

Council**C/52/4****Fifty-Second Ordinary Session
Geneva, November 2, 2018****Original:** English
Date: August 29, 2018**FINANCIAL MANAGEMENT REPORT FOR THE 2016-2017 BIENNIUM***Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance*

1. The Annex to this document contains the Financial Management Report (FMR) of the International Union for the Protection of New Varieties of Plants (UPOV) for the 2016-2017 Biennium, in accordance with Regulations 6.6 and 6.7 of the Financial Regulations and Rules of UPOV (FRR) (see document UPOV/INF/4/4 "Financial Regulations and Rules of UPOV"), for approval by the Council.
2. The FMR is not subject to an external audit.
3. Regulations 6.6 and 6.7 of the FRR state as follows:

"Regulation 6.6

"[...]"

"Rule 106.12

"[...]"

"(b) Within eight months after the end of each financial period, the Secretary-General shall submit to the Council the financial management report prepared in accordance with Regulation 6.6.

"Regulation 6.7

"After the annual audit and examination by the Council, the annual financial statements and the report of the External Auditor shall be transmitted to all the interested members of UPOV. Every two years following the end of the biennium, the financial management report shall also be transmitted to all the interested members of UPOV."

4. *The Council is invited to approve the Financial Management Report for the 2016-2017 Biennium.*

[Annex follows]

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Financial Management Report for the 2016-2017 Biennium

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SUMMARY AND ANALYSIS OF BUDGETARY RESULT

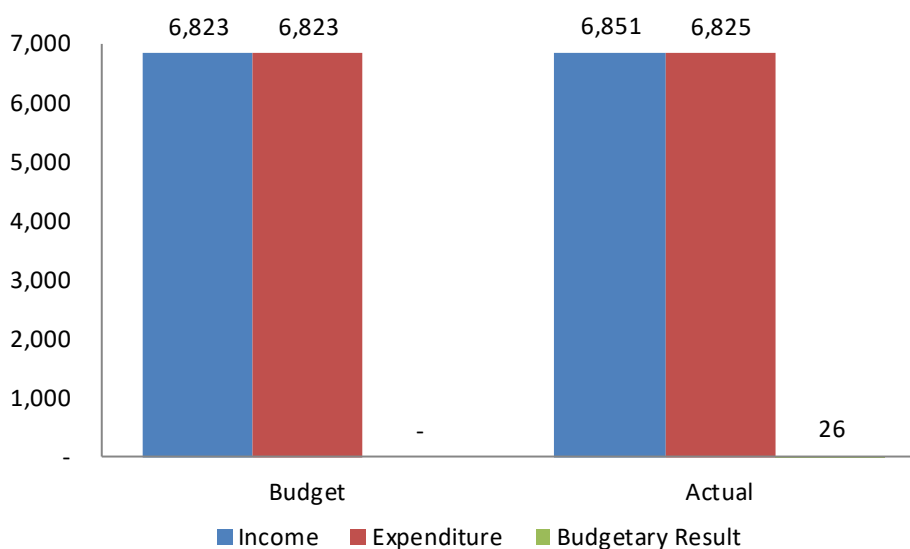
Table 1 below presents the overall budgetary result for UPOV in the 2016-2017 Biennium as well as the Reserve and Working Capital Funds (RWCF) as at the end of 2017. The total income (before IPSAS adjustments) amounted to 6.85 million Swiss francs, and the total budgetary expenditure amounted to 6.83 million Swiss francs, resulting in a budgetary surplus of 26,162 Swiss francs for the 2016-2017 Biennium.

At the end of 2017, the total RWCF amounted to 630 thousand Swiss francs, comprising 970 thousand Swiss francs in the Reserve Fund, 14 thousand Swiss francs in the Special Project Fund, 547 thousand Swiss francs in the Working Capital Fund and Actuarial losses through Net Assets of 901 thousand Swiss francs.

Table 1. 2016-2017 Income, Expenditure and Reserve and Working Capital Funds (RWCF)
(in thousands of Swiss francs)

	2016/17 Budget	2016/17 Actual	Difference	
			Amount	Percent
1 Income	6,823	6,851	28	0.4%
2 Expenditure	6,823	6,825	2	0.0%
3 Budgetary Result	-	26	26	n/a
Reserve and Working Capital Funds (RWCF):				
4 Reserve Fund		970		
5 Special Project Fund		14		
6 Working Capital Fund		547		
7 Actuarial gains/(losses) through Net Assets		-901		
8 Total RWCF at end of period (4+5+6+7)		630		

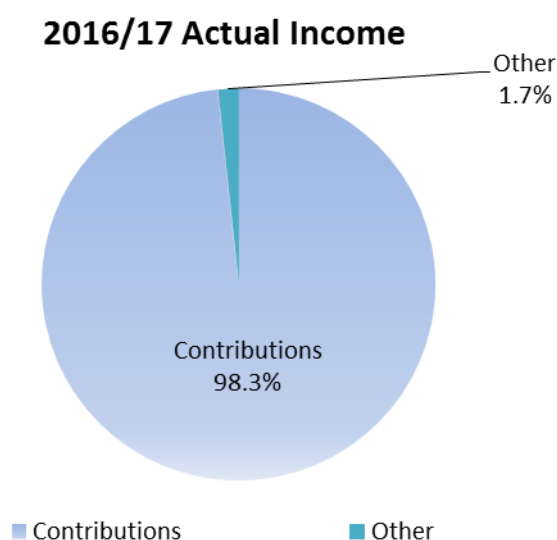
* In 2015, 183,824 Swiss francs, representing the amount of the reserve fund exceeding 15 per cent of the total income for the 2012-2013 Biennium, were transferred to a Special Project Fund for specific projects. Of this amount, 114,151 Swiss francs and 55,716 Swiss francs were expensed in 2015 and respectively in 2016, leaving a balance of 13,957 Swiss francs as at December 31, 2017.



The actual budgetary income amounted to 6.85 million Swiss francs in the 2016-2017 Biennium, i.e. 28 thousand Swiss francs higher than the budgeted target (Table 2 below). Income from contributions continued to be the single largest source of income representing 98 per cent of the total income, in line with the approved 2016-2017 Program and Budget. In the 2016-2017 Biennium, actual contributions were slightly higher than budgeted, corresponding to two additional 0.2 contribution units. No income was generated from publications in the 2016-2017 Biennium because all publications are available free of charge. No interest was earned on funds placed with the Swiss Federal Finance Administration (AFF) due to the change in the interest rate policies of the AFF. Other income amounted to 117 thousand Swiss francs, i.e. 29 thousand Swiss francs more than the budgeted figure. Other income included revenue generated from administrative support costs under the extra-budgetary funds i.e. Funds-in-Trusts (FITs), fee income from participants in the UPOV distance learning program and accounting adjustments for previous years. Higher than budgeted contributions, (6,731,924 Swiss francs instead of 6,710,000 Swiss francs), higher income from administrative fees for FITs (75,361 Swiss francs instead of 57,000 Swiss francs) and a credit note for an overcharge for agency staff in 2016 (10,773 Swiss francs) compensated for lower than budgeted income from Electronic Application Form fees (1,841 Swiss francs instead of 25,000 Swiss francs).

