



C/34/4

ORIGINAL: French

DATE: August 30, 2000

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

**COUNCIL**

**Thirty-Fourth Ordinary Session**  
**Geneva, October 26, 2000**

**FINANCES OF THE INTERNATIONAL UNION FOR THE PROTECTION  
OF NEW VARIETIES OF PLANTS AS AT DECEMBER 31, 1999**

*Memorandum by the Secretary-General*

**SUMMARY**

This document sets out the finances of the Union as at December 31, 1999, and reproduces the Auditor's Report on the accounts for the 1998-1999 financial period.

1. Results of 1998-1999 Financial Period

The results for the 1998-1999 financial period are as follows:

	<u>Francs</u> <sup>*</sup>
Income	5 917 268
Expenditure	<u>5 894 048</u>
Surplus	<u>23 220</u>

In accordance with Article 5 of the Financial Regulations of UPOV, the surplus of 23 220 francs was transferred to 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, 1999 (Annex A.2 hereto), the Working Capital Fund amounts to 419 585 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	4 167	Mexico	6 250
Australia	8 333	Netherlands	24 999
Austria	12 500	New Zealand	8 333
Belgium	8 333	Norway	8 333
Bulgaria	1 667	Paraguay	1 667
Canada	8 333	Poland	4 167
Chile	1 667	Portugal	4 167
Colombia	1 667	Republic of Moldova	1 667
Czech Republic	4 167	Russian Federation	4 167
Denmark	8 333	Slovakia	4 167
Ecuador	1 667	South Africa	8 333
Finland	8 333	Spain	8 333
France	41 667	Sweden	8 333
Germany	41 667	Switzerland	8 333
Hungary	4 167	Trinidad and Tobago	1 667
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	<u>1 667</u>
		Total:	<u>419 585</u>

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\* 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 1998 and 1999 contributions was based on the following units (see, in this respect, the 1998-1999 budget (documents C/31/4 and C/31/16)):

	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 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 (for 1999)
	0.5 units for Slovakia
	0.5 units for Ukraine
	0.2 units for Bulgaria (for 1999)
	0.2 units for Chile
	0.2 units for Colombia
	0.2 units for Ecuador
	0.2 units for Paraguay
	0.2 units for the Republic of Moldova (for 1999)
	0.2 units for Trinidad and Tobago (for 1999)
	0.2 units for Uruguay
Total :	51.75 units for 34 member States (for 1998)
	52.85 units for 38 member States (for 1999)

4. Summary of Main Accounting Standards

The UPOV Financial Report for the 1998-1999 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 1998-1999 Budget and Accounts, followed by explanatory notes;
- A.2 - Balance Sheet as at December 31, 1999;
- A.3 - Basis for Determining Contributions;
- A.4 - Determination of Contributions for each of the years 1998 et 1999;
- A.5 - Member States on December 31, 1999;
- A.6 - Comparison of Income and Expenditure of the 1996-1997 and 1998-1999 Bienniums;
- A.7 - Working Capital Fund Contributions and shares due on December 31, 1999
- A.8 - Comparison of Balance Sheets as of December 31, 1997, and December 31, 1999;
- A.9 - Extrabudgetary Funds;
- A.10 - Statement of Income and Expenditure and Changes in Reserves and Fund Balances;
- A.11 - Statement of Assets, Liabilities, Reserves and Fund Balances;
- A.12 - 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 1998-1999 financial period.*

[Annexes follow]

## ANNEXES A

**ANNEX A.1**  
Comparison of the 1998-1999 Budget and Accounts

<b>INCOME</b>		<b><u>BUDGET</u></b>		<b><u>ACCOUNTS</u></b>	
Contributions	(i)	5 552 000		5 610 844	
Publications	(ii)	12 000		62 879	
Miscellaneous*	(ii)	<u>205 000</u>	<u>5 769 000</u>	<u>243 545</u>	<u>5 917 268</u>
<b>EXPENDITURE</b>					
Staff Expenses		3 207 000		3 131 230	
Missions	(i)	260 000		356 407	
Third Party Travel	(i)	149 000		42 436	
Conferences	(ii)	202 000		140 325	
Consultants	(iii)	192 000		167 059	
Printing	(iv)	100 000		30 914	
Other Contractual Services	(iv)	270 000		236 258	
General running costs		178 000		174 383	
Supplies and Materials		16 000		16 187	
Furniture and Equipment	(v)	25 000		76 213	
Fellowships	(vi)	60 000		-	
Other Expenses	(vii)	<u>47 000</u>		<u>19 773</u>	
		4 706 000		4 391 185	
Common Expenses**		<u>1 497 000</u>	6 203 000	<u>1 502 863</u>	5 894 048
<b>RESULTS</b>					
Deficit transferred from the Reserve Fund			(434 000)		-
Surplus transferred to the Reserve Fund			<u>-</u>		<u>23 220</u>
			<u>5 769 000</u>		<u>5 917 268</u>

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

\* Including UPOV's share of the WIPO common income, amounting to 18 324 francs.

