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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

Fourteenth Ordinary Session
Geneva, October 15 to 17, 1980

FINANCES OF THE INTERNATIONAL
UNION FOR THE PROTECTION OF NEW VARIETIES
OF PLANTS AS AT DECEMBER 31, 1979

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1979 (Article 23(2) of the Convention), and reproduces the auditor's report on the 1979 accounts (Article 24 of the Convention).

1. Results of the Financial Year

The results of the financial year are as follows:

	1979 <u>francs*</u>		1978 <u>francs*</u>
Receipts	1 143 798	Receipts	1 124 470
Expenditure	1 139 740	Expenditure	1 092 394
	<u> </u>		<u> </u>
Excess of Receipts	4 058 =====	Excess of Receipts	32 076 =====

The excess of receipts has been credited to the Reserve Fund in accordance with Article 5(b) of the UPOV Financial Regulations.

2. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV has 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 were received by UPOV in 1972, 1973, 1977, 1978 and 1979. As shown in the balance sheet as of December 31, 1979 (Annex A.1 to this document), the Working Capital Fund amounts to 208 331 francs.

3. Basis of Contributions

To determine the amount of their annual contributions, the member States of the Union are divided into various classes in accordance with Article 26(2) of the Convention (for the United Kingdom only) or in accordance with Article II (2) of the Additional Act of November 10, 1972, which entered into force on February 11, 1977. However, Belgium, Denmark, Sweden and Switzerland voluntarily increased their annual contributions by half a unit. Consequently, the 1979 contributions were calculated on the basis of the following units (see, in this context, the 1979 budget, document C/XIV/4 and its revised Annex B reproduced as annex to document C/XII/15 (paragraph 27)).

5	units for France
5	units for Germany (Federal Republic of)
5	units for the United Kingdom
3	units for the Netherlands
2	units for Italy
1½	units for Belgium
1½	units for Denmark
1½	units for Sweden
1½	units for Switzerland
1	unit for South Africa

*In this report, the word "francs" means Swiss francs and the amounts given have been rounded off to the nearest franc (document C/XII/15, paragraph 8).

4. Annexes

Annexes A to this document contain the following:

- A.1 - balance sheet as of December 31, 1979,
- A.2 - comparison of the 1979 budget and accounts,
with an explanatory note,
- A.3 - calculation of contributions,
- A.4 - list of member States.

In addition, Annex B contains the auditor's report.

5. The Council is invited to examine and approve the accounts for the 1979 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

ANNEX A.1Balance sheet as of December 31, 1979ASSETS

LIQUID ASSETS	Swiss Bank Corporation	
	- Current Account	282,307
	- Fixed-Term Account	
	Working Capital Fund	208,331
ACCOUNTS RECEIVABLE	Sundry Debtors	8,545
		<u>499,183</u>

LIABILITIES

ACCOUNTS PAYABLE	Sundry Creditors		100,845
PROVISION	for Future Expenses		71,554
RESERVE FUND			
	Balance Carried Forward		
	December 31, 1978	114,395	
	1979 Results (Excess Receipts)	4,058	
		<u>118,453</u>	
WORKING CAPITAL FUND			
	Belgium	8,333	
	Denmark	8,333	
	France	41,667	
	Germany (Federal Republic of)	41,667	
	Italy	16,666	
	Netherlands	24,999	
	South Africa	8,333	
	Sweden	8,333	
	Switzerland	8,333	
	United Kingdom	41,667	
		<u>208,331</u>	
			<u>499,183</u>

ANNEX A.2

Comparison of 1979 budget and Accounts

	<u>Budget</u>	<u>Accounts</u>
<u>Income</u>		
Contributions	1,120,500	1,120,500
Bank Interest*	--	5,754
Publications (i)	7,000	4,265
Miscellaneous** (ii)	18,000	13,279
	<u>1,145,500</u>	<u>1,143,798</u>
	=====	=====
<u>Expenditure</u>		
Salaries (iii)	620,000	606,766
Official travel	26,000	23,657
Conferences (iv)	55,000	40,348
Printing (v)	43,000	61,768
Translations (vi)	35,000	3,955
Rental of premises	26,000	26,048
Supplies	2,000	3,124
Furniture and Equipment (vii)	2,000	21,876
Other Expenditure (viii)	8,000	813
Common Expenditure*** (ix)	360,000	351,385
	<u>1,177,000</u>	<u>1,139,740</u>
	=====	=====

* Interest paid by the Swiss Bank Corporation during 1979 was 0.25% on the current account and 2.5% and 2.25% on the fixed-term account.

