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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

Twenty-eighth Ordinary Session

Geneva, November 9, 1994

**FINANCES OF THE INTERNATIONAL UNION
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
AS AT DECEMBER 31, 1993**

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1993, and reproduces the Auditor's Report on the accounts for the 1992-93 financial period.

1. Results of 1992-93 Financial Period

The results for the 1992-93 financial period are as follows:

	<u>francs*</u>
Income	4,344,615
Expenditure	<u>4,463,418</u>
Excess of expenditure over income	<u>(118,803)</u>

In accordance with Article 5 of the Financial Regulations of UPOV, the excess of expenditure of 118,803 francs was drawn on the Reserve Fund.

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, 1993 (Annex A.2 hereto), the Working Capital Fund amounts to 354,165 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:

Australia	8,333	Netherlands	24,999
Belgium	8,333	New Zealand	8,333
Canada	8,333	Poland	4,167
Czech Republic	4,167	Slovakia	4,167
Denmark	8,333	South Africa	8,333
France	41,667	Spain	8,333
Germany	41,667	Sweden	8,333
Hungary	4,167	Switzerland	8,333
Ireland	8,333	United Kingdom	41,667
Israel	4,167	United States of America	<u>41,667</u>
Italy	16,666		
Japan	41,667		
		Total:	<u>354,165</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, as revised in 1972, and of the Act of 1978 of the Convention). However, Belgium, Denmark, Spain, Sweden and Switzerland have voluntarily increased their annual contributions by half a unit. Consequently, the calculation of the 1992 and 1993 contributions was based on the following units (see, in this respect, the 1992-93 budget (documents C/25/4 and C/25/12)):

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 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 Ireland
1 unit for New Zealand
1 unit for South Africa

0.5 units for the Czech Republic (for 1993)
0.5 units for Czechoslovakia (for 1992)
0.5 units for Hungary
0.5 units for Israel
0.5 units for Poland
0.5 units for Slovakia (for 1993)

Total: 44.5 units for 21 member States for the year 1992
45 units for 22 member States for the year 1993

4. Summary of Main Accounting Standards

The UPOV financial report for the 1992-93 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 (UNSAS) as defined in United Nations document A/48/530, dated October 29, 1993. The application of these new accounting standards made the following changes necessary, as compared with the UPOV financial report for the 1990-91 biennium:

- The tables "Comparison of Income and Expenditure of the 1990-91 and 1992-93 Bienniums" and "Comparison of Balance Sheets as of December 31, 1991, and December 31, 1993," are new and are included pursuant to standards UNSAS 7 and 18.
- The inclusion of this summary in accordance with the standards UNSAS 10 and 11.

5. Annexes

Annexes A to this document contain the following:

- A.1 - Comparison of the 1992-93 Budget and Accounts, followed by explanatory notes;
- A.2 - Balance Sheet as at December 31, 1993;
- A.3 - Basis for Determining Contributions;
- A.4 - Determination of Contributions for each of the years 1992 and 1993
- A.5 - Member States on December 31, 1993;
- A.6 - Comparison of Income and Expenditure of the 1990-91 and 1992-93 Bienniums;
- A.7 - Comparison of Balance Sheets as of December 31, 1991, and December 31, 1993;
- A.8 - Extrabudgetary Funds.

Annex B contains the Auditors Report.

6. The Council is invited to examine and approve the accounts for the 1992-93 financial period.

[Annexes follow]

