

## **WIPO General Assembly**

**Fortieth (20<sup>th</sup> Ordinary) Session**  
**Geneva, September 26 to October 5, 2011**

### **2010 FINANCIAL STATEMENTS**

*Document prepared by the Secretariat*

1. The present document contains the 2010 Financial Statements (document WO/PBC/18/3), which is being submitted to the WIPO Program and Budget Committee (PBC) at its eighteenth session (September 12 to 16, 2011).

2. The recommendation of the PBC in respect of this document will be included in the "Summary of Recommendations Made by the Program and Budget Committee at its Eighteenth Session Held from September 12 to 16, 2011" (document A/49/16).

*3. The General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/18/3, as recorded in document A/49/16.*

[Document WO/PBC/18/3 follows]



## **Program and Budget Committee**

### **Eighteenth Session Geneva, September 12 to 16, 2011**

#### **2010 FINANCIAL STATEMENTS**

*Document prepared by the Secretariat*

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2010 are transmitted to the Program and Budget Committee (PBC) in accordance with Regulation 8.11 of the Financial Regulations and Rules which requires that the PBC examines the financial statements and the audit reports thereon and forwards them to the General Assembly with comments and recommendations, as appropriate.

2. The 2010 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). At the forty-third session of the Assemblies from September 24 to October 3, 2007, the Member States agreed in principle to the adoption by WIPO of IPSAS by 2010 (A/43/5). The 2010 Financial Statements constitute the first set of financial statements to have been prepared in accordance with IPSAS.

3. The report of the External Auditor on the audit of the 2010 Financial Statements, together with his recommendations and the Secretariat's responses thereto, are contained in document WO/PBC/18/4.

*4. The Program and budget Committee is invited to recommend to the General Assembly of WIPO the approval of the 2010 Financial Statements contained in this document.*

[2010 Financial Statements follow]



# **World Intellectual Property Organization**

Financial Statements

Year to December 31, 2010

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## INTRODUCTION

1. The financial statements of the World Intellectual Property Organization (WIPO) for the year ended 31 December 2010 are submitted to the Assemblies of the Member States of WIPO in accordance with Regulation 6.7 of the Financial Regulations and Rules.
2. The report of the External Auditor on the audit of the 2010 financial statements, together with his opinion on the financial statements, are also submitted to the Assemblies of the Member States of WIPO as prescribed under Regulation 8.11 and Annex II of the Financial Regulations and Rules.
3. The 2010 financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). At the forty-third session of the Assemblies from September 24 to October 3, 2007, the Member States agreed in principle to the adoption by WIPO of IPSAS by 2010 (A/43/5). This agreement formed part of a United Nations system-wide initiative endorsed by the General Assembly (A/RES/60/283(IV)) to replace the existing United Nations System Accounting Standards (UNSAS) with IPSAS which are internationally recognized. The 2010 financial statements constitute the first set of financial statements to have been prepared in accordance with IPSAS.
4. Until 2009, the financial statements were prepared and presented to the General Assembly on a biennial basis with the presentation of an interim statement for the intervening year. Amendments to the Financial Regulations and Rules, changing the reporting period from biennial to annual to allow for full compliance with IPSAS, were approved by the Assemblies of the Member States at their forty-seventh session in 2009 (A/47/6).

## BUDGET PERFORMANCE HIGHLIGHTS

### Explanation of 2010 Budget/Actual Variations

Annual figures for income and expenditure are as approved under Annex VIII of the Program and Budget for 2010/11 (WIPO Publication No. 360E/PB1011). A comparison of budgeted and actual revenue and expense is contained in Statement V. Total actual revenue for the first year of the biennium was CHF 292.5 million compared to the budget estimate for the first year of the biennium of CHF 305.5 million. Actual expense for the first year of the biennium totaled CHF 289.4 million compared to the budget estimate for the first year of the biennium of CHF 313.7 million. The actual net budgetary surplus was CHF 3.1 million.

There follows an explanation of material differences between the budget and actual amounts.

### INCOME

Actual income in 2010 was lower than the budgeted estimate by CHF12.8 million, or 4.3 percent. This shortfall was primarily driven by:

1. lower than estimated fee income generated by WIPO's international registration systems;  
and
2. lower than estimated interest income.

The fee income from international registration systems was lower by CHF 11.0 million, or 4.0 percent. This is the result of the slower than expected recovery in the global economy which has had a direct impact on the volume of registration activity, particularly for the Madrid and Hague systems:

- (i) 59,482 registrations and renewals (R&Rs) against the budget level of 65,500 under the Madrid system; and
- (ii) 5,009 R&Rs against the budget level of 5,700 R&Rs in 2010 under the Hague system.

In the case of the fee income for PCT, the level of international applications (IAs) filed in 2010 is estimated at 163,700 against the budget level of 163,800 IAs. The PCT fee income was lower than the budgeted level primarily as a result of (i) an increased delay in the receipt by WIPO of application fee payments (ii) the continued share increase of electronically submitted IAs, which have resulted in a higher than expected volume of e-filing reductions accorded to the applicants; (iii) a somewhat higher rate of withdrawal of applications and (iv) exchange rate differentials.

Actual income from interest was CHF 3.1 million, or 37 percent, below the budgeted estimate, owing to lower than expected interest rates earned on WIPO's bank accounts. Lower interest income was offset by somewhat higher income from the Arbitration and Mediation Center and Other income.

## EXPENDITURE

### Key Variances on Expenditure

**Program 1** Patents – Additional activities on Legislative and Policy Advice on Patents and Utility Models were assigned to this Program. Resource allocations for the program were adjusted accordingly, within the limitations set out by Financial Regulation 5.5 on Transfers between Appropriations. The difference from the original budget is in line with this adjustment. The Program was also assigned incremental resources for 2010/11, of approximately CHF 0.2 million, for two DA projects: "IP and Competition Policy" and "IP and the Public Domain".

**Program 2** Trademarks, Industrial Designs and Geographic Indicators - Additional activities on Policy and Legislative Advice on Trademarks were assigned to this Program. Resource allocations for the program were adjusted accordingly, within the limitations set out by Financial Regulation 5.5 on Transfers between Appropriations. The difference from the original budget is in line with this adjustment. The Program was assigned incremental resources for 2010/11, of approximately CHF 0.2 million, for two DA projects: "IP and Competition Policy" and "IP and the Public Domain".

**Program 3** Copyright and related rights - Additional activities on Copyright Development Activities were assigned to this Program. Resource allocations for the program were adjusted accordingly, within the limitations set out by Financial Regulation 5.5 on Transfers between Appropriations. The difference from the original budget is well within the incremental resources allocated. The Program was assigned incremental resources for 2010/11, of approximately CHF 0.4 million, for three DA projects: "IP and Competition Policy", "IP and the Public Domain" and "IP, Information and Communication Technologies (ICTs), the Digital Divide and Access to Knowledge".



**Program 4** Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources – Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 5** PCT System – The level of expenditure under this Program reflects efforts to manage the business more cost-effectively. The main factors were the lower-than-budgeted expenditure in contractual services in the areas of translation, IT and clerical outsourcing. Lower expenditure in personnel resources also reflects the higher than expected number of staff who left the Organization under the Voluntary Separation Program (VSP), as well as the continued focus on the efficient use of human resources.

**Program 6** Madrid, Hague and Lisbon Systems – Similar trends as above can be observed under the Madrid, Hague and Lisbon registration systems, with savings achieved under both personnel and non-personnel expenditures compared to the budget.

**Program 7** Arbitration, Mediation and Domain Names - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 8** Development Agenda Coordination - The under-utilization of non-personnel resources in 2010 in this Program is primarily due to the fact that the International Conference on Integrating Development into IP policy making, representing a significant portion of the Program's non-personnel costs, is scheduled for the second year of the biennium.

**Program 9** Africa, Arab States, Asia and the Pacific, Latin American and the Caribbean countries, Least Developed Countries – The difference is primarily due to the re-assignment of activities related to the Legislative Policy Advice on Patents, Utility Models and Trademarks and the Copyright Development Activities to programs 1, 2 and 3 respectively. With due consideration for these adjustments, the level of expenditure is within the acceptable range (40-60% of biennial allocation) of budget utilization. The Program was assigned incremental resources for 2010/11, in the order of CHF 1 million, for three DA projects: "IP and Competition Policy", "IP and Product Branding for Business Development in Developing Countries and Least-Developed Countries (LDCs)", and "Capacity-Building in the Use of Appropriate Technology-Specific Technical and Scientific Information as a Solution for Identified Development Challenges".

**Program 10** Cooperation with Certain Countries in Europe and Asia - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 11** The WIPO Academy – Within the context of the SRP, transfers of personnel resources were affected in selected areas to reflect operational needs. The related review resulted in some reduction of personnel resources in this Program. Taking the above into account, the expenditure levels are within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 12** International Classifications and WIPO IP Standards - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 14** Global IP Information Services - The Program was allocated incremental resources for 2010/11, in the amount of approximately CHF 1.0 million, for two DA projects: "IP and the Public Domain", and "Developing Tools for Access to Patent Information". Personnel resources

were also reassigned to support these projects. The difference from the original budget is well within the incremental resources allocated.

**Program 15** IP Office Modernization - The Program was assigned incremental resources for 2010/11 in the order of CHF 1.2 million, for the DA project on "IP, Information and Communication Technologies (ICTs), the Digital Divide and Access to Knowledge". The difference from the original budget is well within the incremental resources allocated.

**Program 16** Economic Studies, Statistics and Analysis - The Program was assigned incremental resources for 2010/11, in the order of CHF 0.5 million, for two DA projects: "IP and Socio-Economic Development", and "Open Collaborative Projects and IP-Based Models". The difference from the original budget is well within the incremental resources allocated.

**Program 17** Building Respect for IP - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 18** IP and Global Challenges - The Program was assigned incremental resources for 2010/11, in the order of CHF 1.0 million, for two DA projects: "IP and Technology Transfer: Common Challenges - Building Solutions", and "Open Collaborative Projects and IP-Based Models". In addition, within the context of the SRP, transfers of personnel resources were affected in selected areas to reflect operational needs. The related review resulted in incremental allocations of personnel resources in this program.

**Program 19** Communications - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 20** External Office and Relations - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 21** Executive Management - Incremental resources were allocated to this Program in order to address the needs of the newly created Assemblies Affairs and Documentation Division, the Ethics Office and the WIPO Lex initiative. Taking the above into account, the expenditure levels are within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 22** Finance, Budget and Program Management - The Program was assigned incremental resources for 2010/11, in the order of CHF 0.6 million, for the DA project on the "Enhancement of WIPO's Results-Based Management (RBM) Framework to Support the Monitoring and Evaluation of Development Activities". Taking the above into account, the expenditure levels are within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 23** Human Resource Management and Development - The Program incurred a larger than proportionate share of its biennial expenses in year one, due to the resource-intensive training needs related to the introduction of the new performance management system, the introduction and roll-out of E-recruitment, the work related to the revision of Staff Regulations and Rules and the use of assessment centers for high-level recruitments.

**Program 24** Administrative Support Services - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 25** Information and Communication Technology - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 26** Internal Audit and Oversight - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 27** Conference and Language Services - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 28** Security - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**Program 29** New Construction – The difference between the actual and the budgeted amounts is primarily due to the overall lower amounts paid out as interest on the loan for the new construction project since the loan balances outstanding during 2010 were lower than expected under the budget.

**Program 30** Small and Medium Size Enterprises - Expenditures were within the acceptable range (40-60% of biennial allocation) of budget utilization for the first year of the biennium.

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
**STATEMENT I**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2010**  
(in millions of Swiss francs)

<b>ASSETS</b>	<b>Note</b>	<b>2010</b>	<b>2009</b> <b>Restated</b>
<b>Current assets</b>			
Cash and cash equivalents	3	383.5	366.7
Accounts receivable (non-exchange transactions)	4	2.2	1.3
Accounts receivable (exchange transactions)	4	24.5	23.9
Inventories	5	2.5	2.4
		<b>412.7</b>	<b>394.3</b>
<b>Non-current assets</b>			
Equipment	6	3.7	3.8
Investment Property	7	4.3	4.3
Intangible Assets	8	27.7	28.2
Land and buildings	9	316.7	277.3
Accounts receivable (non-exchange transactions)	4	0.5	0.6
Other non-current assets	10	10.0	10.0
		<b>362.9</b>	<b>324.2</b>
<b>TOTAL ASSETS</b>		<b>775.6</b>	<b>718.5</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	11	19.5	24.8
Employee benefits	12	17.6	28.1
Transfers payable	13	64.1	63.8
Advance receipts	14	178.0	169.5
Borrowings due within one year	15	1.3	1.4
Provisions	16	2.6	1.9
Other current liabilities	17	53.7	47.7
		<b>336.8</b>	<b>337.2</b>
<b>Non-current liabilities</b>			
Employee benefits	12	105.1	96.7
Borrowings due after one year	15	139.1	76.4
		<b>244.2</b>	<b>173.1</b>
<b>TOTAL LIABILITIES</b>		<b>581.0</b>	<b>510.3</b>
Accumulated Surplus		171.3	184.9
Working Capital Funds		8.3	8.3
Revaluation Surplus		15.0	15.0
<b>NET ASSETS</b>		<b>194.6</b>	<b>208.2</b>

*The accompanying notes form an integral part of these financial statements*

Signed on original  
Director General

STATEMENT II  
STATEMENT OF FINANCIAL PERFORMANCE  
For the period January 1, 2010 to December 31, 2010  
(in millions of Swiss francs)

	Note	2010 IPSAS
<b>REVENUE</b>	24	
Assessed contributions		17.4
Voluntary contributions		9.1
Publications revenue		0.5
Investment revenue		5.2
PCT System fees		206.1
Madrid System fees		50.2
Hague System fees		3.0
Sub-total fees		259.3
Arbitration and Mediation		1.8
Other/miscellaneous revenue		1.6
<b>TOTAL REVENUE</b>		<b>294.9</b>
<b>EXPENSES</b>	25	
Personnel expenditure		208.5
Travel and fellowships		20.0
Contractual services		39.4
Operating expenses		31.9
Supplies and materials		2.6
Furniture and equipment		0.7
Construction		0.2
Depreciation		5.2
<b>TOTAL EXPENSES</b>		<b>308.5</b>
<b>DEFICIT FOR THE PERIOD</b>		<b>-13.6</b>

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
 STATEMENT III  
 STATEMENT OF CHANGES IN NET ASSETS  
 For the period January 1, 2010 to December 31, 2010  
 (in millions of Swiss francs)

