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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

**Nineteenth Ordinary Session
Geneva, October 17 and 18, 1985**

**FINANCES OF THE INTERNATIONAL UNION
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
AS AT DECEMBER 31, 1984**

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1984 (Article 23(2) of the Convention) and reproduces the auditor's report on the 1984 accounts (Article 25 of the Convention).

1. Results of the Financial Year

The results of the 1984 financial year are as follows:

	<u>francs*</u>
Receipts	1,648,170
Expenditure	1,616,077
	<hr/>
Surplus	32,093
	<hr/> <hr/>

The surplus of 32,093 francs has been credited to the Reserve Fund in accordance with Article 5(a) of the UPOV Financial Regulations.

2. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV has a Working Capital Fund. As shown in the balance sheet as at December 31, 1984 (Annex A.2 hereto), the Working Capital Fund amounts to 333,330 francs. The share of each State, calculated according to the decision taken by the Council at its session in November 1972 (document UPOV/C/VI/6) is as follows:

Belgium	8,333	Netherlands	24,999
Denmark	8,333	New Zealand	8,333
France	41,667	South Africa	8,333
Germany (Fed. Rep. of)	41,667	Spain	8,333
Hungary	8,333	Sweden	8,333
Ireland	8,333	Switzerland	8,333
Israel	8,333	United Kingdom	41,667
Italy	16,666	United States of	41,667
Japan	41,667	America	

3. Basis of Contributions

The amount of the annual contribution of each member State is calculated on the basis of the contribution units applied to it (Article 26 of the 1978 Act). However, Belgium, Denmark, Sweden and Switzerland have voluntarily increased their annual contributions by half a unit. Consequently, the 1984 contributions were calculated on the basis of the following units [see, in this context, the 1984 budget (documents C/XVII/4 and C/XVII/15)]:

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

5 units for France
5 units for Germany (Federal Republic of)
5 units for Japan
5 units for the United Kingdom
5 units for the United States of America

3 units for the Netherlands

2 units for Italy

1.5 units for Belgium
1.5 units for Denmark
1.5 units for Sweden
1.5 units for Switzerland

1 unit for Ireland
1 unit for New Zealand
1 unit for South Africa
1 unit for Spain

0.5 units for Hungary
0.5 units for Israel

4. Annexes

Annexes A to this document contain the following:

- A.1 - comparison of the 1984 budget and accounts, followed by an explanatory note;
- A.2 - balance sheet as at December 31, 1984;
- A.3 - calculation of contributions;
- A.4 - list of member States.

Annex B contains the auditor's report.

5. The Council is invited to examine and approve the accounts for the 1984 financial year, in accordance with Article 21(f) of the Convention.

[Annexes follow]

ANNEX A.1

Comparison of 1984 Budget and Accounts

	<u>Budget</u>		<u>Accounts</u>	
<u>Income</u>				
Contributions	1,600,000		1,600,000	
Publications	5,000		12,345	
Miscellaneous*	<u>40,000</u>	<u>1,645,000</u>	<u>35,825</u>	<u>1,648,170</u>
		=====		=====
<u>Expenditure</u>				
Personnel	1,010,000		971,954	
Missions	36,000		27,009	
Third Party Travel (i)	9,000		13,361	
Conferences	43,000		43,913	
Printing (ii)	46,000		51,287	
Other Contractual Services	10,000		5,309	
Rental of Premises	39,000		39,840	
Supplies and Materials	3,000		2,752	
Furniture and Equipment (iii)	5,000		13,064	
Other Expenses	12,000		6,070	
Common Expenses** (iv)	<u>432,000</u>	<u>1,645,000</u>	<u>441,518</u>	<u>1,616,077</u>
		=====		=====

(i) to (iv): see page 2 of these Annexes A.

* Including UPOV share of WIPO common income of 20,860 francs (+).

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

	<u>Budget</u>		<u>Accounts</u>	
Salaries and Common				
Staff costs	299,000		329,495	
Printing	3,000		709	
Other Contractual Services	5,000		2,325	
Maintenance of Premises	41,000		44,515	
Communications	38,000		29,992	
Supplies and Materials;				
Furniture and Equipment	41,000		33,928	
Other Expenses and				
Unforeseen Expenses	<u>5,000</u>	<u>432,000</u>	<u>554</u>	<u>441,518(+)</u>
		=====		=====

(+): Provisional figures since WIPO has a biennial budget covering the years 1984 and 1985. The accounts of WIPO will be closed on December 31, 1985. The final apportionment of common expenses and income between WIPO and UPOV for the years 1984 and 1985 will only be known after the closing of the WIPO accounts. The difference between the final apportionment as at December 31, 1985, and the provisional apportionment as at December 31, 1984, will be taken into the UPOV accounts for the 1985 financial year.

