

## **Program and Budget Committee**

**Thirty-Sixth Session**  
**Geneva, June 19 to 23, 2023**

### **ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2022**

*prepared by the Secretariat*

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2022, are transmitted to the Program and Budget Committee (PBC) in accordance with Regulation 6.12 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 2022 Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).
3. This document also includes WIPO's Statement on Internal Control signed by the Director General.
4. The report of the External Auditor on the audit of the 2022 Financial Statements, together with his recommendations and the Secretariat's response thereto, are contained in document WO/PBC/36/4.
5. *The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the "Annual Financial Report and Financial Statements 2022" (document WO/PBC/36/6).*

[Annual Financial Report and Financial Statements 2022 follow]



# **World Intellectual Property Organization**

## **Annual Financial Report and Financial Statements**

Year to December 31, 2022



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# ANNUAL FINANCIAL REPORT

## INTRODUCTION

The financial statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2022, are submitted to the Assemblies of the Member States of WIPO (“WIPO Assemblies”) as required by Regulation 4.3 of the WIPO Financial Regulations and Rules (FRR). The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), developed and approved by the International Public Sector Accounting Standards Board (IPSASB), as required by Regulation 4.2 of the FRR.

The report of the External Auditor on the audit of the 2022 financial statements, together with his opinion on the financial statements, are also submitted to the WIPO Assemblies as prescribed under Regulation 6.12 and Annex II of the FRR.

The annual financial report, including financial statement discussion and analysis, is presented in this document alongside the financial statements and the annual statement on internal control.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The following financial statement discussion and analysis includes an overview of the Organization’s operations and environment, financial objectives and strategies, risk management strategy, financial performance and financial position during the year ended December 31, 2022. The discussion and analysis has been prepared in accordance with IPSASB Recommended Practice Guideline 2, and is intended to provide an explanation of the significant items, transactions, and events presented in the financial statements and the factors that influenced them. This discussion and analysis is not part of WIPO’s financial statements; however it should be read together with WIPO’s financial statements.

### Operations and Environment

WIPO is the global forum for intellectual property services, policy, information and cooperation. It is an intergovernmental organization and specialized agency of the United Nations, with 193 Member States. The Organization’s mission is to lead the development of a balanced and effective global intellectual property ecosystem to promote innovation and creativity for a better and more sustainable future. The Organization’s mandate, governing bodies and procedures are set out in the WIPO Convention of 1967, which established WIPO.

WIPO’s Member States determine the direction, budget and activities of the Organization through the decision-making bodies. The main policy and decision-making bodies of WIPO are the General Assembly, the Conference and the Coordination Committee. The General Assembly consists of States party to the WIPO Convention which are members of any of the Unions administered by WIPO. The General Assembly constituted the Program and Budget Committee to consider matters relating to program, budget, premises and finance. The Conference is composed of the States party to the WIPO Convention whether or not they are members of any of the Unions, and is, *inter alia*, the competent body for adopting amendments to the Convention. The Coordination Committee consists of elected members of the Executive Committees of the Paris or the Berne Unions, or both, one-fourth of the States party to the WIPO Convention which are not members of any of the Unions, and Switzerland, as the State on whose territory the Organization has its headquarters.

The General Assembly appoints the WIPO Director General upon nomination by the Coordination Committee. The current Director General, Mr. Daren Tang, was appointed on May 8, 2020, and began his six-year term on October 1, 2020. The Director General is the chief executive of the Organization. The Director General is assisted by the Sector Leads (consisting of the Deputy Directors General and the Assistant Directors General) in providing the strategic direction of WIPO’s programs and in managing their respective Sectors to ensure the delivery of results in line with the Organization’s strategic goals and the Program and Budget.

WIPO generates most of its revenue from fees that are paid by users of its intellectual property services for patents, trademarks and industrial designs. These services are provided through the Patent Cooperation Treaty (PCT), Madrid and Hague systems. In 2022, fees from these activities represented 94.9 per cent of the Organization’s total revenue, with PCT system fees alone representing 76.4 per cent. The driver for revenue from these fee-based services is the international demand for intellectual property titles. Other external factors that may influence the Organization’s revenue from its fee-based services include research and development investment levels, technological confidence levels, and exchange rate fluctuations.

## Financial Objectives and Strategies

The financial activities of WIPO are governed by its Financial Regulations, which are approved by the General Assembly. Financial Rules are established by the Director General in accordance with the provisions of the Financial Regulations. WIPO Member States are informed of any modification of the Financial Rules. The Financial Rules govern all the financial management activities of the Organization. Authority and responsibility for the implementation of the Financial Regulations and Rules are delegated by the Director General to the Controller.

Every two years, the Director General presents a Program of Work and Budget to Member States for approval. It details expected results, performance measures and budgetary planning for all proposed activities. The Program of Work and Budget for the 2022/23 biennium was approved by the Assemblies of the Member States of WIPO in October 2021. The Program of Work and Budget provides the planning for the biennium within the overall strategic context of the Medium-Term Strategic Plan.

The Organization uses a Results-Based Management system to ensure that resources are budgeted and utilized in line with organizational results and priorities. Organizational performance is measured and analyzed on a regular basis through performance indicators, targets and baselines. The WIPO Performance Report provides full programmatic reporting, including detailed performance indicator evaluations, for the year or biennium. Under this system, both the Program of Work and Budget and the Medium-Term Strategic Plan form part of WIPO's planning framework, along with annual work plans and individual staff objectives.

The Organization manages the levels of its reserves in accordance with its Policy on Reserves. WIPO's reserves are accounted for as the net assets of the Organization, and serve to minimize the impact of income shortfalls and to maximize the probability that the Organization can meet its obligations in the short term and maintain financial stability. One core element of the policy is the mechanism for establishing the required level of reserves as a percentage of the estimated biennial expenditure of the Unions administered by the Organization. The policy also establishes the principles and approval mechanism for the use of reserves for one-time projects for capital improvements and exceptional circumstances.

The Organization manages its investments in accordance with its Policy on Investments. The policy states that the primary objectives of the Organization's investment management, in order of importance, shall be: (i) preservation of capital; (ii) liquidity, and (iii) within the constraints of (i) and (ii), the rate of return. The Organization aims to achieve a market rate of return whenever appropriate and possible for both operating and core cash. Strategic cash is to be invested over the long-term in order to achieve capital growth and thus an overall positive return over time.

## Risk Management

WIPO's Risk Management Policy sets out the Organization's approach to managing risks and internal controls in a consistent and business-oriented manner, in order to support the achievement of its strategic goals and expected results. It is complemented by WIPO's Risk and Internal Control Management Manual, which covers the day-to-day operational details of risk and internal control management. The policy and the manual, together with the organizational arrangements, the establishment of roles and responsibilities, processes and activities for the management of risks and internal controls represent WIPO's Risk Management Framework.

Under the guiding principles of WIPO's Risk Management Policy, risk management is considered an organization-wide responsibility. Organizational level risks are identified and reviewed by WIPO's Risk Management Group, which is chaired by the Director General. Risk management is performed as an integral part of the Organization's Results-Based Management cycle. WIPO's Risk Management Framework is guided by the risk appetite noted by its Member States in WIPO's Risk Appetite Statement.

## Sustainability

2022 was a significant year in respect of environmental responsibility, as the WIPO High-Level Policy on Environmental Responsibility was issued. WIPO is working on the implementation of an Environmental Management System (EMS) that will translate the policy into specific objectives, baselines and targets, actions and monitoring, for all WIPO activities at HQ and worldwide, to be deployed for the years to come.

WIPO ensures the preservation of biodiversity on its campus, which is considered a landmark park, with a number of species of trees and various plantations. An environment criterion has been introduced and systematically applied as one of several criteria for assessing and implementing renovations and maintenance of premises and technical facilities on the WIPO campus. This is clearly illustrated by a number of projects which are an integral part of the annual program of work: 100 per cent local hydroelectricity provision, LED light fixtures and presence detection to reduce electricity consumption, cooling using the Lake Geneva water system, waste management system with sorting and recycling of various materials, and water consumption management.

As part of its procurement processes, WIPO asks potential suppliers to confirm their significant commitment to sustainability. In most of the formal tender processes (invitation to bid and request for proposals), the technical evaluation includes a criterion on sustainability. WIPO has continued its active participation in the 2050Today initiative aimed at achieving zero emissions in the Canton of Geneva by 2050. The initiative operates under the auspices of the host country at the federal and cantonal levels, and includes a number of international intergovernmental organizations, local public and private sectors, and non-governmental organizations.

It is recalled that, since 2010, WIPO has been actively participating in the Greening the Blue initiative of the United Nations Environment Programme (UNEP). Through this, WIPO participates in the collection of carbon emissions and other environmental data along with over fifty UN agencies and programs. From 2014 WIPO has compensated its remaining unavoidable emissions by purchasing credits through the UN-wide mechanism managed by the United Nations Framework Convention on Climate Change (UNFCCC). WIPO is also continuing its active involvement in the local Cantonal Geneva 2050Today Initiative. This is aimed at reducing GHG emissions by 50 per cent by 2030 in the Canton of Geneva, with the ultimate goal of net zero emissions by 2050. Geneva-based International Organizations, Member State Permanent Missions as well as local Swiss public and private sector stakeholders participate in this initiative.

## COVID-19 Pandemic

The outbreak of the COVID-19 coronavirus was first declared a public health emergency of international concern (PHEIC) by the World Health Organization on January 30, 2020, and was subsequently declared a pandemic on March 11, 2020. In its 2019 financial statements, WIPO disclosed the outbreak as a non-adjusting event after the reporting date, in accordance with IPSAS 14. In its 2020 and 2021 financial statements, the Organization provided an overview of the effects of the pandemic on its operations and financial results as part of the financial statement discussion and analysis.

At the start of 2022, the COVID-19 pandemic was still affecting WIPO's operations. The Swiss Government had re-introduced the requirement to work from home on December 17, 2021, and WIPO had reinstated mandatory teleworking. However, as the epidemiological situation continued to improve and high levels of immunity were achieved, the Swiss Government decided to lift most COVID-19 containment measures, including the recommendation to work from home, from February 17, 2022. Following this, WIPO ended pandemic-related teleworking from March 7, 2022. On May 7, 2022, the Organization lifted many of its mandatory COVID-19 containment measures, including distancing, mask wearing, and contact tracing.

## Economic Conditions 2022

During 2022, global economic activity experienced a broad-based slowdown, with inflation higher than seen in several decades. Despite the challenging economic conditions, businesses continued to invest in innovation. PCT application filings in 2022 reached an estimated 278,100 applications, a new record figure. This represented a slight increase of 0.3 per cent compared to the 2021 figure of 277,182. Demand for the protection of industrial designs via the Hague system experienced double-digit growth, with the number of designs in applications rising by 11.2 per cent compared to the prior year. This was in large part driven by China's 2022 accession to the Hague system. Following exceptional growth of 15.0 per cent in 2021, use of the Madrid system declined by 6.1 per cent in 2022. International trademark applications in 2022 totaled an estimated 69,000, lower than the 2021 figure of 73,500 but still higher than the 2020 figure of 63,893. The economic disruptions caused by the COVID-19 pandemic in 2021 prompted firms to introduce new goods and services which helped fuel the exceptional growth in international trademark protection in that year. WIPO's revenue from fees charged for applications under the PCT, Madrid and Hague systems is recognized at the date of publication of the application, in accordance with the requirements of IPSAS. WIPO's fee revenue on this basis continued to grow in 2022, reaching 473.3 million Swiss francs compared to 450.5 million Swiss francs in 2021.

The Organization reported net investment losses of 88.0 million Swiss francs in 2022, generated by the unrealized decreases in the fair value of its investments. Extreme economic uncertainty during 2022 created some of the toughest investment conditions recorded in the last thirty years. The previous decade (between 2010 and 2021) of highly accommodating monetary policies had driven bond yields to historic lows and supported valuation expansions in many financial markets. In 2022, higher inflation forced the reversal of many central banks' policies and resulted in unprecedented price declines in many markets, particularly in fixed income. High quality bonds experienced a major decline in the financial markets and had their worst year in recorded history, while the Swiss real estate market recorded a 15.1 per cent decline, the worst year on record. Equity returns were negative for all regions. It should be emphasized that WIPO's investment strategies aim to achieve a medium term objective of positive returns over a five-year rolling period for core cash and a long-term objective of a 2 per cent rate of return to reach 100 per cent funding of WIPO's long-term employee benefits over a 20 year period for strategic cash. The core and strategic cash portfolios are designed to withstand short-term volatilities in the financial markets. The amounts invested have been drawn from surpluses generated by the Organization in 2022 and previous years and their investment in the two portfolios has had no detrimental impact on the liquidity levels required to meet operational requirements. This situation in the financial markets also significantly impacted the actuarial valuations of the Organization's long-term employee benefit liabilities, particularly After-Service Health Insurance (ASHI). The discount rate for ASHI is



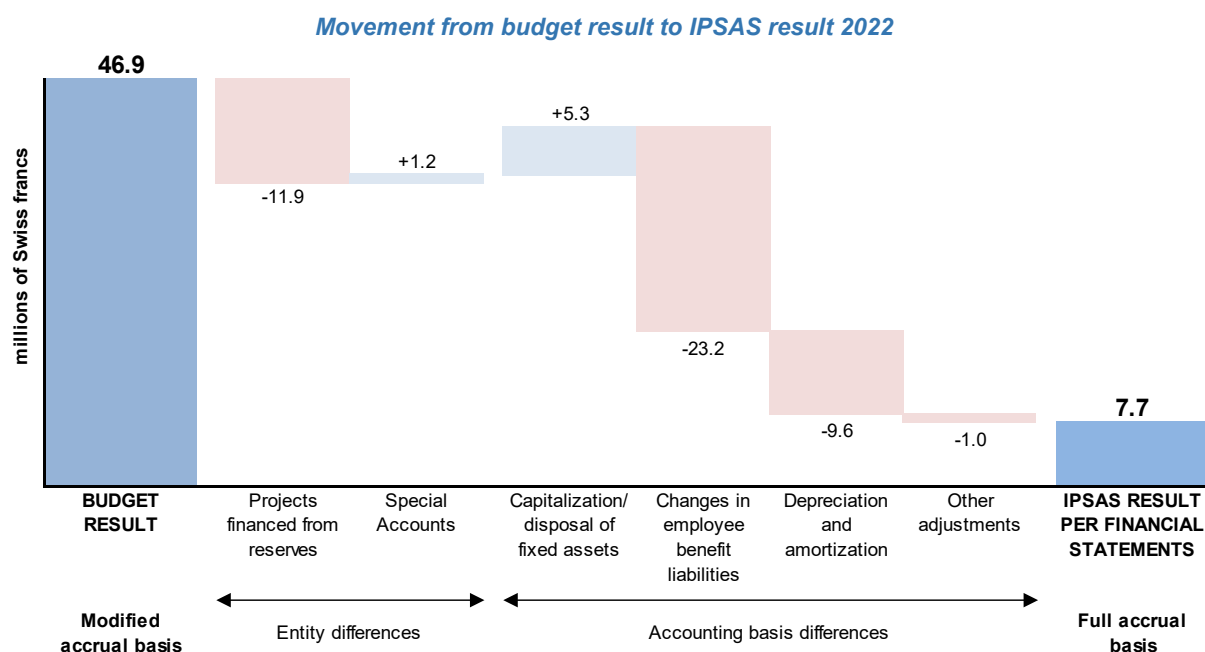
determined using AA corporate bond yield curves, and the 2022 increase in the discount rate was the driving factor in the net decrease in the ASHI liability of 105.1 million Swiss francs compared to 2021. This decrease was recorded despite the impact of actuarial losses arising from medical cost increases.