	Notes	Accumulated Surplus	Working Capital	Revaluation Surplus	Net Assets Total
Net Assets at December 31, 2007 (UNSAS basis)	21	195.3	8.3	-	203.6
Surplus/(deficit) for the period		24.6	-	-	24.6
<b>Net Assets December 31, 2009 (UNSAS basis)</b>		<b>219.9</b>	<b>8.3</b>	<b>-</b>	<b>228.2</b>
<b>IPSAS adjustments to opening balance</b>					
Adjustment for the recognition of land and buildings		136.5	-	15.0	151.5
Adjustment for the revaluation of investment property		0.9	-	-	0.9
Adjustment for the recognition of PCT receivables		11.5	-	-	11.5
Adjustment for deferral of unearned revenue		-132.2	-	-	-132.2
Adjustment for the recognition of intangible assets		28.2	-	-	28.2
Adjustment for the recognition of inventory		2.4	-	-	2.4
Adjustment for the recognition of provision for doubtful accounts		-7.3	-	-	-7.3
Adjustment for the recognition of post employment benefits		-78.8	-	-	-78.8
Adjustment for the recognition of equipment		3.8	-	-	3.8
<b>Net impact of conversion to IPSAS</b>		<b>-35.0</b>	<b>-</b>	<b>15.0</b>	<b>-20.0</b>
<b>Net Assets 01 January 2010 (IPSAS Basis)</b>		<b>184.9</b>	<b>8.3</b>	<b>15.0</b>	<b>208.2</b>
Deficit for current period		-13.6	-	-	-13.6
<b>Net Assets at December 31, 2010</b>	21	<b>171.3</b>	<b>8.3</b>	<b>15.0</b>	<b>194.6</b>

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
STATEMENT IV  
STATEMENT OF CASH FLOW  
For the period January 1, 2010 to December 31, 2010  
(in millions of Swiss francs)

	Notes	2010
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the period	Statement II	-13.6
Depreciation and amortization - Initial Recognition of PPE	6, 8 & 9	5.2
Increase in provision for doubtful debts	4	-
Increase in provision for post-employment benefits	12	-2.1
(Increase) decrease in inventories	5	-0.2
(Increase) decrease in receivables	4	-1.4
(Increase) decrease in advances	4	-
(Increase) decrease in other assets	10	-
Increase (decrease) in advance receipts	14	8.5
Increase (decrease) in accounts payable	11	-11.5
Increase (decrease) in transfers payable	13	0.3
Increase (decrease) in other provisions	16	0.7
Increase (decrease) in other liabilities	17	6.0
<b>Net cash flows from operating activities</b>		<b>-8.1</b>
Acquisition of plant, property and equipment	6 & 9	-37.8
<b>Net cash flows from investing activities</b>		<b>-37.8</b>
Proceeds from borrowings	15	64.0
Repayment of borrowings	15	-1.3
<b>Net cash flows from financing activities</b>		<b>62.7</b>
<b>Net increase in cash and cash equivalents</b>		<b>16.8</b>
Cash and cash equivalents at beginning of year	3	366.7
Cash and cash equivalents at end of year	3	383.5

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
STATEMENT V  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - REVENUE  
FOR THE YEAR ENDING DECEMBER 31, 2010  
(in millions of Swiss francs)

	Original Budget (Note 1)	Final Budget (Note 1)	Actual Revenue on a comparable basis	Difference (Note 2)
Contributions	17.4	17.4	17.4	-
Fees				
PCT System	219.8	219.8	213.6	-6.2
Madrid System	52.8	52.8	48.5	-4.3
Hague System	<u>3.4</u>	<u>3.4</u>	<u>3.0</u>	<u>-0.4</u>
Sub-Total Fees	276.0	276.0	265.1	-10.9
Arbitration and mediation	1.3	1.3	1.8	0.5
Publications	0.5	0.5	0.5	-
Interest	8.2	8.2	5.2	-3.0
Miscellaneous	2.1	2.1	2.7	0.6
<b>TOTAL</b>	<b><u>305.5</u></b>	<b><u>305.5</u></b>	<b><u>292.7</u></b>	<b><u>-12.8</u></b>

Note 1 - represents first year of the approved 2010-2011 biennial budget

Note 2 - represents the difference between the final (revised) budget and actual revenue on a comparable basis

Note 3 - In this Statement, the actual revenue has been rounded to 292.7 million Swiss francs instead of 292.5 million Swiss francs in order to make the detail by fund (Note 24) equal to the consolidated amounts given in the Statement of Financial Position (Statement II), where the figures are rounded to millions. The presentation in millions was agreed on by the United Nations Task Force and was recommended by the External Auditor.



WORLD INTELLECTUAL PROPERTY ORGANIZATION  
STATEMENT V  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 2010  
(in millions of Swiss francs)

Program	Program Title	Original Budget (Note 1)	Final Budget (Note 1)	Actual Expense on a comparable basis	Difference (Note 2)
1	Patents	1.8	1.8	2.2	-0.4
2	Trademarks, Industrial Design & Geographic Indications	1.8	1.8	2.8	-1.0
3	Copyright and related rights	6.5	6.5	7.0	-0.5
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3.6	3.6	2.9	0.7
5	PCT System	92.6	92.6	82.0	10.6
6	Madrid, Hague and Lisbon Systems	29.8	29.8	27.4	2.4
7	Arbitration, Mediation and Domain Names	5.1	5.1	4.5	0.6
8	Development Agenda Coordination	2.8	2.8	2.2	0.6
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	21.6	21.6	15.7	5.9
10	Cooperation with Certain Countries in Europe and Asia	3.1	3.1	3.2	-0.1
11	The WIPO Academy	5.2	5.2	4.1	1.1
12	International Classifications and WIPO IP Standards	4.3	4.3	3.5	0.8
14	Global IP Information Services	4.0	4.0	4.8	-0.8
15	IP Office Modernization	2.5	2.5	2.8	-0.3
16	Economic Studies, Statistics and Analysis	1.5	1.5	1.7	-0.2
17	Building Respect for IP	1.4	1.4	1.3	0.1
18	IP and Global Challenges	2.8	2.8	4.1	-1.3
19	Communications	8.0	8.0	7.0	1.0
20	External Office and Relations	5.8	5.8	5.1	0.7
21	Executive Management	7.4	7.4	9.1	-1.7
22	Finance, Budget and Program Management	8.2	8.2	8.4	-0.2
23	Human Resource Management and Development	9.9	9.9	11.0	-1.1
24	Administrative Support Services	26.9	26.9	26.0	0.9
25	Information and Communication Technology	21.7	21.7	21.4	0.3
26	Internal Audit and Oversight	1.8	1.8	1.6	0.2
27	Conference and Language Services	19.0	19.0	17.4	1.6
28	Security	4.9	4.9	4.8	0.1
29	New Construction	4.1	4.1	3.2	0.9
30	Small and Medium Size Enterprises	2.4	2.4	2.2	0.2
UN	Unallocated	3.2	3.2	-	3.2
	<b>TOTAL</b>	<b>313.7</b>	<b>313.7</b>	<b>289.4</b>	<b>24.3</b>
	<b>Net Surplus (deficit)</b>	<b>-8.2</b>	<b>-8.2</b>	<b>3.1</b>	<b>11.3</b>
	<b>IPSAS adjustments to surplus</b>				
	Depreciation			-5.2	
	Equipment acquisition			1.3	
	Capitalization of construction expense			1.1	
	Capitalization of construction loan interest			1.9	
	Repayment of loan principal			1.4	
	Changes in employee benefit provisions			-5.9	
	Deferral of revenue from fees			-5.7	
	Change in provision for doubtful debts			-	
	Inventory Recognition			0.1	
	<b>Sub-total IPSAS adjustments</b>			<b>-11.0</b>	
	Projects financed from reserves			-5.7	
	<b>Adjusted net surplus (deficit) per IPSAS</b>			<b>-13.6</b>	

Note 1 - represents first year of the approved 2010-11 biennial budget

Note 2 - represents the difference between final (revised) budget and actual expense on a comparable basis

Note 3 - a reconciliation of revenue and expense on the budgetary basis and on the full accrual basis is included in Note 23 to the Financial statements

Note 4 - an explanation of the material differences between final budget and actual revenue and expense on a comparable basis is contained in the budget performance highlights that precede the financial statements

## Notes to the Financial Statements

### NOTE 1: OBJECTIVES AND BUDGET OF THE ORGANIZATION

The World Intellectual Property Organization (WIPO) was established in 1967, replacing the Bureau for the Protection of Intellectual Property (BIRPI) which had been established in 1893 (BIRPI in its French acronym, meaning *Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle*) to administer the Paris Convention for the Protection of Industrial Property (1883) and the Berne Convention for the Protection of Literary and Artistic Works (1886). In 1974, WIPO was recognized as a specialized agency of the United Nations.

WIPO carries out a wide variety of tasks related to the protection of IP rights including: assisting governments and organizations to develop the policies, structures and skills needed to harness the potential of IP for economic development; working with Member States to develop international IP law; administering treaties; managing global registration systems for trademarks, industrial designs and appellations of origin and a filing system for patents; providing dispute resolution services; and acting as a forum for informed debate and for the exchange of expertise.

The Organization functions in accordance with the WIPO convention signed in Stockholm on 14 July 1967 and amended on 28 September 1979. WIPO currently has 184 member countries. WIPO is based in Geneva, Switzerland with representation offices in New York, Rio de Janeiro, Singapore and Tokyo. The Organization enjoys privileges and immunities as granted under the 1947 Convention on Privileges and Immunities of Specialized Agencies of the United Nations and the 1970 Headquarters Agreement with the Swiss Federal Council, notably being exempt from paying most forms of direct and indirect taxation.

WIPO is governed by the following constituent bodies, established by the WIPO convention, that meet at least every second year in ordinary session and may meet in extraordinary session in alternate years:

The General Assembly, consisting of States party to the WIPO Convention which are members of any of the Unions, is responsible for appointing the Director-General for a fixed term of not less than six years, for the adoption of the budget for expenses common to all Unions, adoption of the Financial Regulations, inviting States to become members and other functions specified by the Convention.

The Conference consists of all Member States whether or not they are members of any of the Unions. The Conference adopts its budget, adopts amendments to the Convention and other functions as appropriate.

The Coordination Committee consists of members of the Executive Committees of the Paris or the Berne Unions. The Coordination Committee nominates candidates for Director-General and drafts the agendas for the General Assembly and the program and budget of the Conference and performs other duties allocated to it under the WIPO convention.

The Assemblies of the Berne, Hague, Nice, Lisbon, Locarno, Vienna, Budapest International Patent Classification and Paris Unions meet under the authority of the individual treaties creating each Union administered by WIPO and adopt those portions of the WIPO budget that relate to revenue and expense exclusively attributable to each of them and determine the level of the fees payable to WIPO for services rendered pursuant to each treaty.

WIPO is funded from fees derived from services provided by the Organization, assessed contributions paid by its Member States and voluntary contributions from Member States and other donors. The Organization operates within the framework of a biennial program and budget which provides the appropriations that constitute the budgetary expenditure authorizations approved by the General Assembly for each financial period. The approval of the appropriations provides the authority for the Director-General to commit and authorize expenses and to make payments for the purposes assigned within the limits of the appropriations.

## **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of preparation**

These financial statements have been prepared on an accrual and going-concern basis and the accounting policies have been applied consistently throughout the period. The statements comply with the requirements of International Public Sector Accounting Standards (IPSAS).

These are the first financial statements prepared in compliance with IPSAS and comparative information for the Statement of Financial Performance and the Statement of Cash Flow has not been provided in accordance with the transitional provisions contained in IPSAS-1, Presentation of Financial Statements, paragraph 151.

### **Borrowing Costs**

All of the costs incurred in connection with borrowing are treated as expenses in the period in which they are incurred. Borrowing costs (interest and fees) which relate to the construction of the new building have been capitalized as part of work in progress pending completion of the building scheduled in 2011. Borrowing costs (interest and fees) which relate to the acquisition from the World Meteorological Organization of the land rights (*droits de superficie*) related to the site on which the PCT building has been constructed have been capitalized as part of the asset value and amortized over the remaining life of the land rights.

### **Cash, investments and other financial assets**

Cash and cash equivalents include cash in hand, deposits held at call with banks, deposits held up to 90 days and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

### **Employee benefits**

Provisions are established for the liabilities of After Service Health Insurance (ASHI) and separation benefits payable (repatriation grants and travel) as determined by an independent actuary on an annual basis utilizing the projected unit credit methodology of valuation. Actuarial gains and losses are recognized utilizing the corridor approach and amortized over the average years of future service of active staff. In addition, provisions are established for the value of accumulated leave, home leave deferred and overtime earned but unpaid at the reporting date and for education grants payable at the reporting date that have not been included in current expenditure. In 2009 a voluntary separation program was established providing incentives for early retirement. A provision was established covering the portion of the benefits that had not been paid by the end of 2009 to those electing to accept the voluntary separation plan. The program will be terminated in 2012 when all remaining benefits will have been paid.

### **Expense recognition**

Expenses are recognized as goods are received and services delivered.

## Financial Risks

The Organization is exposed to certain foreign currency exchange, credit, interest rate and liquidity risks. The Organization receives revenue from fees and voluntary contributions in currencies and incurs expenses in currencies other than its functional currency, the Swiss franc and is exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates. The Organization does not use derivative financial instruments to hedge exchange risk.

The Organization is also exposed to exchange risk arising from the currency differences between amounts payable to International Searching Authorities pursuant to the *Regulations under the Patent Cooperation Treaty* and amounts received by national patent offices for international search fees from applicants for international patents.

The Organization has a further exposure to exchange risk in connection with the cost of pensions for staff previously enrolled in the Closed Pension Fund who are now members of the United Nations Joint Staff Pension Fund (UNJSPF).

In addition, the Organization has representation offices in Brazil, Japan, Singapore and the USA with limited assets in local currency.

The Organization does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the results of its operations. The Organization's investment policy has been developed to ensure that its investments are held primarily in liquid short-term deposits.

The Organization is to a limited extent exposed to the risk of falling interest rates, since only 3% of its operating budget is financed from revenue derived from investment income. The Organization does not use financial instruments to hedge interest rate risk.

The Organization's accounts receivable are almost exclusively from its Member States representing sovereign governments, and therefore risks related to credit are considered minor. Cash and cash equivalents are held in banks with sovereign risk or with credit ratings of A+ or higher. A provision has been made against the asset value of accounts receivable to reflect receivables for which payment is not anticipated in the short-term.

## Foreign currency transactions

The functional currency of WIPO is the Swiss franc (CHF) and these financial statements are presented in that currency. All transactions occurring in other currencies are translated into Swiss francs using the UN exchange rates which represent those prevailing at the date of the transactions. Both realized and unrealized gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than WIPO's functional currency are recognized in the Statement of Financial Performance.