** UPOV share of WIPO common receipts.

*** Breakdown of Common Expenditure
(services provided by WIPO)

	<u>Budget</u>	<u>Accounts</u>
Salaries and Common Staff costs	242,000	241,130
Printing	2,000	1,228
Other Contractual Services	8,000	3,413
Maintenance of Premises	40,000	43,390
Rental of premises (except UPOV office)	2,000	1,289
Telecommunications	29,000	38,261
Supplies, Furniture and Equipment	33,000	21,794
Other Expenditure (unforeseen)	4,000	880
	<u>360,000</u>	<u>351,385</u>
	=====	=====

(i) to (ix) : see pages 3 and 4 of this Annex A.

Note on the Variations Between Budget and AccountsIncome

(i) Publications

Sales of publications were lower than expected.

(ii) Miscellaneous

The WIPO common receipts were lower than budgeted. As a result, UPOV's share of the receipts was also smaller than foreseen in its budget.

Expenditure

(iii) Personnel

The savings made on personnel costs (13,234 francs) were mainly due to "G" grade salary increases being less than expected (professional and higher grade staff received no salary increases).

(iv) Conferences

The savings made on conference expenditure (14,652 francs) were due to the Council session lasting only two days instead of the scheduled three days (savings: 3,032 francs), to simultaneous interpretation for the sessions of the Administrative and Legal Committee being used for four days instead of the scheduled six days (savings: 8,417 francs), the cost of meetings of the Consultative Committee and the Technical Committee being lower than expected (savings: 2,203 francs) and one of the scheduled meetings of the technical Working Groups not taking place (savings: 1,000 francs).

(v) Printing

The over expenditure (18,768 francs) was mainly due to the transcription and printing of the Records of the 1978 Diplomatic Conference (40,000 francs instead of 35,000 francs = + 5,000 francs), to the printing of the Russian version of the Convention (6,654 francs), the printing of certified copies of the 1978 Acts in three languages (4,900 francs) and the higher cost than expected of printing the Convention in three languages and the brochures (2,214 francs).

(v) Translation

The expenditure budgeted for translating the Records of the Diplomatic Conference was not incurred, resulting in a saving of 31,045 francs.

(vii) Furniture and Equipment

The over expenditure (19,876 francs) was mainly due to the introduction of a word processing system. This modern facility will probably lead to substantial future savings in the common expenditure.

(viii) Other Expenditure

This heading is entered in the budget mainly to meet unforeseen expenditure and has been underspent by 7,187 francs.

(ix) Common Expenditure

UPOV participation in the WIPO common expenditure was less than budgeted (savings: 8,615 francs).

ANNEX A.3

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 States*</u>	<u>Product of Previous Two Figures (total units)</u>
(i) Article 26(2) of the Convention					
I	5	-	5	1	5
(ii) Article II(2) of the Additional Act					
I	5	-	5	2	10
II	4	-	4	-	-
III	3	-	3	1	3
IV	2	-	2	1	2
V	1	$\frac{1}{2}$	$1\frac{1}{2}$	4	6
V	1	-	1	1	1
				—	—
				10	27
				—	—

CALCULATION OF CONTRIBUTIONS

(Article 26(2) of the International Convention for the Protection of New Varieties of Plants of December 2, 1961 and Article II(2) of the Additional Act of November 10, 1972)

<u>Basis of Contributions</u>	<u>Amount Due per State</u>	<u>Number of States*</u>	<u>Total</u>
(Francs)	(Francs)		(Francs)
	207,500 (a)	3	622,500
	124,500 (b)	1	124,500
1,120,500	83,000 (c)	1	83,000
	62,250 (d)	4	249,000
	41,500 (e)	1	41,500
		—	—
		10	1,120,500
		===	=====
(a) $\frac{1,120,500 \times 5}{27}$	(b) $\frac{1,120,500 \times 3}{27}$	(c) $\frac{1,120,500 \times 2}{27}$	
(d) $\frac{1,120,500 \times 1\frac{1}{2}}{27}$	(e) $\frac{1,120,500 \times 1}{27}$		