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

	<u>Budget</u>		<u>Accounts</u>	
Staff Expenses	1 035 000		1 020 628	
Data Processing	31 000		44 867	
Maintenance of Buildings	184 000		153 439	
Equipment and Supplies	84 000		123 714	
Communications	148 000		147 405	
Other Expenses	<u>15 000</u>	<u>1 497 000</u>	<u>12 810</u>	<u>1 502 863</u>

Notes Concerning Variations Between Budget and Accounts

**INCOME**

- (i) Contributions:  
The excess of 58 844 francs is due to the accession of Bulgaria, the Russian Federation, the Republic of Moldova and Trinidad and Tobago in 1998.
- (ii) Other income (publications and miscellaneous):  
Income exceeds the budgeted amount by 89 424 francs due to the fact that the sale of publications and the income from technical assistance under the trust funds had been greater than forecast.

**EXPENDITURE**

- (i) Missions and third party travel:  
The overspend of 96 407 francs is mainly due to the high number of missions as part of the activities undertaken to promote accession to the UPOV Convention. The savings of 106 564 francs are due to the fact that there was less third party travel than forecast under the budget item for technical assistance.
- (ii) Conferences:  
The savings of 61 675 francs are mainly due to a reduction in the number of meetings of the Administrative and Legal Committee, to the cancellation of a meeting with the international organizations on matters of common interest and to the fact that the cost of meetings of the Consultative Committee were lower than forecast.
- (iii) Consultants:  
The savings of 24 941 francs are due to the fact that the recruitment of a consultant to improve communication with countries using the Russian language did not take place until December 15, 1998
- (iv) Printing and other contractual services:  
The savings of 69 086 francs and 33 742 francs are due, respectively, to a printing volume that was less than forecast and lower expenditure than forecast for the production of the CD-ROM. Those savings were partly balanced out by costs of outside translation of documents that were higher than forecast.
- (v) Furniture and equipment:  
The overspend of 51 213 francs is due to the purchase of computer hardware (computers, printers, etc.) in greater quantities than forecast.
- (vi) Fellowships:  
The savings of 60 000 francs are accounted for by the fact that the activities foreseen under the program of fellowships for senior officials of developing countries were not undertaken.
- (vii) Other expenses:  
The savings of 27 227 francs are due to expenditure lower than forecast in the budget, i.e. 1% of the total of UPOV's own expenditure.

**ANNEX A.2**  
**Balance Sheet as at December 31, 1999**

<b>ASSETS</b>		<b>LIABILITIES</b>	
Liquid Assets	2 177 828	Accounts Payable	252 563
		Funds in Trust	261 653
		Transitional Liability Account	2 998
		Separation Reserve	141 050
Accounts Receivable	404 834	Reserve Fund	
		Balance carried forward from December 31, 1997	1 481 593
		Surplus for 1998-1999	<u>23 220</u> 1 504 813
		Working Capital Fund	<u>419 585</u>
	<u>2 582 662</u>		<u>2 582 662</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 Convention (as revised on October 23, 1978).

Number of Units	x	Number of States *		=	Total Units	
		1998	1999		1998	1999
5		5	5		25	25
4		-	-		-	-
3		1	1		3	3
2		1	1		2	2
1.5		6	6		9	9
1		7	7		7	7
0.75		1	1		0.75	0.75
0.5		8	9		4	4.5
0.2		<u>5</u>	<u>8</u>		<u>1</u>	<u>1.6</u>
		<u>34</u>	<u>38</u>		<u>51.75</u>	<u>52.85</u>

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

**ANNEX A.4**  
**Determination of Contributions for the Year 1998**

The value of one contribution unit was fixed at 53 641 francs by the UPOV Council (document C/31/16, paragraph 15 and Annex III).