## Financial Performance 2022

The Organization's results for 2022 showed a surplus for the year of 7.7 million Swiss francs, with total revenue of 498.5 million Swiss francs, total expenses of 402.8 million Swiss francs, and investment losses of 88.0 million Swiss francs. This can be compared to a surplus of 108.9 million Swiss francs in 2021, with total revenue of 475.1 million Swiss francs, total expenses of 388.9 million Swiss francs, and investment gains of 22.7 million Swiss francs. Removing the impact of the investment losses and gains recorded in 2022 and 2021 respectively reveals that the Organization actually increased its operating surplus by 11 per cent over 2022 (operating surplus of 95.7 million Swiss francs in 2022 compared with an operating surplus of 86.2 million Swiss francs in 2021). The Program of Work and Budget result for 2022 prepared on a modified accrual basis (i.e. not including all IPSAS adjustments) was a surplus of 46.9 million Swiss francs. The 2022 result for the Organization under IPSAS includes Special Accounts, Projects financed from reserves, and the impact of adjustments related to full accrual accounting in accordance with IPSAS:

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	Total
	2022	2022	2022	2022	2022	2021
<i>(in millions of Swiss francs)</i>						
Total revenue	491.9	8.4	-	-1.8	498.5	475.1
Total expenses	-357.0	-7.2	-11.9	-26.7	-402.8	-388.9
<b>Operating surplus/(deficit)</b>	<b>134.9</b>	<b>1.2</b>	<b>-11.9</b>	<b>-28.5</b>	<b>95.7</b>	<b>86.2</b>
Investment gains/(losses)	-88.0	-	-	-	-88.0	22.7
<b>Total surplus/(deficit)</b>	<b>46.9</b>	<b>1.2</b>	<b>-11.9</b>	<b>-28.5</b>	<b>7.7</b>	<b>108.9</b>

The chart below summarizes the principal differences between the Program of Work and Budget surplus of 46.9 million Swiss francs, and the surplus for the whole Organization prepared on an IPSAS basis of 7.7 million Swiss francs:

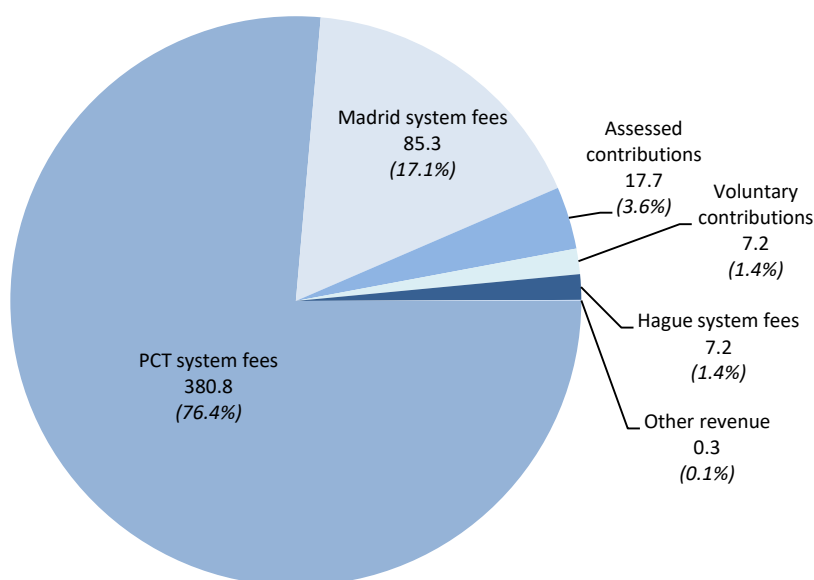


The WIPO financial statements as prepared in accordance with IPSAS include all areas and activities of the whole Organization. The inclusion of the results before IPSAS adjustments of Projects financed from reserves (deficit of 11.9 million Swiss francs) and Special Accounts (surplus of 1.2 million Swiss francs) represent 'entity differences' between the budget result and the surplus per the IPSAS financial statements. The application of full accrual basis accounting in accordance with IPSAS leads to a number of 'accounting basis differences' which impact the result for the year. The net impact of these adjustments is a 28.5 million Swiss francs reduction in the surplus. The principal accounting differences include:

- the depreciation expense of buildings and equipment and the amortization expense of intangible assets as the cost of these assets is spread over their useful lives;
- adjustments to reflect movements in employee benefit liabilities based on IPSAS compliant calculations, including those prepared by external actuaries;
- the capitalization of costs relating to the improvement or acquisition of fixed assets, along with losses from the disposal or write-off of fixed assets.

## Revenue

**Composition of 2022 revenue on an IPSAS basis**  
(in millions of Swiss francs)



Total revenue of the Organization for 2022 was 498.5 million Swiss francs, representing an increase of 4.9 per cent compared to the 2021 total revenue of 475.1 million Swiss francs. The largest source of revenue during 2022 was PCT system fees, accounting for 76.4 per cent of total revenue. Revenue from PCT system fees rose by 5.3 per cent compared to 2021.

Madrid system fees were the second largest source of revenue during the year 2022, representing 17.1 per cent of total revenue. Revenue from Madrid system fees increased by 3.5 per cent compared to 2021. Hague system fees, Lisbon system fees, assessed contributions, voluntary contributions (contributions by donors to Special Accounts) and other revenue (publications, arbitration and mediation and other/miscellaneous revenue) comprise the remaining 6.5 per cent of the Organization's total revenue. The table on the following page provides a summary of the changes by revenue type compared to the prior year:

## Revenue variance 2021-2022

		2022	2021	Net Change	Net Change	
					(in millions of Swiss francs)	%
<b>Revenue</b>						
Assessed contributions	↑	17.7	17.4	0.3	1.7	
Voluntary contributions	↑	7.2	6.7	0.5	7.5	
Publications revenue	→	0.4	0.4	-	-	
<b>Fees</b>						
PCT system	↑	380.8	361.8	19.0	5.3	
Madrid system	↑	85.3	82.4	2.9	3.5	
Hague system	↑	7.2	6.2	1.0	16.1	
Lisbon system	↓	-	0.1	-0.1	-95.8	
Sub-total fees	↑	473.3	450.5	22.8	5.1	
Arbitration and Mediation	↑	2.9	2.5	0.4	16.0	
Other/miscellaneous revenue	↓	-3.0	-2.4	-0.6	25.0	
<b>Total revenue</b>	↑	<b>498.5</b>	<b>475.1</b>	<b>23.4</b>	<b>4.9</b>	

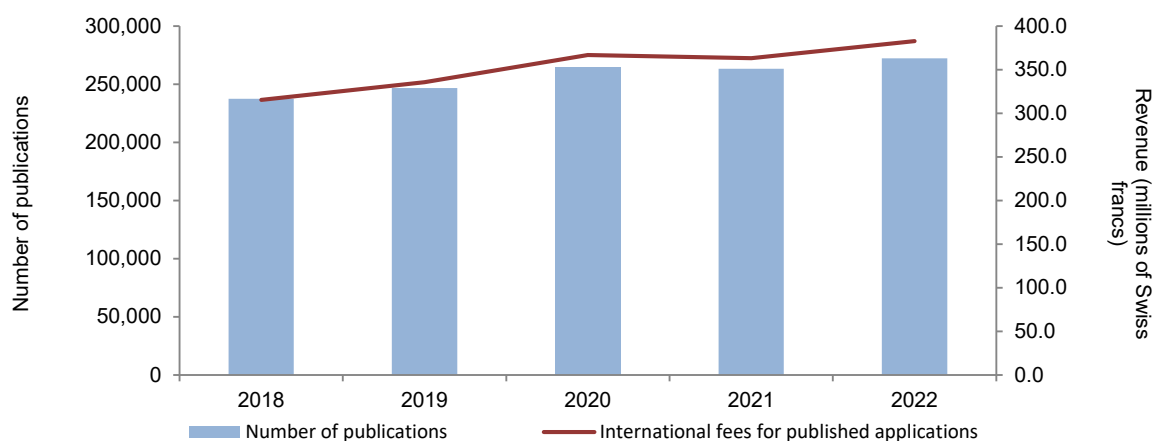
PCT revenue is principally comprised of international filing fees (the basic fee, plus supplementary page fees, less reductions for e-filings and least developed countries). The total PCT system fees revenue figure also comprises other fees (including handling and transfer fees) and foreign exchange gains and losses:

## Detail of PCT system fees – 2018-2022

	2022	2021	2020	2019	2018	
						(in millions of Swiss francs)
International filing fees	382.6	363.1	366.9	335.6	315.4	
Other fees	3.0	3.1	3.2	3.4	3.6	
Exchange gain/(loss) on fees received	-7.2	-3.3	-8.6	-2.6	1.7	
Other exchange gain/(loss)	2.4	-1.1	-2.9	1.7	0.7	
<b>Total PCT system fees</b>	<b>380.8</b>	<b>361.8</b>	<b>358.6</b>	<b>338.1</b>	<b>321.4</b>	

Revenue from PCT system fees on an IPSAS basis increased by 5.3 per cent compared to 2021. In the financial statements prepared under IPSAS, revenue for international filing fees from PCT applications is recognized only on publication of the application. In 2022 there were 272,313 publications compared to 263,280 in 2021. When looking at revenue from PCT international filing fees as recognized in accordance with IPSAS, the following graph shows how annual revenue has moved in line with the number of published applications in the year:

## PCT - International filing fees and publications 2018-2022



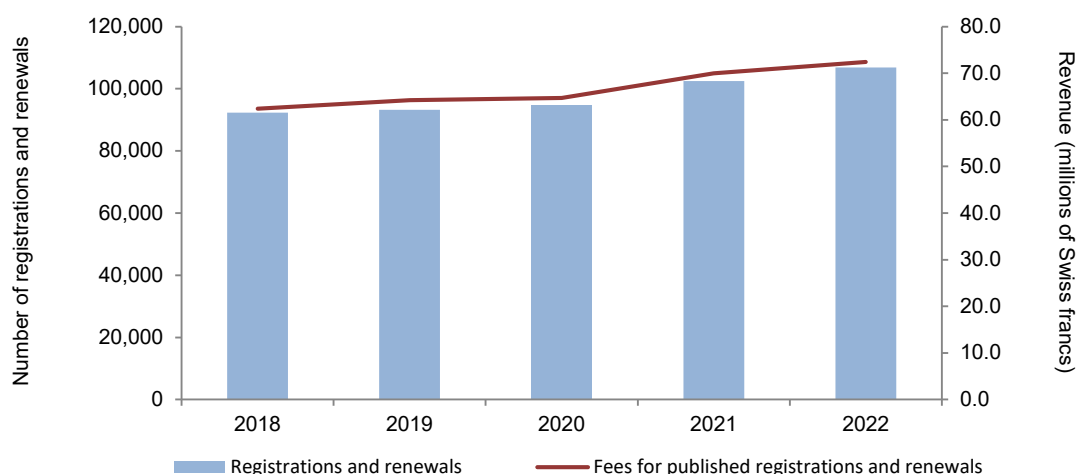
Madrid system fees principally comprise basic fees received from applications for registrations or renewals and fees for subsequent designations:

*Detail of Madrid system fees – 2018-2022*

	2022	2021	2020	2019	2018
<i>(in millions of Swiss francs)</i>					
Basic fees (registrations and renewals)	72.4	70.0	64.7	64.2	62.4
Subsequent designations	6.4	6.3	6.0	6.4	5.8
Other fees	6.5	6.1	5.5	6.2	6.1
<b>Total Madrid system fees</b>	<b>85.3</b>	<b>82.4</b>	<b>76.2</b>	<b>76.8</b>	<b>74.3</b>

In accordance with IPSAS, revenue from Madrid fees for registrations, renewals and subsequent designations is recognized in the financial statements upon publication. Revenue from registrations and renewals as recognized in accordance with IPSAS has moved in line with the number of registrations and renewals in the year. Between 2021 and 2022, the number of registrations increased slightly from 68,265 to 68,589. In the same period the number of renewals also rose from 34,218 to 38,265:

*Madrid - Basic fees and registrations/renewals 2018-2022*



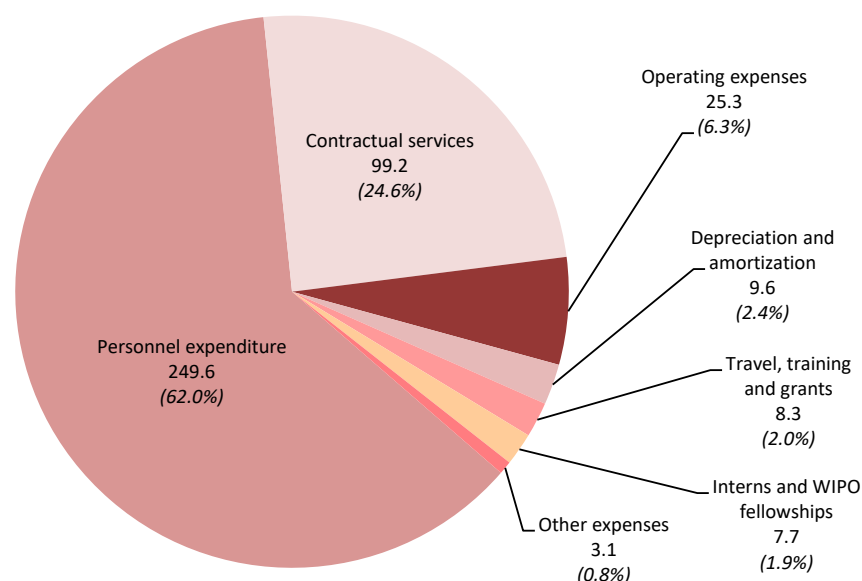
Revenue from Hague system fees totaled 7.2 million Swiss francs for 2022, representing an increase of 16.1 per cent compared to the 2021 figure of 6.2 million Swiss francs. Registrations under the Hague system rose from 6,106 in 2021 to 7,725 in 2022. Lisbon system fees totaled 3,000 Swiss francs in 2022, compared to 71,000 Swiss francs in 2021. The higher amount in 2021 was due to the coming into force of individual fees payable to Cambodia and Samoa following their accession to the Geneva Act of the Lisbon Agreement.

Revenue from assessed contributions of 17.7 million Swiss francs in 2022 represents 3.6 per cent of total revenue, while revenue from voluntary contributions of 7.2 million Swiss francs in 2022 represents 1.4 per cent of total revenue. Revenue from voluntary contributions is recognized as work is performed and expense incurred in line with the relevant agreement. The actual receipt of voluntary contributions in 2022 was 8.4 million Swiss francs, compared to 8.1 million Swiss francs in 2021.

Arbitration and mediation revenue of 2.9 million Swiss francs was up by 0.4 million Swiss francs on the prior year, while publications revenue of 0.4 million Swiss francs was in line with the 2021 figure. Other/miscellaneous revenue totaled -3.0 million Swiss francs in 2022, compared to -2.4 million Swiss francs in 2021. The Organization includes exchange gains/losses as part of other/miscellaneous revenue, and in 2022 recognized net losses of 5.3 million Swiss francs, compared to net losses of 3.8 million Swiss francs in 2021. These exchange losses correspond to the revaluation of bank accounts and operating cash short-term investments held in currencies other than Swiss francs.

## Expenses

**Composition of 2022 expenses on an IPSAS basis**  
(in millions of Swiss francs)



**Detailed breakdown of 2022 expenses**  
(in millions of Swiss francs)

Personnel expenditure 249.6	Posts	241.3	Depreciation and amortization 9.6	Buildings depreciation	8.7
	Temporary staff	8.7		Equipment depreciation	0.4
	Other staff costs	-0.4		Intangible assets amortization	0.5
Contractual services 99.2	Conferences	3.6	Travel, training and grants 8.3	Staff missions	2.1
	Individual contractual services	16.9		Third-party travel	5.1
	Other contractual services	78.7		Training and related travel grants	1.1
Operating expenses 25.3	Premises and maintenance	22.9	Interns and WIPO fellowships 7.7	Internships	0.4
	Communication	0.8		WIPO fellowships	7.3
	Representation & other operating expenses	0.8	Other expenses 3.1	Equipment and supplies	2.8
	United Nations joint services	0.8		Finance costs	0.3

Total expenses of the Organization for 2022 were 402.8 million Swiss francs, representing an increase of 3.6 per cent compared to 2021 total expenses of 388.9 million Swiss francs. The largest expense for the Organization was personnel expenditure of 249.6 million Swiss francs, representing 62.0 per cent of total expenses. Contractual services of 99.2 million Swiss francs were the second largest expense for the Organization, followed by operating expenses of 25.3 million Swiss francs. The following table provides a summary of the changes by expense type compared to the prior year:

**Expenses variance 2021-2022**

	2022	2021	Net Change	Net Change
	(in millions of Swiss francs)			%
<b>Expenses</b>				
Personnel expenditure	249.6	244.7	4.9	2.0
Internships and WIPO fellowships	7.7	5.7	2.0	35.1
Travel, training and grants	8.3	1.5	6.8	453.3
Contractual services	99.2	99.8	-0.6	-0.6
Operating expenses	25.3	24.0	1.3	5.4
Equipment and supplies	2.8	3.4	-0.6	-17.6
Depreciation and amortization	9.6	9.6	-	-
Finance costs	0.3	0.2	0.1	50.0
<b>Total expenses</b>	<b>402.8</b>	<b>388.9</b>	<b>13.9</b>	<b>3.6</b>

Personnel expenditure comprises principally net base salary and post adjustments for staff in posts or temporary positions. Combined these represent 147.5 million Swiss francs, 59.1 per cent of total personnel expenditure for 2022. Total personnel expenditure in 2022 of 249.6 million Swiss francs has increased by 2.0 per cent compared to total personnel expenditure of 244.7 million Swiss francs in 2021. This increase is primarily due to the impacts of movements in long-term employee benefit liabilities recognized through personnel expenditure. The cost of internships and WIPO fellowships, which is not included as part of personnel expenditure, also increased significantly compared to 2021, rising by 35.1 per cent to 7.7 million Swiss francs. Notably the Organization launched its Young Experts Program at the end of 2021, with eleven young professionals joining in 2022.

