

Program and Budget Committee

Nineteenth Session
Geneva, September 10 to 14, 2012

2011 FINANCIAL STATEMENTS

Document prepared by the Secretariat

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2011 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 2011 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 2011 Financial Statements constitute the second set of financial statements to have been prepared in accordance with IPSAS.

3. The report of the External Auditor on the audit of the 2011 Financial Statements, together with his recommendations and the Secretariat's responses thereto, are contained in document WO/PBC/19/6.

4. The Program and Budget Committee is invited to recommend to the WIPO General Assembly the approval of the 2011 Financial Statements contained in this document.

[2011 Financial Statements follow]

World Intellectual Property Organization

Financial Statements

Year to December 31, 2011

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INTRODUCTION

1. The financial statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2011 are submitted to the Assemblies of the Member States of WIPO in accordance with Regulation 6.7 of the Financial Regulations and Rules. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). This is the second set of financial statements that have been prepared under IPSAS, following their implementation at WIPO from January 1, 2010.
2. The report of the External Auditor on the audit of the 2011 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.

STATEMENT I
STATEMENT OF FINANCIAL POSITION
as at December 31, 2011
(in millions of Swiss francs)

ASSETS	Note	2011	2010
Current assets			
Cash and cash equivalents	3	379.7	383.5
Accounts receivable (non-exchange transactions)	4	1.8	2.2
Accounts receivable (exchange transactions)	4	27.3	24.5
Inventories	5	2.4	2.5
		<u>411.2</u>	<u>412.7</u>
Non-current assets			
Equipment	6	3.7	3.7
Investment property	7	4.3	4.3
Intangible Assets	8	27.3	27.7
Land and buildings	9	338.8	316.7
Accounts receivable (non-exchange transactions)	4	0.5	0.5
Other non-current assets	10	10.0	10.0
		<u>384.6</u>	<u>362.9</u>
TOTAL ASSETS		<u>795.8</u>	<u>775.6</u>
LIABILITIES			
Current liabilities			
Accounts payable	11	28.2	19.5
Employee benefits	12	15.2	17.6
Transfers payable	13	64.2	64.1
Advance receipts	14	196.6	178.0
Borrowings due within one year	15	5.2	1.3
Provisions	16	2.4	2.6
Other current liabilities	17	52.1	53.7
		<u>363.9</u>	<u>336.8</u>
Non-current liabilities			
Employee benefits	12	119.6	105.1
Borrowings due after one year	15	149.9	139.1
		<u>269.5</u>	<u>244.2</u>
TOTAL LIABILITIES		<u>633.4</u>	<u>581.0</u>
Accumulated surplus		139.1	171.3
Working Capital Funds		8.3	8.3
Revaluation surplus		15.0	15.0
NET ASSETS		<u>162.4</u>	<u>194.6</u>

The accompanying notes form an integral part of these financial statements

Signed on original
Director General

STATEMENT II
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended December 31, 2011
(in millions of Swiss francs)

	Note	<u>2011</u>	<u>2010</u>
REVENUE	23		
Assessed contributions		17.4	17.4
Voluntary contributions		8.6	9.1
Publications revenue		0.7	0.5
Investment revenue		4.3	5.2
PCT system fees		206.6	206.1
Madrid system fees		51.0	50.2
Hague system fees		3.0	3.0
Sub-total fees		<u>260.6</u>	<u>259.3</u>
Arbitration and Mediation		1.5	1.8
Other/miscellaneous revenue		0.1	1.6
TOTAL REVENUE		<u>293.2</u>	<u>294.9</u>
EXPENSES	24		
Personnel expenditure		209.6	208.5
Travel and fellowships		20.7	20.0
Contractual services		50.1	40.9
Operating expenses		30.8	30.4
Supplies and materials		2.3	2.6
Furniture and equipment		3.8	0.7
Construction		-	0.2
Depreciation, amortization and impairment		8.1	5.2
TOTAL EXPENSES		<u>325.4</u>	<u>308.5</u>
DEFICIT FOR THE YEAR		<u>-32.2</u>	<u>-13.6</u>

STATEMENT III

STATEMENT OF CHANGES IN NET ASSETS

for the year ended December 31, 2011
(in millions of Swiss francs)

	Note	Accumulated Surplus	Working Capital	Revaluation Surplus	Net Assets Total
Net Assets at January 1, 2010		184.9	8.3	15.0	208.2
Deficit for the year 2010		-13.6	-	-	-13.6
Net Assets at December 31, 2010	21	171.3	8.3	15.0	194.6
Items recognized directly in net assets		-	-	-	-
Total of items recognized directly in Net Assets in 2011		-	-	-	-
Deficit for the current year 2011		-32.2	-	-	-32.2
Net Assets at December 31, 2011	21	139.1	8.3	15.0	162.4

STATEMENT IV

STATEMENT OF CASH FLOW

for the year ended December 31, 2011
(in millions of Swiss francs)

	Note	2011	2010
Cash flows from operating activities			
Surplus (deficit) for the period	Statement II	-32.2	-13.6
Depreciation, amortization and impairment	6, 8 & 9	8.1	5.2
Increase (decrease) in post-employment benefits	12	12.1	-2.1
(Increase) decrease in inventories	5	0.1	-0.2
(Increase) decrease in receivables	4	-2.4	-1.4
(Increase) decrease in other assets	10	-	-
Increase (decrease) in advance receipts	14	18.6	8.5
Increase (decrease) in accounts payable	11	-1.2	-11.5
Increase (decrease) in transfers payable	13	0.1	0.3
Increase (decrease) in provisions	16	-0.2	0.7
Increase (decrease) in other liabilities	17	-1.6	6.0
Net cash flows from operating activities		1.4	-8.1
Cash flows from investing activities			
Acquisition of plant, property and equipment	6 & 9	-20.0	-37.8
Disposal of plant, property and equipment	6	0.2	-
Increase in intangible assets	8	-	-
Net cash flows from investing activities		-19.8	-37.8
Cash flows from financing activities			
Proceeds from borrowings	15	15.9	64.0
Repayment of borrowings	15	-1.3	-1.3
Net cash flows from financing activities		14.6	62.7
Net increase in cash and cash equivalents		-3.8	16.8
Cash and cash equivalents at beginning of year	3	383.5	366.7
Cash and cash equivalents at end of year	3	379.7	383.5

STATEMENT V 2011

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – REVENUE

for the year ended December 31, 2011
(in millions of Swiss francs)

	Original Budget 2011 (1)	"Final" Budget 2011 (1)	Actual Revenue on comparable basis 2011	Difference 2011 (2)
Contributions	17.4	17.4	17.4	-
Fees				
PCT system	226.4	226.4	221.1	-5.3
Madrid system	53.3	53.3	51.2	-2.1
Hague system	4.0	4.0	3.0	-1.0
Sub-total fees	283.7	283.7	275.3	-8.4
Arbitration and Mediation	1.3	1.3	1.5	0.2
Publications	0.5	0.5	0.7	0.2
Interest	8.2	8.2	4.3	-3.9
Other/miscellaneous	2.0	2.0	1.1	-0.9
TOTAL	313.1	313.1	300.3	-12.8

(1) - columns "Original Budget" and "Final Budget" represent the second year of the approved 2010/11 biennial budget. As WIPO has a biennial budget cycle, the budgetary transfers across programs, which have taken place during the 2010/11 biennium within the limits described in the Financial Rules and Regulations (Regulation 5.5), are reflected in the biennial budget figures for the 2010/11 biennium under the heading "Final Budget after Transfers 2010/11". Please refer in this regard to Statement V for 2010/11 for the comparison of the 2010/11 Final Budget after Transfers with the 2010/11 original approved budget.

(2) - represents the difference between the "Final" Budget 2011 and actual revenue on a comparable basis for the year 2011.

STATEMENT V 2011

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - EXPENSE

for the year ended December 31, 2011
(in millions of Swiss francs)

Program	Program Title	Original Budget 2011 (1)	"Final" Budget 2011 (1)	Actual Expense on comparable basis 2011	Difference 2011 (2)
1	Patents	1.8	1.8	2.4	-0.6
2	Trademarks, Industrial Design & Geographic Indications	1.8	1.8	3.0	-1.2
3	Copyright and related rights	6.3	6.3	8.0	-1.7
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3.5	3.5	3.2	0.3
5	PCT System	91.1	91.1	82.0	9.1
6	Madrid, Hague and Lisbon Systems	28.7	28.7	29.7	-1.0
7	Arbitration, Mediation and Domain Names	5.1	5.1	4.9	0.2
8	Development Agenda Coordination	2.6	2.6	2.2	0.4
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	20.5	20.5	16.7	3.8
10	Cooperation with Certain Countries in Europe and Asia	3.0	3.0	3.1	-0.1
11	The WIPO Academy	5.0	5.0	5.4	-0.4
12	International Classifications and WIPO IP Standards	4.2	4.2	3.6	0.6
14	Global IP Information Services	3.9	3.9	6.1	-2.2
15	IP Office Modernization	2.4	2.4	3.7	-1.3
16	Economic Studies, Statistics and Analysis	1.4	1.4	2.1	-0.7
17	Building Respect for IP	1.3	1.3	1.3	-
18	IP and Global Challenges	2.6	2.6	5.0	-2.4
19	Communications	7.5	7.5	7.8	-0.3
20	External Office and Relations	5.5	5.5	4.3	1.2
21	Executive Management	7.2	7.2	8.8	-1.6
22	Finance, Budget and Program Management	8.1	8.1	9.1	-1.0
23	Human Resource Management and Development	9.3	9.3	9.2	0.1
24	Administrative Support Services	26.4	26.4	25.1	1.3
25	Information and Communication Technology	20.8	20.8	21.3	-0.5
26	Internal Audit and Oversight	1.8	1.8	1.7	0.1
27	Conference and Language Services	18.7	18.7	17.9	0.8
28	Security	4.9	4.9	5.2	-0.3
29	New Construction	4.1	4.1	3.7	0.4
30	Small and Medium Size Enterprises	2.3	2.3	3.0	-0.7
UN	Unallocated	3.2	3.2	-	3.2
	TOTAL	305.0	305.0	299.5	5.5
	Net Surplus (deficit)	8.1	8.1	0.8	-7.3
	IPSAS adjustments to surplus				
	Depreciation, amortization and impairment			-8.1	
	Equipment acquisition and disposal			1.3	
	Capitalization of construction expense			26.8	
	Capitalization of construction loan interest			1.7	
	Repayment of loan principal			1.4	
	Changes in employee benefit liabilities			-5.1	
	Deferral of revenue from fees			-14.7	
	Inventory recognition			-0.1	
	Sub-total IPSAS adjustments			3.2	
	Projects financed from reserves			-36.2	
	Adjusted net deficit per IPSAS			-32.2	

