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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Geneva

COUNCIL**Forty-Eighth Ordinary Session
Geneva, October 16, 2014**

FINANCIAL MANAGEMENT REPORT FOR THE 2012-2013 BIENNIUM

*Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance*

1. The annex to this document contains the Financial Management Report (FMR) of the International Union for the Protection of New Varieties of Plants (UPOV) for the 2012-2013 financial period, in accordance with Regulations 6.6 and 6.7 of the Financial Regulations and Rules of UPOV (FRR) (see document UPOV/INF/4/3 "Financial Regulations and Rules of UPOV"), for approval by the Council.

2. The FMR is not subject to an external audit.

3. Regulations 6.6 and 6.7 of the FRR state as follows:

"Regulation 6.6

"[...]"

"Rule 106.12

"[...]"

"(b) Within eight months after the end of each financial period, the Secretary-General shall submit to the Council the financial management report prepared in accordance with Regulation 6.3.

"Regulation 6.7

"After the annual audit and examination by the Council, the annual financial statements and the report of the External Auditor shall be transmitted to all the interested members of UPOV. Every two years following the end of the biennium, the financial management report shall also be transmitted to all the interested members of UPOV."

4. The Council is invited to approve the financial management report for the 2012-2013 financial period.

[Annex follows]

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Financial Management Report for the 2012-13 Biennium

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SUMMARY AND ANALYSIS OF RESULTS

Table 1¹ below presents the overall budgetary result for UPOV in the 2012/13 Biennium as well as the Reserve and Working Capital Funds (RWCF) as of the end of 2013. The total budgetary income amounted to 6.8 million Swiss francs, and the total budgetary expenditure amounted to 6.3 million Swiss francs, producing a budgetary result of 0.5 million Swiss francs for the 2012/13 Biennium. This compares with the net zero budgetary result foreseen under the 2012/13 Approved Budget (see document C/45/4 Rev.2 "Program and Budget for the 2012-2013 Biennium").

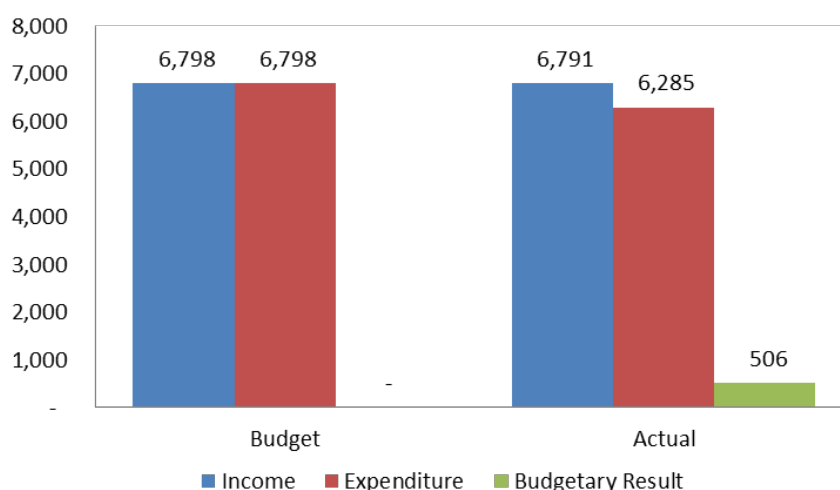
The total RWCF on an IPSAS basis amounted to 1.7 million Swiss francs, comprising 1.2 million Swiss francs for the Reserve Fund and 0.5 million Swiss francs for the Working Capital Fund.

Table 1. 2012/13 Income, Expenditure and Reserve and Working Capital Funds (RWCF)
(in thousands of Swiss francs)

	2012/13 Budget	2012/13 Actual	Difference	
			Amount	Percent
1 Income	6,798	6,791	-7	0%
2 Expenditure	6,798	6,285	-513	-8%
3 Budgetary Result	-	506	506	n/a

Reserve and Working Capital Funds (RWCF) on IPSAS Basis:

4 Reserve Fund	1,204
5 Working Capital Fund	540
6 Total RWCF at end of period (4+5)	1,744



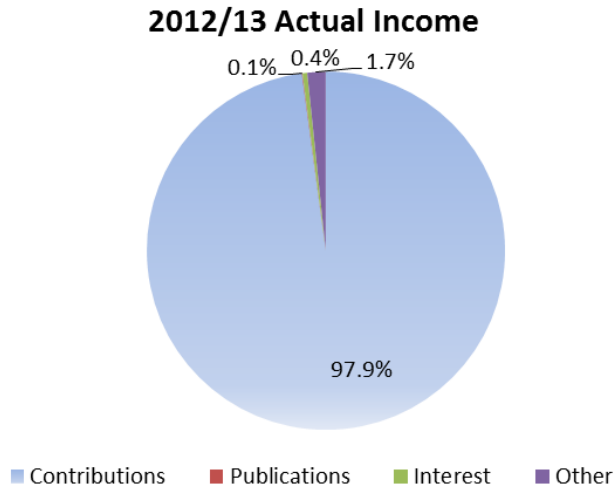
The actual budgetary income amounted to 6.8 million Swiss francs in the 2012/13 Biennium, in line with the budgeted target (Table 2 below). Income from contributions, which makes up the single largest source of income (98% of the total), was 11 thousand Swiss francs less than the budgeted figure. The 2012/13 Approved Budget anticipated one new member of the Union per year. However, there was only one new member of the Union in the 2012/13 Biennium. Income from publications was 6 thousand Swiss francs less than the budgeted figure. The shortfall is explained by the replacement of the UPOV-ROM Plant Variety

¹ Any differences in numbers from financial statements are due to rounding

Database, which had paying subscribers, by the PLUTO database, which is free to all users. Income from interest was 41 thousand Swiss francs less than the budgeted figure because the interest rates on the funds deposited with the Swiss National Bank were lower than expected. Other income was 51 thousand Swiss francs more than the budgeted figure. Other income includes administrative support costs under Funds in Trust, income from participants' fees in the UPOV distance learning program and accounting adjustments for previous years.

Table 2. 2012/13 Budgeted and Actual Income by Source
(in thousands of Swiss francs)

	2012/13 Budgeted Income	2012/13 Actual Income	Difference	
			Amount	Percent
Contributions	6,657	6,646	-11	0%
Publications	10	4	-6	-62%
Interest	70	29	-41	-58%
Other	61	112	51	84%
GRAND TOTAL	6,798	6,791	-7	0%



Comparisons of the actual budgetary expenditure and the 2012/13 Approved Budget are presented below in Table 3 by cost categories and Table 4 by sub-programs.

