Annual financial report and financial statements

Year to December 31, 2015

WIPO
WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

WORLD INTELLECTUAL PROPERTY ORGANIZATION

ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS

YEAR TO DECEMBER 31, 2015

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ANNUAL FINANCIAL REPORT

INTRODUCTION

The financial statements of the World Intellectual Property Organization (WIPO) for the year to December 31, 2015, are submitted to the Assemblies of the Member States of WIPO in accordance with Regulation 6.7 of the Financial Regulations and Rules (FRR). The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), as developed and approved by the International Public Sector Accounting Standards Board (IPSASB).

The report of the External Auditor on the audit of the 2015 financial statements, together with his opinion on the financial statements, are also submitted to the Assemblies of the Member States of WIPO as prescribed under Regulation 8.11 and Annex II of the FRR.

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

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 to December 31, 2015. It 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 (pages 24 to 75).

Overview of WIPO's Operations and Environment

WIPO is the global forum for intellectual property services, policy, information and cooperation. It is a specialized agency of the United Nations, with 188 Member States. The Organization's mission is to lead the development of a balanced and effective international intellectual property system that enables innovation and creativity for the economic, social and cultural development of all countries. The Organization's mandate, governing bodies and procedures are set out in the WIPO Convention, which established WIPO in 1967.

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 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 Coordination Committee consists of elected members of the Executive Committees of the Paris or the Berne Unions, 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 Director General is the chief executive of the Organization. The Director General is assisted by the Senior Management Team (consisting of the Deputy Directors General and the Assistant Directors General, plus the Legal Counsel and the Director of the Human Resources Management Department) in providing the strategic direction of WIPO's programs and in managing their respective Sectors and Programs to ensure the delivery of results in line with the Program and Budget.

WIPO generates most of its revenue from fees which 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 2015, fees from these activities represented 90.9 per cent of the Organization's total revenue, with PCT system fees alone representing 72.1 per cent.

The driver for revenue from these fee-paid services is the international demand for intellectual property titles. This demand is influenced by the performance of the global economy, although since 2010 global intellectual property filing activity has continued to grow despite uneven economic recovery from the global financial crisis that began in 2008. Latest available statistics up to the end of 2014 show that worldwide patent and trademark applications have grown each year since 2010. However worldwide industrial design applications fell in 2014 after more than twenty years of growth.

Other external factors which may influence the Organization's revenue from these services include research and development investment levels, technological confidence levels, and exchange rate fluctuations. For the PCT system in particular, other important factors include the level of PCT fees as compared to those offered by other filing routes, the attractiveness and value of PCT services as compared to other filing routes, and individual corporate patent strategies.

Overview of WIPO's 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's Program and Budget Committee is 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 is delegated by the Director General to the Controller.

Every two years, the Director General presents a Program and Budget to Member States for approval. It details objectives, performance measures and budgetary planning for all proposed activities. The Program and Budget for the 2014/15 biennium was approved by the Assemblies of the Member States of WIPO on December 12, 2013. The Program 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. Under this system, both the Program 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, which was revised in 2015. WIPO's reserves are accounted for as the net assets of the Organization, and serve to minimize the impact of income shortfalls and 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, which was also revised during 2015. 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.

Overview of WIPO's Risk Management Strategy

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. All staff are responsible for managing risks and the ultimate accountability for risk management lies with the Senior Management Team. Strategic or 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. The risk management strategy is guided by the risk appetite set by the Member States in WIPO's Risk Appetite Statement.

Overview of the Financial Statements

The financial statements prepared in accordance with IPSAS consist of:

A Statement of Financial Position which details the net assets (the difference between total assets and total liabilities) of the Organization. This statement provides information about the financial strength of the Organization, and the resources which are available to support its future objectives;

A Statement of Financial Performance which measures the net surplus or deficit (the difference between total revenue and total expenses) for the year. This statement provides information on the Organization's sources of revenue, and the cost of its activities. The annual surplus or deficit is presented on a full accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid;

A Statement of Changes in Net Assets which identifies the change in the net asset position during the year. This statement highlights the sources of changes in the Organization's overall financial position, including changes due to the surplus or deficit for the period;

A Statement of Cash Flow which presents the movements of cash during the year resulting from operating, investing and financing activities. This statement provides information on how cash has been raised and used during the year, including borrowing and repayment of borrowing, and the acquisition and disposal of fixed assets. In contrast to the Statement of Financial Performance, the Organization's net cash flow measures the difference between cash coming into the Organization and cash going out;

A Statement of Comparison of Budget and Actual Amounts which presents a comparison of the budget amounts under the Program and Budget, and the actual amounts for the year. This statement is prepared on the budgetary basis which is a modified accrual basis. It provides information on the extent to which resources were obtained and used in accordance with the approved budget;

Notes to the Financial Statements which assist in understanding the principal financial statements. The Notes comprise a summary of significant accounting policies and other explanatory information. They also disclose information required by IPSAS which is not presented on the face of the principal financial statements.

Financial Statement Highlights

The 2015 WIPO financial statements prepared in accordance with IPSAS show a surplus for the year of 33.3 million Swiss francs, and a corresponding increase in net assets from 245.8 million Swiss francs in 2014 to 279.1 million Swiss francs as at December 31, 2015.

The 2015 surplus of 33.3 million Swiss francs can be compared to a surplus of 37.0 million Swiss francs in 2014. Total revenue in 2015 was up by 11.7 million Swiss francs on the 2014 figure, due principally to an increase of 12.8 million Swiss francs in Madrid system fees revenue. Total expenses rose by 15.4 million Swiss francs compared to 2014. Although personnel expenditure remained relatively stable compared to the prior year, nearly all other categories of expense increased, most notably contractual services which were 8.5 million Swiss francs higher in 2015 than in 2014.

WIPO's total assets increased from 969.4 million Swiss francs as at December 31, 2014, to 977.0 million Swiss francs as at December 31, 2015. Cash and cash equivalents totaled 489.5 million Swiss francs at the end of 2015 (50.1 per cent of total assets). This represents an increase of 15.0 million Swiss francs compared to the prior year, which was achieved despite the Organization making a lump sum repayment of 24.0 million Swiss francs in November 2015 against one of its loans. WIPO maintains significant investment in fixed assets, including land, buildings, investment property, intangible assets and equipment with a total net book value of 417.8 million Swiss francs (42.8 per cent of total assets). 2015 saw continued investment in fixed assets, including additions of 6.2 million Swiss francs to buildings and constructions. Although the New Conference Hall (NCH) building was brought into use in September 2014, during 2015 some remaining outstanding areas of work in and around the NCH were completed. The Security Construction project was also completed during 2015, including the New Access Centre, the Security Operations Centre and the Security Perimeter.

