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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
GENEVA

COUNCIL

Thirty-Sixth Ordinary Session
Geneva, October 24, 2002

FINANCES OF THE INTERNATIONAL UNION FOR THE PROTECTION
OF NEW VARIETIES OF PLANTS AS AT DECEMBER 31, 2001

Memorandum by the Secretary - General

SUMMARY

This document sets out the finances of the Union
as at December 31, 2001, and reproduces the
Auditor's Report on the accounts for the
2000-2001 financial period.

1. Resultsof2000 -2001FinancialPeriod

The results for the 2000 -2001 financial period are as follows:

	<u>Francs</u> [*]
Income	6 174 479
Expenditure	<u>6 505 971</u>
Deficit	<u>(331492)</u>

In accordance with Article 5 of the Financial Regulations of UPOV, the deficit of 331 492 francs was covered by a withdrawal from the Reserve Fund.

2. WorkingCapitalFund

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, 2001 (Annex A.2 hereto), the Working Capital Fund amounts to 435 837 francs. The share of each State, calculated according to the decisions taken by the Council at its sessions in November 1972 (document UPOV/C/VI/12, paragraph 57) and October 1992 (document C/26/15, paragraph 14), is the following:

Argentina	4167	Kenya	1667
Australia	8333	Kirghizistan	1667
Austria	12500	Mexico	6250
Belgium	8333	Netherlands	24999
Bolivia	1667	New Zealand	8333
Brazil	2083	Norway	8333
Bulgaria	1667	Panama	1667
Canada	8333	Paraguay	1667
Chile	1667	Poland	4167
China	4167	Portugal	4167
Colombia	1667	Republic of Moldova	1667
Czech Republic	4167	Russian Federation	4167
Denmark	8333	Slovakia	4167
Ecuador	1667	Slovenia	1667
Estonia	1667	South Africa	8333
Finland	8333	Spain	8333
France	41667	Sweden	8333
Germany	41667	Switzerland	8333
Hungary	4167	Trinidad and Tobago	1667
Ireland	8333	Ukraine	4167
Israel	4167	United Kingdom	41667
Italy	16666	United States of America	41667
Japan	41667	Uruguay	<u>1667</u>
		Total:	<u>435837</u>

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

3. Basis of contributions

The amount of the annual contribution of each member State is calculated on the basis of the number of contribution units applied to it (Article 26 of the Act of 1961/1972 and of the Act of 1978 of the Convention). The calculation of the 2000 and 2001 contributions was based on the following units (see, in this respect, the 2000 -2001 budget (documents C/33/4 and C/33/17)):

	5 units for France
	5 units for Germany
	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 Austria
	1.5 units for Belgium
	1.5 units for Denmark
	1.5 units for Spain
	1.5 units for Sweden
	1.5 units for Switzerland
	1 unit for Australia
	1 unit for Canada
	1 unit for Finland
	1 unit for Ireland
	1 unit for New Zealand
	1 unit for Norway
	1 unit for South Africa
	0.75 unit for Mexico
	0.5 units for Argentina
	0.5 units for China
	0.5 units for the Czech Republic
	0.5 units for Hungary
	0.5 units for Israel
	0.5 units for Poland
	0.5 units for Portugal
	0.5 units for the Russian Federation
	0.5 units for Slovakia
	0.5 units for Ukraine
	0.25 units for Brazil
	0.2 units for Bolivia
	0.2 units for Bulgaria
	0.2 units for Chile
	0.2 units for Colombia
	0.2 units for Ecuador
	0.2 units for Estonia (for 2001)
	0.2 units for Kenya
	0.2 units for Kirghizistan (for 2001)
	0.2 units for Panama
	0.2 units for Paraguay
	0.2 units for the Republic of Moldova
	0.2 units for Slovenia
	0.2 units for Trinidad and Tobago
	0.2 units for Uruguay
Total:	54.4 units for 44 member States (for 2000)
	54.8 units for 46 member States (for 2001)

4. Summary of Main Accounting Standards

The UPOV Financial Report for the 2000 -2001 biennium was drawn up in accordance with the principles set out in the UPOV Convention, in the Administrative and Financial Regulations of UPOV, and subject to the United Nations System Accounting Standards as defined in United Nations document A/48/530, dated October 29, 1993.

