMENT OF CHANGES MADE IN NATIONAL DEFENCE
EXPENDITURE AUTHORISATIONS**

FROM THE ENACTMENT OF THE ORIGINAL BUDGET TO THE EXPIRATION OF A PERIOD OF FIFTEEN MONTHS
AS FROM THE BEGINNING OF THE FINANCIAL YEAR.

ORIGINAL AUTHORISATIONS			Total changes made up to the expiration of a period of nine months (figures of column G of the first summary statement)	CHANGES IN ORIGINAL AUTHORISATIONS MADE FROM THE BEGINNING OF THE TENTH MONTH TO THE END OF THE FIFTEENTH MONTH				Total authorisations on (C±H=I)	Particulars of documents published. Date of publication ²
Where authorised	Date of authorisation	Total amount		Total amount of new expenditure authorised	Total amount of increases in original credits	Total amount of reductions in original credits	Algebraic sum of various changes made (±D+E +F-G =H)		
A	B	C	D	E	F	G	H	I	K
Budget of War Ministry.
Budget of Ministry of Marine.
Budget of Air Ministry.
Budgets of other Ministries									
Ministry of
Ministry of
Ministry of
Colonial budgets.
Authorisations outside the budget ¹
.....
.....
.....
Total

RECAPITULATION

Total original authorisation (column C) . . . . .	.....
Changes made up to the expiration of a period of nine months (column D)	±
.....	
Changes made from the beginning of the tenth month to the end of the fifteenth month:	
New expenditure authorised (column E) . . . . .	.....
Increase in original credits (column F) . . . . .	.....

Reduction in original credits (column G). . . . .	.....

Total authorisations on (column I) . . . . .	.....

¹ Here enter expenditure authorised outside the budget—naval shipbuilding, fortifications, etc.

² Particulars which cannot be entered in this column should be given in a note attached to the present table.

The documents should be enclosed with the present summary statement.

DRAFT TEXT FOR THE FINAL ACT OF THE CONFERENCE.

Whereas the system of publicity of national defence expenditure instituted under the Convention should be so applied as to facilitate the supervision which will be exercised by the Permanent Commission and strengthen the guarantees of the principle of reciprocity mentioned in Article A:

The Conference *expresses the hope* that each State will consider the propositions set out hereunder, and endeavour to comply with them as far as possible;

And *requests* the Permanent Commission to follow up the progress made in this direction, having regard to the varying conditions of the different States.

1. Structure of Budgets and Accounts. With a view to verifying the accuracy of the figures entered in the statements, the ideal arrangement would be that the figures given in the budgets and accounts should, so far as internal requirements permit, be capable of transfer as they stand to the various subheads of the statements without it being necessary to split them up.

2. Degree of Detail in Budgets and Accounts. With a view to facilitating the examination by the Permanent Commission of budgetary documents, as provided for in Articles I and J of the Convention, it would be desirable that the degree of detail given in budgets and accounts should be progressively increased.

3. National Defence Expenditure entered in the Budgets of Civil Departments. National defence expenditure, within the meaning of the Convention, should, as far as possible, be entered exclusively in the budgets and accounts of the military departments.

In the event of Governments considering it necessary that certain national defence expenditure should remain in the budgets and accounts of civil departments, it would be desirable that this expenditure should be shown, so far as its nature permits, under separate headings in these budgets and accounts, so as to make its military character clear.

If they consider it impossible to do this, it would be desirable that States should at least present, in a published document, a summary of the national defence expenditure shown under those heads of civil budgets which are common to both civil and defence expenditure. Such a summary should be inserted, preferably as an annex to the budgets and accounts.

4. Expenditure shown in the Budgets of the National Defence Departments which is not in the Nature of National Defence Expenditure. Similarly, expenditure which is not in the nature of national defence expenditure within the meaning of the Convention and which is at present entered in the budgets and accounts of national defence departments should, in so far as Governments regard it as possible to do so, be entered exclusively in the budgets and accounts of the civil departments.

Should Governments deem it necessary to leave expenditure of this nature in the budgets and accounts of the national defence departments, it would be desirable that such expenditure should be entered under separate heads, and that it should be made quite clear that it is not of a national defence character.