The principal liabilities of the Organization as at December 31, 2015 are payables and advance receipts of 359.8 million Swiss francs (51.5 per cent of total liabilities) and employee benefit liabilities of 171.5 million Swiss francs (24.6 per cent of total liabilities). Borrowings totaled 110.0 million Swiss francs at the end of 2015, compared to 139.2 million Swiss francs at the end of 2014. Along with the regular annual loan repayments, as noted above in 2015 the Organization also made a lump sum loan repayment of 24.0 million Swiss francs.

The Organization's net assets, consisting of its Reserves and Working Capital Funds, totaled 279.1 million Swiss francs at the end of 2015. WIPO's Policy on Reserves was revised during 2015, and the changes included the creation of a separate reserve entitled Special Projects Reserve. This reserve is now presented separately in the financial statements. The Special Projects Reserve contains the appropriations to projects financed from reserves, less accumulated expenditure. Its balance of 23.7 million Swiss francs as at December 31, 2015, reflects amounts to be used for projects already approved.

Financial Performance

The Organization's results for 2015 showed a surplus for the year of 33.3 million Swiss francs, with total revenue of 381.9 million Swiss francs and total expenses of 348.6 million Swiss francs. This can be compared to a surplus of 37.0 million Swiss francs in 2014, with total revenue of 370.2 million Swiss francs and total expenses of 333.2 million Swiss francs.

The Program and Budget result for 2015 prepared on a modified accrual basis (i.e. before the impact of IPSAS adjustments) was a surplus of 63.2 million Swiss francs. The 2015 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:

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Financial Performance

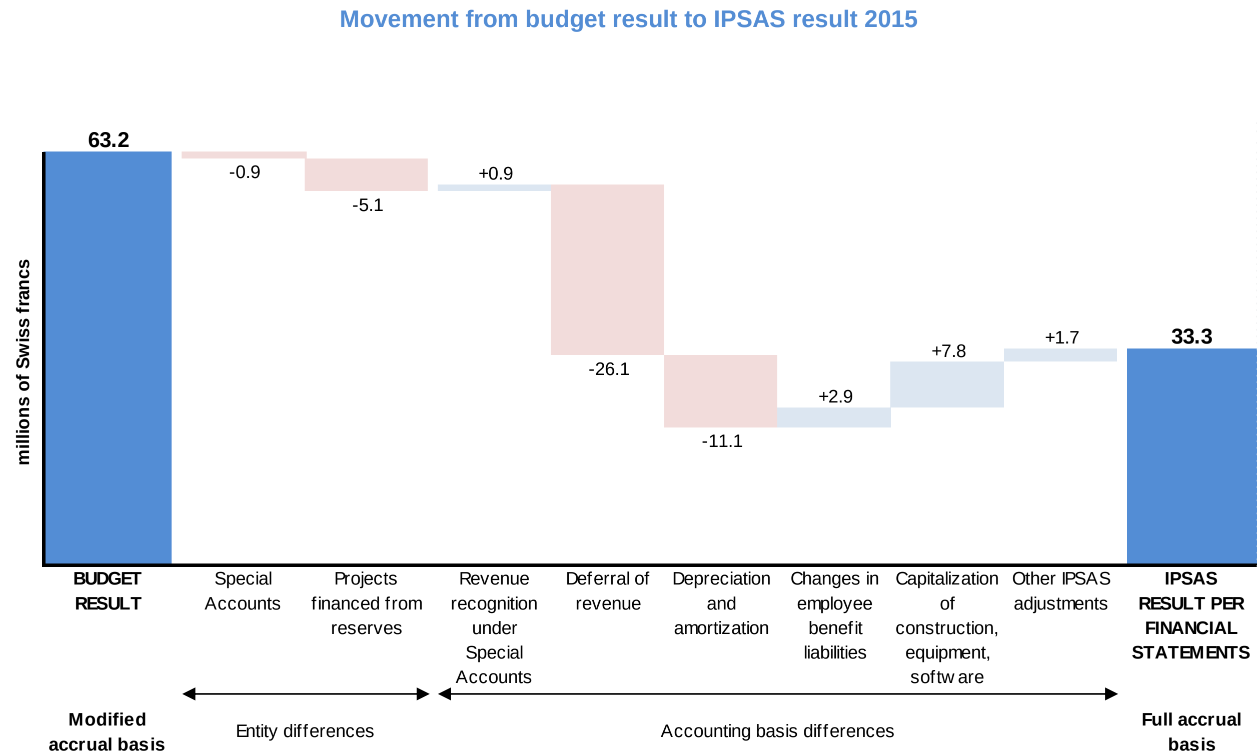
The Organization's results for 2015 showed a surplus for the year of 33.3 million Swiss francs, with total revenue of 381.9 million Swiss francs and total expenses of 348.6 million Swiss francs. This can be compared to a surplus of 37.0 million Swiss francs in 2014, with total revenue of 370.2 million Swiss francs and total expenses of 333.2 million Swiss francs.