5. Annexes

Annexes A to this document contain the following:

- A.1 - Comparison of the 2000 -2001 Budget and Accounts, followed by explanatory notes, Expenditure by Sub-program and Funding Plan for the 2000-2001 Biennium;
- A.2 - Balance Sheet as at December 31, 2001;
- A.3 - Contributions of Member States;
- A.4 - Comparison of Income and Expenditure of the 1998 -1999 and 2000 -2001 Biennia;
- A.5 - Contribution Amounts due on December 31, 2001;
- A.6 - Comparison of Balance Sheets as of December 31, 1999, and December 31, 2001;
- A.7 - Extra budgetary Funds;
- A.8 - Statement of Income and Expenditure and Changes in Reserve Fund and Working Capital Fund Balances;
- A.9 - Statement of Assets, Liabilities, Reserve Fund and Working Capital Fund;
- A.10 - Statement of Cash Flow;

and Annex B contains the Auditor's Report.

6. The Council is invited to examine and approve the accounts for the 2000 -2001 financial period.

[Annexes follow]

ANNEXA.1

Comparison of the Revised Budget and Accounts of the 2000 - 2001 Financial Period

		INITIAL BUDGET	REVISED BUDGET	ACCOUNTS
INCOME				
Contributions		5836000	5858000	5857588
Publications		70000	70000	61940
Other income *		<u>260000</u>	<u>260000</u>	<u>254951</u>
TOTAL INCOME		<u>6166000</u>	<u>6188000</u>	<u>6174479</u>
EXPENDITURE				
Staff expenses	(i)	370 0000	2936000	3196400
Staff missions	(ii)	350000	350000	412174
Participation of national officials and lecturers	(ii)	80000	80000	102292
Fellowships	(iii)	20000	20000	-
Conference services	(iv)	230000	200000	146984
Consultants and experts	(v)	-	290000	416957
Publications	(vi)	50000	50000	97704
Other contractual services		270000	220000	213463
Premises and maintenance		175000	175000	194481
Communications and other expenses	(vii)	1650000	1600000	1658446
Furniture and equipment	(viii)	50000	50000	29957
Supplies and material	(ix)	<u>16000</u>	<u>16000</u>	<u>37113</u>
TOTAL EXPENDITURE		<u>6591000</u>	<u>5987000</u>	<u>6505971</u>
RESULTS				
Surplus transferred to the Reserve Fund		-	201000	-
Deficit transferred from the Reserve Fund		<u>(425000)</u>	<u>-</u>	<u>(331492)</u>
		<u>6166000</u>	<u>6188000</u>	<u>6174479</u>

(i) to (ix): see Annexes A, page 2

* Including UPOV's share of the WIPO common income, amounting to 13 183 francs.

Explanation of the Main Variations Between the Revised Budget and the Accounts

EXPENDITURE

- (i) Staff expenses :
The excess of 260 400 francs is mainly due to the creation of new posts in the Professional and General Service categories.
- (ii) Staff missions and participation of national officials and lecturers:
The excesses of 62 174 and 22 292 francs respectively are due to the large number of missions, mainly in connection with the sub-program to do with cooperation with the Governments of member or non-member States and with intergovernmental and non-governmental organizations.
- (iii) Fellowships:
The savings of 20 000 francs are due to the fact that no fellowship was granted during the period under review.
- (iv) Conferences services :
The savings of 53 016 francs are explained by the fact that the meetings of the Council and Consultative Committee were held jointly; in addition, the number of days on which the Administrative and Legal Committee met was reduced, and there was no organization of symposia on the general subject of international developments and news concerning plant variety protection. Meetings to hear the opinions of international organizations on specific issues were also dispensed with.
- (v) Consultants and experts :
The excess of 126 957 francs is due to expenditure on two consultants, which was higher than expected.
- (vi) Publications:
The excess of 47 704 francs is mainly due to expenditure associated with the production of the CD -Rom.
- (vii) Communications and other expenses :
The excess of 58 446 francs is mainly due to telecommunications costs that were higher than expected, and also expenditure on an exceptional event in honor of an official's departure.
- (viii) Furniture and equipment:
The saving of 20 043 francs is explained by purchases of furniture and supplies that cost less than expected.
- (ix) Supplies and material:
The excess of 21 113 francs is the result of expenditure on paper, books and subscriptions that was higher than expected.

