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UPOV

C/IX/3

ORIGINAL: French

DATE: August 7, 1975

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Ninth Ordinary Session
Geneva, October 7 to 10, 1975**

1974 FINANCIAL REPORT

BY THE SECRETARY GENERAL TO THE COUNCIL

(Sixth year)

SUMMARY

This document, submitted in accordance with Article 23(2) of the UPOV Convention, contains the results of the 1974 financial year and information concerning 1974 finances, as well as the letter from the Federal Political Department and the report of the Federal Audit Service on the auditing of the 1974 accounts, drawn up in accordance with Article 24 of the Convention.

1. Results of the Financial Year

The results of the financial year are as follows:

	1974 <u>francs*</u>	1973 <u>francs*</u>
Receipts	540,400.01	530,151.70
Expenditure	<u>629,123.05</u>	<u>600,997.20</u>
Excess of Expenditure	88,723.04 =====	70,845.50 =====

This surplus has been debited to the Reserve Fund in accordance with Article 5(b) of the UPOV Financial Regulations.

2. Receipts

	1974 <u>francs</u>	1973 <u>francs</u>
Mandatory Contributions	520,000.--	520,000.--
Interest	12,861.65	8,295.95
Miscellaneous Receipts	<u>7,538.36</u>	<u>1,855.75</u>
	540,400.01 =====	530,151.70 =====

There were contributions outstanding at the end of the financial year (130,000 francs (received by UPOV on February 3, 1975)). It should be noted that the amount of contributions indicated above, 520,000 francs, is arrived at by treating contributions received, due or outstanding as receipts. Interest rates obtained from the Swiss Bank Corporation during the year were $\frac{1}{2}$ % on the current account and 5.5% and 6.25% on the fixed-term account.

3. Expenditure

	1974 <u>francs</u>	1973 <u>francs</u>
3.1 <u>Expenditure Proper to UPOV</u>		
Personnel	315,354.70	347,357.35
Missions	12,197.95	8,247.20
Conferences	27,116.55	31,435.95
Contracts	2,942.40	--
Printing	29,545.75	1,629.93
Rent	15,372.--	15,372.--
Equipment and Supplies	4,600.25	4,531.70
Library	459.85	321.30
Unforeseen	291.45	196.47
3.2 <u>Common Expenditure</u>		
WIPO Services	<u>221,242.15</u>	<u>191,905.30</u>
	629,123.05 =====	600,997.20 =====

* In this Report the word "Francs" means Swiss francs.

4. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV disposes of a special fund called Working Capital Fund. The share of each State was established according to the decision taken by the Council during its session of November 1972 (document UPOV/C/VI/6). The contributions have been received by UPOV in 1972 and 1973. As shown in the balance sheet as of December 31, 1974 (Annex A.1 to this document), this Working Capital Fund amounts to 150,000 francs (payments by Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden and the United Kingdom).

5. Basis of Contributions

For the purpose of determining the amount of their annual contributions, the member States of the Union are divided into the following three classes in accordance with Article 26(2) of the Convention.

First class:	5 units
Second class:	3 units
Third class:	1 unit

Each member State contributes in proportion to the number of units of the class to which it belongs. However, as noted in the Resolution adopted by the Council in the course of its meeting from October 13 to 15, 1971, (document UPOV/C/V/30, item 4), Denmark, the Netherlands and Sweden (in the third class) have voluntarily increased their annual contributions which, from the 1972 financial year onwards, are calculated on the following basis:

Denmark:	1½ units
Netherlands:	2 units
Sweden:	1½ units

Taking into account that France, Germany (Federal Republic of) and the United Kingdom are in the first class, which corresponds to 5 units, the 1974 contributions are calculated on the basis of the following units:

5 units for France
5 units for Germany (Federal Republic of)
5 units for the United Kingdom
2 units for the Netherlands
1½ units for Denmark
1½ units for Sweden

The value of the contribution unit for each budgetary period is obtained by dividing total expenditure by the total number of units (Annex A.4 to this document).