The Program and Budget result for 2015 prepared on a modified accrual basis (i.e. before the impact of IPSAS adjustments) was a surplus of 63.2 million Swiss francs. The 2015 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:

Summary of financial performance by source of funding

	Program and Budget 2015	Special Accounts 2015	Projects Financed from Reserves 2015	IPSAS Adjustments 2015	Total 2015	Total 2014
			(in millions of Swiss francs)			
Total revenue	397.0	9.4	-	-24.5	381.9	370.2
Total expenses	333.8	10.3	5.1	-0.6	348.6	333.2
Net surplus/(deficit)	**63.2**	**-0.9**	**-5.1**	**-23.9**	**33.3**	**37.0**

The chart below summarizes the principal differences between the Program and Budget surplus of 63.2 million Swiss francs, and the surplus for the whole Organization prepared on an IPSAS basis of 33.3 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 for Special Accounts (deficit of 0.9 million Swiss francs) and Projects financed from reserves (deficit of 5.1 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 deficit of 23.9 million Swiss francs:

- Under IPSAS, revenue from voluntary contributions under Special Accounts is recognized as the conditions in the donor agreements are fulfilled and expense is incurred in line with the program of work. The resulting adjustment leads to an increase in the result for the year of 0.9 million Swiss francs.
- In applying IPSAS, revenue from fees is deferred until it is deemed to have been earned, which in the case of international applications is when final publication takes place. For PCT applications, a receivable is also recognized where an application has been filed but no fee has been received by the Organization. In addition, WIPO also recognizes deferred revenue relating to the financing of security constructions by the Foundation for Buildings for International Organizations (FIPOI). The total net impact of these adjustments is a reduction in revenue of 26.1 million Swiss francs. This is principally due to an increase in the balance of deferred revenue from fees (PCT, Madrid and Hague systems), which moved from 203.7 million Swiss francs as at December 31, 2014 to 219.2 million Swiss francs as at December 31, 2015. Over the same period, receivables from PCT fees fell from 46.7 million Swiss francs to 40.9 million Swiss francs.

- The result for 2015 on an IPSAS basis includes 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. The total cost of depreciation and amortization for the year was 11.1 million Swiss francs.

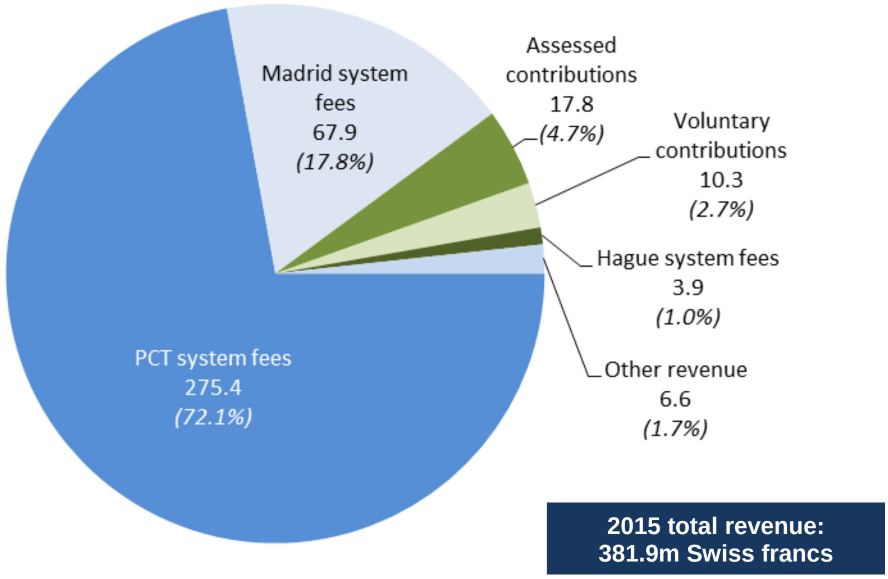
- IPSAS requires that employee benefits earned by staff but not yet paid be recognized as liabilities of the Organization. The IPSAS adjustments bring the total liabilities recognized in the financial statements into line with the IPSAS compliant calculations of these liabilities, including those prepared by external actuaries. Employee benefit liabilities recognized under IPSAS (After-Service Health Insurance – ASHI, repatriation grant and travel, accumulated annual leave, home leave, overtime and the Closed Pension Fund) increased by 10.3 million Swiss francs during 2015. Under the Program and Budget, a 6.0 per cent charge is applied to the cost of posts for the funding of the provision for after-service employee benefits. In 2015, this charge generated a provision of 6.1 million Swiss francs, following deductions for after-service employee payments during the period (principally the Organization's contribution for the ASHI premiums of retirees). At the end of 2015 a further charge of 2.0 per cent was applied to the cost of posts for the biennium 2014/15, generating an additional provision of 7.1 million Swiss francs. As a result, the IPSAS adjustment required to bring employee benefit liabilities into line with IPSAS compliant calculations was 2.9 million Swiss francs, resulting in a corresponding decrease in expense.

- Under IPSAS, costs relating to the construction and improvement of buildings are capitalized. This reduces the expense for the year 2015 by 6.2 million Swiss francs. Similarly, the acquisition of certain equipment and software is capitalized under IPSAS, further reducing the expense for the year by 1.6 million Swiss francs.

- Other IPSAS adjustments concern an increase in the fair value of investment property (resulting in revenue of 1.4 million Swiss francs), a decrease in the allowance for receivables from assessed contributions (resulting in revenue of 0.4 million Swiss francs) and a decrease in inventories (resulting in an expense of 0.1 million Swiss francs). The net impact of these adjustments is an increase in the result for the year of 1.7 million Swiss francs.

Revenue Analysis

Composition of revenue 2015 on an IPSAS basis
(in millions of Swiss francs)



Total revenue of the Organization for 2015 was 381.9 million Swiss francs, representing an increase of 3.2 per cent compared to the 2014 total revenue of 370.2 million Swiss francs. The largest source of revenue during 2015 was PCT system fees, accounting for 72.1 per cent of total revenue, although revenue from PCT system fees fell by 1.1 per cent compared to 2014.

Madrid system fees were the second largest source of revenue during the year 2015, representing 17.8 per cent of total revenue. Madrid system fees increased significantly by 23.2 per cent compared to 2014. Hague system fees, Lisbon system fees, assessed contributions, voluntary contributions and other revenue (investment, publications, arbitration and mediation and other/miscellaneous revenue) comprise the remaining 10.1 per cent of the Organization's total revenue. The table below provides a summary of the changes by revenue type compared to the prior year.