Note:

Method used to produce the revised 2000 -2001 budget: this budget corresponds to the initial budget with the addition of the variations in funding approved by the member States in document CC/59/5. In addition, the estimated expenditure was reduced to the extent of the savings expected, and the income was increased as a result of new accessions to the UPOV Convention. The reduction in estimated expenditure should not be considered a lessening of the budget credits granted to the Office of the Union by member States, but rather associated with the desire to work out realistically the levels of the reserve fund and working capital fund that might be available at the end of 2001 (Annex I to document C/35/4).

Expenditure by Sub-program for the 2000 -2001 Financial Period
(in thousands of francs)

Sub-program	UV.01	UV.02	UV.03	UV.04	UV.05	UV.06	UV.07	Total
Staff expenses	199	199	932	506	733	627	-	3196
Staff missions	-	-	97	225	90	-	-	412
Participation of national officials/lecturers	-	-	-	75	27	-	-	102
Fellowships	-	-	-	-	-	-	-	-
Conferences services	49	39	34	3	22	-	-	147
Consultants/experts	24	24	114	66	112	77	-	417
Publications	-	-	2	-	-	29	67	98
Other contractual services	-	-	24	-	-	70	119	213
Premises/maintenance	-	-	-	-	-	-	194	194
Communications and other expenses	-	1	-	1	-	3	1653	1658
Furniture and equipment	-	-	-	-	-	-	30	30
Supplies and material	-	-	-	-	-	-	37	37
Total	272	263	1203	876	984	806	2100	6504

- UV.01 UPOV Governing Bodies - Council and Consultative Committee
 UV.02 Progressive development of international law and administrative practice in plant variety protection
 UV.03 Strengthening, in technical terms, of the UPOV plant variety protection system, and monitoring of emerging technology
 UV.04 Cooperation with the governments of member or non-member States, and with intergovernmental organizations (IGOs), notably WIPO, and non-governmental organizations (NGOs), with regard to issues of interest to UPOV
 UV.05 Technical assistance
 UV.06 External and international communication and public relations
 UV.07 Administrative support services

Funding Plan for the 2000 -2001 Biennium

	Ordinary Budget		Extrabudgetary Resources *				Funding	
	Revised Budget	Accounts	Funds in trust		UPOV/WIPO Cooperation Agreement		Revised Budget	Accounts
	Revised Budget	Accounts	Revised Budget	Accounts	Revised Budget	Accounts	Revised Budget	Accounts
Expenditure	5987000	6505971	350000	324137	261000	207120	6598000	7037228
Income	6188000	6174479	350000	158665	261000	207120	6799000	6540264
Adjustments (repayments)	-	-	-	(49410)	-	-	-	(49410)
+ / (-) Transfer to / from funding balance	(201000)	331492	-	214882	-	-	(201000)	546374
Total funding amount	5987000	6505971	350000	324137	261000	207120	6598000	7037228

* Extrabudgetary resources include the funds in trust that form an integral part of the UPOV accounts and also the cooperation agreement between UPOV and WIPO, the accounts of which are kept in the WIPO books (program 01.6.077, "Cooperation and coordination with UPOV for the dissemination of information on the protection of the intellectual property rights in innovations relating to plants, and implementation of Article 27.3(b) of the TRIPS Agreement," in the 2000 -2001 WIPO budget).

ANNEXA.2

BalanceSheetasatDecember31,2001

ASSETS		LIABILITIES	
LiquidAssets	2584721	AccountsPayable	1054830
		FundsInTrust	46770
		TransitionalLiability Account	17284
AccountsReceivable	143321	ReserveFund Balancecarriedforward fromDecember31,1999	1504813
		Deficitfor2000 -2001	<u>(331 492)</u> 1173321
	<u> </u>	WorkingCapitalFund	<u>435837</u>
	<u>2728042</u>		<u>2728042</u>