*According to the classification set out in paragraph 3 of this document

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ANNEX A.4

Member States on December 31, 1979

Member State	Class chosen	Convention date	Additional Act date
Belgium	V	5 December 1976	11 February 1977
Denmark	V	6 October 1968	11 February 1977
France	I	3 October 1971	11 February 1977
Germany (Fed. Rep.)	I	10 August 1968	11 February 1977
Israel	V	12 December 1979	12 December 1979
Italy	IV	1 July 1977	1 July 1977
Netherlands	III	10 August 1968	11 February 1977
South Africa	V	6 November 1977	6 November 1977
Sweden	V	17 December 1971	11 February 1977
Switzerland	V	10 July 1977	10 July 1977
United Kingdom	I	10 August 1968	---

10 States contributed in 1979

1 State (Israel) will contribute from 1980 onwards

total : 11 member States

[Annex B follows]

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ANNEX B

FEDERAL AUDIT SERVICE
No. 933.3.1

[Contrôle fédéral des finances]

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 1979 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 1979 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 17 and 18, 1980.

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, and his staff obligingly supplied us, to our entire satisfaction, with all the information and documents necessary for our work. We were received by Mr. M. Pereyra, Director of the Administrative Division of WIPO, and had the opportunity of commenting on the results of our work.

1.3 Nature and Scope of the Audit

The Audit related to entries in the income and expenditure accounts during the 1979 financial year, to the relevant financial statements and to the items in the balance sheet as of December 31, 1979. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The ten member States of the Union, which participated in the financing of its activities during the 1979 financial year, are Belgium, Denmark, France, Germany (Federal Republic of), Italy, the Netherlands, South Africa, Sweden, Switzerland and the United Kingdom. Israel, although a member as from the end of 1979, will not contribute until 1980.

2. 1979 BUDGET AND ACCOUNTS

2.1 1979 Budget

The budget for the 1979 financial year was adopted by the Council at its twelfth session, held in Geneva from December 6 to 8, 1978 (document UPOV C/XII/15). The budget contained expenditure of 1,177,000 francs and income of 1,145,500 francs, with the difference to be taken from the Reserve Fund.

2.2 Results of the 1979 Financial Year

The results of the 1979 financial year were as follows:

	Fr.
Receipts	1,143,798.21
Expenditure	1,139,739.91
Surplus	4,058.30
	=====

As shown in the balance sheet as of December 31, 1979, the above surplus was entirely credited to the Reserve Fund (Article 5(b) of the UPOV Financial Regulations).

3. ACCOUNTS

3.1 Receipts

3.11 Contributions Fr.1,120,500.--

Under Article 26 of the Convention and Article II of the Additional Act, each member State of the Union contributes according to the number of units in the class to which it belongs. Article 6 of the Financial Regulations of UPOV provides that these contributions must be paid during January of the year to which they relate. The accounts show that eight member States paid their contributions between January and May 1979, while one member State did not pay its contribution to UPOV until September and the last member State not until the end of December 1979.

3.12	<u>Miscellaneous Receipts</u>	Fr. 23,298.21
	These receipts break down as follows:	Fr.
	- Proceeds from sale of publications	4,265.25
	- Bank interest	5,753.80
	- Share in certain common receipts of WIPO	13,279.16
	Total	23,298.21 =====

The interest paid by the Swiss Bank Corporation was 0.25% on the current account and 2.5% and 2.25% on the fixed-term account.

3.2 Expenditure

The expenditure figures appearing in the 1979 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 random 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 351,385.31 francs owed to WIPO for services provided and rendered by that Organization in the course of the 1979 financial year, including 241,000.-- francs to cover personnel costs. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation between UPOV and WIPO.

The direct personnel costs of UPOV, which amount to 606,766.-- francs or 53% of the total costs, correspond to the remuneration and welfare costs of the Secretary-General, the Vice Secretary-General, three professional grade officials and three general services grade officials, plus a short-term employee.