Basis of contributions (francs)	Number of Units	Amount due per State (francs)	Number of States*	Total (francs)
	5	268 205	5	1 341 025
	4	-	-	-
	3	160 923	1	160 923
2 775 920	2	107 282	1	107 282
	1.5	80 462	6	482 772
	1	53 641	7	375 487
	0.75	40 231	1	40 231
	0.5	26 820	8	214 560
	0.2	10 728	<u>5</u>	<u>53 640</u>
			<u>34</u>	<u>2 775 920</u>

**Determination of Contributions for the Year 1999**

The value of one contribution unit was fixed at 53 641 francs by the UPOV Council (document C/31/16, paragraph 15 and Annex III). The difference between the amount of the contributions as it appears in the report adopted by the Council (Annex III of document C/31/16) and the amount shown hereafter is due to the accessions Bulgaria, Republic of Moldova, Russian Federation and Trinidad and Tobago.

Basis of contributions (francs)	Number of Units	Amount due per State (francs)	Number of States*	Total (francs)
	5	268 205	5	1 341 025
	4	-	-	-
	3	160 923	1	160 923
2 834 924	2	107 282	1	107 282
	1.5	80 462	6	482 772
	1	53 641	7	375 487
	0.75	40 231	1	40 231
	0.5	26 820	9	241 380
	0.2	10 728	<u>8</u>	<u>85 824</u>
			<u>38</u>	<u>2 834 924</u>

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



**ANNEX A.5**  
**Member States on December 31, 1999**

Member State	Number of Contribution Units	Date on which State became Member
Argentina	0.5	December 25, 1994
Austria	1.5	July 14, 1994
Australia	1	March 1, 1989
Belgium	1.5	December 5, 1976
Bulgaria	0.2	April 24, 1998
Canada	1	March 4, 1991
Chile	0.2	January 5, 1996
Colombia	0.2	September 13, 1996
Czech Republic	0.5	January 1, 1993
Denmark	1.5	October 6, 1968
Ecuador	0.2	August 8, 1997
Finland	1	April 16, 1993
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
Mexico	0.75	August 9, 1997
Netherlands	3	August 10, 1968
New Zealand	1	November 8, 1981
Norway	1	September 13, 1993
Paraguay	0.2	February 8, 1997
Poland	0.5	November 11, 1989
Portugal	0.5	October 14, 1995
Republic of Moldova	0.2	October 28, 1998
Russian Federation	0.5	April 24, 1998
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
Trinidad and Tobago	0.2	January 30, 1998
Ukraine	0.5	November 3, 1995
United Kingdom	5	August 10, 1968
United States of America	5	November 8, 1981
Uruguay	0.2	November 13, 1994

38 Member States (of which 34 contributors for the year 1998 and 38 for the year 1999)

Bolivia*	May 21, 1999
Brazil*	May 23, 1999
China*	April 23, 1999
Kenya*	May 13, 1999
Panama*	May 23, 1999
Slovenia*	July 29, 1999

44 member States (on December 31, 1999)

\* Contributions payable as from January 2000.

**ANNEX A.6**  
**Comparison of Income and Expenditure**  
**of the 1996-1997 and 1998-1999 Bienniums**

	<u>1996-1997</u> <u>Biennium</u>	<u>1998-1999</u> <u>Biennium</u>
<b>INCOME</b>		
Contributions	5 374 826	5 610 844
Publications	8 483	62 879
Other income	<u>252 401</u>	<u>243 545</u>
Total income	<u>5 635 710</u>	<u>5 917 268</u>
<b>EXPENDITURE</b>		
Staff expenses	2 913 521	3 131 230
Missions	223 566	356 407
Third party travel	29 420	42 436
Conferences	86 118	140 325
Consultants	-	167 059
Printing	66 390	30 914
Other contractual services	143 342	236 258
General running costs	158 680	174 383
Supplies and materials	18 599	16 187
Furniture and equipment	38 572	76 213
Other expenses	9 020	19 773
Common expenses	<u>1 364 181</u>	<u>1 502 863</u>
Total expenditure	5 051 409	5 894 048
<b>RESULTS</b>		
Surplus transferred to the Reserve Fund	<u>584 301</u>	<u>23 220</u>
	<u>5 635 710</u>	<u>5 917 268</u>