Travel, training and grants increased from 1.5 million Swiss francs in 2021, to 8.3 million Swiss francs in 2022. Despite this increase, expenditure in this area was still well below the 2019 figure of 17.5 million Swiss francs prior to the impact of the COVID-19 pandemic. The significant reduction seen across 2020 and 2021 was a direct consequence of the effects of the pandemic on the Organization's activities, with restrictions over movement and mass gatherings hugely reducing travel for missions and physical participation in conferences and meetings.

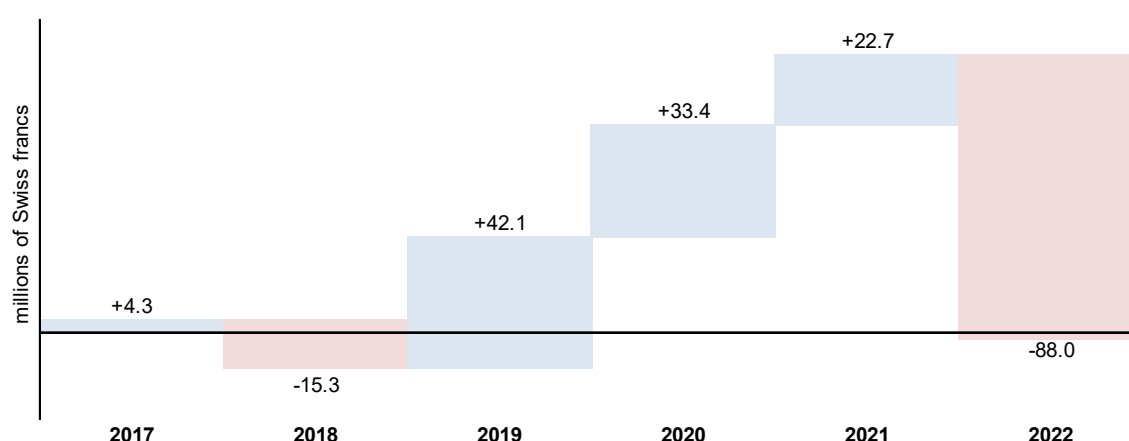
Contractual services in 2022 totaled 99.2 million Swiss francs. These expenses decreased slightly by 0.6 million Swiss francs compared to the 2021 figure. Contractual services in the year 2022 concern primarily commercial translation services (31.1 million Swiss francs), IT commercial services (20.6 million Swiss francs), individual contractual services (15.9 million Swiss francs), and International Computing Centre services (12.0 million Swiss francs).

Operating expenses in 2022 totaled 25.3 million Swiss francs, an increase of 5.4 per cent compared to the 2021 total of 24.0 million Swiss francs. The main area of increase concerned premises and maintenance costs, which rose by 1.6 million Swiss francs. Expenses for equipment and supplies fell from 3.4 million Swiss francs in 2021 to 2.8 million Swiss francs in 2022, while depreciation and amortization of capitalized fixed assets was in line with the prior year, again totaling 9.6 million Swiss francs.

### *Investment gains/(losses)*

In 2022 the Organization reported net investment losses of 88.0 million Swiss francs. Economic conditions and higher inflation in 2022 resulted in unprecedented price declines in many markets, particularly in fixed income. It is important to note that 2022 investment losses represent the unrealized decreases in the fair value of the Organization's investments. WIPO's Policy on Investments includes specific investment policies for core cash and strategic cash. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, whilst strategic cash balances are invested over the long term. The policies are designed to withstand short-term volatilities in the financial markets. WIPO's total core cash and strategic cash investments balance has grown from 268.3 million Swiss francs at the end of 2017, to 874.5 million Swiss francs at the end of 2022, principally due to additional investments made during the period. The table below summarizes the Organization's investment gains and losses during the same period:

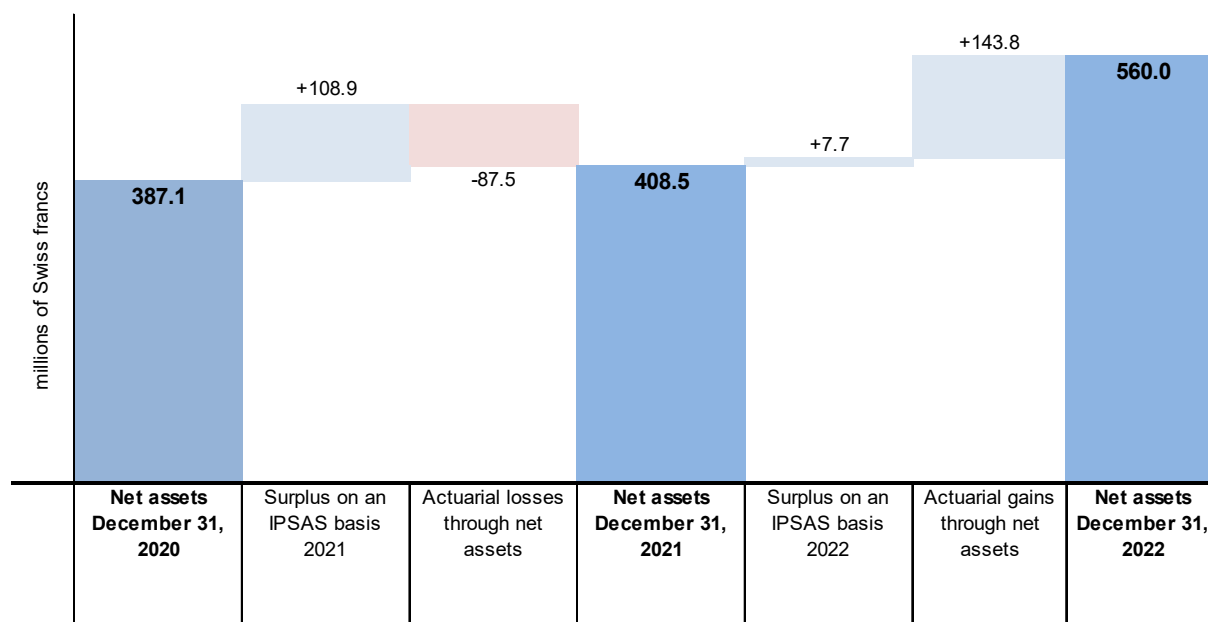
*Investment gains/(losses) 2017-2022*



## Financial Position 2022

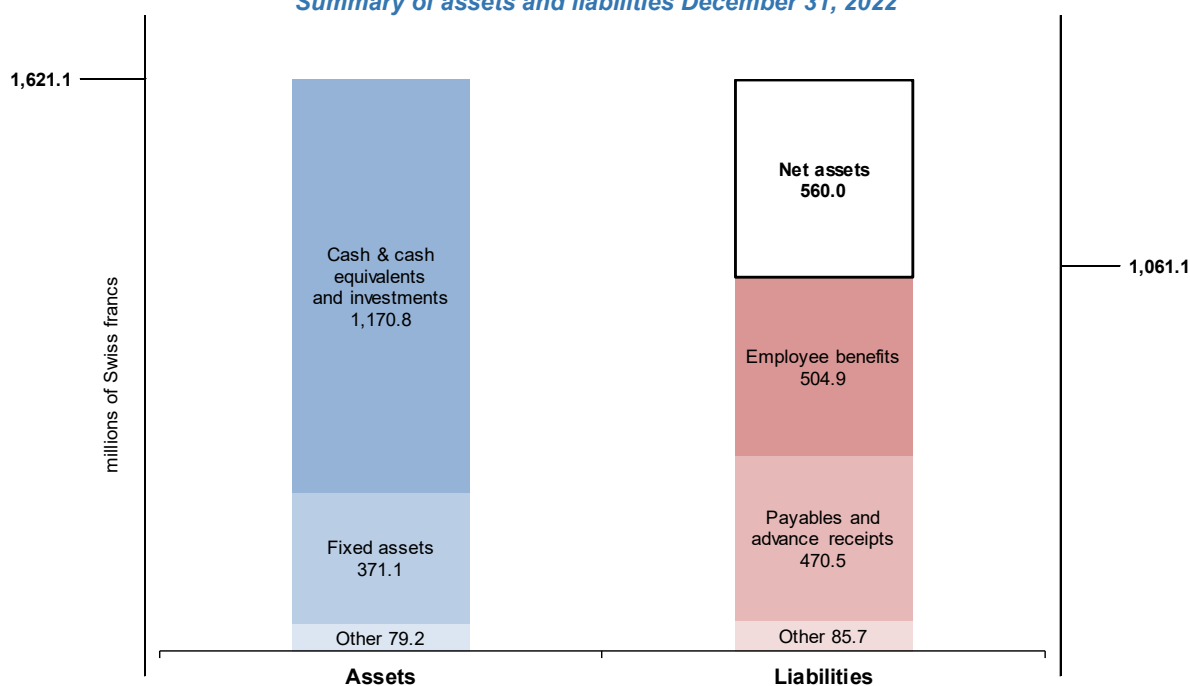
As at December 31, 2022, the Organization had net assets of 560.0 million Swiss francs, with total assets of 1,621.1 million Swiss francs and total liabilities of 1,061.1 million Swiss francs. During 2022, the Organization's net assets increased by 151.5 million Swiss francs. This was mainly due to significant actuarial gains related to WIPO's liability for ASHI, which totaled 143.8 million Swiss francs and were recognized through net assets, along with the surplus for the year of 7.7 million Swiss francs:

### Movement in net assets 2020-2022



The following chart provides a summary of the Statement of Financial Position of WIPO as at December 31, 2022. Total assets of 1,621.1 million Swiss francs are composed primarily of cash, cash equivalents, investments and fixed assets. Total liabilities of 1,061.1 million Swiss francs are principally employee benefits, and payables and advance receipts:

### Summary of assets and liabilities December 31, 2022



## Assets

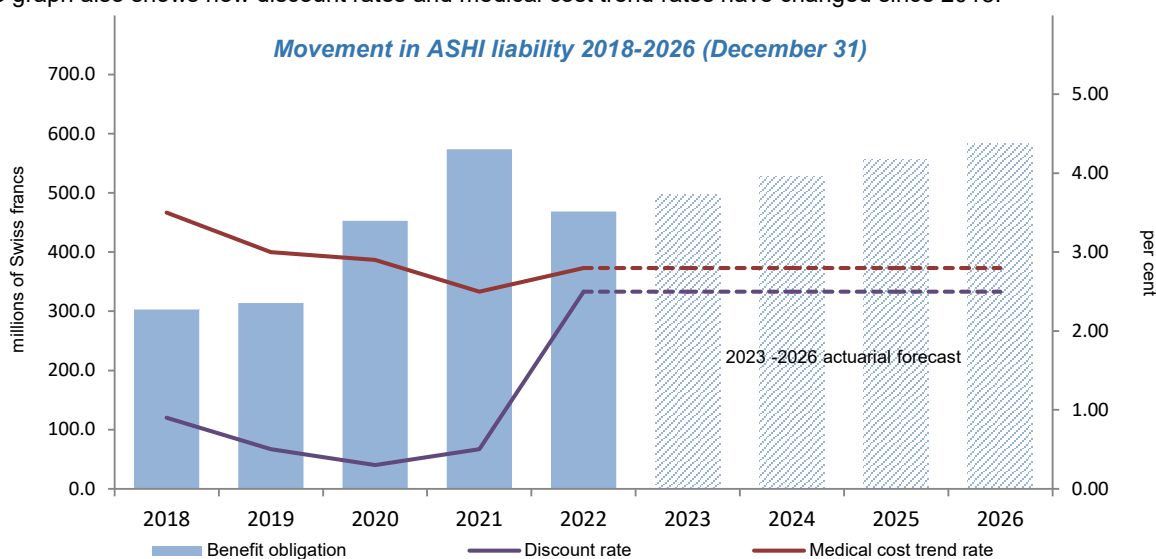
At the end of 2022, the Organization held cash, cash equivalents and investment balances of 1,170.8 million Swiss francs, representing 72.2 per cent of total assets. This included amounts totaling 219.3 million Swiss francs classified as restricted, and amounts totaling 219.7 million Swiss francs representing strategic cash and investments. The total balance of 1,170.8 million Swiss francs was 56.3 million Swiss francs higher than the balance of 1,114.5 million Swiss francs at the end of 2021.

The Organization holds significant fixed assets (land, buildings, intangible assets and equipment) with a total net book value of 371.1 million Swiss francs. During 2022, costs totaling 5.4 million Swiss francs were capitalized for additions and improvements to fixed assets. The total depreciation and amortization charge against all fixed assets was 9.6 million Swiss francs for 2022. Other assets of the Organization totaling 79.2 million Swiss francs included accounts receivable and advance payments. Within this, the most significant balance was PCT debtors totaling 60.1 million Swiss francs. At any point during the year, a significant number of PCT applications have been filed with receiving Offices and possibly received by WIPO, for which no corresponding fee payment has yet been received by the Organization. The balance of PCT debtors decreased compared to the prior year, when it totaled 62.3 million Swiss francs.

## Liabilities

Employee benefit liabilities of 504.9 million Swiss francs were mainly comprised of the ASHI liability of 468.6 million Swiss francs, representing 92.8 per cent of the total employee benefits liability as at December 31, 2022. The ASHI liability decreased by 105.1 million Swiss francs compared to the 2021 balance of 573.7 million Swiss francs. The calculation of the ASHI liability is performed by an independent actuary. In accordance with IPSAS requirements, the ASHI liability recognized in the financial statements represents the present value of all expected future benefits to existing retirees and their dependents, and all accrued post-employment benefits of active staff. On average, medical costs increase with age, so the most significant expected medical costs remain to be paid in the future. To manage the cost and risk of its collective medical insurance plan, WIPO has secured an insurance contract that allows a level per person premium to be paid for existing retirees and active staff, thus reducing the cash paid on behalf of older retirees relative to their incurred medical cost.

The ASHI liability calculation incorporates a number of actuarial assumptions. These include the discount rate, medical cost trend rates, annual medical claims cost, retirement rates and mortality rates. Changes to these assumptions year on year lead to actuarial gains and losses which are recognized as part of the liability in the Statement of Financial Position. A breakdown of the movement in the liability due to actuarial gains and losses is provided in Note 9 of these financial statements. The decrease in the liability in 2022 was due to an increase in the discount rate, which moved from 0.50 per cent to 2.50 per cent. The discount rate was determined using AA corporate bond yield curves. The decrease resulting from the discount rate change was partly offset by the impacts of an increase in the medical cost trend rate from 2.50 per cent to 2.80 per cent, along with a 9.20 per cent higher medical claims cost assumption at each age. The following graph shows how the ASHI liability has developed since 2018, and includes actuarial forecasts for 2023-2026 (applying the same assumptions as for the 2022 calculation). The graph also shows how discount rates and medical cost trend rates have changed since 2018:



The projections of the ASHI liability for 2023-2026 do not consider gains or losses from possible future changes in actuarial assumptions, which could significantly impact calculations in subsequent years. The projected increase in the liability for 2023-2026 reflects the demographic make-up of participants in WIPO's collective medical insurance



plan. Projected additional ASHI benefits accrued by active staff (which increase the ASHI liability) outweigh projected medical costs paid to retirees (which reduce the ASHI liability).