Table 2. 2016-2017 Budgeted and Actual Income by Source
(in thousands of Swiss francs)

	2016/17 Budgeted Income	2016/17 Actual Income	Difference	
			Amount	Percent
Contributions	6,710	6,732	22	0.3%
UPOV PRISMA fees	25	2	-23	-92.6%
Publications	-	-	-	0.0%
Interest	-	-	-	0.0%
Other	88	117	29	32.9%
GRAND TOTAL	6,823	6,851	28	0.4%



Actual expenditure in 2016-2017 compared to the approved 2016-2017 Program and Budget is presented below by cost categories in Table 3 and by sub-programs in Table 4.

Table 3. 2016-2017 Approved Budget and Expenditure by Object of Expenditure
(in thousands of Swiss francs)

	2016/17 Budget	2016/17 Actual	Difference	
			Amount	Percent
A. Personnel Resources				
Posts	4,054	3,828	-226	-5.6%
Temporary staff	299	418	119	39.7%
Total, Personnel Resources	4,353	4,245	-108	-2.5%
B. Non-Personnel Resources				
Interns				
<i>Sub-total, Interns</i>	38	12	-26	-67.5%
Travel				
Staff Missions	400	447	47	11.8%
Third Party Travel	50	44	-6	-11.7%
<i>Sub-total, Travel</i>	450	491	41	9.2%
Contractual Services				
Conferences	200	184	-16	-8.0%
Publishing	10	-	-10	-100.0%
Individual Contractual Services	70	25	-45	-64.0%
Other Contractual Services	412	626	214	51.8%
<i>Sub-total, Contractual Services</i>	692	835	143	20.6%
Operating Expenses				
<i>Sub-total, Operating Expenses</i>	1,270	1,239	-31	-2.4%
Equipment and Supplies				
Furniture and Equipment	10	-	-10	-100.0%
Supplies and Materials	10	2	-8	-81.9%
<i>Sub-total, Equipment and Supplies</i>	20	2	-18	-90.9%
Total, Non-Personnel Resources	2,470	2,579	109	4.4%
GRAND TOTAL	6,823	6,825	2	0.0%

* Any differences in numbers between this table and subsequent tables from the Financial Statements are due to rounding.

Table 4. 2016-2017 Approved Budget and Expenditure by Sub-Programs
(in thousands of Swiss francs)

	2016/17 Budget	2016/17 Actual	Difference	
			Amount	Percent
UV.1 Overall Policy on Plant Variety Protection	687	636	-51	-7.4%
UV.2 Services to the Union for Enhancing the Effectiveness of the UPOV System	4,223	4,472	249	5.9%
UV.3 Assistance in the Introduction and Implementation of the UPOV System	1,477	1,319	-158	-10.7%
UV.4 External Relations	436	397	-39	-8.9%
GRAND TOTAL	6,823	6,825	2	0.0%

Personnel Resources

Personnel expenditure (before IPSAS adjustments) amounted to 4.25 million Swiss francs in 2016-2017, 107,826 Swiss francs less than the approved 2016-2017 Program and Budget. This reduction was due to lower expenditure under posts, offset partly by higher expenditure under temporary staff. Expenditure on posts was lower than expected, due to a post in the professional category being filled by a temporary staff in 2017 and one staff member working on a part-time basis.

Non-Personnel Resources

Total non-personnel expenditure (before IPSAS adjustments) amounted to 2.58 million Swiss francs in 2016-2017, 109,371 Swiss francs, or four per cent higher than the budgeted target. Explanations by cost categories are provided below.

Interns

For the Biennium 2016-2017, expenditure on internships, of 12,343 Swiss francs, was significantly lower than the budgeted amount (38,000 Swiss francs). The savings were used to fund an additional agency staff.

Travel

Total expenditure on Travel amounted to 491,226 Swiss francs, i.e. 41,226 Swiss francs higher than the budget. The higher expenditure was primarily due to the higher than budgeted income from FITs, which resulted in additional activities requiring travel by UPOV staff.

Contractual Services

Total Contractual Services amounted to 834,714 Swiss francs, i.e. 142,714 Swiss francs higher than the budget, which is the net result of higher than budgeted expenditure under Other Contractual Services offset by lower expenditure under other objects of expenditure. Higher expenditure on Other Contractual Services was primarily due to: (i) additional expenditure related to agency staff costs to provide cover for the general service staff member on a part-time working arrangement and for additional administrative work associated with new travel administration procedures, (ii) expenses related to a video production and (iii) staff training. IT development costs for the EAF and for the TG Template were broadly as anticipated. Individual contractual services amounted to 25,193 Swiss francs, which were significantly lower than anticipated (70,000 Swiss francs) mainly because the administrative work on distance learning courses was not out-sourced.

Operating Expenses

Operating Expenses of 1.24 million Swiss francs were slightly lower than the budget due to the containment of the costs of services provided by WIPO to UPOV.

Equipment and Supplies

Equipment and Supplies amounted to 1,814 Swiss francs, i.e. 18,186 Swiss francs lower than the budget.

The breakdown of the 2016-2017 expenditure by sub-programs and cost categories is shown below in Table 5.

Table 5. 2016-2017 Expenditure Details by Sub-Programs
(in thousands of Swiss francs)

	Sub-programs				Total
	UV.1	UV.2	UV.3	UV.4	
A. Personnel Resources					
Posts	574	1,914	1,072	268	3,828
Temporary staff	-	418	-	-	418
Total, Personnel Resources	574	2,331	1,072	268	4,245
B. Non-Personnel Resources					
Interns					
Sub-total, Interns	-	12	-	-	12
Travel					
Staff Missions	-	133	194	120	447
Third Party Travel	-	1	44	-	44
Sub-total, Travel	-	134	237	120	491
Contractual Services					
Conferences	62	113	1	8	184
Publishing	-	-	-	-	-
Individual Contractual Services	-	16	9	-	25
Other Contractual Services	-	625	-	1	626
Sub-total, Contractual Services	62	754	10	8	835
Operating Expenses					
Sub-total, Operating Expenses	-	1,239	-	-	1,239
Equipment and Supplies					
Furniture and Equipment	-	-	-	-	-
Supplies and Materials	-	1	-	1	2
Sub-total, Equipment and Supplies	-	1	-	1	2
Total, Non-Personnel Resources	62	2,141	248	129	2,579
GRAND TOTAL	636	4,472	1,319	397	6,825

* Any differences in numbers between this table and subsequent tables from the financial statements are due to rounding.

Table 6 below provides a summary of the number of posts by category.