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Annexes A, page 1

ANNEX A.1

Comparison of the 1992-93 Budget and Accounts

<u>Income</u>		<u>Budget</u>		<u>Accounts</u>	
Contributions	(i)	4,001,000		4,116,006	
Publications		25,000		17,105	
Miscellaneous*	(ii)	<u>170,000</u>	<u>4,196,000</u>	<u>211,504</u>	<u>4,344,615</u>
 <u>Expenditure</u>					
Staff Costs	(iii)	2,591,000		2,644,083	
Missions	(iv)	154,000		203,769	
Third Party Travel	(v)	108,000		31,735	
Conferences	(v)	139,000		104,718	
Printing	(vi)	118,000		82,390	
Other Contractual Services		65,000		74,240	
Rental of Premises		114,000		113,334	
Supplies and Materials		7,000		7,334	
Furniture and Equipment	(vii)	13,000		2,073	
Other Expenses	(viii)	<u>34,000</u>		<u>8,461</u>	
		3,343,000		3,272,137	
Common Expenses**	(ix)	<u>1,170,000</u>	4,513,000	<u>1,191,281</u>	4,463,418
 <u>Results</u>					
Deficit drawn on the Reserve Fund			<u>(317,000)</u>		<u>(118,803)</u>
			<u>4,196,000</u>		<u>4,344,615</u>

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

* Including UPOV's share of the WIPO common income, amounting to 13,896 francs

** Breakdown of common expenses
(services provided by WIPO)

	<u>Budget</u>	<u>Accounts</u>
Salaries and Common Staff Costs	901,000	923,543
Data Processing	16,000	-
Maintenance of Buildings	83,000	90,007
Equipment and Supplies	54,000	62,808
Communications	102,000	100,352
Other Expenses	<u>14,000</u>	<u>14,571</u>
	<u>1,170,000</u>	<u>1,191,281</u>

Notes Concerning Main Variations Between
Budget and Accounts

INCOME

(i) Contributions:

The increase of 115,006 francs is due to the increase in the number of contribution units of Spain for 1992 and 1993 as well as to the accession of Czechoslovakia for the year 1992 and the successions of the Czech Republic and Slovakia for the year 1993.

(ii) Miscellaneous:

The increase of 41,504 francs is mainly due to increased bank interest and to administrative support under the Trust Fund arrangements.

EXPENDITURE

(iii) Staff expenses:

The excess of 53,083 francs is mainly due to the effect of post reclassifications and increases in salary that were higher than forecast for staff in the General Service category.

(iv) Missions:

The excess of 49,769 francs is mainly due to a larger number of missions in order to promote the accession of new member States to the UPOV Convention.

(v) Third party travel and Conferences:

The savings of 76,265 francs and 34,282 francs, respectively, are due to the cancellation of the Seminar in Latin America and of the planned Symposium in Geneva during the 1992 session of the Council as well as the reduced number of days of the 1992 and 1993 sessions of the Council.

(vi) Printing:

The savings of 35,610 francs are due to expenditures being lower than expected.

(vii) Furniture and Equipment:

The savings of 10,927 francs result from expenditures being lower than expected.

(viii) Other Expenses:

The savings of 25,539 francs are due to expenditures being lower than expected.

(ix) Common Expenses:

The excess of 21,281 francs is mainly due to higher staff costs in respect of translations effected by the Languages Division.

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Annexes A, page 3

ANNEX A.2

Balance Sheet as at December 31, 1993

<u>ASSETS</u>		<u>LIABILITIES</u>	
Liquid Assets	1,092,679	Accounts Payable	568,316
Accounts Receivable	221,777	Fund in Trust	112,485
Fund in Trust	92,343	Reserve Fund	
		Balance carried forward	
		from December 31, 1991	490,636
		Excess of expenditure	
		for 1992-93	<u>(118,803)</u>
	<u>1,406,799</u>	Working Capital Fund	<u>354,165</u>
			<u>1,406,799</u>

ANNEX A.3

Basis for Determining Contributions

The share of each member State in the contributions is determined on the basis of Article 26 of the Act of 1961, as revised in 1972, and of the Act of 1978 of the Convention.

Number of Units	x	Number of States*		=	Total Units	
		1992	1993		1992	1993
5		5	5		25	25
4		-	-		-	-
3		1	1		3	3
2		1	1		2	2
1.5		5	5		7.5	7.5
1		5	5		5	5
0.5		<u>4</u>	<u>5</u>		<u>2</u>	<u>2.5</u>
		<u>21</u>	<u>22</u>		<u>44.5</u>	<u>45</u>

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

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Annexes A, page 4

ANNEX A.4

Determination of Contributions for the Year 1992

The value of one contribution unit has been fixed at 45,989 francs by the Council (documents C/25/4, paragraph 13, and C/25/12, paragraphs 25 and 27 and Annex III). The difference between the amount of the contributions as it appears in the budget (Annex III of document C/25/12) and the amount indicated hereafter is due to the increase in contribution units of Spain and to the accession of Czechoslovakia.

