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UPOV

C/VIII/3

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ORIGINAL: French

DATE: July 8, 1974

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

**Eighth Ordinary Session
Geneva, October 24 to 26, 1974**

1973 FINANCIAL REPORT

BY THE SECRETARY GENERAL TO THE COUNCIL

(Fifth year)

SUMMARY

This document, submitted in accordance with Article 23(2) of the UPOV Convention, contains the results of the 1973 financial year and information concerning 1973 finances, as well as the letter from the Federal Political Department and the report of the Federal Audit Service on the auditing of the 1973 accounts, drawn up in accordance with Article 24 of the Convention.

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1. Results of the Financial Year

The results of the financial year are as follows:

	1973 <u>Francs*</u>		1972 <u>Francs</u>
Receipts	530 151.70		525 691.10
Expenditure	600 997.20		362 275.15
Excess of Expenditure	70 845.50 =====	Surplus of Receipts	163 415.95 =====

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

2. Receipts

	1973 <u>Francs</u>		1972 <u>Francs</u>
Mandatory Contributions	520 000.--		517 000.--
Interest	8 295.95		7 343.35
Miscellaneous Receipts	1 855.75		1 347.75
	530 151.70 =====		525 691.10 =====

There were contributions outstanding at the end of the financial year (130 000 francs (received by UPOV on January 11, 1974)). 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 3% and 4.25% on the fixed-term account.

3. Expenditure

3.1 <u>Expenditure Proper to UPOV</u>	1973 <u>Francs</u>		1972 <u>Francs</u>
Personnel	347 357.35		173 105.10
Missions	8 247.20		9 056.10
Conferences	31 435.95		14 868.15
Contracts	--		1 714.45
Printing	1 629.93		257.50
Rent	15 372.--		11 892.--
Equipment and Supplies	4 531.70		4 155.55
Revision Conference	--		9 226.40
Library	321.30		521.15
Unforeseen	196.47		69.35
3.2 <u>Common Expenditure</u>			
WIPO Services	191 905.30		137 409.40
	600 997.20 =====		362 275.15 =====

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

4. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations the share of each member State in the Working Capital Fund has been established (document UPOV/C/VI/6). As shown in the balance sheet as of December 31, 1973 (Annex A.1 to this document), an amount of 150 000 francs has been received by UPOV (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 1973 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.5 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, 1973;
- A.2 - accounts and results of the 1973 financial year;
- A.3 - detailed account of expenditure on missions and conferences;
- A.4 - comparison of the 1973 budget and accounts, with an explanatory note;
- A.5 - 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 1973 financial year, in accordance with Article 21(e) of the Convention.

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ANNEXES

ANNEX A.1

Balance Sheet as of December 31, 1973

ASSETS

Liquid Assets

Swiss Bank Corporation

Current Account		103 144.--
Fixed-Term Account		
Deposit	50 000.--	
Working Capital Fund	150 000.--	200 000.--

Accounts Receivable

Contribution Outstanding	130 000.--	
Federal Finance Administration	3 361.50	133 361.50
		<u>436 505.50</u>
		=====

LIABILITIES

Accounts Payable

WIPO	46 889.75	
Suppliers	5 189.90	52 079.65

Reserve Fund

January 1, 1973	305 271.35	
1973 Decrease	70 845.50	234 425.85

Working Capital Fund

Denmark	8 333.--	
France	41 667.--	
Germany (Fed. Rep. of)	41 667.--	
Netherlands	8 333.--	
Sweden	8 333.--	
United Kingdom	41 667.--	150 000.--
		<u>436 505.50</u>
		=====

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ANNEX A.2

Accounts and Results for 1973 Financial Year

INCOME

Contributions	520 000.--	
Bank Interest	8 295.95	
Miscellaneous Receipts	<u>1 855.75</u>	530 151.70

EXPENDITURE

Personnel	347 357.35	
Missions	8 247.20	
Conferences	31 435.95	
Printing	1 629.93	
Rent	15 372.--	
Equipment and Supplies	4 531.70	
Library	321.30	
Unforeseen	196.47	
WIPO Services	<u>191 905.30</u>	<u>600 997.20</u>

RESULT

Excess of Expenditure Debited to Reserve Fund		<u>70 845.50</u> =====
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ANNEX A.3

Detailed Account of Expenditure
on Missions and Conferences

MISSIONS

Technical Working Party for Agricultural Plants	Versailles	Thiele-Wittig	602.50
ASSINSEL Congress	Copenhagen	Skov	1 354.70
OECD Committee of Experts	Paris	Thiele-Wittig	677.30
Technical Working Party for Ornamental Plants	Lund	Skov	1 304.55
Technical Working Party for Vegetables	Avignon	Thiele-Wittig	559.--
International Seed Symposium	Vienna	Skov	993.60
Meeting of OECD Seed Group	Paris	Thiele-Wittig	679.--
Technical Working Party for Fruit Crops	Copenhagen	Thiele-Wittig	1 282.10
ASSINSEL Meeting	Paris	Thiele-Wittig	585.60
Adjustment of incidental expenses between September 1971 and December 1972			208.85
			<hr/>
			8 247.20
			=====

