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C/XXII/3

ORIGINAL: French

DATE: August 17, 1988

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Twenty-second Ordinary Session
Geneva, October 18 and 19, 1988****FINANCES OF THE INTERNATIONAL UNION
FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
AS AT DECEMBER 31, 1987**Memorandum by the Secretary-General**SUMMARY**

This document sets out the finances of the Union as at December 31, 1987 (Article 23(2) of the Convention) and reproduces the auditor's report on the accounts for the 1986-87 financial period (Article 25 of the Convention).

1. Results of 1986-87 Financial Period

The results for the 1986-87 financial period are as follows:

	<u>francs*</u>
Receipts	3,691,767
Expenditure	3,471,599
	<hr/>
Surplus	220,168
	<hr/> <hr/>

In accordance with Article 5 of the Financial Regulations of UPOV, the surplus of 220,168 francs was transferred to the Reserve Fund.

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 at December 31, 1987 (Annex A.2 hereto), the Working Capital Fund amounts to 333,330 francs. The share of each State, calculated according to the decision taken by the Council at its session in November 1972 (document UPOV/C/VI/6) is as follows:

Belgium	8,333	Netherlands	24,999
Denmark	8,333	New Zealand	8,333
France	41,667	South Africa	8,333
Germany (Fed. Rep. of)	41,667	Spain	8,333
Hungary	8,333	Sweden	8,333
Ireland	8,333	Switzerland	8,333
Israel	8,333	United Kingdom	41,667
Italy	16,666	United States of	41,667
Japan	41,667	America	
		Total:	333,330
			<hr/> <hr/>

3. Basis of Contributions

The amount of the annual contribution of each member State is calculated on the basis of the contribution units applied to it (Article 26 of the Convention (revised text of October 23, 1978)). However, Belgium, Denmark, Sweden and Switzerland have voluntarily increased their annual contributions by half a unit. Consequently, the 1986-87 contributions were calculated on the basis of the following units (see, in this context, the 1986-87 budget (documents C/XIX/4, and C/XIX/12)):

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

Basis of Contributions (cont.)

5 units for France
5 units for Germany (Federal Republic of)
5 units for Japan
5 units for the United Kingdom
5 units for the United States of America

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 Ireland
1 unit for New Zealand
1 unit for South Africa
1 unit for Spain

0.5 units for Hungary
0.5 units for Israel

4. Annexes

Annexes A to this document contain the following:

- A.1 - comparison of the 1986-87 budget and accounts, followed by an explanatory note;
- A.2 - balance sheet as at December 31, 1987;
- A.3 - calculation of contributions;
- A.4 - list of member States.

Annex B contains the auditor's report.

5. The Council is invited to examine and approve the accounts for the 1986-87 financial period in accordance with Article 21(f) of the Convention.

[Annexes follow]

ANNEX A.1

Comparison of 1986-87 Budget and Accounts

	<u>Budget</u>		<u>Accounts</u>	
<u>Income</u>				
Contributions	3,568,000		3,568,000	
Publications	27,000		30,530	
Miscellaneous*	<u>77,000</u>	3,672,000	<u>93,237</u>	3,691,767
		=====		=====
<u>Expenditure</u>				
Staff Costs	2,267,000		2,039,034	
Missions (i)	97,000		99,564	
Third Party Travel (ii)	10,000		15,423	
Conferences (iii)	97,000		112,047	
Printing (iv)	85,000		91,568	
Other Contractual Services (v)	23,000		28,830	
Rental of Premises	88,000		83,690	
Supplies and Materials	6,000		3,918	
Furniture and Equipment	11,000		0	
Other Expenses	<u>42,000</u>		<u>19,260</u>	
	2,726,000		2,493,334	
Common Expenses**	<u>1,026,000</u>	3,752,000	<u>978,265</u>	3,471,599
<u>Results</u>				
Surplus transferred to the Reserve Fund				220,168
(Deficit) covered from the Reserve Fund		<u>(80,000)</u>		
		3,672,000		<u>3,691,767</u>
		=====		=====

(i) to (v): see page 2 of these Annexes A.

* Including UPOV share of WIPO common income of 23,015 francs.

