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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
GENEVA

COUNCIL

Thirty-Second Ordinary Session
Geneva, October 28, 1998

FINANCES OF THE INTERNATIONAL UNION FOR THE PROTECTION
OF NEW VARIETIES OF PLANTS AS AT DECEMBER 31, 1997

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1997, and reproduces the Auditor's Report on the accounts for the 1996-1997 financial period.

1. Results of 1996-1997 Financial Period

The results for the 1996-1997 financial period are as follows:

	<u>Francs</u> *
Income	5 635 710
Expenditure	<u>5 051 409</u>
Surplus	<u>584 301</u>

In accordance with Article 5 of the Financial Regulations of UPOV, the surplus of 584 301 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, 1997 (Annex A.2 hereto), the Working Capital Fund amounts to 398 333 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	1 667	Japan	41 667
Australia	8 333	Netherlands	24 999
Austria	12 500	New Zealand	8 333
Belgium	8 333	Norway	8 333
Canada	8 333	Poland	4 167
Chile	1 667	Portugal	4 167
Colombia	1 667	Slovakia	4 167
Czech Republic	4 167	South Africa	8 333
Denmark	8 333	Spain	8 333
Finland	8 333	Sweden	8 333
France	41 667	Switzerland	8 333
Germany	41 667	Ukraine	4 167
Hungary	4 167	United Kingdom	41 667
Ireland	8 333	United States of America	41 667
Israel	4 167	Uruguay	<u>1 667</u>
Italy	16 666		
		Total:	<u>398 333</u>

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

3. Basis of contributions

The amount of the annual contribution of each member State is calculated on the basis of the number of contribution units applied to it (Article 26 of the Act of 1961/1972 and of the Act of 1978 of the Convention). However, Belgium, Denmark, Spain, Sweden and Switzerland have voluntarily increased their annual contributions by half a unit. Consequently, the calculation of the 1996 and 1997 contributions was based on the following units (see, in this respect, the 1996-1997 budget (documents C/29/4 and C/29/14)):

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

0.5 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 Slovakia
0.5 units for Ukraine

0.2 units for Argentina
0.2 units for Chile (for 1997)
0.2 units for Colombia (for 1997)
0.2 units for Uruguay

Total : 49.9 units for 29 member States for the year 1996
50.3 units for 31 member States for the year 1997

4. Summary of Main Accounting Standards

The UPOV Financial Report for the 1996-1997 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 1996-1997 Budget and Accounts, followed by explanatory notes;
- A.2 - Balance Sheet as at December 31, 1997;
- A.3 - Basis for Determining Contributions;
- A.4 - Determination of Contributions for each of the years 1996 et 1997;
- A.5 - Member States on December 31, 1997;
- A.6 - Comparison of Income and Expenditure of the 1994-1995 and 1996-1997 Bienniums;
- A.7 - Comparison of Balance Sheets as of December 31, 1995, and December 31, 1997;
- A.8 - Extrabudgetary Funds;
- A.9 - Statement of Income and Expenditure and Changes in Reserves and Fund Balances;
- A.10 - Statement of Assets, Liabilities, Reserves and Fund Balances;
- A.11 - 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 1996-1997 financial period.

[Annexes follow]

ANNEXES A

ANNEX A.1
Comparison of the 1996-1997 Budget and Accounts

INCOME		<u>BUDGET</u>		<u>ACCOUNTS</u>	
Contributions	(i)	5 353 000		5 374 826	
Publications		12 000		8 483	
Miscellaneous*	(ii)	<u>118 000</u>	<u>5 483 000</u>	<u>252 401</u>	<u>5 635 710</u>
 EXPENDITURE					
Staff Expenses	(i)	3 066 000		2 913 521	
Missions	(ii)	210 000		223 566	
Third Party Travel	(iii)	16 000		29 420	
Conferences	(iv)	157 000		86 118	
Printing	(v)	148 000		66 390	
Other Contractual Services	(v)	296 000		143 342	
Rental of Premises		140 000		137 168	
Supplies and Materials	(vi)	9 000		18 599	
Furniture and Equipment	(vi)	15 000		38 572	
Other Expenses	(vii)	<u>41 000</u>		<u>30 532</u>	
		4 098 000		3 687 228	
Common Expenses**	(viii)	<u>1 418 000</u>	5 516 000	<u>1 364 181</u>	5 051 409
 RESULTS					
Deficit transferred from the Reserve Fund			(33 000)		-
Surplus transferred to the Reserve Fund			<u>-</u>		<u>584 301</u>
			<u>5 483 000</u>		<u>5 635 710</u>

(i) to (viii) : see Annexes A, pages 2 and 3

* Including UPOV's share of the WIPO common income, amounting to 49 959 francs.