**ANNEX A.7**

Contributions and Working Capital Fund Shares due  
on December 31, 1999

<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	
Bulgaria	No arrears	
Canada	No arrears	
Chile	No arrears	
Colombia	No arrears	
Czech Republic	No arrears	
Denmark	No arrears	
Ecuador	Working Capital Fund	1 667
	Contribution 1998	10 728
	Contribution 1999	<u>10 728</u>
		<b>23 123</b>
Finland	No arrears	
France	No arrears	
Germany	No arrears	
Hungary	No arrears	
Ireland	No arrears	
Israel	No arrears	
Italy	No arrears	
Japan	No arrears	
Mexico	No arrears	
Netherlands	No arrears	
New Zealand	No arrears	
Norway	No arrears	
Paraguay	Contribution 1999 (balance)	<b>1 236</b>
Poland	No arrears	
Portugal	No arrears	
Republic of Moldova	No arrears	
Russian Federation	Working Capital Fund	4 167
	Contribution 1999	<u>26 820</u>
		<b>30 987</b>
Slovakia	No arrears	
South Africa	No arrears	
Spain	No arrears	
Sweden	No arrears	
Switzerland	No arrears	
Trinidad and Tobago	No arrears	
Ukraine	Contribution 1997	26 820
	Contribution 1998	26 820
	Contribution 1999	<u>26 820</u>
		<b>80 460</b>
United Kingdom	No arrears	
United States of America	Contribution 1999	<b>268 205</b>
Uruguay	No arrears	
	<b>Total</b>	<b>404 011</b>

\* Only those member States that have contributed for 1998 and 1999, or for 1999, are shown in this list.

**ANNEX A.8**  
**Comparison of Balance Sheets as of**  
**December 31, 1997, and December 31, 1999**

	<u>December 31, 1997</u>	<u>December 31, 1999</u>
<b>ASSETS</b>		
<u>Cash Assets</u>		
UBS, current accounts	272 732	524 754
Swiss Confederation, Working Capital Fund	398 333	419 585
Deposit Account	1 853 862	1 233 489
 <u>Accounts Receivable</u>		
Contributions and Working Capital Fund shares outstanding	26 820	404 011
Sundry Debtors	<u>1 409</u>	<u>823</u>
	<u>2 553 156</u>	<u>2 582 662</u>
 <b>LIABILITIES</b>		
<u>Accounts Payable</u>		
Advance Payment of Contributions and Working Capital Fund shares	68 613	106 782
Sundry Creditors	290 148	145 781
 <u>Transitional Liability Account</u>	 750	 2 998
 <u>Funds in Trust</u>	 196 636	 261 653
 <u>Reserve for Financing Activities in favor of Developing Countries</u>	 10 796	 -
 <u>Separation Reserve</u>	 106 287	 141 050
 <u>Reserve Fund</u>	 1 481 593	 1 504 813
 <u>Working Capital Fund</u>	 <u>398 333</u>	 <u>419 585</u>
	<u>2 553 156</u>	<u>2 582 662</u>

**ANNEX A.9**  
**Extrabudgetary Funds**

**FUNDS IN TRUST, JAPANESE GOVERNMENT**

Balance carried forward from previous biennium		155 155
<u>Funds received:</u>		
January 11, 1999	148 832	
December 9, 1999	148 832	
Bank interest	<u>1 038</u>	298 702
<u>Expenditure:</u>		
Seminars on the Protection of Plant Varieties		
Cambridge, United Kingdom (June 1998)	137 861	
Kunming and Beijing, China (May 1999)	81 123	
Cambridge, United Kingdom (July 1999)	50 833	
Miscellaneous expenses	<u>11</u>	
	269 828	
Administrative support costs (13% on these expenditures)	<u>35 078</u>	(304 906)
Balance unspent as of December 31, 1999		<u>148 951</u>

**FUNDS IN TRUST, JUNIOR PROFESSIONAL OFFICER, JAPANESE GOVERNMENT**

Balance carried forward from previous biennium		36 829
<u>Funds received</u> (March 27, 1998)		291 459
<u>Expenditure:</u>		
(salary, allowances, insurance premiums, removal expenses, mission expenses, separation reserve)	193 180	
Administrative support costs (12% on these expenditures)	<u>23 182</u>	(216 362)
Balance unspent as of December 31, 1999		<u>111 926</u>

**FUNDS IN TRUST, FRENCH GOVERNMENT**

Balance carried forward from previous biennium		4 652
Bank interest		166
<u>Expenditure</u> (Seminar on the Protection of Plant Varieties, Burkina Faso, December 1997)	3 944	
Miscellaneous expenses (bank fees, etc.)	<u>98</u>	(4 042)
Balance unspent as of December 31, 1999		<u>776</u>

ANNEX A.10

Comparative table 1

Statement of Income and Expenditure  
and Changes in Reserves and Fund Balances

for the period ending December 31, 1999  
(Expressed in thousands of Swiss francs)