Table 3. 2012/13 Approved Budget and Expenditure by Object of Expenditure
(in thousands of Swiss francs)

	2012/13 Budget	2012/13 Actual	Difference	
			Amount	Percent
A. Personnel Resources				
Posts	4,382	3,385	-997	-23%
Temporary staff	160	663	503	315%
Total, Personnel Resources	4,542	4,048	-494	-11%
B. Non-Personnel Resources				
Travel and Fellowships				
Staff Missions	470	430	-40	-9%
Third Party Travel	90	100	10	11%
Sub-total, Travel and Fellowships	560	530	-30	-5%
Contractual Services				
Conferences	250	175	-75	-30%
Experts	100	5	-95	-95%
Publishing	70	33	-37	-53%
Other Contractual Services	10	224	214	n/a
Sub-total, Contractual Services	430	437	7	2%
Operating Expenses				
Sub-total, Operating Expenses	1,236	1,243	7	1%
Equipment and Supplies				
Furniture and Equipment	10	4	-6	-62%
Supplies and Materials	20	23	3	16%
Sub-total, Equipment and Supplies	30	27	-3	-10%
Total, Non-Personnel Resources	2,256	2,237	-19	-1%
GRAND TOTAL	6,798	6,285	-513	-8%

Table 4. 2012/13 Approved Budget and Expenditure by Sub-Programs
(in thousands of Swiss francs)

	2012/13 Budget	2012/13 Actual	Difference	
			Amount	Percent
UV.1 Overall Policy on Plant Variety Protection	729	609	-120	-16%
UV.2 Services to the Union for Enhancing the Effectiveness of the UPOV System	3,801	3,639	-162	-4%
UV.3 Assistance in the Introduction and Implementation of the UPOV System	1,631	1,436	-195	-12%
UV.4 External Relations	637	601	-36	-6%
GRAND TOTAL	6,798	6,285	-513	-8%

Personnel Resources

Personnel resources amounted to 4.1 million Swiss francs in 2012/13, 0.5 million Swiss francs less than the 2012/13 Approved Budget. This reduction was the result of one of the posts in the professional category being vacant and changes of grade due to personnel changes. The reduction under Posts of 1.0 million Swiss francs was offset by an increase by 0.5 million Swiss francs under Temporary staff. Two staff members, previously employed at 80%, returned to work at 100% during the 2012/13 Biennium.

Non-Personnel Resources

Total Non-Personnel expenditure amounted to 2.2 million Swiss francs, in line with the budgeted target (99% of the budget). Explanations by cost categories are provided below.

Travel

Travel costs were broadly in line with budgeted costs in the 2012/13 Biennium (95% of the budget).

Contractual Services

Total Contractual Services were in line with budgeted costs (102% of the budget). Conference costs were significantly below the budgeted figure at 175 thousand Swiss francs compared to 250 thousand Swiss francs (70% of the budget). The remaining Contractual Services costs were significantly above the budgeted figure at 262 thousand Swiss francs compared to 180 thousand Swiss francs (146% of the budget). Most of the costs initially budgeted under "Experts" were categorized under "Other Contractual Services" as a result of changes in the cost categories. The expenditure for "Other Contractual Services" includes the expenditure on information technology (IT) experts in relation to the development of an electronic application form and an electronic template for Test Guidelines, experts to supplement the work of the UPOV staff in the development of the advanced distance learning training course "Examination of applications for plant breeders' rights" (DL-305) and the administration of the DL-205 course "Introduction to the UPOV System of Plant Variety Protection under the UPOV Convention".

Operating Expenses

Operating Expenses were in line with budgeted costs for the 2012/13 Biennium (101% of the budget).

Equipment and Supplies

Expenditure on Equipment and Supplies for the 2012/13 Biennium was broadly in line with budgeted costs (90%).

The breakdown of the 2012/13 expenditure by Sub-programs and Cost categories is presented below in Table 5.

Table 5. 2012/13 Expenditure Details by Sub-Programs
(in thousands of Swiss francs)

	Sub-programs				Total
	UV.1	UV.2	UV.3	UV.4	
A. Personnel Resources					
Posts	470	1,618	932	365	3,385
Temporary staff	92	317	183	71	663
Total, Personnel Resources	563	1,935	1,114	436	4,048
B. Non-Personnel Resources					
Travel and Fellowships					
Staff Missions	-	122	147	161	430
Third Party Travel	-	-	99	1	100
<i>Sub-total, Travel and Fellowships</i>	-	122	246	162	530
Contractual Services					
Conferences	45	108	22	0	175
Experts	-	-	5	-	5
Publishing	0	33	-	-	33
Other Contractual Services	-	180	43	2	224
<i>Sub-total, Contractual Services</i>	45	321	70	2	437
Operating Expenses					
<i>Sub-total, Operating Expenses</i>	0	1,238	3	1	1,243
Equipment and Supplies					
Furniture and Equipment	1	3	-	-	4
Supplies and Materials	0	21	2	-	23
<i>Sub-total, Equipment and Supplies</i>	1	24	2	-	27
Total, Non-Personnel Resources	46	1,704	321	165	2,237
GRAND TOTAL	609	3,639	1,436	601	6,285

5. As indicated in Table 6 below, there was no change in the total number of Posts and their breakdown by categories in the 2012/13 Biennium.

Table 6. 2012/13 Budgeted and Actual Posts

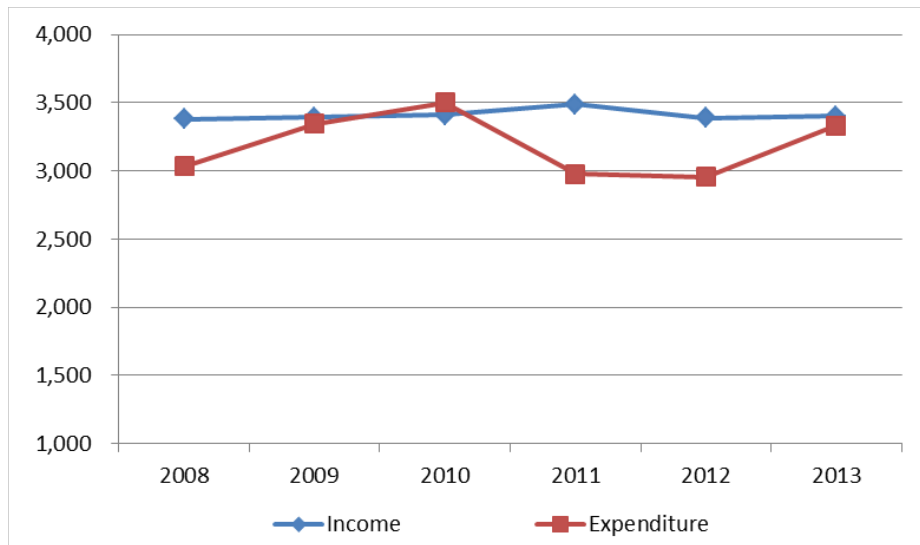
Post Category	2012/13 Budgeted Posts	2012/13 Actual Posts	Difference
Directors	3	2	-1
Professionals	3	4	1
General Service	5	5	-
TOTAL	11	11	-