## Fixed assets

Equipment is valued at cost less accumulated depreciation and impairment. Land and investment property are shown at fair value as determined by an independent valuation in accordance with International Valuation Standards. Occupied buildings are valued at the cost of construction when new plus the cost of subsequent improvements, as determined by an independent expert as at 31 December 2010, less accumulated depreciation. The value when new is determined by reference to a deemed cost calculated by an external consultant and representing the value of each component at construction plus improvements existing at the initial recognition date of January 1, 2010, less accumulated depreciation based upon the

remaining useful life of each component. Subsequent costs of major renovations and improvements to fixed assets that increase or extend the future economic benefits or service potential are valued at cost. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance. Heritage assets including donated works of art are not valued in the financial statements.

Depreciation is charged so as to write off the full cost of fixed assets, other than land and properties under construction, over their estimated useful lives using the straight-line method on the following basis:

Class	Estimated useful life
Communications and IT equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years
Buildings: Structure	100 years
Façade	50 years
Land Improvements	50 years
Roof	60 years
Floors, walls, stairways	50 years
Flooring, wall coverings	40 years
Kitchen equipment	40 years
Conference rooms	40 years
Heating, ventilation	30 years
Sanitary facilities	40 years
Electrical installation	50 years
Elevators	40 years
Exterior cleaning equipment	45 years

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any. Any provision for impairment is included in the Statement of Financial Performance.

## **Inventories**

Inventories include the value of publications held for sale and publications distributed free of charge, the value of supplies and materials utilized in the production of publications and the value of merchandise held in the retail shop. The total value of finished publications is determined by using an average cost per printed page (excluding costs of marketing and distribution) multiplied by the number of pages of publications held in the publications inventory, adjusted to reflect the lower of cost or net realizable value. The value of publications that are withdrawn from sale or free distribution is written off during the year in which they become obsolete.

An annual physical inventory is conducted of all stocks of publication supplies and items for sale in the retail shop. A perpetual inventory is maintained of the publications for sale and sample physical counts are undertaken throughout the year to verify inventory balances. At the end of each year items removed from the catalogue of publications for sale or free distribution, along

with items for which it is anticipated that there will be no further free distribution or anticipated sales, are taken out of the inventory and their value is written down to zero.

The cost of paper and other supplies used in the production process has been valued using the first in first out (FIFO) method. Items held in the retail shop are valued at cost to the Organization. Inventories are marked down to reflect net realizable value if damaged or obsolete. No inventories are pledged as security for liabilities.

### **Intangible assets**

The rights to use property in the Canton of Geneva acquired by the Organization through purchase have been recognized at historic cost and are amortized over the remaining period of the grant. The rights to use property granted by the Canton of Geneva acquired without cost that revert back to the Canton at the end of the grant are not valued in the accounts. Costs associated with the development and maintenance of computer software programs are recognized as expenses when incurred.

### **Provisions**

Provisions are recognized when the Organization has a legal or constructive obligation as a result of a past event, whereby it is probable that an outflow of resources will be required to settle the obligation and where a reliable estimate of the amount of the obligation can be made.

### **Receivables**

Receivables from exchange transactions, which include the fees charged for international patents, international registration of trademarks and industrial designs and other services and publications, are measured at the fair value of the consideration received or receivable for trademarks and PCT fees once registration of the international application has taken place and when cash is received for other revenue.

Assessed contributions are recognized as revenue at the beginning of the financial year. An allowance for non-recoverable receivables is recorded equal to the assessed contributions frozen by action of the General Assembly plus contributions receivable from Member States that have lost the right to vote in accordance with Article 11 of the Convention establishing the World Intellectual Property Organization.

For all other receivables, an allowance for non-recovery is established based on a review of the outstanding amounts at the reporting date.

### **Revenue recognition**

Revenue from exchange transactions comprising the fees charged for applications for international patents, including fees for additional pages for applications submitted in paper or easy format, the international registration of trademarks and the international registration of industrial designs is recognized at the date of publication. Revenue from fees received for applications not published at the reporting date is deferred until publication has been completed. The portion of the patent application fee covering the costs of translation of non English language patentability reports received after publication is also deferred until the translation is completed. All other fees related to patent, trademark and industrial design applications, including renewals, are recognized when the services covered by the fee have been provided. Revenue from publications and Arbitration and Mediation services is recognized upon full delivery of the goods or services.

Revenue from non-exchange transactions such as voluntary contributions to Special Accounts supported by enforceable agreements is recognized as revenue at the time the agreement

becomes binding unless the agreement includes conditions related to specific performance or the return of unexpended balances. Such agreements require initial recognition of a liability to defer revenue recognition and then revenue is recognized as the liability is discharged through performance of the specific conditions included in the agreement.

Assessed contributions are recognized as revenue at the beginning of each year of the budget period to which the assessment relates.

### **Segment Reporting**

Segment reporting is based upon the Unions that form the World Intellectual Property Organization. Revenue and expense incurred by the Organization is allocated among the Unions in accordance with an allocation methodology approved by the WIPO Assembly [Revised Program and Budget 2008-09, Annex IV]. The methodology allocates revenue and expense to each program and then to each Union based on a combination of direct revenue and expense, staff head count and each Union's ability to pay which is itself determined according to a combination of current revenue and reserves. WIPO's assets and liabilities are not allocated to individual segments, since ownership rests with the Organization as a whole, however, each Union's share of the Organization's net assets including accumulated fund balances, revaluation surplus and working capital funds is recognized by segment (see note 28).

### **Use of estimates**

The financial statements necessarily include amounts based on estimates and assumptions by management. Estimates include, but are not limited to: defined benefit medical insurance and other post-employment benefit obligations (the value of which is calculated by an independent actuary), amounts for litigation, valuation of publications inventory, financial risk on accounts receivable, accrued charges and the degree of impairment of fixed assets. Actual results could differ from these estimates. Changes in estimates are reflected in the period in which they become known.

**NOTE 3: CASH AND CASH EQUIVALENTS**

	December 31, 2010 (in Swiss Francs)	December 31, 2009 (in Swiss Francs)
Cash on hand	8 145.11	8 091.90
Deposits with banks - Swiss francs	25 856 939.94	13 457 516.77
Deposits with banks - Other currencies	10 550 539.29	10 590 082.28
Funds invested with BNS - Swiss francs	190 361 866.71	194 160 949.99
<b>Total unrestricted cash</b>	<b>226 777 491.05</b>	<b>218 216 640.94</b>
Current accounts held for third parties - Swiss francs	49 278 446.54	42 886 646.56
Current accounts held for third parties - Other currencies	4 439 692.95	4 844 432.66
Trademark deposits - estimated amount payable to 3rd parties	24 606 457.57	21 183 577.76
Fees collected on behalf of contracting parties - Swiss francs	64 102 887.54	63 758 655.54
<b>Total restricted cash - funds held on behalf of 3rd parties - invested with BNS</b>	<b>142 427 484.60</b>	<b>132 673 312.52</b>
Deposits with banks restricted Special Accounts - Swiss francs	9 246 007.17	201 360.22
Deposits with banks restricted Special Accounts - Other currencies	954 988.19	257 551.57
Short-term investments Special Accounts - Swiss francs	-	10 300 000.00
Short-term investments Special Accounts - Other currencies	4 079 154.35	5 046 836.52
<b>Total restricted cash - Special Accounts</b>	<b>14 280 149.71</b>	<b>15 805 748.31</b>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>383 485 125.36</b>	<b>366 695 701.77</b>

Cash deposits are generally held in instant access bank accounts, interest-bearing accounts and short-term investments (90 day deposits). The average rate of interest earned on interest bearing accounts and investments held with the Swiss National Bank was 1.75% in 2010 [2.656% in 2008-09].

Restricted funds include funds held on behalf of third parties for the registration of trademarks or industrial designs, subscriptions to WIPO periodicals, etc. Also included are fees collected on behalf of contracting parties to the Madrid and Hague treaties and on behalf of PCT International Searching Authorities (ISAs) by the WIPO International Bureau Receiving Office. In addition, the deposits received in connection with pending procedures related to Trademarks, other than the portion estimated to represent advance receipts to the Organization, represent funds collected on behalf of third parties and are considered restricted funds. All such funds are held in Swiss francs.

The Organization minimizes the credit risk involved by holding all of its funds in banks with high credit ratings as follows:



	AAA	AA-	A+	A	Not Rated	Total
Cash and Cash Equivalents	333 731 797.85	555 193.36	49 164 553.79	25 435.25	8 145.11	383 485 125.36
Percent	87.0%	0.1%	12.8%	0.0%	0.0%	100.0%

The Organization has no confirmed credit lines but does maintain limited and informal overdraft arrangements with banks with which it has funds on deposit. These arrangements may be withdrawn by the banks at any time. No overdraft facilities were required in 2010 or 2008-09.

Special Accounts held on behalf of donors of voluntary contributions are deposited in the currency in which expenditures will be reported, based upon agreements with donors. Funds in excess of immediate requirements are invested in short term (90 day) deposits with the interest credited to the Special Accounts.

**NOTE 4: ACCOUNTS RECEIVABLE, ADVANCES AND PREPAYMENTS**

	December 31, 2010 Total Outstanding (in Swiss francs)	December 31, 2009 Total Outstanding (in Swiss francs)
<b>CURRENT ASSETS - Accounts Receivable</b>		
<b>Receivable non-exchange transactions - Assessed Contributions</b>		
Unitary contributions	2 204 038.00	1 269 126.00
<b>Sub Total</b>	<b>2 204 038.00</b>	<b>1 269 126.00</b>
<b>Receivable exchange transactions</b>		
Publication debtors	161 409.60	152 093.70
PCT debtors	11 960 814.60	11 509 625.13
Madrid debtors	1 525 647.89	1 302 393.26
Hague debtors	1 490.00	1 076.00
Other debtors	2 075 512.55	2 050 250.82
Prepaid expenditure	48 622.44	150 451.06
Swiss taxes reimbursable	122 460.27	116 996.90
USA taxes reimbursable	2 901 059.76	2 463 213.71
<b>Advances</b>		
Staff advances for education grants	3 740 419.09	3 705 059.23
Other funds advanced to staff	680 667.64	813 459.27
Funds advanced to UPOV	793 340.03	195 049.05
Funds advanced to UNDP	502 817.44	1 428 375.43
<b>Sub Total</b>	<b>24 514 261.31</b>	<b>23 888 043.56</b>
<b>Total current accounts receivable</b>	<b>26 718 299.31</b>	<b>25 157 169.56</b>
<b>NON CURRENT ASSETS - Accounts Receivable</b>		
<b>Receivable non-exchange transactions - Assessed Contributions</b>		
Paris Union	168 028.00	175 638.00
Berne Union	294 984.00	355 429.00
IPC Union	-	-
Nice Union	16 079.00	24 393.00
Locarno Union	2 247.00	2 247.00
WIPO Convention	-	-
	<b>481 338.00</b>	<b>557 707.00</b>
<b>Working Capital Funds</b>		
Paris Union	-	38 247.00
Berne Union	-	6 622.00
PCT Union	-	-
<b>Sub Total</b>	<b>-</b>	<b>44 869.00</b>
<b>Total non-current accounts receivable</b>	<b>481 338.00</b>	<b>602 576.00</b>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>27 199 637.31</b>	<b>25 759 745.56</b>

Assessed contributions represent uncollected revenue related to the WIPO unitary contribution system approved by the Assemblies of the Member States and the Unions administered by WIPO. The Assemblies fix the value of a contribution unit in Swiss francs together with the Budget for a biennial financial period. Contribution classes are each required to contribute a specific number of contribution units. Member States are free to choose the class determining

the basis under which they will contribute, other than certain developing countries that automatically belong to one of three special classes. Working capital contributions relate to amounts established by several Unions.

PCT debtors include an estimate of those international patent applications received by national receiving offices prior to the reporting date but not transferred to the Organization's PCT International Bureau by the reporting date.

A provision has been established to offset both the value of receivables due from assessed contributions and the working capital fund contributions due from Unions which relate to periods prior to the introduction of unitary contributions in 1994. The provision covers amounts due from Member States that have lost the right to vote under Article 11, paragraph 5 of the WIPO Convention and contributions from least developed countries which have been frozen by action of the Assemblies.

Provisions have also been established to offset amounts receivable from the sale of publications and from fees related to Trademarks (Madrid) and Industrial Design (Hague) based on recent experience of amounts older than one year determined to be uncollectible (see note 15 below). These provisions have been calculated on the basis of recent experience with regard to the likelihood of collecting amounts outstanding for periods over one year.

International staff, other than those living in their home country, are eligible to receive a grant covering 75% of the costs of education for dependent children until the end of the school year in which the child reaches the age of 25. Maximum grants are established for each country. International staff are eligible to receive an advance equal to the estimated amount of the education grant for each child at the beginning of the scholastic year. Staff advances for education grants represent the portion of grants advanced for the 2010-2011 year scholastic year which remain outstanding at 31 December 2010.

Funds advanced to the United Nations Development Program (UNDP) are utilized to make payments on behalf of the Organization. The total debtor amount shown includes amounts for requests made to UNDP for payments for which confirmation has not yet been received or for which the confirmation is in the process of being verified. Funds advanced to the International Union for the Protection of New Varieties of Plants (UPOV) represent payments made on behalf of UPOV by the Organization for which reimbursement has not yet been received.

The USA taxes receivable represent amounts advanced to members of staff to reimburse them for the payment of income taxes to the United States of America. Under agreements between the Organization and the USA, these amounts are reimbursable to the Organization. Swiss taxes reimbursable include payments for VAT, stamp tax and Swiss Federal withholding tax for which the Organization is eligible for reimbursement under its headquarters agreement with the Government of Switzerland.

## NOTE 5: INVENTORIES

	December 31, 2010 Swiss francs	December 31, 2009 Swiss francs
Finished publications	2 371 361.96	2 043 794.86
Paper supplies	132 779.24	244 711.36
Retail Shop	75 944.02	100 188.39
<b>Total Inventory</b>	<b>2 580 085.22</b>	<b>2 388 694.61</b>

The initial valuation of inventory was completed at the end of 2009 for recognition as part of the opening IPSAS adjustments. Therefore, in 2008-09 no inventory values are recognized as an expense on the financial statements nor has any write-down or reversal of write-down been recorded.

## NOTE 6: EQUIPMENT

All equipment in the inventory is valued at cost less depreciation based upon the straight-line methodology. Furniture and furnishings are depreciated over a ten year useful life. All other equipment is depreciated over a five year useful life. Heritage assets including donated works of art are not recognized as assets on the Statement of Financial Position.

	Equipment 2010	Furniture & Furnishings 2010	TOTAL 2010
Opening balance	3 611 310.80	209 684.85	3 820 995.65
Additions	1 393 363.51	43 692.70	1 437 056.21
Disposals	-94 866.94	-	-94 866.94
Depreciation	-1 436 652.00	-66 150.70	-1 502 802.70
<b>Closing balance</b>	<b>3 473 155.37</b>	<b>187 226.85</b>	<b>3 660 382.22</b>
<b>Gross carrying amount</b>	<b>15 289 699.03</b>	<b>2 362 557.55</b>	<b>17 652 256.58</b>
Accumulated depreciation	-11 816 543.66	-2 175 330.70	-13 991 874.36
<b>Net carrying amount</b>	<b>3 473 155.37</b>	<b>187 226.85</b>	<b>3 660 382.22</b>

2010 is the first year in which there is recognition of equipment. Equipment fully depreciated at 31 December 2009 for which historical information was not available has been valued at zero. The amount involved is not material. The carrying amount includes historical depreciation restated as required by IPSAS-17.