<u>Heading</u>	<u>General Fund (and related funds)</u>	
	<u>Total</u>	
	<u>Period</u> 1998-99	<u>Period</u> 1996-97
INCOME		
Contributions	5 611	5 375
Other/Miscellaneous income		
Revenue producing activities	121	39
Funds received under inter-organization arrangements	18	50
Interest income	156	172
Currency exchange adjustments	-	-
Other/Miscellaneous	11	-
TOTAL INCOME	5 917	5 636
EXPENDITURE	5 894	5 052
TOTAL EXPENDITURE	5 894	5 052
EXCESS OF INCOME OVER EXPENDITURE	23	584
Transfers to reserves	23	584
Transfers from reserves	-	-
Transfers to working capital fund	21	12
Other adjustments	-	-
Reserves and fund balances at beginning of period	1 880	1 284
RESERVES AND FUND BALANCES, END OF PERIOD	1 924	1 880

ANNEX A.11

Comparative table 2

Statement of Assets, Liabilities, Reserves and Fund Balances

as of December 31, 1999  
(Expressed in thousands of Swiss francs)

<u>Heading</u>	<u>General Fund (and related funds)</u>	
	<u>Total</u>	
	<u>Period</u> 1998-99	<u>Period</u> 1996-97
<b>ASSETS</b>		
Cash and term deposits	2 178	2 525
Accounts receivable		
Contributions receivable from member States	404	27
Other	1	1
Other assets	-	-
Land and buildings	-	-
<b>TOTAL ASSETS</b>	<b>2 583</b>	<b>2 553</b>
<b>LIABILITIES</b>		
Contributions received in advance	107	69
Unliquidated obligations	3	1
Accounts payable		
Inter-fund balances	403	465
Other	4	21
Other funds and special accounts	141	117
<b>TOTAL LIABILITIES</b>	<b>659</b>	<b>673</b>
<b>RESERVES AND FUND BALANCES</b>		
Reserves at end of period	1 505	1 482
Working Capital Fund at end of period	420	398
<b>TOTAL RESERVES AND FUND BALANCES</b>	<b>1 925</b>	<b>1 880</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>	<b>2 583</b>	<b>2 553</b>

ANNEX A.12

Comparative table 3

Statement of Cash Flow

as of December 31, 1999  
(Expressed in thousands of Swiss francs)

	Period 1998-99	Period 1996-97
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net excess (shortfall) of income over expenditure	23	584
(Increase) decrease in contributions payable	(377)	301
(Increase) decrease in other accounts receivable	-	11
Increase (decrease) in contributions or payments received in advance	38	42
Increase (decrease) in unliquidated obligations	2	(29)
Increase (decrease) in accounts payable	(17)	3
less: Interest income	(156)	(172)
plus: Financial charges	2	1
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(485)</b>	<b>741</b>
<b>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>		
(Increase) decrease in inter-fund balances receivable*	-	-
Increase (decrease) in inter-fund balances payable*	(62)	71
Increase (decrease) in balances on funds and special accounts	46	127
less: Interest income	156	172
plus: Financial charges	(2)	(1)
<b>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>	<b>138</b>	<b>369</b>
<b>CASH FLOWS FROM OTHER SOURCES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM OTHER SOURCES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS</b>	<b>(347)</b>	<b>1 110</b>
<b>CASH AND TERM DEPOSITS, BEGINNING OF PERIOD</b>	<b>2 525</b>	<b>1 415</b>
<b>CASH AND TERM DEPOSITS, END OF PERIOD</b>	<b>2 178</b>	<b>2 525</b>

[Annex B follows]

\* Between the different accounting entities administered by WIPO.



C/34/4

ANNEX B

Swiss Federal Audit Office

INTERNATIONAL UNION FOR THE PROTECTION  
OF NEW VARIETIES OF PLANTS  
GENEVA

1998-1999 Biennium

Auditor's Report to the Council

Berne, July 18, 2000

## **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 thirty-first ordinary session held in Geneva on October 29, 1997, renewed the mandate of Switzerland as auditor up to and including the year 1999 (paragraph 17 of document C/31/16).
2. Following the retirement of Mr. F. Faessler, the Swiss Government entrusted me, as Director of the Federal Audit Office, the task of auditing 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 June 2000, with auditing the accounts as of December 31, 1999, at the headquarters of the International Bureau in Geneva.