The Program and Budget for the 2012-2013 Biennium anticipated three posts in the director category and three posts in the professional category. However, due to unforeseen personnel changes, the actual number of posts was two in the director category and four in the professional category.

Finally, the overall evolution of actual income and expenditure on a budgetary basis is shown below in Table 7 for the period from 2008 to 2013.

Table 7. Evolution of Actual Income and Expenditure during 2008-2013
(in thousands of Swiss francs)

	Actual					
	2008	2009	2010	2011	2012	2013
Income	3,378	3,393	3,412	3,489	3,388	3,403
Expenditure	3,034	3,347	3,501	2,978	2,954	3,331
<i>Budgetary Result</i>	344	46	-89	511	434	72



INVESTMENTS

In accordance with Regulation 4.10 of UPOV's Financial Regulations and Rules, the Secretary General may make short-term investments of money not needed for immediate requirements in accordance with UPOV's investment policy, as approved by the Council, and shall inform the Consultative Committee regularly of any such investments.

Furthermore, in accordance with Regulation 4.11, the Secretary General may make long-term investments or monies standing to the credit of UPOV in accordance with WIPO's investment policy, as approved by the Council, and shall inform the Consultative Committee regularly of any such investments. UPOV's investment policy is the same as that of WIPO and investments are therefore made as follows:

- (a) All Swiss franc investments for UPOV are held with the Swiss National Bank (BNS) provided that the rate offered is higher than that available from commercial banks having the required credit rating.
- (b) Investments other than those made with BNS are linked to money market funds and time deposits held by banks with a credit worthiness rating of AA-/Aa3 (Standard and Poor's / Moody's) or higher and to high grade corporate or government banks rated AA-/Aa3 or higher.
- (c) Monies held for Funds in Trust (Special Accounts) are placed in money market funds and time deposits with banks meeting the required credit rating.

The table below details investments made during the biennium. It is worth noting that, under the terms of the Policy on Investments, the Organization is currently unable to make deposits with either of its two principal relationship banks, UBS and Crédit Suisse, as their long-term credit ratings are below the minimum level stipulated in the policy.

UPOV's investments in 2012- 2013					
Currency	Amount	Period	Bank	Rate %	Bench- mark %
CHF	2 668 348.15	Jan. 1 - Febr. 29, 2012	BNS	0.500	0.500
	2 668 348.15	March 1 - March 27, 2012	BNS	0.500	0.500
	3 418 348.15	March 28 - March 31, 2012	BNS	0.375	0.375
	3 418 348.15	April 1 - April 30, 2012	BNS	0.625	0.625
	3 418 348.15	May 1 - May 31, 2012	BNS	0.500	0.500
	3 418 348.15	June 1 - July 31, 2012	BNS	0.375	0.375
	3 418 348.15	Aug. 1 - Aug. 31, 2012	BNS	0.250	0.250
	2 418 348.15	Sep. 1 - Dec. 30, 2012	BNS	0.250	0.250
	2 429 567.10	Dec. 31 - Dec. 31, 2012	BNS	0.250	0.250
	2 429 567.10	Jan. 1 - Jan. 31, 2013	BNS	0.250	0.250
	2 429 567.10	Febr. 1 - Febr. 28, 2013	BNS	0.500	0.500
	2 429 567.10	March 1 - March 13, 2013	BNS	0.400	0.400
	3 179 567.10	March 14 - April 30, 2013	BNS	0.400	0.400
	3 179 567.10	May 1 - May 31, 2013	BNS	0.300	0.300
	3 179 567.10	June 1 - June 30, 2013	BNS	0.450	0.450
	3 179 567.10	July 1 - Aug. 31, 2013	BNS	0.750	0.750
	3 179 567.10	Sep. 1 - Sep. 30, 2013	BNS	0.800	0.800
	3 179 567.10	Oct. 1 - Oct. 31, 2013	BNS	0.750	0.750
	3 179 567.10	Nov. 1 - Nov. 30, 2013	BNS	0.700	0.700
3 179 567.10	Dec. 1 - Dec. 30, 2013	BNS	0.650	0.650	
3 196 734.25	Dec. 31 - Dec. 31, 2013	BNS	0.650	0.650	

FINANCIAL STATEMENTS

For each of the two years of the 2012/13 biennium, the annual financial statements of UPOV have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). Until the 2010/11 biennium, the financial statements were prepared in accordance with the United Nations System Accounting Standards (UNSAS), and were audited on a biennial basis.

The Move to IPSAS

At its forty-fifth ordinary session, held in Geneva on October 20, 2011, the Council agreed to the adoption of IPSAS by UPOV beginning with the financial period starting in 2012 (document C/45/18 "Report", paragraph 9(b)). This agreement led to the replacement of the previously applied UNSAS with IPSAS which are internationally recognized. The IPSAS standards are developed by the International Public Sector Accounting Standards Board (IPSASB) which is part of the International Federation of Accountants.

The Benefits of IPSAS

The adoption of IPSAS means the application of accounting standards that represent best management practices and which keep up to date with the latest developments in financial matters. It will also lead to better comparability of financial statements with other international organizations and national governments.

Financial statements prepared in accordance with IPSAS provide much more insight into the assets, liabilities, revenues and expenses of UPOV. Increased transparency with respect to assets and liabilities results in greater internal control and enhanced management of resources. Comprehensive information about revenues and expenses better supports decision making and enhances strategic planning.

The overall result is financial statements of higher quality, transparency and reliability, which contain more detailed and relevant information for stakeholders. Members of the Union are now provided with a set of financial statements reflecting the full cost of running UPOV's activities, including items not covered by current budgets.