Table 6. 2016-2017 Budgeted and Actual Posts

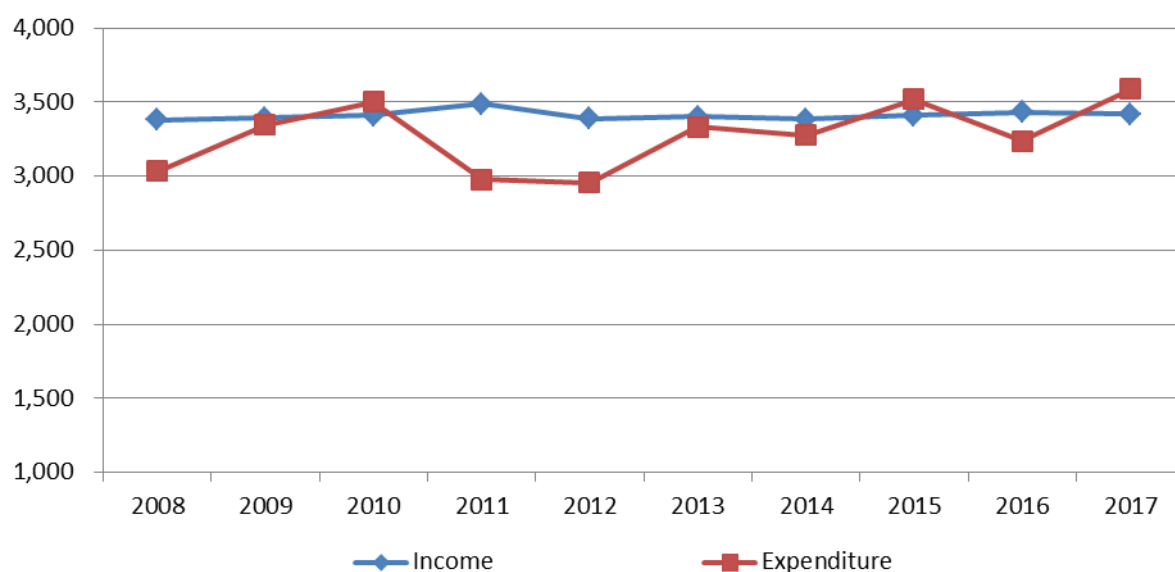
<i>Post Category</i>	<i>2016/17 Budgeted Posts</i>	<i>2016/17 Actual Posts</i>	<i>Difference</i>
Directors	3	3	-
Professionals	4	3	-1
General Service	4	5	1
TOTAL	11	11	-

As indicated in Table 6, there was no change in the biennium in the total number of posts. The 2016-2017 Program and Budget anticipated three posts in the Director category, four posts in the Professional category and four posts in the General Service category. However, the actual number of posts was three in the Director category, three in the Professional category and five in the General Service category. The higher number of posts in the General Service category resulted from the reclassification of a post from General Service to Professional not being completed during the biennium. The post of the Secretary-General is included within the post count, but at no cost, because the current Director General of WIPO has declined any salary or allowance from his functions as Secretary-General of UPOV.

Finally, the overall evolution of actual income and expenditure (before IPSAS adjustments) for the period from 2008 to 2017 is shown below in Table 7.

Table 7. Evolution of Actual Income and Expenditure during 2008-2017
(in thousands of Swiss francs)

	<i>Actual</i>									
	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Income	3,378	3,393	3,412	3,489	3,388	3,403	3,384	3,409	3,431	3,420
Expenditure	3,034	3,347	3,501	2,978	2,954	3,331	3,275	3,517	3,239	3,586
<i>Budgetary Result</i>	344	46	-89	511	434	72	109	-109	192	-166



INVESTMENTS

The authority, responsibility and policy for investments are detailed in UPOV's Financial Regulations and Rules.

During the 2016-2017 Biennium, UPOV continued to hold its investments in deposit accounts with the Swiss Federal Finance Administration (AFF). Despite a challenging Swiss franc investment environment following the expansionary monetary policy (sub-zero interest rates) introduced by the Swiss National bank in January 2015, the return on investments for UPOV remained at zero and outperformed the 3-month Swiss franc Libor benchmark by 75 and 73 basis points in 2016 and 2017 respectively.

On December 14, 2017, UPOV withdrew all of its investment deposits before the expiry of the deposit arrangement with the AFF. The cash balances are held in bank accounts with Credit Suisse Bank and are currently protected from negative interest charges.

The table below details investments held with the AFF during the 2016-2017 Biennium.

UPOV's Investments in 2016 and 2017				
<u>Amount CHF</u>	<u>Period</u>	<u>Bank</u>	<u>Rate %</u>	<u>Benchmark</u>
3,961,605.70	January 1 - December 31, 2016	AFF	0.00	-0.75
3,961,605.70	January 1 - December 14, 2017	AFF	0.00	-0.73

FINANCIAL STATEMENTS

For each of the two years of the 2016-2017 Biennium, the annual financial statements of UPOV have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

Accrual Accounting under IPSAS

Under IPSAS the financial statements are prepared applying the full accrual basis of accounting. Accrual basis accounting means the recognition of transactions and events when they occur. As such they are recorded in the accounting records and reported in the financial statements of the financial periods to which they relate, and not only when cash or its equivalent is received or paid.

IPSAS requires that revenue for both contributions and extrabudgetary funds (funds in trust) is recognized when UPOV has a right to receive the contribution. Where contributions are due to UPOV, a receivable balance is recognized. Extrabudgetary fund arrangements are analyzed to see if UPOV needs to meet performance conditions, and if these are present, revenue is only recognized when the conditions are fulfilled.

The value of future employee benefits (including accumulated annual leave, repatriation grants and After-Service Health Insurance (ASHI)) that UPOV staff have earned but not yet received is recorded to capture the full cost of employing staff.

The UPOV Program and Budget is established on a modified accrual basis, which differs from the full accrual basis applied to the financial statements. Other differences between the budgetary result and the result per the financial statements are due to the inclusion in the financial statements of funds in trust and the Special Project Fund, which are not included in UPOV's Program and Budget. A reconciliation between the budgetary result and the principal financial statements is provided in UPOV's financial statements in accordance with the requirements of IPSAS.

Presentation of Financial Information under IPSAS

As IPSAS requires the preparation of annual financial statements, UPOV financial statements are prepared individually for each calendar year of the biennium. These annual financial statements are presented separately from the Financial Management Report, and for complete financial information of UPOV prepared in accordance with IPSAS requirements, reference should be made to the UPOV annual financial statements.

Under IPSAS, the financial statements include the following elements:

- Statement I - Statement of Financial Position
- Statement II - Statement of Financial Performance
- Statement III - Statement of Changes in Net Assets
- Statement IV - Statement of Cash Flow
- Statement V - Statement of Comparison of Budget and Actual Amounts
- Notes to the Financial Statements

In the Financial Management Report, Statements I-V are presented for the 2016-2017 Biennium. Financial information is provided to give an understanding of the differences between the result of UPOV on a budgetary basis and the result according to the IPSAS financial statements. Other extracts from the annual financial statements provide further details of UPOV's assets and liabilities.

