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UPOV

C/XI/3

ORIGINAL: French

DATE: July 9, 1977

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

**Eleventh Ordinary Session
Geneva, December 6 to 9, 1977**

1976 FINANCIAL REPORT
BY THE SECRETARY GENERAL TO THE COUNCIL
(Eighth year)

SUMMARY

This document, submitted in accordance with Article 23(2) of the UPOV Convention, contains the results of the 1976 financial year and information concerning 1976 finances, as well as the letter from the Federal Political Department and the report of the Federal Audit Service on the Auditing of the 1976 accounts, drawn up in accordance with Article 24 of the Convention.

1. Results of the Financial Year

The results of the financial year as follows:

	1976 <u>francs*</u>	1975 <u>francs*</u>
Expenditure	825 320.23	776 775.04
Receipts	784 259.75	689 964.80
Excess of Expenditure	41 060.48 =====	86 810.24 =====

This excess of expenditure has been debited to the Reserve Fund in accordance with Article 5(b) of the UPOV Financial Regulations.

2. Receipts

	1976 <u>francs</u>	1975 <u>francs</u>
Mandatory Contribution	774 000.--	670 000.--
Interest	7 373.90	13 113.25
Miscellaneous Receipts	2 885.85	6 851.55
	784 259.75 =====	689 964.80 =====

There were no contributions outstanding at the end of the 1976 financial year.** Interest rates obtained from the Swiss Bank Corporation during the year were 0.5% on the current account and 4%, 4.5% and 5% on the deposit account.

3. Expenditure

	1976 <u>francs</u>	1975 <u>francs</u>
3.1 <u>Expenditure Proper to UPOV</u>		
Personnel	438 660.75	379 741.05
Missions	13 294.80	17 336.80
Third-Party Travel	1 263.40	20 698.25
Conferences	43 737.20	59 693.60
Contracts	979.20	1 024.30
Printing	3 521.--	21 744.95
Rent	24 796.20	22 825.--
Equipment and Supplies	2 943.35	1 981.95
Library	128.50	242.60
Miscellaneous	319.92	741.26
3.2 <u>Common Expenditure</u>		
WIPO Services	295 675.91	250 745.28
	825 320.23 =====	776 775.04 =====

* In this Report the word "francs" means Swiss francs.

** Contributions for 1976 were received by the Secretariat on the following dates: Denmark, April 22, 1976; France, July 8, 1976; Germany (Federal Republic of), May 13, 1976; Netherlands, February 6, 1976; Sweden, December 23, 1975; United Kingdom, December 1, 1976. Contributions for 1977 received as of the date of this document are as follows: Belgium, March 8, 1977; Denmark, April 26, 1977; France, April 4, 1977; Germany (Federal Republic of), January 27, 1977; Sweden, December 30, 1976; United Kingdom, April 25, 1977.

4. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV disposes of a Working Capital Fund. The share of each State was established according to the decision taken by the Council during its session of November 1972 (document UPOV/C/VI/6). The contributions have been received by UPOV in 1972 and 1973. As shown in the balance sheet as of December 31, 1976 (Annex A.1 to this document), this Working Capital Fund amounts to 150,000 francs (payments by Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden and the United Kingdom).

5. Basis of Contributions

For the purpose of determining the amount of their annual contributions, the member States of the Union are divided into the following three classes in accordance with Article 26(2) of the Convention.

First class:	5 units
Second class:	3 units
Third class:	1 unit

Each member State contributes in proportion to the number of units of the class to which it belongs. However, as noted in the Resolution adopted by the Council in the course of its meeting from October 13 to 15, 1971, (document UPOV/C/V/30, item 4), Denmark, the Netherlands and Sweden (in the third class) have voluntarily increased their annual contributions which, from the 1972 financial year onwards, are calculated on the following basis:

Denmark:	1½ units
Netherlands:	2 units
Sweden:	1½ units

Taking into account that France, Germany (Federal Republic of) and the United Kingdom are in the first class, which corresponds to 5 units, the 1976 contributions are calculated on the basis of the following units:

5 units for France
5 units for Germany (Federal Republic of)
5 units for the United Kingdom
2 units for the Netherlands
1½ units for Denmark
1½ units for Sweden

The value of the contribution unit for each budgetary period is obtained by dividing total expenditure by the total number of units (Annex A.4 to this document).

6. Annexes

Annexes A.1 to A.4 of this document contain the following:

- A.1 - balance sheet as of December 31, 1976;
- A.2 - accounts and results of the 1976 financial year;
- A.3 - comparison of the 1976 budget and accounts, with an explanatory note;
- A.4 - calculation of contributions.

