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C/24/4

ORIGINAL: French

DATE: August 1, 1990

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

GENEVA

**COUNCIL**

**Twenty-fourth Ordinary Session  
Geneva, October 18 and 19, 1990**

**FINANCES OF THE INTERNATIONAL UNION  
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS  
AS AT DECEMBER 31, 1989**

Memorandum of the Secretary-General

<p><b>SUMMARY</b></p> <p>This document sets out the finances of the Union as at December 31, 1989 (Article 23(2) of the Convention) and reproduces the Auditor's Report on the accounts for the 1988-89 financial period (Article 25 of the Convention).</p>
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1. Results of the 1988-89 Financial Period

The results for the 1988-89 financial period are as follows:

	<u>Francs*</u>
Receipts	3,705,266
Expenditure	<u>3,349,904</u>
Surplus	355,362
	=====

In accordance with Article 5 of the Financial Regulations of UPOV, the surplus of 355,362 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 of December 31, 1989 (Annex A.2 hereto), the Working Capital Fund amounts to 333,330 francs. The share of each State, calculated according to the decision taken by the Council at its session in November 1972 (document UPOV/C/VI/6), is as follows:

Belgium	8,333	Netherlands	24,999
Denmark	8,333	New Zealand	8,333
France	41,667	South Africa	8,333
Germany (Fed. Rep. of)	41,667	Spain	8,333
Hungary	8,333	Sweden	8,333
Ireland	8,333	Switzerland	8,333
Israel	8,333	United Kingdom	41,667
Italy	16,666	United States of America	41,667
Japan	41,667		
		Total:	333,330
			=====

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 Convention (revised text of October 23, 1978)). However, Belgium, Denmark, Sweden and Switzerland have voluntarily increased their annual contributions by half a unit. Consequently, the calculation of the 1988 and 1989 contributions was based on the following units (see, in this respect, the 1988-89 budget (documents C/XXI/4 and C/XXI/12)):

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

- 5 units for France
- 5 units for Germany (Fed. Rep. of)
- 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
  
- 1.50 units for Belgium
- 1.50 units for Denmark
- 1.50 units for Sweden
- 1.50 units for Switzerland
  
- 1 unit for Ireland
- 1 unit for New Zealand
- 1 unit for South Africa
- 1 unit for Spain
  
- 0.50 units for Hungary
- 0.50 units for Israel

4. Annexes

Annexes A to this document contain the following:

- A.1 - comparison of the 1988-89 budget and accounts, followed by an explanatory note;
- A.2 - balance sheet as at December 31, 1989;
- A.3 - calculation of contributions;
- A.4 - list of Member States.

Annex B contains the Auditor's Report.

5. The Council is invited to examine and approve the accounts for the 1988-89 financial period in accordance with Article 21(f) of the Convention.

[Annexes follow]

## ANNEX A.1

Comparison of 1988-89 Budget and Accounts

<u>Income</u>		<u>Budget</u>		<u>Accounts</u>	
Contributions		3,568,000		3,568,000	
Publications	(i)	34,000		19,174	
Miscellaneous*		<u>84,000</u>	3,686,000	<u>118,092</u>	3,705,266
			=====		=====

Expenditure

Staff Expenses		2,116,000		1,797,602	
Missions	(ii)	88,000		128,465	
Third Party Travel		11,000		6,243	
Conferences		139,000		134,763	
Consultants	(iii)	0		42,000	
Printing		90,000		83,426	
Other Contractual Services		85,000		42,307	
Rental of Premises	(iv)	87,000		88,943	
Supplies and Materials		6,000		1,822	
Furniture and Equipment		11,000		1,654	
Other Expenses		<u>27,000</u>		<u>6,105</u>	
		2,660,000		2,333,330	
Common Expenses**		<u>1,026,000</u>	3,686,000	<u>1,016,574</u>	3,349,904

Results

Surplus transferred to the Reserve Fund					
			<u>3,686,000</u>		<u>355,362</u>
					<u>3,705,266</u>

(i) to (iv): see page 2 of these Annexes A.

\* Including UPOV's share of the WIPO common income of 26,677 francs.

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

	<u>Budget</u>	<u>Accounts</u>
Salaries and Common Staff Costs	748,000	747,312
Data Processing	12,000	9,716
Miscellaneous Printing	5,000	9,277
Maintenance of Buildings	101,000	78,749
Equipment and Supplies	42,000	73,917
Communications	108,000	92,036
Other Expenses	<u>10,000</u>	<u>5,567</u>
	1,026,000	1,016,574
	=====	=====

Notes Concerning Adverse Variations Between the Budget and Accounts

Income

(i) Publications:

Income did not reach the figure foreseen in the budget since sales were lower than expected.

Expenditure

(ii) Missions:

The excess of 40,465 francs is due to the large number of missions involving visits to governments and plant variety offices of many countries.

(iii) Consultants:

The excess is due to an expenditure which was not foreseen in the budget, but which was approved by the Council (see paragraph 12 of document C(Extr)VIII/I).

(iv) Rental of Premises:

The excess of 1,943 francs is due to the increase in the rental per square meter based on the Geneva cost of living index.