ANNEXA.3

Contributions of Member States

Member States	Number of contribution units	Contributions payable in January 2000	Contributions payable in January 2001	Date on which State became member
Argentina	0.5	26820	26820	25/12/1994
Australia	1	53641	53641	1/3/1989
Austria	1.5	80462	80462	14/7/1994
Belgium	1.5	80462	80462	5/12/1976
Bolivia	0.2	10728	10728	21/5/1999
Brazil	0.25	13410	13410	23/5/1999
Bulgaria	0.2	10728	10728	24/4/1998
Canada	1	53641	53641	4/3/1991
Chile	0.2	10728	10728	5/1/1996
China	0.5	28820	26820	23/4/1999
Colombia	0.2	10728	10728	13/9/1996
Czech Republic	0.5	26820	26820	1/1/1993
Denmark	1.5	80462	80462	6/10/1968
Ecuador	0.2	10728	10728	8/8/1997
Estonia	0.2	-	10728	24/9/2000
Finland	1	53641	53641	16/4/1993
France	5	268205	268205	3/10/1971
Germany	5	268205	268205	10/8/1968
Hungary	0.5	26820	26820	16/4/1983
Ireland	1	53641	53641	8/11/1981
Israel	0.5	26820	26820	12/12/1979
Italy	2	107282	107282	1/7/1977
Japan	5	268205	268205	3/9/1982
Kenya	0.2	10728	10728	13/5/1999
Kirghizistan	0.2	-	10728	26/6/2000
Mexico	0.75	40231	40231	9/8/1997
Netherlands	3	160923	160923	10/8/1968
New Zealand	1	53641	53641	8/11/1981
Norway	1	53641	53641	13/9/1993
Panama	0.2	10728	10728	23/5/1999
Paraguay	0.2	10728	10728	8/2/1997
Poland	0.5	26820	26820	11/11/1989
Portugal	0.5	26820	26820	14/10/1995
Republic of Moldova	0.2	10728	10728	28/10/1998
Russian Federation	0.5	26820	26820	24/4/1998
Slovakia	0.5	26820	26820	1/1/1993
Slovenia	0.2	10728	10728	29/7/1999
South Africa	1	53641	53641	6/11/1977
Spain	1.5	80462	80462	18/5/1980
Sweden	1.5	80462	80462	17/12/1971
Switzerland	1.5	80462	80462	10/7/1977
Trinidad and Tobago	0.2	10728	10728	30/1/1998

/...

Member States	Number of contribution units	Contributions payable in January 2000	Contributions payable in January 2001	Date on which State became member
Ukraine	0.5	26820	26820	3/11/1995
United Kingdom	5	268205	268205	10/8/1968
United States of America	5	268205	268205	8/11/1981
Uruguay	<u>0.2</u>	<u>10728</u>	<u>10728</u>	13/11/1994
	<u>54.8</u>	<u>2918066</u>	<u>2939522</u>	

46 Member States (of which 44 contributors for 2000 and 46 for 2001)

Croatia [*]	1/9/2001
Nicaragua [*]	6/9/2001
Romania [*]	16/3/2001

49 member States (on December 31, 2001)

* Contributions payable as from January 20 02.

ANNEXA.4

ComparisonofIncomeandExpenditure
ofthe1998 -1999and2000 -2001Biennia

	<u>1998-1999 Biennium</u>	<u>2000-2001 Biennium</u>
INCOME		
Contributions	5610844	5857588
Publications	62879	61940
Otherincome	<u>243545</u>	<u>254951</u>
Totalincome	<u>5917268</u>	<u>6174479</u>
EXPENDITURE		
Staffexpenses	3131230	3196400
Staffmissions	356407	412174
Participationofnationalofficials andlecturers	42436	102292
Conferenceservices	140325	146984
Consultantsandexperts	167059	416957
Publications	30914	97704
Othercontractualservices	236258	213463
Premisesandmaintenance	163536	194481
Communicationsandotherexpenses	1533483	1658446
Furnitureandequipment	76213	29957
Suppliesandmaterial	<u>16187</u>	<u>37113</u>
Totalexpenditure	5894048	6505971
RESULTS		
SurplustransferredtotheReserveFund	<u>23220</u>	
DeficitcoveredbywithdrawalfromtheReserveFund		<u>(331492)</u>
	<u>5917268</u>	<u>6174479</u>

