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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Geneva

COUNCIL

**Forty-Sixth Ordinary Session
Geneva, November 1, 2012**

FINANCIAL SITUATION OF THE INTERNATIONAL UNION FOR THE PROTECTION
OF NEW VARIETIES OF PLANTS AS AT DECEMBER 31, 2011

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 2011, and reproduces the Auditor's Report on the accounts for the 2010-2011 financial period.

1. Financial results for the 2010-2011 biennium

The financial results for the 2010-2011 biennium are governed by the Financial Regulations (document UPOV/C/VI/15 available at http://www.upov.int/meetings/en/details.jsp?meeting_id=26467). The financial results for the 2010-2011 biennium are as follows:

	<u>Swiss francs</u>
Income	6,900,727
Expenditure	<u>6,478,733</u>
Surplus of income	<u>421,994</u>

In accordance with Article 5 of the Financial Regulations (document UPOV/C/VI/15), the surplus of income of 421,994 Swiss francs was paid into the Reserve Fund.

The financial result for the 2010-2011 biennium has been prepared in accordance with the United Nations Accounting Standards (UNSAS). However, it should be noted that the Council, at its forty-fifth ordinary session, held in Geneva on October 20, 2011, agreed to the adoption of the International Public Sector Accounting Standards (IPSAS) beginning with the financial period starting in 2012 (see document C/45/18 "Report", paragraph 9(b)).

2. Working Capital Fund

Under Article 8 of the Financial Regulations, UPOV has a Working Capital Fund. According to the balance sheet as at December 31, 2011 (Annex A.2 of this document), the Working Capital Fund stands at 536,677 Swiss francs. The share of each member of the Union, calculated in accordance with the decisions taken by the Council at its sessions in November 1972 (document UPOV/C/VI/12, paragraph 57), October 1992 (document C/26/15, paragraph 14) and April 2006 (document C(Extr.)/23/4, paragraph 10, and document UPOV/INF/13, Annex) is as follows:

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

Member of the Union	Swiss francs	Member of the Union	Swiss francs
Italy	16,666	Uzbekistan	1,667
Japan	41,667	Viet Nam	1,667
Jordan	1,667		
Kenya	1,667		
Kyrgyzstan	1,667	Total :	536,677
Latvia	1,667		

3. Basis of contributions

The amount of the annual contribution of each member of the Union is calculated on the basis of the number of contribution units applied to it (Article II of the 1972 Act, Article 26 of the 1978 Act and Article 29 of the 1991 Act of the Convention). The calculation of the contributions for 2010 and 2011 was based on the following number of units (in this regard, see the 2010-2011 budget (documents C/43/4 Rev. and C/43/17)):

Number of Units	Member of the Union
5	European Union
5	France
5	Germany
5	Japan
5	United States of America
3	Netherlands
2	Italy
2	Spain
2	United Kingdom
1.5	Belgium
1.5	Republic of Korea (for 2011)
1.5	Sweden
1.5	Switzerland
1	Australia
1	Canada
1	Finland
1	Ireland
1	New Zealand
1	Norway
1	Oman
1	South Africa
0.75	Austria
0.75	Mexico
0.75	Republic of Korea (for 2010)
0.5	Argentina
0.5	China
0.5	Czech Republic
0.5	Denmark
0.5	Hungary
0.5	Israel
0.5	Poland
0.5	Russian Federation
0.5	Slovakia
0.5	Turkey
0.25	Brazil
0.2	Albania
0.2	Azerbaijan
0.2	Belarus
0.2	Bolivia (Plurinational State of)
0.2	Bulgaria
0.2	Chile
0.2	Colombia
0.2	Costa Rica
0.2	Croatia

Number of Units	Member of the Union
0.2	Dominican Republic
0.2	Ecuador
0.2	Estonia
0.2	Georgia
0.2	Iceland
0.2	Jordan
0.2	Kenya
0.2	Kyrgyzstan
0.2	Latvia
0.2	Lithuania
0.2	Morocco
0.2	Nicaragua
0.2	Panama
0.2	Paraguay
0.2	Portugal
0.2	Republic of Moldova
0.2	Romania
0.2	Singapore
0.2	Slovenia
0.2	Trinidad and Tobago
0.2	Tunisia
0.2	Ukraine
0.2	Uruguay
0.2	Uzbekistan
0.2	Viet Nam
Total :	60.80 units for 68 members of the Union (for 2010)
	61.55 units for 68 members of the Union (for 2011)

4. Annexes

Annex A to this document contains:

- A.1 - comparison of budget and actual income and expenditure for the 2010-2011 financial period, followed by explanatory notes, expenditure by sub-program and a funding plan for the 2010-2011 biennium;
- A.2 - balance sheet as at December 31, 2011;
- A.3 - contributions of members of the Union (including contributions received in advance);
- A.4 - comparison of income and expenditure for the 2008-2009 biennium and 2010-2011 biennium;
- A.5 - amounts of the contributions due and unpaid working capital as at December 31, 2011;
- A.6 - comparison of the balance sheet as at December 31, 2009, with the balance sheet as at December 31, 2011;
- A.7 - extrabudgetary funds (funds in trust);
- A.8 - statement of income and expenditure, and changes in the Reserve Fund and Working Capital Fund balances (Comparative table 1);
- A.9 - statement of assets, liabilities, and Reserve Fund and Working Capital Fund balances (Comparative table 2);
- A.10 - statement of cashflow (Comparative table 3);
- A.11 - notes (purpose of the Union; main accounting standards)

and, in Annex B, the Auditor's Report.