Change in revenue 2014 – 2015

	2015	2014	Net Change	Net Change
	(in millions of Swiss francs)			%
Revenue				
Assessed contributions	17.8	17.9	-0.1	*-0.6*
Voluntary contributions	10.3	8.9	1.4	*15.7*
Publications revenue	0.5	0.4	0.1	*25.0*
Investment revenue	1.5	1.6	-0.1	*-6.3*
PCT system fees	275.4	278.6	-3.2	*-1.1*
Madrid system fees	67.9	55.1	12.8	*23.2*
Hague system fees	3.9	3.2	0.7	*21.9*
Sub-total fees	347.2	336.9	10.3	*3.1*
Arbitration and Mediation	1.5	1.5	-	-
Other/miscellaneous revenue	3.1	3.0	0.1	*3.3*
Total revenue	**381.9**	**370.2**	**11.7**	***3.2***

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:

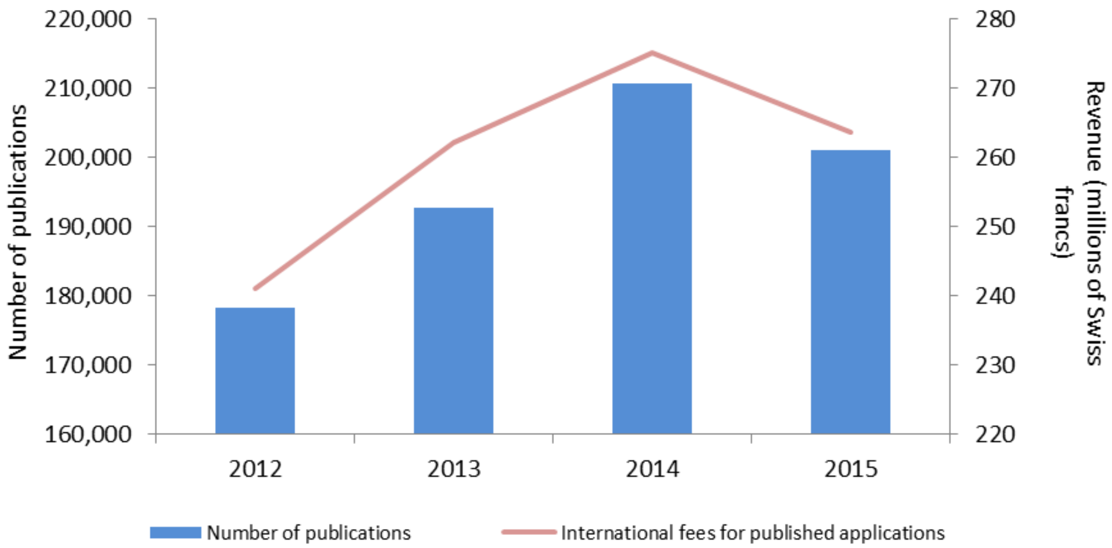
Detail of PCT system fees 2012-2015

	2015	2014	2013	2012
	(in millions of Swiss francs)			
International filing fees	263.6	275.0	262.3	240.6
Payment regularization 2004-2013	4.7	-	-	-
Other fees	4.1	3.9	3.9	3.9
Exchange gain/(loss) on fees received	-0.7	-1.7	-6.0	7.5
Other exchange gain/(loss)	3.7	1.4	-2.7	-
Total PCT system fees	**275.4**	**278.6**	**257.5**	**252.0**

PCT revenue on an IPSAS basis fell by 1.1 per cent compared to 2014. In the IPSAS financial statements, revenue for international filing fees from PCT applications is recognized only on publication of the application. Although the number of PCT applications continued to increase in 2015 (with an estimated 217,600 applications in 2015 compared to 214,314 in 2014), the number of publications of applications actually fell. In 2015 there were 200,928 publications compared to 210,609 in 2014. Two factors led to higher numbers of publications in 2014. Firstly, in 2014 there were fifty-three weeks of publications, instead of the usual fifty-two. Secondly, there was a surge in PCT applications in March 2014 due to the entering into force of the Leahy-Smith America Invents Act one year earlier. As publication in most cases takes place six months after the filing of a PCT international application, this application surge in the first half of the year resulted in a proportionally higher number of publications in 2014.

When looking at revenue from PCT international filing fees as recognized in accordance with IPSAS, the graph below demonstrates how annual revenue has moved in line with the number of published applications in the year. During 2015, WIPO also recognized a payment regularization of 4.7 million Swiss francs. As this relates to applications from as far back as 2004 and does not concern applications published during 2015, it is shown separately from international filing fees and has been excluded from the graphical analysis below so as not to distort the 2015 revenue figure:

PCT - International filing fees and publications 2012-2015



Exchange gains and losses are incurred on PCT international filing fees where these are received in currencies other than the Swiss franc. WIPO establishes equivalent amounts of fees in various currencies for each year. The equivalent amounts applicable at the date of filing an application determine how much an applicant should pay in the local currency. The actual amount recognized by WIPO in Swiss francs is determined by the United Nations Operational Rates of Exchange (UNORE) at the date of receipt of payment. The exchange gain or loss on fees arises as the difference between the equivalent Swiss franc fee to the actual amount in Swiss francs at the date of payment. In the year 2015, the Organization incurred a net exchange loss of 0.7 million Swiss francs on PCT fees received (international filing fees and handling fees). This loss concerned principally fees in Japanese yen (loss of 1.6 million Swiss francs) and euro (loss of 1.4 million Swiss francs), offset by a gain of 2.6 million Swiss francs on fees received in US dollar. In both 2014 and 2013, WIPO also incurred a net exchange loss on fees received, whereas in 2012 a net gain of 7.5 million Swiss was registered:

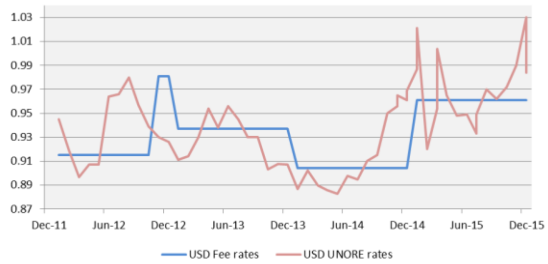
Detail of exchange gain/(loss) on PCT fees received 2012-2015

	2015	2014	2013	2012
	(in millions of Swiss francs)			
Currency of fee payment:				
US dollar	2.6	0.1	-1.5	4.2
Japanese yen	-1.6	-1.3	-4.9	1.8
Euro	-1.4	-0.4	0.7	-0.1
Other currencies	-0.3	-0.1	-0.3	1.6
Total exchange gain/(loss) on fees received	**-0.7**	**-1.7**	**-6.0**	**7.5**

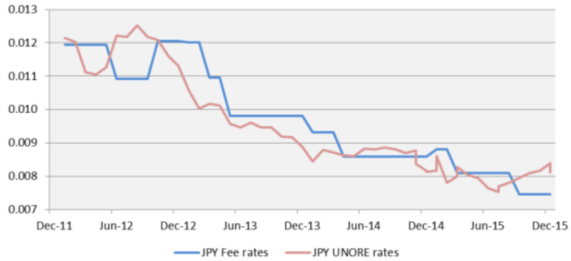
The equivalent amounts for fees in currencies other than the Swiss franc are established for each year according to the exchange rates prevailing on the first Monday of October of the preceding year. Equivalent amounts can be reset during the year if the exchange rate between the other currency and the Swiss franc is changed by 5.0 per cent or more for more than four consecutive Fridays.