(1) - columns "Original Budget" and "Final Budget" represent the second year of the approved 2010/11 biennial budget. As WIPO has a biennial budget cycle, the budgetary transfers across programs, which have taken place during the 2010/11 biennium within the limits described in the Financial Rules and Regulations (Regulation 5.5), are reflected in the biennial budget figures for the 2010/11 biennium under the heading "Final Budget after Transfers 2010/11". Please refer in this regard to Statement V for 2010/11 for the comparison of the 2010/11 Final Budget after Transfers with the 2010/11 original approved budget.

(2) - represents the difference between the "Final" Budget 2011 and actual expense on a comparable basis for the year 2011.

STATEMENT V 2010/11

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - REVENUE

for the biennium ended December 31, 2011
(in millions of Swiss francs)

	Original Budget 2010/11	Final Budget after Transfers 2010/11	Actual Revenue on comparable basis 2010/11	Difference 2010/11
	(1)	(2)		(3)
Contributions	34.8	34.8	34.8	-
Fees				
PCT system	446.2	446.2	434.8	-11.4
Madrid system	106.0	106.0	99.6	-6.4
Hague system	7.4	7.4	5.9	-1.5
Sub-total fees	559.6	559.6	540.3	-19.3
Arbitration and Mediation	2.7	2.7	3.3	0.6
Publications	1.0	1.0	1.2	0.2
Interest	16.3	16.3	9.4	-6.9
Other/miscellaneous	4.2	4.2	3.8	-0.4
TOTAL	618.6	618.6	592.8	-25.8

(1) - represents the approved 2010/11 biennial budget.

(2) - represents the 2010/11 Final Budget after Transfers.

(3) - represents the difference between the 2010/11 Final Budget after Transfers and actual revenue on a comparable basis for the biennium 2010/11.

STATEMENT V 2010/11

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - EXPENSE

for the biennium ended December 31, 2011
(in millions of Swiss francs)

Program	Program Title	Original Budget 2010/11	Final Budget after Transfers 2010/11	Actual Expense on comparable basis 2010/11	Difference 2010/11
		(1)	(2)		(3)
1	Patents	3.6	4.8	4.6	0.2
2	Trademarks, Industrial Design & Geographical Indications	3.6	6.0	5.8	0.2
3	Copyright and related rights	12.8	15.9	15.0	0.9
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	7.2	6.4	6.1	0.3
5	PCT System	183.7	170.7	164.0	6.7
6	Madrid, Hague and Lisbon Systems	58.5	59.1	57.0	2.1
7	Arbitration, Mediation and Domain Names	10.2	9.6	9.4	0.2
8	Development Agenda Coordination	5.3	5.1	4.4	0.7
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	42.2	37.0	32.4	4.6
10	Cooperation with Certain Countries in Europe and Asia	6.1	6.5	6.3	0.2
11	The WIPO Academy	10.2	10.0	9.4	0.6
12	International Classifications and WIPO IP Standards	8.5	7.2	7.1	0.1
14	Global IP Information Services	7.9	11.2	11.0	0.2
15	IP Office Modernization	4.9	7.5	6.5	1.0
16	Economic Studies, Statistics and Analysis	2.9	4.0	3.8	0.2
17	Building Respect for IP	2.6	2.7	2.6	0.1
18	IP and Global Challenges	5.4	10.0	9.1	0.9
19	Communications	15.5	15.7	14.8	0.9
20	External Office and Relations	11.3	10.9	9.4	1.5
21	Executive Management	14.5	18.4	17.9	0.5
22	Finance, Budget and Program Management	16.3	17.8	17.5	0.3
23	Human Resource Management and Development	19.2	20.6	20.2	0.4
24	Administrative Support Services	53.3	52.7	51.1	1.6
25	Information and Communication Technology	42.6	44.3	42.7	1.6
26	Internal Audit and Oversight	3.6	3.4	3.3	0.1
27	Conference and Language Services	37.7	37.4	35.4	2.0
28	Security	9.8	10.1	10.0	0.1
29	New Construction	8.1	7.4	6.9	0.5
30	Small and Medium Size Enterprises	4.7	5.4	5.2	0.2
UN	Unallocated	6.4	0.8	-	0.8
	TOTAL	618.6	618.6	588.9	29.7
	Net Surplus (deficit)	-	-	3.9	3.9
	IPSAS adjustments to surplus				
	Depreciation, amortization and impairment			-13.3	
	Equipment acquisition and disposal			2.6	
	Capitalization of construction expense			27.9	
	Capitalization of construction loan interest			3.6	
	Repayment of loan principal			2.8	
	Changes in employee benefit liabilities			-11.0	
	Deferral of revenue from fees			-20.4	
	Inventory recognition			-	
	Sub-total IPSAS adjustments			-7.8	
	Projects financed from reserves			-41.9	
	Adjusted net deficit per IPSAS			-45.8	

(1) - represents the approved 2010/11 biennial budget.

(2) - represents the 2010/11 Final Budget after Transfers.

(3) - represents the difference between the 2010/11 Final Budget after Transfers and actual expense on a comparable basis for the biennium 2010/11.

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 July 14, 1967 and amended on September 28, 1979. WIPO currently has 185 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).

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) relating to the construction of the New Building were capitalized as work in progress during the construction phase (see Note 9). Borrowing costs (interest and fees) which relate to the acquisition from the World Meteorological Organization of the land rights (*droits de superficie*) 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 (see Note 8).

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

Liabilities are established for 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, liabilities 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.

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 Co-operation 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 United States of America 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 per cent 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. Investments are held in banks with sovereign risk or with credit ratings of AA- or higher. An allowance has been established 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 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. Equipment is recognized as an asset if it has a cost of 5,000 Swiss francs or more per unit. 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, less accumulated depreciation. For the initial recognition of buildings occupied at January 1, 2010, the date of transition to IPSAS, 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, 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	Component	Estimated useful life
Communications and IT equipment		5 years
Vehicles		5 years
Furniture and fixtures		10 years
Buildings:	Structure and foundations	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 impairment loss is recognized 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, and 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 financial statements. 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 WIPO. 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 27).

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.

From January 1, 2011, the threshold for recognizing equipment purchases as assets was increased from 1,000 Swiss francs to 5,000 Swiss francs. This change in accounting estimate has been applied as from January 1, 2011, and therefore does not apply to equipment purchases from prior accounting periods.

In preparation of the 2011 financial statements, some minor adjustments with immaterial effect were made to prior year comparative numbers in order to remove rounding differences. Small rounding differences may occur due to the presentation of some amounts in millions of Swiss francs.

NOTE 3: CASH AND CASH EQUIVALENTS

	December 31, 2011 (in Swiss francs)	December 31, 2010 (in Swiss francs)
Cash on hand	10,496	8,145
Deposits with banks - Swiss francs	30,041,560	25,856,940
Deposits with banks - other currencies	9,426,061	10,550,539
Funds invested with BNS - Swiss francs	185,949,331	190,361,867
Total unrestricted cash	225,427,448	226,777,491
Current accounts held for third parties - Swiss francs	45,246,149	49,278,447
Current accounts held for third parties - other currencies	6,825,088	4,439,693
Trademark deposits - estimated amount payable to 3rd parties	26,661,617	24,606,458
Fees collected on behalf of contracting parties - Swiss francs	64,199,527	64,102,887
Total restricted cash - funds held on behalf of 3rd parties	142,932,381	142,427,485
Deposits with banks restricted Special Accounts - Swiss francs	9,430,010	9,246,007
Deposits with banks restricted Special Accounts - Other currencies	1,948,048	954,988
Short-term investments Special Accounts - Swiss francs	-	-
Short-term investments Special Accounts - Other currencies	-	4,079,154
Total restricted cash - Special Accounts	11,378,058	14,280,149
TOTAL CASH AND CASH EQUIVALENTS	379,737,887	383,485,125

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 1.24 per cent in 2011 [1.75 per cent in 2010].

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 Agreement and Protocol, Hague Agreement 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 the vast majority of its funds in banks with high or upper medium grade credit ratings. However in certain cases funds are held in lower medium grade rated banks for specific operational purposes:

	AAA	A+	A	BBB+	Unrated (cash on hand)	Total
December 31, 2011	(in Swiss francs)					
Cash and Cash Equivalents	323,421,379	32,076,539	23,345,642	883,831	10,496	379,737,887
Percent	85.2%	8.4%	6.1%	0.2%	0.0%	100.0%

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. The Organization maintains 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.