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

	<u>Budget</u>		<u>Accounts</u>	
Staff Expenses	993 000		743 228	
Data Processing	21 000		4 011	
Maintenance of Buildings	164 000		167 875	
Equipment and Supplies	83 000		102 450	
Communications	142 000		310 727	
Other Expenses	<u>15 000</u>	<u>1 418 000</u>	<u>35 890</u>	<u>1 364 181</u>

Notes Concerning Variations Between Budget and Accounts

INCOME

- (i) Contributions:
The excess of 21 826 francs is due to the accession of Chile and Colombia in 1997.
- (ii) Miscellaneous:
Income exceeds the budgeted amount by 134 401 francs due to the fact that bank interest and the income from technical assistance under the trust funds have been greater than forecast.

EXPENDITURE

- (i) Staff expenses:
The savings of 152 479 francs are mainly due to the freeze of salaries for the general services, professional and higher categories.
- (ii) Missions:
The excess of 13 566 francs is mainly due to the high number of missions as part of the intensive activity in promoting accessions to the UPOV Convention.
- (iii) Third Party Travel:
The excess of 13 420 francs is mainly due to travel costs for lecturers at the various regional seminars (Havana, Ouagadougou, Panama, Prague, Quito).
- (iv) Conferences:
The savings of 70 882 francs are mainly due to the cancellation of the Symposium due to be held on the occasion of the Council session in 1997, of the meeting of the Technical Committee and of the meeting with the international organizations, planned to be held in Geneva in 1997, and to a reduction in the number of the meetings of the Administrative and Legal Committee.
- (v) Printing and Other Contractual Services:
The savings of 81 610 francs and 152 658 francs are due, respectively, to a reduction in printing and translation and to expenditure that was lower than forecast in relation to production of the new UPOV CD-ROM.
- (vi) Supplies and Materials, Furniture and Equipment:
The excesses of 9 599 and 23 572 francs, respectively, are mainly due to the purchase of supplies and computer hardware (computers, printers, etc.) in greater quantities than foreseen.
- (vii) Other expenses:
The savings of 10 468 francs are due to expenditure lower than forecast in the budget, i.e. one per cent of the total of UPOV's own expenditure.
- (viii) Common Expenses:
The savings of 53 819 francs are due to reduction in participation in the common services expenditure as a result of growth in the activities of the Unions administered by WIPO that are financed by fees.

ANNEX A.2
Balance Sheet as at December 31, 1997

ASSETS		LIABILITIES	
Liquid Assets	2 524 927	Accounts Payable	358 761
		Transitional Liability Account	750
		Funds in Trust	196 636
		Reserve for Financing Activities in favor of Developing Countries	10 796
		Separation Reserve	106 287
Accounts Receivable	28 229	Reserve Fund Balance carried forward from December 31, 1995	897 292
		Surplus for 1996-1997	<u>584 301</u> 1 481 593
		Working Capital Fund	<u>398 333</u>
	<u>2 553 156</u>		<u>2 553 156</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	
		1996	1997		1996	1997
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
0.5		7	7		3.5	3.5
0.2		<u>2</u>	<u>4</u>		<u>0.4</u>	<u>0.8</u>
		<u>29</u>	<u>31</u>		<u>49.9</u>	<u>50.3</u>

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

ANNEX A.4
Determination of Contributions for the Year 1996

The value of one contribution unit was fixed at 53 641 francs by the UPOV Council (document C/29/14, paragraph 11 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
2 676 685	2	107 282	1	107 282
	1.5	80 462	6	482 772
	1	53 641	7	375 487
	0.5	26 820	7	187 740
	0.2	10 728	<u>2</u>	<u>21 456</u>
			<u>29</u>	<u>2 676 685</u>

Determination of Contributions for the Year 1997

The value of one contribution unit was fixed at 53 641 francs by the UPOV Council (document C/29/14, paragraph 11 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/29/14) and the amount shown hereafter is due to the accessions of Chile and Colombia.