Following the announcement on January 15, 2015 by the Swiss National Bank (SNB) that it was discontinuing its policy of maintaining a minimum exchange rate of 1.20 Swiss francs per euro, the value of the Swiss franc rose sharply, and all other currencies lost on average 15.0 per cent of their value against the Swiss franc in the currency markets. This led to initial exchange losses on PCT fees received. However, following the establishment of new equivalent amounts for a number of currencies effective from April 1, 2015, and also the gradual appreciation of the US dollar and the euro against the Swiss franc in the second half of the year, the net exchange loss for 2015 on PCT fees received was limited to 0.7 million Swiss francs. The following tables show the difference between the exchange rate used to establish the equivalent amounts and the UNORE over 2012-2015 for the US dollar, Japanese yen and euro:

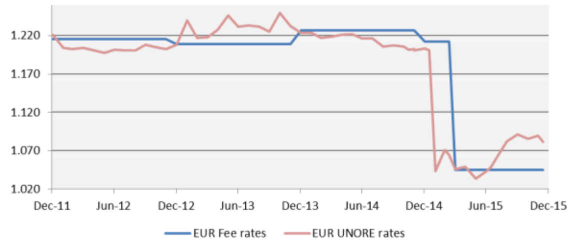
USD – Comparison of equivalent amount rate and UNORE 2012-2015



JPY – Comparison of equivalent amount rate and UNORE 2012-2015



EUR – Comparison of equivalent amount rate and UNORE 2012-2015



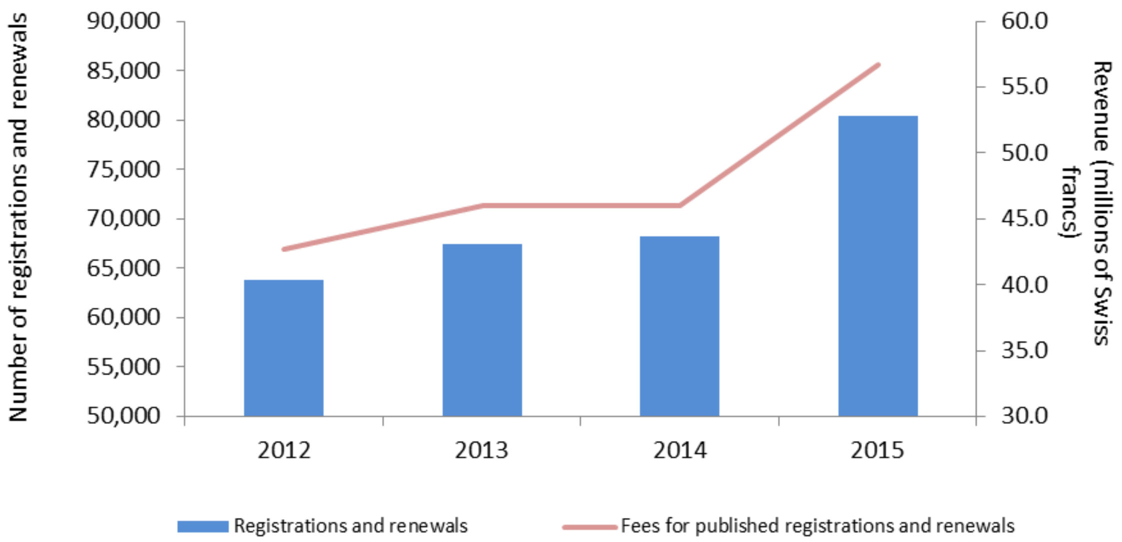
Madrid system fees principally comprise basic fees received from applications for registrations or renewals and fees for subsequent designations:

Detail of Madrid system fees 2012-2015

	2015	2014	2013	2012
	(in millions of Swiss francs)			
Basic fees (registrations and renewals)	56.7	46.0	45.9	42.7
Subsequent designations	5.5	4.7	4.5	4.0
Other fees	5.7	4.4	5.0	4.9
Total Madrid system fees	**67.9**	**55.1**	**55.4**	**51.6**

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 (but not including other fees) as recognized in accordance with IPSAS has grown as the number of registrations and renewals have increased year on year:

Madrid - basic fees and registrations/renewals 2012-2015



As noted, revenue from Madrid system fees increased significantly by 23.2 per cent in 2015 compared to 2014. Madrid system registrations in 2015 increased by 22.4 per cent, totaling 51,938 against 42,430 in 2014. Although Madrid applications in 2015 grew by 2.9 per cent compared to the prior year, the significant rise in registrations was in large part a result of clearing up backlogs. Renewals were also higher in 2015, totaling 28,501 as compared to 25,729 in the prior year.

Hague system fees totaled 3.9 million Swiss francs for 2015. As with PCT and Madrid system fees, revenue from fees related to the processing of applications is recognized when the application has been published. Hague system fees increased by 21.9 per cent compared to 2014. Hague registrations rose from 2,703 in 2014 to 3,581 in 2015. Growth in Hague system activity is linked to the accessions of the Republic of Korea in 2014 and of Japan and the United States of America in 2015.

