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UPOV

C/XVI/3 0125

ORIGINAL: French

DATE: July 30, 1982

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL

Sixteenth Ordinary Session
Geneva, October 13 to 15, 1982

FINANCES OF THE INTERNATIONAL UNION
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
AS AT DECEMBER 31, 1981

Memorandum by the Secretary-General

SUMMARY

This document sets out the finances of the Union as at December 31, 1981, and reproduces the auditor's report on the 1981 accounts. In view of the fact that the 1978 Revised Text of the UPOV Convention entered into force only on November 8, 1981, this document, including the report on the auditing of the accounts, is based on the provisions of the Convention of 1961 as revised in 1972, in particular on its Articles 23(2), 24 and 26.

1. Results of the Financial Year

The results of the financial year are as follows:

	1981 francs*		1980 francs*
Expenditure	1,262,919	Expenditure	1,230,446
Receipts	1,256,111	Receipts	1,217,823
Excess of Expenditure	6,808 =====	Excess of Expenditure	12,623 =====

The excess of expenditure of 6,808 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, 1981, 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

The share of the three new member States (Ireland, New Zealand and the United States of America) will not be received before 1982. This share will therefore be mentioned in the document concerning the finances of 1982.

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 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. Consequently, the 1981 contributions were calculated on the basis of the following units (see, in this context, the 1981 budget, documents C/XIV/4, C/XIV/12, and C/XIV/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
1	unit for Spain
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, 1981,
- A.2 - comparison of the 1981 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 1981 financial year, in accordance with Article 21(e) of the Convention.

[Annexes follow]

Balance Sheet as of December 31, 1981

ASSETS		<u>francs</u>
Liquid Assets		365,658
Accounts Receivable		10,579
		<u>376,237</u>
		=====
LIABILITIES		
Accounts Payable		78,089
Working Capital Fund		224,997
Reserve Fund		
Balance Carried Forward		
December 31, 1979	79,959	
Excess Expenditure	(6,808)	
	<u>73,151</u>	
		<u>376,237</u>
		=====

ANNEX A.2

Comparison of 1981 Budget and Accounts

		<u>Budget</u>	<u>Accounts</u>
<u>Income</u>			
Contributions		1,228,000	1,228,350
Bank Interest*		---	9,400
Publications	(i)	5,000	2,961
Miscellaneous**	(ii)	20,000	15,400
		<u>1,253,000</u>	<u>1,256,111</u>
		=====	=====
 <u>Expenditure</u>			
Salaries	(iii)	722,000	724,904
Official travel		33,000	28,869
Conferences		44,000	40,872
Printing	(iv)	62,000	67,515
Translations		3,000	---
Rental of premises		30,000	29,671
Supplies		2,000	1,682
Furniture and Equipment	(v)	2,000	8,594
Other Expenditure		9,000	1,320
Common Expenditure***		366,000	359,492
		<u>1,273,000</u>	<u>1,262,919</u>
		=====	=====

* Interest paid by the Swiss Bank Corporation during 1981 was 0.25% on the current account and 3.5% and 4% on the fixed-term account.

** UPOV share of WIPO common receipts.

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

		<u>Budget</u>	<u>Accounts</u>
Salaries and Common Staff costs		246,000	226,765
Printing		2,000	1,088
Other Contractual Services		5,000	8,600
Maintenance of Premises; Rental of Premises (except UPOV office)		29,000	35,150
Telecommunications		38,000	35,458
Supplies, Furniture and Equipment		42,000	51,658
Other Expenditure (unforeseen)		4,000	773
		<u>366,000</u>	<u>359,492</u>
		=====	=====

(i) to (v): see page 3 of these Annexes A

0130

Notes Concerning Adverse Variations Between Budget and Account

Income

(i) Publications

Sales of publications were lower than expected as in last year.

(ii) Other

Receipts of this type of income were lower than expected.

Expenditures

(iii) Personnel

The difference (2,904 francs) is due essentially to higher expenses for moving personnel engaged during the year than provided for.

(iv) Printing

The difference (5,515 francs) is due essentially to the printing of the Records of the Diplomatic Conference of 1978.

(v) Furniture and Equipment

The difference (6,594 francs) is due essentially to the cost of word processing equipment.

ANNEX A.3

Basis for the Calculation of Contributions

The share of each country in the contributions is determined on the basis of Article 26(2) as given in Article II of the Additional Act of 1972.

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	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	2	2
				12	28.5
				==	=====

Calculation of Contributions

The amount of the contributions was fixed by the Council (document C/XIV/17, paragraph 20).

Basis of Contributions	Class	Amount Due per State	Number of States*	Total	
(francs)		(francs)		(francs)	
	I	215,500	3	646,500	
	III	129,300	1	129,300	
1,228,350	IV	86,200	1	86,200	
	V	21,550	1	21,550	
	V	64,650	4	258,600	
	V	43,100	2	86,200	
			12	1,228,350	
			==	=====	
I	$\frac{1,228,350 \times 5}{28.5}$	III	$\frac{1,228,350 \times 3}{28.5}$	IV	$\frac{1,228,350 \times 2}{28.5}$
V	$\frac{1,228,350 \times 0.5}{28.5}$	V	$\frac{1,228,350 \times 1.5}{28.5}$	V	$\frac{1,228,350 \times 1}{28.5}$

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

ANNEX A.4

Member States on December 31, 1981

<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

12 member States contributed in 1981

plus 3 further member States which will contribute from 1982 onwards:
Ireland; New Zealand and the United States of America

total: 15 member States

[Annex B follows]

Federal Audit Service [Contrôle fédéral des finances]
No. 944.0.3.1
El.1 - st

REPORT

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

for the 1981 Financial Year

1. GENERAL1.1 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 1981 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.