5. *The Council is invited to examine and approve the accounts for the 2010-2011 financial period.*

[Annex A.1 follows]

Comparison of budget and actual income and expenditure for the 2010-2011 financial period
(Swiss francs)

		Budget	Actual	Difference Budget/Actual
Income				
Contributions	(i)	6,512,000	6,562,957	50,957
Publications	(ii)	70,000	48,180	-21,820
Interest	(iii)	100,000	77,608	-22,392
Other	(iv)	100,000	211,982	111,982
Total income		6,782,000	6,900,727	118,727
Expenditure				
Personnel Resources	(i)	4,890,000	4,270,839	619,161
Staff Missions	(ii)	300,000	436,872	-136,872
Third Party Travel	(iii)	70,000	184,014	-114,014
Conferences	(iv)	140,000	224,177	-84,177
Experts		66,000	2,827	63,173
Publishing	(v)	70,000	48,357	21,643
Other Contractual Services	(vi)	0	11,415	-11,415
Operating Expenses	(vii)	1,236,000	1,273,592	-37,592
Furniture and Equipment	(viii)	0	5,644	-5,644
Supplies and Materials	(ix)	10,000	20,996	-10,996
Total expenditure		6,782,000	6,478,733	303,267
Results				
Surplus of income transferred to the Reserve Fund		0	421,994	421,994

(i) to (ix): see page 2 of this Annex

Explanation of the main variations between budget and actual figures

Income

- (i) Contributions
The surplus of income of 50,957 Swiss francs is mainly due to the increased number of contribution units of one member.
- (ii) Publications
The shortfall of 21,820 Swiss francs is explained by sales of publications that were lower than expected.
- (iii) Interest
The shortfall of 22,392 Swiss francs is expected by the interest rates on the funds deposited with the Swiss National Bank which were lower than expected. This was partly offset by an increase in those funds due to the surplus generated over the period.
- (iv) Other
The surplus of income of 111,982 Swiss francs is mainly explained by financial assistance from members for activities related to the Union's Fiftieth Anniversary (totaling 67,968 Swiss francs), funding by one member of the Union in respect of the Workshop on Intellectual Property and Plant Variety Protection in Douala, Cameroon (approximately 25,100 Swiss francs), and funds received for an internship (18,600 Swiss francs).

Expenditure

- (i) Personnel Resources
The difference of 619,161 Swiss francs is principally the result of personnel changes and conservative budgeting of personnel costs. The conservative budgeting of personnel costs is consistent with the financial results for the 2008-2009 biennium, where actual personnel resource expenditure was 4,369,287 Swiss francs, compared to the budgeted expenditure of 4,607,000 Swiss francs (see document C/44/4 "Financial Situation of the International Union for the Protection of New Varieties of Plants as at December 31, 2009", Annex A.1, paragraph (i), heading "Expenditure"). Document C/44/4, Annex A.1, explains that the savings were "...the result of the actual cost increase for posts, as compared to the budgeted increase, as well as lower than expected expenditure in respect of short-term contracts in the general service category". The reduction in personnel expenditure from the 2008-2009 biennium was the result of one of the posts in the general service category and one of the posts in the professional category being vacant for three and four months, respectively, during the biennium. A further reduction resulted from changes of grade due to personnel changes, including the grade of the new Vice Secretary-General. In addition, a temporary administrative person was recruited for a short-term arrangement by means of a special service agreement, which is not shown under personnel resources (see paragraph (vi) "Other Contractual Services").
- (ii) Staff missions
Expenditure was 136,872 Swiss francs in excess of budget. The 2010-2011 budget anticipated a substantial reduction in staff missions (300,000 Swiss francs) compared to actual expenditure in 2008-2009 (445,141 Swiss francs). The reduced expenditure on personnel resources allowed staff missions to be maintained at a level similar to that of the 2008-2009 biennium in order to respond to requests from members of the Union. The expenditure also covered attendance by staff at events hosted by members of the Union in connection with the Fiftieth Anniversary.
- (iii) Third Party Travel
The over-expenditure of 114,014 Swiss francs includes expenditure amounting to 18,121 Swiss francs in respect of the Union's Fiftieth Anniversary, which was reimbursed by members of the Union, as well as 23,140 Swiss francs in respect of the Workshop on Intellectual Property and Plant Variety Protection in Douala, Cameroon, in July 2010, which was reimbursed by one member of the Union. The over-expenditure in this item is also balanced by under-expenditure of 63,173 Swiss francs under the item "Experts". It also includes costs associated with events hosted by members of the Union in connection with the Fiftieth Anniversary, the Symposium on Plant Breeding for the Future, held in Geneva on October 21, 2011, in connection with the Fiftieth Anniversary, and the Seminar on Plant Variety Protection and Technology Transfer: The Benefits Public-Private Partnership, held in Geneva,

on April 11 and April 12, 2011. The costs of third party travel for the Symposium on Plant Breeding for the Future were covered by funding by members of the Union for activities related to the Fiftieth Anniversary.

(iv) Conferences

The excess of expenditure of 84,177 Swiss francs includes the amounts of 9,113 Swiss francs (UPOV's Fiftieth Anniversary) and 1,053 Swiss francs (Cameroon Workshop), reimbursed as indicated under item (iii) above. The remaining excess of expenditure includes the costs associated with the Symposium on Plant Breeding for the Future and the Seminar on Plant Variety Protection and Technology Transfer: the Benefits of Public-Private Partnership and the hosting of a farewell dinner for the Vice Secretary-General on October 20, 2010. In particular, the cost of providing interpretation for UPOV sessions, seminars and symposia in the biennium accounted for 168,071 Swiss francs of the total conferences cost. The costs of interpretation for the Symposium on Plant Breeding for the Future were covered by funding by members of the Union for activities related to the Fiftieth Anniversary.

(v) Publishing

The under-expenditure of 21,643 Swiss francs is a result of delayed dispatch and invoicing for the UPOV-ROM Plant Variety database.

(vi) Other Contractual Services

The over-expenditure of 11,415 Swiss francs is mainly accounted for by a temporary administrative person, who was recruited for a short-term arrangement by means of a special service agreement, rather than under personnel resources (see item (i)), and payment to the designer of the new UPOV website, which was attributed to this item.

(vii) Operating Expenses

The excess of expenditure of 37,592 Swiss francs is mainly a result of the cost of the Celebration Box, 12,619 Swiss francs, produced for the Fiftieth Anniversary, the development of the "Introduction to UPOV" microsite for the UPOV website, 12,355 Swiss francs (both costs reimbursed by members of the Union), the production of posters for the UPOV Open Day, held in Geneva in June 2010 (3,900 Swiss francs) and part of the design of the new UPOV website (5,142 Swiss francs).

(viii) Furniture and Equipment

The expenditure under furniture and equipment was to provide relevant staff with laptop computers and Blackberry devices.

(ix) Supplies and Materials

The actual expenditure includes the cost of the production of the "UPOV Collection" folders, related to the Union's Fiftieth Anniversary, totaling 18,622 Swiss francs, which was reimbursed by members of the Union.