The Accounting Impacts of IPSAS

Applying IPSAS requires the introduction of the full accrual basis of accounting, a significant change from the modified accrual basis of accounting applied under UNSAS. Accrual basis accounting means the recognition of transactions and events when they occur. As such they are recorded in the accounting records and reported in the financial statements of the financial periods to which they relate, and not only when cash or its equivalent is received or paid.

Under IPSAS, revenue for both contributions and extrabudgetary funds (funds in trust) is recognized when UPOV has a right to receive the contribution. Where contributions are due to UPOV, a receivable balance is shown, but the total balance is reduced to reflect amounts still outstanding from previous periods. Extrabudgetary fund arrangements are analyzed to see if UPOV needs to meet performance conditions, and if these are present, revenue is only recognized when the conditions are fulfilled.

The value of future employee benefits (for example, accumulated annual leave, repatriation grants and After Service Health Insurance (ASHI)) that UPOV staff have earned but not yet received is now recorded to capture the full cost of employing staff. In previous financial statements these types of benefits were shown as an expense only when paid.

The implementation of IPSAS does not currently impact the preparation of the Program and Budget, which is still presented on a modified accrual basis. As this basis differs from the full accrual basis applied to the financial statements, a reconciliation between the budget and the principal financial statements is provided in accordance with the requirements of IPSAS.

Presentation of Financial Information under IPSAS

As IPSAS requires the preparation of annual financial statements, UPOV financial statements are now prepared individually for each calendar year of the biennium. These annual financial statements are presented separately from the Financial Management Report, and to see complete financial information of UPOV prepared in accordance with IPSAS requirements, reference should be made to the UPOV annual financial statements. Under IPSAS, the financial statements include the following elements:

- Statement I - Statement of Financial Position
- Statement II - Statement of Financial Performance
- Statement III - Statement of Changes in Net Assets
- Statement IV - Statement of Cash Flow
- Statement V - Statement of Comparison of Budget and Actual Amounts
- Notes to the Financial Statements

In the Financial Management Report, statements I-V are presented for the 2012/13 biennium. Financial information is provided to give an understanding of the differences between the result of UPOV on a budgetary basis and the result according to the IPSAS financial statements. Other extracts from the annual financial statements provide further details of UPOV's assets and liabilities.

As the 2012/13 biennium is the first biennium for which financial information prepared on a full accrual basis in accordance with IPSAS is available, comparative information for the 2010/11 biennium is not provided in the Statement of Financial Performance or the Cash Flow Statement. In the Statement of Financial Position and supporting notes, balances are shown as at December 31, 2013, December 31, 2012, and January 1, 2012. Balances as at January 1, 2012 are the December 31, 2011 balances restated for the opening balance impacts of IPSAS implementation.

STATEMENT I

STATEMENT OF FINANCIAL POSITION

**as at December 31, 2013
(in Swiss francs)**

ASSETS	December 31, 2013	December 31, 2012	January 1, 2012
Current assets			
Cash and cash equivalents	3,728,930	3,316,037	3,213,716
Accounts receivable (non-exchange transactions)	167,248	70,273	296,872
Accounts receivable (exchange transactions)	125	229	759
	<u>3,896,303</u>	<u>3,386,539</u>	<u>3,511,347</u>
Non-current assets			
Equipment	-	-	-
Accounts receivable (non-exchange transactions)	-	1,667	-
	<u>-</u>	<u>1,667</u>	<u>-</u>
TOTAL ASSETS	<u>3,896,303</u>	<u>3,388,206</u>	<u>3,511,347</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	1,162	26,573
Employee benefits	152,525	155,917	339,494
Advance receipts	402,648	443,136	527,951
Other current liabilities	541,941	159,628	439,491
	<u>1,097,114</u>	<u>759,843</u>	<u>1,333,509</u>
Non-current liabilities			
Employee benefits	1,054,895	991,077	941,085
	<u>1,054,895</u>	<u>991,077</u>	<u>941,085</u>
TOTAL LIABILITIES	<u>2,152,009</u>	<u>1,750,920</u>	<u>2,274,594</u>
Reserve Fund	1,204,283	1,097,275	700,076
Working Capital Fund	540,011	540,011	536,677
NET ASSETS	<u>1,744,294</u>	<u>1,637,286</u>	<u>1,236,753</u>

STATEMENT II

STATEMENT OF FINANCIAL PERFORMANCE

**for the biennium ended December 31, 2013
(in Swiss francs)**

	2013	2012	Total 2012-2013
REVENUE			
Contributions	3,323,050	3,334,768	6,657,818
Extrabudgetary funds (funds in trust)	395,128	220,170	615,298
Publications revenue	-	3,810	3,810
Investment revenue	17,523	11,874	29,397
Other/miscellaneous revenue	14,737	26,715	41,452
TOTAL REVENUE	3,750,438	3,597,337	7,347,775
EXPENSES			
Personnel expenditure	2,077,237	1,986,080	4,063,317
Travel and fellowships	584,920	471,785	1,056,705
Contractual services	336,686	117,062	453,748
Operating expenses	622,033	620,737	1,242,770
Supplies and materials	22,554	691	23,245
Furniture and equipment	-	3,783	3,783
TOTAL EXPENSES	3,643,430	3,200,138	6,843,568
SURPLUS/DEFICIT FOR THE YEAR	107,008	397,199	504,207

STATEMENT III

STATEMENT OF CHANGES IN NET ASSETS

**for the biennium ended December 31, 2013
(in Swiss francs)**

	Reserve Fund	Working Capital Fund	Net Assets Total
Net Assets at December 31, 2011	1,459,223	536,677	1,995,900
IPSAS adjustments to opening balance			
Adjustment for the recognition of allowance for receivables	-11,718	-	-11,718
Adjustment for the recognition of employee benefits	-747,429	-	-747,429
Net Assets at January 1, 2012	700,076	536,677	1,236,753
Items recognized directly in net assets	-	3,334	3,334
Surplus for the year 2012	397,199	-	397,199
Net Assets at December 31, 2012	1,097,275	540,011	1,637,286
Items recognized directly in net assets	-	-	-
Surplus for the year 2013	107,008	-	107,008
Net Assets at December 31, 2013	1,204,283	540,011	1,744,294

STATEMENT IV

STATEMENT OF CASH FLOW

for the biennium ended December 31, 2013
(in Swiss francs)