NOTE 4: ACCOUNTS RECEIVABLE, ADVANCES AND PREPAYMENTS

	December 31, 2011 (in Swiss francs)	December 31, 2010 (in Swiss francs)
CURRENT ASSETS - Accounts Receivable		
Receivable non-exchange transactions - Contributions		
Unitary contributions	1,783,187	2,204,038
Voluntary contributions	42,733	-
	1,825,920	2,204,038
Receivable exchange transactions		
Publication debtors	152,848	161,410
PCT debtors	15,109,362	11,960,815
Madrid debtors	1,230,860	1,525,648
Hague debtors	3,944	1,490
Other debtors	2,332,132	2,075,512
Prepaid expenditure	169,690	48,622
Swiss taxes reimbursable	29,810	122,460
USA taxes reimbursable	1,862,881	2,901,060
Advances:		
Staff advances for education grants	4,031,395	3,740,419
Other funds advanced to staff	717,530	680,668
Funds advanced to UPOV	439,491	793,340
Funds advanced to UNDP	1,184,771	502,817
	27,264,714	24,514,261
Total current accounts receivable	29,090,634	26,718,299
NON CURRENT ASSETS - Accounts Receivable		
Receivable non-exchange transactions - Contributions		
Paris Union	168,028	168,028
Berne Union	294,984	294,984
IPC Union	-	-
Nice Union	16,079	16,079
Locarno Union	2,247	2,247
WIPO Convention	-	-
	481,338	481,338
Working Capital Funds		
Paris Union	-	-
Berne Union	-	-
PCT Union	-	-
	-	-
Total non-current accounts receivable	481,338	481,338
TOTAL ACCOUNTS RECEIVABLE	29,571,972	27,199,637

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.

An allowance 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 allowance 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.

International staff, other than those living in their home country, are eligible to receive a grant covering 75 per cent 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 2011-2012 year scholastic year which remain outstanding at December 31, 2011.

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 United States of America taxes receivable represents 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, 2011	December 31, 2010
	(in Swiss francs)	(in Swiss francs)
Finished publications	2,236,333	2,371,362
Paper supplies	101,892	132,779
Retail Shop	98,971	75,612
Total Inventory	2,437,196	2,579,753

The write-down of finished publications inventories to net realizable value amounted to 393,733 Swiss francs. There have been no reversals of write-downs.

NOTE 6: EQUIPMENT

Movement 2011	Equipment	Furniture & Furnishings	Total
	(in Swiss francs)		
January 1, 2011			
Gross carrying amount	15,289,699	2,362,558	17,652,257
Accumulated depreciation	-11,816,544	-2,175,331	-13,991,875
Net carrying amount	3,473,155	187,227	3,660,382
Movements in 2011:			
Additions	905,543	624,342	1,529,885
Disposals	-497,265	-110,329	-607,594
Disposals depreciation	284,386	104,067	388,453
Depreciation	-1,155,179	-85,716	-1,240,895
Total movements in 2011	-462,515	532,364	69,849
December 31, 2011			
Gross carrying amount	15,697,977	2,876,571	18,574,548
Accumulated depreciation	-12,687,337	-2,156,980	-14,844,317
Net carrying amount	3,010,640	719,591	3,730,231
Movement 2010			
	(in Swiss francs)		
January 1, 2010			
Gross carrying amount	14,436,579	2,392,772	16,829,351
Accumulated depreciation	-10,825,268	-2,183,087	-13,008,355
Net carrying amount	3,611,311	209,685	3,820,996
Movements in 2010:			
Additions	1,305,163	43,693	1,348,856
Disposals	-452,043	-73,907	-525,950
Disposals depreciation	445,376	73,907	519,283
Depreciation	-1,436,652	-66,151	-1,502,803
Total movements in 2010	-138,156	-22,458	-160,614
December 31, 2010			
Gross carrying amount	15,289,699	2,362,558	17,652,257
Accumulated depreciation	-11,816,544	-2,175,331	-13,991,875
Net carrying amount	3,473,155	187,227	3,660,382

All equipment in the inventory is valued at cost less depreciation based upon the straight-line basis. 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.

NOTE 7: INVESTMENT PROPERTY - WIPO AS LESSOR

Madrid Union Building, Rue de la Prulay 40, Meyrin	2011	2010
Fair Value	(in Swiss francs)	(in Swiss francs)
Opening balance	<u>4,316,000</u>	<u>4,316,000</u>
Fair value gains/(losses) on valuation	-	-
Closing balance	<u>4,316,000</u>	<u>4,316,000</u>

The Organization acquired in 1974 the Madrid Union Building, an investment property in Meyrin, Canton of Geneva, Switzerland. The building had first been brought into service in 1964. The property is held at fair value based on a valuation at December 31, 2009, 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. Prevailing market conditions do not indicate a need to perform a revaluation of the investment property as at December 31, 2011.

The leasing of apartments, parking and other facilities in the Madrid Union 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 per cent of the gross rental income as compensation for its services. The value of non-cancellable leases at December 31, 2011, is as follows:

Madrid Union Building, Rue de la Prulay 40, Meyrin	December 31, 2011	December 31, 2010
Non-cancellable leases	(in Swiss francs)	(in Swiss francs)
Not later than one year	318,586	317,838
Later than one year and not later than five years	342,373	489,828
Later than five years	-	-
Total non-cancellable operating leases	<u>660,959</u>	<u>807,666</u>

The income from rentals of 366,145 Swiss francs and the operating expenditures of the building of 225,325 Swiss francs are not recorded separately in WIPO's accounts. Only the net amount of income received from the managing agent totaling 140,820 Swiss francs is recorded as rental income in 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

Land surface rights (former WMO site)	2011	2010
	(in Swiss francs)	(in Swiss francs)
Opening balance		
Gross carrying amount	34,290,148	34,290,148
Accumulated amortization	-6,520,989	-6,081,372
Net carrying amount	<u>27,769,159</u>	<u>28,208,776</u>
Movements in year:		
Additions	-	-
Disposals	-	-
Disposals amortization	-	-
Amortization	-439,617	-439,617
Total movements in year	<u>-439,617</u>	<u>-439,617</u>
Closing balance		
Gross carrying amount	34,290,148	34,290,148
Accumulated amortization	-6,960,606	-6,520,989
Net carrying amount	<u><u>27,329,542</u></u>	<u><u>27,769,159</u></u>

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 34.3 million Swiss francs 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 is being amortized over the remaining useful life.

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 and include land, buildings under construction and occupied buildings.

Following the transition to International Public Sector Accounting Standards from January 1 2010, buildings which were occupied at that date were valued at an amount determined independently 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 and impairment.

Buildings which are brought into use after January 1, 2010, are initially valued at cost. The New Building was brought into use as of July 1, 2011. The total cost of work related to the construction project for the New Building, including borrowing costs, was 163,778,183 Swiss francs, which was initially capitalized as work in progress. Borrowing costs capitalized in 2011

were 1,677,903 Swiss francs. All buildings are depreciated according to the straight-line method based upon the useful life of each major component of the building (see Note 2).

The land upon which the New Building was constructed was acquired by the Organization at a cost of 13.6 million Swiss francs in 1998 and was revalued to fair value based on International Valuation Standards as determined by an independent appraiser at December 31, 2009, at 28,600,000 Swiss francs. The net result of the revaluation of 15.0 million Swiss francs is included in the revaluation surplus which forms part of WIPO's net assets. Market value was 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. Prevailing market conditions do not indicate a need to perform a revaluation of the land as at December 31, 2011.

In October 2009, the General Assembly approved the construction of a New Conference Hall building, to be physically connected to the A. Bogsch Building. The project is expected to be completed in mid 2013, and funds spent on work to date have been capitalized as work-in-progress. As a result of excavation work for the New Conference Hall carried out in 2011, there has been an impact on certain parts of the A. Bogsch Building. An external valuation has calculated a resulting impairment of 1,713,284 Swiss francs to the carrying value of the A. Bogsch Building as at December 31, 2011, which has been recognized as a charge in the statement of financial performance.

The Organization is undertaking a project to upgrade the safety and security standards of existing WIPO buildings, in line with the implementation of the recommendations of the United Nations Security Management System. This involves upgrading to the United Nations Headquarters Minimum Operating Security Standards (H-MOSS). The project involves construction of a security perimeter and internal security measures. Costs relating to the construction project incurred by the Organization have been capitalized as work-in-progress during 2011.