Notes Concerning Adverse Variations Between
Budget and Accounts

- (i) Third party travel: the excess of 4,361 francs is mainly due to the fact that the travel expenses of one of the speakers in the symposium (coming from Japan) were higher than budgeted. It is to be noted, however, that expenditure for official travel ("Missions" and "Third Party Travel") was in total lower than budgeted.
- (ii) Printing: the excess of 5,287 francs is due to the fact that the budget provided for the reprinting of the brochure containing the text of the UPOV Convention in two languages and for its publication in one other language while, in reality, this brochure was reprinted in five languages (English, French, German, Dutch and Italian).
- (iii) Furniture and Equipment: the excess of 8,064 francs is due to anticipated expenditure (brought forward funds) for the installation of a new word processing system.
- (iv) Common Expenses: the excess of 9,500 francs is due to the following variations: staff costs were 30,000 francs higher than budgeted and the cost of maintenance of buildings was 3,500 francs higher than budgeted; on the other hand, expenditure under other headings was 24,000 francs lower in total than foreseen in the budget.

ANNEX A.2

Balance Sheet as at December 31, 1984

<u>ASSETS</u>		<u>LIABILITIES</u>	
Liquid Assets	905,313	Accounts Payable	596,037
Accounts Receivable	208,360	Reserve Fund	
		Balance Carried Forward	
		December 31, 1983	152,213
		Surplus 1984	32,093
			184,306
		Working Capital Fund	333,330
	<u>1,113,673</u>		<u>1,113,673</u>
	=====		=====

ANNEX A.3

Basis for the Calculation of Contributions

The share of each country in the contributions is determined on the basis of Article 26 of the Convention.

Number of Units	+	Number of Voluntary Units	= Total	x	Number of States*	=	Total Units
5		-	5		5		25
4		-	4		-		-
3		-	3		1		3
2		-	2		1		2
1		0.50	1.50		4		6
1		-	1		4		4
0.50		-	0.50		2		1
					17		41
					==		==

Calculation of Contributions

The amount of the contributions is as approved by the Council (document C/XVII/15, paragraph 120).

Basis of Contributions	Number of Units	Amount Due per State	Number of States*	Total
(francs)		(francs)		(francs)
	5	195,122	5	975,610
	4	-	-	-
	3	117,074	1	117,074
1,600,000	2	78,048	1	78,048
	1.50	58,537	4	234,148
	1	39,024	4	156,096
	0,50	19,512	2	39,024
			17	1,600,000
			==	=====

Value of one contribution unit: 39,024 francs

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

ANNEX A.4

Member States on December 31, 1984

<u>Member State</u>	<u>Date of UPOV Membership</u>	<u>1978 Act date</u>
Belgium	December 5, 1976	-
Denmark	October 6, 1968	November 8, 1981
France	October 3, 1971	March 17, 1983
Germany (Fed. Rep. of)	August 10, 1968	-
Hungary	April 16, 1983	April 16, 1983
Ireland	November 8, 1981	November 8, 1981
Israel	December 12, 1979	May 12, 1984
Italy	July 1, 1977	-
Japan	September 3, 1982	September 3, 1982
Netherlands	August 10, 1968	September 2, 1984
New Zealand	November 8, 1981	November 8, 1981
South Africa	November 6, 1977	November 8, 1981
Spain	May 18, 1980	-
Sweden	December 17, 1971	January 1, 1983
Switzerland	July 10, 1977	November 8, 1981
United Kingdom	August 10, 1968	September 24, 1983
United States of America	November 8, 1981	November 8, 1981

17 member States

[Annex B follows]

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C/XIX/3

ANNEX B

Federal Audit Service
[Contrôle fédéral des finances]
944.0.3.1
El - st

Berne, June 28, 1985

REPORT

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

for the 1984 Financial Year

1. GENERAL

1.1 Mandate

Pursuant to Article 25 of the International Convention of December 2, 1961, as revised in 1978, the Council of the International Union for the Protection of New Varieties of Plants (UPOV) designated Switzerland as its auditor in November 1981, at its fifteenth ordinary session. In accordance with this mandate, we carried out the auditing of the accounts for the 1984 financial year at the headquarters of the Office of the Union in Geneva.

1.2 Information Supplied

Mr. A. Jaccard, Head of the Finance Section of the World Intellectual Property Organization (WIPO), 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. Mr. M. Lagesse, Head of Budget and Systems Section and Controller, kindly informed us on several items falling within his competence. On completion of our work, we had a talk with Mr. T.A.J. Keefer, Director of the Administrative Division of WIPO, to whom we imparted our findings and comments.

1.3 Nature and Scope of the Audit

The audit related to entries in the income and expenditure accounts during the 1984 financial year, to the relevant financial statements and to the items in the balance sheet as at December 31, 1984. Our examination was carried out according to generally accepted auditing standards.

2. 1984 BUDGET AND RESULTS

2.1 1984 Budget

The budget for the 1984 financial year, adopted by the Council at its seventeenth session, in October 1983, provided for expenditure of 1,645,000 francs and total contributions of 1,600,000 from the 17 member States.

2.2 Results of the 1984 Financial Year

The results of the 1984 financial year were as follows:

	<u>francs</u>
Income	1,648,169.66
Expenditure	1,616,077.41
	<hr/>
Surplus	32,092.25
	=====

As shown in the balance sheet as at December 31, 1984, the above surplus was transferred, in accordance with Article 5(a) of the Financial Regulations of UPOV, directly to the Reserve Fund, which now amounts to 184,306 francs.

