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C/XII/3

ORIGINAL: French

DATE: July 6, 1978

**INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS**

GENEVA

**COUNCIL****Twelfth Ordinary Session  
Geneva, December 6 to 8, 1978**

1977 FINANCIAL REPORT

BY THE SECRETARY GENERAL TO THE COUNCIL

(Ninth year)

**SUMMARY**

This document, submitted in accordance with Article 23(2) of the UPOV Convention, contains information concerning 1977 finances, the results of the 1977 financial year and the report on the auditing of the 1977 accounts, drawn up in accordance with Article 24 of the Convention.

1. Results of the Financial Year

The results of the financial year are as follows:

	<u>1977</u> <u>francs*</u>		<u>1976</u> <u>francs*</u>
Receipts	909 494.05	Receipts	784 259.75
Expenditure	845 007.30	Expenditure	825 320.23
Excess of Receipts	<u>64 486.75</u> =====	Excess of Expenditure	<u>(41 060.48)</u> =====

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

2. Receipts

	<u>1977</u> <u>francs</u>	<u>1976</u> <u>francs</u>
Mandatory Contributions	895 000.--	774 000.--
Interest	7 108.15	7 373.90
Miscellaneous Receipts	7 385.90	2 885.85
	<u>909 494.05</u> =====	<u>784 259.75</u> =====

There was one contribution outstanding at the end of the 1977 financial year: 85,238 francs (this amount was received by UPOV on January 5, 1978). It should be noted that the amount of contributions indicated, 895,000 francs, was obtained by treating contributions as receipts.\*\*

Interest rates obtained from the Swiss Bank Corporation during the year were 0.5% on the current account and 4% and 3.5% on the deposit account.

3. Expenditure

	<u>1977</u> <u>francs</u>	<u>1976</u> <u>francs</u>
<u>3.1 Expenditure Proper to UPOV</u>		
Personnel	462 501.25	438 660.75
Missions	20 938.40	13 294.80
Third-Party Travel	456.25	1 263.40
Conferences	39 712.45	43 737.20
Printing	8 498.--	3 521.--
Rent	24 796.20	24 796.20
Furniture and Supplies	2 648.50	3 071.85
Other expenditure	2 813.39	1 299.12
<u>3.2 Common Expenditure</u>		
WIPO Services	282 642.86	295 675.91
	<u>845 007.30</u> =====	<u>825 320.23</u> =====

\* In this Report the word "francs" means Swiss francs.

\*\* Contributions for 1977 were received by the Secretariat on the following dates: Belgium, March 8, 1977; Denmark, April 26, 1977; France, April 4, 1977; Germany (Federal Republic of), January 27, 1977; Netherlands, January 5, 1978; Sweden, December 30, 1976; United Kingdom, April 25, 1977. Contributions for

Contributions for 1978 received as of the date of this document are as follows: Belgium, April 13, 1978; Denmark, April 17, 1978; France, April 4, 1978; Germany (Federal Republic of), March 8, 1978; Netherlands, March 8, 1978; South Africa, April 6, 1978; Sweden, February 9, 1978; Switzerland, March 14, 1978; United Kingdom, April 13, 1978.

#### 4. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV has a Working Capital Fund. The share of each State was established according to the decision taken by the Council during its session of November 1972 (document UPOV/C/VI/6). The contributions were received by UPOV in 1972, 1973 and 1977. As shown in the balance sheet as of December 31, 1977 (Annex A.1 to this document), the Working Capital Fund amounts to 166,666 francs (payments by Belgium, Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden, Switzerland and the United Kingdom).

#### 5. Basis of Contributions

For the purpose of determining the amount of their annual contributions, the member States of the Union are divided into the following three classes in accordance with Article 26(2) of the Convention:

First class:	5 units
Second class:	3 units
Third class:	1 unit.

Each member State contributes in proportion to the number of units of the class to which it belongs. However, as noted in the Resolution adopted by the Council in the course of its meeting from October 13 to 15, 1971, (document UPOV/C/V/30, item 4), Denmark, the Netherlands and Sweden (in the third class) have voluntarily increased their annual contributions which, from the 1972 financial year onwards, are calculated on the basis of 1½ units for Denmark and Sweden and 2 units for the Netherlands. The 1977 contributions are calculated on the basis of the following units:

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

(See Annex A.4 to this document)

#### 6. Annexes

Annexes A.1 to A.4 of this document contain the following:

- A.1 - balance sheet as of December 31, 1977;
- A.2 - accounts and results of the 1977 financial year;
- A.3 - comparison of the 1977 budget and accounts, with an explanatory note;
- A.4 - calculation of contributions.

In addition, Annex B.1 and Annex B.2 contain:

- B.1 - the letter from the Federal Political Department;
- B.2 - the auditor's report.