	2013	2012	Total 2012-2013
Cash flows from operating activities			
Surplus for the period	107,008	397,199	504,207
Increase (decrease) in employee benefits	60,426	-133,585	-73,159
(Increase) decrease in receivables	-95,204	225,462	130,258
Increase (decrease) in advance receipts	-40,488	-84,815	-125,303
Increase (decrease) in accounts payable	-1,162	-25,411	-26,573
Increase (decrease) in other liabilities	382,313	-279,863	102,450
Net cash flows from operating activities	412,893	98,987	511,880
Cash flows from investing activities			
Acquisition of equipment	-	-	-
Disposal of equipment	-	-	-
Net cash flows from investing activities	-	-	-
Cash flows from financing activities			
Contributions to Working Capital Fund	-	3,334	3,334
Net cash flows from financing activities	-	3,334	3,334
Net increase (decrease) in cash and cash equivalents	412,893	102,321	515,214
Cash and cash equivalents at beginning of period	3,316,037	3,213,716	3,213,716
Cash and cash equivalents at end of period	3,728,930	3,316,037	3,728,930

STATEMENT V

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the biennium ended December 31, 2013
(in thousands of Swiss francs)

	Original Budget 2012/2013 (1)	Final Budget 2012/2013 (1)	Actual Amounts on comparable basis 2012/2013	Difference 2012/2013 (2)
Income				
Contributions	6,657	6,657	6,646	-11
Publications	10	10	4	-6
Interest	70	70	29	-41
Other	61	61	113	52
Total income	6,798	6,798	6,792	-6
Expenditure				
Personnel resources	4,542	4,542	4,048	-494
Travel and fellowships	560	560	529	-31
Contractual services	430	430	437	7
Operating expenses	1,236	1,236	1,243	7
Supplies and materials	20	20	24	4
Furniture and equipment	10	10	4	-6
Interest	-	-	-	-
Other/miscellaneous	-	-	-	-
Total expenditure	6,798	6,798	6,285	-513
Result	-	-	507	507
Funds in Trust (before IPSAS adjustments)			-62	
IPSAS adjustments to Regular Program and Budget			-3	
IPSAS adjustments to Funds in Trust			62	
Adjusted net surplus per IPSAS (Statement II)			504	

(1) – represents the approved 2012-2013 biennial budget;

(2) – represents the difference between the final (revised) budget and actual expense on a comparable basis (before IPSAS adjustments).

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

Movement in Net Assets

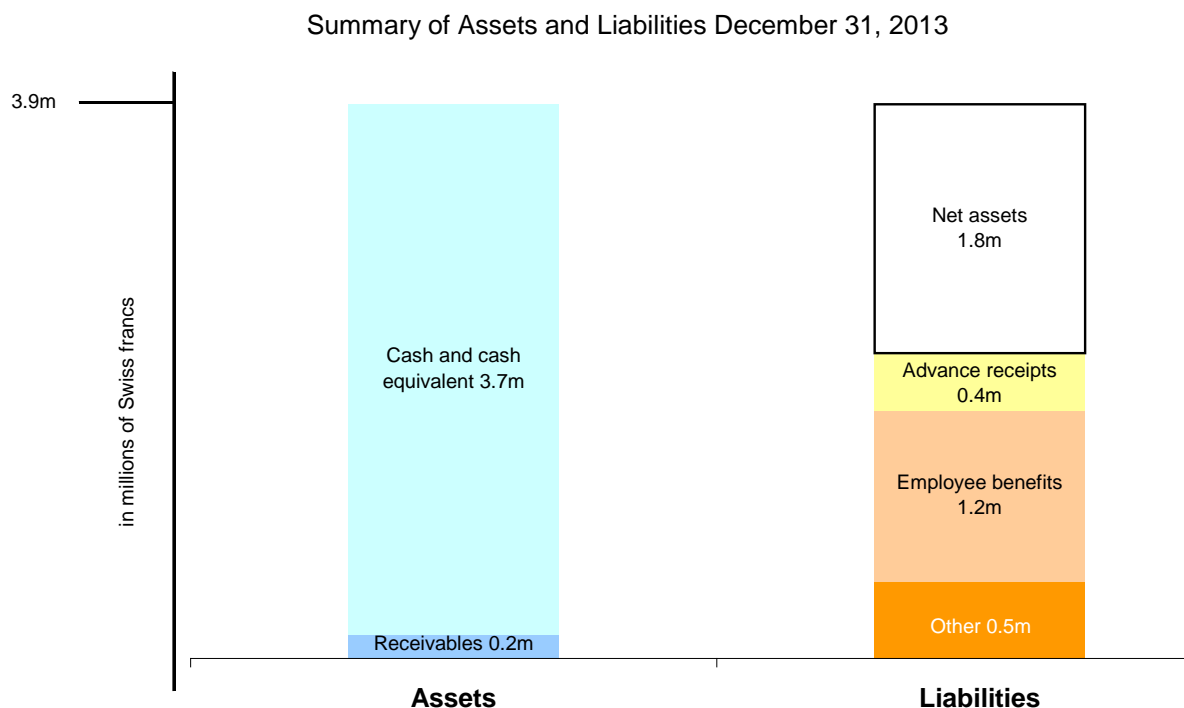
As at December 31, 2013, UPOV has net assets on an IPSAS basis of 1,744,294 Swiss francs. Prior to the adoption of IPSAS, UPOV had net assets of 1,995,900 Swiss francs as at December 31, 2011.

The IPSAS opening balance adjustments made to generate the January 1, 2012, opening Statement of Financial Position resulted in a reduction of 759,147 Swiss francs in total net assets. The most significant adjustments related to employee benefit liabilities, totaling 747,429 Swiss francs. The adjustments result from the recognition in the financial statements of these liabilities based on their valuation as at January 1, 2012. An adjustment of 11,718 Swiss francs has also been made for allowances against contributions receivable.

Following this IPSAS opening balance reduction in net assets, a surplus in the Statement of Financial Performance in both 2012 and 2013 with a total of 504,207 Swiss francs led to an increase in net assets over the biennium.

Summary of Assets and Liabilities

The chart below provides a summary of the Statement of Financial Position of UPOV as at December 31, 2013:



UPOV has cash balances of 3,728,930 Swiss francs, representing 95.7 per cent of total assets. However, as shown in the table overleaf, this includes amounts classified under IPSAS as restricted. The remaining assets are accounts receivable totaling 167,373 Swiss francs.