6. Annexes

Annexes A.1 to A.5 of this document contain the following:

- A.1 - balance sheet as of December 31, 1974.
- A.2 - accounts and results of the 1974 financial year;
- A.3 - comparison of the 1974 budget and accounts, with an explanatory note;
- A.4 - calculation of contributions.

In addition, Annex B.1 and Annex B.2 contain:

- B.1 - the letter from the Federal Political Department;
- B.2 - the auditor's report.

7. The Council is invited to examine and approve the accounts for the 1974 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

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ANNEXES A

ANNEX A.1

Balance sheet as of December 31, 1974

<u>ASSETS</u>	<u>Francs</u>	<u>Francs</u>
LIQUID ASSETS		
Swiss Bank Corporation		
Current Account		39,668.80
Fixed-term Account		
Deposit	50,000.--	
Working Capital Fund	<u>150,000.--</u>	200,000.--
ACCOUNTS RECEIVABLE		
Contribution Outstanding	130,000.--	
Debtors	<u>15,900.50</u>	<u>145,900.50</u>
		385,569.30
		=====
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE		
WIPO	83,783.99	
Suppliers	<u>6,082.50</u>	89,866.49
RESERVE FUND		
January 1, 1974	234,425.85	
1974 decrease	<u>88,723.04</u>	145,702.81
WORKING CAPITAL FUND		
Denmark	8,333.--	
France	41,667.--	
Germany (Fed. Rep. of)	41,667.--	
Netherlands	8,333.--	
Sweden	8,333.--	
United Kingdom	<u>41,667.--</u>	<u>150,000.--</u>
		385,569.30
		=====

ANNEX A.2

Accounts and Results for 1974 Financial Year

<u>INCOME</u>	<u>Francs</u>	<u>Francs</u>
Contributions	520,000.--	
Bank Interest	12,861.65	
Miscellaneous Receipts	<u>7,538.36</u>	540,400.01
 <u>EXPENDITURE</u>		
Personnel	315,354.70	
Missions	12,197.95	
Conferences	27,116.55	
Contracts	2,942.40	
Printings	29,545.75	
Rent	15,372.--	
Equipment and Supplies	4,600.25	
Library	459.85	
Unforeseen	291.45	
WIPO Services	<u>221,242.15</u>	<u>629,123.05</u>
 <u>RESULT</u>		
Excess of Expenditure Debited to Reserve Fund		<u>88,723.04</u> -----

ANNEX A.3Comparison of 1974 Budget and Accounts

	<u>Budget</u>	<u>Accounts</u>
<u>Expenditure Proper to UPOV</u>		
Personnel	349,000.--	315,354.70
Missions	19,000.--	12,197.95
Conferences	23,000.--	27,116.55
Contracts	5,000.--	2,942.40
Printing	4,000.--	29,545.75
Rent	20,000.--	15,372.--
Equipment and Supplies	5,000.--	4,600.25
Library	3,000.--	459.85
Unforeseen	4,000.--	291.45
Total of Expenditure Proper to UPOV	432,000.--	407,880.90
<u>Common Expenditure</u>		
Personnel	166,000.--	173,000.15
Rent	4,000.--	4,908.70
Maintenance of Buildings	9,000.--	8,246.35
Equipment and Supplies	15,000.--	19,391.--
Postage	9,000.--	12,285.20
Telephone	3,000.--	1,915.60
Unforeseen	2,000.--	1,495.15
Total of Common Expenditure:	208,000.--	221,242.15
Total Expenditure (overall):	640,000.--	629,123.05
<u>Income Proper to UPOV</u>		
Contributions	520,000.--	520,000.--
Interest	.--	12,861.65
Miscellaneous Income	15,000.--	.--
<u>Common Income</u>		
Publications and Miscellaneous	.--	7,538.36
Total Income (overall):	535,000.--	540,400.01

Note

Actual expenditure (629,000 francs) was lower than budgeted expenditure (640,000 francs). The difference (11,000 francs) represents the difference between the headings under which expenditure was higher than anticipated (Conference: 4,000 francs; Printing: 26,000 francs; Common Expenditure: 13,000 francs) and those under which expenditure was below the amounts budgeted (Personnel: 34,000 francs; Missions: 7,000 francs; Contracts: 2,000 francs; Rent: 5,000 francs; Library: 2,000 francs; Unforeseen: 4,000 francs).