Expenditure by sub-program for the 2010-2011 financial period
(in thousands of Swiss francs)

Sub-program	UV.01	UV.02	UV.03	UV.04	Total
Personnel Resources	715	1,996	1,039	521	4,271
Staff Missions	-	149	181	107	437
Third Party Travel	18	-	154	12	184
Conferences	68	129	26	1	224
Experts	-	-	2	1	3
Publishing	-	46	2	-	48
Other contractual services	2	9	-	-	11
Operating Expenses	24	1,244	-	6	1,274
Furniture and Equipment	6	-	-	-	6
Supplies	19	2	-	-	21
Total	852	3,575	1,404	648	6,479

UV.01 Overall Policy on Plant Variety Protection

UV.02 Improved Services to Members of the Union / Ensuring an Effective System of Plant Variety Protection

UV.03 Extending the Coverage of Protection of New Varieties of Plants

UV.04 External Relations

Funding plan for the 2010-2011 financial biennium

	Ordinary budget		Extrabudgetary resources [*] Funds in trust		Total funding	
	Budget	Actual	Budget	Actual	Budget	Actual
Expenditure	6,782,000	6,478,733	430,000	576,391	7,212,000	7,055,124
Income	6,782,000	6,900,727	430,000	561,379	7,212,000	7,462,106
+/- Transfer from/to funding balance	0	-421,994	-	15,012	-	-406,982
Total funding amount	6,782,000	6,478,733	430,000	576,391	7,212,000	7,055,124

[Annex A.2 follows]

^{*} Extrabudgetary resources include the funds in trust which are presented as independent accounts (see Annex A.7)

Balance sheet as at December 31, 2011
(Swiss francs)

Assets			Liabilities		
Liquid assets: Current account	233,744		Contributions and Working Capital Fund participations received in advance		300,573
Trust account	<u>2,668,348</u>	2,902,092			
Outstanding contributions		191,012	Liaison account, World Intellectual Property Organization (WIPO)		407,164
Liaison account, funds in trust		169,608	Miscellaneous accounts payable		26,573
Miscellaneous accounts receivable		647	<u>Reserve Fund:</u> Balance carried forward from December 31, 2009	1,037,229	
			Surplus of income for 2010-2011	<u>421,994</u>	1,459,223
			Working Capital Fund		536,677
			Provision for separation from service		533,149
		3,263,359			3,263,359

[Annex A.3 follows]

Contributions of members of the Union
(Swiss francs)

Members of the Union	Contribution units	Amounts payable:		Date of membership
		January 2010	January 2011	
Albania	0.2	10,728	10,728	15/10/2005
Argentina	0.5	26,820	26,820	25/12/1994
Australia	1	53,641	53,641	1/3/1989
Austria	0.75	40,231	40,231	14/7/1994
Azerbaijan	0.2	10,728	10,728	9/12/2004
Belarus	0.2	10,728	10,728	5/1/2003
Belgium	1.5	80,462	80,462	5/12/1976
Bolivia (Plurinational State of)	0.2	10,728	10,728	21/5/1999
Brazil	0.25	13,410	13,410	23/5/1999
Bulgaria	0.2	10,728	10,728	24/4/1998
Canada	1	53,641	53,641	4/3/1991
Chile	0.2	10,728	10,728	5/1/1996
China	0.5	26,820	26,820	23/4/1999
Colombia	0.2	10,728	10,728	13/9/1996
Costa Rica	0.2	10,728	10,728	12/1/2009
Croatia	0.2	10,728	10,728	1/9/2001
Czech Republic	0.5	26,820	26,820	1/1/1993
Denmark	0.5	26,820	26,820	6/10/1968
Dominican Republic	0.2	10,728	10,728	16/6/2007
Ecuador	0.2	10,728	10,728	8/8/1997
Estonia	0.2	10,728	10,728	24/9/2000
European Union	5	268,205	268,205	29/7/2005
Finland	1	53,641	53,641	16/4/1993
France	5	268,205	268,205	3/10/1971
Georgia	0.2	10,728	10,728	29/11/2008
Germany	5	268,205	268,205	10/8/1968
Hungary	0.5	26,820	26,820	16/4/1983
Iceland	0.2	10,728	10,728	3/5/2006
Ireland	1	53,641	53,641	8/11/1981
Israel	0.5	26,820	26,820	12/12/1979
Italy	2	107,282	107,282	1/7/1977
Japan	5	268,205	268,205	3/9/1982
Jordan	0.2	10,728	10,728	24/10/2004
Kenya	0.2	10,728	10,728	13/5/1999
Kyrgyzstan	0.2	10,728	10,728	26/6/2000
Latvia	0.2	10,728	10,728	30/8/2002
Lithuania	0.2	10,728	10,728	10/12/2003
Mexico	0.75	40,231	40,231	9/8/1997
Morocco	0.2	10,728	10,728	8/10/2006
Netherlands	3	160,923	160,923	10/8/1968
New Zealand	1	53,641	53,641	8/11/1981

Members of the Union	Contribution units	Amounts payable:		Date of membership
		January 2010	January 2011	
Nicaragua	0.2	10,728	10,728	6/9/2001
Norway	1	53,641	53,641	13/9/1993
Oman	1	53,641	53,641	22/11/2009
Panama	0.2	10,728	10,728	23/5/1999
Paraguay	0.2	10,728	10,728	8/2/1997
Poland	0.5	26,820	26,820	11/11/1989
Portugal	0.2	10,728	10,728	14/10/1995
Republic of Korea	0.75/1.5	40,231	80,462	7/1/2002
Republic of Moldova	0.2	10,728	10,728	28/10/1998
Romania	0.2	10,728	10,728	16/3/2001
Russian Federation	0.5	26,820	26,820	24/4/1998
Singapore	0.2	10,728	10,728	30/7/2004
Slovakia	0.5	26,820	26,820	1/1/1993
Slovenia	0.2	10,728	10,728	29/7/1999
South Africa	1	53,641	53,641	6/11/1977
Spain	2	107,282	107,282	18/5/1980
Sweden	1.5	80,462	80,462	17/12/1971
Switzerland	1.5	80,462	80,462	10/7/1977
Trinidad and Tobago	0.2	10,728	10,728	30/1/1998
Tunisia	0.2	10,728	10,728	31/8/2003
Turkey	0.5	26,820	26,820	18/11/2007
Ukraine	0.2	10,728	10,728	3/11/1995
United Kingdom	2	107,282	107,282	10/8/1968
United States of America	5	268,205	268,205	8/11/1981
Uruguay	0.2	10,728	10,728	13/11/1994
Uzbekistan	0.2	10,728	10,728	14/11/2004
Viet Nam	0.2	10,728	10,728	24/12/2006
Total		3,261,363	3,301,594	

i.e. 68 members of the Union

Members of the Union	Date of membership
Peru*	8/8/2011
The former Yugoslav Republic of Macedonia*	4/5/2011

* Contribution payable from January 2012 onwards.

i.e. 70 members of the Union (as at December 31, 2011)

Contribution payments received in advance

Contributions for 2012, already received by December 31, 2011:

Members of the Union	Swiss francs
Albania	3,191
Australia	53,641
Bulgaria	10,728
Chile	10,876*
Colombia	10,728
Costa Rica	10,728
Ecuador	1,788
France	310
Lithuania	10,728
Mexico	40,231
Norway	53,641
Oman	53,641
Panama	2,794
Slovakia	26,820
Uzbekistan	10,728
Total	300,573

* includes advance payment of the 2013 contribution, 148 Swiss francs.