Movements for land and buildings in 2011:

Movement 2011	Land	Work in Progress			Occupied Buildings					Total Land and Buildings
	New Building Site	Security Construction	New Conference Hall	New Building	New Building	A. Bogsch Building	G. Bodenhausen Building I	G. Bodenhausen Building II	PCT Building	
Year in Service	1998	N/A	N/A	N/A	2011	1978	1960	1987	2003	
					(in Swiss francs)					
January 1, 2011										
Cost/valuation	28,600,000	-	6,653,814	155,172,052	-	47,644,321	10,380,771	4,302,032	67,336,821	320,089,811
Accumulated depreciation and impairment charges	-	-	-	-	-	-1,570,266	-322,441	-114,237	-1,342,081	-3,349,025
Net carrying amount	28,600,000	-	6,653,814	155,172,052	-	46,074,055	10,058,330	4,187,795	65,994,740	316,740,786
Movements in 2011										
Additions	-	271,869	19,408,016	8,606,131	-	99,062	49,500	-	-	28,434,578
Transfers	-	-	-	-163,778,183	163,778,183	-	-	-	-	-
Impairment	-	-	-	-	-	-1,713,283	-	-	-	-1,713,283
Depreciation	-	-	-	-	-1,522,463	-1,395,677	-322,734	-114,237	-1,342,081	-4,697,192
Total movements in 2011	-	271,869	19,408,016	-155,172,052	162,255,720	-3,009,898	-273,234	-114,237	-1,342,081	22,024,103
December 31, 2011										
Cost/valuation	28,600,000	271,869	26,061,830	-	163,778,183	47,743,383	10,430,271	4,302,032	67,336,821	348,524,389
Accumulated depreciation and impairment charges	-	-	-	-	-1,522,463	-4,679,226	-645,175	-228,474	-2,684,162	-9,759,500
Net carrying amount	28,600,000	271,869	26,061,830	-	162,255,720	43,064,157	9,785,096	4,073,558	64,652,659	338,764,889

Movements for land and buildings in the prior year 2010:

Movement 2010	Land	Work in Progress		Occupied Buildings				Total Land and Buildings
	New Building Site	New Conference Hall	New Building	A. Bogsch Building	G. Bodenhäuser Building I	G. Bodenhäuser Building II	PCT Building	
Year in Service	1998	N/A	N/A	1978	1960	1987	2003	
				(in Swiss francs)				
January 1, 2010								
Cost/valuation	28,600,000	3,376,491	115,609,732	47,644,321	10,380,771	4,302,032	67,336,821	277,250,168
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Net carrying amount	28,600,000	3,376,491	115,609,732	47,644,321	10,380,771	4,302,032	67,336,821	277,250,168
Movements in 2010								
Additions	-	3,277,323	39,562,320	-	-	-	-	42,839,643
Impairment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-1,570,266	-322,441	-114,237	-1,342,081	-3,349,025
Total movements in 2010	-	3,277,323	39,562,320	-1,570,266	-322,441	-114,237	-1,342,081	39,490,618
December 31, 2010								
Cost/valuation	28,600,000	6,653,814	155,172,052	47,644,321	10,380,771	4,302,032	67,336,821	320,089,811
Accumulated depreciation and impairment charges	-	-	-	-1,570,266	-322,441	-114,237	-1,342,081	-3,349,025
Net carrying amount	28,600,000	6,653,814	155,172,052	46,074,055	10,058,330	4,187,795	65,994,740	316,740,786

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 20.4 million Swiss francs. The agreement provided for the Organization to advance the sum of 11.0 million Swiss francs, with the balance of the construction cost covered by a mortgage between FCIG and the Cantonal Bank of Geneva.

The lease agreement between the Organization and FCIG provides the Organization with the right to terminate its occupancy of the building at six month's notice to FCIG. The annual amount of rent payable by WIPO is equivalent to the annual repayments (interest plus one per cent of the principal) on the mortgage between FCIG and the Cantonal Bank of Geneva. WIPO shall also pay to FCIG an annual amortization charge of 189,679 Swiss francs on its loan starting from January 1, 2012. Upon vacating the premises, WIPO is to be repaid 10.0 million Swiss francs of its original loan. The remaining 1.0 million Swiss francs of the loan will be retained by FCIG for restoration of the premises to its original condition.

NOTE 11: ACCOUNTS PAYABLE

	December 31, 2011 <u>(in Swiss francs)</u>	December 31, 2010 <u>(in Swiss francs)</u>
CURRENT LIABILITIES - Accounts Payable		
Trade creditors - Accounts payable	16,213,784	17,215,640
Miscellaneous transitory liabilities	11,752,234	1,760,969
Other trade creditors	268,460	536,900
TOTAL ACCOUNTS PAYABLE	<u>28,234,478</u>	<u>19,513,509</u>

Accounts payable includes invoices received from suppliers not yet settled including the revaluation of invoices payable in currencies other than the Swiss franc.

NOTE 12: EMPLOYEE BENEFITS

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.

	December 31, 2011	December 31, 2010
	(in Swiss francs)	(in Swiss francs)
CURRENT LIABILITIES - Employment Benefits		
Accumulated leave - fixed term	1,359,639	1,102,958
Accumulated leave - short-term and consultants	1,211,896	882,937
Separation benefits - Special Accounts	152,619	170,643
Closed pension fund	318,785	517,787
Repatriation grant and travel	1,004,322	1,079,074
Home leave not taken	458,768	157,828
Voluntary separation programme	450,904	1,132,797
Accrued overtime	599,897	447,906
Post-employment medical benefits	9,702,199	12,118,373
Sub Total Employment Benefit liabilities	15,259,029	17,610,303
NON CURRENT LIABILITIES - Employment Benefits		
Closed pension fund	6,829,591	3,315,058
Accumulated leave	11,188,922	10,207,784
Repatriation grant and travel	7,905,421	7,712,397
Post-employment medical benefits	93,662,451	83,813,746
Sub Total Employment Benefit liabilities	119,586,385	105,048,985
Total Employment Benefits	134,845,414	122,659,288

Short-Term Employee Benefits

The Organization 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 13.8 million Swiss francs [12.2 million Swiss francs at December 31, 2010].
- 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 0.5 million Swiss francs [0.2 million Swiss francs at December 31, 2010].
- 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 the reporting date is 0.6 million Swiss francs [0.4 million Swiss francs at December 31, 2010].

Post-Employment Benefits

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 as 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 cost 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 2011, the estimated liability is 0.6 million Swiss francs (0.6 million Swiss francs in 2010).
- 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 actuarial valuations performed in December 2011, is estimated at 6.6 million Swiss francs (3.3 million Swiss francs in 2010).

Repatriation grant and travel: 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 2011 by an independent actuary, the obligation was estimated as follows at the reporting date:

	December 31, 2011 (in Swiss francs)	December 31, 2010 (in Swiss francs)
Liability for repatriation grant and travel	8,909,743	8,791,471

After Service Health Insurance (ASHI): The Organization also has a contractual obligation to provide post-employment medical benefits for its staff members in the form of insurance premiums for the medical and accident insurance plan. Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for ASHI coverage if they continue to participate in the ASHI scheme after separation from service. In accordance with WIPO's Staff Regulations and Rules, a share of 65 per cent of the monthly medical insurance premium is paid by the organization. The current monthly medical premium amounts to 552 Swiss francs [as at December 31, 2011]. The present value of the defined benefit obligations for post-employment medical benefits 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 2011 by an independent office, this liability was estimated as follows at the reporting date:

	December 31, 2011 (in Swiss francs)	December 31, 2010 (in Swiss francs)
Liability for post-employment medical benefits (ASHI)	103,364,650	95,932,119

The actuarial assumptions and calculations applicable to the ASHI liability as at December 1, 2011 are disclosed in the following table:

	December 31, 2011 (in Swiss francs)	December 31, 2010 (in Swiss francs)
Change in benefit obligation		
Benefit obligation at beginning of year	106,603,270	82,603,476
Current service cost	6,191,010	4,539,194
Interest cost	3,164,505	2,654,845
Benefits paid from plan/company	-1,923,721	-1,751,559
Past service cost	-	7,886,163
Actuarial (gain) / loss	<u>-596,332</u>	<u>10,671,151</u>
Benefit obligation at end of year	113,438,732	106,603,270
Amounts recognized in the statement of financial position		
Plans that are wholly unfunded and plans that are wholly or partly funded		
Present value of unfunded obligations	113,438,732	106,603,270
Actuarial gain (loss) unrecognized	<u>-10,074,082</u>	<u>-10,671,151</u>
	103,364,650	95,932,119
<i>Amounts in the statement of financial position</i>		
Liabilities	103,364,650	95,932,119
Components of pension cost		
Amounts recognized as personnel expenditure on statement of Financial Performance		
Current service cost	6,191,010	4,539,194
Interest cost	3,164,505	2,654,845
Past service cost (short-term employees)	-	7,886,163
Amortization of net (gain) / loss	<u>737</u>	<u>-</u>
Total pension cost recognized in Statement of Financial Performance	9,356,252	15,080,202
Policy for amortizing actuarial (gains) losses		
Corridor Method		
Actuarial gain (loss)		
Unrecognized balance at beginning of reporting period	-10,671,151	-
Movement in reporting period	597,069	-10,671,151
Unrecognized gain (loss) at end of reporting period	<u>-10,074,082</u>	<u>-10,671,151</u>
History of experience gains (losses)		
Experience gain (loss) on plan liabilities	5,706,658	487,479
Gain (loss) on plan liabilities due to assumptions changes	<u>-5,110,326</u>	<u>-11,158,630</u>
	596,332	-10,671,151
Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligations</i>		
Discount rate	2.75%	3.00%
Rate of compensation increase	3.80%	3.70%
Rate of sickness premium increase	3.00% as of 2012 2.50% as of 2017 2.00% as of 2027	2.50%
<i>Weighted-average assumptions to determine net cost</i>		
Discount rate	3.00%	3.00%
Rate of compensation increase	3.70%	2.70%
Rate of sickness premium increase	2.50%	2.50%
Components of projected pension expense		
Projected plan contributions for 2012	2,198,608	

The unrecognized actuarial gain for the year is 0.6 million Swiss francs. This represents the net impact of an actuarial loss of 5.1 million Swiss francs resulting from the reduction in the discount rate and the updating of demographic tables, and a gain of 5.7 million Swiss francs resulting from experience adjustments. The cumulative actuarial loss is 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 is 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.

