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UPOV

C/X/3

ORIGINAL: French

DATE: July 9, 1976

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Tenth Ordinary Session
Geneva, October 13 to 15, 1976**

1975 FINANCIAL REPORT
BY THE SECRETARY GENERAL TO THE COUNCIL
(Seventh year)

SUMMARY

This document, submitted in accordance with Article 23(2) of the UPOV Convention, contains the results of the 1975 financial year and information concerning 1975 finances, as well as the letter from the Federal Political Department and the report of the Federal Audit Service on the auditing of the 1975 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:

| | <u>1975</u> <u>francs*</u> | <u>1974</u> <u>francs*</u> |
|-----------------------|-------------------------------|-------------------------------|
| Receipts | 689 964.80 | 540 400.01 |
| Expenditure | <u>776 775.04</u> | <u>629 123.05</u> |
| Excess of Expenditure | 86 810.24 ===== | 88 723.04 ===== |

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

2. Receipts

| | <u>1975</u> <u>francs</u> | <u>1974</u> <u>francs</u> |
|-------------------------|------------------------------|------------------------------|
| Mandatory Contributions | 670 000.00 | 520 000.00 |
| Interest | 13 113.25 | 12 861.65 |
| Miscellaneous Receipts | <u>6 851.55</u> | <u>7 538.36</u> |
| | 689 964.80 ===== | 540 400.01 ===== |

There were no contributions outstanding at the end of the 1975 financial year.** Interest rates obtained from the Swiss Bank Corporation during the year were 0.5% on the current account and 2.5%, 3%, 4% and 6.25% on the fixed-term accounts.

3. Expenditure

| | <u>1975</u> <u>francs</u> | <u>1974</u> <u>francs</u> |
|--|------------------------------|------------------------------|
| 3.1 <u>Expenditure Proper to UPOV</u> | | |
| Personnel | 379 741.05 | 315 354.70 |
| Missions | 17 336.80 | 12 197.95 |
| Third-Party Travel | 20 698.25 | -.- |
| Conferences | 59 693.60 | 27 116.55 |
| Contracts | 1 024.30 | 2 942.40 |
| Printing | 21 744.95 | 29 545.75 |
| Rent | 22 825.00 | 15 372.00 |
| Equipment and Supplies | 1 981.95 | 4 600.25 |
| Library | 242.60 | 459.85 |
| Unforeseen | 741.26 | 291.45 |
| 3.2 <u>Common Expenditure</u> | | |
| WIPO Services | <u>250 745.28</u> | <u>221 242.15</u> |
| | 776 775.04 ===== | 629 123.05 ===== |

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

** Contributions for 1975 were received by the Secretariat on the following dates: Denmark, April 17, 1975; France, March 19, 1975; Germany (Federal Republic of), March 19, 1975; Netherlands, January 31, 1975; Sweden, February 21, 1975; United Kingdom, September 9, 1975. Contributions for 1976 received as of the date of this document are as follows: Denmark, April 22, 1976; Germany (Federal Republic of), May 13, 1976; Netherlands, February 6, 1976; Sweden, December 23, 1975.

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, 1975 (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.4 of this document contain the following:

- A.1 - balance sheet as of December 31, 1975;
- A.2 - accounts and results of the 1975 financial year;
- A.3 - comparison of the 1975 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 1975 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

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ANNEXES AANNEX A.1Balance sheet as of December 31, 1975ASSETS

LIQUID ASSETS

Francs

Swiss Bank Corporation

Current Account

136 617.95

Fixed-term Account

(i) Deposit

52 600.00

(ii) Working Capital Fund

150 000.00

202 600.00

ACCOUNTS RECEIVABLE

Sundry Debtors

14 393.95

353 611.90

=====

LIABILITIES

ACCOUNTS PAYABLE

WIPO

85 257.28

Sundry Creditors

1 412.05

86 669.33

TRANSITIONAL ITEM

Sweden, 1976 Contribution

58 050.00

RESERVE FUND

Balance Carried Forward

December 31, 1974

145 702.81

1975 Results (Excess of Expenditure)

(86 810.24)

58 892.57

WORKING CAPITAL FUND

Denmark

8 333.00

France

41 667.00

Germany (Federal Republic of)