<u>Basis of Contributions</u> (francs)	<u>Number of Units</u>	<u>Amount due per State</u> (francs)	<u>Number of States*</u>	<u>Total</u> (francs)
	5	229,945	5	1,149,725
	4	-	-	-
	3	137,967	1	137,967
2,046,506	2	91,978	1	91,978
	1.5	68,983	5	344,915
	1	45,989	5	229,945
	0.5	22,994	<u>4</u>	<u>91,976</u>
			<u>21</u>	<u>2,046,506</u>

Determination of Contributions for the Year 1993

The value of one contribution unit has been fixed at 45,989 francs by the Council (documents C/25/4, paragraph 13, and C/25/12, paragraphs 25 and 27 and Annex III). The difference between the amount of the contributions as it appears in the budget (Annex III of document C/25/12) and the amount indicated hereafter is due to the increase in contribution units of Spain and to the successions of the Czech Republic and Slovakia.

<u>Basis of Contributions</u> (francs)	<u>Number of Units</u>	<u>Amount due per State</u> (francs)	<u>Number of States*</u>	<u>Total</u> (francs)
	5	229,945	5	1,149,725
	4	-	-	-
	3	137,967	1	137,967
2,069,500	2	91,978	1	91,978
	1.5	68,983	5	344,915
	1	45,989	5	229,945
	0.5	22,994	<u>5</u>	<u>114,970</u>
			<u>22</u>	<u>2,069,500</u>

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

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ANNEX A.5

Member States on December 31, 1993

<u>Member State</u>	<u>Number of Contribution Units</u>	<u>Date on which State became Member</u>
Australia	1	March 1, 1989
Belgium	1.5	December 5, 1976
Canada	1	March 4, 1991
Czech Republic	0.5	January 1, 1993
Czechoslovakia (until December 31, 1992)	0.5	December 4, 1991
Denmark	1.5	October 6, 1968
France	5	October 3, 1971
Germany	5	August 10, 1968
Hungary	0.5	April 16, 1983
Ireland	1	November 8, 1981
Israel	0.5	December 12, 1979
Italy	2	July 1, 1977
Japan	5	September 3, 1982
Netherlands	3	August 10, 1968
New Zealand	1	November 8, 1981
Poland	0.5	November 11, 1989
Slovakia	0.5	January 1, 1993
South Africa	1	November 6, 1977
Spain	1.5	May 18, 1980
Sweden	1.5	December 17, 1971
Switzerland	1.5	July 10, 1977
United Kingdom	5	August 10, 1968
United States of America	5	November 8, 1981

22 Member States (of which 21 contributors for the year 1992 and 22 for the year 1993).

Finland*	1	April 16, 1993
Norway*	1	September 13, 1993

24 Member States (on December 31, 1993).

* contributions payable as from January 1994.

ANNEX A.6

Comparison of Income and Expenditure
of the 1990-91 and 1992-93 Bienniums

	<u>1990-91 Biennium</u>	<u>1992-93 Biennium</u>
1. INCOME		
Contributions	3,698,536	4,116,006
Publications	16,121	17,105
Other income	<u>259,622</u>	<u>211,504</u>
Total income:	<u>3,974,279</u>	<u>4,344,615</u>
 2. EXPENDITURE		
Staff expenses	2,277,455	2,644,083
Missions	160,973	203,769
Third party travel	105,622	31,735
Conferences	273,689	104,718
Printing	89,532	82,390
Other contractual services	47,693	74,240
Rental of premises	103,894	113,334
Supplies and materials	2,950	7,334
Furniture and equipment	3,780	2,073
Other expenses	5,967	8,461
Common expenses	<u>1,115,065</u>	<u>1,191,281</u>
Total expenditure:	4,186,620	4,463,418
 3. RESULTS		
Deficit drawn on the Reserve Fund	<u>(212,341)</u>	<u>(118,803)</u>
	<u>3,974,279</u>	<u>4,344,615</u>