[Annex A.4 follows]

ANNEX A.4

Comparison of income and expenditure between the 2008-2009 biennium
and the 2010-2011 biennium
(Swiss francs)

	2008-2009 biennium	2010-2011 biennium
Income		
Contributions	6,506,636	6,562,957
Publications	43,380	48,180
Interest	127,415	77,608
Other	94,056	211,982
Total Income	6,771,487	6,900,727
Expenditure		
Personnel Resources	4,369,287	4,270,839
Staff Missions	445,141	436,872
Third Party Travel	71,506	184,014
Conferences	152,330	224,177
Experts	3,200	2,827
Publishing	63,276	48,357
Other Contractual Services	7,926	11,415
Operating Expenses	1,247,127	1,273,592
Furniture and Equipment	14,010	5,644
Supplies and Materials	7,314	20,996
Total Expenditure	6,381,117	6,478,733
Results		
Surplus of Income Transferred to the Reserve Fund	390,370	421,994
Overall Result	6,771,487	6,900,727

[Annex A.5 follows]

ANNEX A.5

Amounts of the contributions due and unpaid working capital as at December 31, 2011

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
Albania	No arrears		
Argentina	No arrears		
Australia	No arrears		
Austria	No arrears		
Azerbaijan	No arrears		
Belarus	No arrears		
Belgium	2011 contribution (balance)		47,692
Bolivia (Plurinational State of)	2011 contribution		10,728
Brazil	No arrears		
Bulgaria	No arrears		
Canada	No arrears		
Chile	No arrears		
China	No arrears		
Colombia	No arrears		
Costa Rica	No arrears		
Croatia	No arrears		
Czech Republic	No arrears		
Denmark	No arrears		
Dominican Republic	2009 contribution (balance) 2010 contribution 2011 contribution	990 10,728 <u>10,728</u>	22,446
Ecuador	No arrears		
Estonia	No arrears		
European Union	No arrears		
Finland	No arrears		
France	No arrears		
Georgia	No arrears		
Germany	No arrears		
Hungary	No arrears		
Iceland	No arrears		
Ireland	No arrears		
Israel	No arrears		
Italy	No arrears		
Japan	No arrears		
Jordan	No arrears		
Kenya	No arrears		
Kyrgyzstan	No arrears		
Latvia	No arrears		
Lithuania	No arrears		
Mexico	No arrears		
Morocco	No arrears		
Netherlands	No arrears		
New Zealand	No arrears		

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
Nicaragua	2006 contribution (balance) 2007 contribution 2008 contribution 2009 contribution 2010 contribution 2011 contribution	8,784 10,728 10,728 10,728 10,728 <u>10,728</u>	62,424
Norway	No arrears		
Oman	No arrears		
Panama	No arrears		
Paraguay	No arrears		
Poland	2011 contribution		26,820
Portugal	2011 contribution		10,728
Republic of Korea	No arrears		
Republic of Moldova	No arrears		
Romania	No arrears		
Russian Federation	No arrears		
Singapore	No arrears		
Slovakia	No arrears		
Slovenia	No arrears		
South Africa	No arrears		
Spain	2011 contribution (balance)		7,619
Sweden	No arrears		
Switzerland	No arrears		
Trinidad and Tobago	No arrears		
Tunisia	No arrears		
Turkey	No arrears		
Ukraine	2011 contribution (balance)		2,555
United Kingdom	No arrears		
United States of America	No arrears		
Uruguay	No arrears		
Uzbekistan	No arrears		
Viet Nam	No arrears		
Total			191,012

[Annex A.6 follows]

Comparison of the balance sheet as at December 31, 2009
with the balance sheet as at December 31, 2011
(Swiss francs)

	December 31, 2009	December 31, 2011
ASSETS		
<u>Liquid assets</u>		
UBS S.A., current account	144,861	233,744
Swiss Confederation, trust account	2,092,316	2,668,348
<u>Liaison accounts</u>		
Funds in trust	67,482	169,608
<u>Accounts receivable</u>		
Contributions and Working Capital Fund participations outstanding	59,031	191,012
Miscellaneous debtors	1,616	647
Total	2,365,306	3,263,359
LIABILITIES		
<u>Liaison accounts</u>		
WIPO	232,303	407,164
<u>Accounts payable</u>		
Advance payments of contributions and Working Capital Fund participations	199,600	300,573
Miscellaneous creditors	8,051	26,573
Provisions	367,696	533,149
Reserve Fund	1,037,229	1,459,223
Working Capital Fund	520,427	536,677
Total	2,365,306	3,263,359

[Annex A.7 follows]

Extrabudgetary funds (funds in trust)

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

Balance sheet

(as at December 31, 2011)

Assets	Swiss francs
<i>Liquid assets</i>	
Bank account (UBS S.A.)	311,624
<i>Accounts receivable</i>	
Miscellaneous debtors	111
Transitory assets	117,578
Total	429,313
Liabilities	Swiss francs
<i>Due</i>	
UPOV liaison account	169,608
WIPO liaison account	32,327
Funds in trust (according to breakdown below)	227,378
Total	429,313

Income and expenditure for the 2010-2011 biennium

(as at December 31, 2011)

Funds in trust/Japan	Swiss francs	
Balance, start of financial period		242,390
<i>Income</i>		
Funds received	443,139	
Interest	662	443,801
<i>Expenditure</i>		
Staff missions	93,501	
Third party travel	285,106	
Conferences	464	
Experts	3,153	
Other Contractual Services	31,518	
Operating Expenses	161	
Total direct expenditure	413,903	
Administrative costs	53,807	-467,710
Funds available, end of financial period		218,481

Note. Funds in trust in the form of a voluntary contribution from the Government of Japan intended for regional seminars and workshops on the protection of new plant varieties in the Asian region.