As at December 31, 2022, payables and advance receipts totaled 470.5 million Swiss francs, and mainly included deferred revenue for the processing of international applications (under the PCT, Madrid and Hague systems) for 302.5 million Swiss francs. This deferred revenue balance principally concerns PCT system fees of 298.6 million Swiss francs. Revenue from fees relating to the processing of international applications is deferred until the related application is published. At any given time during the year, a number of PCT applications will have been filed with either receiving Offices or WIPO which have yet to be published. As at December 31, 2022, for applications with a 2021 or 2022 filing date, it is estimated that approximately 209,967 applications were unpublished. At the end of the prior year 2021, approximately 212,197 applications filed in 2020 or 2021 were unpublished and the deferred revenue balance for PCT system fees was 299.1 million Swiss francs.

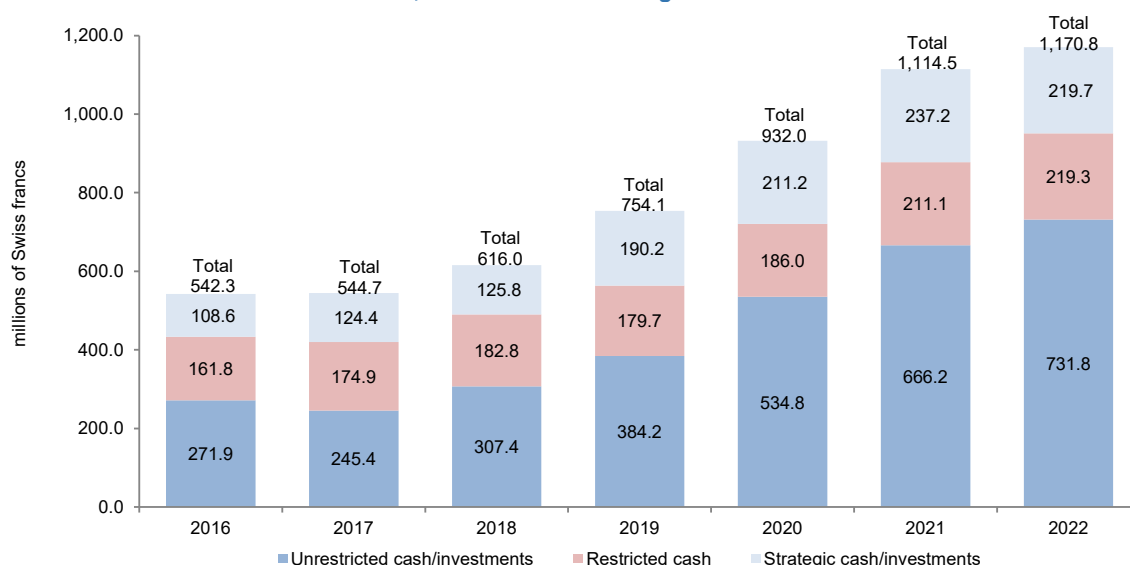
## Cash Flow 2022

The Organization's cash, cash equivalents and investments balance has continually increased since 2011. A further increase of 56.3 million Swiss francs was achieved in 2022. This was despite significant fair value reductions of 70.0 million Swiss francs on the Organization's medium-term investment portfolio, and 27.2 million Swiss francs on the Organization's long-term investment portfolio. The principal cash inflows to the Organization are payments of PCT system fees. Monthly cash inflows from PCT system fees averaged 31.9 million Swiss francs during the year 2022 compared to 30.4 million Swiss francs during the year 2021. The Organization generally holds its cash deposits in instant access bank accounts. During 2022, the Organization continued to hold balances in term deposit accounts (for periods up to 12 months). This has allowed the Organization to reduce the level of charges on certain instant access bank accounts following the introduction of negative interest rates during 2015.

As at December 31, 2022, WIPO's medium-term investment portfolio (core cash investments) had a fair value of 662.6 million Swiss francs, and the long-term investment portfolio (strategic cash investments) had a fair value of 211.9 million Swiss francs. WIPO's non-current investments are held at fair value in the Statement of Financial Position. Fair value decreases in these investment portfolio assets during 2022, as noted above, reflect short-term market volatility. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, and strategic cash balances are invested over the long term. WIPO's investments generated dividends of 6.5 million Swiss francs during 2022.

Cash, cash equivalents and investments can be presented separately between unrestricted, restricted and strategic cash balances. There are several elements of cash and cash equivalents which are classified as restricted. Restricted cash includes current accounts held for third parties (applicants under the PCT, Madrid and Hague systems, and also certain contracting parties), fees collected on behalf of contracting parties, deposits received in connection with pending procedures related to trademarks, and Special Accounts held on behalf of donors of voluntary contributions. Strategic cash represents the funds held by the Organization which have been allocated for the future financing of after-service employee benefit liabilities, including ASHI. The balance of strategic cash was 219.7 million Swiss francs as at December 31, 2022. This comprised the long-term investment portfolio (including unrealized gains and losses) of 211.9 million Swiss francs, and cash balances yet to be invested of 7.8 million Swiss francs. These balances included an additional 9.1 million Swiss francs generated in 2022 from the Program of Work and Budget charge applied to the cost of posts for the funding of after-service employee benefit liabilities.

### Unrestricted, restricted and strategic cash 2016-2022



# STATEMENT ON INTERNAL CONTROL 2022

## *Scope of responsibility*

As Director General of the World Intellectual Property Organization (WIPO), I am accountable, in accordance with the responsibility assigned to me, in particular, by Regulation 5.8 (d) of the Financial Regulations and Rules (FRRs) as applicable in 2022, for maintaining a system of internal financial control that ensures:

- (i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;
- (ii) the conformity of obligations and expenditures with appropriations or other financial provisions approved by the General Assembly or with the purposes and rules relating to specific trust funds; and
- (iii) the effective, efficient and economic use of the resources of the Organization.

In signing this statement, I rely in particular on assurance provided to me in the form of Management Representation Letters (MRLs) by my Sector Leads. I rely also on the Organization's assurance functions, electronic systems and information provided to me in the WIPO Assurance Summary.

## *Purpose of the system of internal control*

Our system of internal control is a process, effected by the Governing Bodies, the Director General, senior management and other personnel, designed to provide reasonable assurance of the Organization's ability to reach its strategic objectives and Expected Results. The aim of this system of internal control is to manage risk to a tolerable level rather than to eliminate it entirely. As such, it sets out to provide reasonable assurance over the following three areas:

- Reliability of financial reporting - transactions authorized and properly recorded and material errors or irregularities either prevented or detected in a timely manner;
- Effectiveness and efficiency of business processes, the safeguarding of assets and the exercise of economy; and
- Compliance with WIPO's regulatory framework.

This statement is presented in line with the seven components of WIPO's Accountability Framework (WO/PBC/29/4), which itself is aligned to the COSO<sup>1</sup> Internal Control framework, and Three Lines Model<sup>2</sup>.

My current statement on WIPO's internal control processes, as described above, applies for the year ended December 31, 2022, and as at the date of the approval of the Organization's 2022 financial statements.

## *1. Results based planning*

Resource needs are driven by the substantive work program planned for implementation during a biennium, in accordance with the Medium Term Strategic Plan (MTSP). Member States' approval of the 2022/23 Program of Work and Budget sets the implementation parameters for the biennium, and control processes centered on the WIPO FRRs ensured that WIPO Programs were implemented in accordance with those approvals.

Annual workplanning, implementation and monitoring are controlled *via* a suite of enterprise resource management tools and appropriate work processes throughout the biennium.

## *2. Performance and risk management*

The 2022/23 Program of Work and Budget was developed with the assumption that there was a high risk of disruption to health, travel and business operations. In reality, there were relatively few such difficulties. However, economic and financial uncertainties took over, resulting in significant impact on investments, and potential impact on revenue. At the Organizational level, I chaired the Risk Management Group that oversees the management of risk at WIPO, where I invite the Director, IOD to attend as an observer to strengthen transparency about key risks. Member States reviewed the Organization's updated WIPO Risk Appetite Statement in 2022, which sets out the target level of risk by Expected Result, linking performance and risk management more closely in the Program of

<sup>1</sup> Committee of Sponsoring Organizations of the Treadway Commission

<sup>2</sup> <https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf>

Work and Budget. These guardrails allow managers to take risk-based decisions in line with the appetite for their area of work, and will permit a more nuanced review of risks that are higher than desirable. Critical risks and appropriate responses were reviewed regularly. These include the following key risks that the Organization faced in 2022 and beyond:

Key Risk	Risk Description	Control and Mitigation
<b>Delivery Risk</b>	The global geopolitical, economic, financial or health contexts worsen adversely affecting WIPO's delivery of services to stakeholders, clients, and Member States, and the ability to generate and utilize available resources effectively.	WIPO undertakes continual all-hazard risk monitoring overseen by the Risk Management Group. The Organization has built resilient infrastructure, work processes and culture allowing rapid adaptation to evolving external contexts.
<b>Cyber Risk</b>	WIPO and its external service providers are exposed to the risk of a breach of security, cyber crime or cyber insecurity leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, confidential and/or personal data that is transmitted, stored or otherwise processed by the Organization.	The implementation of our comprehensive information security strategy, including provisions for awareness-raising, monitoring and surveillance, enhanced oversight of external service providers, and independent security testing, responds to the risk of data breaches.
<b>Sustainability Risk</b>	In the context of global economic uncertainty, a reduction in filings for revenue generating activities, owing to an economic downturn, inflation or other reasons reduces the biennial income received in real terms that thus threatens the Organization's financial sustainability.	Member States set our Reserves level at approximately 25% of biennial budget. We undertake prudent financial management and monitoring as well as rolling economic and filing forecasts, placing the Organization in a sound financial position with the ability to recognize and respond in an agile manner to changes.
<b>Political Risk</b>	Confidence in intellectual property (IP) frameworks declines or the engagement of Member States or stakeholders diminishes reducing WIPO's role, credibility or influence.	We demonstrate the value of IP in a pragmatic and impactful manner by supporting innovators and creators, and showing how IP can contribute to enterprise and economic growth. We proactively engage and communicate about IP beyond a technical audience to the general public and emerging stakeholders, such as youth, about the relevance and importance of IP. We facilitate and actively support a conducive and efficient environment for Member State deliberations and activities about areas of IP work relevant to them.

### 3. Monitoring, Oversight, Complaints and Response Mechanisms

As Director General of WIPO, I am ultimately accountable for the effectiveness of the system of internal controls. My assertion, structured by the “Three Lines” below, is supported and informed by

First Line	Second Line	Third Line
<p>Sector Leads, and their teams, in pursuit of the Organization’s Expected Results have signed MRLs from which I derive assurance. These letters recognize their responsibility for having and maintaining, in the Sectors for which they were responsible, well-functioning systems and a mechanism for internal control aimed at preventing and/or detecting instances of fraud and major errors.</p> <p>I also take into account the commitment that each officer with delegated financial authority (“Alternate”) formally makes when accepting that designation. Taking these elements into account, I conclude the ‘first line’ is sound.</p>	<p>Management’s role is to address enterprise risks, including compliance with our regulatory framework, ethical behavior, internal control, information and technology security, sustainability, and quality assurance. In the future, the second line will also use data analytics to efficiently monitor the control activities that are initiated in the first line.</p> <p>Having Chaired the Risk Management Group (RMG) throughout the year, whose purpose is to promote a culture of responsible risk management in WIPO, reviews and monitors WIPO’s financial situation, the key risks to the achievement of Expected Results and this present Statement together with the evidence that supports it, I am confident our ‘second line’ approach is robust.</p>	<p>Internal Oversight Division (IOD), on whose assurance and advisory services I rely, through the annual report by the Director of IOD, reports of internal audit and evaluation as well as management implication reports resulting from investigations. IOD’s assessment is that there were no significant risks or breakdown of governance and internal controls, while they did identify some areas for continuous improvement.</p> <p>Internal Audit reports issued by IOD during 2022 included an Audit on Enterprise Risk Management, and Audit of Individual Contractor Services and Temporary Employment Agencies and Audit of the Management of Assets, Supplies and Materials. The reports identified many positive aspects, and no significant risks to the Organization were identified. I commit that management will implement the agreed recommendations in areas that need improvement.</p>

My assertion is also supported and informed by:

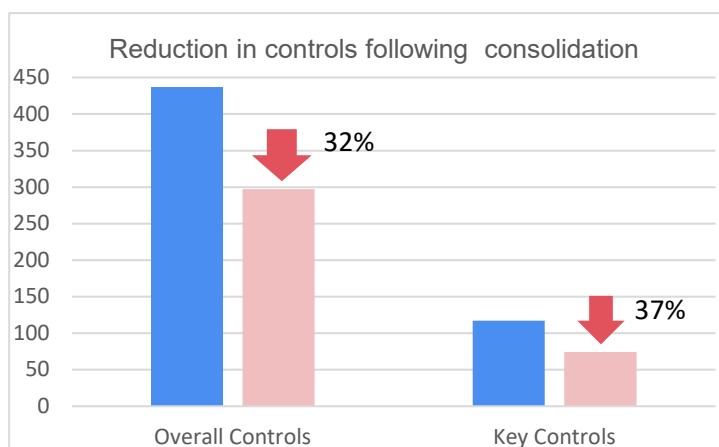
GOVERNANCE		
<p><b>External Auditor</b></p> <p>The External Auditor’s audit aims to provide independent assurance to Member States, to add value to WIPO’s financial management and governance, and to support its objectives through the external audit process.</p> <p>I take into account the External Auditor’s recommendations, and am assured by their work.</p>	<p><b>Independent Advisory Oversight Committee (IAOC)</b></p> <p>Governing Bodies’ observations are complemented throughout the year through oversight provided by the IAOC. Its mandate includes the promotion of risk management and internal controls, reviewing the effectiveness and operational independence of the internal oversight function and reviewing and advising on the ethics function.</p>	<p><b>Joint Inspection Unit of the United Nations System (JIU)</b></p> <p>The JIU is mandated to conduct evaluations, inspections and investigations system-wide. WIPO prepares an analysis on the implementation of JIU recommendations, which is presented to Member States at the Program and Budget Committee.</p>

I further ensure that feedback mechanisms are in place for Member States and that customer complaint resolution services are in place for clients.

#### 4. Control Activities

A comprehensive framework of management controls is recorded to ensure the effective and efficient functioning of end-to-end business processes in compliance with the Organization’s regulatory framework. Control assessments are undertaken annually and reported in the WIPO Assurance Summary to the RMG and the IAOC.

In line with an External Auditor Recommendation from 2021 that encouraged WIPO to “review its approach to documenting, assessing and validating process level controls to focus on those key controls of most significance and materiality to the Organization,” a significant consolidation has been undertaken, particularly in the area of Human Resources and Procurement controls records. This has reduced the overall number of control records by 32 per cent from 437 to 297. This consolidation does not weaken the control operations themselves, but rather streamlines and rationalizes them by reducing the level of granularity of some control records.



The control assessment also took a fresh review of “key controls”, aiming to identify as “key” those top layer of controls that – if they were to fail – could likely cause a critical risk to occur. However although many controls were moved from key to non-key, others took the opposite route and, together with the consolidation, the overall percentages did not significantly shift. It did, however, reduce the number of key controls by 37 per cent from 117 to 74. These 74 key controls will be reviewed in detail on an annual basis as part of the control self-assessment process..

#### 5. Information and Communication

The RMG is kept informed of risks and controls through access to our business intelligence system. Quarterly risk reports and annual risk management reports allow the RMG to take stock of the evolving risk landscape.

A robust Information and Data Governance Framework is in place reflecting its importance to WIPO. A Master Data Management Policy provides a directive control for managing critical data and provides an authoritative point of reference for integration into the enterprise architecture. An information security classification and handling policy provides a preventive control raising understanding and application of levels of information confidentiality.

The portfolio of Enterprise Resource Planning (ERP) solutions provide a high level of control, including transactional level system controls and data analytics. The Enterprise Risk Management solution ensures that controls are systematically owned, assessed and linked to risks, as appropriate. The annual WIPO Performance Report presented to Member States includes a review of the evolution and impact of risks on the delivery of Expected Results for each Program.

