International Union for the Protection of New Varieties of Plants

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Council

Sixtieth Ordinary Session
Geneva, October 23, 2026

C/60/10

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REPORT BY THE EXTERNAL AUDITOR ON THE 2025 UPOV FINANCIAL STATEMENTS

Document prepared by the Office of the Union

1. The Financial Statements of the International Union for the Protection of New Varieties of Plants (UPOV) for the year ended December 31, 2025, together with the audit report of the External Auditor, are transmitted to the Council in accordance with Regulation 6.5 of the Financial Regulations and Rules of UPOV (document UPOV/INF/4/7), which requires that the Council examine and approve the financial statements. The Financial Statements for 2025 are presented in document C/60/9. The Annex to this document contains the audit report of the External Auditor.

2. The Council is invited to take note of the present document.

[Annex follows]

BPK RI THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA

AUDIT REPORT

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

Financial Year 2025

JULY 2026

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**CHAIR OF THE AUDIT BOARD
REPUBLIC OF INDONESIA**

Letter of transmittal

Number: 68 B/S/KETUA/POI.01/07/2026

President of the Council
International Union for the Protection of New Varieties of Plants
34, chemin des Colombettes
CH-1211 Geneva 20
Switzerland

Dear President,

In accordance with Regulation 8.11 of the International Union for the Protection of New Varieties of Plants' (UPOV) Financial Regulations and Rules, I have the honor of presenting the audit report of the Audit Board of the Republic of Indonesia or Badan Pemeriksa Keuangan (BPK).

This report comprises the External Auditor's Opinion and the External Auditor's Long-Form Report on the audited financial statements of the Union for the year ended 31 December 2025.

Yours sincerely,

[signed]

**Dr. Isma Yatun, CSFA., CFrA.
Chair of the Audit Board of the Republic of Indonesia
External Auditor**

**Jakarta, Indonesia
3 July 2026**

CHAIR OF THE AUDIT BOARD
REPUBLIC OF INDONESIA

I. Report of the external auditor on the financial statements: audit opinion

To the Council of the International Union for the Protection of New Varieties of Plants

Opinion

We have audited the financial statements of the International Union for the Protection of New Varieties of Plants (UPOV or the Union), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, the statement of comparison of budget and actual amounts for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at 31 December 2025, and its financial performance and its cash flows for the financial year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Opinion on regularity

In our opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Council of the Union and the financial transactions conform to the Union's Financial Regulations and Rules, and legislative authority.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Union, in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Union for the year ended 31 December 2024, were audited by the Swiss Federal Audit Office, who expressed an unmodified opinion on those statements on 23 May 2025.

Other information

Management is responsible for the other information, which comprises the Financial Results for the Year Ended 31 December 2025 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

The Union's Council as those charged with governance, is responsible for overseeing the Union's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Annex to this auditor's report.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the revenue and expenses reported in the financial statements have been applied for the purposes intended by the Council and the financial transactions comply with the Financial Regulations and Rules, and legislative authority which govern them.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Union that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the Union's Financial Regulations and Rules.

In accordance with Regulation 8.10 of the Union's Financial Regulations and Rules, we have also issued a long-form report on our audit of the Union.

[signed]

Dr. Isma Yatun, CSFA., CFrA.
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
3 July 2026

Annex. Description of the auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Union to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

II. Long form report of the external auditor

Summary

In 2025, the Union generated revenue of 4,004 thousand Swiss francs and recognised expenses of 4,136 thousand Swiss francs, while holding assets of 5,211 thousand Swiss francs and liabilities of 5,791 thousand Swiss francs.

Accordingly, the Audit Board of the Republic of Indonesia or Badan Pemeriksa Keuangan (BPK) presents this report following a comprehensive audit of the Union's financial statements for the year ended 31 December 2025. Our audit was conducted in accordance with International Standards on Auditing (ISAs).

Audit objectives

The financial audit was conducted primarily to enable BPK to form an opinion as to whether the financial statements of the Union for the year ended 31 December 2025, present fairly, in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment to test whether the transactions were, in all significant respects, in accordance with the Union Financial Regulation and Rules (FRR).