## NOTE 7 - INVESTMENT PROPERTY: WIPO AS LESSOR

The Organization acquired in 1974 an investment property in Meyrin, Canton of Geneva, Switzerland. The property is valued at fair value at 31 December 2009 based on a valuation carried out by an independent expert holding recognized and relevant professional qualifications with recent experience in property valuation in the Canton of Geneva. Fair value was

determined on an investment based valuation, whereby the future income stream from the property is capitalized at an appropriate investment yield. The yield was selected by reference to the perceived quality and duration of the income and the potential for further rental growth and was cross-referenced by the evidence provided by comparable sales. The historic cost at 31 December 2010 and the revaluation to fair value at January 2010 are as follows:

Building	Year in Service	Closing balance 31 December 2009	Costs 2010	Adjustment to opening balance 1 January, 2010	Balance
Madrid Union Building	1964	3 394 561	0	921 440	4 316 000

The leasing of apartments, parking and other facilities in the Meyrin Building is managed by a leasing agent responsible for collecting all rental income and paying for all expenditures incurred in the operation of the building. Leases are generally for periods of two years and are based on the form of lease approved by the Canton of Geneva. All leases are non-cancellable during the period of the lease. The managing agent receives 3.9% of the gross rental income as compensation for its services. The value of non-cancellable leases at 31 December 2009 is as follows:

Building	> 1 year	1-5 years	< 5 years
Meyrin Building, Rue de la Prulay 40, Meyrin	317 838	489 828	0

The income from rentals CHF 0.4 million and the operating expenditures of the building CHF 96 461.35 are not recorded in WIPO's accounts. Only the net amount of income received from the managing agent that totaled CHF 0.3 million is recorded as rental income on the Statement of Financial Performance.

The expenses netted from income by the managing agent do not include depreciation of the building. At the reporting date there are no contractual obligations to purchase, construct or develop investment property nor for the repairs, maintenance or enhancement of the existing property.

#### NOTE 8 – INTANGIBLE ASSETS

In 1996, the Organization acquired from the World Meteorological Organization (WMO) the land surface rights to parcel 4008 in Petit-Saconnex in the City of Geneva that had been granted to WMO by the Republic and Canton of Geneva at a cost of CHF 34.3 million including interest and fees. At the date of purchase the original rights had a remaining period of 78 years under Swiss law expiring in 2073 unless renewed by the Canton. The historic cost has been amortized over the remaining useful life as follows:

Intangible Asset	Year in Service	Original Cost	Depreciation Prior Periods	Depreciation 2010	Final Balance
Land surface rights (former WMO site)	1996	34 290 148	6 081 372	439 617	27 769 159

The land on which the A. Bogsch and G. Bodenhausen buildings are located is the property of the Republic and Canton of Geneva which has granted the Organization surface rights including the right to construct buildings for a period of 60 years with an option exercisable solely by the Organization of an extension for an additional period of 30 years. These surface rights were

acquired by the Organization at no cost and no value has been recognized as the Organization does not have the right to dispose of the rights which revert to the Republic and Canton of Geneva unless renewed.

**NOTE 9: LAND AND BUILDINGS**

The Organization's land and buildings comprise its headquarters at Place des Nations, Geneva, Switzerland.

Building under construction includes:

	Opening Balance 2010	Costs 2010	Subtotal	Final Balance
Work-in-progress				
New Building	115 609 732	39 562 320	155 172 052	155 172 052
New Conference Hall	3 376 491	3 277 323	6 653 814	6 653 814
<b>Total work-in-progress</b>	<b>118 986 222</b>	<b>42 839 644</b>	<b>161 825 866</b>	<b>161 825 866</b>

Occupied buildings and land owned by WIPO include:

Building	Year in Service	Deemed Cost of Construction	Depreciation 2010	Final Balance
Occupied Buildings				
A. Bogsch Building	1978	47 644 321	1 570 266	46 074 055
G. Bodenhausen Building I	1960	10 380 771	322 441	10 058 330
G. Bodenhausen Building II	1987	4 302 032	114 237	4 187 795
PCT Building	2003	67 336 821	1 342 081	65 994 740
<b>TOTAL</b>		<b>129 663 945</b>	<b>3 349 025</b>	<b>126 314 920</b>
Land	Year in Service	Fair Value	Depreciation 2010	Final Balance
New Building Site	1998	28 600 000	-	28 600 000
<b>TOTAL</b>		<b>28 600 000</b>	<b>-</b>	<b>28 600 000</b>
<b>Total land &amp; buildings</b>		<b>158 263 945</b>	<b>3 349 025</b>	<b>154 914 920</b>

The value of the buildings currently used in the organization's operations are carried at an amount determined by an independent valuation by external consultants which represents the estimated value of the building when new (deemed cost of construction) including the estimated value of renovations and major repairs made since original occupancy less accumulated depreciation. All buildings are depreciated according to the straight-line methodology based upon the useful life of each major component of the building (see note 2).

The land upon which the new building is being constructed was acquired by the Organization at a cost of CHF 13.6 million in 1998 and has been revalued to fair value based on International Valuation Standards as determined by an independent appraiser at 31 December 2009 at CHF 28.6 million. The net result of the revaluation of CHF15.0 million is included in the revaluation surplus which forms part of WIPO's net assets. Market value has been estimated by capitalizing at an appropriate investment yield the future potential income stream from the property. The

potential income is based on comparable rentals in the market and takes into account the quality of the spaces as well as the location. The yield has been selected by reference to the perceived quality and duration of the income and the potential for further rental growth and is cross referenced by the evidence provided by comparable sales.

In September 1998, the General Assembly approved the construction of a new office building adjacent to the existing headquarters building in Geneva. The project is estimated to be completed in early 2011 at an estimated cost of CHF 184.8 million. This amount includes funds spent on work-in-progress to date, plus interest during construction.

#### NOTE 10: OTHER NON-CURRENT ASSETS

In 1991 the Organization entered into an agreement with the International Centre of Geneva Foundation (FCIG) related to the construction of a building on rue des Morillons in Geneva, Switzerland at a total cost of CHF 20.4 million. The agreement provided for the Organization to advance the sum of CHF 11.0 million, with the balance of the construction cost covered by a mortgage with the Cantonal Bank of Geneva with interest plus one percent of the principal reimbursable annually. The current rate of interest, fixed through to 30 June 2011, is 3.9875%.

The lease agreement between the Organization and FCIG provides the Organization with the right to terminate its occupancy of the building at one year's notice to FCIG and, upon vacating the premises, to be repaid CHF 10.0 million of the original loan. The remaining CHF 1.0 million of the loan will be retained by FCIG for restoration of the premises to its original condition.

#### NOTE 11: ACCOUNTS PAYABLE

	December 31, 2010	December 31, 2009
	(in Swiss francs)	(in Swiss francs)
<b>CURRENT LIABILITIES - Accounts Payable</b>		
Trade creditors - Accounts payable	17 215 639.62	24 002 399.50
Miscellaneous transitory liabilities	1 760 968.66	520 077.22
Other trade creditors	536 900.28	199 133.30
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>19 513 508.56</b>	<b>24 721 610.02</b>

Accounts payable includes invoices received from suppliers not yet settled including the revaluation of invoices payable in currencies other than Swiss francs. In addition, Accounts Payable includes CHF 6.0 million retained by WIPO in connection with the construction contracts for the New Building pending completion of the structure and final inspection.

#### NOTE 12: EMPLOYEE BENEFITS

- UNJSPF: The Organization is a member organization participating in the United Nations Joint Staff Pension Fund which was established by the General Assembly of the United Nations to provide retirement, death, disability and related benefits. The Pension Fund is a funded multi-employer defined benefit plan.

Actuarial valuations are prepared every two years for the UNJSPF using the Open Group Aggregate method. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual

organizations participating in the plan. The Organization, in common with other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 25 basis with sufficient reliability for accounting purposes and hence has recorded this plan as if it were a defined contribution plan.

The financial obligation of the Organization to the Pension Fund consists of its mandated contribution calculated at the rate established by the General Assembly of the United Nations, together with its share of any actuarial deficiency payment payable should the UN General Assembly invoke the provisions of article 26 of the Regulations of the Pension Fund following a determination that there is a deficiency payment required. Such determination would be based upon an actuarial assessment as of the valuation date and at the date of the current financial statements. No such determination has been made.

The latest actuarial valuation for the UNJSPF was prepared as of 31 December 2009. Staff members and WIPO make contributions, currently payable by each participant at 7.9 percent and by WIPO at 15.8% of the staff member's pensionable remuneration and WIPO would be liable for its share of the unfunded liability, if any. Total retirement plan contributions made for staff in 2010 amounted to 23.9 million.

Other employee benefits comprise:

- Short-term employee benefits that include salary, allowances, grant on initial assignment, grants for the education of dependent children, paid annual leave, paid sick leave, accident and life insurance;
- Post-employment benefits which include separation benefits consisting of grants upon repatriation, repatriation travel and shipping of personal effects and after service medical insurance;
- Termination benefits which include an indemnity payable to staff members holding a permanent or fixed term contract whose appointment is terminated by the Organization prior to the end of their contract.
- Closed pension fund:

CROMPI: Prior to becoming a participating organization in the United Nations Joint Staff Pension Fund, the WIPO's predecessor organization had its own pension fund established in 1955. This pension fund was closed to new members on 30 September 1975 and continues for those who were members at the time of closure under the management of a Foundation Council. In accordance with a convention between the Closed Pension Fund and the Organization and with a recent decision of the ILO Administrative Tribunal, WIPO is responsible for financing costs incurred by the Closed Pension Fund related to foreign exchange differences and to differences in the retirement age stipulated by the Closed Pension Fund and that of the United Nations Joint Staff Pension Fund.

The Organization has several obligations related to participants in the closed pension fund including:

- the obligation to cover the costs of pensions paid to former staff participating in the closed pension fund before they reach the age of 65. Based upon an actuarial valuation performed in December 2010, the estimated liability is CHF 0.6 million (CHF 0.4 million in 2009).
- the obligation, based upon a decision of the Administrative Tribunal of the International Labour Organization in 2006, to cover certain differences between the pension



receivable of closed pension fund members under the closed pension fund and that receivable from the UNJSPF which, based upon an actuarial valuation performed in December 2010, is estimated at CHF 3.3 million (CHF 2.6 million in 2009).

- Separation benefits: The Organization has a contractual obligation to provide benefits such as repatriation grants and travel for certain internationally recruited staff members at the time of their separation from service. On the basis of an actuarial valuation carried out in December 2010 by an independent actuary, the obligation was estimated as follows at the reporting date:

	December 31, 2010	December 31, 2009
	CHF	CHF
Liability for repatriation grant and travel	8 791 471.00	10 176 241.00

- After Service Health Insurance: The Organization also has a contractual obligation to provide post-service medical benefits for its staff members in the form of insurance premiums for the medical and accident insurance plan. The present value of the defined benefit obligations for post-employment medical insurance is determined using the projected unit credit method including discounting the estimated future cash outflows using a discount rate based upon both Swiss franc high grade corporate bonds and Swiss government bonds. The plan is unfunded and no plan assets are held in a long-term employee benefit fund. On the basis of an actuarial valuation carried out in December 2010 by an independent office, this liability was estimated as follows at the reporting date:

Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for ASHI coverage if they continue to participate in the after service health insurance scheme after separation from service. In accordance with WIPO's Staff Regulations and Rules a share of 65% of the monthly medical insurance premium is paid by the organization. The current monthly medical premium amounts to CHF 552 [as at 31.12.2010]. An actuarial valuation carried out in 2010 determined the Organization's estimated liability for after service medical benefits at the reporting date.

An expense of CHF 7.9 million has been recorded on the Statement of Financial Performance to cover the amount calculated by the independent actuary for the additional liability for staff members with short-term employment contracts that are eligible to participate in the UN Joint Service Pension Fund and are, therefore, eligible to receive after service health insurance upon retirement.

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	December 31, 2010	December 31, 2009
	CHF	CHF
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	82 603 476	-
Current service cost	4 539 194	-
Interest cost	2 654 845	-
Benefits paid from plan/company	(1 751 559)	-
Past service cost	7 886 163	-
Actuarial gain / loss	10 671 151	-
Benefit obligation at end of year	<u>106 603 270</u>	<u>82 603 476</u>
<b>Amounts recognized in the statement of financial position</b>		
Plans that are wholly unfunded and plans that are wholly or partly funded		
Present value of unfunded obligations	106 603 270	82 603 476
Actuarial gain (loss) unrecognized	<u>(10 671 151)</u>	
<i>Amounts in the statement of financial position</i>		
Liabilities	95 932 119	82 603 476
<b>Components of pension cost</b>		
Amounts recognized as personnel expenditure on statement of Financial Performance		
Current service cost	4 539 194	-
Interest cost	2 654 845	-
Past service cost (short-term employees)	7 886 163	-
Total pension cost recognized in Statement of Financial Performance	<u>15 080 202</u>	<u>-</u>
Policy for amortizing actuarial (gains) losses	Corridor Method	
<b>Actuarial gain (loss)</b>		
Unrecognized balance at beginning of reporting period	-	
Movement in reporting period	(10 671 151)	
Unrecognized gain (loss) at end of reporting period	(10 671 151)	
<b>Principal actuarial assumptions</b>		
<i>Weighted-average assumptions to determine benefit obligations</i>		
Discount rate	3.00%	3.25%
Rate of compensation increase	3.70%	4.50%
Rate of sickness premium increase	2.50%	2.10%
<i>Weighted-average assumptions to determine net cost</i>		
Discount rate	3.00%	N/A
Rate of compensation increase	2.70%	N/A
Rate of sickness premium increase	2.50%	N/A
<b>Components of projected pension expense</b>		
Projected employer contribution for 2011	1 831 857	

Defined Benefit Obligation 2010

	Defined Benefit Liability	Unrecognized Actuarial Gain (loss)	Defined Benefit Obligation
2010	95 932 119	-10 671 151	-106 603 270

The unrecognized actuarial loss reflects the impact of a reduction of the discount rate utilized to determine the present value of the defined benefit liability and of an increase in the projected rate of growth of sickness insurance premiums. The actuarial loss will be amortized over the estimated remaining working lives of the employees covered by after service health insurance. The portion of the liability recognized on the Statement of Financial Performance in future financial periods will be the amount of the amortized actuarial loss or gain exceeding ten percent of the present value of the defined benefit liability at the reporting date in accordance with the corridor method of recognition. The impact of effects of experience adjustments on the Statement of Financial Performance is not material.