Assumed healthcare cost trends have a significant effect on the amounts calculated for the ASHI liability. A one percentage point change in assumed healthcare cost trends would have the following effects:

Sensitivity information for post-employment medical benefits (ASHI)	1 per cent decrease in assumed health care trend rate	Assumed health care trend rate as applied	1 per cent increase in assumed health care trend rate
		(in Swiss francs)	
Defined benefit obligation as at December 31, 2011	94,370,950	113,438,732	137,973,017
Per cent variation	-16.8%		21.6%
Service and interest cost for the year to December 31, 2011	7,485,748	9,355,515	11,827,211
Per cent variation	-20.0%		26.4%

Termination Benefits

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 22.0 million Swiss francs, with a balance of 0.5 million Swiss francs to be utilized to cover continuing costs of pension and after service health insurance costs for staff members covered by the program in 2012.

United Nations Joint Staff Pension Fund

The Organization is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF) 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 per cent and by WIPO at 15.8 per cent 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 2011 amounted to 22.5 million Swiss francs (23.9 million Swiss francs for 2010).

NOTE 13: TRANSFERS PAYABLE

	<u>December 31, 2011</u> (in Swiss francs)	<u>December 31, 2010</u> (in Swiss francs)
CURRENT LIABILITIES - Transfers Payable		
Madrid Union Complementary Fees	38,752,200	38,817,800
Madrid Union Supplementary Fees	3,215,800	3,034,900
Madrid Union Individual Fees	10,152,430	10,299,469
Madrid Union Continuation of Effects Fees	-	82
Hague Union Distribution	153,680	239,923
Madrid and Hague Union Repartition Fees	9,501,342	9,521,722
AMC deposits	1,084,675	987,286
PCT International Search Authorities	1,339,400	1,201,705
TOTAL TRANSFERS PAYABLE	<u>64,199,527</u>	<u>64,102,887</u>

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 and agreements 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 100 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 the 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.

protocols and regulations administered by the Organization. Revenue from fees related to the processing of international applications (Trademarks, Industrial Designs, Patents) is recognized when the application has been published. Revenue for additional page fees related to international patent applications filed in paper or easy format is deferred until the related application is published. In addition, the part of the fees for international patent applications which covers the cost of translation of patentability reports not filed in the English language is deferred until the translation has been completed. All revenue from fees such as renewals, extracts, modifications, abandonment, transfers, confirmations and adjustments is recognized when the service has been performed.

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

	<u>December 31, 2011</u> (in Swiss francs)	<u>December 31, 2010</u> (in Swiss francs)
CURRENT LIABILITIES - Borrowings		
FIPOI Loan Payable	1,358,200	1,358,200
BCG/BCV New Building Loan Payable	3,900,000	-
Sub Total borrowings	5,258,200	1,358,200
NON CURRENT LIABILITIES - Borrowings		
FIPOI Loan Payable	23,653,375	25,011,575
BCG/BCV New Building Loan Payable	126,100,000	114,000,000
Sub Total borrowings	149,753,375	139,011,575
TOTAL BORROWINGS	<u>155,011,575</u>	<u>140,369,775</u>

The Organization has borrowed funds (50.8 million Swiss francs and 8.41 million Swiss francs approved in 1977 and 1987 respectively) from the Foundation for Buildings for International Organizations (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 2011 was 0.6 million Swiss francs and the value of interest to be waived until the final payment on the loans, due in 2039, is 6.2 million Swiss francs. 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 February 2008, the Organization entered into a contract with the *Banque Cantonale de Genève* and the *Banque Cantonale Vaudoise* to borrow 114.0 million Swiss francs, plus a possible supplementary amount of 16.0 million Swiss francs, to be used to finance part of the cost of the construction of the New Building available for use until February 28, 2011. The supplementary amount of 16.0 million Swiss francs was drawn down on January 27, 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 per cent to 0.70 per cent dependent on the length of the term as determined by the Organization. In addition to the payment of interest, the contract provides for an annual repayment of principal equal to 3 per cent of the total amount borrowed beginning on

February 28, 2012 for the original loan of 114.0 million Swiss francs and the supplementary loan of 16.0 million Swiss francs.

In October 2010, an amendment to the loan agreement was approved by the *Banque Cantonale de Genève*, the *Banque Cantonale Vaudoise* and WIPO providing an additional amount of 40.0 million Swiss francs to be used to finance part of the cost of the construction of the New Conference Hall 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 per cent to 0.70 per cent 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 per cent of the total amount borrowed, to begin on March 31, 2015, for the loan of 40.0 million Swiss francs. As at December 31, 2011, the Organization had not drawn down the additional amount of 40.0 million Swiss francs. It is noted that the Organization pays an annual commission of 0.15 per cent on undrawn loan amounts during the period of availability.

NOTE 16: PROVISIONS

	<u>December 31, 2011</u> (in Swiss francs)	<u>December 31, 2010</u> (in Swiss francs)
CURRENT LIABILITIES - Provisions		
Education grants payable	1,590,948	1,488,003
Legal costs	831,257	1,124,500
TOTAL PROVISIONS	<u>2,422,205</u>	<u>2,612,503</u>

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, 2011, for which fees are therefore due. As part of its normal activities, the Organization is subject to litigation. Events occurring prior to December 31, 2011, 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.

	Legal Costs	Education Grant (in Swiss francs)	Total
Balance as at January 1, 2010	<u>429,000</u>	<u>1,468,551</u>	<u>1,897,551</u>
Movements in 2010:			
Additional provisions made	910,000	1,488,003	2,398,003
Amounts used	-214,500	-1,468,551	-1,683,051
Unused amounts reversed	-	-	-
Total movements in 2010	<u>695,500</u>	<u>19,452</u>	<u>714,952</u>
Balance as at December 31, 2010	<u>1,124,500</u>	<u>1,488,003</u>	<u>2,612,503</u>
Movements in 2011:			
Additional provisions made	-	1,590,948	1,590,948
Amounts used	-148,315	-1,488,003	-1,636,318
Unused amounts reversed	-144,928	-	-144,928
Total movements in 2011	<u>-293,243</u>	<u>102,945</u>	<u>-190,298</u>
Balance as at December 31, 2011	<u>831,257</u>	<u>1,590,948</u>	<u>2,422,205</u>

NOTE 17: OTHER CURRENT LIABILITIES - CURRENT ACCOUNTS

	<u>December 31, 2011</u> (in Swiss francs)	<u>December 31, 2010</u> (in Swiss francs)
CURRENT LIABILITIES - current accounts		
PCT current accounts - Italy and Japan	6,825,088	4,439,693
Other current accounts	45,246,149	49,278,447
TOTAL CURRENT ACCOUNTS	<u><u>52,071,237</u></u>	<u><u>53,718,140</u></u>

The Organization provides facilities for applicants for Trademarks and Industrial Designs 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 and authorization 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 136,550 Swiss francs to 708,000 Swiss francs at the reporting date.

The Organization has no material unrecognized contractual commitments. As at December 31, 2011, outstanding contracts for the construction of the New Conference Hall totaled 37.0 million Swiss francs, and for further construction work relating to the New Building totaled 1.1 million Swiss francs.

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.

Following the break out of a fire in the A. Bogsch Building on October 27, 2011, the Organization suffered both direct costs related to repair, replacement and clean up expenses, and also costs related to the lost working time of employees. The Organization is in the process of claiming reimbursement of these costs from its insurance arrangements. It is as yet too early to quantify the total reimbursement to be paid to the Organization.

WIPO is a Partner Organization in the International Computing Centre (ICC), the inter-organization facility created to provide information technology services. Under the terms of the ICC Mandate, Partner Organizations shall be responsible for their share of certain liabilities arising from ICC's operations.

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 for its New York liaison office under the terms of a non-cancellable lease agreement which has outstanding payments to the end of the lease period as follows:

	<u>December 31, 2011</u> (in Swiss francs)	<u>December 31, 2010</u> (in Swiss francs)
Not later than one year	192,304	2,126,887
Later than one year and not later than five years	512,810	-
Later than five years	-	-
Total non-cancellable operating leases	<u>705,114</u>	<u>2,126,887</u>

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 7.1 million Swiss francs [9.7 million Swiss francs in 2010].

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) who 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 associates 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 November 26, 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 December 2, 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 0.6 million Swiss francs 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 2011.

Key management personnel and their aggregate remuneration were as follows:

	2011		2010	
	Number of Individuals (as an average)	Aggregate remuneration (in Swiss francs)	Number of Individuals (as an average)	Aggregate remuneration (in Swiss francs)
Director-General, deputies and assistants	8.00	3,074,073	8.00	3,072,282
Senior Officers	14.02	4,403,484	12.42	3,852,238

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 2011 and prior periods. The fund balance includes the amount set aside to finance post employment benefits from a charge of six per cent levied against net salary plus post adjustment. Note that this charge will be reduced to two per cent as from January 2012.

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.

	December 31, 2010	Deficit for the Year	Other Adjustments to Net Assets	December 31, 2011
	(in Swiss francs)			
Accumulated surpluses/(deficits)	171,349,788	-32,209,343	-	139,140,445
Working capital funds	8,342,388	-	-	8,342,388
Revaluation surplus	15,045,876	-	-	15,045,876
NET ASSETS	194,738,052	-32,209,343	-	162,528,709

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.

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 48th 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: RECONCILIATION OF STATEMENT OF BUDGETARY COMPARISON (STATEMENT V) AND STATEMENT OF FINANCIAL PERFORMANCE (STATEMENT II)

The WIPO Program and Budget is established on a modified accrual basis in accordance with the Financial Regulations and Rules, and is approved by the Assemblies of the Member States. The Program and Budget for the 2010/11 Biennium established a budget estimate for the biennium of 618.6 million Swiss francs. Actual expense on a modified accrual basis was 588.9 million Swiss francs for the 2010/11 biennium.