41 667.00

Netherlands

8 333.00

Sweden

8 333.00

United Kingdom

41 667.00150 000.00

353 611.90

=====

ANNEX A.2Accounts and Results for 1975 Financial YearINCOME

Contributions

670 000.00

Bank Interest

13 113.25

WIPO Services

6 851.55

689 964.80

EXPENDITURE

Personnel

379 741.05

Missions

17 336.80

Third-Party Travel

20 698.25

Conferences

59 693.60

Contracts

1 024.30

Printing

21 744.95

Rent

22 825.00

Equipment and Supplies

1 981.95

Library

242.60

Unforeseen

741.26

WIPO Services

250 745.28776 775.04RESULT

Excess of Expenditure

86 810.24

=====

ANNEX A.3

Comparison of 1975 Budget and Accounts

| | <u>Budget</u> | <u>Accounts</u> |
|--|----------------------------|----------------------------|
| <u>Expenditure Proper to UPOV</u> | | |
| Personnel | 434 000.00 | 379 741.05 |
| Missions | 24 000.00 | 17 336.80 |
| Third-Party Travel | -.- | 20 698.25 |
| Conferences | 47 000.00 | 59 693.60 |
| Contracts | 5 000.00 | 1 024.60 |
| Printing | 9 000.00 | 21 744.95 |
| Rent | 22 000.00 | 22 825.00 |
| Equipment and Supplies | 7 000.00 | 1 981.95 |
| Library | 2 000.00 | 242.60 |
| Unforeseen | <u>6 000.00</u> | <u>741.26</u> |
| Total of Expenditure Proper to UPOV: | 556 000.00 | 526 029.76 |
| <u>Common Expenditure</u> | | |
| Personnel | 200 000.00 | 184 718.70 |
| Contracts | 1 000.00 | 738.44 |
| Rent | 7 000.00 | 11 821.28 |
| Maintenance of Buildings | 9 000.00 | 16 877.35 |
| Equipment and Supplies | 10 000.00 | 19 886.83 |
| Library | 1 000.00 | 582.27 |
| Postage | 11 000.00 | 12 837.71 |
| Telephone | 2 000.00 | 3 153.97 |
| Unforeseen | <u>2 000.00</u> | <u>128.73</u> |
| Total of Common Expenditure | 243 000.00 | 250 745.28 |
| <u>Total Expenditure (overall):</u> | <u>799 000.00</u> ===== | <u>776 775.04</u> ===== |
| <u>Income Proper to UPOV</u> | | |
| Contributions | 670 000.00 | 670 000.00 |
| Miscellaneous | <u>9 000.00</u> | <u>13 113.25</u> |
| Total Income Proper to UPOV: | 679 000.00 | 683 111.25 |
| <u>Common Income</u> | | |
| Total of Common Income: | <u>-.-</u> | <u>6 851.55</u> |
| <u>Total Income (overall):</u> | <u>679 000.00</u> ===== | <u>689 964.80</u> ===== |

Note

Actual expenditure (777,000 francs) was lower than budgeted expenditure (799,000 francs). The difference (22,000 francs) represents the difference between the headings under which expenditure was higher than anticipated (Third-Party Travel: 21,000 francs; Conferences: 13,000 francs; Printing: 13,000 francs; Common Expenditure: 8,000 francs) and those under which expenditure was below the amounts budgeted (Personnel: 54,000 francs; Missions: 7,000 francs; Contracts: 4,000 francs; Equipment and Supplies: 5,000 francs; Library: 2,000 francs; Unforeseen: 5,000 francs).

"Third-Party Travel" shows an excess of 20,698.25 francs. No special funds were set aside in the 1975 budget for the mission of five experts to the United States of America and to Canada. It was envisaged by the Council that the cost of this mission would be covered by savings on other budget items, by the item "Unforeseen" or by the reserve fund (see paragraph 19 of document C/VIII/17). Thus the excess of expenditure was fully anticipated by the Council and approved by it.

"Conferences" shows an excess of 12,693.60 francs because, whereas the cost of the Committee of Experts on Interpretation and Revision of the Convention was lower than expected and other conferences did not take place, the expenditure on the Committee of Experts on International Cooperation in Examination was greater than anticipated. It should be noted that the Council had planned to cover the cost of the interpretation provided for at meetings of the Committee of Experts on International Cooperation in Examination by economizing on other budget items (see document C/VIII/17, paragraph 15(V)). Thus the excess of expenditure was fully anticipated by the Council and approved by it.

In accordance with the program established for 1975, the Secretariat published the International Convention for the Protection of New Varieties of Plants in Dutch, German, Italian and Spanish, that is, in the languages in which official texts of the Convention and the Additional Act have to be established according to the provisions of those instruments. In addition, the UPOV General Information brochure was published in English, French and German. The cost of these publications was higher than expected: it exceeded the budget by 12,744.95 francs.