Certain balances from 2016 and 2015 are presented as restated following the implementation of *IPSAS 39 Employee Benefits* during 2017. Under IPSAS 39, actuarial gains and losses for the ASHI liability, which were previously unrecognized, have been accounted for directly through net assets. Accumulated annual leave for fixed, continuing and permanent posts has been reclassified from short-term to other long-term employee benefits, requiring the remeasurement of this liability by an independent actuary utilizing the projected unit credit methodology of valuation. The effect of these changes in accounting policy was recognized retrospectively, requiring a restatement of the 2016 and 2015 numbers previously presented.

STATEMENT I

STATEMENT OF FINANCIAL POSITION

as at December 31, 2017
(in Swiss francs)

	December 31, 2017	December 31, 2016 (restated)	December 31, 2015 (restated)
ASSETS			
Current assets			
Cash and cash equivalents	4,115,186	5,275,496	4,503,112
Accounts receivable (non-exchange transactions)	68,866	111,232	195,399
Accounts receivable (exchange transactions)	17,330	19,085	-
	<u>4,201,382</u>	<u>5,405,813</u>	<u>4,698,511</u>
Non-current assets			
Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>4,201,382</u>	<u>5,405,813</u>	<u>4,698,511</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,209	1,000	-
Employee benefits	200,760	230,148	167,163
Advance receipts	387,594	617,514	462,744
Other current liabilities	726,044	1,561,929	1,213,425
	<u>1,315,607</u>	<u>2,410,591</u>	<u>1,843,332</u>
Non-current liabilities			
Employee benefits	2,255,945	2,249,447	1,639,726
	<u>2,255,945</u>	<u>2,249,447</u>	<u>1,639,726</u>
TOTAL LIABILITIES	<u>3,571,552</u>	<u>4,660,038</u>	<u>3,483,058</u>
Reserve Fund	970,470	1,260,833	1,111,541
Special Project Fund	13,957	13,957	69,673
Actuarial gains/(losses) through Net Assets	-901,276	-1,075,694	-509,106
Working Capital Fund	546,679	546,679	543,345
NET ASSETS	<u>629,830</u>	<u>745,775</u>	<u>1,215,453</u>

STATEMENT II

STATEMENT OF FINANCIAL PERFORMANCE

for the Biennium ended December 31, 2017
(in Swiss francs)

	2017	2016 (restated)	Total 2016-2017
REVENUE			
Contributions	3,365,962	3,365,962	6,731,924
Extrabudgetary funds (funds in trust)	257,524	357,839	615,363
UPOV PRISMA fees	1,841	-	1,841
Investment revenue	-	-	-
Other/miscellaneous revenue	19,091	22,519	41,610
TOTAL REVENUE	3,644,418	3,746,320	7,390,738
EXPENSES			
Personnel expenditure	2,262,006	2,150,429	4,412,435
Internships	12,343	-	12,343
Travel and fellowships	467,811	405,862	873,673
Contractual services	572,422	475,044	1,047,466
Operating expenses	619,227	620,567	1,239,794
Supplies and materials	972	842	1,814
TOTAL EXPENSES	3,934,781	3,652,744	7,587,525
SURPLUS/(DEFICIT) FOR THE YEAR	-290,363	93,576	-196,787

STATEMENT III

STATEMENT OF CHANGES IN NET ASSETS

for the Biennium ended December 31, 2017

(in Swiss francs)

	Reserve Fund	Special Project Fund	Actuarial gains/(losses) through Net Assets	Working Capital Fund	Net Assets Total
Net Assets at December 31, 2015 (restated)	1,111,541	69,673	-509,106	543,345	1,215,453
Actuarial gains/(losses)	-	-	-566,588	-	-566,588
Working Capital fund contributions	-	-	-	3,334	3,334
Total of items recognized directly in Net Assets in 2016	-	-	-566,588	3,334	-563,254
Surplus for the year 2016	149,292	-55,716	-	-	93,576
Net Assets at December 31, 2016 (restated)	1,260,833	13,957	-1,075,694	546,679	745,775
Actuarial gains/(losses)	-	-	174,418	-	174,418
Total of items recognized directly in Net Assets in 2017	-	-	174,418	-	174,418
Deficit for the year 2017	-290,363	-	-	-	-290,363
Net Assets at December 31, 2017	970,470	13,957	-901,276	546,679	629,830

STATEMENT IV

STATEMENT OF CASH FLOW

for the Biennium ended December 31, 2017
(in Swiss francs)

	2017	2016 (restated)	Total 2016-2017
Cash flows from operating activities			
Surplus/(deficit) for the year	-290,363	93,576	-196,787
Increase (decrease) in employee benefits	151,528	106,118	257,646
(Increase) decrease in receivables	44,121	65,082	109,203
Increase (decrease) in advance receipts	-229,920	154,770	-75,150
Increase (decrease) in other liabilities	-835,676	349,504	-486,172
Net cash flows from operating activities	-1,160,310	769,050	-391,260
Cash flows from investing activities			
Acquisition of equipment	-	-	-
Disposal of equipment	-	-	-
Net cash flows from investing activities	-	-	-
Cash flows from financing activities			
Contributions to Working Capital Fund	-	3,334	3,334
Net cash flows from financing activities	-	3,334	3,334
Net increase (decrease) in cash and cash equivalents	-1,160,310	772,384	-387,926
Cash and cash equivalents at beginning of year	5,275,496	4,503,112	4,503,112
Cash and cash equivalents at end of year	4,115,186	5,275,496	4,115,186

STATEMENT V

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the Biennium ended December 31, 2017
(in thousands of Swiss francs)

	Original Budget 2016-2017 (1)	Final Budget 2016-2017 (1)	Actual Amounts on comparable basis 2016-2017	Difference 2016-2017 (2)
Income				
Contributions	6,710	6,710	6,732	22
UPOV PRISMA fees	25	25	2	-23
Publications	-	-	-	-
Interest	-	-	-	-
Other	88	88	117	29
Total income	6,823	6,823	6,851	28
Expenditure				
Personnel resources	4,353	4,353	4,245	-108
Interns	38	38	12	-26
Travel and fellowships	450	450	492	42
Contractual services	692	692	835	143
Operating expenses	1,270	1,270	1,239	-31
Supplies and materials	10	10	2	-8
Furniture and equipment	10	10	-	-10
Total expenditure	6,823	6,823	6,825	2
Result	-	-	26	26
Funds in Trust (before IPSAS adjustments)			59	
Expenditures financed from Special Project Fund			-56	
IPSAS adjustments to Regular Program and Budget			-167	
IPSAS adjustments to Funds in Trust			-59	
Adjusted net deficit per IPSAS (Statement II)			-197	