ANNEX A.2

Balance Sheet as at December 31, 1989

<u>ASSETS</u>		<u>LIABILITIES</u>	
Liquid Assets	898,580	Accounts Payable	682,821
Accounts Receivable	820,548	Reserve Fund	
		Balance carried forward from	
		December 31, 1987	347,615
		Surplus of income for 1988-89	355,362
			702,977
		Working Capital Fund	333,330
	<u>1,719,128</u>		<u>1,719,128</u>
	=====		=====

## ANNEX A.3

Basis for the Calculation of Contributions

The share of each country in the contributions is determined on the basis of Article 26 of the Convention (revised text of October 23, 1978).

<u>Number of Units</u>	+	<u>Number of Voluntary Units</u>	=	<u>Total</u>	x	<u>Number of States*</u>	=	<u>Total Units</u>
5		-		5		5		25
4		-		4		-		-
3		-		3		1		3
2		-		2		1		2
1		0.50		1.50		4		6
1		-		1		4		4
0.50		-		0.50		<u>2</u>		<u>1</u>
						17		41
						==		==

Calculation of Contributions for each of the Years 1988 and 1989

The amount of the contributions is as approved by the Concil (document C/XXI/13, paragraph 124).

<u>Basis of Contributions (francs)</u>	<u>Number of Units</u>	<u>Amount due per State (francs)</u>	<u>Number of States*</u>	<u>Total (francs)</u>
	5	217,560	5	1,087,800
	4	-	-	-
	3	130,536	1	130,536
1,784,000	2	87,024	1	87,024
	1,50	65,270	4	261,080
	1	43,512	4	174,048
	0,50	21,756	<u>2</u>	<u>43,512</u>
			17	1,784,000
			==	=====

Value of one contribution unit: 43,512 francs.

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

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Annexes A, page 4

Annex A.4

Member States on December 31, 1989

<u>Member State</u>	<u>Date of UPOV Membership</u>	<u>1978 Act date</u>
Australia	March 1, 1989	March 1, 1989
Belgium	December 5, 1976	-
Denmark	October 6, 1968	November 8, 1981
France	October 3, 1971	March 17, 1983
Germany (Fed. Rep. of)	August 10, 1968	April 12, 1986
Hungary	April 16, 1983	April 16, 1983
Ireland	November 8, 1981	November 8, 1981
Israel	December 12, 1979	May 12, 1984
Italy	July 1, 1977	May 28, 1986
Japan	September 3, 1982	September 3, 1982
Netherlands	August 10, 1968	September 2, 1984
New Zealand	November 8, 1981	November 8, 1981
Poland	November 11, 1989	November 11, 1989
South Africa	November 6, 1977	November 8, 1981
Spain	May 18, 1980	-
Sweden	December 17, 1971	January 1, 1983
Switzerland	July 10, 1977	November 8, 1981
United Kingdom	August 10, 1968	September 24, 1983
United States of America	November 8, 1981	November 8, 1981

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19 member States

[Annex B follows]



C/24/4

ANNEX B

3003 Berne, July 20, 1990

Swiss Federal Audit Office  
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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

GENEVA

1988-1989 Financial Period

Auditor's Report

GENERALTerms 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) renewed the appointment of Switzerland as auditor up to and including the 1989 financial period at its twentieth ordinary session in December 1986.
2. The Swiss Government entrusted the audit of the UPOV accounts to the Federal Audit Office. That Office, represented by its Deputy Director as Auditor, carried out intermediate checks during the period and examined the closing of the accounts for the 1988-1989 financial period, in June 1990, at the headquarters of the International Bureau in Geneva. Up to November 30, 1989, the audit of the accounts was carried out by Mr. W. Frei.

Information Received

3. Mr. P. Favatier, Head of the Finance Section of the World Intellectual Property Organization (WIPO), responsible for keeping the UPOV accounts, and his staff kindly provided us, to our entire satisfaction, with all the information and the documents needed for our work. We informed Mr. T.A.J. Keefer, Controller and Director of the Budget and Finance Division of WIPO, of our findings and our comments in the course of the discussion that we had with him.

Nature and Scope of the Audit

4. The audit related to entries concerning the 1988-1989 financial period in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as at December 31, 1989. Our examinations were carried out according to generally accepted auditing standards and principles and with due regard to the checks carried out by the Internal Auditor of WIPO.

Member States

5. Belgium, Denmark, France, the Federal Republic of Germany, Hungary, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States of America are the 17 Member States of the Union that participated in the financing of its activities during the 1988-1989 financial period.

1988-1989 BUDGET AND RESULTSBudget for the Financial Period

6. The budget for the 1988-1989 financial period adopted by the Council at its twenty-first ordinary session in Geneva on October 15 and 16, 1987 (paragraph 17 of document C/XXI/12), was as follows

	<u>Francs</u>
- Income	3,686,000
- Expenditure	<u>3,686,000</u>
- Result	-

Results for the Financial Period

7. Whereas the budget provided for a balanced result, the 1988-1989 financial period produced a surplus, namely:

	<u>Francs</u>
- Income	3,705,266
- Expenditure	<u>3,349,904</u>
- Surplus	<u>355,362</u>

8. As shown in the balance sheet as at December 31, 1989, the above surplus was transferred, in accordance with Article 5(a) of the UPOV Financial Regulations, directly to the Reserve Fund, which now stands at 702,977 francs.