Funds in trust/United States of America	Swiss francs	
Balance, start of financial period		-
<i>Income</i>		
Funds received		117,578
<i>Expenditure</i>		
Third party travel	94,043	
Conferences	2,135	
Total direct expenditure	96,178	
Administrative costs	12,503	-108,681
Funds available, end of financial period		8,897

Note. Funds in trust in the form of a voluntary contribution from the Government of the United States of America, intended for education in intellectual property protection in the area of plant variety protection.

[Annex A.8 follows]

Statement of income and expenditure
and changes in the Reserve Fund and Working Capital Fund balances

for the period ending December 31, 2011
(expressed in thousands of Swiss francs)

	Period 2008-2009	Period 2010-2011
INCOME		
Contributions	6,507	6,563
Other/miscellaneous income		
Revenue producing activities	137	260
Funds received under inter-organization arrangements	-	-
Bank interest	127	78
Currency exchange adjustments	-	-
Other/miscellaneous	-	-
TOTAL INCOME	6,771	6,901
EXPENDITURE	6,381	6,479
TOTAL EXPENDITURE	6,381	6,479
SURPLUS OF INCOME OVER EXPENDITURE	390	422
Transfers to Reserve Fund	390	422
Transfers from Reserve Fund	-	-
Transfers to Working Capital Fund	8	16
Other adjustments	-	-
Reserve and Working Capital Fund balances at beginning of period	1,160	1,558
RESERVE AND WORKING CAPITAL FUND BALANCES, END OF PERIOD	1,558	1,996

[Annex A.9 follows]

Statement of assets, liabilities and Reserve and Working Capital Fund balances

as at December 31, 2011
(expressed in thousands of Swiss francs)

	Period 2008-2009	Period 2010-2011
ASSETS		
Cash and term deposits	2,237	2,902
Accounts receivable		
Contributions and Working Capital Fund shares receivable from members of the Union	59	191
Other	69	170
Other assets	-	-
Land and buildings	-	-
TOTAL ASSETS	2,365	3,263
LIABILITIES		
Contributions received in advance	200	301
Unliquidated obligations	-	-
Accounts payable		
Inter-organization fund balances	232	407
Other	8	27
Other funds and special accounts	368	533
TOTAL LIABILITIES	808	1,268
RESERVE AND WORKING CAPITAL FUND BALANCES		
Reserve Fund at end of period	1,037	1,459
Working Capital Fund at end of period	520	536
TOTAL RESERVE AND WORKING CAPITAL FUND BALANCES	1,557	1,995
TOTAL LIABILITIES, RESERVE AND WORKING CAPITAL FUND BALANCES	2,365	3,263

[Annex A.10 follows]

Statement of cashflow

as at December 31, 2011
(expressed in thousands of Swiss francs)

	Period 2008-2009	Period 2010-2011
CASHFLOW FROM OPERATING ACTIVITIES:		
Net excess (shortfall) of income over expenditure	390	422
(Increase) decrease in contributions receivable	108	(132)
(Increase) decrease in other accounts receivable	1	1
(Increase) decrease in inter-fund balances receivable*	(51)	(102)
Increase (decrease) in contributions or payments received in advance	49	101
Increase (decrease) in unliquidated obligations	-	-
Increase (decrease) in accounts payable	8	19
Increase (decrease) in inter-fund balances payable*	(608)	175
Increase (decrease) in fund and special account balances	132	165
less: interest income	(127)	(78)
plus: financial charges	-	-
NET CASHFLOW FROM OPERATING ACTIVITIES	(98)	571
CASHFLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	-	-
(Increase) decrease in land and buildings	-	-
Increase (decrease) in borrowings	-	-
plus: interest income	127	78
less: financial charges	-	-
NET CASHFLOW FROM INVESTING ACTIVITIES	127	78
CASHFLOWS FROM FINANCING ACTIVITIES:		
Savings on or cancellation of prior periods' obligations	-	-
Transfers to reserves	7	16
Transfers from reserves	-	-
Transfers (to)/from other funds	-	-
Credits to members of the Union	-	-
Other adjustments to reserves and fund balances	-	-
NET CASHFLOWS FROM FINANCING ACTIVITIES	7	16
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	36	665
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	2,201	2,237
CASH AND TERM DEPOSITS AT END OF PERIOD	2,237	2,902

* Between the different accounting entities administered by WIPO.

Purpose of the International Union for the Protection of New Varieties of Plants

UPOV's mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.

The main objectives of UPOV are, in accordance with the UPOV Convention, to:

- provide and develop the legal, administrative and technical basis for international cooperation in plant variety protection ;
- assist States and organizations in the development of legislation and the implementation of an effective plant variety protection system ; and
- enhance public awareness and understanding of the UPOV system of plant variety protection.

Main accounting standards used to compile the financial statements of UPOV

These financial statements cover the 2010-2011 biennium which ended on December 31, 2011. They were drawn up in accordance with the principles established in the UPOV Convention, in the Administrative and Financial Regulations of UPOV, and pursuant to the United Nations System Accounting Standards (UNSAS), as defined in the United Nations document A/48/530, dated October 29, 1993, and subsequent amendments to that document.

The financial statements are presented in accordance with those accounting standards, in particular with regard to the following points:

- the continuity of activities, the consistency of methods and the principle of accrual are fundamental accounting conventions. Where these fundamental conventions are respected, no special mention is made. On the other hand, if a fundamental convention is not observed, this is mentioned in the financial statements and the reasons for this are given;
- the choice and application of accounting principles are guided by the principles of prudence, substance over form and materiality;
- all the significant accounting principles used to compile these financial statements are disclosed in a clear and concise manner;
- the expenditure, income, assets and liabilities are entered in the accounts based on the principle of accrual, with the exception of the funds in trust, for which the income is entered in the accounts from the moment that the funds arrive;
- the expenditure includes charges paid or payable as well as obligations towards third parties;
- the Organization's accounts are expressed in Swiss francs;
- the agreed contributions: under Regulation 9.4 of the Financial Regulations, payments made by a member of the Union are posted firstly as a credit to the Working Capital Fund and then deducted from the contributions payable by that member of the Union in chronological order of the years for which they are due. Contributions received in advance are regarded as liabilities and are entered in the accounts as income for the financial period to which they relate;
- contributions in kind received or due and the corresponding value are not entered in the accounts. The cost of auditing the accounts is a contribution in kind from the Swiss Government, which endorses the greatest part of this expenditure;
- in accordance with the WIPO/UPOV Agreement signed on November 26, 1982, the staff members of UPOV participate in the United Nations Joint Staff Pension Fund, created by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a defined-benefit funded scheme. The Organization's financial obligations to the Fund comprise compulsory contributions at the rate fixed by the United Nations General