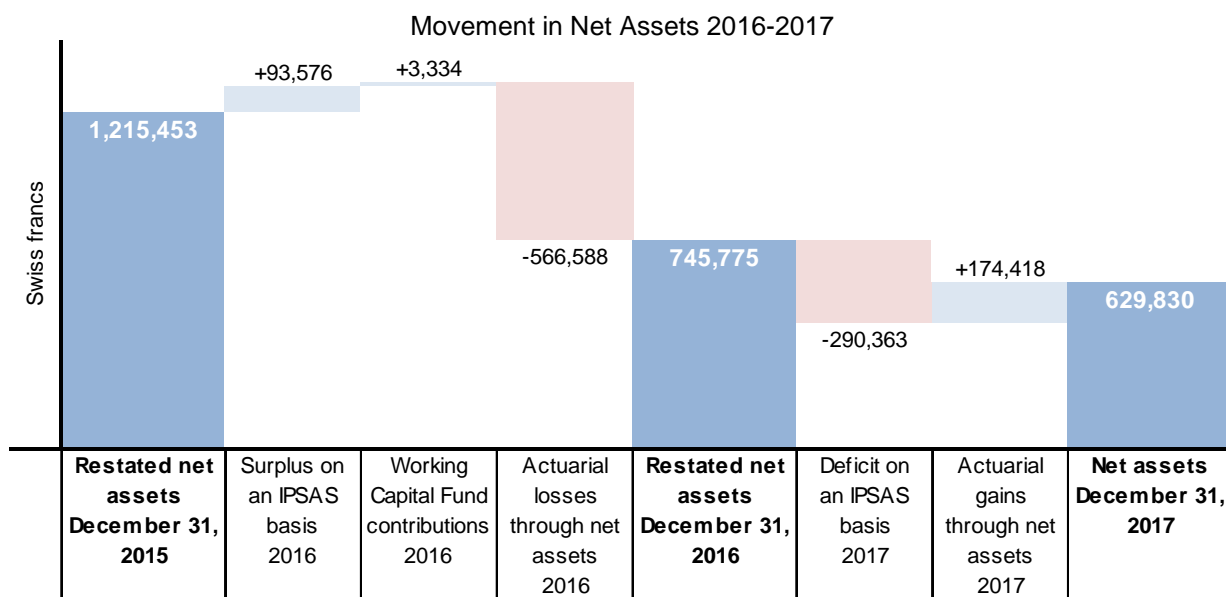
(1) represents the approved 2016-2017 Program and Budget;

(2) represents the difference between the final (revised) budget and actual expense on a comparable basis (before IPSAS adjustments).

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

Movement in Net Assets

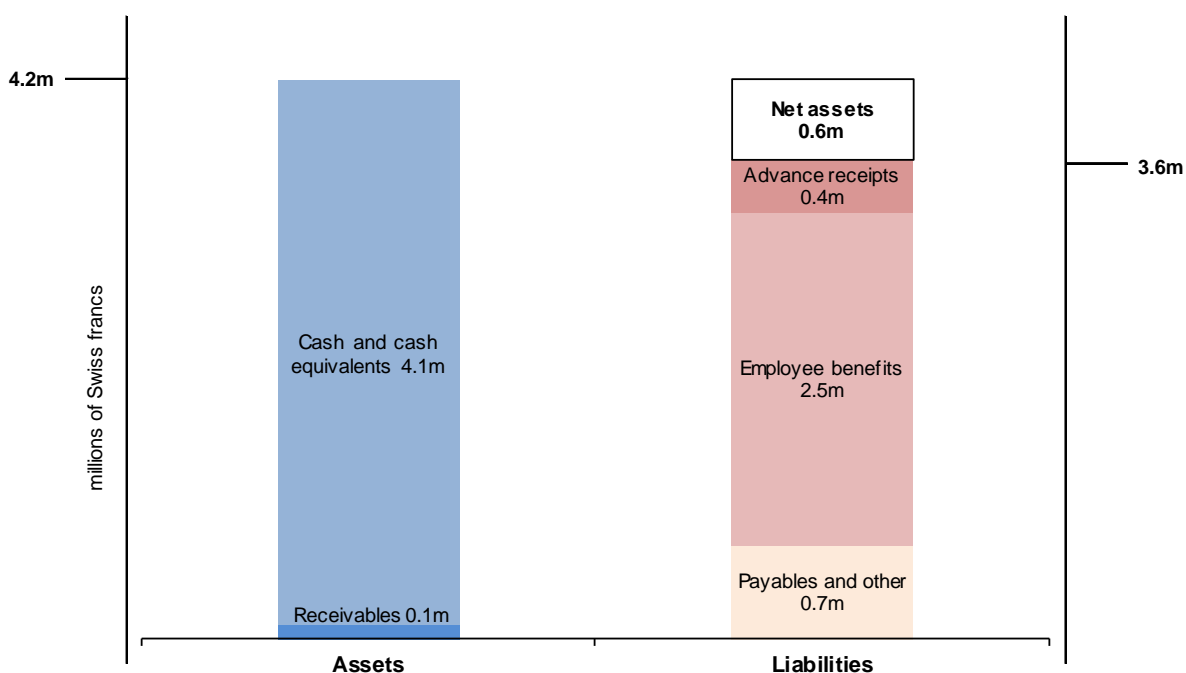
As at December 31, 2017, UPOV has net assets on an IPSAS basis of 629,830 Swiss francs. Following the implementation in 2017 of IPSAS 39, which requires the recognition of actuarial gains and losses, the net assets of 2015 and 2016 were restated. The restated 2015 net assets total 1,215,453 Swiss francs, compared to the figure of 1,663,834 Swiss francs presented in the Financial Management Report for the 2014-2015 Biennium. Between 2015 and 2016, net assets decreased by 469,678 Swiss francs, due to the impact of actuarial losses from the ASHI valuation. In 2017, net assets fell again by 115,945 Swiss francs following the deficit of the year of 290,363 Swiss francs, partly offset by actuarial gains from the ASHI valuation. The table below summarizes the decrease in net assets during the 2016-2017 Biennium:



Summary of Assets and Liabilities

The chart below provides a summary of the Statement of Financial Position of UPOV as at December 31, 2017:

Summary of Assets and Liabilities December 31, 2017



As at December 31, 2017, UPOV has cash balances of 4,115,186 Swiss francs, representing 97.9 per cent of total assets. This balance includes amounts classified as restricted under IPSAS, and also strategic cash representing funds allocated for the future financing of UPOV's ASHI liability. The remaining assets are accounts receivable totaling 86,196 Swiss francs.

The most significant liability of UPOV is employee benefits of 2,456,705 Swiss francs, including primarily the ASHI liability of 2,209,461 Swiss francs. Advance receipts of 387,594 Swiss francs include contributions paid in advance (260,063 Swiss francs) and deferred revenue from extrabudgetary funds (127,531 Swiss francs). Payables and other liabilities (727,253 Swiss francs) are almost entirely comprised of the amount payable to the World Intellectual Property Organization (WIPO).