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 1981 financial year, to the relevant financial statements and to the items in the balance sheet as of December 31, 1981. Our examination was carried out according to generally accepted auditing standards.

1.4 Member States of the Union

The 12 member States of the Union, which participated in the financing of its activities during the 1981 financial year, are Belgium, Denmark, France, Germany (Federal Republic of), Israel, Italy, the Netherlands, South Africa, Spain, Sweden, Switzerland and the United Kingdom.

2. 1981 BUDGET AND RESULTS2.1 1981 Budget

The budget for the 1981 financial year was adopted by the Council at its fourteenth session, held in Geneva on October 15 to 17, 1980 (document UPOV/C/XIV/17). The budget contained expenditure of 1,273,000 francs and income of 1,253,350 francs, with the difference, i.e. 19,650 francs, to be taken from the Reserve Fund.

2.2 Results of the 1981 Financial Year

The results of the 1981 financial year were as follows:

	<u>francs</u>
Expenditure	1,262,919.89
Receipts	1,256,111.17
Excess Expenditure	<u>6,808.72</u> =====

As shown in the balance sheet as of December 31, 1981, the above excess of expenditure was taken from the Reserve Fund in accordance with Article 5(b) of the Financial Regulations of UPOV.

3. 1981 ACCOUNTS

3.1 Receipts

3.11 Contributions fr. 1,228,350.--

Under Article 26 of the Convention and by 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 1981 are mentioned on page 3 of the financial report; they show that the said deadline was not observed by all States.

3.12 Miscellaneous Receipts fr. 27,761.17

These receipts break down as follows:	<u>francs</u>
- Proceeds from sale of publications	2,960.85
- Bank interest	9,400.65
- Share in certain common receipts of WIPO	15,396.07
- Miscellaneous	3.60
	27,761.17
	=====
Total	27,761.17

The interest paid by the Swiss Bank Corporation was 0.25% on the current account and 3.5% and 4% on the fixed-term account.

3.2 Expenditure fr. 1,262,919.89

The expenditure figures appearing in the 1981 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 359,492.04 francs owed to WIPO for services provided and rendered by that Organization in the course of the 1981 financial year. This contribution is based on Article 8 of the Rules of Procedure for Technical and Administrative Cooperation between UPOV and WIPO.

As far as variances from the budget are concerned, it has to be noted that, although these are differences under a number of items, the overall expenses are about 10,000 francs (less than one percent) lower than foreseen in the budget. Excesses of expenditure relate mainly to the acquisition of word processing equipment.

4. BALANCE SHEET AS OF DECEMBER 31, 1981 - GENERAL REMARK

We verified the balance sheet as of December 31, 1981, 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. 365,658.30

We verified the reconciliation statements as of December 31, 1981, 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, 1981, 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>	<u>fr.</u>	<u>10,578.55</u>
	The balance of this account breaks down as follows:		<u>francs</u>
	- Advances on education grants		4,327.50
	- Proceeds from sale of publications, to be paid by WIPO		2,960.85
	- Withholding tax repayable by the Tax Administration		3,290.20
			<hr/>
	Total		10,578.55 =====

6. LIABILITIES

6.1	<u>Creditors</u>	<u>fr.</u>	<u>78,089.82</u>
	This amount comprises:		<u>francs</u>
	- Balance owing to WIPO for the 1981 financial year		69,595.97
	- Various bills from suppliers		1,094.10
	- Engagements		7,399.75
			<hr/>
	Total		78,089.82 =====

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

6.2	<u>Reserve Fund</u>	<u>fr.</u>	<u>73,150.03</u>
			<u>francs</u>
	Balance on January 1, 1981		79,958.75
	Excess expenditure for the financial year 1981		6,808.72
			<hr/>
	Balance as of 31 December 1981		73,150.03 =====
6.3	<u>Working Capital Fund</u>	<u>fr.</u>	<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.

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 1981 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, June 16, 1982

F. Faessler
Head of Section
FEDERAL AUDIT SERVICE

Annex:

Balance sheet as of December 31, 1981 (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/15, paragraph 8).

BALANCE SHEET AS OF DECEMBER 31, 1981ASSETS

LIQUID ASSETS

Swiss Bank Corporation		
- Current Account		140,661
- Fixed-Term Account, Working Capital Fund		224,997

ACCOUNTS RECEIVABLE

Sundry Debtors		10,579
		<u>376,237</u>
		=====

LIABILITIES

ACCOUNTS PAYABLE

Sundry Creditors		78,089
------------------	--	--------

RESERVE FUND

Balance Carried Forward		
December 31, 1979	79,959	
Excess Expenditures	<u>(6,808)</u>	73,151

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	<u>41,667</u>	224,997
		<u>376,237</u>
		=====

The Secretary General:

Arpad Bogsch

[End of Annex B and of document]