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

	<u>Budget</u>		<u>Accounts</u>	
Salaries and Common				
Staff costs	775,000		703,641	
Printing	5,000		6,900	
Other Contractual Services	13,000		17,682	
Maintenance of Premises	95,000		83,660	
Communications	67,000		98,082	
Supplies and Materials;				
Furniture and Equipment	61,000		67,195	
Other Expenses	<u>10,000</u>	1,026,000	<u>1,105</u>	978,265
		=====		=====

Notes Concerning Adverse Variations Between
Budget and Accounts

- (i) Missions: the excess of 2,564 francs is due to the high cost of a mission to Australia and New Zealand.
- (ii) Third Party Travel: the excess of 5,423 francs is due to travel for participants in meetings in Geneva on the possible revision of the UPOV Convention.
- (iii) Conferences: the excess of 15,047 francs is mainly due to contract cancellation charges connected with the changed dates of the October 1987 meetings of the Council and Consultative Committee.
- (iv) Printing: the excess of 6,568 francs is due to the cost of the publication "The First Twenty-Five Years of the International Convention for the Protection of New Varieties of Plants" (No. 879).
- (v) Other Contractual Services: the excess of 5,830 francs is due to requirements for German translations.

ANNEX A.2

Balance Sheet as at December 31, 1987

<u>ASSETS</u>		<u>LIABILITIES</u>	
Liquid Assets	862,727	Accounts Payable	639,242
Accounts Receivable	457,460	Reserve Fund	
		Balance Carried Forward	
		December 31, 1985	127,447
		Surplus of income	
		for 1986-87	<u>220,168</u>
		Working Capital Fund	333,330
	<u>1,320,187</u>		<u>1,320,187</u>
	=====		=====

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 of the Convention (revised text of October 23, 1978).

<u>Number of Units</u>	+	<u>Number of Voluntary Units</u>	=	<u>Total</u>	x	<u>Number of States*</u>	=	<u>Total Units</u>
5		-		5		5		25
4		-		4		-		-
3		-		3		1		3
2		-		2		1		2
1		0.50		1.50		4		6
1		-		1		4		4
0.50		-		0.50		2		1
						—		—
						17		41
						==		==

Calculation of 1986 Contributions

The amount of the contributions is as approved by the Council (document C/XIX/12, paragraph 20).

<u>Basis of Contributions</u>	<u>Number of Units</u>	<u>Amount Due per State</u>	<u>Number of States*</u>	<u>Total</u>
(francs)		(francs)		(francs)
	5	212,560	5	1,062,800
	4	-	-	-
	3	127,536	1	127,536
1,743,000	2	85,024	1	85,024
	1.50	63,768	4	255,072
	1	42,512	4	170,048
	0.50	21,256	2	42,512
			17	1,742,992
			==	
			Rounded to	1,743,000
				=====

Value of one contribution unit: 42,512 francs.

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

ANNEX A.4

Calculation of 1987 Contributions

The amount of the contributions is as approved by the Council (document C/XIX/12, paragraph 20).

<u>Basis of Contributions</u> (francs)	<u>Number of Units</u>	<u>Amount Due per State</u> (francs)	<u>Number of States*</u>	<u>Total</u> (francs)
	5	222,560	5	1,112,800
	4	-	-	-
	3	133,536	1	133,536
1,825,000	2	89,024	1	89,024
	1.50	66,768	4	267,072
	1	44,512	4	178,048
	0.50	22,256	2	44,512
			<u>17</u>	<u>1,824,992</u>
			==	
			Rounded to	<u>1,825,000</u> =====

Value of one contribution unit: 44,512 francs.