Assembly and the share of any payment required to cover deficits pursuant to Article 26 of the Fund Regulations. The sums intended to cover deficits must be paid only if the United Nations General Assembly has invoked the provisions of Article 26, after it has been established that the payment of such sums is necessary from the actuarial valuation of the Fund on the date of valuation. At the current time, the payment of such sums has not been considered necessary;

- pursuant to the aforementioned Agreement, UPOV has a contractual obligation to provide benefits for particular categories of staff members at the time of their separation from service. On the basis of an actuarial evaluation carried out in the beginning of 2012 by an independent consultant, this liability was estimated at 0.05 million Swiss francs at the end of 2011. With the adoption of the International Public Sector Accounting Standards (IPSAS), as from 2012, this liability, as well as the liability for post-service medical benefits (see below), will have to be incorporated into UPOV's financial position, thereby significantly reducing its reserve fund;
- UPOV has a contractual obligation to provide post-service medical benefits for its staff members in the form of insurance premiums for the medical and accident insurance plan (after-service health insurance (ASHI)). On the basis of an actuarial evaluation carried out in the beginning of 2012 by an independent consultant, this liability was estimated at 0.9 million Swiss francs at the end of 2011.

Under the current accounting standards (UNSAS), it is not obligatory to cover the aforesaid liability. However, in order to exercise prudent financial management, and in accordance with the decision of the Council (paragraph 50 of document C/43/4 Rev. and paragraph 35 of document C/43/17), a provision amounting to 6% of staff expenditure, in respect of the 2010-2011 biennium, has been created in order to cover part of the aforesaid ASHI liability.

This provision will also prepare for the transition from the current accounting standards (UNSAS) to the new accounting standards (IPSAS). The Council, at its forty-fifth ordinary session, held in Geneva on October 20, 2011, agreed to the adoption of IPSAS beginning with the financial period starting in 2012 (see document C/45/18 "Report", paragraph 9(b)).

[Annex B follows]

C/46/4

ANNEX B

REPORT BY THE AUDITOR

EIDGENÖSSISCHE FINANZKONTROLLE
CONTROLE FEDERAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

Audit of the 2010-2011 biennium

EIDGENÖSSISCHE FINANZKONTROLLE
CONTROLE FEDERAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Report by the Auditor

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

Audit of the 2010-2011 biennium

The mandate of the external auditor of the International Union for the Protection of New Varieties of Plants (UPOV) must be carried out by a member of the highest authority of public financial auditing of the selected country and it is assigned on an individual basis. On the strength of this provision and in accordance with Article 25 of the International Convention of December 2, 1961, revised in 1978, and Article 29(6) of the 1991 Act, the UPOV Council, at its forty-first ordinary session held in Geneva on October 25, 2007, renewed the mandate of the Swiss Government as auditor of the accounts up to and including 2011. The Government of the Swiss Confederation entrusted me, as Director of the Swiss Federal Audit Office (OFSA), with the auditing of the accounts of UPOV.

My terms of reference are defined in Annex II of the Financial Regulations and Rules of UPOV. I carry out my duties autonomously and independently with the help of colleagues from OFSA.

OFSA carries out external audits of the accounts of WIPO in a completely independent manner from its role as the supreme organ of financial supervision of the Swiss Confederation. OFSA employs a team of highly qualified professionals with broad experience of audits in international organizations.

For more information, please contact:

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Bern, July 4, 2012
Reg. No. 1.12364.946.00335.02
modi/dear

AUDIT SUMMARY

The 2010-2011 biennium coincides for UPOV with the last financial period based on the United Nations System Accounting Standards (UNSAS), before the transition on January 1, 2012, to presenting financial statements based on the International Public Sector Accounting Standards (IPSAS). The findings of the audit of this last biennium are on the whole very satisfactory. No significant problems were noted and, as Auditor, I am able to issue an audit opinion without reservation or comment.

REGULATIONS, STANDARDS AND INFORMATION

Financial regulations and subject of audit

1. In addition to the relevant provisions of various Conventions, the 2010-2011 biennium was governed by the provisions of the Financial Regulations and Rules of UPOV (document UPOV/C/VI/15), as well as by the applicable items in the budget approved by the Council at its forty-third ordinary session, held in Geneva on October 22, 2009 (see paragraph 26 of document C/43/4 Rev.).
2. The audit related to entries concerning the 2010-2011 biennium in the income and expenditure accounts, the financial statements and the values included in the balance sheet as at December 31, 2011.

Auditing standards, information and acknowledgements

3. The audit was carried out in accordance with the International Standards on Auditing published by the International Auditing and Assurance Standards Board (IAASB), whilst also observing the additional terms of reference forming an integral part of the Financial Regulations and Rules of UPOV.
4. The audit was carried out by one of my qualified colleagues from the Federal Audit Office in June 2012.
5. Issues of minor importance were clarified and discussed with the relevant persons during the course of their work and are not commented on in this report.
6. Where checks were made by random sampling, my colleagues selected the samples based on the risks or the relative size of the amounts recorded under the headings examined.
7. Other points requiring improvements were brought to the attention of the Office of the Controller and the Finance Department during the final discussion on July 4, 2012. No major recommendations were made at that time. I have not therefore reproduced the points concerned in this report, in order to draw the Council's attention only to the elements that I regard as essential.
8. I wish to express my satisfaction with the obliging manner in which the main persons responsible for keeping the UPOV accounts, namely Mr. Philippe Favatier, Chief Financial Officer (Controller), and Mrs. Janice Cook Robbins, Head, Finance Services, and their colleagues provided all the information and documents required for my work to be completed.

FOLLOW-UP TO RECOMMENDATIONS

9. No recommendation remained to be implemented within UPOV at the end of the 2008-2009 biennium, since all recommendations were addressed over the course of that period.