7. The Council is invited to examine and approve the accounts for the 1977 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

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ANNEXES AANNEX A.1Balance sheet as of December 31, 1977ASSETS

## LIQUID ASSETS

Swiss Bank Corporation		
Current Account		37 718.80
Fixed-term Account		
Working Capital Fund		166 666.--

## ACCOUNTS RECEIVABLE

Sundry Debtors		100 547.75
		<hr/>
		304 932.55
		=====

LIABILITIES

## ACCOUNTS PAYABLE

Sundry Creditors		47 947.71
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## CREDIT BROUGHT FORWARD

Printing		8 000.--
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## RESERVE FUND

Balance Carried Forward		
December 31, 1976	17 832.09	
1977 Results (Excess of Receipts)	<u>64 486.75</u>	82 318.84

## WORKING CAPITAL FUND

Belgium	8 333.--	
Denmark	8 333.--	
France	41 667.--	
Germany (Federal Republic of)	41 667.--	
Netherlands	8 333.--	
Sweden	8 333.--	
Switzerland	8 333.--	
United Kingdom	<u>41 667.--</u>	166 666.--
		<hr/>
		304 932.55
		=====

ANNEX A.2Accounts and Results for 1977 Financial Year

<u>INCOME</u>	Contributions	895 000.--	
	Miscellaneous	<u>14 494.05</u>	909 494.05
<u>EXPENDITURE</u>	Personnel	462 501.25	
	Missions	20 938.40	
	Third-Party Travel	456.25	
	Conferences	39 712.45	
	Printing	8 498.--	
	Rent	24 796.20	
	Furniture and Supplies	2 648.50	
	Other Expenditure	2 813.39	
	WIPO Services	<u>282 642.86</u>	845 007.30
<u>RESULT</u>	Excess of Receipts		<hr/>
	transferred to Reserve Fund		64 486.75
			=====

ANNEX A.3Comparison of 1977 Budget and Accounts

<u>Income</u>	<u>Budget</u>	<u>Accounts</u>
Contributions	895 000.--	895 000.--
Miscellaneous*	<u>31 000.--</u>	<u>14 494.05</u>
Total Income	926 000.--	909 494.05
	=====	=====
<u>Expenditure</u>	**	
Personnel	488 000.--	462 501.25
Missions	24 000.--	20 938.40
Third-Party Travel	--.--	456.25
Conferences	39 000.--	39 712.45
Printing	17 000.--	8 498.--
Rent	26 000.--	24 796.20
Furniture and Supplies	3 000.--	2 648.50
Other Expenditure	6 000.--	2 813.39
WIPO Services***	<u>323 000.--</u>	<u>282 642.86</u>
Total of Expenditure:	926 000.--	845 007.30
	=====	=====

\* Note:

The budgeted miscellaneous receipts included the sum of 11,000 francs for UPOV participation in the rental to third parties of office space in the BIRPI building. In fact there were no receipts from this source, as the move to the new building could not be made. The proceeds from the sale of publications were 400 francs higher than budgeted, whereas the Miscellaneous Receipts account produced a total 5,900 francs lower than anticipated.

\*\* Account having been taken of a 2% reduction (document C/X/12, paragraph 26).

<u>Details of WIPO Services</u>	<u>Budget</u>	<u>Accounts</u>
Personnel	234 000.--	184 658.96
Printing	1 000.--	119.20
Other Services Under Contract	4 000.--	2 625.--
Maintenance of Buildings and Rentals	52 000.--	27 079.44
Communications	21 000.--	18 935.73
Furniture and Supplies	15 000.--	50 882.75
Other Expenditure	3 000.--	543.19
Miscellaneous Receipts	<u>--.--</u>	<u>(2 201.41)</u>
Total of WIPO Services	330 000.--	282 642.86
		=====
Reduction (document C/X/12, paragraph 26)	<u>(7 000.--)</u>	
	323 000.--	
	=====	

1. Personnel. Savings on personnel costs (26,000 francs) are mainly due to:

(a) the change in the rate of exchange between the US dollar and the Swiss francs which has resulted in savings in contributions to the United Nations Joint Staff Pension Fund which are assessed in US dollars (less Swiss francs have been required to cover UPOV obligations);

(b) the lesser degree of increase in the cost of living than expected when (in 1976) the budget was prepared (the personnel of the Office of UPOV in the professional and higher categories received no salary increases).

It is to be noted that the savings mentioned under (a) and (b) have been taken into account in the 1978 budget estimates (see document C/XI/4, paragraph 8.A(b)).

2. Missions. The expenses are 3,000 francs below the amount budgeted. The difference is mainly attributable to the fact that five instead of the expected six meetings of Technical Working Parties were held outside Geneva.