For 2011, the second year of the biennium, the original and final budget estimate for income was 313.1 million Swiss francs, and for expense 305.0 million Swiss francs. Actual income on a modified accrual basis for the second year of the biennium was 300.3 million Swiss francs. Actual expense on a modified accrual basis for the second year of the biennium was 299.5 million Swiss francs.

The Program Performance Report for 2010/11 provides an explanation of both the changes between the original and final budget after transfers, and the material differences between the budget and the actual amounts.

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.

As required by IPSAS-24, a reconciliation is provided between the actual amounts on a comparable basis as presented in Statement V and the actual amounts in the financial accounts identifying separately any 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. 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 projects financed from reserves, which are not included in WIPO's published Program and Budget. Presentation differences represent the treatment of acquisitions of equipment and building additions as investing activities in Statement IV rather than as expenses in Statement V, and the repayment of the principal on outstanding loans as financing differences in Statement IV.

Reconciliation for the year 2011:

	2011			Total
	Operating	Investing	Financing	
	(in millions of Swiss francs)			
Actual amount on comparable basis (Statement V)	0.8	-	-	0.8
Depreciation, amortization and impairment	-8.1	-	-	-8.1
Equipment acquisition and disposal	1.3	-	-	1.3
Capitalization of construction expense	26.8	-	-	26.8
Capitalization of construction loan interest	1.7	-	-	1.7
Repayment of loan principal	-	-	1.4	1.4
Changes in employee benefit liabilities	-5.1	-	-	-5.1
Deferral of revenue from fees	-14.7	-	-	-14.7
Inventory recognition	-0.1	-	-	-0.1
Total Basis differences	1.8	-	1.4	3.2
Projects financed from reserves	-36.2	-	-	-36.2
Total Entity differences	-36.2	-	-	-36.2
Actual amount in the Statement of Financial Performance (Statement II)	-33.6	-	1.4	-32.2

Reconciliation for the biennium 2010/11:

	2010-2011			Total
	Operating	Investing	Financing	
	(in millions of Swiss francs)			
Actual amount on comparable basis (Statement V)	3.9	-	-	3.9
Depreciation, amortization and impairment	-13.3	-	-	-13.3
Equipment acquisition and disposal	2.6	-	-	2.6
Capitalization of construction expense	28.1	-0.2	-	27.9
Capitalization of construction loan interest	3.6	-	-	3.6
Repayment of loan principal	-	-	2.8	2.8
Changes in employee benefit liabilities	-11.0	-	-	-11.0
Deferral of revenue from fees	-20.4	-	-	-20.4
Inventory recognition	-	-	-	-
Total Basis differences	-10.4	-0.2	2.8	-7.8
Projects financed from reserves	-41.9	-	-	-41.9
Total Entity differences	-41.9	-	-	-41.9
Actual amount in the Statement of Financial Performance (Statement II)	-48.4	-0.2	2.8	-45.8

NOTE 23: 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. Voluntary contributions comprise 6.8 million Swiss francs of funds received less reimbursements to donors (see Annex III), with an IPSAS adjustment of 1.8 million Swiss francs for the movement in deferred revenue (see Note 14).

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.

	Program Budget	Special Accounts	IPSAS Adjustments	Total	
	(in millions of Swiss francs)				
REVENUE	2011	2011	2011	2011	2010
Assessed contributions	17.4	-	-	17.4	17.4
Voluntary contributions	-	6.8	1.8	8.6	9.1
Publications revenue	0.7	-	-	0.7	0.5
Investment revenue	4.3	-	-	4.3	5.2
PCT System fees	221.1	-	-14.5	206.6	206.1
Madrid System fees	51.2	-	-0.2	51.0	50.2
Hague System fees	3.0	-	-	3.0	3.0
Sub-total fees	275.3	-	-14.7	260.6	259.3
Arbitration and Mediation	1.5	-	-	1.5	1.8
Exchange gain (loss)	-1.2	-0.2	-	-1.4	-0.5
Program support charges	0.8	-	-0.8	-	0.1
Other/miscellaneous revenue	1.5	-	-	1.5	2.1
TOTAL REVENUE	300.3	6.6	-13.7	293.2	294.9

NOTE 24: EXPENSE

	Program Budget	Financed from Reserves	Special Accounts	IPSAS Adjustments	Total	
	(in millions of Swiss francs)					
EXPENSES	2011	2011	2011	2011	2011	2010
Personnel expenditure	198.3	3.8	2.5	5.0	209.6	208.5
Travel and fellowships	17.6	0.7	2.4	-	20.7	20.0
Contractual services	46.1	2.0	1.9	0.1	50.1	40.9
Operating expenses	32.6	1.0	0.1	-2.9	30.8	30.4
Supplies and materials	2.2	-	0.1	-	2.3	2.6
Furniture and equipment	2.2	2.8	0.1	-1.3	3.8	0.7
Construction	0.5	25.9	-	-26.4	-	0.2
Depreciation, amortization and impairment	-	-	-	8.1	8.1	5.2
Program support costs	-	-	1.2	-1.2	-	-
TOTAL EXPENSE	299.5	36.2	8.3	-18.6	325.4	308.5

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 principally changes in the provisions for employee benefit liabilities (5.1 million Swiss francs), and also transfers to work in progress of consultant services related to construction projects and costs related to publications inventory.

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 principally the capitalization of interest related to the new construction (1.7 million Swiss francs) and the repayment of loan principal (1.4 million Swiss francs).

The costs of depreciation of buildings (4.7 million Swiss francs), intangible assets (0.4 million Swiss francs) and equipment (1.2 million Swiss francs) and the impairment of buildings (1.7 million Swiss francs) are treated as IPSAS adjustments. The transfer to fixed assets of the net cost of equipment (1.3 million Swiss francs) and construction (26.4 million Swiss francs) are also included within IPSAS adjustments.

Note that in order to aid comparability between 2011 and 2010 expenses, 1.5 million Swiss francs have been reclassified from operating expenses to contractual services in the 2010 comparative number. As a result the classification of 2010 expenses more accurately reflects that employed in 2011.

NOTE 25: 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 of -1.3 million Swiss francs is recognized as a component of revenue on the Statement of Financial Performance, within the lines PCT System fees (0.3 million Swiss francs), Arbitration and Mediation (-0.1 million Swiss francs) and Other/miscellaneous revenue (-1.5 million Swiss francs)

	Gain	Loss	Net Impact
	(in Swiss francs)		
Accounts payable	1,739,219	-2,033,630	-294,411
Accounts receivable	213,383	-777,030	-563,647
PCT International Searching Authority	1,060,112	-1,036,227	23,885
Sub total realized gain/(loss)	3,012,714	-3,846,887	-834,173
Bank accounts	896,297	-1,711,667	-815,370
Special account bank accounts	345,388	-557,542	-212,154
PCT bank accounts	1,267,493	-351,734	915,759
Arbitration and Mediation bank accounts	185,610	-275,797	-90,187
PCT current accounts	139,844	-240,537	-100,693
Arbitration and Mediation other assets and liabilities	398,200	-384,396	13,804
Other assets and liabilities	2,703,011	-2,837,281	-134,270
Sub total unrealized gain/(loss)	5,935,843	-6,358,954	-423,111
TOTAL EXCHANGE GAIN/(LOSS)	8,948,557	-10,205,841	-1,257,284

NOTE 26: EVENTS AFTER THE REPORTING DATE

WIPO's reporting date is December 31, 2011, and its financial statements were authorized for issuance on June 30, 2012. 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 27: 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 Designs) 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 2011. 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 2008/09 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.