The most significant liability of UPOV is employee benefits of 1,207,420 Swiss francs, including primarily After Service Health Insurance liability of 967,815 Swiss francs. Advance receipts of 402,648 Swiss francs mainly concern contributions paid in advance (236,484 Swiss francs). The other liabilities (541,941 Swiss francs) represent the amount payable to the World Intellectual Property Organization (WIPO) at December 31, 2013.

Cash and Cash Equivalents

Cash and Cash Equivalents	December 31, 2013	December 31, 2012	January 1, 2012
(Swiss francs)			
Total unrestricted cash	2,962,529	2,499,539	2,365,086
Total restricted cash	766,401	816,498	848,630
Total cash and cash equivalents	3,728,930	3,316,037	3,213,716

Total cash and cash equivalent balances have increased over the biennium by 16.0 per cent between January 1, 2012 and December 31, 2013. For the purposes of IPSAS presentation, cash balances are split between unrestricted and restricted. Cash balances relating to the Working Capital Fund or extrabudgetary funds (funds in trust) are considered to be restricted.

Other Assets

Other Assets	December 31, 2013	December 31, 2012	January 1, 2012
(Swiss francs)			
Contributions	12,447	70,273	179,294
Extrabudgetary funds (funds in trust)	154,801	-	117,578
Working Capital Fund contributions	-	1,667	-
Accounts receivable (non-exchange transactions)	167,248	71,940	296,872
Swiss taxes reimbursable	125	229	759
Accounts receivable (exchange transactions)	125	229	759
Total other assets	167,373	72,169	297,631

Total accounts receivable at December 31, 2013 were 167,373 Swiss francs, compared to 297,631 as at January 1, 2012. This fall reflects the collection during the biennium of a significant amount of those contributions which were formerly in arrears. This was partly offset by an increase in receivables from extrabudgetary funds (funds in trust), although these were subsequently paid in January 2014.

Payables and Advance Receipts

Payables and Advance Receipts	December 31, 2013	December 31, 2012	January 1, 2012
(in Swiss francs)			
Miscellaneous creditors	-	1,162	26,573
Total accounts payable	-	1,162	26,573
Advance payment of contributions	236,484	232,400	300,573
Non-exchange revenue deferred	166,164	210,736	227,378
Total advance receipts	402,648	443,136	527,951
Total payables and advance receipts	402,648	444,298	554,524

Contributions received in advance are recorded as advance receipt liabilities and are recognized as revenue in the year to which they relate. Extrabudgetary funds from donors to Funds in Trust containing conditions requiring UPOV to provide goods or services to recipient governments or other third parties, are treated as deferred revenue until the services covered by the extrabudgetary funds (funds in trust) are provided, whereupon revenue is recognized.

Employee Benefits

Employee Benefits	December 31, 2013 (Swiss francs)	Percentage of Liability
Post-employment medical benefits	967,815	80.2%
Repatriation grant and travel	107,500	8.9%
Accumulated leave	105,518	8.7%
Education grant	12,054	1.0%
Accrued overtime	14,533	1.2%
Total employment benefit liabilities	1,207,420	100.0%

As can be seen from the table above, by far the most significant employee benefit liability for UPOV is post-employment medical benefits (After Service Health Insurance – ASHI), which represents 80.2% of the total liability as at December 31, 2013. The ASHI liability increased by 83,239 Swiss francs over the period of the 2012/13 Biennium, and this movement is detailed in the table below:

Movement in ASHI Liability	(in Swiss francs)
Liability as at January 1, 2012	884,576
Current service cost	97,482
Interest cost	46,255
Benefits paid from plan	-61,353
Amortization of net (gain) / loss	855
Movement 2012/2013	83,239
Liability as at December 31, 2013	967,815

The liability is calculated by an independent actuary, and reflects the total future cost of UPOV's share of health insurance premiums for both existing UPOV retirees and the projected number of active UPOV staff who will retire in the future. The current service cost in the table above is the net impact for the period resulting from the increase in age of current staff and their dependents, the number of persons retiring, new hires and separations other than retirement. The interest cost is the impact resulting from the fact that each member of the active staff is one year closer to reaching the age of eligibility for ASHI retirement.

Financial Position by Segment

According to the requirements of IPSAS, UPOV has to disclose its assets and liabilities by each of the segments of which it is comprised. Segment information is based on the principal activities and sources of financing of UPOV. UPOV reports separate financial information for two segments: the Regular Program and Budget and Funds in Trust (extrabudgetary funds). Funds in Trust represent amounts administered by UPOV on behalf of individual donors to carry out programs consistent with the policies, aims and activities of UPOV. The Regular Program and Budget and Funds in Trust are accounted for separately in the financial accounting system.

	Regular Program and Budget	Funds in Trust	Inter- Segment Balances	TOTAL UPOV 2013	TOTAL UPOV 2012
ASSETS					
Current assets					
Cash and cash equivalents	3,505,555	223,375	-	3,728,930	3,316,037
Accounts receivable (non-exchange transactions)	12,447	154,801	-	167,248	70,273
Accounts receivable (exchange transactions)	101	24	-	125	229
Other current assets	12,720	-	-12,720	-	-
	<u>3,530,823</u>	<u>378,200</u>	<u>-12,720</u>	<u>3,896,303</u>	<u>3,386,539</u>
Non-current assets					
Equipment	-	-	-	-	-
Accounts receivable (non-exchange transactions)	-	-	-	-	1,667
	-	-	-	-	<u>1,667</u>
TOTAL ASSETS	<u>3,530,823</u>	<u>378,200</u>	<u>-12,720</u>	<u>3,896,303</u>	<u>3,388,206</u>
LIABILITIES					
Current liabilities					
Accounts payable	-	-	-	-	1,162
Employee benefits	152,525	-	-	152,525	155,917
Advance receipts	236,484	166,164	-	402,648	443,136
Other current liabilities	342,625	212,036	-12,720	541,941	159,628
	<u>731,634</u>	<u>378,200</u>	<u>-12,720</u>	<u>1,097,114</u>	<u>759,843</u>
Non-current liabilities					
Employee benefits	1,054,895	-	-	1,054,895	991,077
	<u>1,054,895</u>	<u>-</u>	<u>-</u>	<u>1,054,895</u>	<u>991,077</u>
TOTAL LIABILITIES	<u>1,786,529</u>	<u>378,200</u>	<u>-12,720</u>	<u>2,152,009</u>	<u>1,750,920</u>
Reserve Fund	1,204,283	-	-	1,204,283	1,097,275
Working Capital Fund	540,011	-	-	540,011	540,011
NET ASSETS	<u>1,744,294</u>	<u>-</u>	<u>-</u>	<u>1,744,294</u>	<u>1,637,286</u>

ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

Revenue

	Program and Budget	Special Accounts	Inter- Segment Transactions	Total
	(in Swiss francs)			
REVENUE	<u>2012/13</u>	<u>2012/13</u>	<u>2012/13</u>	<u>2012/13</u>
Contributions	6,657,818	-	-	6,657,818
Extrabudgetary funds (funds in trust)	-	615,298	-	615,298
Publications revenue	3,810	-	-	3,810
Investment revenue	29,170	227	-	29,397
Other/miscellaneous revenue	41,452	-	-	41,452
Programme support charges	70,813	-	-70,813	-
TOTAL REVENUE	<u>6,803,063</u>	<u>615,525</u>	<u>-70,813</u>	<u>7,347,775</u>

Contributions under the Regular Program and Budget represent amounts payable at the start of each year of the biennium. Extrabudgetary funds under Funds in Trust represent revenue received in connection with contributions made by donors to individual projects not included in the Regular Program and Budget. Revenue from extrabudgetary funds (funds in trust) is deferred until earned through the delivery of the specific services provided in the plan of work agreed with the donor.

Expenses

EXPENSES	Program and Budget	Special Accounts	Inter-Segment Transactions	Total
	(in Swiss francs)			
	2012/13	2012/13	2012/13	2012/13
Personnel expenditure	4,063,317	-	-	4,063,317
Travel and fellowships	528,812	527,893	-	1,056,705
Contractual services	437,139	16,609	-	453,748
Operating expenses	1,242,560	210	-	1,242,770
Supplies and materials	23,245	-	-	23,245
Furniture and equipment	3,783	-	-	3,783
Program support costs	-	70,813	-70,813	-
TOTAL EXPENSES	6,298,856	615,525	-70,813	6,843,568

Personnel expenditure includes short-term employee benefits such as base salary, post adjustment, dependents' allowance, pension contribution, health and other insurance contributions, home leave and other entitlements for permanent and short-term staff. As a result of the implementation of IPSAS, personnel expenditure also includes amounts for the movements in provisions for employee benefit liabilities.

Travel and fellowships includes the costs of airfare, daily subsistence allowances, terminal allowances and other travel costs for staff on official business and travel for participants, lecturers and fellows in connection with training activities. Contractual services include translators, interpreters and other non-staff service agreements. Operating expenses include items such as premises rent, maintenance and bank charges.

WORKING CAPITAL FUND AND CONTRIBUTIONS

Working Capital Fund as at December 31, 2013

Under Regulation 4.2 of the Financial Regulations, UPOV has a Working Capital Fund (see document UPOV/INF/4/3). According to the Statement of Financial Position as at December 31, 2013, the Working Capital Fund stands at 540,011 Swiss francs. The share of each member of the Union, calculated in accordance with the decisions taken by the Council at its sessions in November 1972 (document UPOV/C/VI/12, paragraph 57), October 1992 (document C/26/15, paragraph 14) and April 2006 (document C(Extr.)/23/4, paragraph 10, and document UPOV/INF/13, Annex) is as follows:

Member of the Union	Swiss francs	Member of the Union	Swiss francs
Albania	1,667	Lithuania	1,667
Argentina	4,167	Mexico	6,250
Australia	8,333	Morocco	1,667
Austria	12,500	Netherlands	24,999
Azerbaijan	1,667	New Zealand	8,333
Belarus	1,667	Nicaragua	1,667
Belgium	8,333	Norway	8,333
Bolivia (Plurinational State of)	1,667	Oman	8,333
Brazil	2,083	Panama	1,667
Bulgaria	1,667	Paraguay	1,667
Canada	8,333	Peru	1,667
Chile	1,667	Poland	4,167
China	4,167	Portugal	4,167
Colombia	1,667	Republic of Korea	12,500
Costa Rica	1,667	Republic of Moldova	1,667
Croatia	1,667	Romania	1,667
Czech Republic	4,167	Russian Federation	4,167
Denmark	8,333	Singapore	1,667
Dominican Republic	1,667	Slovakia	4,167
Ecuador	1,667	Slovenia	1,667
Estonia	1,667	South Africa	8,333
European Union	41,667	Spain	12,500
Finland	8,333	Sweden	8,333
France	41,667	Switzerland	8,333
Georgia	1,667	The former Yugoslav Republic of Macedonia	1,667
Germany	41,667	Trinidad and Tobago	1,667
Hungary	4,167	Tunisia	1,667
Iceland	1,667	Turkey	4,167
Ireland	8,333	Ukraine	4,167
Israel	4,167	United Kingdom	41,667
Italy	16,666	United States of America	41,667
Japan	41,667	Uruguay	1,667
Jordan	1,667	Uzbekistan	1,667
Kenya	1,667	Viet Nam	1,667
Kyrgyzstan	1,667		
Latvia	1,667		
		Total :	540,011

Contributions of members of the Union
(Swiss francs)

Members of the Union	Contribution units	Amounts payable:	
		January 2012	January 2013
Albania	0.2	10,728	10,728
Argentina	0.5	26,820	26,820
Australia	1	53,641	53,641
Austria	0.75	40,231	40,231
Azerbaijan	0.2	10,728	10,728
Belarus	0.2	10,728	10,728
Belgium	1.5	80,462	80,462
Bolivia (Plurinational State of)	0.2	10,728	10,728
Brazil	0.25	13,410	13,410
Bulgaria	0.2	10,728	10,728
Canada	1	53,641	53,641
Chile	0.2	10,728	10,728
China	0.5	26,820	26,820
Colombia	0.2	10,728	10,728
Costa Rica	0.2	10,728	10,728
Croatia	0.2	10,728	10,728
Czech Republic	0.5	26,820	26,820
Denmark	0.5	26,820	26,820
Dominican Republic	0.2	10,728	10,728
Ecuador	0.2	10,728	10,728
Estonia	0.2	10,728	10,728
European Union	5	268,205	268,205
Finland	1	53,641	53,641
France	5	268,205	268,205
Georgia	0.2	10,728	10,728
Germany	5	268,205	268,205
Hungary	0.5	26,820	26,820
Iceland	0.2	10,728	10,728
Ireland	1	53,641	53,641
Israel	0.5	26,820	26,820
Italy	2	107,282	107,282
Japan	5	268,205	268,205
Jordan	0.2	10,728	10,728
Kenya	0.2	10,728	10,728
Kyrgyzstan	0.2	10,728	10,728
Latvia	0.2	10,728	10,728
Lithuania	0.2	10,728	10,728
Mexico	0.75	40,231	40,231
Morocco	0.2	10,728	10,728
Netherlands	3	160,923	160,923
New Zealand	1	53,641	53,641
Nicaragua	0.2	10,728	10,728
Norway	1	53,641	53,641

