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C/XV/3 0079
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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

Fifteenth Ordinary Session
Geneva, November 10 to 12, 1981

FINANCES OF THE INTERNATIONAL UNION
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
AS AT DECEMBER 31, 1980

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1980 (Article 23(2) of the Convention) and reproduces the auditor's report on the 1980 accounts (Article 24 of the Convention).

1. Results of the Financial Year

The results of the financial year are as follows:

	<u>1980</u> <u>francs*</u>		<u>1979</u> <u>francs*</u>
Expenditure	1,230,446	Receipts	1,143,798
Receipts	1,217,823	Expenditure	1,139,740
Excess of Expenditure	<u>12,623</u> =====	Excess of Receipts	<u>4,058</u> =====

The excess of expenditure of 12,623 francs has been covered by a withdrawal from the Reserve Fund in accordance with Article 5(b) of the UPOV Financial Regulations.

2. Working Capital Fund

Pursuant to Article 8 of the UPOV Financial Regulations, UPOV has a Working Capital Fund. As shown in the balance sheet as of December 31, 1980, the Working Capital Fund amounts to 224,997 francs. The share of each State, calculated according to the decision taken by the Council during its session of November 1972 (document UPOV/C/VI/6) is as follows:

Belgium	8,333	Netherlands	24,999
Denmark	8,333	South Africa	8,333
France	41,667	Spain	8,333
Germany (Fed. Rep. of)	41,667	Sweden	8,333
Israel	8,333	Switzerland	8,333
Italy	16,666	United Kingdom	41,667

3. Basis of Contributions

To determine the amount of their annual contributions, the member States of the Union are divided into various classes in accordance with Article 26(2) of the Convention (for the United Kingdom only) or in accordance with Article II(2) of the Additional Act of November 10, 1972, which entered into force on February 11, 1977. However, Belgium, Denmark, Sweden and Switzerland voluntarily increased their annual contributions by half a unit, while the Council "unanimously decided to allow the State of Israel to pay only one-half of the contribution according to Class V under the conditions provided for in Article II of the said Additional Act" (document C/XIII/17, paragraph 21). Consequently, the 1980 contributions were calculated on the basis of the following units (see, in this context, the 1980 budget, documents C/XIII/4 and C/XIII/14, and also paragraph 17 of document C/XIII/17):

5	units for France
5	units for Germany (Federal Republic of)
5	units for the United Kingdom
3	units for the Netherlands
2	units for Italy
1.5	units for Belgium
1.5	units for Denmark
1.5	units for Sweden
1.5	units for Switzerland
1	unit for South Africa
0.5	unit for Israel

* In this report, the word "francs" means Swiss francs and the amounts given have been rounded off to the nearest franc (document C/XII/15, paragraph 8).

4. Annexes

Annexes A to this document contain the following:

- A.1 - balance sheet as of December 31, 1980,
- A.2 - comparison of the 1980 budget and accounts,
with an explanatory note,
- A.3 - calculation of contributions,
- A.4 - list of member States,

and Annex B contains the auditor's report.

5. The Council is invited to examine and approve the accounts for the 1980 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

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ANNEX A

ANNEX A.1

Balance Sheet as of December 31, 1980

ASSETS		<u>francs</u>
Liquid Assets		516,316
Accounts Receivable		15,484
		<u>531,800</u>
		=====
LIABILITIES		
Accounts Payable		161,844
Provision for Future Expenses		65,000
Working Capital Fund		224,997
Reserve Fund		
Balance Carried Forward		
December 31, 1979	118,453	
Panamerican Seminar*	(25,871)	
Excess Expenditure	(12,623)	
	<u> </u>	79,959
		<u>531,800</u>
		=====

* Withdrawal pursuant to Council decision (document C/XIII/17, paragraph 16(iii)).

ANNEX A.2

Comparison of 1980 Budget and Accounts

		<u>Budget</u>		<u>Accounts</u>	
<u>Income</u>					
Contributions		1,169,500		1,169,500	
Bank Interest*		---		7,211	
Publications	(i)	5,000		3,455	
Miscellaneous**		20,000		37,657	
		<hr/>		<hr/>	
			1,194,500		1,217,823
			=====		=====
 <u>Expenditure</u>					
Salaries	(ii)	657,000		660,180	
Official travel	(iii)	24,000		30,580	
Conferences		63,000		55,195	
Printing		49,000		49,388	
Translations		21,000		18,180	
Rental of premises		28,000		27,746	
Supplies	(iv)	2,000		4,838	
Furniture and Equipment	(v)	6,000		9,305	
Other Expenditure		9,000		1,951	
Common Expenditure***	(vi)	358,000		373,083	
		<hr/>		<hr/>	
		1,217,000		1,230,446	
		=====		=====	

* Interest paid by the Swiss Bank Corporation during 1980 was 0.25% on the current account and 2.25%, 2.75% and 3.5% on the fixed-term account.