Revenue, Expense and Reserves by Segment

Program	Program Title	Contribution Financed	UNIONS			Special Accounts	Total
			PCT	Madrid	Hague		
(in thousands of Swiss francs)							
Revenue							
	Contributions	17,433.9	-	-	-	6,814.7	24,248.6
	Fees	-	221,155.9	51,178.7	2,954.3	2.9	275,291.8
	Interest	287.1	2,118.8	1,829.5	35.3	0.1	4,292.7
	Publications	47.0	470.0	151.6	1.6	0.2	670.4
	Other Income+UPOV	209.2	209.2	350.1	209.2	209.2	983.5
	Arbitration	77.0	938.2	443.9	17.8	3.0	1,479.9
	Sub-total revenue on budgetary basis	18,054.2	224,892.1	53,953.8	3,218.2	215.4	306,966.9
	Exchange loss from projects financed from reserves	-2.2	-12.2	-2.8	-	-	-17.2
	IPSAS Adjustments to revenue	27.9	-14,534.8	-220.2	41.8	-	-13,812.9
	TOTAL	18,079.9	210,345.1	53,730.8	3,260.0	215.4	293,136.8
Expense							
01	Patents	201.0	2,110.5	44.2	-	-	2,355.7
02	Trademarks, Industrial Designs and Geographical Indications	465.5	688.7	1,476.4	326.6	-	2,957.2
03	Copyright and Related Rights	5,952.4	1,837.3	163.1	-	-	7,952.8
04	Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources	3,244.8	-	-	-	-	3,244.8
05	The PCT System	-	81,980.3	-	-	-	81,980.3
06	Madrid, Hague and Lisbon Systems	-	-	26,046.6	3,207.7	418.5	29,672.8
07	Arbitration, Mediation and Domain Names	255.0	3,109.0	1,471.1	58.8	9.8	4,903.7
08	Development Agenda Coordination	84.4	1,933.1	171.6	-	-	2,189.1
09	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, LDCs	644.8	14,772.1	1,311.5	-	-	16,728.4
10	Cooperation with certain countries in Europe and Asia	120.6	2,763.8	245.4	-	-	3,129.8
11	The WIPO Academy	206.1	4,720.5	419.1	-	-	5,345.7
12	International Classifications and WIPO IP Standards	215.8	3,250.4	107.9	36.0	-	3,610.1
14	Patent Scope	80.9	4,826.4	1,157.9	69.1	1.0	6,135.3
15	IP Office Modernization	142.8	3,271.9	290.5	-	-	3,705.2
16	Economic Studies, Statistics and Analysis	81.8	1,875.0	166.5	-	-	2,123.3
17	Building Respect for IP	51.8	1,186.7	105.4	-	-	1,343.9
18	IP and Global Challenges	193.2	4,426.4	393.0	-	-	5,012.6
19	Communications	301.7	6,912.0	613.7	-	-	7,827.4
20	External Offices and Relations	165.0	3,779.2	335.5	-	-	4,279.7
21	Executive Management	467.3	6,546.8	1,583.5	176.2	25.2	8,799.0
22	Finance, Budget and Program Management	480.8	6,737.2	1,629.5	181.3	26.0	9,054.8
23	Human Resources Management and Development	490.9	6,878.4	1,663.7	185.1	26.5	9,244.6
24	Administrative Support Services	1,331.4	18,653.3	4,511.6	502.0	71.9	25,070.2
25	Information and Communications Technology	1,095.6	15,351.0	4,369.0	413.1	59.2	21,287.9
26	Internal Audit and Oversight	92.1	1,290.0	312.0	34.7	5.0	1,733.8
27	Conference and Language Services	952.9	13,351.1	3,229.2	359.3	51.5	17,944.0
28	Security	273.6	3,833.2	927.1	103.2	14.8	5,151.9
29	The New Construction	199.1	2,789.2	674.6	75.1	10.8	3,748.8
30	Small and Medium Size Enterprises	114.4	2,620.5	232.7	-	-	2,967.6
	Sub-total expense on budgetary basis	17,905.7	221,494.0	53,652.3	5,728.2	720.2	299,500.4
	Financed from Reserves:						
	New Building and New Conference Hall	3,412.1	19,326.3	4,504.0	27.3	27.3	27,297.0
	IPSAS Adjustments to New Building and New Conference Hall	-3,358.7	-19,023.6	-4,433.5	-26.9	-26.9	-26,869.6
	Other Projects	469.8	5,816.7	2,489.8	74.8	9.4	8,860.5
	IPSAS Adjustments to Other Projects	-30.4	-172.0	-40.0	-0.3	-0.1	-242.8
	Special Accounts	-	-	-	-	-	8,301.7
	IPSAS Adjustments to expense	555.7	6,874.1	1,665.1	177.8	22.3	8,498.9
	TOTAL	18,954.2	234,315.5	57,837.7	5,980.9	752.2	325,346.1
	Reserves and working capital funds at December 31, 2010	22,412.8	116,282.6	54,242.5	1,878.2	-78.1	194,738.0
	2011 result on budgetary basis	-3,735.6	-21,757.1	-6,695.1	-2,612.1	-541.5	-37,009.9
	IPSAS adjustments to result	2,861.3	-2,213.3	2,588.2	-108.8	4.7	4,800.6
	Reserves and working capital funds at December 31, 2011	21,538.5	92,312.2	50,135.6	-842.7	-614.9	162,528.7

ANNEX I

STATEMENT OF FINANCIAL POSITION BY BUSINESS UNIT [UNAUDITED]
as at December 31, 2011
(in Swiss francs)

	Notes	Program and Budget		Special Accounts		Projects financed from reserves		IPSAS Adjustments		Consolidated	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
ASSETS											
Current Assets											
Cash and cash equivalents	3	368,359,829	369,204,976	11,378,058	14,280,150	-	-	-	-	379,737,887	383,485,126
Accounts receivable (non-exchange transactions)	4	2,754,223	3,120,952	-	-	-	-	-928,303	-916,914	1,825,920	2,204,038
Accounts receivable (exchange transactions)	4	11,992,394	12,453,787	25,773	58,837	137,184	40,823	15,109,362	11,960,815	27,264,713	24,514,262
Inventories	5	-	-	-	-	-	-	2,437,196	2,579,753	2,437,196	2,579,753
Other current assets		163,869,217	139,162,740	-1,089,717	-2,328,399	-162,779,499	-136,834,342	-	-	1	-1
Total Current Assets		546,975,663	523,942,455	10,314,114	12,010,588	-162,642,315	-136,793,519	16,618,255	13,623,654	411,265,717	412,783,178
Non-Current Assets											
Equipment	6	1	1	-	-	-	-	3,730,230	3,660,380	3,730,231	3,660,381
Investment Property	7	3,394,560	3,394,560	-	-	-	-	921,440	921,440	4,316,000	4,316,000
Intangible Assets	8	-	-	-	-	-	-	27,329,541	27,769,158	27,329,541	27,769,158
Land and Buildings	9	25,415,254	26,773,454	-	-	137,418,518	137,418,518	175,931,117	152,548,814	338,764,889	316,740,786
Accounts receivable (non-exchange transactions)	4	6,801,446	6,883,454	-	-	-	-	-6,320,108	-6,402,116	481,338	481,338
Other non-current assets	10	10,000,000	10,000,000	-	-	-	-	-	-	10,000,000	10,000,000
Total Non-Current Assets		45,611,261	47,051,469	-	-	137,418,518	137,418,518	201,592,220	178,497,676	384,621,999	362,967,663
TOTAL ASSETS		592,586,924	570,993,924	10,314,114	12,010,588	-25,223,797	624,999	218,210,475	192,121,330	795,887,716	775,750,841
LIABILITIES											
Current Liabilities											
Accounts payable	11	17,169,014	13,013,787	53,992	63,912	10,951,021	6,405,727	60,452	30,083	28,234,479	19,513,509
Employee benefits	12	-19,482,204	-9,912,646	152,619	170,643	-	-	34,588,615	27,352,306	15,259,030	17,610,303
Transfers payable	13	64,199,526	64,102,888	-	-	-	-	-	-	64,199,526	64,102,888
Advance receipts	14	30,284,210	27,933,405	11,776,033	13,629,312	-	-	154,514,326	136,473,969	196,574,569	178,036,686
Borrowings due within one year	15	5,258,200	1,358,200	-	-	-	-	-	-	5,258,200	1,358,200
Provisions	16	2,422,205	2,612,503	-	-	-	-	-	-	2,422,205	2,612,503
Other current liabilities	17	52,071,237	53,718,140	-	-	-	-	-	-	52,071,237	53,718,140
Total Current Liabilities		151,922,188	152,826,277	11,982,644	13,863,867	10,951,021	6,405,727	189,163,393	163,856,358	364,019,246	336,952,229
Non-Current Liabilities											
Employee benefits	12	64,484,811	47,782,209	-	-	-	-	55,101,575	57,266,776	119,586,386	105,048,985
Borrowings due after one year	15	149,753,375	139,011,575	-	-	-	-	-	-	149,753,375	139,011,575
Total Non-Current Liabilities		214,238,186	186,793,784	-	-	-	-	55,101,575	57,266,776	269,339,761	244,060,560
TOTAL LIABILITIES		366,160,374	339,620,061	11,982,644	13,863,867	10,951,021	6,405,727	244,264,968	221,123,134	633,359,007	581,012,789
Accumulated surpluses/(deficits)		217,250,747	219,910,711	-	-	-	-	-45,900,959	-35,020,571	171,349,788	184,890,140
Working capital funds		8,342,388	8,342,388	-	-	-	-	-	-	8,342,388	8,342,388
Revaluation surplus		-	-	-	-	-	-	15,045,876	15,045,876	15,045,876	15,045,876
ASHI actuarial liability gain/(loss)		-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) current period		833,415	3,120,764	-1,668,530	-1,853,279	-36,174,818	-5,780,728	4,800,590	-9,027,109	-32,209,343	-13,540,352
NET ASSETS		226,426,550	231,373,863	-1,668,530	-1,853,279	-36,174,818	-5,780,728	-26,054,493	-29,001,804	162,528,709	194,738,052

ANNEX II

STATEMENT OF FINANCIAL PERFORMANCE BY BUSINESS UNIT [UNAUDITED]
for the year ended December 31, 2011
(in Swiss francs)