3. Printing. The savings of 8,500 Swiss francs are mainly due to the fact that the publication of the General Information Brochure in Russian provided in the budget could not be realized during 1977 and that the amount which had been earmarked for participation in the ASSINSEL/UPOV publications (prepared for the Conference of ASSINSEL in California) has not been required since ASSINSEL accepted to bear all the expenses of that publication in 1977.

4. Common expenditure. The savings of 40,000 francs are mainly due to changes in the following three areas:

(a) Actual staff expenditure was lower than budgeted staff expenditure (saving of 50,000 francs). The reason for this difference is twofold:

(i) savings of 26,000 francs due to the fact that the actual staff expenditure of WIPO (on which the calculation of the UPOV share was based) was lower than budgeted, for reasons similar to those set forth in paragraph 1 above;

(ii) the percentages actually used for the sharing of this expenditure (calculated on the basis of the effective use by UPOV of the services of WIPO during 1977) were on the whole lower than those estimated when the budget was established (saving of 24,000 francs).

(b) It was originally planned that the staff of WIPO would move into the new WIPO building in 1977. The move was postponed, however, and the expenditure that would have been necessary for the maintenance of the new premises (which maintenance would have been more costly) was not incurred in 1977 (saving of 25,000 francs).

(c) On the other hand, expenditure for installation of furniture and equipment in offices and archives in the new WIPO building was higher than anticipated, the share of UPOV being also consequently higher (difference 35,000 francs).

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ANNEX A.4

## BASIS FOR THE CALCULATION OF CONTRIBUTIONS

<u>Class</u>	<u>Number of Units</u>	<u>Number of Voluntary Units</u>	<u>Total Units</u>	<u>Number of States<sup>1</sup></u>	<u>Product of Previous Two Figures (total units)</u>
I	5	-	5	3	15
II	3	-	3	-	-
III	1	-	1	1	1
III	1	1	2	1	2
III	1	½	1½	2	3
				<u>7</u>	<u>21</u>
				=====	=====

## CALCULATION OF CONTRIBUTIONS

(Article 26 of the International Convention for the Protection of New Varieties of Plants of December 2, 1961)

<u>Basis of Contributions</u>	<u>Amount Due per State</u>	<u>Number of States<sup>1</sup></u>	<u>Total</u>
(Francs)	(Francs)		(Francs)
	213 095 (a)	3	639 285
895 000	42 619 (b)	1	42 619
	85 238 (c)	1	85 238
	63 929 (d)	2	127 858
		<u>7</u>	<u>895 000</u>
		=====	=====

<sup>1</sup> According to the classification indicated in paragraph 5 of this document

(a) <u>895 000 x 5</u>	(b) <u>895 000 x 1</u>	(c) <u>895 000 x 2</u>	(d) <u>895 000 x 1½</u>
21	21	21	21

[Annexes B follow]



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ANNEXES B

ANNEX B.1

LETTER DATED JULY 4, 1978, FROM THE  
FEDERAL POLITICAL DEPARTMENT TO UPOV

Sir,

Pursuant to Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we submit herewith two copies of the report on the auditing of the accounts of UPOV for the 1977 financial year.

The Federal Audit Service notes with satisfaction that the report finds the financial documents to be in order, and therefore calls for no special comment on its part.

[Signed: VON GRÜNIGEN]

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Annex B, page 2

ANNEX B.2

FEDERAL AUDIT SERVICE  
No. 933.4.1

[Contrôle fédéral des finances]

R E P O R T

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

for the 1977 Financial Year

## 1. GENERAL

1.1 Mandate

In accordance with Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we carried out the auditing of the accounts for the 1977 financial year at the headquarters of the Office of the International Union for the Protection of New Varieties of Plants (hereinafter referred to as UPOV) in Geneva, on June 27 and 28, 1978.

1.2 Information Supplied

We were received by Mr. M. Pereyra, Director of the Administrative Division of the World Intellectual Property Organization (WIPO), and Mr. A. Jaccard, Counsellor, Head of the Finance Section of WIPO, who is responsible for the UPOV accounts, obligingly supplied us, to our entire satisfaction, with all the information and documents necessary for our work.

1.3 Nature and Scope of the Audit

The Audit related to entries in the income and expenditure accounts and the balance sheet during the 1977 financial year, and to the items in the balance sheet as of December 31, 1977, and the relevant financial statements. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The seven member States of the Union, which participated in the financing of its activities during the 1977 financial year, are Belgium, Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden and the United Kingdom.

2. 1977 BUDGET AND ACCOUNTS2.1 1977 Budget

The budget for the 1977 financial year was adopted by the Council at its tenth ordinary session, held in Geneva from October 13 to 15, 1976 (document UPOV/C/X/12). This budget was balanced, anticipated expenditure and income amounting to 926,000 francs.