** UPOV share of WIPO common receipts, and repayment of a Pension Fund benefit.

*** Breakdown of Common Expenditure
(services provided by WIPO)

		<u>Budget</u>		<u>Accounts</u>	
Salaries and Common Staff costs		248,000		244,336	
Printing		2,000		1,098	
Other Contractual Services		5,000		9,391	
Maintenance of Premises; Rental of Premises (except UPOV office)		29,000		33,601	
Telecommunications		35,000		41,443	
Supplies, Furniture and Equipment		36,000		42,686	
Other Expenditure (unforeseen)		3,000		528	
		<hr/>		<hr/>	
			358,000		373,083
			=====		=====

(i) to (vi): see page 3 of this Annex A.2

Note on the Adverse Variations Between Budget and AccountsIncome

(i) Publications

Sales of publications were lower than expected.

Expenditure

(ii) Personnel

The difference (3,180 francs) is due essentially to the fact that expenditure on the recruitment and moving costs of staff was higher than anticipated.

(iii) Official Travel

The difference (6,580 francs) is due essentially to the fact that relations with States and organizations called for a greater number of missions than had been anticipated.

(iv) Supplies

The difference (2,838 francs) is due essentially to the purchase of new envelopes for the dispatch of documents.

(v) Furniture and Equipment

The excess (3,305 francs) is due essentially to the introduction of the word processing system.

(vi) Common Expenditure

The difference (15,083 francs) is due essentially to currency exchange losses, to a 5% increase in maintenance and cleaning costs, to postal expenses caused by the increase in the volume of mail, and finally to the share in the cost of installing the central processing unit of the word processing system.

ANNEX A.3

Basis for the Calculation of Contributions

<u>Class</u>	<u>Number of Units</u>	<u>Number of Voluntary Units</u>	<u>Total Units</u>	<u>Number of States*</u>	<u>Product of Previous Two Figures (total units)</u>
(i) Article 26(2) of the Convention					
I	5	-	5	1	5
(ii) Article II(2) of the Additional Act					
I	5	-	5	2	10
II	4	-	4	-	-
III	3	-	3	1	3
IV	2	-	2	1	2
V	0.5	-	0.5	1	0.5
V	1	0.5	1.5	4	6
V	1	-	1	1	1
				<u>11</u>	<u>27.5</u>
				==	====

Calculation of Contributions

(Article 26(2) of the International Convention for the Protection of New Varieties of Plants of December 2, 1961 and Article II(2) of the Additional Act of November 10, 1972)

<u>Basis of Contributions</u>	<u>Class</u>	<u>Amount Due per State</u>	<u>Number of States*</u>	<u>Total</u>
(francs)		(francs)		(francs)
	I	212,636 (a)	3	637,908
	III	127,582 (b)	1	127,582
1,169,500	IV	85,055 (c)	1	85,055
	V	21,264 (d)	1	21,264
	V	63,791 (e)	4	255,164
	V	42,527 (f)	1	42,527
			<u>11</u>	<u>1,169,500</u>
			==	=====
(a) $\frac{1,169,500 \times 5}{27.5}$		(b) $\frac{1,169,500 \times 3}{27.5}$		(c) $\frac{1,169,500 \times 2}{27.5}$
(d) $\frac{1,169,500 \times 0.5}{27.5}$		(e) $\frac{1,169,500 \times 1.5}{27.5}$		(f) $\frac{1,169,500 \times 1}{27.5}$

* According to the classification set out in paragraph 3 of this document.

ANNEX A.4

Member States on December 31, 1980

<u>Member State</u>	<u>Class chosen</u>	<u>Convention date</u>	<u>Additional Act date</u>
Belgium	V	December 5, 1976	February 11, 1977
Denmark	V	October 6, 1968	February 11, 1977
France	I	October 3, 1971	February 11, 1977
Germany (Fed. Rep. of)	I	August 10, 1968	February 11, 1977
Israel	V	December 12, 1979	December 12, 1979
Italy	IV	July 1, 1977	July 1, 1977
Netherlands	III	August 10, 1968	February 11, 1977
South Africa	V	November 6, 1977	November 6, 1977
Spain	V	May 18, 1980	May 18, 1980
Sweden	V	December 17, 1971	February 11, 1977
Switzerland	V	July 10, 1977	July 10, 1977
United Kingdom	I	August 10, 1968	July 31, 1980

11 States contributed in 1980

1 State (Spain) will contribute from 1981 onwards

total: 12 member States

[Annex B follows]

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ANNEX B

Federal Audit Service
No. 933.3.1

[Contrôle fédéral des finances]

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REPORT

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

for the 1980 Financial Year

0088

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 1980 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 May 18 and 19, 1981.