ANNEX A.4

CONTRIBUTIONS

| Class | Number of units | Number of Voluntary Units | Total Units | Number of States ¹ | 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) |
|---------------------------------|-------------------------------|-------------------------------|----------------|
| | 167 500 (a) | 3 | 502 500 |
| 670 000 | 67 000 (b) | 1 | 67 000 |
| | 50 250 (c) | 2 | 100 500 |
| | | 6 | 670 000 |

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

$$(a) \frac{670\,000 \times 5}{20} \quad (b) \frac{670\,000 \times 2}{20} \quad (c) \frac{670\,000 \times 1\frac{1}{2}}{20}$$

C/X/3

ANNEXES B

ANNEX B.1

LETTER DATED JULY 8, 1976, 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 1975 financial year.

As you will observe, the report requires no special comment from the Federal Audit Service.

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Annex B, page 2

ANNEX B.2

FEDERAL AUDIT SERVICE

No. 933.3.1

R E P O R T

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

for the 1975 Financial Year

1. 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 1975 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 29, 1976.

1.2 Information Supplied

Mr. A. Jaccard, 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. On completion of our audit we were received by Mr. M. Pereyra, Head of the Administrative Division, which gave us the opportunity to inform him of our findings.

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 1975 financial year, and to the items in the balance sheet as of December 31, 1975, 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 1975 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.

2. 1975 BUDGET AND ACCOUNTS

2.1 1975 Budget and Results of the 1975 Financial Year

The budget for the 1975 financial year, as appearing in document UPOV/C/VIII/5, was adopted by the Council at its eighth ordinary session, held in Geneva from October 24 to 26, 1974. It provided for an excess of expenditure of 120,000 francs to be covered by a withdrawal from the Reserve Fund, as anticipated expenditure amounted to 799,000 francs and income to 679,000 francs.

The results of the 1975 financial year were as follows

| | |
|-------------|-------------------|
| Receipts | 689,964.80 francs |
| Expenditure | 776,775.04 francs |
| Deficit | 86,810.24 francs |
| | ===== |

As shown in the balance sheet as of December 31, 1975, the above deficit was fully covered by a withdrawal from the Reserve Fund.

2.2 Accounts and Results of the 1975 Financial Year

2.21 Receipts

Almost the entire amount of receipts (670,000 francs) consists of the mandatory contributions of the six member States on January 1, 1975. The contributions are calculated according to the class chosen by each State under Article 26 of the Convention.

Article 6 of the Financial Regulations of UPOV provides that the contributions fixed for a given year must be paid during January of that year. In 1975 only one member State observed that provision while the others, some of them after receiving a reminder, paid their contributions later (see document C/X/3, Annex A, page 2). The interest of 13,113.25 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 4% for the fixed-term account as of December 31, 1975.

2.22 Expenditure

The expenditure figures appearing in the 1975 Financial Report by the Secretary General to the Council (document C/X/3, page 2) 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 250,745.28 francs owed to WIPO for services provided and rendered by that organization in the course of the 1975 financial year. This contribution is based on Article 8 of the Rules on the Procedures for Technical and Administrative Cooperation between UPOV and WIPO.

There is an excess of 20,698.25 francs under "third-party travel" owing to the fact that the cost of a trip by five experts to the United States of America and Canada was not included in the 1975 program.

Other information concerning the different expenditure headings and the reasons for the differences in relation to the budget may be found in the 1975 Financial Report by the Secretary General to the Council (document C/X/3, Annex A, page 3).

3. BALANCE SHEET AS OF DECEMBER 31, 1975

3.1 We verified the balance sheet as of December 31, 1975, 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 sheets enables us to submit the following comments:

ASSETS

3.2 Cash Assets

We verified the comparison statements as of December 31, 1975, 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 13, 1976, to the effect that the funds deposited with it were fully disposable and that there were no reservations in favor of third parties.

Balance Sheet as of December 31, 1975, 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 | | 136,617.95 |
| Fixed Term Accounts | | |
| (i) Deposit | 52,600.-- | |
| (ii) Working Capital Fund | <u>150,000.--</u> | 202,600.-- |
| | | |
| ACCOUNTS RECEIVABLE | | |
| Sundry Debtors | | 14,393.95 |
| | | <u>353,611.90</u> |
| | | ===== |
| | | |
| <u>LIABILITIES</u> | | |
| ACCOUNTS PAYABLE | | |
| WIPO | 85,257.28 | |
| Sundry Creditors | <u>1,412.05</u> | 86,669.33 |
| | | |
| TRANSITIONAL ITEM | | |
| Sweden, 1976 Contribution | | 58,050.-- |
| | | |
| RESERVE FUND | | |
| Balance Carried Forward | | |
| December 31, 1974 | 145,702.81 | |
| 1975 Result (Excess | | |
| of Expenditure) | <u>(86,810.24)</u> | 58,892.57 |
| | | |
| 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>353,611.90</u> |
| | | ===== |

Arpad Bogsch
Secretary-General