In addition, Annex B.1 and Annex B.2 contain:

- B.1 - the letter from the Federal Political Department;
- B.2 - the auditor's report.

7. The Council is invited to examine and approve the accounts for the 1976 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

C/XI/3

ANNEXES AANNEX A.1Balance sheet as of December 31, 1976ASSETS

LIQUID ASSETS

Swiss Bank Corporation	
Current Account	154 000.30
Fixed-term Account	
Working Capital Fund	150 000.--

ACCOUNTS RECEIVABLE

Sundry Debtors	13 550.85
	<u>317 551.15</u>
	=====

LIABILITIES

ACCOUNTS PAYABLE

WIPO	85 790.06
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TRANSITIONAL ITEM

Sweden, 1977 Contribution	63 929.--
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RESERVE FUND

Balance Carried Forward	
December 31, 1975	58 892.57
1976 Results (Excess of Expenditure)	(41 060.48)
	<u>17 832.09</u>

WORKING CAPITAL FUND

Denmark	8 333.--	
France	41 667.--	
Germany (Federal Republic of)	41 667.--	
Netherlands	8 333.--	
Sweden	8 333.--	
United Kingdom	41 667 --	150 000.--
		<u>317 551.15</u>
		=====

ANNEXE A.2Accounts and Results for 1976 Financial YearINCOME

Contributions	774 000.--	
Bank Interest	7 373.90	
WIPO Services	<u>2 885.85</u>	784 259.75

EXPENDITURE

Personnel	438 660.75	
Missions	13 294.80	
Third-Party Travel	1 263.40	
Conferences	43 737.20	
Contracts	979.20	
Printing	3 521.--	
Rent	24 796.20	
Equipment and Supplies	2 943.35	
Library	128.50	
Miscellaneous	319.92	
WIPO Services	<u>295 675.91</u>	825 320.23

RESULT

Excess of Expenditure	41 060.48
met from Reserve Fund	=====

ANNEX A.3

Comparison of 1976 Budget and Accounts

<u>Expenditure Proper to UPOV</u>	<u>Budget</u>	<u>Accounts</u>
Personnel	433 000.--	438 660.75
Missions	27 000.--	13 294.80
Third-Party Travel	--.--	1 263.40
Conferences	43 000.--	43 737.20
Contracts	--.--	979.20
Printing	4 000.--	3 521.--
Rent	25 000.--	24 796.20
Equipment and Supplies	6 000.--	2 943.35
Library	2 000.--	128.50
Miscellaneous	16 000.--	319.92
Total of Expenditure Proper to UPOV:	556 000.--	529 644.32
<u>Common Expenditure</u>		
Personnel	224 000.--	225 702.63
Contracts	5 000.--	312.93
Rent	9 000.--	9 531.95
Maintenance of Buildings	10 000.--	9 624.93
Equipment and Supplies	14 000.--	28 288.99
Library	--.--	1 004.15
Postage	11 000.--	17 756.46
Telephone	2 000.--	3 399.01
Miscellaneous	1 000.--	54.86
Total of Common Expenditure:	276 000.--	295 675.91
<u>Total Expenditure (overall)):</u>	832 000.--	825 320.23
	=====	=====
<u>Income Proper to UPOV</u>		
Contributions	774 000.--	774 000.--
Miscellaneous	16 000.--	7 373.90
Total Income Proper to UPOV:	790 000.--	781 373.90
<u>Common Income</u>		
Total of Common Income:	--.--	2 885.85
<u>Total Income (overall):</u>	790 000.--	784 259.75
	=====	=====

Note

Actual expenditure (825,000 francs) was lower than budgeted expenditure (832,000 francs). The difference (7,000 francs) represents the difference between the headings under which expenditure was higher than anticipated (Personnel: 5,000 francs; Third-Party Travel: 1,000 francs; Conferences: 1,000 francs; Contracts: 1,000 francs; Common Expenditure: 19,000 francs) and those under which expenditure was below the amounts budgeted (Missions: 14,000 francs; Equipment and Supplies: 3,000 francs; Library: 2,000 francs; Miscellaneous: 15,000 francs).

Staff movements (resignation and new appointments) and the increase and re-evaluation of General Service salaries caused the amount budgeted under "Personnel" to be exceeded.

UPOV's participation in the expenditure incurred by WIPO in the modernization of its equipment (printing, cutting and assembly of documents) and the increase in postal charges are the main reasons for the amount budgeted under "Common Expenditure" being exceeded.