3. 1984 ACCOUNTS3.1 Income

Article 6 of the Financial Regulations of UPOV requires the contributions of member States to be paid during January of the year to which they relate. The dates of receipt of contributions for 1984 show that the deadline was not always observed. While 11 of the 17 member States (59% of the contributions) paid their contributions during the first quarter of 1984, 3 member States (24% of the contributions) only paid their contributions at the end of the last quarter. Nevertheless, it should be noted that there are no outstanding contributions in the balance sheet as at December 31, 1984.

3.2 Expenditure

The expenditure figures for the 1984 financial year, which are reproduced in Annex 1 to this report, agree with the accounting entries.

In comparison with the preceding financial year, the overall increase in expenditure is 7.7%; expenses proper to UPOV increased by 5% and WIPO/UPOV common expenses by 16%. The common expenses have been calculated on figures appearing in the as yet unaudited accounts of WIPO at December 31, 1984, which will, in accordance with the 1984/85 biennial budget, be closed at the end of 1985. The final apportionment of common expenses (and income) will be determined after the WIPO accounts are closed and, consequently, any changes in the rates applied for 1984 will be reflected in the 1985 accounts. It may be noted that the indemnification of WIPO for services rendered to UPOV is provided for in Article 2 of the Agreement of November 26, 1982, between WIPO and UPOV.

The item "Furniture and Equipment," amounting to 13,064 francs, consists of funds taken in advance from the 1985 financial year in order to equip UPOV for the new word processing system.

As far as differences between the accounts and the budget are concerned, we refer to the comments of the Secretary-General in his memorandum on the finances of the Union as at December 31, 1984.

3.3 Balance Sheet as at December 31, 1984

We audited the balance sheet as at December 31, 1984, as reproduced in Annex 2 to this Report, and found it to be in agreement with the figures shown in the accounts.

The particularly high amount for liquid assets (905,000 francs in round figures) as at December 31, 1984, is due to the following factors: 200,000 francs of contributions for 1985 had already been received at the end of December 1984, expenditure of some 115,700 francs was not reimbursed to WIPO until 1985 and, finally, the Reserve Fund and the Working Capital Fund together amounted to 517,600 francs. Liquid assets not needed during the financial year were placed either in the investment savings account or in a fixed term deposit account. The total amount of interest (gross) earned in 1984 was 14,795 francs.

As far as the Japanese funds in trust (FIT/JAPAN - see also paragraph 4 of document C/XVII/4) are concerned, we note that the accumulated expenses are shown as assets in the balance sheet as at December 31, 1984, whereas the funds made available are included in the liabilities. These funds have no financial effect on UPOV since the administrative costs are defrayed from and recorded in a special WIPO account which is also credited with the relevant support costs.

4. 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 1984 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.

Signed by

F. Faessler
Head of Section
FEDERAL AUDIT SERVICE
OF THE SWISS CONFEDERATION

Annexes

- 1. Accounts and Results of 1984 Financial Year
- 2. Balance Sheet as at December 31, 1984

ACCOUNTS AND RESULTS OF 1984 FINANCIAL YEAR

ACCOUNTS RECEIVABLE

INCOME

Contributions	1,600,000	
Miscellaneous	<u>48,170</u>	1,648,170
		=====

ACCOUNTS PAYABLE

EXPENDITURE

Personnel	971,954	
Missions	27,009	
Third-Party Travel	13,361	
Conferences	43,913	
Printing	51,287	
Other Contractual Services	5,309	
Rental of Premises	39,840	
Supplies and Materials	2,752	
Furniture and Equipment	13,064	
Other Expenses	6,070	
Common Expenses	<u>441,518</u>	1,616,077

RESULTS

Surplus transferred to Reserve Fund		<u>32,093</u>
		1,648,170
		=====

BALANCE SHEET AS AT DECEMBER 31, 1984

ASSETS

LIQUID ASSETS

Swiss Bank Corporation		
- Current Account		167,764
- Savings Account, Working Capital Fund		333,330
- Savings Account, Investment		404,219

ACCOUNTS RECEIVABLE

Sundry Debtors		16,203
FIT/Japan		<u>192,157</u>
		1,113,673
		=====

LIABILITIES

ACCOUNTS PAYABLE

Sundry Creditors		368,469
FIT/Japan		227,568

RESERVE FUND

Balance Carried Forward		
December 31, 1983	152,213	
Surplus	<u>32,093</u>	184,306

WORKING CAPITAL FUND

Belgium	8,333	
Denmark	8,333	
France	41,667	
Germany (Federal Republic of)	41,667	
Hungary	8,333	
Ireland	8,333	
Israel	8,333	
Italy	16,666	
Japan	41,667	
Netherlands	24,999	
New Zealand	8,333	
South Africa	8,333	
Spain	8,333	
Sweden	8,333	
Switzerland	8,333	
United Kingdom	41,667	
United States of America	<u>41,667</u>	333,330
		1,113,673
		=====

The Secretary-General:

Arpad Bogsch