Cash and Cash Equivalents

Cash and Cash Equivalents	December 31, 2017	December 31, 2016	December 31, 2015
	<i>(Swiss francs)</i>		
Total unrestricted cash	2,750,945	3,823,609	3,806,865
Total restricted cash	655,065	774,008	696,247
Total strategic cash	709,176	677,879	-
Total cash and cash equivalents	4,115,186	5,275,496	4,503,112

Total cash and cash equivalent balances have decreased over the biennium by 8.6 per cent between December 31, 2015 and December 31, 2017. For the purposes of IPSAS presentation, cash balances are split between unrestricted, restricted and strategic. Cash balances relating to the Working Capital Fund or extrabudgetary funds (funds in trust) are considered to be restricted. At its thirty-third extraordinary session on March 17, 2016, the Council of UPOV decided to hold in a separate account the funds allocated for the future financing of UPOV's ASHI liability, and these funds are classified as strategic cash.

Accounts Receivable

Accounts Receivable	December 31, 2017	December 31, 2016	December 31, 2015
	<i>(Swiss francs)</i>		
Contributions	68,866	106,006	46,444
Extrabudgetary funds (funds in trust)	-	3,559	148,955
Working Capital Fund	-	1,667	-
Accounts receivable (non-exchange transactions)	68,866	111,232	195,399
Education grant advances	17,330	19,085	-
Accounts receivable (exchange transactions)	17,330	19,085	-
Total accounts receivable	86,196	130,317	195,399

Total accounts receivable at December 31, 2017 are 86,196 Swiss francs, compared to 195,399 Swiss francs as at December 31, 2015. The balance of receivables from extrabudgetary funds (funds in trust) at the end of 2015 totaled 148,955 Swiss francs, whereas at the end of 2017 there were no receivables from these funds.

Employee Benefits

Employee Benefits	December 31, 2017 <i>(Swiss francs)</i>	Percentage of Liability
After-Service Health Insurance (ASHI)	2,209,461	89.9%
Repatriation grant and travel	163,171	6.6%
Accumulated leave	67,556	2.8%
Overtime and credit hours	9,584	0.4%
Education grants	6,933	0.3%
Total employment benefit liabilities	2,456,705	100.0%

As can be seen from the table above, by far the most significant employee benefit liability for UPOV is ASHI, which represents 89.9 per cent of the total employee benefit liability as at December 31, 2017. Following the implementation of IPSAS 39, the ASHI liability at the end of 2015 was restated from 1,070,019 Swiss francs to 1,577,193 Swiss francs. Over the period of the 2016-2017 Biennium the ASHI liability increased by 632,268 Swiss francs, and this movement is detailed in the table below:

Movement in ASHI Liability	<i>(in Swiss francs)</i>
Restated liability as at December 31, 2015	1,577,193
Current service cost	279,519
Interest cost	32,215
Benefits paid from plan	-71,636
Actuarial (gain) / loss	392,170
Movement 2016-2017	632,268
Liability as at December 31, 2017	2,209,461

The liability is calculated by an independent actuary, and reflects the total future cost of UPOV's share of collective medical insurance premiums for both existing UPOV retirees and the projected number of active UPOV staff who will retire in the future. The current service cost in the table above is the net impact of employee service performed for the 2016-2017 Biennium. The interest cost is the result of each member of the active staff moving closer to the age of eligibility for ASHI participation. The benefits paid out by UPOV during the biennium are the monthly contributions (currently 65.0 per cent of premiums) that UPOV makes for retirees participating in ASHI. Actuarial gains and losses result from changes to actuarial assumptions, including the discount rate, medical cost trend rates, staff turnover rates and mortality rates.

Advance Receipts

Advance Receipts	December 31, 2017	December 31, 2016	December 31, 2015
	<i>(in Swiss francs)</i>		
Advance payment of contributions	260,063	486,097	244,834
Non-exchange revenue deferred	127,531	131,417	217,910
Total advance receipts	387,594	617,514	462,744

Contributions received in advance are recorded as advance receipt liabilities and are recognized as revenue in the year to which they relate. Extrabudgetary funds from donors to funds in trust containing conditions related to performance are treated as deferred revenue until the conditions are fulfilled, whereupon revenue is recognized.

Payables and Other Liabilities

Payables and Other Liabilities	December 31, 2017	December 31, 2016	December 31, 2015
	<i>(in Swiss francs)</i>		
Miscellaneous creditors	1,209	1,000	-
Amounts payable to WIPO	726,044	1,561,929	1,213,425
Total payables and other liabilities	727,253	1,562,929	1,213,425

Payables and other liabilities totaled 727,253 Swiss francs as at December 31, 2017. These are almost entirely comprised of amounts payable to WIPO.

Financial Position by Segment

	Regular Program and Budget	Funds in Trust	Special Project Fund	Inter-Segment Balances	TOTAL 2017	TOTAL 2016 (restated)
ASSETS						
Current assets						
Cash and cash equivalents	4,006,800	108,386	-	-	4,115,186	5,275,496
Accounts receivable (non-exchange transactions)	68,866	-	-	-	68,866	111,232
Accounts receivable (exchange transactions)	17,330	-	-	-	17,330	19,085
Other current assets	-	24,042	18,040	-42,082	-	-
	<u>4,092,996</u>	<u>132,428</u>	<u>18,040</u>	<u>-42,082</u>	<u>4,201,382</u>	<u>5,405,813</u>
Non-current assets						
Equipment	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	4,092,996	132,428	18,040	-42,082	4,201,382	5,405,813
LIABILITIES						
Current liabilities						
Accounts payable	1,209	-	-	-	1,209	1,000
Employee benefits	200,760	-	-	-	200,760	230,148
Advance receipts	260,063	127,531	-	-	387,594	617,514
Other current liabilities	575,322	4,897	187,907	-42,082	726,044	1,561,929
	<u>1,037,354</u>	<u>132,428</u>	<u>187,907</u>	<u>-42,082</u>	<u>1,315,607</u>	<u>2,410,591</u>
Non-current liabilities						
Employee benefits	2,255,945	-	-	-	2,255,945	2,249,447
	<u>2,255,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,945</u>	<u>2,249,447</u>
TOTAL LIABILITIES	3,293,299	132,428	187,907	-42,082	3,571,552	4,660,038
Reserve Fund	970,470	-	-	-	970,470	1,260,833
Special Project Fund	183,824	-	-169,867	-	13,957	13,957
Actuarial gains/(losses) through Net Assets	-901,276	-	-	-	-901,276	-1,075,694
Working Capital Fund	546,679	-	-	-	546,679	546,679
NET ASSETS	799,697	-	-169,867	-	629,830	745,775

In accordance with IPSAS, UPOV discloses its assets and liabilities by each of the segments of which it is comprised. Segment information is based on the principal activities and sources of financing of UPOV. UPOV reports separate financial information for three segments: the Program and Budget, funds in trust (extrabudgetary funds) and the Special Project Fund. Funds in trust represent amounts administered by UPOV on behalf of individual donors to carry out programs consistent with the policies, aims and activities of UPOV. The Special Project Fund was established to complete specific projects, following the transfer of the amount of the reserve fund exceeding 15 per cent of the total income for the 2012-2013 Biennium. The Program and Budget, funds in trust and the Special Project Fund are accounted for separately in the financial accounting system.

ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

Revenue

	Program and Budget	Funds in Trust	Special Project Fund	Inter-Segment Transactions	Total
	<i>(in Swiss francs)</i>				
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
REVENUE					
Contributions	6,731,924	-	-	-	6,731,924
Extrabudgetary funds (funds in trust)	-	615,363	-	-	615,363
UPOV PRISMA system fees	1,841	-	-	-	1,841
Investment revenue	-	-	-	-	-
Other/miscellaneous revenue	41,610	-	-	-	41,610
Program support charges	75,360	-	-	-75,360	-
TOTAL REVENUE	6,850,735	615,363	-	-75,360	7,390,738

Contributions under the Program and Budget represent amounts payable at the start of each year of the biennium. Extrabudgetary funds under funds in trust represent revenue received in connection with contributions made by donors to individual projects not included in the Program and Budget. Revenue from extrabudgetary funds (funds in trust) is deferred until earned through the fulfillment of the performance conditions included in the donor agreement. During 2017, UPOV launched the UPOV PRISMA PBR online application tool, and this generated revenue of 1,841 Swiss francs from fees.

Expenses

	Program and Budget	Funds in Trust	Special Project Fund	Inter-Segment Transactions	Total
	<i>(in Swiss francs)</i>				
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
EXPENSES					
Personnel expenditure	4,412,435	-	-	-	4,412,435
Internships	12,343	-	-	-	12,343
Travel and fellowships	491,226	369,371	13,076	-	873,673
Contractual services	834,714	170,112	42,640	-	1,047,466
Operating expenses	1,239,274	520	-	-	1,239,794
Supplies and materials	1,814	-	-	-	1,814
Program support costs	-	75,360	-	-75,360	-
TOTAL EXPENSES	6,991,806	615,363	55,716	-75,360	7,587,525

Personnel expenditure includes employee benefits such as base salary, post adjustment, dependents' allowance, pension contributions, health and other insurance contributions, home leave and other entitlements. Under IPSAS, personnel expenditure also includes certain amounts for the movements in after-service employee benefit liabilities.

Travel and fellowships includes the costs of airfare, daily subsistence allowances, terminal allowances and other travel costs for staff on official business and travel for participants, lecturers and fellows in connection with training activities. Contractual services include translators, interpreters and other non-staff service agreements. Operating expenses include items such as premises rent, maintenance and bank charges.

Expenses for the Special Project Fund were incurred in 2016, and correspond to travel expenditure for participants and lecturers for two training events and agency worker expenditures.

WORKING CAPITAL FUND AND CONTRIBUTIONS

Working Capital Fund as at December 31, 2017

Under Regulation 4.2 of the Financial Regulations, UPOV has a Working Capital Fund (see document UPOV/INF/4/4). According to the Statement of Financial Position as at December 31, 2017, the Working Capital Fund stands at 546,679 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/13/1, Annex, is as follows:

Member of the Union	<i>Swiss francs</i>	Member of the Union	<i>Swiss francs</i>
African Intellectual Property Organization	1,667	Mexico	6,250
Albania	1,667	Montenegro	1,667
Argentina	4,167	Morocco	1,667
Australia	8,333	Netherlands	24,999
Austria	12,500	New Zealand	8,333
Azerbaijan	1,667	Nicaragua	1,667
Belarus	1,667	Norway	8,333
Belgium	8,333	Oman	8,333
Bolivia (Plurinational State of)	1,667	Panama	1,667
Brazil	2,083	Paraguay	1,667
Bulgaria	1,667	Peru	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	Serbia	1,667
Denmark	8,333	Singapore	1,667
Dominican Republic	1,667	Slovakia	4,167
Ecuador	1,667	Slovenia	1,667
Estonia	1,667	South Africa	8,333
European Union	41,667	Spain	12,500
Finland	8,333	Sweden	8,333
France	41,667	Switzerland	8,333
Georgia	1,667	T.F.Y.R. of Macedonia	1,667
Germany	41,667	Trinidad and Tobago	1,667
Hungary	4,167	Tunisia	1,667
Iceland	1,667	Turkey	4,167
Ireland	8,333	Ukraine	4,167
Israel	4,167	United Kingdom	41,667
Italy	16,666	United Republic of Tanzania	1,667
Japan	41,667	United States of America	41,667
Jordan	1,667	Uruguay	1,667
Kenya	1,667	Uzbekistan	1,667
Kyrgyzstan	1,667	Viet Nam	1,667
Latvia	1,667		
Lithuania	1,667	Total	546,679

Contributions of Members of the Union
(Swiss francs)

Members of the Union	Contribution units	Amounts payable	
		January 2016	January 2017
African Intellectual Property Organization	0.2	10,728	10,728
Albania	0.2	10,728	10,728
Argentina	0.5	26,820	26,820
Australia	1	53,641	53,641
Austria	0.75	40,231	40,231
Azerbaijan	0.2	10,728	10,728
Belarus	0.2	10,728	10,728
Belgium	1.5	80,462	80,462
Bolivia (Plurinational State of)	0.2	10,728	10,728
Brazil	0.25	13,410	13,410
Bulgaria	0.2	10,728	10,728
Canada	1	53,641	53,641
Chile	0.2	10,728	10,728
China	0.5	26,820	26,820
Colombia	0.2	10,728	10,728
Costa Rica	0.2	10,728	10,728
Croatia	0.2	10,728	10,728
Czech Republic	0.5	26,820	26,820
Denmark	0.5	26,820	26,820
Dominican Republic	0.2	10,728	10,728
Ecuador	0.2	10,728	10,728
Estonia	0.2	10,728	10,728
European Union	5	268,205	268,205
Finland	1	53,641	53,641
France	5	268,205	268,205
Georgia	0.2	10,728	10,728
Germany	5	268,205	268,205
Hungary	0.5	26,820	26,820
Iceland	0.2	10,728	10,728
Ireland	1	53,641	53,641
Israel	0.5	26,820	26,820
Italy	2	107,282	107,282
Japan	5	268,205	268,205
Jordan	0.2	10,728	10,728
Kenya	0.2	10,728	10,728
Kyrgyzstan	0.2	10,728	10,728
Latvia	0.2	10,728	10,728
Lithuania	0.2	10,728	10,728
Mexico	0.75	40,231	40,231
Montenegro	0.2	10,728	10,728
Morocco	0.2	10,728	10,728
Netherlands	3	160,923	160,923