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
2 698 141	2	107 282	1	107 282
	1.5	80 462	6	482 772
	1	53 641	7	375 487
	0.5	26 820	7	187 740
	0.2	10 728	<u>4</u>	<u>42 912</u>
			<u>31</u>	<u>2 698 141</u>

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

ANNEX A.5
Member States on December 31, 1997

Member State	Number of Contribution Units	Date on which State became Member
Argentina	0.2	December 25, 1994
Austria	1.5	July 14, 1994
Australia	1	March 1, 1989
Belgium	1.5	December 5, 1976
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
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
Netherlands	3	August 10, 1968
New Zealand	1	November 8, 1981
Norway	1	September 13, 1993
Poland	0.5	November 11, 1989
Portugal	0.5	October 14, 1995
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
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

31 Member States (of which 29 contributors for the year 1996 and 31 for the year 1997)

Ecuador*	August 8, 1997
Mexico*	August 9, 1997
Paraguay*	February 8, 1997

34 Member States (on December 31, 1997)

* Contributions payable as from January 1998.

ANNEX A.6
Comparison of Income and Expenditure
of the 1994-1995 and 1996-1997 Bienniums

	<u>1994-1995</u> <u>Biennium</u>	<u>1996-1997</u> <u>Biennium</u>
INCOME		
Contributions	4 957 441	5 374 826
Publications	18 908	8 483
Other income	<u>199 870</u>	<u>252 401</u>
Total income	5 176 219	5 635 710
Withdrawal from the Reserve Fund	<u>85 538</u>	<u>-</u>
Total income and transfers	<u>5 261 757</u>	<u>5 635 710</u>
EXPENDITURE		
Staff expenses	2 644 807	2 913 521
Missions	188 903	223 566
Third party travel	4 350	29 420
Conferences	96 284	86 118
Printing	90 372	66 390
Other contractual services	42 097	143 342
Rental of premises	123 563	137 168
Supplies and materials	8 558	18 599
Furniture and equipment	51 701	38 572
Other expenses	8 511	30 532
Common expenses	<u>1 306 076</u>	<u>1 364 181</u>
Total expenditure	4 565 222	5 051 409
Expenditure charged to the Reserve Fund	<u>85 538</u>	<u>-</u>
Total expenditure and withdrawals	4 650 760	5 051 409
RESULTS		
Surplus transferred to the Reserve Fund	<u>610 997</u>	<u>584 301</u>
	<u>5 261 757</u>	<u>5 635 710</u>

ANNEX A.7
Comparison of Balance Sheets as of
December 31, 1995, and December 31, 1997

	<u>December 31, 1995</u>	<u>December 31, 1997</u>
ASSETS		
<u>Cash Assets</u>		
Swiss Bank Corporation, current accounts	425 059	272 732
Swiss Confederation, Working Capital Fund Deposit Account	386 665 602 846	398 333 1 853 862
<u>Accounts Receivable</u>		
Contributions outstanding	328 100	26 820
Sundry Debtors	<u>12 113</u>	<u>1 409</u>
	<u>1 754 783</u>	<u>2 553 156</u>
LIABILITIES		
<u>Accounts Payable</u>		
Advance Payment of Contributions	26 820	68 613
Sundry Creditors	281 425	290 148
<u>Transitional Liability Account</u>	30 284	750
<u>Funds in Trust</u>	130 153	196 636
<u>Reserve for Financing Activities in favor of Developing Countries</u>	-	10 796
<u>Separation Reserve</u>	2 144	106 287
<u>Reserve Fund</u>	897 292	1 481 593
<u>Working Capital Fund</u>	<u>386 665</u>	<u>398 333</u>
	<u>1 754 783</u>	<u>2 553 156</u>

ANNEX A.8
Extrabudgetary Funds

FUNDS IN TRUST, JAPANESE GOVERNMENT

Balance carried forward from previous biennium	27 514	
<u>Funds received:</u>		
October 1, 1996	108 126	
September 1, 1997	152 607	
Bank interest	<u>1 059</u>	289 306
<u>Expenditure:</u>		
Seminars on the Protection of Plant Varieties		
Indonesia (December 1995)	5 061	
Bangladesh, India and Viet Nam (September 1996)	48 696	
Kyrgyzstan (November 1996)	34 084	
Workshop on the Protection of Plant Varieties		
Australia (September 1997)	10 574	
UPOV staff missions		
China and Greece (June 1996)	10 441	
China and Japan (August 1997)	9 856	
Miscellaneous expenses	<u>6</u>	
	118 718	
Administrative support costs (13% on these expenditures)	<u>15 433</u>	(134 151)
Balance unspent as of December 31, 1997		<u>155 155</u>