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

ANNEX A.4

Member States on December 31, 1987

<u>Member State</u>	<u>Date of UPOV Membership</u>	<u>1978 Act date</u>
Belgium	December 5, 1976	-
Denmark	October 6, 1968	November 8, 1981
France	October 3, 1971	March 17, 1983
Germany (Fed. Rep. of)	August 10, 1968	April 12, 1986
Hungary	April 16, 1983	April 16, 1983
Ireland	November 8, 1981	November 8, 1981
Israel	December 12, 1979	May 12, 1984
Italy	July 1, 1977	May 28, 1986
Japan	September 3, 1982	September 3, 1982
Netherlands	August 10, 1968	September 2, 1984
New Zealand	November 8, 1981	November 8, 1981
South Africa	November 6, 1977	November 8, 1981
Spain	May 18, 1980	-
Sweden	December 17, 1971	January 1, 1983
Switzerland	July 10, 1977	November 8, 1981
United Kingdom	August 10, 1968	September 24, 1983
United States of America	November 8, 1981	November 8, 1981

17 member States

[Annex B follows]

3003 Berne, June 17, 1988

Swiss Federal Audit Office
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INTERNATIONAL UNION FOR THE PROTECTION
OF NEW VARIETIES OF PLANTS (UPOV),

GENEVA

1986-1987 Financial Period

Auditor's Report

1. GENERAL

1.1 Mandate

Pursuant to Article 25 of the International Convention of December 2, 1961, as revised in 1978, the Council of the International Union for the Protection of New Varieties of Plants (UPOV) renewed the appointment of Switzerland as auditor at its twentieth ordinary session in December 1986.

In compliance with that mandate we undertook the auditing of the accounts for the 1986-1987 biennium at the headquarters of the Office of the Union in Geneva.

We would point out for the record that this two-year financial period is the first such period, following the decision taken by the Council at its eighteenth ordinary session in October 1984.

1.2 Information Received

Mr. P. Favatier, Head of the Finance Section of the World Intellectual Property Organization (WIPO), which is responsible for keeping the UPOV accounts, and his staff kindly provided us, to our entire satisfaction, with all the information and documents needed for our work. We informed Mr. T.A.J. Keefer, Controller and Director of the Budget and Finance Division of WIPO, of our findings and our comments in the course of the discussion that we had with him.

1.3 Nature and Scope of the Audit

The audit related to entries concerning the 1986-1987 financial period in the income and expenditure accounts, the financial statements and the items appearing in the balance sheet as at December 31, 1987. Our examination was carried out according to generally accepted auditing standards and principles and with due regard to the checks carried out by the Internal Auditor of WIPO.

1.4 Member States

Belgium, Denmark, France, the Federal Republic of Germany, Hungary, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States of America are the 17 member States of the Union that participated in the financing of its activities during the 1986-1987 financial period.

- 2 -

2. 1986-1987 BUDGET AND RESULTS

2.1 Budget for the Financial Period

The budget for the 1986-1987 financial period adopted by the Council at its nineteenth ordinary session in October 1985 was as follows:

	<u>Francs</u>
Income	3,672,000.--
Expenditure	<u>3,752,000.--</u>
Deficit, financed by Reserve Fund	80,000.-- =====

2.2 Results for the Financial Period

Whereas the budget provided for a deficit of 80,000 francs to be covered by the Reserve Fund, the 1986-1987 financial period produced a surplus, namely:

	<u>Francs</u>
Income	3,691,767.--
Expenditure	<u>3,471,599.--</u>
Surplus	220,168.-- =====

As shown in the balance sheet as at December 31, 1987, the above surplus was transferred, in accordance with Article 5(a) of the UPOV Financial Regulations, directly to the Reserve Fund, which now stands at 347,615 francs.

3. 1986-1987 ACCOUNTS

3.1 Income

Pursuant to Article 6 of the UPOV Financial Regulations, the contributions payable by member States have to be paid during the month of January of the year to which they relate. The dates of receipt of the 1986 and 1987 contributions show that the prescribed time limit has not always been observed. With regard to the 1986 contributions, while ten of the 17 member States, representing 55% of the contributions receivable, paid during the first quarter of 1986, two member States, representing 6% of the 1986 contributions, still had arrears on December 31, 1986. As concerns the 1987 contributions, 12 member States, representing 68% of the contributions payable, paid their share in the course of the first quarter of 1987 (including one member State that paid only in part); on the other hand, the

balance sheet of the Union as at December 31, 1987, shows a balance of unpaid 1987 contributions amounting to 136,089 francs, corresponding to 8% of the 1987 contributions; this amount represents the balance of the contributions of two member States.