#### 6. Ethical Standards and Integrity

The Ethics Office was established in 2010, to serve WIPO’s international workforce in Geneva headquarters and WIPO external offices. The office is headed by a Chief Ethics Officer who reports to the Director General and enjoys functional and operational independence in the exercise of their function. The office supports the Director General in helping to ensure that all WIPO personnel perform their functions consistent with the highest standards of ethics and integrity required by the Convention establishing WIPO, the WIPO Staff Regulations and Rules, the Standards of Conduct for the International Civil Service, the WIPO Code of Ethics and other relevant policies and procedures.

The activities of the office aim to promote an organizational culture of ethics based on shared values of independence, loyalty, impartiality, integrity, accountability, and respect for human rights. The office has specific responsibility for:

- (i) providing confidential advice and guidance to personnel on ethical issues;
- (ii) raising awareness and developing training on ethics issues;
- (iii) developing standards and policy advocacy; and
- (iv) managing and administering policies assigned to the office.

The fully independent whistleblower protection role of the Ethics Office contributes to an environment of trust and enhances the capacity for WIPO to respond to wrongdoing. The Ethics Office also administers WIPO's Policy on Financial Disclosure and Declaration of Interests, which aims to: (i) promote transparency and accountability; (ii) enhance internal and external public trust in the integrity of the Organization; and (iii) assist the Organization to manage the risk of actual, potential and perceived conflicts of interest through disclosure, mitigation and prevention.

WIPO has in place anti-fraud controls, in accordance with good practices and applicable international standards, based on risk assessments. Appropriate fraud prevention, detection, response and data collection procedures and processes exist in the Organization, reflecting WIPO's comprehensive anti-fraud governance framework.

## 7. Control Environment

A set of Entity Level Controls represents the overarching controls that help define the Organization's culture, and its commitment to ethical values, competence and accountability.

The Organization's regulatory framework is kept under review, as external and internal factors change, and in this regard, a revision of the FRRs was approved by the Program and Budget Committee in 2022. In addition, a new internal regulatory framework was introduced with the purpose of further enhancing clarity and access to the internal policies, frameworks and procedures. WIPO's procurement policy and procedures include a robust delegation model for procurement authority as well as additional controls and reporting. The WIPO Vendor Sanctions policy and the Code of Conduct for Staff Involved in Procurement actions represent important control processes and formal and informal conflict resolution mechanisms are in place for personnel.

WIPO's Core Values are expressed as "Shaping the Future", "Acting Responsibly", "Delivering Excellence" and "Working as One", and all contribute to fostering a culture of accountability and strong ethical values.

## Conclusion

Based on the contents of this statement and the evidence that underpins it, I conclude that, to the best of my knowledge and belief, and based upon the information I have, there have been no material weaknesses that would affect the reliability of the Organization's financial statements, nor are there significant matters that would need to be raised in the present document for the reporting period.



Daren Tang  
Director General

May 11, 2023

# FINANCIAL STATEMENTS

## STATEMENT I: Statement of Financial Position

as at December 31, 2022  
(in thousands of Swiss francs)

	Note	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	242,638	147,507
Investments	4	53,648	69,463
Contributions receivable	5	1,981	1,441
Exchange transactions receivable	5	77,189	86,016
		375,456	304,427
<b>Non-current assets</b>			
Investments	4	874,493	897,497
Intangible assets	6	24,985	24,125
Property, plant, and equipment	7	346,126	351,255
Other non-current assets		-	-
		1,245,604	1,272,877
<b>TOTAL ASSETS</b>		<b>1,621,060</b>	<b>1,577,304</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	8	18,077	19,546
Employee benefits	9	16,523	16,009
Transfers payable	10	115,095	107,411
Advance receipts	11	333,800	335,597
Finance lease	14	139	129
Provisions	12	571	492
Current accounts		84,843	85,936
		569,048	565,120
<b>Non-current liabilities</b>			
Employee benefits	9	488,356	599,785
Finance lease	14	171	324
Advance receipts	11	3,519	3,578
		492,046	603,687
<b>TOTAL LIABILITIES</b>		<b>1,061,094</b>	<b>1,168,807</b>
Accumulated Surpluses		678,987	667,854
Special Projects Reserve		31,366	34,834
Revaluation Reserve Surplus		20,368	20,368
Actuarial gains/(losses) through Net Assets		-177,097	-320,901
Working Capital Funds		6,342	6,342
<b>NET ASSETS</b>		<b>559,966</b>	<b>408,497</b>

The accompanying notes form an integral part of these financial statements

Director General



## STATEMENT II: Statement of Financial Performance

for the year ended December 31, 2022  
(in thousands of Swiss francs)

	Note	2022	2021
<b>REVENUE</b>			
Assessed contributions		17,675	17,439
Voluntary contributions		7,240	6,708
Publications revenue		398	413
Fees			
PCT system		380,786	361,775
Madrid system		85,289	82,429
Hague system		7,206	6,185
Lisbon system		3	71
Sub-total fees		473,284	450,460
Arbitration and Mediation		2,944	2,465
Other/miscellaneous revenue		-3,008	-2,386
<b>TOTAL REVENUE</b>		<b>498,533</b>	<b>475,099</b>
<b>EXPENSES</b>			
	17		
Personnel expenditure		249,636	244,631
Internships and WIPO fellowships		7,756	5,696
Travel, training and grants		8,282	1,464
Contractual services		99,226	99,827
Operating expenses		25,312	24,003
Equipment and supplies		2,788	3,429
Depreciation and amortization		9,557	9,604
Finance costs		256	244
<b>TOTAL EXPENSES</b>		<b>402,813</b>	<b>388,898</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>95,720</b>	<b>86,201</b>
Investment gains/(losses)	18	-88,055	22,713
<b>TOTAL SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>7,665</b>	<b>108,914</b>



## STATEMENT III: Statement of Changes in Net Assets

for the year ended December 31, 2022  
(in thousands of Swiss francs)

	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Actuarial gains/(losses) through Net Assets	Working Capital Funds	Net Assets Total
<b>Net Assets at December 31, 2020</b>	<b>565,601</b>	<b>28,173</b>	<b>20,368</b>	<b>-233,421</b>	<b>6,342</b>	<b>387,063</b>
Surplus/(deficit) for the year 2021	118,996	-10,082	-	-	-	108,914
Transfer to/from Special Projects Reserve	-18,733	18,733	-	-	-	-
Adjustment to Accumulated Surpluses	1,990	-1,990	-	-	-	-
Actuarial gains/(losses)	-	-	-	-87,480	-	-87,480
<b>Net Assets at December 31, 2021</b>	<b>667,854</b>	<b>34,834</b>	<b>20,368</b>	<b>-320,901</b>	<b>6,342</b>	<b>408,497</b>
Surplus/(deficit) for the year 2022	15,498	-7,833	-	-	-	7,665
Transfer to/from Special Projects Reserve	-8,504	8,504	-	-	-	-
Adjustment to Accumulated Surpluses	4,139	-4,139	-	-	-	-
Actuarial gains/(losses)	-	-	-	143,804	-	143,804
<b>Net Assets at December 31, 2022</b>	<b>678,987</b>	<b>31,366</b>	<b>20,368</b>	<b>-177,097</b>	<b>6,342</b>	<b>559,966</b>

## STATEMENT IV: Statement of Cash Flow

for the year ended December 31, 2022  
(in thousands of Swiss francs)

	Note	2022	2021
<b>Cash flows from operating activities</b>			
Surplus (deficit) for the period	Statement II	7,665	108,914
Depreciation and amortization	6 & 7	9,557	9,604
(Increase) decrease in receivables	5	8,287	-19,118
(Increase) decrease in other assets		-	7,995
Increase (decrease) in advance receipts	11	-1,856	17,697
Increase (decrease) in payables and accruals	8	-1,469	4,015
Increase (decrease) in transfers payable	10	7,684	9,183
Increase (decrease) in provisions	12	79	-494
Increase (decrease) in current accounts		-1,093	14,229
Movement in employee benefits (1)		32,889	32,973
Interest, dividends, investment and exchange gains/losses (2)		95,821	-16,545
<b>Net cash flows from operating activities</b>		<b>157,564</b>	<b>168,453</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant, and equipment	7	-4,023	-1,748
Disposals of property, plant, and equipment	7	117	-
(Increase) decrease in intangible assets	6	-1,382	-717
(Increase) decrease in investments	4	38,819	-178,500
Increase (decrease) in fair value of investments	4	-97,285	14,644
Dividends and interest on investments	18	6,530	5,459
<b>Net cash flows from investing activities</b>		<b>-57,224</b>	<b>-160,862</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in finance lease obligations	14	-143	-66
<b>Net cash flows from financing activities</b>		<b>-143</b>	<b>-66</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-5,066</b>	<b>-3,558</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>95,131</b>	<b>3,967</b>
<b>Cash and cash equivalents at beginning of year</b>	3	<b>147,507</b>	<b>143,540</b>
<b>Cash and cash equivalents at end of year</b>	3	<b>242,638</b>	<b>147,507</b>

(1) Includes the effect of recognition of actuarial gains/losses through net assets;

(2) Interest earned, dividends received, the effect of exchange rate changes on cash and cash equivalents, and gains/losses on investments.

## STATEMENT V: Statement of Comparison - Budget and Actual Amounts Revenue

for the year ended December 31, 2022  
(in thousands of Swiss francs)

	Original Budget 2022	Updated Budget 2022	Actual Revenue on comparable basis 2022	Difference 2022
	(1)	(2)		(3)
Assessed contributions	17,498	17,498	17,605	107
Fees				
PCT system	362,434	377,290	380,786	3,496
Madrid system	78,451	85,210	85,289	79
Hague system	5,833	6,440	7,206	766
Lisbon system	75	75	3	-72
Sub-total fees	446,793	469,015	473,284	4,269
Arbitration and Mediation	1,600	1,600	2,944	1,344
Publications	490	490	398	-92
Other/miscellaneous	1,544	1,544	-2,285	-3,829
<b>TOTAL REVENUE</b>	<b>467,925</b>	<b>490,147</b>	<b>491,946</b>	<b>1,799</b>

(1) Original Budget represents the first year of the approved Program of Work and Budget for the 2022/23 biennium. The biennial revenue amounts to 951.8 million Swiss francs, and was approved by the Assemblies of Member States of WIPO in October 2021.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2022 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2022 and Actual Revenue on a comparable basis for the year ended December 31, 2022.

## STATEMENT V: Statement of Comparison - Budget and Actual Amounts Expenses

for the year ended December 31, 2022  
(in thousands of Swiss francs)

	Original Budget 2022	Budget after Transfers 2022	Actual Expense on a comparable basis 2022	Difference 2022
	(1)	(2)		(3)
<b>Sector</b>				
Patents and Technology	114,955	109,973	103,525	6,448
Brands and Designs	40,063	39,239	37,596	1,643
Copyright and Creative Industries	15,813	16,294	14,843	1,451
Regional and National Development	34,475	34,947	31,322	3,625
Infrastructure and Platforms	18,747	18,109	16,767	1,342
Global Challenges and Partnerships	12,694	12,452	11,656	796
IP and Innovation Ecosystems	21,808	21,506	20,531	975
Administration, Finance and Management	131,132	128,394	120,731	7,663
Unallocated	5,973	4,850	-	4,850
<b>TOTAL EXPENSES</b>	<b>395,660</b>	<b>385,764</b>	<b>356,971</b>	<b>28,793</b>
<b>INVESTMENT GAINS/(LOSSES) (4)</b>	<b>-</b>	<b>-</b>	<b>-88,055</b>	<b>-88,055</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>72,265</b>	<b>104,383</b>	<b>46,920</b>	<b>-57,463</b>
IPSAS adjustments to surplus (5)			-28,535	
Special Accounts and Projects financed from reserves			-10,720	
<b>ADJUSTED NET SURPLUS PER IPSAS</b>			<b>7,665</b>	

(1) Original Budget represents the budget of the first year of the approved Program of Work and Budget for the 2022/23 biennium. The biennial budget amounts to 793.8 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2021.

(2) Budget after Transfers includes budgetary transfers as at December 31, 2022.

(3) Represents the difference between Budget after Transfers 2022 and Actual Expense on a comparable basis for the year ended December 31, 2022.

(4) Investment gains/(losses) estimates were excluded from the Program of Work and Budget 2022/23.

(5) The IPSAS adjustments to the surplus are detailed in Note 16 of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: Objectives and Budget of the Organization

WIPO functions in accordance with the WIPO Convention, signed in Stockholm on July 14, 1967 and as amended on September 28, 1979. WIPO was recognized as a specialized agency of the United Nations in 1974. WIPO is based in Geneva, Switzerland, and enjoys privileges and immunities as granted under the 1947 Convention on the Privileges and Immunities of the 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 also has external offices in Abuja, Algiers, Beijing, Moscow, Rio de Janeiro, Singapore and Tokyo, along with a coordination office in New York.

WIPO's vision is to help create a world where innovation and creativity from anywhere is supported by intellectual property for the good of everyone. To this end, WIPO leads the development of a balanced and inclusive global intellectual property ecosystem. WIPO works with Member States and other stakeholders to ensure that intellectual property is seen as a tool for every Member State to create jobs, attract investments, drive enterprise growth, and ultimately develop economies and societies for a better and more sustainable future.

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 of work and budget that provides the appropriations that constitute the budgetary expenditure authorizations approved by the Assemblies for the 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 in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Swiss francs, which is the reporting and functional currency of WIPO, and all values are rounded to the nearest thousand. The accounting policies have been applied consistently to all years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flow is prepared using the indirect method. The financial statements are prepared on an accrual and going-concern basis.

IPSAS 42 *Social Benefits*, was published in January 2019 with an original implementation date of January 1, 2022, subsequently deferred to January 1, 2023 due to the COVID-19 pandemic. This standard does not impact the Organization's financial statements.

IPSAS 43 *Leases*, was published in January 2022 with an implementation date of January 1, 2025. WIPO is currently analyzing the impacts of this standard.

IPSAS 44 *Non-Current Assets Held for Sale and Discontinued Operations*, was published in May 2022 with an implementation date of January 1, 2025. It is not expected that this standard will impact the Organization's financial statements.

#### *Cash and Cash Equivalents*

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.

#### *Investments*

Investments are classified as current or non-current assets according to the time horizon of the investment objectives. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

### *Foreign Currency Transactions*

The functional currency of WIPO is the Swiss franc. All transactions occurring in other currencies are translated into Swiss francs using the United Nations Operational Rates of Exchange (UNORE), or an equivalent comparable benchmark from the financial market, 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.

### *Revenue Recognition*

Revenue from exchange transactions comprising the fees charged for applications under the Patent Cooperation Treaty (PCT) system, the Madrid system and the Hague system 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 PCT 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 under the PCT, Madrid and Hague systems are recognized when the services covered by the fee have been provided. Revenue from publications is recognized upon full delivery of the goods. Revenue from Arbitration and Mediation services is recognized upon delivery of the services related to the submission of a request covered by the fee received. Credit card charges incurred on payments received for exchange transactions are recognized through other/miscellaneous revenue.

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.

### *Expense Recognition*

Expenses are recognized as goods are received and as services are delivered.

### *Receivables*

Receivables from exchange transactions include fees which are charged to users of WIPO's intellectual property services through the PCT, Madrid and Hague systems. These are measured at the fair value of the consideration receivable for PCT, Madrid and Hague system fees once the international application has been filed.

Receivables from non-exchange transactions include uncollected assessed contributions. These are measured at the fair value of the consideration receivable. An allowance for non-recoverable receivables is recorded equal to the assessed contributions frozen by action of the General Assembly in 1989 and 1991, plus contributions receivable from Member States that have lost the right to vote in accordance with Article 11, paragraph 5 of the WIPO Convention.

### *Property, Plant, and Equipment*

Equipment is valued at cost less accumulated depreciation and impairment. Equipment is recognized as an asset if it has a cost of 10,000 Swiss francs or more per unit. 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.

Land is carried at fair value as determined by an independent valuation in accordance with International Valuation Standards. Changes in fair value are recognized directly in net assets through the Revaluation Reserve Surplus. Buildings and constructions in use are valued at the cost of construction when new plus the cost of subsequent improvements, less accumulated depreciation. For the initial recognition of buildings in use as at January 1, 2010, the date of transition to IPSAS, the value when new was 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 buildings and constructions that increase or extend the future economic benefits or service potential are valued at cost.