	December 31, 2010 CHF	December 31, 2009 CHF
Liability for post employment medical benefits	95 932 119.00	82 603 476.00

	December 31, 2010 CHF	December 31, 2009 CHF
Sensitivity information for health-care plans		
1 per cent increase in sickness premium increase rate	8 036 920.00	8 897 292.00
- Effect on total liabilities		
1 per cent decrease in sickness premium increase rate	(6 465 472.00)	(7 695 634.00)
- Effect on total liabilities		

➤ Short-term benefits and accumulated leave:

The Organization also has recognized liabilities for the following short-term benefits, the value of which is based on the amount payable to each staff member at the reporting date.

- Accumulated leave – staff members are eligible for 30 days annual leave and may accumulate up to 90 days leave of which up to 60 days is payable on separation from service. The total outstanding liability at the reporting date is CHF 12.2 [CHF 12.1 million at December 31, 2009].
- Home Leave – internationally recruited staff members are eligible for home leave for themselves and their dependents to the country from which they were recruited every second year. The total outstanding liability for home leave earned but not taken at the reporting date is CHF 0.2 million [CHF 0.2 million at 31 December 2009].
- Overtime – staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the Staff Regulations and Rules. The total amount payable at December 31, 2010 is CHF 0.4 million [CHF 0.6 million at December 31, 2009].

With effect from 2010 the Organization has recognized the full liability for employee benefit liabilities on its financial statements as follows:

	December 31, 2010 (in Swiss francs)	December 31, 2009 (in Swiss francs)
<b>CURRENT LIABILITIES - Employment Benefits</b>		
Provision for accumulated leave - fixed term	1 102 957.76	1 320 796.66
Provision for accumulated leave - short-term and consultants	882 937.34	1 098 807.14
Provision for separation benefits - Special Accounts	170 642.99	124 407.08
Provision for closed pension fund	517 787.00	415 142.00
Provision for repatriation grant and travel	1 079 074.00	1 097 600.00
Provision for home leave not taken	157 828.00	197 417.30
Provision for voluntary separation programme	1 132 797.24	16 076 749.31
Provision for accrued overtime	447 905.74	546 857.56
Provision for post employment medical benefits	<u>12 118 373.00</u>	<u>7 194 039.00</u>
Sub Total Employment Benefit liabilities	17 610 303.07	28 071 816.04
<b>NON CURRENT LIABILITIES - Employment Benefits</b>		
Provision for closed pension fund	3 315 058.00	2 575 324.00
Provision for accumulated leave	10 207 784.10	9 654 294.81
Provision for repatriation grant and travel	7 712 397.00	9 078 641.00
Provision for post employment medical benefits	<u>83 813 746.00</u>	<u>75 409 437.00</u>
Sub Total Employment Benefit liabilities	105 048 985.10	96 717 696.81
<b>Total Employment Benefits</b>	<u><u>122 659 288.16</u></u>	<u><u>124 789 512.85</u></u>

In 2009 the Coordination Committee approved a voluntary separation program providing additional benefits for staff members accepting early retirement. The total cost of the program was CHF 22.0 million of which CHF 5.9 million was included in 2008-09 expenses and a provision for the remaining CHF 16.1 million was established as part of the restatement of the 2009 closing balances. CHF 14.9 million of the provision was utilized in 2010 and a remaining balance of CHF 1.1 million will be utilized to cover continuing costs of pension and after service health insurance costs for staff members covered by the program in 2012.

**NOTE 13: TRANSFERS PAYABLE**

	December 31, 2010 (in Swiss francs)	December 31, 2009 (in Swiss francs)
<b>CURRENT LIABILITIES - Transfers Payable</b>		
Madrid Union Complementary Fees	38 817 800.00	37 655 094.00
Madrid Union Supplementary Fees	3 034 900.00	3 053 258.00
Madrid Union Individual Fees	10 299 469.00	9 752 142.00
Madrid Union Continuation of Effects Fees	82.00	-
Hague Union Distribution	239 923.00	177 697.00
Madrid and Hague Union Repartition Fees	9 521 722.20	10 495 349.79
AMC deposits	987 286.39	817 606.06
PCT International Search Authorities	1 201 704.95	1 807 508.69
<b>TOTAL TRANSFERS PAYABLE</b>	<b>64 102 887.54</b>	<b>63 758 655.54</b>

The Organization collects fees on behalf of the contracting parties of the Madrid Agreement and Protocol and the Common Regulations of the Hague Agreement. In addition, the Organization's PCT International Bureau collects funds from applicants to cover the cost of payments of International Searching Authorities. The Organization holds these funds on a temporary basis until they are transferred to the final beneficiary in accordance with the various treaties administered by the Organization. The total fees collected by the Organization for the biennium and an explanation of each are as follows:

Madrid Union Complementary and Supplementary fees: In accordance with the Madrid Agreement [Article 8(2) (b and c)] and the Madrid Protocol [Article 8(2) (ii and iii)] the Organization collects complementary and supplementary fees of 73 Swiss francs per application or renewal on behalf of the contracting parties. The amount due to each contracting party varies based upon the services provided by the party (examination undertaken). Funds are transferred annually at the beginning of the year following the reporting date.

Madrid Union Individual and Continuation of Effects fees: In accordance with Article 8(7) of the Madrid Protocol and Rule 38 of the Common Regulations contracting parties may establish fees which are collected by the Organization and payable to contracting parties within a month following the recording of the registration or designation of renewal for which the fee was paid. Contracting parties that have elected to establish individual fees are not eligible to receive the complementary and supplementary fees described above. The amounts shown as payable represent the fees to be transferred at the end of the reporting period.

Hague Union Distribution: In accordance with Rules 13.2(a)(iii), 13.2(e) and 24.2 of the Common Regulations under the Hague Agreement, the Organization collects ordinary state fees, state renewal fees and novelty examination fees on behalf of contracting parties for international registrations or their renewals. These funds are payable to the contracting parties on a monthly basis. The amount shown as payable represents the amounts to be transferred at the end of the reporting period.

Madrid and Hague Union Repartition Fees: The Organization holds funds payable to contracting parties when no clear payment instructions have been received or the contracting party requests that payment be held pending confirmation. The amount shown includes the sum of CHF 1.8 million due to all of the countries making up the former Federal Republic of Yugoslavia consisting of Croatia, the Former Yugoslav Republic of Macedonia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro and CHF 5.5 million due to Serbia and Montenegro. Negotiations are in progress to settle the amounts due to each country and payment will be effected as soon as a mutual agreement between the concerned Member States has been received by the International Bureau.

AMC Deposits: The Organization collects fees for arbitrations undertaken through its Arbitration and Mediation Centre covering domain names and other issues related to intellectual property. In addition to the fee paid to the Organization, participants deposit an amount equal to the estimated fee of the arbitrator. If the arbitrator's fee exceeds the estimate, the Organization requires the participants to provide the additional funds required. The amount collected is paid directly to the arbitrator and is not recognized as income by the Organization. The amount shown above represents the net amount paid by participants but not paid to the arbitrator as of the reporting date.

PCT International Searching Authorities: The International Bureau collects fees from applicants for international patents to cover the costs of the international searches which are performed by International Searching Authorities designated by the Organization pursuant to the Patent Cooperation Treaty (PCT). The amount shown above represents the amount to be transferred to International Searching Authorities at the reporting date.

**NOTE 14: ADVANCE RECEIPTS**

	31 December 2010 Closing Balance (in Swiss Francs)	01 January 2010 Opening Balance (in Swiss Francs)
<b>CURRENT LIABILITIES - Advance Receipts</b>		
Madrid Union Deposits payable to 3rd parties	24 606 457.57	21 183 577.76
Industrial design deposits	222 867.97	133 215.04
PCT/IBRO deposits	734 348.73	684 311.44
Advance payment of contributions	2 026 166.00	1 433 208.00
PCT Revenue deferred	136 110 259.05	128 154 276.21
Trademarks Revenue deferred	2 166 065.00	3 902 965.42
Industrial design Revenue deferred	206 150.35	220 531.12
Non exchange revenue deferred	11 620 807.46	13 552 579.81
Other deferred revenue	343 565.00	295 128.00
Total Advance Receipts	178 036 687.13	169 559 792.81

In many cases, the Organization collects fees and charges for services before the services are performed completely, or before the fee is earned in accordance with the treaties, agreements, protocols and regulations administered by the Organization. For fees received for international applications in connection with the Patent Cooperation Treaty (PCT), the Hague Union (Industrial Design) and the Madrid Union (Trademarks), the amounts collected are deferred until earned upon final publication in accordance with the regulations covering each revenue source. In addition, PCT revenue related to additional page charges for applications and supporting documentation received in paper or easy versions and fees related to the translation of patentability reports, which occurs after publication, have also been deferred. All the amounts shown represent fair value.

The calculations of the fee revenue to be deferred utilize estimates based upon the latest available, reliable information available at the reporting date. A review of the estimate utilized for the calculation of the deferral of Trademarks revenue at January 1 2010 indicated that a change was appropriate to more accurately calculate the deferral required as a result of additional experience. This change in estimate has been implemented prospectively in the calculation of the deferral of Trademarks revenue required at 31 December 2010.

Voluntary contributions from donors to Special Accounts containing conditions requiring the Organization to provide goods or services to recipient governments or other third parties, are treated as deferred income until the services covered by the voluntary contributions are performed, whereupon income is recognized.

**NOTE 15: BORROWINGS**

The Organization has borrowed funds from the International Organization Building Foundation (FIPOI) for the purpose of constructing its headquarters buildings in Geneva, Switzerland. These loans were originally subject to interest payments. However, in 1996 the Swiss Federal Department of External Relations agreed to waive any further payments of interest and the loans currently require the reimbursement of principal only. The value of the interest waived in 2010 was CHF 0.6 million and the value of interest to be waived until the final payment on the loans, due in 2039, is CHF 6.7 million. After taking into consideration the value of the waiver of interest

payments, the present value of the loans is recognized at the nominal value, since the value of the interest waiver is equal to the future value of the loan discount.

In addition, the periods of the original loans were extended. The total original borrowings and amounts outstanding shown as current and non-current liabilities at the reporting date are indicated in the table below:

	December 31, 2010 (in Swiss francs)	December 31, 2009 (in Swiss francs)
<b>CURRENT LIABILITIES - Borrowings</b>		
FIPOI Loan Payable	1 358 200.00	1 358 200.00
Sub Total Borrowings	1 358 200.00	1 358 200.00
<b>NON CURRENT LIABILITIES - Borrowings</b>		
FIPOI Loan Payable	25 011 575.00	26 369 775.00
BCG/BCV New Building Loan Payable	114 000 000.00	50 000 000.00
Sub Total Borrowings	139 011 575.00	76 369 775.00
<b>TOTAL BORROWINGS</b>	<b>140 369 775.00</b>	<b>77 727 975.00</b>

In February 2008, the Organization entered into a contract with the Banque Cantonale de Genève and the Banque Cantonale Vaudoise to borrow CHF 114.0 million, plus a possible supplementary amount of CHF 16.0 million, to be used to finance part of the cost of the construction of the new office building available for use until February 28, 2011. The interest rate has been fixed at the Swiss franc Swap LIBOR for up to 15 years, plus a margin of between 0.30% to 0.70% dependent on the length of the term as determined by the Organization. The principal of the loan is repayable at 3% per year. In addition to the payment of interest, the contract provides for an annual repayment of principal equal to 3% of the total amount borrowed beginning on February 28, 2012 for the original loan of CHF 114.0 million and the supplementary loan of CHF 16.0 million, if utilized.

In October 2010, an amendment to the loan agreement was approved by the Banque Cantonale de Genève and the Banque Cantonale Vaudoise and WIPO providing an additional amount of CHF 40.0 million to be used to finance part of the cost of the construction of the new conference center and available for use during the period March 31, 2011 to March 31, 2014. The interest rate has also been fixed at the Swiss franc Swap LIBOR for up to 15 years, plus a margin of between 0.30% to 0.70% dependent on the length of the term as determined by the Organization. The contract again provides for an annual repayment of principal equal to 3% of the total amount borrowed, to begin on March 31, 2015 for the loan of CHF 40.0 million.

The amount of interest on the construction loans to be capitalized on completion of the buildings was CHF 1.9 million.

#### **NOTE 16: PROVISIONS**

The Organization has established the following provisions related to outstanding obligations:



	December 31, 2010 (in Swiss francs)	December 31, 2009 (in Swiss francs)
<b>CURRENT LIABILITIES - Provisions</b>		
Education grants payable	1 488 002.62	1 468 550.53
Legal costs	1 124 500.00	429 000.00
<b>TOTAL PROVISIONS</b>	<b>2 612 502.62</b>	<b>1 897 550.53</b>

The provision for education grants payable relates to the number of months which have elapsed between the start of the school year/university year and December 31, 2010 for which fees are therefore due.

As part of its normal activities, the Organization is subject to litigation. Events occurring prior to December 31, 2010 have created certain legal obligations at the reporting date. As it is probable that these obligations will require future settlement and as the settlement amounts can be reliably estimated, a provision for legal costs has been established. The amount of the provision has been estimated as closely as possible on the basis of information available.

	Total 31.12.2010	Legal Costs 31.12.2010	Education Grant 31.12.2010	Total 01.01.2010	Education Grant 01.01.2010	Legal Costs 01.01.2010
Opening Balance	1 897 550.53	429 000.00	1 468 550.53	304 351.00	-	304 351.00
Additions	2 398 002.62	910 000.00	1 488 002.62	1 844 550.53	1 468 550.53	376 000.00
Deletions	-	-	-	-	-	-
Utilization	1 683 050.53	214 500.00	1 468 550.53	251 351.00	-	251 351.00
Closing balance	2 612 502.62	1 124 500.00	1 488 002.62	1 897 550.53	1 468 550.53	429 000.00

#### NOTE 17: OTHER CURRENT LIABILITIES - CURRENT ACCOUNTS

	December 31, 2010 (in Swiss francs)	December 31, 2009 (in Swiss francs)
<b>CURRENT LIABILITIES - current accounts</b>		
PCT current accounts - Italy and Japan	4 439 692.95	4 844 432.66
Other current accounts	49 278 446.54	42 886 646.56
<b>TOTAL CURRENT ACCOUNTS</b>	<b>53 718 139.49</b>	<b>47 731 079.22</b>

The Organization provides facilities for applicants for Trademarks and Industrial Design to deposit funds entitled "current accounts" for which the Organization acts as custodian pending the use of the funds to cover fees required to be paid in connection with individual applications and renewals. These funds are held until such time as specific applications are filed. On receipt of the application the current account balance is reduced and the funds are considered deposits until the application has been registered.