ANNEX A.7

Comparison of Balance Sheets as of
December 31, 1991, and December 31, 1993

		31.12.1991		31.12.1993
ASSETS				
I. CASH ASSETS				
Swiss Bank Corporation,				
Current accounts		493,969*		515,551*
Swiss Confederation				
Working capital fund	349,996		354,165	
Deposit account	<u>248,520</u>	598,516	<u>222,963</u>	577,128
II. ACCOUNTS RECEIVABLE				
Contributions outstanding		458,083		206,999
Sundry debtors		30,075		14,778
III. FUND IN TRUST				
		<u>403,482</u>		<u>92,343</u>
		<u>1,984,125</u>		<u>1,406,799</u>
LIABILITIES				
I. ACCOUNTS PAYABLE				
Sundry creditors		725,260		568,316
II. FUND IN TRUST				
		418,233		112,485
III. RESERVE FUND				
		490,636		371,833
IV. WORKING CAPITAL FUND				
		<u>349,996</u>		<u>354,165</u>
		<u>1,984,125</u>		<u>1,406,799</u>

* including funds in bank account for the Fund in Trust amounting to 14,751 francs on December 31, 1991, and to 20,142 francs on December 31, 1993.

ANNEX A.8

Extrabudgetary FundsFund in Trust "Japan"

I. Funds received:

November 12, 1992	108,126
November 13, 1993	108,126
Bank interest	<u>1,333</u>
	<u>217,585</u>

II. Expenditure:

Seminars on the Protection of Plant Varieties:

Tsukuba, Japan November 12-15, 1991	18,678
Suweon, Republic of Korea November 17-19, 1992	90,900
Beijing, China September 15-17, 1993	<u>81,720</u>
	191,298
Administrative support costs (13% on these expenditures)	<u>24,869</u>
	<u>216,167</u>

III. Balance unspent as of December 31, 1993 1,418

[Annex B follows]

3003 Berne, July 8, 1994

Swiss Federal Audit Office
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SWISS FEDERAL AUDIT OFFICE

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

GENEVA

1992-1993 Biennium

Auditor's Report

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Annex B, page 1

GENERAL

Terms of reference

1. 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), at its twenty-third ordinary session held in Geneva on October 17 and 18, 1989, renewed the appointment of Switzerland as auditor up to and including the year 1993 (paragraph 131 of document C/XXIII/14).

2. The Swiss Government entrusted to me, as Deputy Director of the Federal Audit Office, the task of auditing the accounts of UPOV. I instructed a number of qualified staff of the Federal Audit Office to carry out intermediate checks during the period and to examine the closing of the accounts as at December 31, 1993, at the headquarters of the International Bureau in Geneva, in June 1994.

Information received

3. Mr. P. Favatier, Head of the Finance Section of the World Intellectual Property Organization (WIPO), responsible for keeping the UPOV accounts, and his staff kindly provided us, to our entire satisfaction, with all the information and the documents needed for our work. My assistants further had regular meetings during their audit with Mr. T.A.J. Keefer, Controller and Director of the Budget and Finance Department of WIPO.

Nature and scope of the audit

4. The audit related to entries concerning the 1992-1993 biennium in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as at December 31, 1993. Our examinations were carried out according to generally accepted auditing standards and principles and with due regard to the checks carried out by the Internal Auditor of WIPO. 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.

1992-1993 BUDGET AND RESULTS

Budget for the biennium

5. The budget for the 1992-1993 biennium adopted by the Council at its twenty fifth ordinary session in Geneva on October 24 and 25, 1991 (paragraph 25 of document C/25/12), was as follows:

	<u>Francs</u>
- Income	4,196,000.--
- Expenditure	<u>4,513,000.--</u>
- Drawing on the Reserve Fund	<u>317,000.--</u>

Results of the biennium

6. The accounts for 1992-1993 closed as follows:

	<u>Francs</u>
- Income	4,344,615.--
- Expenditure	<u>4,463,418.--</u>
- Drawing on the Reserve Fund	<u>118,803.--</u>

1992-1993 ACCOUNTSExpenditure

7. The figures relating to expenditure during the 1992-1993 biennium, shown in Annex 1 to this report, correspond to those of the accounts. Expenditure includes, amongst other things, an amount of 1,191,281 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.