2.2 Results of the 1977 Financial Year

The results of the 1977 financial year were as follows:

Receipts	909,494.05 francs
Expenditure	<u>845,007.30 francs</u>
Surplus	64,486.75 =====

As shown in the balance sheet as of December 31, 1977, the above surplus was entirely credited to the Reserve Fund (Article 5(b) of the UPOV Financial Regulations).

### 3. Accounts

#### 3.1 Receipts

##### 3.11 Contributions

Under Article 26 of the Convention and Article II of the Additional Act, each member State of the Union contributes according to the number of units in the class to which it belongs. Article 6 of the Financial Regulations of UPOV provides that these contributions must be paid during January of the year to which they relate. The accounts show that six member States paid their contributions between January and May 1977, while one member State did not pay its contribution to UPOV until the beginning of 1978.

##### 3.12 Miscellaneous Receipts

These receipts consist of the proceeds from the sale of publications (7,385.90 francs) and bank interest (7,108.15 francs). The interest rates applied by the Swiss Bank Corporation were  $\frac{1}{2}\%$  for the current account and 4% and  $3\frac{1}{2}\%$  for the fixed-term account.

#### 3.2 Expenditure

The expenditure figures appearing in the 1977 Financial Report by the Secretary General to the Council agree with the accounting entries. We verified the accuracy of the entries relating to expenditure by means of test checks. We satisfied ourselves that all the supporting documents for the financial year bore the signatures required by the financial regulations. Expenditure included an amount of 284,844.27 francs owed to WIPO for services provided and rendered by that Organization in the course of the 1977 financial year. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation between UPOV and WIPO.

### 4. BALANCE SHEET AS OF DECEMBER 31, 1977 - GENERAL REMARK

We verified the balance sheet as of December 31, 1977, as appearing in the Annex to this Report, and found it to be in agreement with the figures appearing in the accounts. In addition, the Head of the Finance Section of WIPO, who is responsible for the UPOV accounts, informed us in reply to our inquiry that, to his knowledge, all financial obligations towards third parties had been entered in the accounts.

### 5. ASSETS

#### 5.1 Cash Assets

We verified the reconciliation statements as of December 31, 1977, of the two bank accounts, namely the current account and the fixed-term account, both of which are with the Swiss Bank Corporation in Geneva. We also requested and obtained from that bank an attestation, dated January 23, 1978, to the effect that the funds deposited with it were fully disposable and that there were no reservations in favor of third parties.

5.2 Debtors

The amount under this item (100,547.75 francs) consists of the following:

- (i) outstanding 1977 contribution of one member State (85,238 francs; this sum was received by UPOV on January 5, 1978);
- (ii) proceeds from sale of publications, to be paid by WIPO (7,385.90 francs);
- (iii) withholding tax repayable by the Federal Tax Administration (Administration fédérale des contributions) (2,487.85 francs);
- (iv) advances on education grants (5,436 francs).

6. LIABILITIES6.1 Creditors

The amount of 47,947.71 francs corresponds to the balance of the contribution owed to WIPO for services provided and rendered during 1977 (41,091.81 francs), and includes various suppliers' invoices.

6.2 Credit Brought Forward

The printing of the General Information brochure in English, German and Japanese was provided for in the 1977 budget. The work was done in 1977, but the invoices were not received by UPOV.

6.3 Reserve Fund

Balance on January 1, 1977	17,832.09
Surplus in the 1977 financial year	<u>64,486.75</u>
Thus, on December 31, 1977, the Reserve Fund was increased to	82,318.84 =====

6.4 Working Capital Fund

Pursuant to a decision taken by the Council, the contribution of each member State was calculated according to document UPOV/C/VI/6 of 1972. The amount of 150,000 francs appearing in the balance sheet as of December 31, 1976, was increased by the shares of Belgium and Switzerland, according to paragraph 57(c) of document C/VI/12 (8,333 francs paid by each country). Thus, on December 31, 1977, the Working Capital Fund totalled 166,666 francs.

7. CONCLUSIONS

As a result of our examination, we are in a position to certify:

- (a) that the financial statements reproduced in the Annexes are in conformity with the UPOV accounts;
- (b) that the entries in the accounts for the 1977 financial year agree with the supporting documents;
- (c) that the financial operations recorded in the accounts were carried out in accordance with applicable provisions;
- (d) that the funds deposited at the bank have been certified by that bank;
- (e) that the accounts have been carefully maintained and the supporting documents kept in orderly fashion.

Berne, June 29, 1978

R. Küttel  
Head of Section  
FEDERAL AUDIT SERVICE