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, and his staff 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 during the 1980 financial year, to the relevant financial statements and to the items in the balance sheet as of December 31, 1980. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The 11 member States of the Union, which participated in the financing of its activities during the 1980 financial year, are Belgium, Denmark, France, Germany (Federal Republic of), Israel, Italy, the Netherlands, South Africa, Sweden, Switzerland and the United Kingdom. Spain, although a member since May 1980, will not contribute until 1981. The latter has, however, already contributed in 1980 its share of the Working Capital Fund.

2. 1980 BUDGET AND RESULTS

2.1 1980 Budget

The budget for the 1980 financial year was adopted by the Council at its thirteenth session, held in Geneva on October 17 and 18, 1979 (document UPOV/C/XIII/16). The budget contained expenditure of 1,217,000 francs and income of 1,194,500 francs, with the difference, i.e. 22,500 francs, to be taken from the Reserve Fund.

In addition, the Council decided to cancel the credits of 28,000 francs provided for under the heading UV.09 and to take the necessary funds for the program (UPOV symposium in Latin America) from the Reserve Fund. Taking money directly from the Reserve Fund, without recording the expenditure in an account, constitutes an exceptional procedure which is not in accordance with the principles generally accepted in accountancy.

2.2 Results of the 1980 Financial Year

The results of the 1980 financial year were as follows:

	<u>francs</u>
Expenditure	1,230,445.98
Receipts	1,217,822.83
Excess Expenditure	<u>12,623.15</u> =====

As shown in the balance sheet as of December 31, 1980, the above excess of expenditure, in addition to the expenditure of 25,871.55 francs concerning the Panamerican Seed Seminar, i.e. a total of 38,494.70 francs, was taken from the Reserve Fund in accordance with Article 5(b) of the Financial Regulations of UPOV and with the decision of the Council (document C/XIII/16, paragraph 16(iii)) at its thirteenth session on October 17 and 18, 1979.

3. ACCOUNTS

3.1 Receipts

3.11 Contributions fr. 1,169,500.--

Under Article 26 of the Convention and Article II of the Additional Act, each member State of the Union contributes according to the number of units in the class to which it belongs. Article 6 of the Financial Regulations of UPOV provides that these contributions must be paid during January of the year to which they relate. The dates of receipt of contributions for 1980 are mentioned on page 3 of the financial report.

3.12 Miscellaneous Receipts fr. 48,322.83

	<u>francs</u>
These receipts break down as follows:	
- Proceeds from sale of publications	3,454.90
- Bank interest	7,210.75
- Share in certain common receipts of WIPO	14,296.28
- Reimbursements from the UN Joint Staff Pension Fund	23,098.90
- Miscellaneous	262.--
Total	<u>48,322.83</u> =====

The interest paid by the Swiss Bank Corporation was 0.25% on the current account and 2.25%, 2.75% and 3.5% on the fixed-term account.

3.2 Expenditure fr. 1,230,445.98

The expenditure figures appearing in the 1980 Financial Report by the Secretary General to the Council agree with the accounting entries. We verified the accuracy of the entries relating to expenditure by means of random 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 373,082.43 francs owed to WIPO for services provided and rendered by that Organization in the course of the 1980 financial year, which are given in detail in the financial report (page 11 and following). This contribution is based on Article 8 of the Rules of Procedure for Technical and Administrative Cooperation between UPOV and WIPO.

4. BALANCE SHEET AS OF DECEMBER 31, 1980 - GENERAL REMARK

We verified the balance sheet as of December 31, 1980, 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, confirmed to us that all financial obligations towards third parties had been entered in the accounts.

5. ASSETS

5.1 Liquid Assets fr. 516,315.95

We verified the reconciliation statements as of December 31, 1980, 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 confirmation of the balances as at December 31, 1980, and an attestation to the effect that the funds deposited with it were fully available and that there were no reservations in favor of third parties.