FUNDS IN TRUST, JUNIOR PROFESSIONAL OFFICER, JAPANESE GOVERNMENT

Balance carried forward from previous biennium		67 949
<u>Funds received</u> (July 23, 1996)		108 371
<u>Expenditure:</u>		
(salary, allowances, insurance premiums, removal expenses)		
	124 546	
Administrative support costs (12% on these expenditures)	<u>14 945</u>	(139 491)
Balance unspent as of December 31, 1997		<u>36 829</u>

FUNDS IN TRUST, FRENCH GOVERNMENT

<u>Funds received</u> (September 9, 1997)		48 400
Bank interest		78
<u>Expenditure</u> (Seminar on the Protection of Plant Varieties, Burkina Faso, December 1997)		
		(43 826)
Balance unspent as of December 31, 1997		<u>4 652</u>

ANNEX A.9

Comparative table 1

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

for the period ending December 31, 1997
(Expressed in thousands of Swiss francs)

<u>Heading</u>	<u>General Fund (and related funds)</u>	
	<u>Total</u>	
	<u>Period</u> 1996-97	<u>Period</u> 1994-95
INCOME		
Contributions	5 375	4 957
Other/Miscellaneous income		
Revenue producing activities	39	54
Funds received under inter-organization arrangements	50	16
Interest income	172	141
Currency exchange adjustments	-	8
Other/Miscellaneous	-	-
TOTAL INCOME	5 636	5 176
EXPENDITURE	5 052	4 565
TOTAL EXPENDITURE	5 052	4 565
EXCESS OF INCOME OVER EXPENDITURE	584	611
Transfers to reserves	584	611
Transfers from reserves	-	(86)
Transfers to working capital fund	12	33
Other adjustments	-	-
Reserves and fund balances at beginning of period	1 284	726
RESERVES AND FUND BALANCES, END OF PERIOD	1 880	1 284

ANNEX A.10

Comparative table 2

Statement of Assets, Liabilities, Reserves and Fund Balances

as of December 31, 1997
(Expressed in thousands of Swiss francs)

<u>Heading</u>	<u>General Fund (and related funds)</u>	
	<u>Total</u>	
	<u>Period</u>	<u>Period</u>
	1996-97	1994-95
ASSETS		
Cash and term deposits	2 525	1 415
Accounts receivable		
Contributions receivable from member States	27	328
Other	1	12
Other assets	-	-
Land and buildings	-	-
TOTAL ASSETS	2 553	1 755
LIABILITIES		
Contributions received in advance	69	27
Unliquidated obligations	1	30
Accounts payable		
Inter-fund balances	465	394
Other	21	18
Other funds and special accounts	117	2
TOTAL LIABILITIES	673	471
RESERVES AND FUND BALANCES		
Reserves at end of period	1 482	897
Working Capital Fund at end of period	398	387
TOTAL RESERVES AND FUND BALANCES	1 880	1 284
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	2 553	1 755

ANNEX A.11

Comparative table 3

Statement of Cash Flow

as of December 31, 1997
(Expressed in thousands of Swiss francs)

	Period 1996-97	Period 1994-95
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net excess (shortfall) of income over expenditure	584	611
(Increase) decrease in contributions payable	301	(121)
(Increase) decrease in other accounts receivable	11	3
Increase (decrease) in contributions or payments received in advance	42	23
Increase (decrease) in unliquidated obligations	(29)	17
Increase (decrease) in accounts payable	3	17
less: Interest income	(172)	(141)
plus: Financial charges	1	1
NET CASH FROM OPERATING ACTIVITIES	741	410
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:		
(Increase) decrease in inter-fund balances receivable*	-	92
Increase (decrease) in inter-fund balances payable*	71	(269)
Increase (decrease) in balances on funds and special accounts	127	35
less: Interest income	172	141
plus: Financial charges	(1)	(1)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	369	(2)
CASH FLOWS FROM OTHER SOURCES:		
Transfers from reserves	-	(86)
CASH FLOWS FROM OTHER SOURCES	-	(86)
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	1 110	322
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	1 415	1 093
CASH AND TERM DEPOSITS, END OF PERIOD	2 525	1 415

[Annex B follows]

* Between the different accounting entities (in particular WIPO and the Funds in Trust).