	Notes	Program and Budget		Special Accounts		Projects financed from reserves		IPSAS Adjustments		Consolidated	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
REVENUE											
Assessed contributions	23	17,433,958	17,411,168	-	-	-	-	27,886	-661	17,461,844	17,410,507
Voluntary contributions	23	-	-	6,814,688	7,148,609	-	-	1,717,385	1,931,772	8,532,073	9,080,381
Publications revenue	23	670,378	476,287	-	-	-	-	-	-	670,378	476,287
Investment revenue	23	4,270,726	5,135,105	21,868	26,146	-	-	-	-	4,292,594	5,161,251
PCT System fees	23	221,155,955	213,611,176	-	-	-	-	-14,534,823	-7,504,793	206,621,132	206,106,383
Madrid System fees	23	51,178,701	48,444,769	-	-	-	-	-220,189	1,736,900	50,958,512	50,181,669
Hague System fees	23	2,954,259	2,977,245	-	-	-	-	41,829	14,381	2,996,088	2,991,626
Other fees	23	2,920	3,770	-	-	-	-	-	-	2,920	3,770
Sub-total fees		275,291,835	265,036,960	-	-	-	-	-14,713,183	-5,753,512	260,578,652	259,283,448
Arbitration and Mediation	23	1,479,830	1,774,628	-	-	-	-	-	-	1,479,830	1,774,628
Exchange gains	23	-1,235,680	-153,594	-203,370	-385,022	-17,206	-	-	-	-1,456,256	-538,616
Program support charges	23	844,971	752,469	-	-	-	-	-844,971	-660,033	-	92,436
Other/miscellaneous revenue	23	1,577,700	2,082,830	-	-	-	-	-	-	1,577,700	2,082,830
Sub-total miscellaneous		1,186,991	2,681,705	-203,370	-385,022	-17,206	-	-844,971	-660,033	121,444	1,636,650
TOTAL REVENUE		300,333,718	292,515,853	6,633,186	6,789,733	-17,206	-	-13,812,883	-4,482,434	293,136,815	294,823,152
EXPENSES											
Personnel expenditure	24	198,246,868	198,197,615	2,474,152	2,526,101	3,784,681	2,210,082	5,048,695	5,455,143	209,554,396	208,388,941
Travel and fellowships	24	17,636,059	15,710,185	2,376,152	3,706,131	730,705	595,403	2,427	-36,309	20,745,343	19,975,410
Contractual services	24	46,119,303	38,598,018	1,900,436	1,194,847	1,974,188	1,173,149	108,514	-79,616	50,102,441	40,886,398
Operating expenses	24	32,559,161	32,683,575	146,148	179,351	1,019,059	1,186,931	-2,933,665	-3,697,067	30,790,703	30,352,790
Supplies and materials	24	2,245,598	2,011,008	55,980	12,799	9,030	445,403	-1,620	99,628	2,308,988	2,568,838
Furniture and equipment	24	2,164,073	1,554,360	116,313	363,750	2,783,659	169,760	-1,310,745	-1,342,189	3,753,300	745,681
Construction	24	529,241	640,328	-	-	25,856,290	-	-26,385,532	-486,327	-1	154,001
Depreciation, amortization and impairment	24	-	-	-	-	-	-	8,090,988	5,291,445	8,090,988	5,291,445
Program support costs	24	-	-	1,232,535	660,033	-	-	-1,232,535	-660,033	-	-
TOTAL EXPENSES		299,500,303	289,395,089	8,301,716	8,643,012	36,157,612	5,780,728	-18,613,473	4,544,675	325,346,158	308,363,504
SURPLUS/(DEFICIT) FOR THE YEAR		833,415	3,120,764	-1,668,530	-1,853,279	-36,174,818	-5,780,728	4,800,590	-9,027,109	-32,209,343	-13,540,352

ANNEX III

SPECIAL ACCOUNTS BY DONOR CONTRIBUTIONS
(in Swiss francs)

Fund-in-Trust Donor	Fund code	Balance as of December 31, 2010	Income 2011				Expenditure 2011				Reimbursements	Balance as of December 31, 2011
			Funds received	Interest	Exch. rate diff.	Total income	Staff expenditure	Other direct expenditure	Administrative support costs	Total expenditure		
Accredited indigenous and local communities	W_IGC	80,315.72	102,500.00	116.15	-	102,616.15	-	88,691.65	-	88,691.65	-	94,240.22
Brazil USD	WBRAZ	909,505.87	-	1,043.00	-107,410.42	-106,367.42	-26,907.44	-1,679.26	-	-28,586.70	849,605.04	-17,879.89
Brazil CHF	WBRES	-	359,500.01	12.50	-	359,512.51	-	20.00	1.00	21.00	-	359,491.51
Costa Rica	WCORI	33,529.36	-	39.26	-211.02	-171.76	-	80.85	-	80.85	-	33,276.75
El Salvador	WELSA	53,458.85	-	62.17	-314.74	-252.57	-	80.85	-	80.85	-	53,125.43
European Union (Bangladesh Project)	WBGLD	508,834.42	-	2,296.59	-16,163.40	-13,866.81	72,419.75	64,598.80	13,276.08	150,294.63	-	344,672.98
European Union (Pakistan Project)	WPAKI	-	472,946.80	667.36	-98.88	473,515.28	-	111,150.83	7,780.55	118,931.38	-	354,583.90
Finland/Copyright I	WFICR	17,796.28	-	46.06	-413.86	-367.80	-	1,759.05	234.75	1,993.80	-	15,434.68
Finland/Copyright II	WFINL	12,181.17	-	32.94	-296.53	-263.59	-	80.26	-	80.26	-	11,837.32
Finland/Copyright III	WFIMO	152,206.68	49,986.86	804.01	-5,468.61	45,322.26	-	26,115.01	4,321.25	30,436.26	-	167,092.68
France/Copyright	WFRCR	496.16	-	-	-	-	-	80.00	13.00	93.00	-	403.16
France/Industrial Property	WFRIP	813,387.03	300,462.00	826.35	-3,381.16	297,907.19	-	724,061.61	99,387.00	823,448.61	-	287,845.61
Germany/ Junior Professional Officers	WDEJP	558,370.75	407,921.00	657.10	-	408,578.10	472,853.94	16,236.38	79,036.05	568,126.37	-	398,822.48
Italy/Intellectual Property	WITIP	326,508.07	-	393.60	-	393.60	-	163,175.67	21,908.54	185,084.21	-	141,817.46
Italy/Junior Professional Officers	WITJP	35,210.57	132,364.70	146.15	-	132,510.85	116,725.61	80.20	18,272.00	135,077.81	-	32,643.61
Japan/Africa - LDCs	WJPAF	1,553,266.82	1,100,000.00	3,154.05	11,439.06	1,114,593.11	209,335.51	761,119.43	178,946.25	1,149,401.19	-	1,518,458.74
Japan/Copyright	WJPCR	529,902.50	468,646.00	814.15	278.27	469,738.42	188,013.68	216,768.65	90,812.70	495,595.03	-	504,045.89
Japan/Industrial Property	WJPIP	1,993,905.11	1,830,300.00	3,074.50	-1,248.48	1,832,126.02	540,891.05	1,080,920.16	287,616.87	1,909,428.08	-	1,916,603.05
Japan/Junior Professional Officers	WJPJP	76,519.09	132,752.00	152.10	12.15	132,916.25	97,207.94	2,742.82	15,097.73	115,048.49	-	94,386.85
Libya	WLIBY	130,619.81	-	99.05	-	99.05	-	80.00	-	80.00	130,659.01	-20.15
Mexico	WMEX	-	125,313.28	39.10	-	125,352.38	-	20.00	1.40	21.40	-	125,330.98
Portugal	WPORT	188,764.26	-	785.38	-4,288.82	-3,503.44	-	14,817.42	1,922.45	16,739.87	-	168,520.95
Republic of Korea/Copyright	WKRRCR	423,471.06	302,196.97	564.45	102.17	302,863.59	37,977.22	234,904.85	-	272,882.07	-	453,452.58
Republic of Korea/Copyright/Professional Officers	WKRPO	249,741.09	-	229.70	-	229.70	122,871.86	80.00	26,713.15	149,665.01	-	100,305.78
Republic of Korea/Intellectual Property	WKIPO	1,389,844.86	687,748.99	2,003.40	-265.54	689,486.85	73,422.69	455,798.25	147,564.00	676,784.94	160,873.35	1,241,673.42
Republic of Korea/Professional Officers	WKRJP	600,503.38	719,209.00	829.00	-	720,038.00	502,737.35	1,561.85	76,761.70	581,060.90	-	739,480.48
Republic of Korea/Education	WKRED	-	160,873.35	5.60	-	160,878.95	-	20.00	-	20.00	-	160,858.95
Spain	WESPA	90,796.74	218,676.80	1,361.69	-49,187.96	170,850.53	44,095.50	131,781.61	56,451.90	232,329.01	-	29,318.26
Trusted Intermediary Global Accessible Resources pilot project	WTIGA	-	7,895.32	4.15	-	7,899.47	-	2,948.00	383.25	3,331.25	-	4,568.22
United States of America/Copyright	W_USA	663,255.58	224,000.00	1,089.54	-25,111.02	199,978.52	-	362,948.98	72,870.76	435,819.74	-	427,414.36
United States of America/Enforcement of Intellectual Property Rights	WUSEN	35,767.12	87,300.00	117.52	-145.28	87,272.24	-	56,687.41	19,418.99	76,106.40	-	46,932.96
United States of America/Small- and Medium-sized Enterprises	WUSSM	296,303.42	-	324.15	-8,665.11	-8,340.96	22,507.05	70,979.13	13,743.90	107,230.08	-	180,732.38
Uruguay	WUGAY	51,571.64	65,232.04	77.68	7,480.73	72,790.45	-	6,318.73	-	6,318.73	-	118,043.36
Miscellaneous closed trust funds	-	-	-	-	-11.66	-11.66	-	-	-	-	-	-11.66
TOTAL		11,776,033.41	7,955,825.12	21,868.45	-203,370.11	7,774,323.46	2,474,151.71	4,595,029.19	1,232,535.27	8,301,716.17	1,141,137.40	10,107,503.30

This schedule is prepared in accordance with the requirements of donor reporting under UNSAS which does not include expenditure accruals. IPSAS adjustments to the closing balances (December 31, 2011) are not included in this schedule but are included in the figures shown in Note 14 Advance Receipts (see line 'Non exchange revenue deferred').

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