In addition, the Organization maintains bank accounts in its name to provide a mechanism for certain contracting parties to transfer funds which these parties have collected on behalf of the Organization. Until such time as the contracting party informs the Organization that funds held in these accounts represent income belonging to the Organization, the balance remaining in the accounts is not recognized as income.

**NOTE 18: CONTINGENT ASSETS AND LIABILITIES**

Several members of WIPO personnel are in dispute with the Organization and some of these have cases before the Joint Advisory Committee or the Joint Grievance Panel. The amount of any potential obligation is as yet to be confirmed and the potential outflow of resources cannot be measured with sufficient reliability to be considered a liability. The estimated value of such contingent liabilities is in a range from CHF 136 550 to CHF 708 000 at the reporting date.

The Organization has no material unrecognized contractual commitments. Outstanding contracts for the construction of the new building at 31 December 2010 totaled CHF 2.1 million and for the construction of the new conference hall totaled CHF 5.0 million.

WIPO is engaged in negotiations with the principal contractor involved with the construction of the new building regarding the late delivery of parts of the building. It is as yet too early to quantify the indemnity to be paid to the Organization.

**NOTE 19: LEASES – WIPO AS LESSEE**

The Organization has a number of leases providing additional space, storage and specialized facilities in Geneva. In addition, the Organization leases space for its liaison offices in New York, Tokyo, Rio de Janeiro and Singapore. The majority of these leases are cancellable by the Organization subject to notification periods specified in the agreements. The Organization leases space adjacent to its headquarters in Geneva and in New York under the terms of non-cancellable lease agreements which have outstanding payments to the end of the lease period as follows:

	<u>&gt; 1 year</u>	<u>1-5 years</u>	<u>&lt; 5 years</u>
Non cancellable operating leases	2 126 887.00	0	0

The Organization's obligations to lessors of office premises are guaranteed by banks for a maximum of CHF 1.8 million [2009 CHF1.8 million]. The most important lease applies to the Procter and Gamble Building which is for 1.7 million over its duration and covers space which the Organization plans to vacate at the expiration of the lease on 31 August 2011. The Organization has no outstanding leases qualifying as finance leases at the reporting date. The total amount of lease payments recognized as an expense in the reporting period was CHF 9.7 million [CHF 19.3 million in 2008-09].

**NOTE 20: RELATED PARTY TRANSACTIONS**

The Organization is governed by the WIPO Assembly composed of representatives of all member countries. They do not receive remuneration from the Organization. The Organization is managed by a Director-General and by Deputy and Assistant Directors-General and officers (key management personnel) that are remunerated by the Organization. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel and other entitlements paid in accordance with the Staff Rules and Regulations and applicable to all staff. In addition, the Director-General, deputy directors general and assistant directors general receive representation allowances. Key management personnel are members of the UN Joint Service Pension Fund (UNJSPF) to which the personnel and the Organization contributes and are also eligible for participation in the Staff Health Insurance Scheme including the after service medical insurance scheme if they meet the eligibility requirements.

The Organization has no ownership interest in associations or joint ventures and no controlled entities. WIPO is a member of the United Nations Joint Service Pension Fund (UNJSPF) and

certain of its current and former staff are members of WIPO's Closed Pension Fund (CROMPI). The relationship with these two funds is explained in detail in note 12.

The Organization has a relationship with the International Union for the Protection of New Varieties of Plants (UPOV) whereby the Director-General of the Organization serves as Secretary-General of UPOV. The Organization is responsible for providing space, personnel administration, financial administration, procurement services and other administrative support to UPOV in accordance with the terms of an agreement between the Organization and UPOV dated 26 November 1982. UPOV reimburses the Organization for the cost of such services in accordance with the terms of said agreement.

The Council of UPOV which serves as UPOV's governing body consists of the representatives of the contracting parties to the International Convention for the Protection of New Varieties of Plants of 2 December 1961, as revised. In accordance with the Rules and Regulations of UPOV, the office of UPOV, consisting of the UPOV Secretary-General and staff, exercises its functions in complete independence of the Organization.

In addition to full reimbursement of all funds disbursed by the Organization on behalf of UPOV, the Organization receives CHF 0.6 million per year from UPOV to cover the costs of services provided under the agreement between the two organizations. There were no other material transactions with related parties during 2010.

Key management personnel and their aggregate remuneration were as follows:

	2010		2009	
	Number of Individuals (as an average)	Aggregate remuneration	Number of Individuals (as an average)	Aggregate remuneration
Director-General, deputies and assistants	8.00	3 072 282	6.75	2 871 946
Senior Officers	12.42	3 852 238	16.58	5 588 621

There were no loans to key management personnel or to their close family members which were not available to other categories of staff. There was no other remuneration or compensation to key management personnel or to their close family members.

#### **NOTE 21: RESERVES AND FUND BALANCE**

The fund balance of the Organization represents the accumulated net result of operations in 2010 and prior periods. The fund balance includes the amount set aside to finance post employment benefits from a charge of six percent levied against net salary plus post adjustment.

Beginning in 2010, the revaluation surplus reserves include the results of a revaluation (from historic cost to fair value) of the land owned by the Organization on which the new building is being constructed. The fair value has been determined by an independent valuation.

	31 December 2010 Closing Balance	01 January 2010 Opening Balance	IPSAS Adjustments	31 December 2009 Closing Balance
Total Outstanding				
CHF				
Accumulated surpluses/(deficits)	171 350 120.37	184 890 140.08	-35 020 571.32	219 910 711.40
Working capital funds	8 342 388.11	8 342 388.11	-	8 342 388.11
Revaluation surplus	15 045 876.40	15 045 876.40	15 045 876.40	-
<b>NET ASSETS</b>	<b>194 738 384.88</b>	<b>208 278 404.59</b>	<b>-19 974 694.92</b>	<b>228 253 099.51</b>

Reserves include the Working Capital Funds established by the Assemblies of Members States of each of the Unions to provide advance financing of appropriation should there be a temporary liquidity shortfall.

Capital Management: WIPO's capital consists of its accumulated surplus and working capital funds which form part of its net assets. The capital is managed in accordance with the Policy on Reserve Funds and principles applied in respect of the use of reserves adopted by the Assemblies of the Member States of WIPO at its 48<sup>th</sup> series of meetings in 2010 [A/48/9]. The policy establishes a target level for accumulated surplus equal to a percentage of estimated biennial expenditures for each of the Unions forming the Organization. In addition, each of the treaty agreements of the respective Unions establishes a level for the working capital funds. Funds equal to the target level for accumulated surplus and the working capital funds are set aside to maintain sufficient levels of liquidity and to cover operational deficits should they occur. Accumulated surplus funds in excess of the target may be made available by the Assemblies to finance capital improvements or other priorities in accordance with the policy on the Utilization of reserves established by WIPO's Assemblies.

**NOTE 22: RESTATEMENT OF 2009 ASSETS, LIABILITIES AND FUND BALANCE**

The audited balances in the following schedule represent the Balance Sheet (Statement II of the 2008-09 audited Financial Management Report). The restated balances incorporate adjustments made owing to changes in accounting policies and other adjustments related to the initial adoption of International Public Sector Accounting Standards (IPSAS) by the Organization effective January 1, 2010. The net result of all of the adjustments is a reduction in the accumulated fund balance of CHF 20.0 million as follows:

	12.31.2009 (Audited)	FITSW	IPSAS Adjustments	12.31.2009 (Restated)	Note
(in millions of Swiss francs)					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	350.9	15.8	-	366.7	3
Accounts receivable (non-exchange transactions)	2.2	-	-0.9	1.3	4
Accounts receivable (exchange transactions)	12.3	0.1	11.5	23.9	4
Inventories	-	-	2.4	2.4	5
Other current assets	1.7	-1.7	-	-	
	<b>367.0</b>	<b>14.2</b>	<b>13.0</b>	<b>394.3</b>	
<b>Non-current assets</b>					
Equipment	-	-	3.8	3.8	6
Investment Property	3.4	-	0.9	4.3	7
Intangible Assets	-	-	28.2	28.2	8
Land and buildings	125.8	-	151.5	277.3	9
Accounts receivable (non-exchange transactions)	7.0	-	-6.4	0.6	4
Other non-current assets	10.0	-	-	10.0	10
	<b>146.2</b>	<b>-</b>	<b>178.0</b>	<b>324.2</b>	
<b>TOTAL ASSETS</b>	<b>513.2</b>	<b>14.2</b>	<b>191.1</b>	<b>718.5</b>	
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	24.2	0.5	0.1	24.7	11
Employee benefits	9.0	0.1	19.0	28.1	12
Transfers payable	63.8	-	-	63.8	13
Advance receipts	23.7	13.6	132.2	169.6	14
Current portion of borrowings	1.4	-	-	1.4	15
Provisions	1.9	-	-	1.9	16
Other current liabilities	47.7	-	-	47.7	17
	<b>171.7</b>	<b>14.2</b>	<b>151.3</b>	<b>337.2</b>	
<b>Non-current liabilities</b>					
Employee benefits	36.9	-	59.8	96.7	12
Borrowings	76.4	-	-	76.4	15
	<b>113.3</b>	<b>-</b>	<b>59.8</b>	<b>173.1</b>	
<b>TOTAL LIABILITIES</b>	<b>284.9</b>	<b>14.2</b>	<b>211</b>	<b>510.3</b>	
Accumulated Surplus	219.9	-	-35.0	184.9	
Working Capital Funds	8.3	-	-	8.3	
Revaluation Surplus	-	-	15.0	15.0	
<b>NET ASSETS</b>	<b>228.2</b>	<b>-</b>	<b>-20.0</b>	<b>208.2</b>	

**NOTE 23: RECONCILIATION OF STATEMENT OF BUDGETARY COMPARISON (STATEMENT V) AND STATEMENT OF CASH FLOW (STATEMENT IV)**

WIPO's budget and financial accounts are prepared using two different bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a modified accrual basis in accordance with WIPO's Financial Regulations and Rules.

As required by IPSAS-24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, have been reconciled to the actual surplus (deficit) amounts presented in the Statement of Cash Flow (Statement IV) identifying separately basis, timing and entity differences. WIPO's budget is adopted by the Assemblies on a biennial basis, however, separate estimates are prepared for each of the two annual periods. Therefore there are no timing differences to report.

	2010			Total
	Operating	Investing	Financing	
	(in millions of Swiss francs)			
Actual amount on comparable basis (Statement V)	3.1	-	-	3.1
Depreciation	-5.2	-	-	-5.2
Equipment acquisition	1.3	-	-	1.3
Capitalization of construction expense	1.3	-0.2	-	1.1
Capitalization of construction loan interest	1.9	-	-	1.9
Repayment of loan principal	-	-	1.4	1.4
Changes in employee benefit provisions	-5.9	-	-	-5.9
Deferral of revenue from fees	-5.7	-	-	-5.7
Change in provision for doubtful debts	-	-	-	-
Inventory Recognition	0.1	-	-	0.1
<b>Total Basis differences</b>	<b>-12.2</b>	<b>-0.2</b>	<b>1.4</b>	<b>-11.0</b>
Projects financed from reserves	-5.7	-	-	-5.7
Special Accounts financed from donor contributions	-	-	-	-
<b>Total Entity differences</b>	<b>-5.7</b>	<b>-</b>	<b>-</b>	<b>-5.7</b>
Actual amount in the Statement of Financial Performance (Statement II)	-14.8	-0.2	1.4	-13.6

Basis differences occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include the depreciation of assets, full recognition of provisions and deferral of unearned revenue.

Entity differences represent the inclusion in WIPO's financial accounts of the voluntary contributions (Special Accounts), which are not included in WIPO's published Program and Budget.

Presentation differences represent the treatment of equipment purchases and work in progress on the new building as investing activities on Statement IV rather than as expenses in Statement V.

Financing differences relate to the repayment of principal on outstanding loans.

**NOTE 24: REVENUE**

Amounts shown for the Program and Budget represent actual revenue received related to the Organization's budget as adopted by the Assemblies. Voluntary contributions represent revenue received in connection with contributions made by donors to individual projects not included in the Program and Budget.

IPSAS adjustments are related to the deferral of unearned revenue. Revenue from voluntary contributions is deferred until earned through the delivery of the specific services provided in the plan of work agreed with the donor. Revenue from PCT and Madrid fees is deferred until earned through the publication of the international application in accordance with the rules of each of the Unions.

	Year 2010			Total (Note 1)
	Program Budget	Special Accounts	IPSAS Adjustments	
<b>REVENUE</b>	(in millions of Swiss francs)			
Assessed contributions	17.4	-	-	17.4
Voluntary contributions	-	7.2	1.9	9.1
Publications revenue	0.5	-	-	0.5
Investment revenue	5.2	-	-	5.2
PCT System fees	213.6	-	-7.5	206.1
Madrid System fees	48.5	-	1.7	50.2
Hague System fees	3.0	-	-	3.0
<b>Sub-total fees</b>	<b>265.1</b>	<b>-</b>	<b>-5.8</b>	<b>259.3</b>
Arbitration and Mediation	1.8	-	-	1.8
Exchange gain (loss)	-0.2	-0.4	-	-0.5
Program support charges	0.8	-	-0.7	0.1
Other/miscellaneous revenue	2.1	-	-	2.1
<b>TOTAL REVENUE</b>	<b>292.7</b>	<b>6.8</b>	<b>-4.5</b>	<b>294.9</b>

Note 1 – as per Statement of Financial Performance

**NOTE 25: EXPENSE**

EXPENSES	Year 2010				Total (Note 1)
	Program Budget	Financed from Reserves	Special Accounts	IPSAS Adjustments	
	(in millions of Swiss francs)				
Personnel expenditure	198.1	2.2	2.6	5.6	208.5
Travel and fellowships	15.7	0.6	3.7	-	20.0
Contractual services	37.1	1.2	1.2	-0.1	39.4
Operating expenses	34.2	1.1	0.2	-3.6	31.9
Supplies and materials	2	0.4	0.1	0.1	2.6
Furniture and equipment	1.6	0.2	0.4	-1.3	0.7
Construction	0.7	-	-	-0.5	0.2
Depreciation	-	-	-	5.2	5.2
Program support costs	-	-	0.7	-0.7	-
<b>TOTAL EXPENSE</b>	<b>289.4</b>	<b>5.7</b>	<b>8.9</b>	<b>4.5</b>	<b>308.5</b>

Expenses in the Program and Budget and for Voluntary Contributions are reported on a modified accrual basis, recognizing expense when goods are received and services are rendered. However, costs of the acquisition of equipment, expenses related to production of inventory and expenses related to construction are recorded as expensed when paid and provisions for post employment benefits are recognized only to the extent funded. In addition, changes to the provision for doubtful debts, depreciation of equipment and buildings and equipment disposal are not recognized as expense.