As mentioned under 2.2 above, it proved unnecessary to draw on the Reserve Fund to finance expenditure.

3.2 Expenditure

The figures relating to expenditure during the 1986-1987 financial period appearing in Annex 1 to this report correspond to those of the accounts. The expenditure includes, among other things, an amount of 978,265 francs corresponding to the participation of UPOV in services rendered by WIPO during the period under review, in accordance with Article 2 of the Agreement of November 26, 1982, between WIPO and UPOV.

In addition, the headings "Missions," "Third Party Travel," "Conferences," "Printing" and "Other Contractual Services" show expenditure in excess of the budget forecasts, without, however, exceeding the 5% limit provided for in Regulation 4.1 of the Financial Regulations of WIPO, which are applicable to UPOV, within which limit the Secretary-General may make transfers from one budget heading to another. For more detail on this subject, please refer to the notes on the adverse variations between the budget and the accounts.

3.3 Balance Sheet at December 31, 1987

We examined the balance sheet as at December 31, 1987, which appears in Annex 2 to this report, and we found it to be in conformity with the figures in the accounts.

With regard to the "Japan" fund in trust (FIT/JAPAN), the accumulated expenditure up to December 31, 1987, appears on the assets side of the balance sheet as of that date, whereas the funds made available are entered on the liabilities side, the available balance being 51,627 francs.

4. CONCLUSIONS AND AUDIT CERTIFICATE

We have examined the financial statements of the International Union for the Protection of New Varieties of Plants (UPOV) in Geneva for the financial period ended December 31, 1987.

Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

- 4 -

The statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.

The accounting principles were applied on a basis consistent with that of the preceding financial period.

Transactions were in accordance with the Financial Regulations and legislative authority.

[signed]
W. Frei
Deputy Director
FEDERAL AUDIT OFFICE
OF THE SWISS CONFEDERATION
(Auditor)

Annexes:

- 1 Accounts and results of the 1986-1987 financial period
- 2 Balance sheet as at December 31, 1987

ACCOUNTS AND RESULTS OF THE 1986-1987 FINANCIAL PERIOD

INCOME

Contributions	3 568 000	
Other Income	<u>123 767</u>	3 691 767 =====

EXPENDITURE

Staff Costs	2 039 034	
Missions	99 564	
Third Party Travel	15 423	
Conferences	112 047	
Printing	91 568	
Other Contractual Services	28 830	
Rental of Premises	83 690	
Supplies and Materials	3 918	
Other Expenses	19 260	
Common Expenses	<u>978 265</u>	3 471 599

RESULTS

Surplus, transferred to Reserve Fund		<u>220 168</u>
		3 691 767 =====

BALANCE SHEET AS AT DECEMBER 31, 1987

ASSETS

CASH ASSETS

Swiss Bank Corporation		
current account	482 577	
savings account, working		
capital fund	333 330	
savings account, investment	<u>46 820</u>	862 727

ACCOUNTS RECEIVABLE

Sundry debtors (Chapter XII)	156 000	
FIT/JAPAN (Chapter XIV)	<u>301 460</u>	457 460
		<u>1 320 187</u>
		=====

LIABILITIES

ACCOUNTS PAYABLE

Sundry creditors (Chapter XIII)	286 155	
FIT/JAPAN (Chapter XIV)	<u>353 087</u>	639 242

RESERVE FUND

Balance carried forward from		
December 31, 1985	127 447	
Result, surplus of 1986-1987		
financial period	<u>220 168</u>	347 615

WORKING CAPITAL FUND

Belgium	8 333	
Denmark	8 333	
France	41 667	
Germany (Fed. Rep. of)	41 667	
Hungary	8 333	
Ireland	8 333	
Israel	8 333	
Italy	16 666	
Japan	41 667	
Netherlands	24 999	
New Zealand	8 333	
South Africa	8 333	
Spain	8 333	
Sweden	8 333	
Switzerland	8 333	
United Kingdom	41 667	
United States of America	<u>41 667</u>	333 330
		<u>1 320 187</u>
		=====

Arpad Bogsch
Secretary-General

[End of Annex B and of document]