As expenditure relating to the sessions of the Council and of the Consultative Working Committee was higher than anticipated and as the Meeting of Member and Non-Member States had not been provided for in the 1974 program, although other scheduled conferences did not take place, the heading "Conference" shows an excess of 4,116.55 francs.

Pursuant to a decision of the Council, the Office of the Union continued its work on the publication of the Records of the 1961 Paris Conference and of the 1972 Revision Conference. The Council did not vote the budgetary credit for this purpose but decided that the amount in question, estimated at 40,000 francs, should be recovered from the Reserve Fund (document UPOV/C/VII/5, paragraph 10, under (iv)). The expenditure for the French edition published in 1974 was 24,214 francs. The excess recorded under this budgetary heading was, therefore, 1,331.75 francs only. This amount is the result of the printing of the brochure "International Convention for the Protection of New Varieties of Plants", published in English and French.

With regard to Common Expenses, it should be noted that the excess under "Personnel" is the result of increases in the salaries of the staff members to which UPOV contributes from the figure provided for when the budget was drawn up (July 1973) to the real expenditure for the 1974 financial year.

The excess under "Rent" is due to the fact that the rent for the offices was higher than anticipated.

Expenditure on postage follows the activities of the Office of the Union.

It should be noted that a surplus of 5,400 francs is recorded under "Income".

ANNEX A.4

CONTRIBUTIONS

Class	Number of units	Number of Voluntary Units	Total Units	Number of States	Product of Previous Two Figures (total units)
I	5	-	5	3	15
II	3	-	3	-	-
III	1	-	1	-	-
III	1	1	2	1	2
III	1	$\frac{1}{2}$	$1\frac{1}{2}$	2	3
				6	20

CONTRIBUTIONS

(Article 26 of the Paris Convention for the Protection of New Varieties of Plants)

Basis of Contributions (Francs)	Amount Due per State (Francs)	Number of States ¹	Total (Francs)
520 000	130,000 (a)	3	390,000
	52,000 (b)	1	52,000
	39,000 (c)	2	78,000
		6	520,000

¹ According to the classification indicated in paragraph 5 of this document

$$(a) \frac{520,000 \times 5}{20} \quad (b) \frac{520,000 \times 2}{20} \quad (c) \frac{520,000 \times 1\frac{1}{2}}{20}$$

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Annexes B, page 1

ANNEXES BANNEX B.1LETTER DATED AUGUST 7, 1975, FROM THE
FEDERAL POLITICAL DEPARTMENT TO UPOV

Sir,

Pursuant to Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we submit herewith two copies of the report on the auditing of the accounts of UPOV for the 1974 financial year.

As you will observe, the report finds the financial documents to be accurate and requires no special comment.

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Annexes B, page 2

ANNEX B.2

FEDERAL AUDIT SERVICE
No. 933.3.1

R E P O R T

on the Auditing of the Accounts of
the International Union for the Protection of
New Varieties of Plants
(UPOV)

for the 1974 Financial Year

Effectuated in Geneva
on July 21 and 22, 1975

ANNEX B.2

I. GENERAL

1.1 Mandate

In accordance with Article 24 of the Convention for the Protection of New Varieties of Plants of December 2, 1961, which entered into force on August 10, 1968, we carried out the auditing of the accounts for the 1974 financial year at the headquarters of the Office of the International Union for the Protection of New Varieties of Plants (hereinafter referred to as UPOV) in Geneva, on July 21 and 22, 1975.

1.2 Information Supplied

Mr. A. Jaccard, Counsellor, Head of the Finance Section of the World Intellectual Property Organization (WIPO), who is responsible for the UPOV accounts, obligingly supplied us, to our entire satisfaction, with all the information and documents necessary for our work.