1988-1989 ACCOUNTSIncome

9. Pursuant to Article 6 of the UPOV Financial Regulations, the contributions payable by Member States have to be paid during the month of January of the year to which they relate. The dates of receipt of the 1988 and 1989 contributions show that the prescribed time limit has not always been observed. On December 31, 1989, there remained arrears of contributions for 1989 in the balance sheet of the Union amounting to 587,582 francs, or approximately 33%; that figure represented the balance of contributions for two Member States.

Expenditure

10. The figures relating to expenditure during the 1988-1989 financial period shown in Annex 1 to this report correspond to those of the accounts. Expenditure includes, amongst other things, an amount of 1,016,574 francs corresponding to the participation of UPOV in services rendered by WIPO during the period under review, in accordance with Article 2 of the Agreement of November 26, 1982, between WIPO and UPOV.
11. In addition, the headings "Missions," "Consultants" and "Rental of Premises" show expenditure in excess of the budget forecasts without, however, exceeding the 5% limit provided for in Regulation 4 of the WIPO Financial Regulations applicable to UPOV, within which limit the Secretary-General may make transfers from one budget heading to another. For more details on this subject, we would refer to the "Notes concerning adverse variations between the budget and accounts" in the report on the finances of UPOV for the 1988-1989 financial period.

Balance Sheet as at December 31, 1989

12. I have examined the balance sheet as at December 31, 1989, as given in Annex 2 to this report and I have found it to be in conformity with the figures in the accounts.
13. With regard to the "Japan" fund in trust (FIT/JAPAN), the accumulated expenditure up to December 31, 1989, appears on the assets side of the balance sheet as of that date, whereas the funds made available are entered on the liabilities side, the available balance being 43,286 francs.

CONCLUSIONS AND AUDIT CERTIFICATE

14. I have examined the financial statements of the International Union for the Protection of New Varieties of Plants (UPOV) in Geneva for the financial period ended December 31, 1989.
15. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.
16. The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.
17. The accounting principles were applied on a basis consistent with that of the preceding financial period.

18. Transactions were in accordance with the Financial Regulations and legislative authority.

[Signed]  
F. Faessler

Deputy Director  
FEDERAL AUDIT OFFICE  
OF THE SWISS CONFEDERATION

(Auditor)

Annexes:

- 1 Accounts and results of the 1988-1989 financial period.  
2 Balance sheet as of December 31, 1989

SECOND PART: CLOSURE

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CHAPTER XVI - ACCOUNTS AND RESULTS; BALANCE SHEET

Chapter XVI/I

ACCOUNTS AND RESULTS OF THE 1988-89 FINANCIAL PERIOD

INCOME

Contributions	3,568,000	
Other Income	<u>137,266</u>	
Total		3,705,266 =====

EXPENDITURE

Staff Expenses	1,797,602	
Missions	128,465	
Third Party Travel	6,243	
Conferences	134,763	
Consultants	42,000	
Printing	83,426	
Other Contractual Services	42,307	
Rental of Premises	88,943	
Supplies and Materials	1,822	
Furniture and Equipment	1,654	
Other Expenses	6,105	
Common Expenses	<u>1,016,574</u>	
Total Expenditure		3,349,904

RESULTS

Surplus, transferred to the Reserve Fund		<u>355,362</u>
		3,705,266 =====

Chapter XVI/II

BALANCE SHEET AS AT DECEMBER 31, 1989

## ASSETS

## CASH ASSETS

Swiss Bank Corporation current account		59,635	
Swiss Confederation working capital fund	333,330		
investment	<u>505,615</u>	<u>838,945</u>	898,580

## ACCOUNTS RECEIVABLE

Sundry Debtors (Chapter XIV)			<u>820,548</u>
			<u>1,719,128</u>
			=====

## LIABILITIES

## ACCOUNTS PAYABLE

Sundry creditors (Chapter XV)			682,821
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## RESERVE FUND

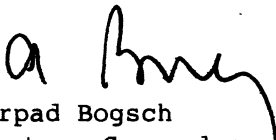
Balance carried forward from December 31, 1987		347,615	
Result, surplus of 1988-1989 financial period		<u>355,362</u>	702,977

## WORKING CAPITAL FUND

Belgium		8,333	
Denmark		8,333	
France		41,667	
Germany, (Fed. Rep. of)		41,667	
Hungary		8,333	
Ireland		8,333	
Israel		8,333	
Italy		16,666	
Japan		41,667	
Netherlands		24,999	
New Zealand		8,333	
South Africa		8,333	
Spain		8,333	
Sweden		8,333	
Switzerland		8,333	
United Kingdom		41,667	
United States of America		<u>41,667</u>	<u>33,330</u>

1,719,128

=====

  
Arpad Bogsch  
Secretary-General