Audit results

The financial statements present fairly, in all material respects, the financial position as at 31 December 2025, and its financial performance, changes in net assets, cash flows, and comparison of budget and actual amounts for the year then ended, in accordance with IPSAS. In addition, the revenue and expenses, in all material respects, have been applied to the purposes intended by the Council of the Union, and the financial transactions conform to the Union's FRR, and legislative authority.

Other matter

The financial statements of the Union for the year ended 31 December 2024, were audited by the Swiss Federal Audit Office, which expressed an unmodified opinion on those statements on 23 May 2025.

Financial matters

BPK acknowledged that the Union had adopted IPSAS 47 *Revenue* and IPSAS 48 *Transfer Expenses* early, effective 1 January 2025, with no material impact on the financial statements. The audit focused on, among others, cash management and identified an area requiring improvement, which is the optimization of the Union's reimbursement cycle with the World Intellectual Property Organization (WIPO).

Comprehensive details of the audit observation are presented in this report.

Previous audit recommendations

There were no outstanding recommendations from prior audit periods.

A. Mandate, scope, and methodology

1. The International Union for the Protection of New Varieties of Plants (UPOV or the Union) was established by the International Convention for the Protection of New Varieties of Plants (the UPOV Convention), adopted in Paris on 2 December 1961, and subsequently revised in 1972, 1978, and 1991. The Union'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. As at 31 December 2025, the Union had 80 members.

2. Pursuant to Regulation 8.4 of the Financial Regulations and Rules (FRR) of the Union and the terms of reference set out in Annex II of the FRR, the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan/BPK) conducted an audit of the Union for the period 1 January to 31 December 2025.

3. The financial audit was conducted primarily to enable BPK to obtain reasonable assurance to form an opinion as to whether the financial statements of the Union for the year ended 31 December 2025 are presented fairly, in accordance with International Public Sector Accounting Standards (IPSAS). This included an assessment to test whether the transactions of the Union were, in all significant respects, in accordance with the Union's FRR.

4. The audit covered the financial statements of the Union, which comprise the statement of financial position as at 31 December 2025, the statement of financial performance, the statement of changes in net assets, the statement of cash flows, the statement of comparison of budget and actual amounts for the year/biennium then ended, and notes to the financial statements.

5. The audit was carried out in accordance with the International Standards on Auditing (ISAs). The Standards require BPK to comply with ethical requirements and plan and conduct the audit to obtain reasonable assurance about whether the financial statements of the Union are free from material misstatements. Regarding regularity, the audit follows the FRR.

6. The audit included a general review of financial systems and internal controls, an assessment of risk, and a test examination of the accounting records and other supporting evidence to the extent that BPK considered necessary to form an opinion on the financial statements.

7. BPK has obtained an understanding of the Union's business and accounting processes and internal controls relevant to the financial statements to help us identify risks that may impact the financial statements. Internal controls were considered to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.

8. BPK also examined, updated, and reported on the status of the external auditor's recommendations from prior year audits. There were no outstanding recommendations from prior audit periods.

9. In the financial audit, BPK worked collaboratively with the Controller of the World Intellectual Property Organization (WIPO) and other respective staff members of WIPO and the Union to understand financial activities and determine their relevance to the audit. As noted in the WIPO/UPOV Agreement and the Union FRR, the Controller of WIPO is responsible for the Union's accounting and financial matters.

10. Regulation 8.10 states that the external auditor shall issue an opinion on the annual financial statements for each calendar year of the financial period, which shall include such information as the External Auditor deems necessary with regard to matters referred to in Regulation 8.5 and in Annex II to the present Regulations referred to in Regulation 8.4.

11. Matters arising out of the audit were discussed with Management. The comments and responses received from the Management have, where appropriate, been incorporated in this report.