4. BALANCE SHEET AS OF DECEMBER 31, 1979 - GENERAL REMARK

We verified the balance sheet as of December 31, 1979, 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, confirmed to us that all financial obligations towards third parties had been entered in the accounts.

5. ASSETS

5.1 Liquid Assets Fr. 490,638.05

We verified the reconciliation statements as of December 31, 1979, 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 confirmation of the balances as at December 31, 1979, and an attestation to the effect that the funds deposited with it were fully available and that there were no reservations in favor of third parties.

5.2 Sundry Debtors Fr. 8,544.85

The balance of this account breaks down as follows:

	Fr.
- Advances on education grants	1,875.--
- Proceeds from sale of publications, to be paid by WIPO	4,265.25
- Withholding tax repayable by the Tax Administration	2,013.80
- Advance on travel costs to be recorded	390.80
Total	8,544.85 =====

6. LIABILITIES

6.1 Creditors

Fr. 100,844.45

This amount comprises:

Fr.

- Balance owing to WIPO for the 1979 financial year	94,153.65
- Various bills from suppliers	4,340.60
- Two sums owing to officials	2,350.20
	<u>100,844.45</u>
	=====

At the date of the audit, all these items had been settled.

6.2 Provision

Fr. 71,554.--

Pursuant to Article 4 of the Financial Regulations, the following sums, corresponding to commitments entered into for payments to be made at a later date, have been recorded in the 1979 financial year:

Fr.

- Printed matter, Records of the 1978 Diplomatic Conference	40,000.--
- Printed matter, 2 x 400 copies of the Convention	11,554.--
- Furniture and equipment, word processing work station and printer	20,000.--
	<u>71,554.--</u>
	=====

6.3 Reserve Fund

Fr. 118,453.45

Fr.

Balance on January 1, 1979	114,395.15
Surplus in the 1979 financial year	4,058.30
	<u>118,453.45</u>
	=====

Thus, on December 31, 1979, the Reserve Fund was increased to

6.4 Working Capital Fund

Fr. 208,331.--

Pursuant to a decision by the Council, the contribution of each member State was calculated according to document UPOV/C/VI/6 of 1972. At its twelfth ordinary session, in December 1978, the Council referred to its previous decisions in this matter and fixed the contribution of new members to the working capital fund at 8,333.-- francs a unit. The transactions in 1979 were as follows:

Fr.

- Balance on January 1, 1979	199,998.--
- Additional share of the Netherlands resulting from their decision to increase the number of units from two to three	8,333.--
	<u>208,331.--</u>
	=====

7. CONCLUSIONS

As a result of our examination, we are able 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 1979 financial year agree with the supporting documents and were carried out in accordance with applicable provisions;
- (c) that the funds deposited at the bank have been certified by that bank;
- (e) that the accounts have been accurately maintained.

Berne, June 27, 1980

F. Faessler
Head of Section
FEDERAL AUDIT SERVICE

Balance sheet as of December 31, 1979

Annex:

Balance sheet as of December 31, 1979 (amount expressed in Swiss francs and rounded off to the nearest franc as decided by the UPOV Council on December 8, 1978 - document C/XII/14, paragraph 8).

Annex to the original of this report:

Financial Report on 1979.

[End of Annex B
(and of document)]

ASSETS

LIQUID ASSETS	Swiss Bank Corporation	
	- Current Account	282,307
	- Fixed-Term Account	
	Working Capital Fund	208,331
		8,545
ACCOUNTS RECEIVABLE	Sundry Debtors	
		499,183
		=====

LIABILITIES

ACCOUNTS PAYABLE	Sundry Creditors		100,845
PROVISION	for Future Expenses		71,554
RESERVE FUND			
	Balance Carried Forward		
	December 31, 1978	114,395	
	1979 Results (Excess Receipts)	4,058	
			118,453
WORKING CAPITAL FUND			
	Belgium	8,333	
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	Germany (Federal Republic of)	41,667	
	Italy	16,666	
	Netherlands	24,999	
	South Africa	8,333	
	Sweden	8,333	
	Switzerland	8,333	
	United Kingdom	41,667	208,331
			499,183
			=====

The Secretary General :

Arpad Bogsch

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