ANNEXE A.4

BASIS FOR THE CALCULATION OF CONTRIBUTIONS

<u>Class</u>	<u>Number of Units</u>	<u>Number of Voluntary Units</u>	<u>Total Units</u>	<u>Number of States¹</u>	<u>Product of Previous Two Figures (total units)</u>
I	5	-	5	3	15
II	3	-	3	-	-
III	1	-	1	-	-
III	1	1	2	1	2
III	1	$\frac{1}{2}$	$1\frac{1}{2}$	2	3
				<u>6</u>	<u>20</u>
				=====	=====

CALCULATION OF CONTRIBUTIONS

(Article 26 of the Paris Convention for the
Protection of New Varieties of Plants)

<u>Basis of Contributions</u>	<u>Amount Due per State</u>	<u>Number of States¹</u>	<u>Total</u>
(Francs)	(Francs)		(Francs)
	193 500 (a)	3	580 500
774 000	77 400 (b)	1	77 400
	58 050 (c)	2	116 100
		<u>6</u>	<u>774 000</u>
		===	=====

¹ According to the classification indicated in paragraph 5 of this document

(a) <u>774 000 x 5</u>	(b) <u>774 000 x 2</u>	(c) <u>774 000 x $1\frac{1}{2}$</u>
20	20	20

[Annexes B follow]

C/XI/3

ANNEXES BANNEX B.1

LETTER DATED JULY 8, 1977, FROM THE
FEDERAL POLITICAL DEPARTMENT TO UPOV

Sir,

Pursuant to Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we submit herewith two copies of the report on the auditing of the accounts of UPOV for the 1976 financial year.

The Federal Audit Service noted with satisfaction that the report finds the financial documents to be in order, and therefore calls for no special comment on its part.

[Signed: MUHEIM]

ANNEX B.2

FEDERAL AUDIT SERVICE

[Contrôle fédéral des finances]

No. 933.3.1

R E P O R T

on the Auditing of the Balance Sheet and
Accounts of the International Union for the Protection of
New Varieties of Plants
(UPOV)

for the 1976 Financial Year

1. GENERAL

1.1 Mandate

In accordance with Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we carried out the auditing of the accounts for the 1976 financial year at the headquarters of the Office of the International Union for the Protection of New Varieties of Plants (hereinafter referred to as UPOV) in Geneva, on June 28 and 29, 1977.

1.2 Information Supplied

Mr. A. Jaccard, Counsellor, Head of the Finance Section of the World Intellectual Property Organization (WIPO), who is responsible for the UPOV accounts, obligingly supplied us, to our entire satisfaction, with all the information and documents necessary for our work. On completion of our audit we were received by Mr. M. Pereyra, Director of the Administrative Division, which gave us the opportunity to inform him of our findings.

1.3 Nature and Scope of the Audit

The Audit related to entries in the income and expenditure accounts and the balance sheet during the 1976 financial year, and to the items in the balance sheet as of December 31, 1976, and the relevant financial statements. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The six member States of the Union, which participated in the financing of its activities during the 1976 financial year, are Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden and the United Kingdom. Belgium, Italy and Switzerland, the other three States which signed the Convention, have not yet deposited their instruments of ratification.

2. 1976 BUDGET AND ACCOUNTS

2.1 1976 Budget and Results of the 1976 Financial Year

The budget for the 1976 financial year was adopted by the Council at its ninth ordinary session, held in Geneva from October 7 to 10, 1975 (document (document UPOV/C/IX/12)). It provided for an excess of expenditure of 42,000 francs to be covered by a withdrawal from the Reserve Fund, as anticipated expenditure amounted to 832,000 francs and income to 790,000 francs.

The results of the 1976 financial year were as follows:

Receipts	784,259.75 francs
Expenditure	825,320.23 francs
Deficit	41,060.48 francs
	=====

As shown in the balance sheet as of December 31, 1976, the above deficit was fully covered by a withdrawal from the Reserve Fund.

2.2 Accounts and Results of the 1976 Financial Year

2.21 Receipts

Almost the entire amount of receipts (774,000 francs) consists of the mandatory contributions of the six member States on January 1, 1976. The contributions are calculated according to the class chosen by each State under Article 26 of the Convention.

Article 6 of the Financial Regulations of UPOV provides that the contributions fixed for a given year must be paid during January of that year. In 1976 only one member State observed that provision while the others, some of them after receiving a reminder, paid their contributions later. The interest of 7,373.90 francs paid by the bank was checked on the basis of the statements of the Swiss Bank Corporation in Geneva. The interest rates applied were $\frac{1}{2}\%$ for the current account and 4% for the fixed-term account as of December 31, 1976.