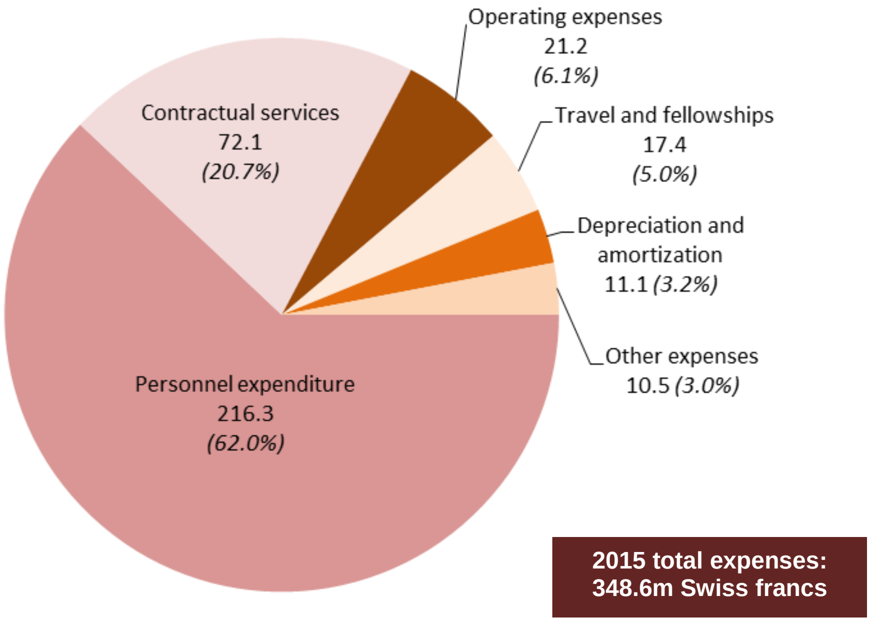
Lisbon system fees totaled 17 thousand Swiss francs in 2015, compared to 40 thousand Swiss francs in 2014. The number of requests received under the Lisbon system fell from 64 in 2014 to 34 in 2015.

Revenue from assessed contributions of 17.8 million Swiss francs in 2015 represents 4.7 per cent of total revenue, while revenue from voluntary contributions received under Special Accounts of 10.3 million Swiss francs in 2015 represents 2.7 per cent of total revenue. Revenue from voluntary contributions is recognized as work is performed and expense incurred in line with the relevant agreement.

Investment revenue totaled 1.5 million Swiss francs in 2015. This figure is almost entirely comprised of a 1.4 million Swiss francs increase in valuation of the Organization’s investment property, the Madrid Union Building. Revenue from interest fell from 1.6 million Swiss francs in 2014 to 0.1 million Swiss francs in 2015. The Organization continues to hold most of its cash balances with the Swiss Federal Finance Administration (AFF), and from February 2015 onwards the AFF introduced zero per cent interest rates to these deposit accounts. Arbitration and mediation revenue of 1.5 million Swiss francs, publications sales of 0.5 million Swiss francs and other/miscellaneous revenue of 3.1 million Swiss francs for the year 2015 were broadly in line with the prior year.

Expense Analysis

Composition of expenses 2015 on an IPSAS basis
(in millions of Swiss francs)



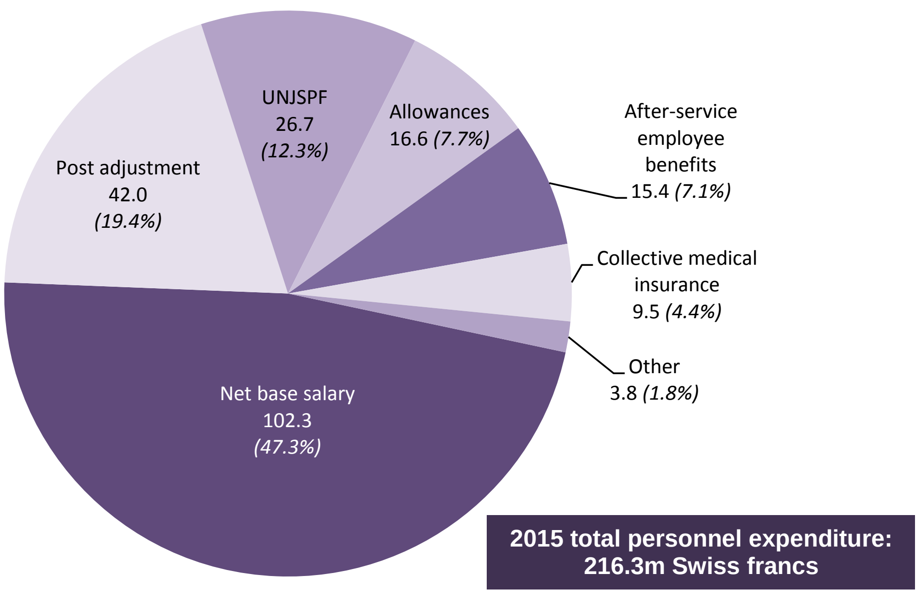
Total expenses of the Organization for 2015 were 348.6 million Swiss francs, representing an increase of 4.6 per cent compared to 2014 total expenses of 333.2 million Swiss francs. The largest expense for the Organization is personnel expenditure of 216.3 million Swiss francs, representing 62.0 per cent of total expenses. Contractual services of 72.1 million Swiss francs are the second largest expense for the Organization, followed by operating expenses of 21.2 million Swiss francs. The table below provides a summary of the changes by expense type compared to the prior year:

Change in expenses 2014 - 2015

	2015	2014	Net Change	Net Change
		(in millions of Swiss francs)		%
Expenses				
Personnel expenditure	216.3	216.4	-0.1	-
Interns and WIPO fellow ships	3.1	2.6	0.5	*19.2*
Travel and fellow ships	17.4	15.4	2.0	*13.0*
Contractual services	72.1	63.6	8.5	*13.4*
Operating expenses	21.2	20.8	0.4	*1.9*
Supplies and materials	3.5	1.8	1.7	*94.4*
Furniture and equipment	0.8	0.2	0.6	*300.0*
Depreciation and amortization	11.1	9.1	2.0	*22.0*
Finance costs	3.1	3.3	-0.2	*-6.1*
Total expenses	**348.6**	**333.2**	**15.4**	***4.6***

Personnel expenditure comprises principally net base salary and post adjustments for staff in posts or temporary positions. Combined these represent 144.3 million Swiss francs, 66.7 per cent of total personnel expenditure for 2015. The next biggest element of personnel expenditure is the Organization's contributions to the United Nations Joint Staff Pension Fund (UNJSPF), which total 26.7 million Swiss francs in 2015. WIPO's mandated contribution to the UNJSPF is currently 15.8 per cent of a staff member's pensionable remuneration. Allowances of 16.6 million Swiss francs represent 7.7 per cent of total staff expenditure. Allowances include principally education grants for 5.5 million Swiss francs, dependency allowances for 4.9 million Swiss francs and home leave for 2.4 million Swiss francs. The cost of the Organization's contribution to monthly collective medical insurance premiums for active staff totaled 9.5 million Swiss francs for the year 2015. Other personnel expenditure of 3.8 million Swiss francs includes mainly termination agreements.