Members of the Union	Contribution units	Amounts payable:	
		January 2012	January 2013
Oman	1	53,641	53,641
Panama	0.2	10,728	10,728
Paraguay	0.2	10,728	10,728
Peru	0.2	10,728	10,728
Poland	0.5	26,820	26,820
Portugal	0.2	10,728	10,728
Republic of Korea	1.5	80,462	80,462
Republic of Moldova	0.2	10,728	10,728
Romania	0.2	10,728	10,728
Russian Federation	0.5	26,820	26,820
Singapore	0.2	10,728	10,728
Slovakia	0.5	26,820	26,820
Slovenia	0.2	10,728	10,728
South Africa	1	53,641	53,641
Spain	2	107,282	107,282
Sweden	1.5	80,462	80,462
Switzerland	1.5	80,462	80,462
The former Yugoslav Republic of Macedonia	0.2	10,728	10,728
Trinidad and Tobago	0.2	10,728	10,728
Tunisia	0.2	10,728	10,728
Turkey	0.5	26,820	26,820
Ukraine	0.2	10,728	10,728
United Kingdom	2	107,282	107,282
United States of America	5	268,205	268,205
Uruguay	0.2	10,728	10,728
Uzbekistan	0.2	10,728	10,728
Viet Nam	0.2	10,728	10,728
Total		3,323,050	3,323,050

Contribution payments received in advance

Contributions for 2014, already received by December 31, 2013:	
Members of the Union	Swiss francs
Australia	53,641
Bulgaria	10,728
Colombia	10,728
Costa Rica	10,728
Latvia	7,023
Mexico	40,231
Norway	53,641
Panama	648
Slovakia	26,820
Total 2014	214,188

Contributions received for 2015:	
Members of the Union	Swiss francs
Bulgaria	10,728
Mexico	11,568
Total 2015	22,296

Total advance payment of contributions	236,484
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Amounts of the contributions due and unpaid working capital as at December 31, 2013

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
			Total
Albania	No arrears		
Argentina	No arrears		
Australia	No arrears		
Austria	No arrears		
Azerbaijan	No arrears		
Belarus	No arrears		
Belgium	No arrears		
Bolivia (Plurinational State of)	No arrears		
Brazil	No arrears		
Bulgaria	No arrears		
Canada	No arrears		
Chile	No arrears		
China	No arrears		
Colombia	No arrears		
Costa Rica	No arrears		
Croatia	No arrears		
Czech Republic	No arrears		
Denmark	No arrears		
Dominican Republic	2012 contribution (balance) 2013 contribution	979 <u>10,728</u>	11,707
Ecuador	2013 contribution (balance)		740
Estonia	No arrears		
European Union	No arrears		
Finland	No arrears		
France	No arrears		
Georgia	No arrears		
Germany	No arrears		
Hungary	No arrears		
Iceland	No arrears		
Ireland	No arrears		
Israel	No arrears		
Italy	No arrears		
Japan	No arrears		
Jordan	No arrears		
Kenya	No arrears		
Kyrgyzstan	No arrears		
Latvia	No arrears		
Lithuania	No arrears		
Mexico	No arrears		
Morocco	No arrears		
Netherlands	No arrears		
New Zealand	No arrears		
Nicaragua	No arrears		
Norway	No arrears		

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
			Total
Oman	No arrears		
Panama	No arrears		
Paraguay	No arrears		
Peru	No arrears		
Poland	No arrears		
Portugal	No arrears		
Republic of Korea	No arrears		
Republic of Moldova	No arrears		
Romania	No arrears		
Russian Federation	No arrears		
Singapore	No arrears		
Slovakia	No arrears		
Slovenia	No arrears		
South Africa	No arrears		
Spain	No arrears		
Sweden	No arrears		
Switzerland	No arrears		
The former Yugoslav Republic of Macedonia	No arrears		
Trinidad and Tobago	No arrears		
Tunisia	No arrears		
Turkey	No arrears		
Ukraine	No arrears		
United Kingdom	No arrears		
United States of America	No arrears		
Uruguay	No arrears		
Uzbekistan	No arrears		
Viet Nam	No arrears		
Total			12,447

EXTRABUDGETARY FUNDS (FUNDS IN TRUST)

The funds in trust allocated by members of the Union are presented below as independent accounts.

Fund-in-Trust Donor	Fund code	Balance as at December 31, 2011	Income 2012-2013			Expenditure 2012-2013				Balance as at December 31, 2013
			Funds received	Interest	Total income	Staff expenditure	Other direct expenditure	Administrative support costs	Total expenditure	
Japan	UJAPN	218,481	315,642	227	315,869	0	328,779	42,741	371,520	162,830
United States of America	U_USA	8,897	238,443	0	238,443	0	215,934	28,071	244,005	3,335
TOTAL		227,378	554,085	227	554,312	0	544,713	70,812	615,525	166,165

Income and expenditure for the 2012-2013 biennium

(as at December 31, 2013)

Funds in trust/Japan	Swiss francs	
Balance, start of financial period		218,481
<i>Income</i>		
Funds received	315,642	
Interest	227	
		315,869
<i>Expenditure</i>		
Staff missions	87,999	
Third party travel	226,961	
Conferences	4,930	
Other Contractual Services	8,679	
Operating Expenses	210	
Total direct expenditure	328,779	
Administrative costs	42,741	
		-371,520
Funds available, end of financial period		162,830

Note: Funds in trust in the form of an extrabudgetary fund from the Government of Japan intended for regional seminars and workshops on the protection of new plant varieties in the Asian region.

Funds in trust/United States of America	Swiss francs	
Balance, start of financial period		8,897
<i>Income</i>		
Funds received	238,443	238,443
<i>Expenditure</i>		
Third party travel	212,934	
Contractual services	3,000	
Total direct expenditure	215,934	
Administrative costs	28,071	
		-244,005
Funds available, end of financial period		3,335

Note: Funds in trust in the form of an extrabudgetary fund from the Government of the United States of America, intended for education in intellectual property protection in the area of plant variety protection.

[End of Annex and of document]