Personnel expenditure includes short-term employee benefits such as base salary, post adjustment, dependents' allowance, pension contribution, health and other insurance contributions, home leave and other entitlements for permanent and short-term staff and consultants. The amount shown as IPSAS adjustments includes changes in the provisions for employee benefit liabilities (CHF 5.8 million), transfers to work in progress of consultant services related to construction projects (CHF 0.2 million) and costs related to publications inventory (CHF 0.2 million).

Travel includes the costs of airfare, daily subsistence allowances, terminal allowances and other travel costs for staff on official business and travel for participants, lecturers and fellows in connection with training activities. Contractual services include translators, interpreters and other non-staff or consultant service agreements.

Operating expenses include items such as premises rent, maintenance and utilities, bank charges and the cost of communications. IPSAS adjustments include costs related to publications inventory (CHF 0.1 million), capitalization of interest and other costs related to the new construction (totaling CHF 3.7 million).

The costs of depreciation of buildings and intangible assets (CHF 3.8 million) and equipment (CHF 1.5 million) are treated as IPSAS adjustments. The transfer to fixed assets of the costs of equipment (CHF 1.3 million) and construction (CHF 0.5 million) expensed in the Program and Budget are also included within IPSAS adjustments as are the costs of equipment no longer included in fixed assets (CHF 0.1 million).



**NOTE 26: EXCHANGE GAIN AND LOSS**

The Organization realizes exchange gains and losses on accounts payable and accounts receivable transactions incurred in currencies other than Swiss francs based on the exchange rate in effect on the date of the transaction. Exchange gains or losses are also realized from payments made to International Searching Authorities (ISA) under the Patent Cooperation Treaty which are valued in the currency of the ISA but collected by WIPO in Swiss francs or by the national receiving office in its local currency. In addition, unrealized exchange gains and losses relating to the revaluation of bank accounts and other monetary assets and liabilities into Swiss francs at the exchange rate in effect on the reporting date are recognized on the financial statements. The net effect of all exchange gains and losses is recognized as a component of revenue on the Statement of Financial Performance.

Description	Net Impact	Gain	Loss
Accounts payable	16 032.88	466 133.59	-450 100.71
Accounts receivable	-227 640.71	233 549.66	-461 190.37
PCT International Searching Authority	1 712 371.47	1 778 623.80	-66 252.33
<b>Sub total realized gain (loss)</b>	<b>1 500 763.64</b>	<b>2 478 307.05</b>	<b>-977 543.41</b>
Bank accounts	-185 582.81	714 419.67	-900 002.48
Special account bank accounts	-392 958.94	806 761.38	-1 199 720.32
PCT bank accounts	-1 268 465.19	892 634.98	-2 161 100.17
Arbitration and Mediation bank accounts	-17 145.59	276 271.44	-293 417.03
PCT current accounts	56 606.65	207 257.16	-150 650.51
Arbitration and Mediation other assets and liabilities	75 018.75	320 776.05	-245 757.30
Other assets and liabilities	-217 252.77	2 901 477.61	-3 118 730.38
<b>Sub total unrealized gain (loss)</b>	<b>-1 949 779.90</b>	<b>6 119 598.29</b>	<b>-8 069 378.19</b>
<b>TOTAL EXCHANGE GAIN (LOSS)</b>	<b>-449 016.26</b>	<b>8 597 905.34</b>	<b>-9 046 921.60</b>

**NOTE 27: EVENTS AFTER THE REPORTING DATE**

WIPO's reporting date is December 31, 2010 and its financial statements were authorized for issuance on June 30, 2011. No material events, favorable or unfavorable, which would have impacted upon the statements have been incurred between the reporting date and the date on which the financial statements were authorized for issue.

**NOTE 28: SEGMENT REPORTING**

Segment reporting is presented in a format which represents the various Unions as the segments that make up the World Intellectual Property Organization. The Unions were created by the various treaties administered by WIPO.

The WIPO contribution financed Unions have been consolidated for presentation purposes. These include the Paris, Berne, Locarno, Nice and IPC unions along with the functions covered by the WIPO Convention. The Patent Cooperation Treaty (PCT) Union, Madrid Union (Trademarks), Hague Union (Industrial Design) and Lisbon Union (Appellations of Origin) are

each governed by an Assembly which meets annually to adopt a budget and take such other actions as may be appropriate under the relevant treaties.

WIPO's assets and liabilities, other than the reserves representing net assets, are owned by or are the responsibility of the entire organization and not assets or liabilities of individual unions or segments. The assets and liabilities generally support a wide range of service delivery activities across multiple Unions (segments). The only exception is the investment property in Meyrin which is owned by the Madrid Union. Therefore, individual assets and liabilities will not be reflected in the disclosure of information for individual segments or unions but are shown separately as unallocated assets and liabilities. Only the net assets/equity including the working capital funds and reserves are shown by individual segment.

Most revenue is accounted for by Union in WIPO's accounts. Revenue from interest earnings has been allocated among the Unions based upon total cash reserves and current revenue in 2010. Expenses are accounted for by program and then re-allocated to the various Unions based upon a methodology accepted by the WIPO General Assembly as part of the adoption of WIPO's 2008-2009 Program and Budget.

A separate segment has been established for voluntary contributions representing amounts administered by WIPO on behalf of individual donors to carry out programs related to WIPO's mandate. Revenue and expense related to Voluntary Contributions (Special Accounts) are accounted for separately in the financial accounting system.

All expenses are allocated among the Unions making up the segments based upon the approved allocation methodology. Expenses for the Special Accounts segment relating to voluntary contributions to the Organization are recorded as actual cost. The only inter-segment charge represents the costs of program support incurred by the Unions in support of Special Accounts. Program support costs are charged to the Special Accounts based on a percentage of total direct expenditure specified in the agreement with the donor making the voluntary contribution.

Program	REVENUE, EXPENSE AND RESERVES BY SEGMENT Program Title	UNIONS					Special Accounts	Total
		Contribution Financed	PCT	Madrid	Hague	Lisbon		
	<b>Revenue</b>							
	Contributions	17 411.2	-	-	-	-	7 148.6	24 559.8
	Fees	-	213 611.2	48 444.8	2 977.2	3.8	-	265 037.0
	Interest	365.1	2 737.9	1 952.6	74.6	4.8	26.1	5 161.3
	Publications	62.3	192.2	196.8	24.8	0.2	-	476.3
	Other Income+UPOV	482.2	482.2	752.9	482.2	482.2	-385.0	2 296.7
	Arbitration	92.3	1 125.1	532.4	21.3	3.5	-	1 774.6
	<b>Sub-total revenue on budgetary basis</b>	<b>18 413.1</b>	<b>218 148.7</b>	<b>51 879.5</b>	<b>3 580.1</b>	<b>494.5</b>	<b>6 789.7</b>	<b>299 305.6</b>
	IPSAS Adjustments to revenue	-0.7	-7 504.8	1 736.9	14.4	-	1 271.7	-4 482.4
	<b>TOTAL</b>	<b>18 412.4</b>	<b>210 643.9</b>	<b>53 616.4</b>	<b>3 594.5</b>	<b>494.5</b>	<b>8 061.5</b>	<b>294 823.2</b>
	<b>Expense</b>							
01	Patents	287.8	3 372.9	143.0	-	-	-	3 803.7
02	Trademarks, Industrial Designs and Geographical Indications	441.2	723.6	1 346.4	297.2	-	-	2 808.4
03	Copyright and Related Rights	5 778.1	1 140.5	92.1	-	-	-	7 010.7
04	Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	2 883.6	-	-	-	-	-	2 883.6
05	The PCT System	-	82 001.5	-	-	-	-	82 001.5
06	Madrid, Hague and Lisbon Systems	-	-	25 158.4	1 745.8	454.9	-	27 359.0
07	Arbitration, Mediation and Domain Names	235.9	2 876.5	1 361.1	54.4	9.1	-	4 537.0
08	Development Agenda Coordination	117.0	1 886.6	152.3	-	-	-	2 155.9
09	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, LDCs	849.6	13 698.7	1 105.7	-	-	-	15 654.1
10	Cooperation with certain countries in Europe and Asia	173.3	2 794.3	225.5	-	-	-	3 193.1
11	The WIPO Academy	220.8	3 559.4	287.3	-	-	-	4 067.5
12	International Classifications and WIPO IP Standards	190.3	-	95.2	31.7	-	-	317.2
13	International Patent Classification	-	3 194.9	-	-	-	-	3 194.9
14	Patent Scope	77.2	3 796.7	902.9	62.3	2.1	-	4 841.2
15	IP Office Modernization	152.9	2 465.5	199.0	-	-	-	2 817.5
16	Economic Studies, Statistics and Analysis	90.3	1 456.1	117.5	-	-	-	1 664.0
17	Building Respect for IP	70.8	1 141.5	92.1	-	-	-	1 304.5
18	IP and Global Challenges	137.0	2 208.6	178.3	-	-	-	2 523.8
19	Communications	380.4	6 132.9	495.0	-	-	-	7 008.3
20	External Offices and Relations	277.5	4 475.0	361.2	-	-	-	5 113.7
21	Executive Management	507.2	6 731.7	1 638.1	162.1	26.4	-	9 065.5
22	Finance, Budget and Program Management	469.2	6 226.9	1 515.3	149.9	24.4	-	8 385.7
23	Human Resources Management and Development	614.9	8 160.8	1 985.8	196.5	32.0	-	10 989.9
24	Administrative Support Services	1 455.7	19 320.1	4 701.4	465.1	75.7	-	26 018.0
25	Information and Communications Technology	1 160.8	15 405.7	4 412.4	370.9	60.3	-	21 410.1
26	Internal Audit and Oversight	89.5	1 187.4	288.9	28.6	4.6	-	1 599.0
27	Conference and Language Services	975.1	12 941.3	3 149.2	311.5	50.7	-	17 427.8
28	Security	270.3	3 587.7	873.0	86.4	14.0	-	4 831.4
29	The New Construction	177.8	2 359.7	574.2	56.8	9.2	-	3 177.8
30	Small and Medium Size Enterprises	121.1	1 951.9	157.6	-	-	-	2 230.5
	<b>Sub-total expense on budgetary basis</b>	<b>18 205.3</b>	<b>214 798.5</b>	<b>51 609.0</b>	<b>4 019.2</b>	<b>763.3</b>	<b>-</b>	<b>289 395.3</b>
	Financed from Reserves	722.6	4 092.8	953.8	5.8	5.8	-	5 780.7
	Special Accounts	-	-	-	-	-	8 643.0	8 643.0
	IPSAS Adjustments to expense	322.5	3 804.6	914.1	71.2	13.5	-581.5	4 544.3
	<b>TOTAL</b>	<b>19 250.4</b>	<b>222 695.8</b>	<b>53 477.0</b>	<b>4 096.2</b>	<b>782.6</b>	<b>8 061.5</b>	<b>308 363.4</b>
	<b>Reserves and working capital funds at December 31, 2009 Per FMR</b>	<b>25 662.1</b>	<b>159 770.2</b>	<b>42 207.0</b>	<b>473.2</b>	<b>140.5</b>	<b>-</b>	<b>228 252.9</b>
	2010 Surplus on UNSAS basis (budget plus financed from reserves)	-514.8	- 742.6	-683.4	-444.8	-274.6	-1 853.3	-4 513.5
	IPSAS Adjustments to assets and liabilities 2008-09	-2 411.3	-31 435.6	11 896.1	1 906.7	69.5	-	-19 974.6
	IPSAS Adjustments to assets and liabilities 2010	-323.1	-11 309.4	822.8	-56.8	-13.5	1 853.3	-9 026.8
	<b>Reserves and working capital funds at December 31, 2010</b>	<b>22 412.8</b>	<b>116 282.6</b>	<b>54 242.4</b>	<b>1 878.2</b>	<b>-78.1</b>	<b>-</b>	<b>194 738.0</b>

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
ANNEX I  
STATEMENT OF FINANCIAL POSITION BY BUSINESS UNIT (UNAUDITED)  
FOR THE PERIOD ENDING DECEMBER 31, 2010  
(in Swiss francs)