Composition of personnel expenditure 2015 on an IPSAS basis
(in millions of Swiss francs)



After-service employee benefits of 15.4 million Swiss francs represent the cost to the Organization of ASHI, repatriation grant and travel, and accumulated annual leave. The expense for 2015 is equivalent to the actual cash payments for these benefits, plus the movement in the amount of the total liability in the year.

Total personnel expenditure in 2015 of 216.3 million Swiss francs has remained stable compared to total personnel expenditure of 216.4 million Swiss francs in 2014. The table below provides a detailed breakdown of personnel expenditure and the variance compared to 2014:

Detail of personnel expenditure 2014 – 2015

	2015	2014	Net Change	Net Change
	(in millions of Swiss francs)			%
Net base salary	93.6	89.8	3.8	*4.2*
Post adjustment	38.0	40.1	-2.1	*-5.2*
UNJSPF contribution	24.4	23.4	1.0	*4.3*
Allowances	16.1	16.3	-0.2	*-1.2*
After-service employee benefits	15.4	13.7	1.7	*12.4*
Collective medical insurance	8.6	8.9	-0.3	*-3.4*
Other post staff expenditures	2.6	3.2	-0.6	*-18.8*
Staff in posts expenditure	**198.7**	**195.4**	**3.3**	***1.7***
Net base salary	8.7	10.5	-1.8	*-17.1*
Post adjustment	4.0	4.9	-0.9	*-18.4*
UNJSPF contribution	2.3	2.6	-0.3	*-11.5*
Allowances	0.5	1.0	-0.5	*-50.0*
Collective medical insurance	0.9	1.1	-0.2	*-18.2*
Other temporary staff expenditures	0.1	0.1	-	*0.0*
Staff in temporary positions expenditure	**16.5**	**20.2**	**-3.7**	***-18.3***
Other staff costs	**1.1**	**0.8**	**0.3**	***37.5***
Total personnel expenditure	**216.3**	**216.4**	**-0.1**	***0.0***

While the expense for staff in posts has increased by 3.3 million Swiss francs compared to 2014, the expense for staff in temporary positions has fallen by 3.7 million Swiss francs. This is in part due to the regularization of long serving temporary employees from temporary positions to posts. There is also a 1.7 million Swiss francs increase in the cost of after service employee benefits compared to 2014, which mainly reflects the fact that more repatriation grant and travel benefits were paid out in 2015 than in 2014. Other staff costs presented separately in the table above represent costs common to both posts and temporary positions (professional accident insurance, Closed Pension Fund costs and litigation costs).

The cost of interns and WIPO fellowships is shown separately in the financial statements. Interns and WIPO fellowships are not included as part of personnel expenditure as they are not covered by WIPO's Staff Regulations and Rules. WIPO fellowships aim to provide individuals with experience to strengthen their knowledge and professional competence. The cost of interns and fellowships increased from 2.6 million Swiss francs in 2014 to 3.1 million Swiss francs in 2015. The increase relates entirely to WIPO fellowships, and can be linked to the Organization's budgeted strengthening of exchange programs with national intellectual property offices and the fellowship program in the Arbitration and Mediation Centre.

Travel and fellowships (staff missions, third-party travel and course fellowships) total 17.4 million Swiss francs for 2015, and account for 5.0 per cent of total expenses. The course fellowships costs included in this expense line are the expenses incurred in sending trainees (non-staff) to attend courses and seminars. Travel and course fellowships expenses have increased by 13.0 per cent compared to the 2014 figure of 15.4 million Swiss francs. Travel costs in 2015 comprise third-party travel (conference participants and lecturers) for 9.6 million Swiss francs, and staff mission costs for 5.9 million Swiss francs. While the cost of travel for staff missions is relatively stable compared to the prior year (5.7 million Swiss francs in 2014), third-party travel costs have increased by 2.0 million Swiss francs (7.6 million Swiss francs in 2014). The cost of course fellowships in 2015 totals 1.9 million Swiss francs, compared to 2.1 million Swiss francs in the prior year.

Contractual services in 2015 total 72.1 million Swiss francs. These expenses have increased by 13.4 per cent compared to the figure of 63.6 million Swiss francs for 2014. Contractual services in the year 2015 concern primarily commercial translation services (24.1 million Swiss francs), IT commercial services (12.6 million Swiss francs), individual contractual services (11.7 million Swiss francs), and International Computing Centre services (10.9 million Swiss francs). Commercial translation services increased by 1.6 million Swiss francs compared to 2014, linked in part to an increase in the average length of outsourced patentability report translations. IT commercial services increased by 2.5 million Swiss francs compared to 2014, and the cost of individual contractual services was also up by 1.2 million Swiss francs compared to the prior year. However, the cost of International Computing Centre services was down by 0.6 million Swiss francs compared to 2014.

Operating expenses in 2015 total 21.2 million Swiss francs, representing a slight increase of 1.9 per cent compared to the 2014 total of 20.8 million Swiss francs. Operating expenses in 2015 comprise mainly premises and maintenance costs (17.4 million Swiss francs), communication expenses (2.2 million Swiss francs) and administrative charges (0.5 million Swiss francs).