Depreciation is charged so as to write off the full cost of property, plant, and equipment over its estimated useful life using the straight-line method. Where property, plant, and equipment is only in use for part of the year (due to

acquisition, disposal or retirement during the year), depreciation is charged only for the months during which the asset was in use. The following ranges of useful lives are applied to the different classes and components of property, plant, and equipment:

<b>Class/Component</b>	<b>Estimated useful life</b>
<b>Equipment</b>	
Communications and IT equipment	5-10 years
Vehicles	15 years
Furniture and furnishings	10 years
<b>Buildings</b>	
Structure	50-100 years
Façade	50 years
Perimeter bollards/walls	20-80 years
Land Improvements	40-50 years
Roof	50-60 years
Floors, walls, stairways	50 years
Flooring, wall coverings	20-40 years
Specialist fittings	15-40 years
Heating and ventilation	25-30 years
Sanitary facilities	40 years
Electrical installations	25-50 years
Elevators	40 years

The carrying values of property, plant, and equipment 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.

### *Intangible Assets*

Intangible assets are carried at cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives. The useful lives of major classes of intangible assets have been estimated as follows:

<b>Class</b>	<b>Estimated useful life</b>
Software externally acquired	5 years
Software internally developed	5 years
Licenses and rights	Period of licence/right

Acquired computer software licenses are capitalized based on costs incurred to acquire and bring to use the specific software. Software or software licenses purchased externally are recognized as an asset if they have a cost of 20,000 Swiss francs or more per unit. Costs that are directly associated with the internal development of software for use by WIPO are capitalized as intangible assets only if the recognition criteria under IPSAS 31 are met. Direct costs include the software development employee costs.

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.

### *Financial Assets*

Financial assets are recognized initially at fair value, normally being the transaction price. The subsequent measurement of financial assets depends on their classification. WIPO classifies its financial assets as either measured at amortized cost or measured at fair value through surplus or deficit. The classification depends on WIPO's management model for the financial assets and the contractual cash flow characteristics of the financial assets. WIPO assesses on a forward-looking basis the expected credit losses associated with its financial assets classified as measured at amortized cost.

### *Financial Liabilities*

WIPO initially recognizes its financial liabilities at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost.

### *Derivative Financial Instruments*

WIPO uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. These financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value.

### *Employee Benefits*

Liabilities are established for After-Service Health Insurance (ASHI), repatriation grants and travel, and long-term accumulated annual leave as determined by an independent actuary on an annual basis utilizing the projected unit credit methodology of valuation. For the ASHI liability, actuarial gains and losses are recognized in net assets. In addition, liabilities are established for the value of short-term accumulated annual leave, home leave not taken, overtime earned but unpaid, separation benefits, performance rewards, and for education grants payable at the reporting date that have not been included in current expenditure.

WIPO is a member organization participating in the United Nations Joint Staff Pension Fund (the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, 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 Fund. WIPO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WIPO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WIPO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. WIPO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

### *Leases*

Finance leases are recognized as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments at the commencement of the lease term. The finance charge is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognized as an asset is depreciated over its useful life.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

### *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.

### *Net Assets*

The Organization's net assets represent the balance of its reserves, which include its Reserves (Accumulated Surpluses, Special Projects Reserve and Revaluation Reserve Surplus) and Working Capital Funds. The Organization also recognizes actuarial gains and losses directly through net assets. The Organization manages the level of its reserves in accordance with its Policy on Reserves.

The Accumulated Surpluses of the Organization represent the accumulated net result of operations in the reporting year and prior periods after the impact of IPSAS. WIPO's Policy on Reserves establishes the principles and approval mechanism for the use of reserves for one-time projects for capital improvements and exceptional circumstances. The Special Projects Reserve contains the appropriations to these projects financed from reserves, less accumulated expenditure. The Revaluation Reserve Surplus includes the cumulative results of revaluations of the land owned by the Organization on which the New Building has been constructed. The Working Capital Funds are established for providing advances to finance appropriations should there be a temporary liquidity shortfall, and for



such other purposes as the Assemblies of Member States and of the Unions shall decide. The Working Capital Funds are financed by contributions and are held in trust by WIPO for the Member States of the respective Unions.

### *Segment Reporting*

Segment reporting is based upon the Unions that form WIPO. Revenue and expenses incurred by the Organization are allocated among the Unions in accordance with an allocation methodology approved by the WIPO Assembly (Program of Work and Budget 2022/23, Annex IV). The methodology allocates revenue and expenses to each program and then to each Union based on a combination of direct revenue and expense, staff head count and each Union's "capacity to pay". Direct Union expenses are allocated to Unions either fully or on the basis of estimates by Program Managers. Direct administrative expenses are allocated to the Unions based on relative headcount shares. Indirect Union expenses and indirect administrative expenses are allocated to the Unions based on the "capacity-to-pay" principle. If the Union has a reserve level above its reserve target, it is deemed to be able to support indirect activities not directly linked to the Union. The "capacity to pay" is calculated as the difference between a Union's projected biennial income and its direct Union and direct administrative expenses. The extent to which this support can be provided by each Union is calculated by considering the relative extent to which the Union's income exceeds its direct expenditure. 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. 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 Reserves and Working Capital Funds is recognized by segment.

### *Use of Estimates*

The financial statements necessarily include amounts based on estimates and assumptions by management. Estimates include, but are not limited to: ASHI, repatriation grants and travel, and long-term accumulated annual leave liabilities (the value of which are calculated by an independent actuary), other employee benefit liabilities, provisions for litigation, 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.

All balances are presented in thousands of Swiss francs, as a result small rounding differences may occur.

## Note 3: Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Cash on hand	35	41
Deposits with banks	87,713	47,718
Term deposits less than 3 months	127,746	66,404
Notice accounts	19,361	17,756
<b>Total operating and core cash</b>	<b>234,855</b>	<b>131,919</b>
Deposits with banks	7,783	15,588
<b>Total strategic cash</b>	<b>7,783</b>	<b>15,588</b>
<b>Total cash and cash equivalents</b>	<b>242,638</b>	<b>147,507</b>

## Note 4: Investments

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Term deposits more than 3 months (operating cash)	51,319	66,288
Derivative financial instruments	2,329	3,175
<b>Current investments</b>	<b>53,648</b>	<b>69,463</b>
Medium term Investment portfolio (core cash)	662,560	675,881
Long term Investment portfolio (strategic cash)	211,933	221,616
<b>Non-current investments</b>	<b>874,493</b>	<b>897,497</b>
<b>Total investments</b>	<b>928,141</b>	<b>966,960</b>

Derivative financial instruments are forward foreign exchange contracts. The movement in the value of operating cash, core cash, and strategic cash investments during the year ended December 31, 2022 is as follows:

	Operating cash investments	Core cash investments	Strategic cash investments
<i>(in thousands of Swiss francs)</i>			
<b>Investments fair value at January 1, 2022</b>	<b>66,288</b>	<b>675,881</b>	<b>221,616</b>
Additional investments made	-	52,320	16,663
Dividends on investments invested	-	2,949	1,294
Disposal of investments	-14,969	-	-1,100
Forex gains/(losses) on investments	-	1,453	702
Fair value increase/(decrease)	-	-70,043	-27,242
<b>Investments fair value at December 31, 2022</b>	<b>51,319</b>	<b>662,560</b>	<b>211,933</b>

## Note 5: Receivables

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Assessed contributions	1,981	1,439
Voluntary contributions	-	2
<b>Contributions receivable</b>	<b>1,981</b>	<b>1,441</b>
PCT debtors	60,092	62,283
Madrid debtors	213	130
Other receivables	10,892	9,752
Advances and prepayments	5,992	5,738
Loan to FIPOI	-	8,113
<b>Exchange transactions receivable</b>	<b>77,189</b>	<b>86,016</b>
<b>Total accounts receivable</b>	<b>79,170</b>	<b>87,457</b>

Other receivables include USA taxes reimbursable, Swiss taxes reimbursable, UPOV expenditure reimbursable, credit card debtors and other debtors. Advances and prepayments include staff advances for education grants, funds advanced to the United Nations Development Program and other prepaid expenditure.

On January 25, 2022, the Organization received in full the remaining balance of 8.1 million Swiss francs of its loan to the Foundation for Buildings for International Organizations (FIPOI). This repayment was due to WIPO following termination of WIPO's lease of the building on rue des Morillons in Geneva, Switzerland.

## Note 6: Intangible Assets

Movement 2022	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
<i>(in thousands of Swiss francs)</i>					
<b>January 1, 2022</b>					
Gross carrying amount	34,290	772	4,419	1,078	<b>40,559</b>
Accumulated amortization	-11,357	-733	-4,344	-	<b>-16,434</b>
<b>Net carrying amount</b>	<b>22,933</b>	<b>39</b>	<b>75</b>	<b>1,078</b>	<b>24,125</b>
<b>Movements in 2022</b>					
Additions	-	-	-	1,382	<b>1,382</b>
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Disposals amortization	-	-	-	-	-
Amortization	-439	-8	-75	-	<b>-522</b>
<b>Total movements in 2022</b>	<b>-439</b>	<b>-8</b>	<b>-75</b>	<b>1,382</b>	<b>860</b>
<b>December 31, 2022</b>					
Gross carrying amount	34,290	772	4,419	2,460	<b>41,941</b>
Accumulated amortization	-11,796	-741	-4,419	-	<b>-16,956</b>
<b>Net carrying amount</b>	<b>22,494</b>	<b>31</b>	<b>-</b>	<b>2,460</b>	<b>24,985</b>
Movement 2021	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
<i>(in thousands of Swiss francs)</i>					
<b>January 1, 2021</b>					
Gross carrying amount	34,290	733	4,950	-	<b>39,973</b>
Accumulated amortization	-10,917	-733	-4,295	-	<b>-15,945</b>
<b>Net carrying amount</b>	<b>23,373</b>	<b>-</b>	<b>655</b>	<b>-</b>	<b>24,028</b>
<b>Movements in 2021</b>					
Additions	-	39	-	1,078	<b>1,117</b>
Transfers	-	-	-	-	-
Disposals	-	-	-531	-	<b>-531</b>
Disposals amortization	-	-	131	-	<b>131</b>
Amortization	-440	-	-180	-	<b>-620</b>
<b>Total movements in 2021</b>	<b>-440</b>	<b>39</b>	<b>-580</b>	<b>1,078</b>	<b>97</b>
<b>December 31, 2021</b>					
Gross carrying amount	34,290	772	4,419	1,078	<b>40,559</b>
Accumulated amortization	-11,357	-733	-4,344	-	<b>-16,434</b>
<b>Net carrying amount</b>	<b>22,933</b>	<b>39</b>	<b>75</b>	<b>1,078</b>	<b>24,125</b>

Land surface rights to parcel 4008 in Petit-Saconnex in the City of Geneva were acquired from the World Meteorological Organization (WMO) in 1996. These had been granted to WMO by the Republic and Canton of Geneva. At the date of purchase the original rights had a remaining period of 78 years expiring in 2073, unless renewed by the Canton. WIPO has been granted surface rights by the Republic and Canton of Geneva to the land on which the Árpád Bogsch and Georg Bodenhausen buildings are located. These surface rights were acquired by the Organization at no cost and no value has been recognized in the financial statements as the Organization does not have the right to dispose of the rights.

## Note 7: Property, Plant and Equipment

Movement 2022	Buildings	Land	Equipment	Total
<i>(in thousands of Swiss francs)</i>				
<b>January 1, 2022</b>				
Gross carrying amount	404,280	33,922	6,697	<b>444,899</b>
Accumulated depreciation	-88,671	-	-4,973	<b>-93,644</b>
<b>Net carrying amount</b>	<b>315,609</b>	<b>33,922</b>	<b>1,724</b>	<b>351,255</b>
<b>Movements in 2022</b>				
Additions	3,875	-	148	<b>4,023</b>
Revaluation	-	-	-	-
Disposals	-3,162	-	-865	<b>-4,027</b>
Disposals depreciation	3,094	-	816	<b>3,910</b>
Depreciation	-8,644	-	-391	<b>-9,035</b>
<b>Total movements in 2022</b>	<b>-4,837</b>	<b>-</b>	<b>-292</b>	<b>-5,129</b>
<b>December 31, 2022</b>				
Gross carrying amount	404,993	33,922	5,980	<b>444,895</b>
Accumulated depreciation	-94,221	-	-4,548	<b>-98,769</b>
<b>Net carrying amount</b>	<b>310,772</b>	<b>33,922</b>	<b>1,432</b>	<b>346,126</b>
<b>Movement 2021</b>				
<i>(in thousands of Swiss francs)</i>				
<b>January 1, 2021</b>				
Gross carrying amount	402,745	33,922	6,688	<b>443,355</b>
Accumulated depreciation	-80,154	-	-4,710	<b>-84,864</b>
<b>Net carrying amount</b>	<b>322,591</b>	<b>33,922</b>	<b>1,978</b>	<b>358,491</b>
<b>Movements in 2021</b>				
Additions	1,535	-	213	<b>1,748</b>
Revaluation	-	-	-	-
Disposals	-	-	-204	<b>-204</b>
Disposals depreciation	-	-	204	<b>204</b>
Depreciation	-8,517	-	-467	<b>-8,984</b>
<b>Total movements in 2021</b>	<b>-6,982</b>	<b>-</b>	<b>-254</b>	<b>-7,236</b>
<b>December 31, 2021</b>				
Gross carrying amount	404,280	33,922	6,697	<b>444,899</b>
Accumulated depreciation	-88,671	-	-4,973	<b>-93,644</b>
<b>Net carrying amount</b>	<b>315,609</b>	<b>33,922</b>	<b>1,724</b>	<b>351,255</b>

WIPO holds fully depreciated equipment which is still in use for a gross carrying amount of 2.7 million Swiss francs. The land upon which the New Building was constructed was initially acquired by the Organization at a cost of 13.6 million Swiss francs in 1998, but is held at fair value based on International Valuation Standards as determined by an independent appraiser. The net result of all periodic revaluations totalling 20.4 million Swiss francs is included in the Revaluation Reserve Surplus which forms part of WIPO's net assets. The most recent valuation of the land was performed by an independent appraiser at December 31, 2020. Market value was estimated by capitalizing at an appropriate investment yield the future potential income stream from the property. The potential income was based on comparable rentals in the market, taking into account the quality of the spaces as well as the location. 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. For 2022 a review was performed of available market data, including Geneva office rentals, to ensure that an update of the 2020 valuation would not result in a material change in the fair value of the land.

WIPO holds heritage assets, referred to as works of art, representing items donated or loaned to the Organization by representatives or officials of Member States or other public or private entities or individuals. The works of art held by WIPO include paintings, sculptures, decorative objects, historical documents and other items. As at December 31, 2022, the Organization held a total of 740 items classified as works of art. WIPO has elected not to recognize works of art as assets in the Statement of Financial Position, in accordance with IPSAS 17. The 740 items are classified as follows:

<b>Number of Works of Art</b>	<b>2022</b>	<b>2021</b>
Framed artwork	193	188
Decorative objects	113	103
Sculptures	82	76
Other commemorative objects	60	49
Furniture	38	38
Tapestries/carpets	35	34
Ceramic/porcelain	26	22
Primitive arts	23	23
Silverware	20	20
Other works of art	150	132
<b>Total</b>	<b>740</b>	<b>685</b>

Under the WIPO Policy on Property Management and the related Property Management Manual, the Organization has established processes and procedures for the management of works of art, including the final determination as to whether an item is deemed to be a work of art. Works of art are held in controlled access storage until such time as a decision is taken in relation to the placement of an item. Most of the small and fragile works of art are stored in closed cabinets. The dedicated storage has been improved to enhance protection from humidity and dust, and measures are under consideration for further protection from possible water damage. In addition, works of art placed in lobbies, offices and on office floors in WIPO's buildings benefit from existing security measures. All works of art are recorded in the Asset Management Module of WIPO's ERP system, and are included in the Organization's annual physical inventory process. Formal confirmations that works of art are held by WIPO are provided to donors upon request.