ANNEXA.5

Contributions due on December 31, 2001

<u>Member State</u> *	<u>No arrears/Year(s) of arrears</u>	<u>Amount of arrears Francs</u>
Argentina	No arrears	
Australia	No arrears	
Austria	No arrears	
Belgium	No arrears	
Bolivia	No arrears	
Brazil	No arrears	
Bulgaria	No arrears	
Canada	No arrears	
Chile	No arrears	
China	No arrears	
Colombia	No arrears	
Czech Republic	No arrears	
Denmark	No arrears	
Ecuador	No arrears	
Estonia	No arrears	
Finland	No arrears	
France	No arrears	
Germany	No arrears	
Hungary	No arrears	
Ireland	No arrears	
Israel	No arrears	
Italy	No arrears	
Japan	No arrears	
Kenya	No arrears	
Kirghizistan	No arrears	
Mexico	No arrears	
Netherlands	No arrears	
New Zealand	No arrears	
Norway	No arrears	
Panama	No arrears	
Paraguay	No arrears	
Poland	No arrears	
Portugal	No arrears	
Republic of Moldova	Contribution 2001	10728
Russian Federation	No arrears	
Slovakia	No arrears	
Slovenia	No arrears	
South Africa	No arrears	
Spain	No arrears	
Sweden	No arrears	
Switzerland	No arrears	
Trinidad and Tobago	No arrears	
Ukraine	Contribution 1997 (balance)	19540
	Contribution 1998	26820
	Contribution 1999	26820
	Contribution 2000	26820
	Contribution 2001	<u>26820</u>
		126820
United Kingdom	No arrears	
United States of America	No arrears	
Uruguay	No arrears	
	Total	<u>137548</u>

* Only those member States that have contributed for 2000 and 2001, or for 2001, are shown in this list.

ANNEXA.6

Comparison of Balance Sheets as of
December 31, 1999, and December 31, 2001

	<u>December 31, 1999</u>	<u>December 31, 2001</u>
ASSETS		
<u>Cash Assets</u>		
UBS, current accounts	524754	753038
Swiss Confederation, Working capital fund	419585	435837
Investment	1233489	1395846
<u>Accounts Receivable</u>		
Contributions and working capital fund shares outstanding	404011	137548
Sundry debtors	<u>823</u>	<u>5773</u>
	<u>2582662</u>	<u>2728042</u>
LIABILITIES		
<u>Accounts payable</u>		
Advance payment of contributions and working capital fund shares	106782	207693
Sundry creditors	145781	847137
<u>Funds in trust</u>	261653	46770
<u>Transitional liability account</u>	2998	17284
<u>Separation reserve</u> *	141050	-
<u>Reserve fund</u>	1504813	1173321
<u>Working capital fund</u>	<u>419585</u>	<u>435837</u>
	<u>2582662</u>	<u>2728042</u>

* This reserve was used according to its intended purpose, which is to pay amounts owed to staff who stop working in the course of the biennium. There are no plans to refinance the reserve in either of the budgets for the 2000 -2001 and 2002 -2003 accounting periods.

ANNEXA.7
ExtrabudgetaryFunds

FUNDSINT RUST,JAPANESEGOVERNMENT

Balancecarriedforwardfrompreviousbiennium		148950
<u>Fundsreceived(January29,2001)</u>	148832	
Bankinterest	<u>5079</u>	153911
<u>Expenditure:</u>		
Seminars/CoursesontheProtectionofPlantVarieties		
Manila,Philippines(including consultativemissiontoIndia, MalaysiaandSingapore)(February2000)	14939	
Colombo,SriLanka(April2000)	16089	
Tsukuba,Japan(May2000)	51547	
Jakarta,Indonesia(includingconsultativemissiontoThailand) (August2000)	25053	
Tokyo,Japan(October -November2000)	12960	
Beijing,China(July2001)	85160	
Consultativemission,LaoPeople'sDemocraticRepublic,VietNam (January -February2001)	9113	
Training,officialofThainationaloffice	4912	
Miscellaneousexpenses	<u>6856</u>	
	226629	
Administrativesupportcosts(13%ontheseexpenditures)	<u>29462</u>	<u>(256091)</u>
BalanceunspentasofDecember31,2001		<u>46770</u>

FUNDSINTRUST,JUNIORPROFESSIONALOFFICER, JAPANESEGOVERNMENT

Balancecarriedforwardfrompreviousbiennium		111926
<u>Expenditure:</u>		
Salary,allowances,missionexpenses, separationreserve,etc.	57653	
Administrativesupportcosts(12%ontheseexpenditures)	<u>6918</u>	(64571)
RepaymenttoJapaneseGovernment		<u>(47355)</u>
BalanceunspentasofDecember31,2001		-