12. The financial year ended 31 December 2025 is the first year in which BPK serves as the External Auditor of the Union, succeeding the Swiss Federal Audit Office (SFAO), whose mandate concluded with the audit of the financial year ended 31 December 2024. The appointment of BPK was approved by the Union's Council in accordance with the FRR.

Initial Audit Engagement

13. In accordance with the requirements of ISAs, BPK undertook preliminary procedures before commencing the initial audit engagement, including:

    a. Preliminary understanding of the Union and its environment

       BPK obtained an initial understanding of the Union's operations, industry, regulatory environment, and internal control systems to assist in identifying and assessing the risks of material misstatement.

    b. Agreement on terms of engagement

       A formal engagement letter outlining the scope, objectives, and responsibilities of BPK and the management was prepared and signed, thereby establishing a mutual understanding of the audit engagement terms.

    c. Assessment of independence and ethical compliance

       A review was conducted to confirm the auditor's independence and compliance with relevant ethical requirements.

    d. Preliminary analytical procedures

       Initial analytical procedures were performed to assist in understanding the entity's financial condition and to identify areas that may represent specific risks, consistent with the guidance in the standards.

B. Financial overview

Key facts	
3,950 thousand Swiss francs	Final Budget Revenue for 2025
3,950 thousand Swiss francs	Final Budget Expenditure for 2025
4,004 thousand Swiss francs	Total Revenue reported in 2025
4,136 thousand Swiss francs	Total Expenditure incurred in 2025
-580 thousand Swiss francs	Net Assets as of 31 December 2025
-132 thousand Swiss francs	Operating Deficit

Budgeting

14. The Union's Program and Budget is prepared on a modified accrual basis and approved by the Council on a biennial basis. However, separate estimates are prepared for each of the two annual periods. Statement V provides a comparison between the approved budget and actual expenditure for the year 2025. A reconciliation of budgetary performance with the revenue and expense figures presented in the Statement of Financial Performance is presented in Note 12 to the financial statements.

15. The Council approved the total biennial budget of 7,901 thousand Swiss francs for the 2024/25 biennium, which included an original appropriation of 3,950 thousand Swiss francs for the year 2025. There is no change to the final budget of 2025. Actual expenditure incurred of 3,759 thousand Swiss francs was within the final budget, however a shortfall of revenue resulted in a net budget deficit of 50 thousand Swiss francs for the year on a modified accrual basis.

Financial performance

16. Under IPSAS, total revenue for the financial year 2025 was 4,004 thousand Swiss francs, a decrease of 4.9% compared to 4,210 thousand Swiss francs in 2024. Revenue was predominantly composed of assessed member contributions of 3,623 thousand Swiss francs (90.5%) and extra budgetary funds of 298 thousand Swiss francs (7.4%).

17. Total expenses for 2025 were 4,136 thousand Swiss francs, an increase of 4.7% compared to 3,950 thousand Swiss francs in 2024. The increase was primarily driven by higher personnel expenditure (up 12.3%) and higher contractual services expenses (up 5.0%). These were partly offset by a significant decrease in travel, training, and grants expenditure (down 64.1%).

18. The Union recorded a deficit of 132 thousand Swiss francs for 2025, compared to a surplus of 260 thousand Swiss francs in 2024. The swing from surplus to deficit was primarily driven by the increase in personnel expenditure and lower revenues.

Financial position

19. As at 31 December 2025, the Union's total assets were 5,211 thousand Swiss francs (2024: 5,920 thousand Swiss francs), consisting entirely of current assets: cash and cash equivalents of 5,017 thousand Swiss francs and accounts receivable of 195 thousand Swiss francs. The Union holds no non-current assets.

20. Total liabilities were 5,791 thousand Swiss francs (2024: 7,079 thousand Swiss francs), comprising current liabilities of 2,163 thousand Swiss francs and non-current liabilities of 3,628 thousand Swiss francs. The non-current liabilities consist entirely of long-term employee benefit obligations. The largest component is the non-current portion of the After Service Health Insurance (ASHI) net liability, which amounts to 3,453 thousand Swiss francs.