INTERNAL CONTROL SYSTEM (ICS)

An internal control system essentially dependent on the administrative services of WIPO

10. My colleagues did not check the existence of the Internal Control System (ICS) with reference to the auditing standards applied at UPOV. Taking into account UPOV's privileged relations with WIPO as regards administrative management, the assessment made within WIPO is also valid for UPOV at the current time. My colleagues therefore simply noted the existence of an ICS in the field of finance and accounting within UPOV through WIPO.

2010-2011 BUDGET IMPLEMENTATION AUDIT

Budget implementation: a positive result for the financial period and above budget

11. The final budget for the 2010-2011 biennium adopted by the Council during its forty-third ordinary session on October 22, 2009, as well as the actual accounts for the given period, as presented in the 2010-2011 Financial Management Report, can be summarized as follows:

	<i>Budget (SFR)</i>	<i>Accounts (SFR)</i>	<i>Difference accounts/ budget (SFR and %)</i>	
Total income	6,782,000	6,900,727	118,727	1.75%
Total expenditure	-6,782,000	-6,478,733	303,267	-4.47%
Result	0	421,994		

12. With regard to budget implementation, I refer to the comments made by the Secretary-General in the Financial Management Report. Explanations concerning the main variations between the budget and the actual figures are contained in annex A.1 of document C/46/4. In general, it should be noted briefly that the operating revenue was higher than expected at nearly 120,000 Swiss francs. Actual expenditure was over 303,000 Swiss francs lower than the budgeted amount.

AUDIT OF THE 2010-2011 FINANCIAL STATEMENTS

Key figures from the 2010-2011 financial statements: confirmation of a healthy financial situation

13. The table below allows a comparison of several key values from the balance sheets for 2009 and 2011. Whilst I will not comment on these values here, in the paragraphs below, I will make more detailed and specific comments on certain accounts included on the 2011 balance sheet.

<i>Item</i>	<i>December 31, 2009</i>	<i>December 31, 2011</i>
Balance sheet total	2,365,306	3,263,359
Result of the financial period	390,370	421,994
Liquid assets (including investments)	2,237,177	2,902,092
Foreign funds	439,954	734,310
Provisions	367,696	533,149
Reserve Fund	1,037,229	1,459,223
Working Capital Fund	520,427	536,677

Liquid assets: movements of funds justified

14. The balance of the treasury account as at December 31, 2011, corresponds to the UBS abstract of accounts. Moreover, the "Confirmation of business relationship" duly completed by UBS also confirms the balance. Checks made by random sampling of the movements of liquid funds entered in this account during the accounting period revealed no errors. These checks confirmed the regularity of operations.

Investments: cash investments made with the Swiss Confederation

15. The balance of the accounts relating to long-term investments made with the Swiss Confederation correspond to the specific abstract prepared by the Swiss Confederation at the end of 2011. Checks made by random sampling of movements and the correct recording of accrued interest for these accounts by the Federal Finance Administration were confirmed to me by my colleague. I note that the combined balance of the two accounts has increased by some 576,000 Swiss francs to 2,688,000 Swiss francs.

Member State receivables: a drop in outstanding debts

16. The debts owed by Member States at the end of the accounting period amounted to 191,000 Swiss francs, which represents an increase in the balance of more than 131,000 Swiss francs in comparison to the previous biennium. Among these arrears of contributions, the figure of 62,424 Swiss francs is owed to UPOV by Nicaragua for the years 2005 to 2011. I note, nonetheless, that as at April 2, 2012, this State had made a payment, bringing its balance to 6,404 Swiss francs.
17. In my previous report, I did not request that the arrears should be entered in a specific account. With regard to figures for debts owed by new Member States, I also decided not to require that outstanding items should be entered in such an account for the closure of 2011. Aside from one outstanding debt owed by the Dominican Republic and dating from 2009 (909 Swiss francs), the other outstanding items relate to overdue contributions from 2011.
18. Member State contributions for the 2010-2011 biennium increased by 56,321 Swiss francs in comparison to those for the 2008-2009 biennium, reaching the sum of 6,562,957 Swiss francs. The audit of the income entered in the accounts confirms the accuracy and completeness of those entries. At the closure of accounts, the contributions paid in advance for 2012, and even 2013, stand at over 300,000 Swiss francs.

Liaison accounts: a presentation that respects the principle of a balance sheet with asset and liability balances

19. I am pleased to note that the balances of liaison accounts appear clearly in the tables of annexes A.2 and A.6 of the financial statements. Checks made by random sampling of movements allow me to confirm the respective balances; one for balance sheet assets (169,808 Swiss francs), and the other for liabilities (407,164 Swiss francs).

Provisions: probable costs anticipated

20. The provision for separation from service and medical benefits after separation from service amounts to 534,204 Swiss francs at the end of 2011. The sum of this provision increased by more than 175,000 Swiss francs net value during the course of the biennium under review. Nonetheless, I note that the level of this provision is now acceptable, because the accounts were presented in accordance with UNSAS. However, since UPOV will introduce IPSAS as of the accounting year 2012, the amount provided must be further increased by some 350,000 Swiss francs to correspond to the estimate made by specialist firm Mercer in an actuarial review drawn up on April 3, 2012.
21. As at December 31, 2011, a balance of 1,054.20 Swiss francs was shown in the debit column of liabilities account No. 39350 Provision for Repatriation Costs. Taking into account the immaterial nature of this asset balance, which is provided net in the liabilities on the balance sheet in the tables in annexes A.2 and A.6 with provision for separation from service, I do not object to this manner of presentation. Nonetheless, I note that the Mercer actuarial review of April 3, 2012, estimates the costs

of repatriation at 56,692 Swiss francs. Therefore, following the above example, account No. 39350 is clearly undervalued and must be adjusted during the transition to IPSAS.

Reserve Fund and Working Capital Fund: an increase in resources for the Union

22. Taking into account the transfer of the operating profit from the 2010-2011 accounting period (422,000 Swiss francs), the Reserve Fund stood at over 1,459,000 Swiss francs at the end of the financial period under review. This value represents 22.52 percent of the operating expenditure during the 2010-2011 biennium. In fact, the rate of coverage of reserves set on page 25 of the Program and Budget for the 2010-2011 biennium adopted by the Council (document C/43/4 Rev.) during its forty-third ordinary session on October 22, 2009, was surpassed by the Reserve Fund alone, since the set objective put forward an overall sum of 1,356,000 Swiss francs.
23. In fact, the rate of 22.52 percent referred to above does not take into account the level of the Working Capital Fund, which currently exceeds 536,000 Swiss francs. The Working Capital Fund showed an increase of 16,250 Swiss francs over the course of the 2010-2011 biennium, corresponding to the accession of two new members in 2010 (Costa Rica and Oman), and one change to contributor category in 2011 (the Republic of Korea). The total sum of the Reserve Fund and the Working Capital Fund is currently close to two million Swiss francs.
24. If I may, I would like to draw the reader's attention to the fact that the experience of other international organizations during the transition from UNSAS to IPSAS accounting standards indicates that the accounting adjustments required by this change in accounting system will have a significant impact on the balance of the aforementioned Reserve Fund.