## Note 8: Payables and Accruals

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Trade creditors - accounts payable	16,126	18,383
Miscellaneous transitory liabilities	1,019	656
Other trade creditors	932	507
<b>Total payables and accruals</b>	<b>18,077</b>	<b>19,546</b>

Payables and accruals include invoices received from suppliers not yet settled including the revaluation of invoices payable in currencies other than the Swiss franc.

## Note 9: Employee Benefits

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Accumulated leave (posts)	1,234	1,594
Accumulated leave (temporary staff)	378	417
Separation benefits	410	380
Closed Pension Fund	351	315
Repatriation grant and travel	2,515	2,515
Home leave	812	1,544
Overtime and credit hours	46	31
Education grant	2,160	2,080
Performance rewards	640	427
After-Service Health Insurance	7,874	6,706
Other employee benefits	103	-
<b>Total current employee benefit liabilities</b>	<b>16,523</b>	<b>16,009</b>
Closed Pension Fund	994	2,332
Accumulated leave (posts)	15,797	18,698
Repatriation grant and travel	10,805	11,738
After-Service Health Insurance	460,760	567,017
<b>Total non-current employee benefit liabilities</b>	<b>488,356</b>	<b>599,785</b>
<b>Total employee benefit liabilities</b>	<b>504,879</b>	<b>615,794</b>

Long-term employee benefits include After-Service Health Insurance (ASHI), repatriation grant and travel, and accumulated leave (posts):

**ASHI:** Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for After-Service Health Insurance (ASHI) coverage if they continue to participate in the collective medical insurance plan after separation from service. In accordance with WIPO's SRR, a share of 65 per cent of the monthly medical insurance premium is paid by the Organization. From January 1, 2023, monthly medical premiums amount to 656.10 Swiss francs for adults and 291.25 Swiss francs for children.

**Repatriation grant and travel:** The Organization has a contractual obligation to provide benefits such as repatriation grants, travel and removal for certain internationally recruited staff members at the time of their separation from service

**Accumulated leave (posts):** Accumulated annual leave is classified as a long-term employee benefit for staff members holding permanent, continuing or fixed term contracts. Staff in posts may accrue up to 15 days of annual leave in a given year, and a total accumulated balance of 60 days. On separation from service, staff in posts who

have accumulated annual leave can receive a payment in lieu of an amount equivalent to their salary for the period of accumulated annual leave, up to a maximum of 60 days.

Employee benefit liabilities for ASHI, repatriation grant and travel, and accumulated leave (posts) are calculated by an independent actuary. Actuarial assumptions have a significant effect on the amounts calculated for employee benefit liabilities. A description of the factors which impact the size of the ASHI liability is included in the financial statement discussion and analysis which precedes these financial statements. The principal actuarial assumptions applied in determining these liabilities are detailed below. Discount rates were determined using AA corporate bond yield curves:

	December 31, 2022	December 31, 2021
<b>After-Service Health Insurance</b>		
Discount rate	2.50%	0.50%
Discount rate currency	CHF, EUR, USD (weighted)	CHF, EUR, USD (weighted)
Medical cost trend rate	2.80%	2.50%
Annual medical claims cost (by age):	Claims cost CHF	Claims cost CHF
50	5,556	5,088
55	6,195	5,673
60	7,250	6,639
65	9,610	8,800
70	11,343	10,387
75	12,397	11,353
80	16,728	15,319
85	17,233	15,781
<b>Repatriation Grant and Travel</b>		
Discount rate	5.10%	2.60%
Discount rate currency	USD	USD
Rate of Salary increase	2.88%	2.70%
<b>Accumulated leave (posts)</b>		
Discount rate	2.10%	0.20%
Discount rate currency	CHF	CHF
Rate of Salary increase	Comprised of:	Comprised of:
	Inflation 1.20%	Inflation 0.90%
	Productivity 0.50%	Productivity 0.50%
	Merit scale 0.97%-6.07%	Merit scale 0.97%-6.07%

The present value of the defined benefit obligations for ASHI is determined using the projected unit credit method including discounting the estimated future cash outflows. In accordance with IPSAS the Organization's ASHI liability is considered as unfunded as no plan assets are held in a legally separate entity or fund, and therefore no plan assets are deducted from the liability as recognized in the Statement of Financial Position. However, it should be noted that the Organization has established separate funds (strategic cash) for the future financing of after-service employee benefit liabilities. The table below details the expense for ASHI recognized in the Statement of Financial Performance:

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Interest cost	2,852	1,351
Current service cost	40,211	36,154
<b>Expense recognized in the Statement of Financial Performance</b>	<b>43,063</b>	<b>37,505</b>



The table below details the changes in the ASHI defined benefit obligation, including the impact of actuarial gains/(losses):

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
<b>Defined benefit obligation at beginning of year</b>	573,723	452,755
Interest cost	2,852	1,351
Current service cost	40,211	36,154
Contribution paid	-4,348	-4,017
Actuarial (gain)/loss on obligation:		
Experience (gain)/loss	-3,748	-4,430
Medical cost trend rate	42,902	-54,819
Discount rate	-239,904	-25,997
Other	1,780	-
(Gain)/loss on change in financial assumptions	-195,222	-80,816
Medical claims cost	54,317	179,579
Other demographic assumptions	849	-6,853
(Gain)/loss on change in demographic assumptions	55,166	172,726
<b>Defined benefit obligation recognized at end of year</b>	<b>468,634</b>	<b>573,723</b>

As can be seen in the table above, the most significant movement in the 2022 ASHI liability was the result of actuarial gains due to an increase in the discount rate, which moved from 0.50 per cent to 2.50 per cent. Actuarial losses were incurred due to an increase in the medical cost trend rate, along with a higher medical claims cost assumption. For the 2021 liability calculation, the independent actuary performed a detailed analysis of claims cost data to establish medical claims cost at each age. Following a review of 2021 and 2022 claims cost data, an increase of 9.20 per cent was applied to this cost assumption for each age.

Contributions, representing the premium share paid by the Organization for ASHI, totaled 4.3 million Swiss francs for 2022 (4.0 million Swiss francs in 2021). Expected contributions to ASHI in 2023, representing medical claims costs, are 7.9 million Swiss francs. The weighted average duration of the defined benefit obligation as at December 31, 2022, was 19 years. The following table details the present value of the defined benefit obligation and experience adjustments on the ASHI liability for 2022 and the previous four years.

	2022	2021	2020	2019	2018
<i>(in thousands of Swiss francs)</i>					
Defined benefit obligation	468,634	573,723	452,755	313,694	303,128
Experience (gain)/loss adjustments on plan liability	-3,748	-4,430	2,400	-37,983	-3,092

The following sensitivity analysis shows how the defined benefit obligation would have been affected by changes in significant actuarial assumptions, the discount rate and the medical cost trend rate. The per cent changes used in the analysis are considered reasonable based on historical movements:

	1 per cent decrease in discount rate 1.50%	Discount rate as applied 2.50%	1 per cent increase in discount rate 3.50%
<i>(in thousands of Swiss francs)</i>			
Defined benefit obligation as at December 31, 2022	571,887	468,634	389,498
Per cent variation	22.0%		-16.9%
	1 per cent decrease in medical cost trend rate 1.80%	Medical cost trend rate as applied 2.80%	1 per cent increase in medical cost trend rate 3.80%
<i>(in thousands of Swiss francs)</i>			
Defined benefit obligation as at December 31, 2022	391,855	468,634	566,508
Per cent variation	-16.4%		20.9%

*United Nations Joint Staff Pension Fund*

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

WIPO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as at December 31, 2021, and a roll forward of the participation data as at December 31, 2021 to December 31, 2022 will be used by the Fund for its 2022 financial statements.

The actuarial valuation as of December 31, 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0 per cent (107.1 per cent in the 2019 valuation). The funded ratio was 158.2 per cent (144.4 per cent in the 2019 valuation) when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at December 31, 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to 8,505.27 million US dollars, of which 1.64 per cent was contributed by WIPO (including participants and Organization contributions).

During 2022, WIPO contributions (including Organization contributions only) paid to the Fund amounted to 30.4 million Swiss francs (28.9 million Swiss francs in 2021). Expected contributions due in 2023 are approximately 30.6 million Swiss francs.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities is included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at [www.unjspf.org](http://www.unjspf.org).

## Note 10: Transfers Payable

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Madrid Union fees	71,645	64,575
Madrid Union deposits	28,150	32,708
Hague Union distribution	1,079	847
Madrid and Hague Union repartition fees	10,027	5,256
AMC deposits	1,797	1,730
PCT International Searching Authorities	1,654	1,782
RO search fees due to International Searching Authorities	732	497
Lisbon Union fees	11	16
<b>Total transfers payable</b>	<b>115,095</b>	<b>107,411</b>

The Organization collects fees on behalf of the contracting parties of the Madrid Agreement and Protocol and the Common Regulations of the Hague Agreement. The Organization's PCT International Bureau collects funds from applicants to cover the cost of payments of International Searching Authorities. In addition, the Organization collects fees to be paid directly to mediators, arbitrators or panelists for cases treated through the Arbitration and Mediation Centre. 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.

## Note 11: Advance Receipts

	December 31, 2022	December 31, 2021
<i>(in thousands of Swiss francs)</i>		
Madrid Union deposits	7,393	8,632
Industrial design deposits	2,475	2,560
Lisbon Union deposits	436	395
PCT/IBRO deposits	303	721
Advance payment of contributions	3,442	4,992
PCT system deferred revenue	298,614	299,149
Madrid system deferred revenue	3,121	2,661
Hague system deferred revenue	793	452
Non-exchange deferred revenue	17,164	15,967
FIPOI deferred revenue	59	59
Other deferred revenue	-	9
<b>Total current advance receipts</b>	<b>333,800</b>	<b>335,597</b>
FIPOI deferred revenue	3,519	3,578
<b>Total non-current advance receipts</b>	<b>3,519</b>	<b>3,578</b>
<b>Total advance receipts</b>	<b>337,319</b>	<b>339,175</b>

## Note 12: Provisions

<i>(in thousands of Swiss francs)</i>	
<b>Balance as at December 31, 2020</b>	<b>986</b>
<b>Movements in 2021</b>	
Additional provisions made	167
Amounts used	-487
Unused amounts reversed	-174
<b>Balance as at December 31, 2021</b>	<b>492</b>
<b>Movements in 2022</b>	
Additional provisions made	214
Amounts used	-1
Unused amounts reversed	-134
<b>Balance as at December 31, 2022</b>	<b>571</b>

Provisions at December 31, 2022, include cases where WIPO personnel are in dispute with the Organization, before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT).

## Note 13: Contingent Assets and Liabilities

The estimated value of contingent liabilities for possible payments by the Organization for claims arising from cases before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT) is 101,500 Swiss francs at the reporting date.

The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations System. As a Partner bound by the Mandate of the ICC, WIPO would be proportionately responsible for any third party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. At 31 December 2022, there are no known claims that impact WIPO. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

## Note 14: Leases

### WIPO as Lessee

The Organization leases depots and storage facilities, office space, cars and printing and photocopying equipment under operating lease arrangements. The total amount of lease payments under these arrangements recognized as an expense was 1.1 million Swiss francs in 2022 (1.7 million Swiss francs in 2021). The value of future minimum lease payments under non-cancellable operating leases is shown in the table below:

Operating leases	December 31, 2022	December 31, 2021
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	410	480
Later than one year and not later than five years	-	169
Later than five years	-	-
<b>Total minimum lease payments</b>	<b>410</b>	<b>649</b>

The Organization also leases equipment under a finance lease arrangement. At the reporting date the net carrying amount of this equipment was 0.3 million Swiss francs, and the depreciation charge for the year was 0.1 million Swiss francs. The total value of future minimum lease payments under finance leases, and their present value, are shown in the table below:

Finance leases	December 31, 2022	December 31, 2021
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	169	177
Later than one year and not later than five years	183	368
Later than five years	-	-
<b>Total minimum lease payments</b>	<b>352</b>	<b>545</b>
Future interest expense	-42	-92
<b>Present value of minimum lease payments</b>	<b>310</b>	<b>453</b>

### WIPO as Lessor

The Organization has entered into a number of agreements whereby it leases space in or on its headquarters buildings to third parties. These leases are all cancellable by WIPO subject to notification periods specified in the agreements. The total amount of rental income from these arrangements was 0.6 million Swiss francs in 2022 (0.6 million Swiss francs in 2021).

Operating leases	December 31, 2022	December 31, 2021
	<i>(in thousands of Swiss francs)</i>	
Not later than one year	337	359
Later than one year and not later than five years	-	57
Later than five years	-	-
<b>Total minimum lease payments</b>	<b>337</b>	<b>416</b>

## Note 15: Related Party Transactions

	2022		2021	
	Number of Individuals	Aggregate remuneration	Number of Individuals	Aggregate remuneration
	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>	<i>(full-time equivalent basis)</i>	<i>(in thousands of Swiss francs)</i>
Director General, Deputies and Assistants	9.00	3,351	9.00	3,349
Senior Officers	11.25	3,552	11.25	3,574

WIPO is governed by the WIPO General Assembly composed of representatives of Member States party to the WIPO Convention which are members of any of the Unions. These representatives do not receive remuneration from WIPO. WIPO 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 Regulations and Rules, 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 UNJSPF to which the personnel and WIPO contribute and are also eligible for participation in the collective medical insurance plan. Key management personnel and their aggregate remuneration are detailed in the table above. 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.

WIPO has no controlled entities and no interests in other entities which would require disclosure under IPSAS 34-38. WIPO is a member of the UNJSPF and certain of its former staff are members of WIPO's CROMPI. WIPO has a relationship with the International Union for the Protection of New Varieties of Plants (UPOV) whereby the Director General of WIPO serves as Secretary General of UPOV. The office of UPOV exercises its functions in complete independence of WIPO. WIPO 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 WIPO and UPOV dated November 26, 1982. UPOV reimburses WIPO for the cost of such services in accordance with the terms of said agreement. In 2022 WIPO received 618 thousand Swiss francs from UPOV to cover the cost of these services. In addition, WIPO receives reimbursement of funds disbursed on behalf of UPOV.

## Note 16: Reconciliation of Statement V and Statement II

The WIPO Program of Work 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. WIPO's budget is adopted by the Assemblies on a biennial basis, however, separate estimates are prepared for each of the two annual periods. The Program of Work and Budget for the 2022/23 Biennium established a budget for the biennium of expenditure of 793.8 million Swiss francs. The WIPO Performance Report for 2022 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, 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.

<b>Reconciliation for the year 2022</b>				
	<b>Operating</b>	<b>Investing</b>	<b>Financing</b>	<b>Total</b>
	<i>(in thousands of Swiss francs)</i>			
<b>Actual amount on comparable basis (Statement V)</b>	<b>46,920</b>	-	-	<b>46,920</b>
Depreciation and amortization	-9,557	-	-	-9,557
Capitalization/disposal PPE and intangible assets	-	5,288	-	5,288
Finance lease adjustments	-	-	143	143
Changes in employee benefit liabilities	-23,267	-	-	-23,267
Change in allowance for receivables	70	-	-	70
Special Accounts revenue recognition	-1,212	-	-	-1,212
<b>Total Basis differences</b>	<b>-33,966</b>	<b>5,288</b>	<b>143</b>	<b>-28,535</b>
Projects financed from reserves	-11,962	-	-	-11,962
Special Accounts	1,242	-	-	1,242
<b>Total Entity differences</b>	<b>-10,720</b>	-	-	<b>-10,720</b>
<b>Actual amount in the Statement of Financial Performance (Statement II)</b>	<b>2,234</b>	<b>5,288</b>	<b>143</b>	<b>7,665</b>

## Note 17: Expenses

	2022	2021
	<i>(in thousands of Swiss francs)</i>	
Posts	241,272	235,231
Temporary staff	8,718	8,862
Other staff costs	-354	538
<b>Total Personnel expenditure</b>	<b>249,636</b>	<b>244,631</b>
Internships	459	388
WIPO fellowships	7,297	5,308
<b>Total Interns and WIPO fellowships</b>	<b>7,756</b>	<b>5,696</b>
Staff missions	2,078	68
Third-party travel	5,118	661
Training and related travel grants	1,086	735
<b>Total Travel, training and grants</b>	<b>8,282</b>	<b>1,464</b>
Conferences	3,567	2,269
Publishing	4	15
Individual contractual services	16,928	16,243
Other contractual services	78,727	81,300
<b>Total Contractual services</b>	<b>99,226</b>	<b>99,827</b>
Premises and maintenance	22,892	21,320
Communication	828	1,098
Representation and other operating expenses	769	1,096
United Nations joint services	823	489
<b>Total Operating expenses</b>	<b>25,312</b>	<b>24,003</b>
Supplies and materials	2,740	3,247
Furniture and equipment	48	182
<b>Equipment and supplies</b>	<b>2,788</b>	<b>3,429</b>
<b>Depreciation and amortization</b>	<b>9,557</b>	<b>9,604</b>
<b>Finance costs</b>	<b>256</b>	<b>244</b>
<b>Total expenses</b>	<b>402,813</b>	<b>388,898</b>



## Note 18: Investment Gains/(Losses)

	2022	2021
	<i>(in thousands of Swiss francs)</i>	
Fair value increase/(decrease) on investments	-97,285	14,644
Dividends	6,530	5,464
Interest on current accounts and deposits	241	-19
Interest on investments	-	-5
Investment management and administration cost	-577	-572
Exchange gain (loss) on investments	2,155	4,004
Exchange gain (loss) on derivative financial instruments	881	-803
<b>Total investment gains/(losses)</b>	<b>-88,055</b>	<b>22,713</b>

The fair value decrease on investments of 97.3 million Swiss francs represents movements in the valuation of the Organization's core cash and strategic cash portfolio assets at the reporting dates.