21. Net assets improved from negative 1,159 thousand Swiss francs in 2024 to negative 580 thousand Swiss francs in 2025, primarily driven by actuarial gains of 709 thousand Swiss francs on the ASHI defined benefit obligation, resulting from favorable changes in actuarial assumptions and experience adjustments.

Financial health

22. The Union's key financial ratios are presented in Table 1 below. The current ratio of 2.41 (2024: 3.44) indicates that the Union can cover its current liabilities, though the decline reflects an increase in advance receipts and higher employee benefit. The days cash on hand ratio of 443 days (2024: 538 days) remains robust, indicating strong short-term liquidity despite the decrease.

Table 1 The Union's Financial Ratios (2021-2025)

Description of ratio	Year				
	2025	2024	2023	2022	2021
Current ratio[1] Current assets : Current liabilities	2.41	3.44	3.50	3.42	3.35
Total assets : Total liabilities[2] Assets : Liabilities	0.90	0.84	0.99	1.06	0.89
Cash ratio[3] Cash plus Short-term investments: Current liabilities	2.32	3.38	3.38	3.35	3.28
Days cash on hand[4] Cash and cash equivalents: [(Total expenses – (Depreciation/impairment expenses) : 365 days]	443	538	471	471	420
Operating Ratio[5] (Revenues – Expenses) : Total Expenses	-0.03	0.07	-0.01	0.02	-0.06

Source: The Union's financial statements

1. A high ratio indicates the Union's ability to pay off its current liabilities.
2. A high ratio is a good indicator of solvency.
3. The cash ratio is an indicator of the Union's liquidity. It measures the amount of cash and cash equivalents and short-term investments to cover current liabilities.
4. Days cash on hand measures the number of days of expenses that can be covered from existing cash and cash equivalents. Generally, higher values indicate a stronger liquidity position, although there is both a benefit and an opportunity cost to holding cash reserves.
5. The operating ratio measures the net revenues that are retained by the Union as a percentage of expenses. Generally, not-for-profit entities must maintain some surplus to replace existing facilities and extinguish debt. This ratio should be evaluated in the context of the anticipated needs of the Union.

Segment reporting

23. Note 13 and 14 to the financial statements outlines the financial performance of revenue and expenditure by segments, which are the Regular Program and Budget and Funds in Trust. The Regular Program and Budget recorded total revenue of 3,752 thousand Swiss francs against total expenses of 3,884 thousand Swiss francs, resulting in a deficit of 132 thousand Swiss francs for 2025. The Funds in Trust segment, financed through voluntary contributions, recorded revenue of 298 thousand Swiss francs fully offset by equivalent expenditure, resulting in a nil net contribution to the Union's overall result.

C. Follow-up on previous recommendations

24. As part of the audit, BPK reviewed the status of recommendations from prior audit periods. There were no outstanding recommendations from previous external audit reports. All prior recommendations have been fully implemented and closed.

D. Audit conclusion, finding, and recommendations

1. Audit conclusion

25. BPK has audited the Union financial statements for the year ended 31 December 2025, comprising the statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flows, the comparison of budget and actual amounts, and notes to the financial statements, which presented fairly, in all material respects, in accordance with IPSAS. Furthermore, all underlying transactions complied with the FRR.

26. The Union has applied the initial application of IPSAS 47 *Revenue* and IPSAS 48 *Transfer Expenses* earlier than their mandatory effective date, 1 January 2026. The implementation of these standards has been updated in the Union Notes to Significant Accounting Policies.

2. Finding and recommendation

27. The Union has demonstrated sound governance in managing its inter-organizational relationship with WIPO. The WIPO/UPOV Agreement of 1982 provides a framework governing the provision of administrative services and has served as a stable operational foundation for the Union's financial management. While acknowledging the effectiveness of this arrangement, BPK believes there are opportunities to enhance current practices and therefore provides the following recommendation to further strengthen existing processes.

Optimizing the reimbursement cycle between the Union and WIPO

28. The Union's financial operations are conducted within a service arrangement with WIPO. Under the WIPO/UPOV Agreement signed in 1982, WIPO provides administrative services to the Union, including office space, personnel administration, financial administration, and procurement services.