8. Charges for the financial period are less than the budgeted amount by 49,582 francs (-1.1%). For more details on this subject, I would refer to the "Notes concerning main variations between the budget and accounts" in the Report on the finances of UPOV.

Balance sheet as at December 31, 1993

9. The total of the balance sheet of UPOV amounts at December 31, 1993, to 1,406,799 francs.

10. The balance sheet which was audited is attached as Annex 2.

11. In the balance sheet, as assets, the item "Fund in Trust" amounting to 92,343 francs comprises the cumulative expenditure on an ongoing project. The funds made available by the provider of the capital to cover the expenditure amount to 112,485 francs and are entered in the balance sheet as liabilities under the heading of "Fund in Trust." The item shown in the assets does not therefore represent a true liability of the Union with regard to a third party.

AUDIT CERTIFICATE

12. I have examined the financial statements of the International Union for the Protection of New Varieties of Plants (UPOV) in Geneva for the financial period ending December 31, 1993.

13. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary under the circumstances.

14. The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.

15. The accounting principles were applied on a basis consistent with that of the preceding financial period.

16. In all essential points, the transactions were in accordance with the Financial Regulations and the instructions of the deliberative authority.

(Signed)

F. Faessler

Deputy Director
FEDERAL AUDIT OFFICE
OF THE SWISS CONFEDERATION

(Auditor)

Annexes:

1. Accounts and results of the 1992-1993 biennium
2. Balance sheet as at December 31, 1993

**COMPARISON OF INCOME AND EXPENDITURE
OF THE 1990-91 AND 1992-93 BIENNIUMS**

	1990-91 <u>Biennium</u>	1992-93 <u>Biennium</u>
1. INCOME		
Contributions	3,698,536	4,116,006
Publications	16,121	17,105
Other income	<u>259,622</u>	<u>211,504</u>
Total income:	<u>3,974,279</u>	<u>4,344,615</u>
 2. EXPENDITURE		
Staff expenses	2,277,455	2,644,083
Missions	160,973	203,769
Third party travel	105,622	31,735
Conferences	273,689	104,718
Printing	89,532	82,390
Other contractual services	47,693	74,240
Rental of premises	103,894	113,334
Supplies and materials	2,950	7,334
Furniture and equipment	3,780	2,073
Other expenses	5,967	8,461
Common expenses	<u>1,115,065</u>	<u>1,191,281</u>
Total expenditure:	4,186,620	4,463,418
 3. RESULTS		
Deficit drawn on the Reserve Fund	<u>(212,341)</u>	<u>(118,803)</u>
	<u>3,974,279</u>	<u>4,344,615</u>

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Annex No 2

**COMPARISON OF BALANCE SHEETS AS OF
DECEMBER 31, 1991, AND DECEMBER 31, 1993**

	31.12.1991	31.12.1993
ASSETS		
I. CASH ASSETS		
Swiss Bank Corporation, Current accounts	493,969	515,551
Swiss Confederation Working capital fund	349,996	354,165
Deposit account	<u>248,520</u>	<u>222,963</u>
	598,516	577,128
II. ACCOUNTS RECEIVABLE		
Contributions outstanding	458,083	206,999
Sundry debtors	30,075	14,778
III. FUND IN TRUST		
	<u>403,482</u>	<u>92,343</u>
	<u>1,984,125</u>	<u>1,406,799</u>
LIABILITIES		
I. ACCOUNTS PAYABLE		
Sundry creditors	725,260	568,316
II. FUND IN TRUST		
	418,233	112,485
III. RESERVE FUND		
	490,636	371,833
IV. WORKING CAPITAL FUND		
	<u>349,996</u>	<u>354,165</u>
	<u>1,984,125</u>	<u>1,406,799</u>

[End of Annexes and of document]