Should expenditure which is not national defence expenditure be left in the military budgets and merged with national defence expenditure under common heads, it would be useful for States to submit, in the form of an annex to the budgets and accounts, a summary of the non-defence expenditure appearing under the said common heads.

5. Separation of Expenditure on Military Aviation from Expenditure on Civil Aviation. For the same reasons, States are recommended, so far as possible, to separate in the budgets and accounts expenditure on military from expenditure on civil aviation. Should there be common heads for the joint activities of civil and military aviation, mention should be made of what parts of the total expenditure are chargeable to military aviation and civil aviation respectively.

6. Special Accounts. With a view to simplifying the verification of the figures entered in the statements, national defence expenditure should preferably not be shown in special accounts.

If States find it necessary to keep national defence expenditure in special accounts, including special accounts relating to arrears payments of any kind, it would be desirable that these accounts should be entered in the general State accounts and should contain a sufficient degree of detail to enable the nature and purpose of all the expenditure entered therein to be easily and exactly ascertained.

7. Expenditure effected from the Proceeds of Gifts and Bequests.

Similarly, expenditure for the armed forces effected from the proceeds of gifts and bequests should be entered in the budget accounts of national defence departments, with a mention of the purpose of such expenditure.

8. Conformity of Budgets and Accounts.

To facilitate so far as possible the perusal and interpretation of budgets and accounts and the ascertainment of the real purpose of the expenditure shown therein, it would be of assistance that States should submit their budget accounts in the same form as the budgets themselves.

To facilitate a comparison of estimates with payments, it would also be advisable that the accounts should show clearly any appreciable changes made in the appropriation of expenditure in the course of the financial year.

9. Separation of the Expenditure of the Three Forces.

To facilitate the supervision of publicity of expenditure, it would be desirable that States should consider whether their defence organisation would allow of the preparation of a separate budget and a separate account for each of their forces. It is recommended that States should at least show in their budgets and accounts what part of the expenditure is

chargeable to each force and that, when items exist in budgets and accounts relating to expenditure common to more than one armed force, the joint character of these items should be made clear in the budget and in the account itself.

10. Expenditure to be inserted under Head IV.

To facilitate verification of the accuracy of the figures inserted under head IV, it is desirable that expenditure which, in accordance with the instructions on classification, should be inserted under this head should, so far as possible, be entered under separate heads in the budgets and accounts.

11. Non-autonomous Establishments for the Manufacture or Construction of War Material.

To obviate the difficulties presented by the isolation of the expenditure to be entered under head IV of the statements, the ideal arrangement would be for States possessing non-autonomous establishments for the manufacture or construction of war material—*i.e.*, establishments the expenditure of which is shown in the budgets and accounts of national defence departments, to enter under a separate head in their budgets and accounts all

expenditure connected with the construction and manufacture of such material, as defined in Annex III, Part 2, in so far as this can be done without involving undue complication.

12. Autonomous Establishments for the Manufacture or Construction of War Material.

For the same reasons, it is considered desirable that States possessing autonomous establishments for the manufacture or construction of war material which do not at present publish annual financial accounts specifying the revenue and expenditure of these establishments should compile and publish such accounts.

13. Measures for curtailing the Periods for rendering the Statements of Payments effected.

In order that publicity may achieve its full purpose, it should be organised in such a way as to render available the necessary particulars as speedily as possible.

It would be desirable that the final accounts of all States should be published at dates which would make it possible to curtail the period of fourteen months from the close of the financial year laid down in Article F for despatch of the statement of payments effected. To obtain this result, States are recommended either to shorten the supplementary periods or to expedite the presentation and publication of accounts, or to adopt any other method.

14. Independence of the Higher Auditing Bodies.

It is desirable that all the High Contracting Parties should endeavour to ensure and strengthen the independence of the higher auditing bodies, whose duty it is to verify the figures of the closed accounts.

15. Special Position of States situated at a Distance from the Seat of the Permanent Commission.

Articles C, D, E and F of the Convention prescribe uniform maximum time-limits for all States for the despatch of the several documents which have to be communicated to the Permanent Commission.

In order that these documents should be received by the Commission as soon as possible after the expiry of the time-limits laid down, States situated at a distance from the seat of the Commission are, however, urged to do everything in their power to expedite the despatch of these documents.