CONFERENCES

Technical Steering Committee (Geneva, March 13 and 14)			73.--
Symposium on Plant Breeders' Rights (Working Group) (to have been held in Geneva on March 15): Cost of cancel- lation			2 126.--
Working Group on Variety Denominations (Geneva, April 2 and 3)			5 249.--
Consultative Working Committee - Sixth Session (Geneva, April 4)			3 221.75

ANNEX A.3 (continued)

CONFERENCES (continued)

UPOV Council - First Extraordinary Session (Geneva, April 5)	2 018.50
Fee Harmonization Working Party (Geneva, June 21 and 22)	2 200.--
Consultative Working Committee - Seventh Session (Geneva, October 9)	2 049.--
UPOV Council - Seventh Ordinary Session (Geneva, October 10 to 12)	11 714.10
Technical Working Party for Forest Trees (Geneva, October 22 and 23)	76.--
Technical Steering Committee (Geneva, November 6 and 7)	352.60
Consultative Working Committee - Eighth Session (Geneva, December 12)	2 356.--
	<hr/>
	31 435.95
	=====

ANNEX A.4Comparison of 1973 Budget and Accounts

<u>Headings</u>	<u>Budget</u>	<u>Accounts</u>
(A) <u>Expenditure Proper to UPOV</u>		
Personnel	302 000.--	347 357.35
Missions	16 000.--	8 247.20
Conferences	21 000.--	31 435.95
Contracts	7 000.--	-
Printing	4 000.--	1 629.93
Rent	16 000.--	15 372.--
Equipment and Supplies	7 000.--	4 531.70
Library	3 000.--	321.30
Unforeseen	6 000.--	196.47
	<hr/>	<hr/>
Total of Expenditure Proper to UPOV:	382 000.--	409 091.90
(B) <u>Common Expenditure</u>		
Personnel	157 000.--	149 411.55
Printing	-	317.80
Rent	4 000.--	3 645.50
Maintenance of Buildings	9 000.--	7 732.15
Equipment and Supplies	8 000.--	19 767.20
Postage	8 000.--	9 348.--
Telephone	2 000.--	842.45
Library	1 000.--	251.25
Unforeseen	2 000.--	589.40
	<hr/>	<hr/>
Total of Common Expenditure:	191 000.--	191 905.30
	<hr/>	<hr/>
Total Expenditure (overall):	573 000.--	600 997.20
	=====	=====

ANNEX A.4 (continued)

Comparison of 1973 Budget and Accounts (continued)

<u>Headings</u>	<u>Budget</u>	<u>Accounts</u>
(A) <u>Income Proper to UPOV</u>		
Contributions	520 000.--	520 000.--
Interest	13 000.--	8 295.95
Miscellaneous Income	-	90.20
(B) <u>Common Income</u>		
Publications and Miscellaneous	-	1 765.55
Total Income (overall):	533 000.--	530 151.70
	=====	=====

Note:

Actual expenditure (601 000 francs) was higher than budgeted expenditure (573 000 francs). The difference of 28 000 francs represents the difference between the headings under which expenditure was higher than anticipated (Personnel: 45 000 francs; Conferences: 10 000 francs) and the headings under which expenditure was below the amounts budgeted (Missions: 8 000 francs; Contracts: 7 000 francs; Printing: 2 000 francs; Equipment and Supplies: 2 500 francs; Library: 2 500 francs; Unforeseen: 6 000 francs).

Expenditure relating to personnel was higher than anticipated. The excess is due to the consequences of the departure of the Secretary-General and the Vice Secretary-General (allowances and benefits upon separation) and the cost of installing a Technical Assistant and a Secretary (recruitment expenses).

Expenditure relating to Council sessions was higher than anticipated, as was expenditure relating to the other conferences mentioned in the ad hoc statement.

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ANNEX A.5

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

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ANNEX B.1

LETTER DATED JULY 8, 1974, 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 1973 financial year.

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

Yours faithfully,

(Muheim)

FEDERAL POLITICAL DEPARTMENT
International Organizations Board

Enclosure: Report in duplicate

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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 1973 Financial Year

Effected in Geneva
on June 27, 1974

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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 1973 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 June 27, 1974.