Salary costs: a slight decrease

25. Several random samples were made of the income and expenditure accounts on behalf of one of my colleagues. The entries checked were all supported by the accounting documents available. The detailed examinations carried out revealed no significant errors worth mentioning. I will merely make the following points for the purposes of information.
26. The salary costs entered during the 2010-2011 biennium were almost 100,000 Swiss francs less than in the previous accounting period. They actually amounted to 4.3 million Swiss francs. Representing 66 percent of expenditure, they account for the largest proportion of UPOV's operating costs. The checks made by sampling accounting documents did not reveal any errors.
27. Account No. 71014 Overtime and Refreshment showed an expenditure of over 81,000 Swiss francs in 2010-2011, indicating an increase in these costs of over 35 percent compared with 2008-2009, even if these figures represent only 1.26 percent of overall operating expenditure. Moreover, I note that two staff members each collected more than 32,000 Swiss francs over the two-year period. The same two staff members had already each received payments of over 20,000 Swiss francs for additional hours in the previous biennium.
28. Expenditure on staff missions in 2010-2011 was slightly below that of the previous period (-1.86 percent), amounting to 437,000 Swiss francs. As I noted during the 2008-2009 biennium, the costs allocated to staff missions greatly exceeded the budgetary estimate of 300,000 Swiss francs. The checks made by sampling by my colleague allow me, nonetheless, to deem these costs to be correct.
29. Other operating expenditure is shown in annex A.1 of the financial statements, in Other Contractual Services, and amounts to 1,273,592 Swiss francs. Since the 2010-2011 biennium it has been entered in two separate accounts (No. 74179 Rental mainten. Others and No. 74380 Other Operating Expenses), although during the 2008-2009 period, all expenditure was entered into the second account cited above. This change is for reasons of clarity. The entries corresponded to the accounting documents.
30. If I set aside the revenue from contributions and the income from liquid funds, I note that other revenue amounts to a total of some 260,000 Swiss francs, representing only 3.77 percent of overall revenue.

Funds-in-Trust (FIT): reconciled amounts

31. The assets and liabilities relating to the Funds-in-Trust appear in accounts separate from those of UPOV. The relevant financial statements are presented in annex A.7 of the UPOV Financial Management Report, under the heading "Extrabudgetary funds."
32. Contributions made by the providers of funds are paid into a separate bank account. The balance of this account as at December 31, 2011, corresponded to that shown in the statement and certificate issued by the bank.
33. Aside from the extrabudgetary funds concerning Japan, a special fund was created with the United States of America during the 2010-2011 period. The movements of these two funds were audited by random sampling; the balance as at December 31, 2011, corresponded to the general statements of each account.

The new UPOV Financial Regulations were adopted on October 22, 2010

34. As mentioned in my previous audit report of July 5, 2010 (order 10033), the new Financial Regulations and Rules of UPOV were approved by the Council of UPOV on October 22, 2010 (see paragraphs 1 and 3) and entered into force on January 1, 2012.

CONCLUSION

35. As a result of the work done, I am able to issue the audit opinion annexed to this report and drawn up in accordance with paragraph 5 of the Terms of Reference Governing Audit.

[signed in the French original]

K. Grüter
Director
Federal Audit Office
of the Swiss Confederation
(Auditor)

Annex:

- Audit opinion

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FEDERAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Annex to 1.12364.946.00335.02

AUDIT OPINION OF THE EXTERNAL AUDITOR

I have carried out the audit of the financial statements presented in the Financial Management Report of the International Union for the Protection of New Varieties of Plants (UPOV) for the financial period ending December 31, 2011. The audit was completed on June 27, 2012. The establishment 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 I have undertaken.

The responsibility of UPOV management for the financial statements

The management is responsible for the preparation and honest presentation of the financial statements, in accordance with the provisions set by the United Nations System Accounting Standards (UNSAS), and in the Financial Regulations and Rules of UPOV. Furthermore, the management is responsible for establishing the internal control it views as necessary to the preparation of financial statements free of significant anomalies, whether these arise from fraud or are the result of errors.

Responsibility of the auditor

My responsibility is to express an opinion on the financial statements of UPOV on the basis of my audit. I have carried out my audit in accordance with the International Standards on Auditing published by the International Auditing and Assurance Standards Board (IAASB). These standards require that I conform to ethical standards, and that I plan and carry out the audit with a view to gaining reasonable assurance that the financial statements are free of significant anomalies. An audit involves the execution of procedures aimed at collecting conclusive information on the figures and information provided in the financial statements. The choice of procedures is a matter of judgment for the auditor, as is the evaluation of the risk that the financial statements contain significant anomalies, whether these arise from fraud or are the result of errors. In carrying out the evaluation, the auditor takes account of the internal controls in place in the entity regarding the preparation of financial statements. This is done in order to determine the audit procedures appropriate, or not, to the circumstances, with the aim of expressing an opinion on whether internal control is operating effectively within the entity. An audit also involves judging whether the accounting practices used are appropriate, and whether management accounting estimates are reasonable, as well as assessing the overall presentation of the financial statements. I consider that the conclusive information collected is both adequate and appropriate to forming my opinion.

Opinion

In my opinion, the financial statements offer a true picture, in terms of all their significant aspects, of the financial situation of UPOV as at December 31, 2011, as well as its financial performance and its treasury flows for the financial period up to that date, in conformity with the accounting standards of the United Nations System Accounting Standards (UNSAS), and the Financial Regulations and Rules of UPOV.

Furthermore, it is my view 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. Pursuant to annex II, Terms of Reference Governing External Audit, of the Financial Regulations and Rules of UPOV, I have also drawn up a detailed report on my auditing of the financial statements of UPOV, which is dated July 4, 2012.

Bern, July 4, 2012

[signed in the French original]

K. Grüter
Director
Federal Audit Office
of the Swiss Confederation¹
(Auditor)

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