C/32/4

ANNEX B

Swiss Federal Audit Office
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3003 Berne, August 19, 1998

INTERNATIONAL UNION FOR THE PROTECTION
OF NEW VARIETIES OF PLANTS
GENEVA

1996-1997 Biennium

Auditor's Report to the Council

GENERAL

Terms of Reference

1. Pursuant to Article 25 of the International Convention of December 2, 1961, as revised in 1978, the Council of the International Union for the Protection of New Varieties of Plants (UPOV) at its twenty-seventh ordinary session held in Geneva on October 29, 1993, renewed the mandate of Switzerland as auditor up to and including the year 1997 (paragraph 16 of document C/27/14).
2. The Swiss Government entrusted me, as Deputy 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 1998, with auditing the accounts as of December 31, 1997, at the headquarters of the International Bureau in Geneva.

Information Received

3. I wish to express my satisfaction with the obliging manner in which Mr. P. Favatier, Director of the Finance Division of the World Intellectual Property Organization (WIPO), responsible for keeping the UPOV accounts, and his staff kindly provided us with all the information and the documents needed for our work. Furthermore, in the course of their auditing, my assistants had regular meetings with Mr. J. Blanch, Senior Budget Officer, representing the Controller of WIPO.

Nature and Scope of the Audit

4. The audit related to entries concerning the 1996-1997 biennium in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as of December 31, 1997. Our examinations were carried out according to generally accepted auditing standards and principles and with due regard to the checks carried out by the Internal Auditor of WIPO. Auditing was carried out at the same time as that of WIPO and the Unions it administers in view of the fact that the payment, entry and internal control procedures are identical.

1996-1997 BUDGET AND RESULTS

Budget for the Biennium

5. The budget for the 1996-1997 biennium adopted by the Council at its twenty-ninth ordinary session in Geneva on October 17, 1995, (paragraph 24 of document C/29/15) was as follows:

	<u>Francs</u>
- Income	5 483 000
- Withdrawal from reserve fund	<u>33 000</u>
	5 516 000
- Expenditure	<u>5 516 000</u>
- Forecast result	<u>0</u>

Results of the Biennium

6. The result of the accounts for the 1996-1997 biennium is as follows:

	<u>Francs</u>
- Income	5 635 710
- Expenditure	<u>5 051 409</u>
- Payment to the reserve fund	<u>584 301</u>

Expenditure

7. The figures relating to expenditure during the 1996-1997 biennium, which were the subject of the audit, shown in Annexes 1 and 2 of this report, correspond to those of the accounts. Expenditure includes, amongst other things, an amount of 1 364 181 francs corresponding to the participation of UPOV in services provided by WIPO during the period under review, in accordance with Article 2 of the Agreement of November 26, 1982, between WIPO and UPOV.

8. Expenditure for the biennium is less than the budgeted amount and results in an overall saving of 464 591 francs, or 8.42 percent (1994-1995: 7.6 percent). For more details on this subject, I refer the reader to the "Notes concerning main variations between the budget and accounts" in the UPOV financial report.

Balance Sheet as of December 31, 1997

9. The total of the balance sheet of UPOV as of December 31, 1997, amounted to 2 553 156 francs.

10. The balance sheet which is audited is attached at Annex 3.

11. The amount of 196 636 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.

12. At the recommendation of the Consultative Committee, the Council approved (paragraph 6(ii) of document C/27/14) the proposal to finance the production of a prototype CD-ROM up to an amount of 100 000 francs by means of a withdrawal from the reserve fund. As of December 31, 1995, expenditure borne by this fund amounted to 85 538 francs. In view of the surplus for the financial period concerned, the Reserve Fund has not been used further since the funding of the prototype was borne by normal budget appropriations.

13. Observations of minor importance that arose during the auditing of the accounts were discussed with those responsible and do not call for any special comment.

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 ending December 31, 1997.
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 under 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. In all essential points, the transactions were in accordance with the Financial Regulations and the instructions of the deliberative authority.