1.2 Information Supplied

Mr. A. Jaccard, Counsellor, Head of the Finance Section of the World Intellectual Property Organization (WIPO/BIRPI), 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 1973 financial year, and to the items in the balance sheet as of December 31, 1973, 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 1973 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. 1973 BUDGET AND ACCOUNTS

2.1 1973 Budget and Results of the 1973 Financial Year

The budget for the 1973 financial year, as appearing in document UPOV/C/VI/13, second part (ordinary budget), was adopted by the Council at its sixth session, held in Geneva from November 7 to 10, 1972. It provided for an excess of expenditure of 40 000 francs to be covered by a withdrawal from the Reserve Fund, as anticipated expenditure amounted to 573 000 francs and income to 533 000 francs.

The results of the 1973 financial year were as follows:

Receipts	530 151.70 francs
Expenditure	600 997.20 francs
Deficit	<u>70 845.50 francs</u> =====

As shown in the balance sheet as of December 31, 1973, the above deficit was fully covered by a withdrawal from the Reserve Fund.

2.2 Accounts and Results of the 1973 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, 1973. The contributions are calculated according to the class chosen by each State under Article 26 of the Convention.

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ANNEX B.2 (continued)

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 8 295.95 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 3 and $4\frac{1}{2}\%$ 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 includes an amount of 191 905.30 francs owed to WIPO for services provided and rendered by that Organization in the course of the 1973 financial year. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation Between UPOV and WIPO.

III. BALANCE SHEET AS OF DECEMBER 31, 1973 (Annex 2)

3.1 We verified the balance sheet as of December 31, 1973, 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/BIRPI, 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:

ASSETS

3.2 Cash Assets

We verified the comparison statements as of December 31, 1973, 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 18, 1974, 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 Receivable

3.31 Contribution Outstanding

On December 31 a contribution of 130 000 francs, payable for 1973 by a member State, was still outstanding. This amount was paid to UPOV on January 11, 1974.

3.32 Federal Finance Administration

The amount of 3 361.50 francs corresponds to the tax withheld by the bank and owed on December 31, 1973, by the Federal Tax Administration (Administration fédérale des contributions). At the time of our audit the Administration had already refunded this amount.

LIABILITIES

3.4 Creditors

This item relates to some invoices received in December 1973 which were settled early in 1974, and the balance of the contribution owed to WIPO for services provided and rendered by that Organization in the course of the 1973 financial year.

ANNEX B.2 (continued)

3.5 Reserve Fund

Balance on January 1, 1973	305 271.35 francs
Deficit in the 1973 financial year	<u>70 845.50 francs</u>
Thus, on December 31, 1973, the Reserve Fund was reduced to	234 425.85 francs =====

3.6 Working Capital Fund

Pursuant to a decision taken by the Council on November 8 and 9, 1972 (document UPOV/C/VI/6), two member States paid a total of 50 000 francs into the Working Capital Fund. Thus, the Working Capital Fund at the disposal of UPOV amounted to 150 000 francs on December 31, 1973.

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 1973 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, July 4, 1974

G. Noël
Inspector
FEDERAL AUDIT SERVICE

Enclosures:

1. Accounts and results of the 1973 financial year
2. Balance sheet as of December 31, 1973

ANNEX B.2 (continued)Accounts and Results of the International Union
for the Protection of New Varieties of Plants (UPOV)
for the 1973 Financial YearINCOME

Contributions	520 000.--	
Bank interest	8 295.95	
Miscellaneous receipts	1 855.75	530 151.70
	<u> </u>	

EXPENDITURE

Personnel	347 357.35	
Missions	8 247.20	
Conferences	31 435.95	
Printing	1 629.93	
Rent	15 372.--	
Equipment and Supplies	4 531.70	
Library	321.30	
Unforeseen	196.47	
WIPO Services	191 905.30	600 997.20
	<u> </u>	<u> </u>

RESULT

Excess of Expenditure debited to Reserve Fund		70 845.50
		<u> </u>

Arpad Bogsch
Secretary General

ANNEX B.2 (continued)

Balance Sheet as of December 31, 1973, of the
International Union for the Protection of New Varieties of Plants (UPOV)

ASSETS

Liquid Assets

Swiss Bank Corporation

Current Account		103 144.--
Fixed Term Accounts		
(a) Deposit	50 000.--	
(b) Working Capital Fund	<u>150 000.--</u>	200 000.--

Accounts Receivable

Contribution Outstanding	130 000.--	
Federal Finance Administration	<u>3 361.50</u>	<u>133 361.50</u>
		<u>436 505.50</u>
		=====

LIABILITIES

Accounts Payable

WIPO	46 889.75	
Suppliers	<u>5 189.90</u>	52 079.65

Reserve Fund

January 1, 1973	305 271.35	
1973 decrease	<u>70 845.50</u>	234 425.85

Working Capital Fund

Denmark	8 333.--	
France	41 667.--	
Germany (Federal Republic of)	41 667.--	
Netherlands	8 333.--	
Sweden	8 333.--	
United Kingdom	<u>41 667.--</u>	150 000.--
		<u>436 505.50</u>
		=====

Arpad Bogsch
Secretary General