FUNDSINTRUST,GOVERNMENTOFTHEREPUBLICOFKOREA

Balancecarriedforwardfrompreviousbiennium		-
<u>Fundsreceived</u> (September1,2000)		4725
<u>Expenditure:</u>		
TrainingcourseatUPOVforanationalofficial(missionexpenses)		(3475)
RepaymenttoGovernmentof theRepublicofKorea		<u>(1250)</u>
BalanceunspentasofDecember31,2001		-

FUNDSINTRUST,FRENCHGOVERNMENT

Balancecarriedforwardfrompreviousbiennium		776
Bankinterest		29
RepaymenttoFrenchGovernment		<u>(805)</u>
BalanceunspentasofDecember31,2001		-

ANNEXA.8

Comparativetable1

StatementofIncomeandExpenditure
andChangesinReserveandWorkingCapitalFundBalances

fortheperiodendingDecember31,2001
(expressedinthousandsofSwissfrancs)

<u>Heading</u>	<u>GeneralFund</u> <u>(andrelatedfunds)</u>	
	<u>Total</u>	
	<u>Period</u> 2000-01	<u>Period</u> 1998-99
INCOME		
Contributions	5858	5611
Other/Miscellaneousincome		
Revenueproducingactivities	98	121
Fundsreceivedunderinter-organization arrangements	13	18
Bankinterest	205	156
Currency exchangeadjustments	-	-
Other/Miscellaneous	-	11
TOTALINCOME	6174	5917
EXPENDITURE	6506	5894
TOTALEXPENDITURE	6506	5894
EXCESSOFINCOMEOVEREXPENDITURE	(331)	23
Transferstoreservefund	-	23
Transfersfromreservefund	(331)	-
Transferstoworkingcapitalfund	16	21
Otheradjustments	-	-
Reserveandworkingcapitalfundbalancesatbeginning ofperiod	1924	1880
RESERVEANDWORKINGCAPITALFUND BALANCES,ENDOFPERIOD	1609	1924

ANNEXA.9

Comparativetable2

StatementofAssets,LiabilitiesandReserveandWorkingCapitalFundBalances

asofDecember31,2001
(expressedinthousandsofSwissfrances)

<u>Heading</u>	<u>GeneralFund (andrelatedfunds)</u>	
	<u>Total</u>	
	<u>Period</u> 2000-01	<u>Period</u> 1998-99
ASSETS		
Cashandtermdeposits	2585	2178
Accountsreceivable		
Contributionsandworkingcapitalfundshares receivablefrommemberStates	137	404
Other	6	1
Otherassets	-	-
Landandbuildings	-	-
TOTALASSETS	2728	2583
LIABILITIES		
Contributionsreceivedinadvance	208	107
Unliquidatedobligations	17	3
Accountspayable		
Inter-fundbalances	890	403
Other	4	4
Otherfundsandspecialaccounts	-	141
TOTALLIABILITIES	1119	659
RESERVEANDWORKINGCAPITALFUND BALANCES		
Reservefundatendofperiod	1173	1505
Workingcapitalfundatendofperiod	436	420
TOTALRESERVEANDWORKINGCAPITAL FUNDBALANCES	1609	1925
TOTALLIABILITIES,RESERVEANDWORKING CAPITALFUNDBALANCES	2728	2583

ANNEXA.10

Comparativetable3

StatementofCashFlow

asofDecember31,2001
(expressedinthousandsofSwissfrancs)

	Period 2000-01	Period 1998-99
CASHFLOWFROMOPERATINGACTIVITIES		
Netexcess(shortfall)ofincomeoverexpenditure	(332)	23
(Increase) decreaseincontributionspayable	267	(377)
(Increase)decreaseinotherraccountsreceivable	(5)	-
Increase(decrease)incontributionsorpaymentsreceivedinadvance	101	38
Increase(decrease)inunliquidatedobligations	14	2
Increase(decrease) inaccountspayable	-	(17)
less:interestincome	(205)	(156)
plus:financialcharges	4	2
NETCASHFLOWFROMOPERATINGACTIVITIES	(156)	(485)
CASHFLOWSFROMINVESTINGANDFINANCINGACTIVITIES		
(Increase)decreaseininter -fundbalancesreceivable*	-	-
Increase(decrease)ininter -fundbalancespayable*	487	(62)
Increase(decrease)inbalancesonfundsandspecialaccounts	(125)	46
plus:interestincome	205	156
less:financialcharges	(4)	(2)
NETCASHFLOWFROMINVESTINGANDFINANCINGACTIVITIES	563	138
CASHFLOWFROMOTHERSOURCES	-	-
NETCASHFLOWFROMOTHERSOURCES	-	-
NETINCREASE(DECREASE)INCASHANDTERMDEPOSITS	407	(347)
CASHANDTERMDEPOSITSATBEGINNINGOFPERIOD	2178	2525
CASHANDTERMDEPOSITSATENDOFPERIOD	2585	2178

[AnnexBfollows]

* Between the different accounting entities administered by WIPO.