ASSETS	Notes	Program and Budget		Funds-in-Trust		Projects financed from reserves		IPSAS Adjustments		Consolidated	
		December 31 2010	December 31 2009	December 31 2010	December 31 2009	December 31 2010	December 31 2009	December 31 2010	December 31 2009	December 31 2010	December 31 2009
<b>Current Assets</b>											
Cash and cash equivalents	3	369 204 975.65	350 889 953.46	14 280 149.71	15 805 748.31	-	-	-	-	383 485 125.36	366 695 701.77
Accounts receivable (non-exchange transactions)	4	3 120 952.00	2 147 553.00	-	-	-	-	-38 487.00	-878 427.00	2 204 038.00	1 269 126.00
Accounts receivable (exchange transactions)	4	12 453 786.98	12 313 591.80	58 837.01	56 342.96	40 822.72	8 483.67	451 189.47	11 509 625.13	24 514 261.31	23 888 043.56
Inventory		-	-	-	-	-	-	191 390.61	2 388 694.61	2 580 085.22	2 388 694.61
Other current assets		139 162 740.10	105 257 712.51	-2 328 398.63	-1 633 377.44	-136 834 341.45	-103 624 335.07	-	-	0.02	0.00
<b>Total current assets</b>		<b>523 942 454.73</b>	<b>470 608 810.77</b>	<b>12 010 588.09</b>	<b>14 228 713.83</b>	<b>-136 793 518.73</b>	<b>-103 615 851.40</b>	<b>604 093.08</b>	<b>13 019 892.74</b>	<b>412 783 509.91</b>	<b>394 241 565.94</b>
<b>Non-current assets</b>											
Accounts receivable (non-exchange transactions)	4	6 883 454.00	7 042 518.00	-	-	-	-	37 826.00	-6 439 942.00	481 338.00	602 576.00
Land and buildings	9	26 773 453.64	28 131 653.64	-	-	137 418 518.18	97 606 457.84	1 012 257.28	151 536 556.65	316 740 785.75	277 274 668.13
Equipment	6	1.00	1.00	-	-	-	-	-160 613.45	3 820 993.67	3 660 381.22	3 820 994.67
Intangible Assets	8	-	-	-	-	-	-	-439 617.29	28 208 775.79	27 769 158.51	28 208 775.79
Investment Property	7	3 394 560.50	3 394 560.50	-	-	-	-	-	921 439.50	4 316 000.00	4 316 000.00
Other non-current assets	10	10 000 000.00	10 000 000.00	-	-	-	-	-	-	10 000 000.00	10 000 000.00
<b>Total non-current assets</b>		<b>47 051 469.14</b>	<b>48 568 733.14</b>	<b>-</b>	<b>-</b>	<b>137 418 518.18</b>	<b>97 606 457.84</b>	<b>449 852.54</b>	<b>178 047 823.61</b>	<b>362 967 663.48</b>	<b>324 223 014.59</b>
<b>TOTAL ASSETS</b>		<b>570 993 923.87</b>	<b>519 177 543.91</b>	<b>12 010 588.09</b>	<b>14 228 713.83</b>	<b>-624 999.45</b>	<b>-6 009 393.56</b>	<b>1 053 945.63</b>	<b>191 067 716.35</b>	<b>775 751 173.39</b>	<b>718 464 580.53</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Accounts payable (exchange transactions)	11	13 013 787.29	24 161 818.38	63 911.69	474 994.25	6 405 727.01	-	-54 714.82	84 797.39	19 513 508.56	24 721 610.02
Employee benefits	12	-9 912 646.30	8 957 455.00	170 642.99	124 407.08	-	-	8 362 352.41	18 989 953.96	17 610 303.07	28 071 816.04
Transfers payable	13	64 102 887.54	63 758 655.54	-	-	-	-	-	-	64 102 887.54	63 758 655.54
Advance receipts	14	27 933 405.27	23 729 440.24	13 629 312.50	13 629 312.50	-	-	4 272 929.30	132 201 040.07	178 036 687.13	169 559 792.81
Current portion of borrowings	15	1 358 200.00	1 358 200.00	-	-	-	-	-	-	1 358 200.00	1 358 200.00
Provisions	16	2 612 502.62	1 897 550.53	-	-	-	-	-	-	2 612 502.62	1 897 550.53
Other current and financial liabilities	17	53 718 139.49	47 731 079.22	-	-	-	-	-	-	53 718 139.49	47 731 079.22
<b>Total current liabilities</b>		<b>152 826 275.91</b>	<b>171 594 198.91</b>	<b>13 863 867.18</b>	<b>14 228 713.83</b>	<b>6 405 727.01</b>	<b>-</b>	<b>12 580 566.89</b>	<b>151 275 791.42</b>	<b>336 952 228.41</b>	<b>337 098 704.16</b>
<b>Non-current Liabilities</b>											
Transfers payable		-	-	-	-	-	-	-	-	-	-
Employee benefits	12	47 782 209.08	36 951 076.95	-	-	-	-	-2 499 843.84	59 766 619.86	105 048 985.10	96 717 696.81
Borrowings	15	139 011 575.00	76 369 775.00	-	-	-	-	-	-	139 011 575.00	76 369 775.00
Provisions	16	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>		<b>186 793 784.08</b>	<b>113 320 851.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2 499 843.84</b>	<b>59 766 619.86</b>	<b>244 060 560.10</b>	<b>173 087 471.81</b>
<b>TOTAL LIABILITIES</b>		<b>339 620 059.99</b>	<b>284 915 050.86</b>	<b>13 863 867.18</b>	<b>14 228 713.83</b>	<b>6 405 727.01</b>	<b>-</b>	<b>10 080 723.05</b>	<b>211 042 411.27</b>	<b>581 012 788.51</b>	<b>510 186 175.96</b>
Accumulated surpluses/(deficits)		219 910 711.40	195 287 884.11	-	-	-	-	-	-35 020 571.32	184 890 140.08	160 267 312.79
Working capital funds		8 342 388.11	8 342 388.11	-	-	-	-	-	-	8 342 388.11	8 342 388.11
Revaluation surplus		-	-	-	-	-	-	-	15 045 876.40	15 045 876.40	15 045 876.40
ASHI Liability Actuarial Gain (Loss)		-	-	-	-	-	-	-	-	-	-
Surplus (deficit) current period		3 120 764.37	30 632 220.85	-1 853 279.09	-	-5 780 727.56	-6 009 393.56	-9 026 777.43	-	-13 540 019.71	24 622 827.29
<b>NET ASSETS</b>		<b>231 373 863.88</b>	<b>234 262 493.07</b>	<b>-1 853 279.09</b>	<b>-</b>	<b>-5 780 727.56</b>	<b>-6 009 393.56</b>	<b>-9 026 777.43</b>	<b>-19 974 694.92</b>	<b>194 738 384.88</b>	<b>208 278 404.59</b>

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
ANNEX II  
STATEMENT OF FINANCIAL PERFORMANCE BY BUSINESS UNIT [UNAUDITED]  
FOR THE PERIOD ENDING DECEMBER 31, 2010  
(in Swiss francs)

	Notes	Program and Budget		Funds-in-Trust		Projects financed from reserves		IPSAS Adjustments		Consolidated	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<b>REVENUE</b>											
Assessed contributions	24	17 411 168.00	34 826 607.00	-	-	-	-	-661.00	-	17 410 507.00	34 826 607.00
Voluntary contributions	24	-	-	7 148 608.82	15 111 133.80	-	-	1 931 772.35	-	9 080 381.17	15 111 133.80
Publications revenue	24	476 286.97	1 123 879.90	-	-	-	-	-	-	476 286.97	1 123 879.90
Interest	24	5 135 104.58	17 844 874.84	26 146.04	390 589.83	-	-	-	-	5 161 250.62	18 235 464.67
PCT System fees	24	213 611 175.64	443 588 751.46	-	-	-	-	-7 504 793.37	-	206 106 382.27	443 588 751.46
Madrid System fees	24	48 444 769.00	94 846 145.35	-	-	-	-	1 736 900.42	-	50 181 669.42	94 846 145.35
Hague System fees	24	2 977 244.97	5 359 475.00	-	-	-	-	14 380.77	-	2 991 625.74	5 359 475.00
Other fees	24	3 770.00	5 400.00	-	-	-	-	-	-	3 770.00	5 400.00
Sub Total Fees		265 036 959.61	543 799 771.81	-	-	-	-	-5 753 512.18	-	259 283 447.43	543 799 771.81
Arbitration and Mediation fees	24	1 774 627.98	3 318 598.20	-	-	-	-	-	-	1 774 627.98	3 318 598.20
Exchange Gains (loss)	24	-153 593.61	574 156.99	-385 021.61	-413 423.69	-	-	-	-	-538 615.22	160 733.30
Programme support charges	24	752 468.57	1 308 922.14	-	-	-	-	-660 032.57	-	92 436.00	1 308 922.14
Other/miscellaneous revenue	24	2 082 830.42	4 634 042.99	-	-	-	-	-	-	2 082 830.42	4 634 042.99
Sub Total Miscellaneous		2 681 705.38	6 517 122.12	-385 021.61	-413 423.69	-	-	-660 032.57	-	1 636 651.20	6 103 698.43
<b>Total revenue</b>		<b>292 515 852.52</b>	<b>607 430 853.87</b>	<b>6 789 733.25</b>	<b>15 088 299.94</b>	<b>-</b>	<b>-</b>	<b>-4 482 433.40</b>	<b>-</b>	<b>294 823 152.37</b>	<b>622 519 153.81</b>
<b>EXPENSES</b>											
Personnel expenditure	25	198 197 614.48	396 779 380.21	2 526 101.32	3 955 140.12	2 210 081.41	620 143.86	5 455 143.59	-	208 388 940.80	401 354 664.19
Travel and fellowships	25	15 710 184.88	34 047 806.63	3 706 131.55	7 233 921.62	595 403.35	4 069.18	-36 308.58	-	19 975 411.20	41 285 797.43
Contractual services	25	37 081 958.56	71 451 531.25	1 194 846.99	1 747 405.40	1 173 148.51	1 656 238.78	-79 615.82	-	39 370 338.24	74 855 175.43
Operating expenses	25	34 199 634.10	58 853 086.54	179 350.81	236 451.32	1 186 931.40	36 171.51	-3 697 066.88	-	31 868 849.43	59 125 709.37
Supplies and materials	25	2 011 007.87	5 585 138.59	12 798.88	61 591.86	445 402.89	265 726.79	99 295.73	-	2 568 505.37	5 912 457.24
Furniture and equipment	25	1 554 360.23	5 783 450.70	363 750.22	220 026.40	169 760.00	50 940.00	-1 342 189.25	-	745 681.20	6 054 417.10
Construction	25	640 328.03	1 581 839.10	-	-	-	3 376 103.44	-486 327.18	-	154 000.85	4 957 942.54
Depreciation	25	-	-	-	-	-	-	5 291 444.99	-	5 291 444.99	-
Programme support costs	25	-	-	660 032.57	1 633 763.22	-	-	-660 032.57	-	-	1 633 763.22
Loan repayment	25	-	2 716 400.00	-	-	-	-	-	-	-	2 716 400.00
<b>Total expenses</b>		<b>289 395 088.15</b>	<b>576 798 633.02</b>	<b>8 643 012.34</b>	<b>15 088 299.94</b>	<b>5 780 727.56</b>	<b>6 009 393.56</b>	<b>4 544 344.03</b>	<b>-</b>	<b>308 363 172.08</b>	<b>597 896 326.52</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>		<b>3 120 764.37</b>	<b>30 632 220.85</b>	<b>-1 853 279.09</b>	<b>-</b>	<b>-5 780 727.56</b>	<b>-6 009 393.56</b>	<b>-9 026 777.43</b>	<b>-</b>	<b>-13 540 019.71</b>	<b>24 622 827.29</b>

### Annex III – Special Accounts by Donor Contributions

Fund-in-Trust Donor	Fund code	Balance as of December 31, 2009	Income 2010				Expenditure 2010				Balance as of December 31, 2010	
			Funds received	Interest	Exch. Rate diff.	Reimbursements	Total income	Staff expenditure	Other direct expenditure	Administrative support costs		Total expenditure
Accredited indigenous and local communities	W_IGC	169 710.85	-	261.35	-	-	261.35	-	89 656.48	-	89 656.48	80 315.72
Brazil	WBRAZ	1 608 964.13	-	3 320.97	-102 582.29	-	- 99 261.32	27 001.42	573 136.96	-	600 138.38	909 564.43
Costa Rica	WCORI	36 232.15	-	46.19	-2 664.27	-	- 2 618.08	-	84.71	-	84.71	33 529.36
El Salvador	WELSA	57 866.28	-	87.25	-4 409.97	-	- 4 322.72	-	84.71	-	84.71	53 458.85
European Union (Bangladesh Project)	WBGLED	320 489.88	482 278.27	1 303.16	-72 071.43	-	411 510.00	135 312.00	76 697.51	11 155.95	223 165.46	508 834.42
Finland/Copyright I	WFICR	21 227.81	-	49.53	-3 411.72	-	- 3 362.19	-	82.69	-13.35	69.34	17 796.28
Finland/Copyright II	WFINL	14 666.53	-	35.89	-2 438.25	-	- 2 402.36	-	83.00	-	83.00	12 181.17
Finland/Copyright III	WFIMO	129 252.16	59 451.66	518.27	-29 865.49	-	30 104.44	-	7 178.44	-28.52	7 149.92	152 206.68
France/Copyright	WFRCR	583.96	-	-	-	-	-	-	80.00	7.80	87.80	496.16
France/Industrial Property	WFRIP	596 056.72	300 000.00	992.30	0.02	-	300 992.32	-	76 860.36	6 801.65	83 662.01	813 387.03
Germany/ Junior Professional Officers	WDEJP	642 554.05	594 916.45	890.00	-	-102 282.1	493 524.35	529 341.30	4 634.55	43 731.80	577 707.65	558 370.75
Italy/Intellectual Property	WITIP	342 617.90	-	665.30	1 151.19	-	1 816.49	-	16 807.83	1 118.49	17 926.32	326 508.07
Italy/Junior Professional Officers	WITJP	23 723.06	143 609.00	169.55	-	-	143 778.55	117 594.28	4 322.09	10 374.67	132 291.04	35 210.57
Japan/Africa - LDCs	WJPAF	1 606 873.84	1 100 000.00	2 232.30	-1 134.68	-	1 101 097.62	101 699.00	966 512.20	85 104.75	1 153 315.95	1 554 655.51
Japan/Copyright	WJPCR	638 085.15	585 807.00	1 122.35	509.35	-	587 438.70	153 234.46	497 932.99	43 556.20	694 723.65	530 800.20
Japan/Industrial Property	WJPIP	2 353 765.82	1 830 300.00	3 991.05	24 326.59	-	1 858 617.64	470 902.72	1 565 704.05	180 490.55	2 217 097.32	1 995 286.14
Japan/Junior Professional Officers	WJPJP	-	135 096.00	84.15	410.25	-	135 590.40	55 518.61	40.00	3 512.70	59 071.31	76 519.09
Libyan Arab Jamahiriya	WLIBY	130 513.66	-	186.15	-	-	186.15	-	80.00	-	80.00	130 619.81
Portugal	WPORT	227 469.22	-	713.45	-36 168.44	-	-35 454.99	-	2 889.60	360.37	3 249.97	188 764.26
Republic of Korea/Copyright	WKRRCR	468 086.80	210 748.15	692.05	17.00	-	211 457.20	103 311.70	200 560.24	-	303 871.94	375 672.06
Republic of Korea/Copyright/Professional Officers	WKRPO	227 521.88	282 996.00	369.55	-	-	283 365.55	243 763.99	80.00	17 302.35	261 146.34	249 741.09
Republic of Korea/Intellectual Property	WKIPO	1 285 517.98	694 939.41	2 205.15	11.39	-	697 155.95	8 723.30	388 686.86	147 564.00	544 974.16	1 437 699.77
Republic of Korea/Professional Officers	WKRJP	554 593.14	461 612.00	822.30	-	-	462 434.30	386 321.26	80.40	30 122.40	416 524.06	600 503.38
Spain	WESPA	467 380.57	260 736.98	1 585.44	-58 633.26	-	203 689.16	193 304.72	349 773.43	37 176.95	580 255.10	90 814.63
United States of America/Copyright	W_USA	719 298.67	542 000.00	2 312.85	-90 383.56	-	453 929.29	-	474 506.38	35 466.00	509 972.38	663 255.58
United States of America/Enforcement of Intellectual Property Rights	WUSEN	570 251.83	-433 600.00	440.57	14 637.54	-	-418 521.89	-	113 321.92	2 640.90	115 962.82	35 767.12
United States of America/Small- and Medium-sized Enterprises	WUSSM	357 415.92	-	915.15	-17 954.62	-	-17 039.47	-	40 486.12	3 586.91	44 073.03	296 303.42
Uruguay	WUGAY	58 592.54	-	133.77	-4 366.96	-	-4 233.19	-	2 787.71	-	2 787.71	51 571.64
<b>TOTAL</b>		<b>13 629 312.50</b>	<b>7 250 890.92</b>	<b>26 146.04</b>	<b>-385 021.61</b>	<b>-102 282.1</b>	<b>6 789 733.25</b>	<b>2 526 028.76</b>	<b>5 453 151.23</b>	<b>660 032.57</b>	<b>8 639 212.56</b>	<b>11 779 833.19</b>

This schedule is prepared in accordance with the requirements of donor reporting under UNSAS which does not include expenditure accruals. IPSAS adjustments to the opening balances (December 31, 2009) and closing balances (December 31, 2010) are not included in this schedule but are included in the figures shown for Voluntary Contributions Revenue deferred in note 14: Advance Receipts.