## Note 19: Financial Instruments

### Financial Instruments Overview

Financial instruments are categorized as follows:

Financial Assets and Liabilities	Category
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Loans	Amortized cost
Payables and accruals	Amortized cost
Transfers payable	Amortized cost
Current accounts	Amortized cost
Derivative assets and liabilities	Fair value through surplus and deficit
Short-term investments arising from operating cash	Fair value through surplus and deficit
Held to maturity investments arising from operating cash	Amortized cost
Investments arising from core and strategic cash	Fair value through surplus and deficit

The carrying amounts of the categories of financial assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
	<i>(in thousands of Swiss francs)</i>	
<b>Financial assets</b>		
Amortized cost	367,135	295,514
Fair value through surplus and deficit	876,822	900,672
<b>Total carrying value</b>	<b>1,243,957</b>	<b>1,196,186</b>
<b>Financial liabilities</b>		
Amortized cost	218,325	213,346
<b>Total carrying value</b>	<b>218,325</b>	<b>213,346</b>

The Organization is exposed to certain foreign currency exchange, credit, interest rate, price and liquidity risks which arise in the normal course of its operations. This note presents information about the Organization's exposure to each of the above risks and the policies and processes for measuring and managing risk.

The Organization manages its investments in accordance with its Policy on Investments. The policy contains two specific investment policies, one covering operating and core cash and a second one covering strategic cash. Operating cash is the cash required by the Organization to meet daily payment requirements and to ensure that an amount equivalent to the target reserves is available in liquid assets. Core cash is the balance of cash remaining once operating and strategic cash have been deducted. Strategic cash is the cash which has been set aside to finance after-service employee benefit liabilities, including ASHI.

### Fair Values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, receivables from exchange transactions, accounts payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Quoted investments (in investment funds which are publicly traded) are based on price quotations at the reporting date;
- Derivative financial instruments are based on quoted prices, adjusted for the UNORE at reporting date;
- Loans and receivables are evaluated by the Organization based on parameters such as interest rates and risk characteristics.

For WIPO's financial assets and liabilities at the reporting date, the carrying amount is equivalent to the fair value.

### Fair Value Hierarchy

For those instruments categorized as fair value through surplus or deficit, fair values are classified according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- Inputs for the asset or liability that are not based on observable market data (Level 3).

Financial Assets and Liabilities	Fair Value Hierarchy
Cash and cash equivalents	Level 1
Derivative assets and liabilities	Level 2
Investments arising from core and strategic cash	Level 1

### Credit Risk

Credit risk is the risk of financial loss to the Organization if counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Organization's loans, receivables, cash and cash equivalents, and investments. The carrying amount of financial assets represents the maximum credit exposure. For the purposes of financial reporting, WIPO calculates expected credit losses allowances associated with its financial assets.

The Organization's receivables from non-exchange transactions are almost exclusively from its Member States representing sovereign governments, and therefore risks related to credit are considered minor. 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. 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 in 1989 and 1991.

In accordance with the Organization's Policy on Investments, deposits may only be held with institutions with a minimum short-term credit rating of A-2/P-2 or a minimum long-term credit rating of A/A2. Money market investments, bonds, notes or other obligations and other fixed income products purchased directly by WIPO may only be held with institutions with a minimum short-term credit rating of A-3/P-3 or a minimum long-term credit rating of BBB-/Baa3. Where these are acquired as shares in pooled market traded funds, at least 65 per cent of the portfolio holdings must be in Investment Grade (AAA/Aaa to BBB-/Baa3), while the balance of up to 35 per cent may be held in high yield bonds (BB+/Ba1 to C/Ca). The credit ratings attached to cash and cash equivalents and investments as at December 31, 2022, are as follows:

Short-Term Credit Rating	A-1+	A-1	A-2/P-2	Unrated (1)	Total
<b>December 31, 2022</b>					
<i>(in thousands of Swiss francs)</i>					
Cash and cash equivalents	448	142,288	99,849	53	242,638
Investments	-	51,319	-	874,493	925,812
	<b>448</b>	<b>193,607</b>	<b>99,849</b>	<b>874,546</b>	<b>1,168,450</b>
<i>Per cent</i>	<i>0.0%</i>	<i>16.7%</i>	<i>8.5%</i>	<i>74.8%</i>	<i>100.0%</i>

(1) Unrated balances include cash on hand and non-current investments. Non-current investments held by WIPO are in investment funds which are not rated by credit rating agencies, but in which the underlying investments are made in accordance with WIPO's Policy on Investments.

### Liquidity Risk

Liquidity risk is the risk of the Organization not being able to meet its obligations as they fall due.

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 Policy on Investments requires that operating and core cash are invested in such a way to ensure the liquidity necessary to meet the Organization's cash flow requirements. Operating cash balances are invested over the short term (periods not exceeding twelve months to maturity) in low-risk asset classes which are easily liquidated at little or no cost. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods. Core cash balances are invested ideally in such a way that occasional access to a portion of the cash is possible. Strategic cash balances are invested over the long term, and currently have no short or medium term liquidity requirements.

### Currency Risk

The Organization receives revenue from fees 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. For PCT international filing fees, WIPO establishes equivalent amounts in currencies other than the Swiss franc, which can be reset during the year if the exchange rate between the other currency and Swiss franc is 5.0 per cent or more for more than four consecutive Fridays. The Organization is also exposed to exchange risk arising from the currency differences between amounts payable to International Searching Authorities (ISAs) pursuant to the Regulations under the Patent Cooperation Treaty and amounts received by national patent offices for international search fees from applicants for international patents. The Organization also operates the WIPO Fee Transfer Service, a netting structure that reduces the exposure of PCT fee income to movements in currency exchange rates with regard to search fees.

Where investments are held in currencies other than the Swiss franc, the Organization may use derivative financial instruments to minimize the risk arising from the fluctuation of the currency of the investment against the Swiss franc. Investment in derivatives for speculative purposes is not permitted. As at December 31, 2022, the Organization held US dollar and Euro investments totaling 137.5 million Swiss francs and 39.3 million Swiss francs respectively. The sensitivity of these investments to exchange rate fluctuations is monitored, and derivative financial instruments are used to minimize this risk.

The Organization's contributions to the UNJSPF and its payments to ICC are made in US dollars. 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 UNJSPF. In addition, the Organization has external offices in Algeria, Brazil, China, Japan, Nigeria, Russia and Singapore, and a coordination office in the USA, with limited assets in local currency.

### Market Risk

Market risk is the risk of changes in market prices, including interest rates, affecting the Organization's income or the value of its financial instrument holdings. Investment revenue is excluded from the Organization's income estimates for the 2022/23 Program of Work and Budget. The Organization does not currently use financial instruments to hedge interest rate risk. WIPO's medium-term investment portfolio (core cash) and long-term investment portfolio (strategic cash) are subject to the risk of movements in market prices of the underlying investment funds. Based on historical experience for the investment strategies applied to these portfolios, the expected volatility for core cash and strategic cash is 4.90 per cent and 6.50 per cent respectively.

## Note 20: Events After the Reporting Date

WIPO's reporting date is December 31, 2022 and its financial statements were authorized for issue on the same date as the External Auditor's opinion.

On March 19, 2023, it was announced that UBS bank would acquire Credit Suisse bank. The Swiss Federal Department of Finance, the Swiss National Bank and FINMA (the Swiss Financial Market Supervisory Authority) endorsed the acquisition and subject to customary closing conditions, the transaction is expected to be completed by the end of 2023.

Both UBS and Credit Suisse are key banking partners for WIPO. Both banks provide services including cash management, banking, investments and currency exchange to WIPO. In addition, Credit Suisse is WIPO's global custody and master record keeper for investments.

WIPO does not anticipate any disruption to its banking operations related to this acquisition. Furthermore, the Organization does not expect any financial impairment related to this transaction. With the acquisition of Credit Suisse, WIPO will pursue a strategy to develop a stronger relationship with an alternative bank in order to bolster diversification in its portfolio of banking service providers

There have been no other material events, favourable or unfavourable, that occurred between the reporting date and the date when the financial statements were authorized for issue that would have had a material impact on these financial statements.

## Note 21: Segment Reporting

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

The segment reporting table is shown on the next page and should be read in conjunction with the following explanatory notes:

- Note 1: The Madrid Union has assumed the financing of the Hague Union's contribution of 3 million Swiss francs to the IT Modernization Program of the Madrid and Hague international registration systems. The amount will be reimbursed by the Hague Union to the Madrid Union as soon as the level of reserves of the Hague Union Reserve Fund so allows.
- Note 2: In accordance with the decision of the Assemblies of the Member States of WIPO at their 55<sup>th</sup> Series of Meetings in 2015, the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2016/17 amounting to 56,157 Swiss francs. The amount will be reimbursed by the Lisbon Union to the Contribution-financed Unions as soon as the level of reserves of the Lisbon Union so allows.
- Note 3: In accordance with the decision of the Assemblies of the Member States of WIPO at their 57<sup>th</sup> Series of Meetings in 2017: a) the Contribution-financed Unions have assumed the financing of the deficit of the Lisbon Union in the biennium 2018/19 amounting to 1,662,315 Swiss francs; and b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 18,135,044 Swiss francs. The amounts will be reimbursed by the Lisbon Union and the Hague Union, respectively, as soon as the level of reserves of the Unions so allow.
- Note 4: In accordance with the decision of the Assemblies of the Member States of WIPO at their 59<sup>th</sup> Series of Meetings in 2019: a) as the Contribution-financed Unions do not have sufficient reserves above the target to cover the deficit of the Lisbon Union amounting to 3,509,153 Swiss francs in 2020/21 and 1,543,632 Swiss francs in 2022, the PCT Union has assumed the financing of the deficit of the Lisbon Union in 2020/21 and in 2022; b) the PCT Union has assumed the financing of the deficit of the Hague Union amounting to 23,667,978 Swiss francs in 2020/21 and 10,343,010 Swiss francs in 2022. The amounts will be reimbursed by the Lisbon Union and the Hague Union to the PCT Union, as soon as the level of reserves of the Unions so allow.
- Note 5: Actuarial gains/(losses) as at December 31, 2022 have been allocated based on the relative share of headcounts for 2022.

## WIPO ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2022

Sector Title	UNIONS						Total
	Contribution Financed	PCT	Madrid	Hague	Lisbon	Special Accounts	
<i>(in thousands of Swiss francs)</i>							
<b>REVENUE</b>							
Contributions	17,605	-	-	-	-	8,439	26,044
Fees	-	380,786	85,289	7,206	3	-	473,284
Publications	2	396	-	-	-	-	398
Other/miscellaneous	142	-3,682	759	256	240	-	-2,285
Arbitration and Mediation	530	501	1,354	559	-	-	2,944
<b>Sub-total revenue excluding Reserve revenue and IPSAS adjustments</b>	<b>18,279</b>	<b>378,001</b>	<b>87,402</b>	<b>8,021</b>	<b>243</b>	<b>8,439</b>	<b>500,385</b>
Miscellaneous revenue projects financed from reserves	-	9	1	-	-	-	10
IPSAS adjustments to revenue	70	-	-	-	-	-1,932	-1,862
<b>TOTAL REVENUE</b>	<b>18,349</b>	<b>378,010</b>	<b>87,403</b>	<b>8,021</b>	<b>243</b>	<b>6,507</b>	<b>498,533</b>
<b>EXPENSES</b>							
Patents and Technology	149	103,235	141	-	-	-	103,525
Brands and Designs	530	-	28,628	7,590	848	-	37,596
Copyright and Creative Industries	8,539	5,325	979	-	-	-	14,843
Regional and National Development	160	25,267	4,914	791	190	-	31,322
Infrastructure and Platforms	319	12,686	3,309	453	-	-	16,767
Global Challenges and Partnerships	3,479	7,095	1,082	-	-	-	11,656
IP and Innovation Ecosystems	1,223	13,074	4,943	1,291	-	-	20,531
Administration, Finance and Management	5,911	78,647	29,011	6,558	604	-	120,731
<b>Sub-total expenses on budgetary basis</b>	<b>20,310</b>	<b>245,329</b>	<b>73,007</b>	<b>16,683</b>	<b>1,642</b>	<b>-</b>	<b>356,971</b>
Expenses on projects financed from reserves	45	8,906	1,927	1,094	-	-	11,972
<b>Sub-total expenses on budgetary basis including reserve expenses</b>	<b>20,355</b>	<b>254,235</b>	<b>74,934</b>	<b>17,777</b>	<b>1,642</b>	<b>-</b>	<b>368,943</b>
Special Accounts	-	-	-	-	-	7,197	7,197
IPSAS adjustments to budgetary expenses and special accounts	1,788	21,689	6,433	1,468	144	-720	30,802
IPSAS adjustments to projects financed from reserves	-25	-2,922	-301	-881	-	-	-4,129
<b>TOTAL EXPENSES</b>	<b>22,118</b>	<b>273,002</b>	<b>81,066</b>	<b>18,364</b>	<b>1,786</b>	<b>6,477</b>	<b>402,813</b>
Investment gains/(losses)	-1,999	-79,734	-6,322	-	-	-	-88,055
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-5,768</b>	<b>25,274</b>	<b>15</b>	<b>-10,343</b>	<b>-1,543</b>	<b>30</b>	<b>7,665</b>
<b>Net Assets as at December 31, 2021 - Actuarial Gains/(losses) excluded</b>	<b>26,091</b>	<b>678,309</b>	<b>98,359</b>	<b>-67,236</b>	<b>-6,200</b>	<b>75</b>	<b>729,398</b>
Actuarial Gains/(Losses) as at December 31, 2021	-14,826	-228,273	-62,684	-13,855	-1,263	-	-320,901
<b>Net Assets as at December 31, 2021</b>	<b>11,265</b>	<b>450,036</b>	<b>35,675</b>	<b>-81,091</b>	<b>-7,463</b>	<b>75</b>	<b>408,497</b>
2022 surplus/(deficit)	-5,768	25,274	15	-10,343	-1,543	30	7,665
<b>Net Assets as at December 31, 2022 - Actuarial Gains/(losses) excluded</b>	<b>20,323</b>	<b>703,583</b>	<b>98,374</b>	<b>-77,579</b>	<b>-7,743</b>	<b>105</b>	<b>737,063</b>
Actuarial Gains/(Losses) as at December 31, 2022	-8,042	-124,958	-35,479	-7,908	-710	-	-177,097
<b>Net Assets as at December 31, 2022</b>	<b>12,281</b>	<b>578,625</b>	<b>62,895</b>	<b>-85,487</b>	<b>-8,453</b>	<b>105</b>	<b>559,966</b>

## **ANNEX – EX GRATIA PAYMENTS (AUDITED INFORMATION)**

Financial Regulation 3.21 states that a summary statement of ex gratia payments for the calendar year shall be included in the annual financial statements of the Organization. There were no such payments made during 2022 and therefore no summary statement is required.