C/36/4

ANNEXB

SwissFederalAuditOffice

INTERNATIONALUNIONFORTHEPROTECTION
OFNEWVARIETIESOFPLANTS
GENEVA

2000-2001Biennium

Auditor'sReporttotheCouncil

*Reg.No.2037/944.00.27/00
hejai/nede*

Berne,June28,2002

GENERAL

Terms of Reference

1. Pursuant to Article 25 of the International Convention of December 2, 1961, as revised in 1978 and 1991, the Council of the International Union for the Protection of New Varieties of Plants (UPOV), at its thirty-third ordinary session held in Geneva on October 20, 1999, renewed the mandate of Switzerland as auditor up to and including the year 2003 (paragraph 34 of document C/33/18).
2. The Swiss Government mandated me, as Director of the Federal Audit Office, to audit the accounts of UPOV. I entrusted several qualified colleagues of the Federal Audit Office with carrying out intermediate checks during the period and, in the month of May 2002, with auditing the accounts as of December 31, 2001, at the headquarters of the International Bureau in Geneva.

Provisions on Finances

3. In addition to the relevant provisions of the various Conventions, the 2000-2001 biennium was governed by the provisions of the WIPO Financial Regulations and Rules and by the appropriate items in the budget approved by the Governing Body at its thirty-third ordinary session, held in Geneva on October 20, 1999 (paragraph 31 of document C/33/18), which was revised at the thirty-fifth ordinary session, held in Geneva on October 25, 2001 (C/35/4).

Information Received

4. I wish to express my satisfaction with the obliging manner in which Mr. P. Favatier, Director of the Finance Division of WIPO, responsible for keeping the UPOV accounts, and his staff kindly provided us with all the information and documents needed for our work.

Nature and Scope of the Audit

5. The audit related to entries concerning the 2000-2001 biennium in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as of December 31, 2001. Our examinations were carried out according to generally accepted auditing standards and principles. Auditing was carried out at the same time as that of WIPO and the Unions it administers in view of the fact that the payment, entry and internal control procedures are identical.
6. Observations of minor importance that arose during auditing of the accounts were discussed with the officials concerned and do not call for particular comment.

2000-2001 BUDGET AND RESULTS

Budget for the biennium

7. An initial budget for the 2000 -2001 biennium was adopted by the Council at its thirty-third ordinary session in Geneva on October 20, 1999 (paragraph 31 of document C/33/18). It was revised at the thirty-fifth ordinary session, held in Geneva on October 25, 2001 (C/35/4). The revised budget was as follows:

	<u>Francs</u>
-Income	6188000
-Expenditure	<u>5987000</u>
-Surplus transferred to reserve fund	<u>201000</u>

Results of the biennium

8. The result of the accounts for the 2000 -2001 biennium is as follows:

	<u>Francs</u>
-Income	6174479
-Expenditure	<u>6505971</u>
-Deficit covered by withdrawal from reserve fund	<u>-331492</u>

Income and expenditure

9. The figures relating to income and expenditure during the 2000 -2001 biennium, which were the subject of the audit, shown on pages 7 and 79 of the Financial Report of UPOV (document UPOV/INT./27), correspond to those of the accounts. Expenditure includes, among other things, an amount of 1 613 003 francs corresponding to the participation of UPOV in services provided by WIPO during the period under review, in accordance with Article 2 of the Agreement of November 26, 1982, between WIPO and UPOV.
10. Expenditure for the biennium results in a total over spend of 518 971 francs, or 8.6% (1998-1999: 4.98% saving). For more details on this subject, I refer the reader to the "Notes Concerning Main Variations Between the Budget and the Accounts" in the UPOV Financial Report.