F. Faessler

Deputy Director
FEDERAL AUDIT OFFICE OF
THE SWISS CONFEDERATION
(Auditor)

Annexes:

1. Comparison of the 1996-1997 budget and accounts
2. Comparison of income and expenditure for the 1994-1995 and 1996-1997 bienniums
3. Comparison of the balance sheets as of December 31, 1995, and December 31, 1997

COMPARISON OF THE 1996-1997 BUDGET AND ACCOUNTS

INCOME		<u>BUDGET</u>		<u>ACCOUNTS</u>	
Contributions	(i)	5 353 000		5 374 826	
Publications		12 000		8 483	
Miscellaneous*	(ii)	<u>118 000</u>	<u>5 483 000</u>	<u>252 401</u>	<u>5 635 710</u>
EXPENDITURE					
Staff Expenses	(i)	3 066 000		2 913 521	
Missions	(ii)	210 000		223 566	
Third Party Travel	(iii)	16 000		29 420	
Conferences	(iv)	157 000		86 118	
Printing	(v)	148 000		66 390	
Other Contractual Services	(v)	296 000		143 342	
Rental of Premises		140 000		137 168	
Supplies and Materials	(vi)	9 000		18 599	
Furniture and Equipment	(vi)	15 000		38 572	
Other Expenses	(vii)	<u>41 000</u>		<u>30 532</u>	
		4 098 000		3 687 228	
Common Expenses**	(viii)	<u>1 418 000</u>	5 516 000	<u>1 364 181</u>	5 051 409
RESULTS					
Deficit transferred from the Reserve Fund		(33 000)		-	
Surplus transferred to the Reserve Fund		<u>-</u>		<u>584 301</u>	
		<u>5 483 000</u>		<u>5 635 710</u>	

**COMPARISON OF INCOME AND EXPENDITURE
OF THE 1994-1995 AND 1996-1997 BIENNIUMS**

	<u>1994-1995 Biennium</u>	<u>1996-1997 Biennium</u>
INCOME		
Contributions	4 957 441	5 374 826
Publications	18 908	8 483
Other income	<u>199 870</u>	<u>252 401</u>
Total income	5 176 219	5 635 710
Withdrawal from the Reserve Fund	<u>85 538</u>	<u>-</u>
Total income and transfers	<u>5 261 757</u>	<u>5 635 710</u>
EXPENDITURE		
Staff expenses	2 644 807	2 913 521
Missions	188 903	223 566
Third party travel	4 350	29 420
Conferences	96 284	86 118
Printing	90 372	66 390
Other contractual services	42 097	143 342
Rental of premises	123 563	137 168
Supplies and materials	8 558	18 599
Furniture and equipment	51 701	38 572
Other expenses	8 511	30 532
Common expenses	<u>1 306 076</u>	<u>1 364 181</u>
Total expenditure	4 565 222	5 051 409
Expenditure charged to the Reserve Fund	<u>85 538</u>	<u>-</u>
Total expenditure and withdrawals	4 650 760	5 051 409
RESULTS		
Surplus transferred to the Reserve Fund	<u>610 997</u>	<u>584 301</u>
	<u>5 261 757</u>	<u>5 635 710</u>

**COMPARISON OF BALANCE SHEETS AS OF
DECEMBER 31, 1995, AND DECEMBER 31, 1997**

	<u>December 31, 1995</u>	<u>December 31, 1997</u>
ASSETS		
<u>Cash Assets</u>		
Swiss Bank Corporation, current accounts	425 059	272 732
Swiss Confederation, Working Capital Fund Deposit Account	386 665 602 846	398 333 1 853 862
<u>Accounts Receivable</u>		
Contributions outstanding	328 100	26 820
Sundry Debtors	<u>12 113</u>	<u>1 409</u>
	<u>1 754 783</u>	<u>2 553 156</u>
 LIABILITIES		
<u>Accounts Payable</u>		
Advance Payment of Contributions	26 820	68 613
Sundry Creditors	281 425	290 148
<u>Transitional Liability Account</u>	30 284	750
<u>Funds in Trust</u>	130 153	196 636
<u>Reserve for Financing Activities in favor of Developing Countries</u>	-	10 796
<u>Separation Reserve</u>	2 144	106 287
<u>Reserve Fund</u>	897 292	1 481 593
<u>Working Capital Fund</u>	<u>386 665</u>	<u>398 333</u>
	<u>1 754 783</u>	<u>2 553 156</u>

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