5.2	<u>Sundry Debtors</u>	fr.	<u>15,483.75</u>
	The balance of this account breaks down as follows:		<u>francs</u>
	- Advances on education grants		7,166.25
	- Proceeds from sale of publications, to be paid by WIPO		3,454.90
	- Withholding tax repayable by the Tax Administration		4,537.60
	- Advance on travel costs to be recorded		325.--
	Total		<u>15,483.75</u> =====

6. LIABILITIES

6.1	<u>Creditors</u>	fr.	<u>97,193.95</u>
	This amount comprises:		<u>francs</u>
	- Balance owing to WIPO for the 1980 financial year		90,286.15
	- Various bills from suppliers		6,851.80
	- Sum owing to an agent		56.--
	Total		<u>97,193.95</u> =====

At the date of the audit, all these items had been settled.

6.2	<u>Contributions received in advance</u>	fr.	<u>64,650.--</u>
	This is the 1981 contribution paid in December 1980 by Sweden.		
6.3	<u>Provision</u>	fr.	<u>65,000.--</u>

Pursuant to Article 4 of the Financial Regulations, the following sums, corresponding to commitments entered into for payments to be made at a later date, have been recorded in the 1979 and 1980 financial years:

			<u>francs</u>
	- Printed matter, Records of the 1978 Diplomatic Conference, German edition:		
	balance carried forward from 1979	20,000.--	
	recorded for the 1980 financial year	19,000.--	
		<u> </u>	39,000.--
	- Furniture and equipment, word processing machines:		
	carried forward from 1979, not yet installed	20,000.--	
	recorded for the 1980 financial year, screen	6,000.--	
		<u> </u>	26,000.--
	Total		<u>65,000.--</u> =====

6.4 <u>Reserve Fund</u>	fr.	<u>79,958.75</u>
		<u>francs</u>
Balance on January 1, 1980		118,453.45
Expenditure relating to the Panamerican Seed Seminar deducted directly from the Reserve Fund according to the decision of the Council		25,871.55
Excess expenditure for the financial year 1980		<u>12,623.15</u>
Balance as of 31 December 1980		<u>79,958.75</u> =====
6.5 <u>Working Capital Fund</u>	fr.	<u>224,997.--</u>

Pursuant to a decision by the Council, the contribution of each member State was calculated according to document UPOV/C/VI/6 of 1972. At its twelfth ordinary session, in December 1978, the Council referred to its previous decisions in this matter and fixed the contribution of new members to the working capital fund at 8,333.-- francs a unit. The transactions in 1980 were as follows:

	<u>francs</u>
- Balance on January 1, 1980	208,331.--
- Share of Israel	8,333.--
- Share of Spain	8,333.--
Total	<u>224,997.--</u> =====

7. CONCLUSIONS

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

- (a) that the financial statements reproduced in the Annexes are in conformity with the UPOV accounts;
- (b) that the entries in the accounts for the 1980 financial year agree with the supporting documents and were carried out in accordance with applicable provisions;
- (c) that the funds deposited at the bank have been certified by that bank;
- (e) that the accounts have been accurately maintained.

3003 Berne, May 25, 1981

F. Faessler
Head of Section
FEDERAL AUDIT SERVICE

Annex:

Balance sheet as of December 31, 1980 (amount expressed in Swiss francs and rounded off to the nearest franc as decided by the UPOV Council on December 8, 1978 - document C/XII/14, paragraph 8).

BALANCE SHEET AS OF DECEMBER 31, 1980ASSETS

LIQUID ASSETS

Swiss Bank Corporation		
- Current Account		291,319
- Fixed-Term Account, Working Capital Fund		224,997

ACCOUNTS RECEIVABLE

Sundry Debtors		15,484
		<u>531,800</u>
		=====

LIABILITIES

ACCOUNTS PAYABLE

Sundry Creditors	97,194	
Contribution Received in Advance	64,650	
	<u> </u>	161,844

PROVISION

for Future Expenses		65,000
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RESERVE FUND

Balance Carried Forward		
December 31, 1979	118,453	
Deduction for Panamerican Seminar	(25,871)	
Excess Expenditures	(12,623)	
	<u> </u>	79,959

WORKING CAPITAL FUND

Belgium	8,333	
Denmark	8,333	
France	41,667	
Germany (Federal Republic of)	41,667	
Israel	8,333	
Italy	16,666	
Netherlands	24,999	
South Africa	8,333	
Spain	8,333	
Sweden	8,333	
Switzerland	8,333	
United Kingdom	41,667	
	<u> </u>	224,997
		<u>531,800</u>
		=====

The Secretary General:

Arpad Bogsch