Balance sheet as at December 31, 2001

11. The total of the balance sheet of UPOV as at December 31, 2001, amounted to 2 728 042 francs.
12. The balance sheet that was audited is given on page 79 of the UPOV Financial Report (document UPOV/INT./27).
13. The amount of 46 770 francs in the item "funds in trust" on the liabilities side of the balance sheet represents the net position of the Union with regard to third parties, namely the contributions paid to the Union by the providers of funds once the cumulative expenditure of ongoing projects has been deducted.

Allocation of expenditure

14. The Council of UPOV approves the budget setting out expenditure by its nature, including the common expenditure. The Assemblies of the Member States of WIPO approved the 2000 -2001 budget at their thirty -fourth session on September 29, 1999. That budget contains in its Annex 6 the allocation of costs which also applies to UPOV (see documents A/34/2 and WO/BC/1/2). In those documents and in the UPOV budget the common expenditure attributable to UPOV amounts to 1.614 million francs. At their thirty -sixth session, on October 3, 2001, the Assemblies of Member States of WIPO approved a revised program and budget for 2000 -2001 (document A/36/15). In the latter document the figure for the common expenditure attributable to UPOV remained as it was, namely 1.614 million francs.
15. Pursuant to Article 4 of its Financial Regulations, the International Bureau of WIPO has the possibility of transferring appropriations from one program to another during the biennium. Another element of budgetary flexibility is that whereby the Director General of WIPO can rectify the biennial budgets of world protection systems according to formulas based on unexpected increases or reductions in workload or staff requirements. That flexibility has a direct influence on the common expenditure of the various programs of which part is charged to UPOV.
16. UPOV also participates in the revenue of WIPO. For the latter, the distribution scale between WIPO and UPOV is not defined in the budget. Consequently, for the period under review, they have had to be adapted on the basis of the distribution scale for expenditures.

Reserve for separation from service

17. As of December 31, 1999, 141 049.95 francs had been accumulated in the separation reserve. That amount was spent during the 2000 -2001 biennium. No new provision has been made.

Recommendation: I invite the Council, as a precaution, to make provision for a separation reserve financed in a manner similar to that of WIPO, namely by monthly payments calculated as a percentage of total UPOV salaries.

CONCLUSIONS

18. As a result of our work, I am able to issue the audit opinion annexed to this report and drawn up in conformity with paragraph 5 of the terms of reference governing audit (annexed to the WIPO Financial Regulations).

K. Grüter
Director
FEDERAL AUDIT OFFICE OF THE
SWISS CONFEDERATION
(Auditor)

Annex:
Audit opinion

Annex to 2037/944.00.1.27/00

AUDIT OPINION

I have examined the financial statements presented on pages 7, 79 and 80 of the Financial Management Report of the International Union for the Protection of New Varieties of Plants (UPOV), document UPOV/INT./27, for the financial period ending on December 31, 2001. The compilation of those financial statements is the responsibility of the Secretary-General. My role consists in expressing an opinion on them in the light of the audit undertaken by me.

I conducted my audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, in compliance with the Financial Regulations of UPOV, constituted *mutatis mutandis* by the Financial Regulations of WIPO. Those standards require me to plan and carry out the audit in such a way as to gain reasonable assurance that the financial statements are free of serious errors. An audit consists among other things in examining, by sampling and to the extent considered necessary by the external auditor in the circumstances, the supporting documents provided to back up the amounts and the data appearing in the financial statements. I consider that the audit that I undertook provides a reasonable basis for the finding that I present here.

My finding is that the financial statements give a satisfactory account, on all essential points, of the financial position on December 31, 2001, and of the results of operations and movements of funds for the financial period ending on that date, in accordance with the specified accounting policies of UPOV which are set forth in the Notes on the 2000-2001 Financial Management Report, and which have been applied in a manner consistent with the previous accounting period.

In addition, it is my opinion that the UPOV operations that I checked by sampling in the course of my audit were on all essential points consistent with the Financial Regulations and the authority given by the deliberative bodies of the Union.

I have also, pursuant to paragraph 6 of the terms of reference governing audit, annexed to the WIPO Financial Regulations, drawn up a detailed report on my auditing of the financial statements of UPOV, which is dated June 28, 2002.

Berne, June 28, 2002

K. Grüter
Director
FEDERAL AUDIT OFFICE OF THE
SWISS CONFEDERATION
(Auditor)

[End of Annex B and of document]