Members of the Union	Contribution units	Amounts payable	
		January 2016	January 2017
New Zealand	1	53,641	53,641
Nicaragua	0.2	10,728	10,728
Norway	1	53,641	53,641
Oman	1	53,641	53,641
Panama	0.2	10,728	10,728
Paraguay	0.2	10,728	10,728
Peru	0.2	10,728	10,728
Poland	0.5	26,820	26,820
Portugal	0.2	10,728	10,728
Republic of Korea	1.5	80,462	80,462
Republic of Moldova	0.2	10,728	10,728
Romania	0.2	10,728	10,728
Russian Federation	0.5	26,820	26,820
Serbia	0.2	10,728	10,728
Singapore	0.2	10,728	10,728
Slovakia	0.5	26,820	26,820
Slovenia	0.2	10,728	10,728
South Africa	1	53,641	53,641
Spain	2	107,282	107,282
Sweden	1.5	80,462	80,462
Switzerland	1.5	80,462	80,462
The former Yugoslav Republic of Macedonia	0.2	10,728	10,728
Trinidad and Tobago	0.2	10,728	10,728
Tunisia	0.2	10,728	10,728
Turkey	0.5	26,820	26,820
Ukraine	0.2	10,728	10,728
United Kingdom	2	107,282	107,282
United Republic of Tanzania	0.2	10,728	10,728
United States of America	5	268,205	268,205
Uruguay	0.2	10,728	10,728
Uzbekistan	0.2	10,728	10,728
Viet Nam	0.2	10,728	10,728
Total		3,365,962	3,365,962

Contribution Payments Received in Advance

Contributions for 2018, already received by December 31, 2017	
Members of the Union	<i>Swiss francs</i>
Colombia	10,728
Lithuania	10,728
Mexico	40,231
Montenegro	10,728
New Zealand	53,641
Norway	53,641
Poland	26,820
Singapore	10,728
Slovakia	26,820
United Republic of Tanzania	740
Uruguay	10,728
Total 2018	255,533

Contributions received for 2019	
Members of the Union	<i>Swiss francs</i>
Mexico	4,530
Total 2019	4,530

Total advance payment of contributions	260,063
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Amounts of the Contributions Due and Unpaid Working Capital as at December 31, 2017

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
			Total
African Intellectual Property Organization	2017 contribution (balance)		185
Albania	No arrears		
Argentina	No arrears		
Australia	No arrears		
Austria	No arrears		
Azerbaijan	No arrears		
Belarus	No arrears		
Belgium	No arrears		
Bolivia (Plurinational State of)	2017 contribution		10,728
Brazil	2017 contribution		13,410
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	No arrears		
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		
Montenegro	No arrears		
Morocco	No arrears		
Netherlands	No arrears		

Members of the Union	No arrears/year(s) of arrears	Amount of arrears in Swiss francs	
			Total
New Zealand	No arrears		
Nicaragua	No arrears		
Norway	No arrears		
Oman	2017 contribution (balance)		180
Panama	2017 contribution (balance)		1,451
Paraguay	No arrears		
Peru	No arrears		
Poland	No arrears		
Portugal	No arrears		
Republic of Korea	No arrears		
Republic of Moldova	No arrears		
Romania	No arrears		
Russian Federation	No arrears		
Serbia	No arrears		
Singapore	No arrears		
Slovakia	No arrears		
Slovenia	No arrears		
South Africa	No arrears		
Spain	No arrears		
Sweden	No arrears		
Switzerland	No arrears		
The former Yugoslav Republic of Macedonia	No arrears		
Trinidad and Tobago	No arrears		
Tunisia	No arrears		
Turkey	No arrears		
Ukraine	2014 contribution	10,728	
	2015 contribution	10,728	
	2016 contribution	10,728	
	2017 contribution	10,728	42,912
United Kingdom	No arrears		
United Republic of Tanzania	No arrears		
United States of America	No arrears		
Uruguay	No arrears		
Uzbekistan	No arrears		
Viet Nam	No arrears		
Total			68,866

EXTRABUDGETARY FUNDS (FUNDS IN TRUST)

The extrabudgetary funds (including funds in trust) allocated by donor are presented below as independent accounts.

Fund-in-Trust Donor	Fund code	Balance as at December 31, 2015	Income 2016-2017				Expenditure 2016-2017			Reimbursements to donors	Balance as at December 31, 2017	
			Funds received	Interest	Exch. Rate. difference	Total income	Staff expenditure	Other direct expenditure	Administrative support costs			Total expenditure
<i>(in Swiss francs)</i>												
Japan	UJAPN	19,052	420,706	-	-	420,706	-	297,921	38,730	336,651	-	103,107
United States of America	U_USA	-2,132	279,927	-	-	279,927	-	199,697	31,121	230,818	49,193	-2,216
Netherlands	U_UNLD	52,036	-	-	-	-	-	42,384	5,510	47,894	-	4,142
Multi-donor UPOV PRISMA	U_EAF	-	22,500	-	-	22,500	-	-	-	-	-	22,500
TOTAL		68,956	723,133	-	-	723,133	-	540,002	75,361	615,363	49,193	127,533

Income and expenditure for the 2016-2017 Biennium

Japan		<i>(in Swiss francs)</i>	
Balance, beginning of period			19,052
<i>Income</i>			
Funds received		420,706	
Interest		-	420,706
<i>Expenditure</i>			
Staff missions			90,614
Third-party travel			59,418
Conferences			3,864
Other contractual services			143,865
Bank charges			160
Total direct expenditure		297,921	
Program support costs		38,730	(336,651)
Funds available, end of period			103,107

Note: Funds in trust in the form of an extrabudgetary fund from the Government of Japan intended for regional seminars and workshops on the protection of new plant varieties in the Asian region.

United States of America		<i>(in Swiss francs)</i>	
Balance, beginning of period			(2,132)
<i>Income</i>			
Funds received		279,927	
Exchange rate adjustment		-	279,927
<i>Expenditure</i>			
Third-party travel		183,060	
Conferences		11,863	
Other contractual services		4,774	
Total direct expenditure		199,697	
Program support costs		31,121	(230,818)
Reimbursement to the donor			(49,193)
Funds available, end of period			(2,216)

Note: Extrabudgetary fund from the Government of the United States of America, intended for education in intellectual property protection in the area of plant variety protection. The accounts and financial reports for this trust fund are kept in US dollars.

Netherlands (in Swiss francs)		
Balance, beginning of period		52,036
<i>Income</i>		
Funds received	-	
Interest	-	-
<i>Expenditure</i>		
Third-party travel	36,278	
Conferences	1,069	
Other contractual services	4,677	
Bank charges	360	
Total direct expenditure	42,384	
Program support costs	5,510	(47,894)
Funds available, end of period		4,142

Note: Extrabudgetary fund from the Netherlands intended to provide and promote the UPOV system of plant variety protection.

UPOV PRISMA (in Swiss francs)		
Balance, beginning of period		-
<i>Income</i>		
Funds received	22,500	
Interest	-	22,500
<i>Expenditure</i>		
UPOV PRISMA costs		-
Funds available, end of period		22,500

Note: Extrabudgetary fund from various organizations, communities and federations to promote the UPOV PRISMA PBR application tool. This online application tool enables applicants to submit application data to participating Plant Variety Protection Offices around the world.

[End of Annex and of document]