### **Financial Regulations**

3. At its thirty-seventh session in December 1996, the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency (PANEL) recommended that every external auditor of the United Nations system should, for the wording of his audit opinion, adopt a text that reflected the requirements of the International Federation of Accountants (IFAC) set forth in International Standard Number 13 on Auditing.
4. Acting on this PANEL recommendation, the Director General of the World Intellectual Property Organization (WIPO) submitted to the Assemblies of the Member States of WIPO document A/33/6, dated July 17, 1998, which proposed the amendment of paragraph 5 of the Terms of Reference governing audit annexed to the WIPO Financial Regulations. The Assemblies adopted the new text (A/33/8, September 15, 1998). In accordance therefore with the Financial Regulations of UPOV, constituted *mutatis mutandis* by the Financial Regulations of WIPO, as from the 1998-1999 biennium, I am able to give an opinion on the financial statements of UPOV, as shown in the Annex to this report, in compliance with the international standards.

### **Information Received**

5. 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**

6. The audit related to entries concerning the 1998-1999 biennium in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as of December 31, 1999. 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.

7. Observations of minor importance that arose during auditing of the accounts were discussed with the officials concerned and do not call for particular comment.

## 1998-1999 BUDGET AND RESULTS

### Budget for the biennium

8. The budget for the 1998-1999 biennium adopted by the Council at its thirty-first ordinary session in Geneva on October 29, 1997 (paragraph 13 of document C/31/16) and at its fifteenth extraordinary session in Geneva on April 3, 1998 (paragraph 2 of document C(Extr.)/15/3) was as follows:

	<u>Francs</u>
- Income	5 769 000
- Withdrawal from reserve fund	<u>434 000</u>
	6 203 000
- Expenditure	<u>6 203 000</u>
- Forecast result	<u>0</u>

### Results of the biennium

9. The result of the accounts for the 1998-1999 biennium is as follows:

	<u>Francs</u>
- Income	5 917 268
- Expenditure	<u>5 894 048</u>
- Payment to the reserve fund	<u>23 220</u>

### Income and expenditure

10. The figures relating to income and expenditure during the 1998-1999 biennium, which were the subject of the audit, shown on pages 7 and 74 of the Financial Report of UPOV (document UPOV/Int./26), correspond to those of the accounts. Expenditure includes, among other things, an amount of 1 502 863 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.

11. Expenditure for the biennium is less than the budgeted amount and results in an overall saving of 308 952 francs, or 4.98 per cent (1996-1997: 8.42 per cent). 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, 1999**

12. The total of the balance sheet of UPOV as at 31 December 1999, amounted to 2 582 662 francs.
13. The balance sheet which is audited is given on page 75 of the UPOV Financial Report (document UPOV/Int./26).
14. The amount of 261 653 francs in the item "funds in trust" shown as liabilities in the balance sheet represents the net situation of the Union with regard to third parties that is to say the contributions paid to the Union by the providers of funds once the cumulative expenditure of ongoing projects has been deducted.

### **Allocation of expenditures**

15. The Council of UPOV approves the budget setting out expenditure by its nature, including the common expenditure. The Assembly of the Member States of WIPO approved the 1998-1999 budget at its 18<sup>th</sup> session on March 23 and 24, 1998. That budget contains in its Annex VI the allocation of costs that also applies to UPOV (see document A/32/2 – WO/BC/18/2). In the latter document and in the UPOV budget the common expenditures attributable to UPOV amount to 1.497 million francs.
16. 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. That flexibility has a direct influence on the common expenditure that is charged to UPOV.
17. 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.

**Recommendation No. 1:** The scales used by WIPO for allocating common expenditures and income should be justified in detail and presented to the Council in the draft UPOV budget.

### **Reserve for separation from service**

18. On December 31, 1999, 164 108 francs were allocated to the separation reserve. This amount corresponds to the difference between the budget figures for staff costs and those actually spent during the 1998-1999 biennium in accordance with the approved UPOV budget.

**Recommendation No. 2:** In order to fund the separation reserve, my opinion is that the Secretariat should propose to the UPOV Council an approach similar to that of WIPO, that is to say monthly payments as a percentage of the total of salaries.

## CONCLUSIONS

19. 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 085/944.00.1.36/98

## AUDIT OPINION

I have examined the financial statements presented on pages 7, 74 and 75 of the Financial Management Report of the International Union for the Protection of New Varieties of Plants (UPOV), document UPOV/INT/26, for the financial period ending on December 31, 1999. 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, 1999, 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 1998-1999 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 July 18, 2000.

Berne, July 18, 2000

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

[End of Annex B and of document]