1.3 Nature and Scope of the Audit

The audit related to entries in the income and expenditure accounts and the balance sheet during the 1974 financial year, and to the items in the balance sheet as of December 31, 1974, and the relevant financial statements. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The six member States of the Union, which participated in the financing of its activities during the 1974 financial year, are Denmark, France, Germany (Federal Republic of), the Netherlands, Sweden and the United Kingdom. Belgium, Italy and Switzerland, the other three States which signed the Convention, have not yet deposited their instruments of ratification.

II. 1974 BUDGET AND ACCOUNTS

2.1 1974 Budget and Results of the 1974 Financial Year

The budget for the 1974 financial year, as appearing in document UPOV/C/VII/5 second part, was adopted by the Council at its seventh session, held in Geneva from October 10 to 12, 1973. It provided for an excess of expenditure of 105,000 francs to be covered by a withdrawal from the Reserve Fund, as anticipated expenditure amounted to 640,000 francs and income to 535,000 francs.

The results of the 1974 financial year were as follows:

Receipts	540,400.01 francs
Expenditure	629,123.05 francs
	<hr/>
Deficit	88,723.04 francs
	=====

As shown in the balance sheet as of December 31, 1974, the above deficit was fully covered by a withdrawal from the Reserve Fund.

ANNEX B.2 (continued)22. Accounts and Results of the 1974 Financial Year (Annex 1)2.21 Receipts

Almost the entire amount of receipts (520,000 francs) consists of the mandatory contributions of the six member States on January 1, 1974. The contributions are calculated according to the class chosen by each State under Article 26 of the Convention.

It should be noted that the amount of contributions indicated in the accounts includes, in addition to the contributions received, the contribution which was still outstanding on December 31 (see under 3.31). The interest of 12,861.65 francs paid by the bank was checked on the basis of the statements of the Swiss Bank Corporation in Geneva. The interest rates applied were $\frac{1}{2}\%$ for the current account and $5\frac{1}{2}\%$ and $6\frac{1}{4}\%$ for the fixed-term account.

2.22 Expenditure

The expenditure figures appearing in Annex 1 agree with the accounting entries. We verified the accuracy of the entries relating to expenditure by means of test checks. We satisfied ourselves that all the supporting documents for the financial year bore the signatures required by the financial regulations. Expenditure included an amount of 221,242.15 francs owed to WIPO for services provided and rendered by that organization in the course of the 1974 financial year. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation between UPOV and WIPO.

Under the heading "printing" actual expenditure was higher than budgeted (excess of 25,545.75 francs). Pursuant to the decision of the Council, the Office of the Union continued its work on the publication of the Records of the 1961 Paris Conference and of the 1972 Revision Conference. The Council did not note the budgetary credit for this purpose but decided that the amount in question should be recovered from the Reserve Fund (document UPOV/C/VI/13 paragraph 24 of 1972).

III. BALANCE SHEET AS OF DECEMBER 31, 1974 (Annex 2)

3.1 We verified the balance sheet as of December 31, 1974, as appearing in the Annex to this Report, and found it to be in agreement with the figures appearing in the accounts. In addition, the Head of the Finance Section of WIPO, who is responsible for the UPOV accounts, informed us in reply to our inquiry that, to his knowledge, all financial obligations towards third parties had been entered in the accounts.

Detailed examination of the balance sheet enables us to submit the following comments:

ASSETS3.2 Cash Assets

We verified the comparison statements as of December 31, 1974, of the two bank accounts, namely the current account and the fixed-term account, both of which are with the Swiss Bank Corporation in Geneva. We also requested and obtained from that bank an attestation, dated January 9, 1975, to the effect that the funds deposited with it were fully disposable and that there were no reservations in favor of third parties.

3.3 Accounts Receivable3.31 Contribution Outstanding

On December 31 a contribution of 130,000 francs, payable for 1974 by a member State, was still outstanding. This amount was paid to UPOV on February 3, 1975.