29. Under the WIPO/UPOV Agreement, WIPO's treasury and finance units manage routine financial transactions on behalf of the Union. UPOV members' contributions flow into the Union's bank accounts, while WIPO advances payment for the Union's obligations (payroll, suppliers, contractors, and other operating costs) from WIPO's own resources throughout the year. The WIPO financial reporting team subsequently performs a reconciliation and instructs Treasury to execute the reimbursement transfer from the Union's bank account to WIPO.

30. While minor interim settlements occur during the year, our analysis confirms that the majority of the Union's outgoing bank movements, by value, occurred in December 2025. The reimbursement cycle is, therefore, in substance, annual.

31. The annual reimbursement cycle means that, for most of the financial year, the Union's intra-year financial reporting does not reflect a precise view of its true net cash position. The Union's bank accounts reflect contribution receipts accumulated throughout the year but do not reflect the growing liability to WIPO until the year-end reimbursement is processed. The reported cash availability during the year may therefore not fully reflect the Union's true disposable cash position.

32. There is no formal agreement, policy, or procedural requirement that mandates this frequency. The current annual cycle is a matter of practice rather than policy. More frequent settlement of the Union's obligations would better ensure that its reported cash position remains accurate and reliable throughout the financial year.

Recommendation 1 BPK recommends that the Union management engage with WIPO to establish a formally agreed, more frequent reimbursement cycle (e.g., quarterly or semi-annual) to ensure the Union's reported cash position more accurately reflects its disposable funds throughout the year.
Management's response: The Union's management agreed with the recommendation and will engage with WIPO management on a more formal and frequent reimbursement cycle.

E. Transmissions of information by management

1. Write-offs and losses of cash and other assets

33. There were no write-offs of cash, or other losses during the financial year ended 31 December 2025. The Union does not hold property, plant, or equipment in its own right.

2. Ex-gratia payments

34. There were no cases of ex-gratia payments made by the Union during 2025.

3. Cases of fraud and presumptive fraud

35. In accordance with ISA 240 (Revised) *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements,* BPK planned its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularity (including those resulting from fraud). Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with Management.

36. During the audit, BPK made inquiries to the Management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to those risks, including any specific risks that Management has identified, or that have been brought to its attention. BPK also inquired as to whether the Management had any knowledge of any actual, suspected or alleged fraud. BPK identified no instances of fraud in its audit, and no cases came to our attention through our testing.

37. The Management reported no cases of fraud or presumptive fraud within the Union during 2025.

F. Audit handover

38. BPK expresses its gratitude to the SFAO, the predecessor external auditor, for facilitating effective audit handover. Their assistance during the handover contributed to a better understanding of the Union's internal controls and governance framework, which was aligned with auditing standards and the United Nations Panel of External Auditor Framework, which highlights the importance of a comprehensive audit handover in the initial audit.

G. Acknowledgement

39. BPK wishes to express its appreciation to the Secretary General and staff of the Union, and to the WIPO personnel providing administrative services under the WIPO/UPOV Agreement, for their continued cooperation and assistance throughout the audit engagement. BPK is also deeply honored by the trust placed in its appointment as External Auditor by UPOV members. It is anticipated that this audit engagement will further strengthen the constructive partnership in providing and promoting an effective system of plant variety protection.

[signed]

Dr. Isma Yatun, CSFA., CFrA.
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
3 July 2026

Annex 1: List of acronyms

ASHI	:	After-Service Health Insurance
BPK	:	Badan Pemeriksa Keuangan (The Audit Board of the Republic of Indonesia)
FRR	:	Financial Regulations and Rules
IPSAS	:	International Public Sector Accounting Standards
ISAs	:	International Standards on Auditing
SFAO	:	Swiss Federal Audit Office
UPOV	:	International Union for the Protection of New Varieties of Plants
WIPO	:	World Intellectual Property Organization

[End of Annex and of document]