2.22 Expenditure

The expenditure figures appearing in the 1976 Financial Report by the Secretary General to the Council agree with the accounting entries. We verified the accuracy of the entries relating to expenditure by means of test checks. We satisfied ourselves that all the supporting documents for the financial year bore the signatures required by the financial regulations. Expenditure included an amount of 295,675.91 francs owed to WIPO for services provided and rendered by that organization in the course of the 1976 financial year. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation between UPOV and WIPO.

Information concerning the different expenditure headings and the reasons for the differences in relation to the budget may be found in the 1976 Financial Report by the Secretary General to the Council.

3. BALANCE SHEET AS OF DECEMBER 31, 1976

3.1 We verified the balance sheet as of December 31, 1976, as appearing in the Annex to this Report, and found it to be in agreement with the figures appearing in the accounts. In addition, the Head of the Finance Section of WIPO, who is responsible for the UPOV accounts, informed us in reply to our inquiry that, to his knowledge, all financial obligations towards third parties had been entered in the accounts.

Detailed examination of the balance sheets enables us to submit the following comments:

ASSETS

3.2 Cash Assets

We verified the reconciliation statements as of December 31, 1976, of the two bank accounts, namely the current account and the fixed-term account, both of which are with the Swiss Bank Corporation in Geneva. We also requested and obtained from that bank an attestation, dated January 13, 1977, to the effect that the funds deposited with it were fully disposable and that there were no reservations in favor of third parties.

3.3 Debtors

The amount of 3,980.85 francs corresponds to the tax withheld by the bank and owed on December 31, 1976, by the Federal Tax Administration (Administration fédérale des contributions).

The balance of 9,570 francs corresponds to two advances on 1976-1977 education grants under Article 3.11.1(c) (a) (1) of the Staff Regulations.

LIABILITIES

3.4 Creditors

The amount of 85,790.06 corresponds to the balance of the contribution owed to WIPO for services provided and rendered by that organization in the course of the 1976 financial year.

3.5 Transitional Account Creditors

This item relates to the 1977 contribution that Sweden paid in advance.

3.6 Reserve Fund

Balance on January 1, 1976	58,892.57 francs
Deficit in the 1976 financial year	<u>41,060.48 francs</u>
Thus, on December 31, 1976, the Reserve Fund was reduced to	17,832.09 francs
	=====

The Reserve Fund was once again drawn upon at the end of the 1976 financial year.

3.7 Working Capital Fund

Pursuant to a decision taken by the Council, the contribution of each member State was calculated according to document UPOV/C/VI/6 of 1972. As appearing in the balance sheet as of December 31, 1976, the amount of 150,000 francs was received by UPOV.

4. CONCLUSIONS

As a result of our examination, we are in a position to certify:

- (a) that the financial statements reproduced in the Annexes are in conformity with the UPOV accounts;
- (b) that the entries in the accounts for the 1976 financial year agree with the supporting documents;
- (c) that the financial operations recorded in the accounts were carried out in accordance with applicable provisions;
- (d) that the funds deposited at the bank have been certified by that bank;
- (e) that the accounts have been carefully maintained and the supporting documents kept in orderly fashion.

Berne, July 7, 1977

R. Küttel
Head of Section
FEDERAL AUDIT SERVICE

Enclosure: Balance sheet as of December 31, 1976

Balance Sheet as of December 31, 1976, of the
International Union for the Protection of New Varieties of Plants (UPOV)

<u>ASSETS</u>	<u>Francs</u>	<u>Francs</u>
LIQUID ASSETS		
Swiss Bank Corporation		
- Current Account		154 000.30
- Fixed Term Account		
Working Capital Fund		150 000.--
ACCOUNTS RECEIVABLE		
Sundry Debtors		13 550.85
		<u>317 551.15</u>
		=====
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE		
WIPO		85 790.06
TRANSITIONAL ITEM		
Sweden, 1977 Contribution		63 929.--
RESERVE FUND		
Balance Carried Forward		
December 31, 1975	58 892.57	
1976 Result (Excess		
of Expenditure)	<u>(41 060.48)</u>	17 832.09
WORKING CAPITAL FUND		
Denmark	8 333.--	
France	41 667.--	
Germany (Federal Republic of)	41 667.--	
Netherlands	8 333.--	
Sweden	8 333.--	
United Kingdom	<u>41 667.--</u>	150 000.--
		<u>317 551.15</u>
		=====

Arpad Bogsch
Secretary-General

[End of Annexes B
and of document]