ANNEX B.2 (continued)3.32 Debtors3.321 Federal Finance Administration

The amount of 3,858.50 francs corresponds to the tax withheld by the bank and owed on December 31, 1974, by the Federal Tax Administration (Administration fédérale des contributions).

3.322 Advance Account

The balance of 8,940 francs corresponds to an advance on 1974-1975 education grants under Article 3.11.1(C)(a)(1) of the staff regulations.

3.323 Transitional Account Miscellaneous Debtors

The item relates to an invoice of 3,102 francs settled for the translation service during an UPOV meeting held from January 15 to 17, 1975.

LIABILITIES3.4 Creditors

This item relates to some invoices of 1974 which were settled early in 1975, and the balance of the contribution owed to WIPO for services provided and rendered by that organization in the course of the 1974 financial year.

3.5 Reserve Fund

Balance on January 1, 1974	234,425.85 francs
Deficit in the 1974 financial year	88,723.04 francs
Thus, on December 31, 1974, the Reserve Fund was reduced to	145,702.81 francs
	=====

3.6 Working Capital Fund

Pursuant to a decision taken by the Council, the contribution of each member State was calculated according to document UPOV/C/VI/6 of 1972. As appearing from the balance as of December 31, 1975 (Annex 2), the amount of 150,000 francs was received by UPOV.

IV. CONCLUSIONS

As a result of our examination, we are in a position to certify:

(a) that the financial statements reproduced in Annexes 1 and 2 are in conformity with the UPOV accounts;

(b) that the entries in the accounts for the 1974 financial year agree with the supporting documents;

(c) that the financial operations recorded in the accounts were carried out in accordance with applicable provisions;

(d) that the funds deposited at the bank have been certified by that bank;

(e) that the accounts have been carefully maintained and the supporting documents kept in orderly fashion.

Berne, August 5, 1975

U. Sitter
Inspector
FEDERAL AUDIT SERVICE

Enclosures:

1. Accounts and results of the 1974 financial year
2. Balance sheet as of December 31, 1974

ANNEX B.2 (continued)Accounts and Results of the International Union
for the Protection of New Varieties of Plants (UPOV)
for the 1974 Financial Year

<u>INCOME</u>	<u>Francs</u>	<u>Francs</u>
Contributions	520,000.--	
Bank interest	12,861.65	
Miscellaneous receipts	7,538.36	540,400.01
	<hr/>	
 <u>EXPENDITURE</u>		
Personnel	315,354.70	
Missions	12,197.95	
Conferences	27,116.55	
Contracts	2,942.40	
Printing	29,545.75	
Rent	15,372.--	
Equipment and Supplies	4,600.25	
Library	459.85	
Unforeseen	291.45	
WIPO Services	221,242.15	629,123.05
	<hr/>	<hr/>
 <u>RESULT</u>		
Excess of Expenditure debited to Reserve Fund		88,723.04
		=====

Arpad Bogsch
Secretary-General

ANNEX B.2 (continued)

Balance Sheet as of December 31, 1974, of the
International Union for the Protection of New Varieties of Plants (UPOV)

<u>ASSETS</u>	<u>Francs</u>	<u>Francs</u>
LIQUID ASSETS		
Swiss Bank Corporation		
Current Account		39,668.80
Fixed Term Accounts		
Deposit	50,000.--	
Working Capital Fund	150,000.--	200,000.--
ACCOUNTS RECEIVABLE		
Contribution Outstanding	130,000.--	
Debtors	15,900.50	145,900.50
		385,569.30
		=====
 <u>LIABILITIES</u>		
ACCOUNTS PAYABLE		
WIPO	83,783.99	
Suppliers	6,082.50	89,866.49
RESERVE FUND		
January 1, 1974	234,425.85	
1974 decrease	88,723.04	145,702.81
WORKING CAPITAL FUND		
Denmark	8,333.--	
France	41,667.--	
Germany (Federal Republic of)	41,667.--	
Netherlands	8,333.--	
Sweden	8,333.--	
United Kingdom	41,667.--	150,000.--
		385,569.30
		=====

Arpad Bogsch
Secretary-General