Expenses for supplies and materials of 3.5 million Swiss francs have risen by 94.4 per cent compared to 2014. Furniture and equipment expenses are also higher, totaling 0.8 million Swiss francs in 2015 compared to 0.2 million Swiss francs in 2014. Furniture and equipment expenses concern those items which do not meet the Organization's threshold of 5,000 Swiss francs for capitalization, and are therefore immediately recognized as an expense

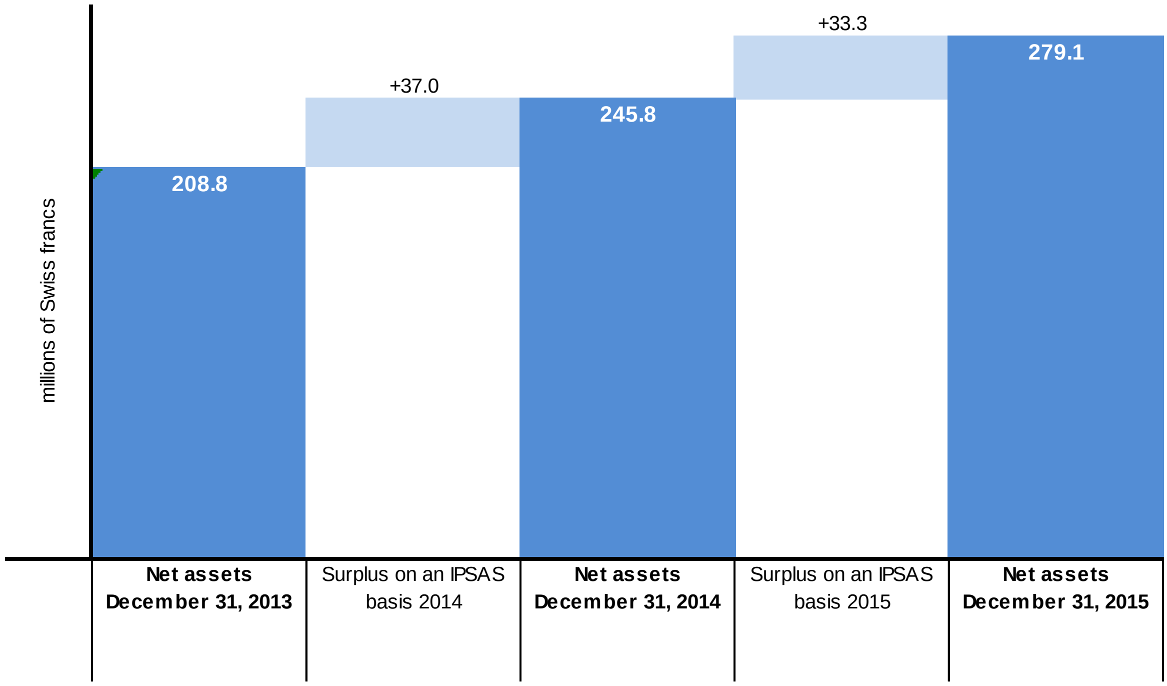
As previously noted, expenses under IPSAS include the depreciation expense of buildings and equipment and the amortization expense of intangible assets, as the cost of these assets is spread over their useful lives. For 2015, depreciation and amortization total 11.1 million Swiss francs, compared to 9.1 million Swiss francs for 2014. This increase is linked to the New Conference Hall, which generated a full year depreciation expense of 2.1 million Swiss francs, compared with 0.7 million Swiss francs for the last four months of 2014 after it was brought to use in September of that year. In addition, following the completion of the Security Construction project during 2015, depreciation is now being charged on the different elements that have been brought to use (the New Access Centre, the Security Operations Centre and the Security Perimeter).

Finance costs have remained relatively stable compared to the prior year, totaling 3.1 million Swiss francs in 2015 and 3.3 million Swiss francs in 2014. Finance costs are principally interest repayments on the Banque Cantonale de Genève and Banque Cantonale Vaudoise (BCG/BCV) New Building loan, totaling 2.9 million Swiss francs in 2015. These interest repayments are decreasing as the loan balance is being reduced. The remaining finance costs relate to bank charges.

Financial Position

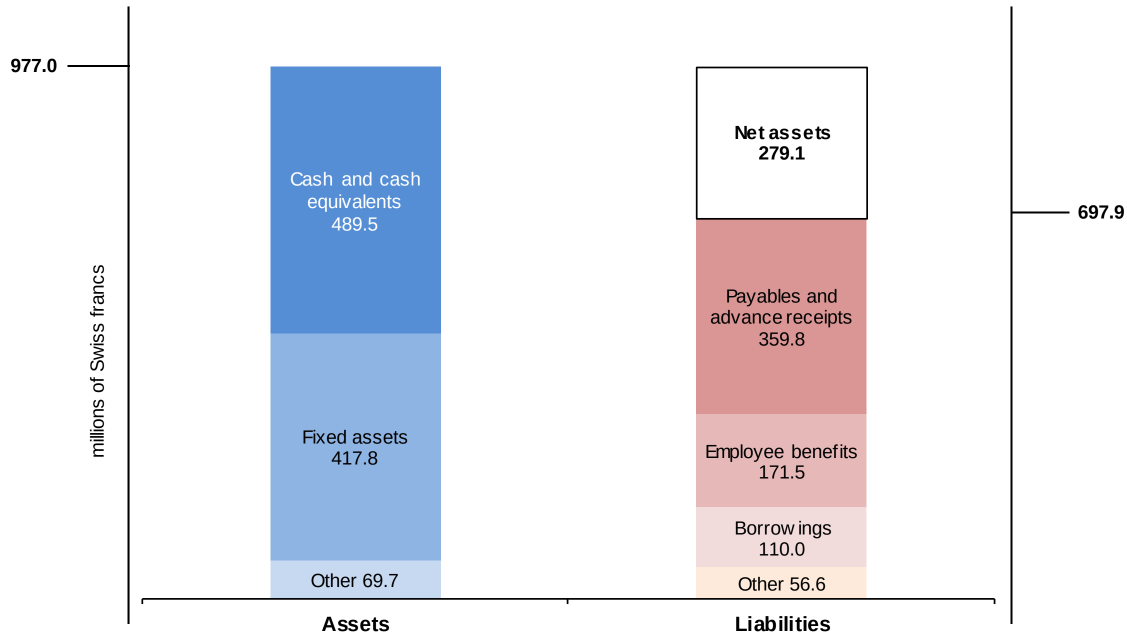
As at December 31, 2015, the Organization has net assets of 279.1 million Swiss francs, with total assets of 977.0 million Swiss francs and total liabilities of 697.9 million Swiss francs. As a result of the surplus for 2015, net assets have increased by 33.3 million Swiss francs from the balance of 245.8 million at the end of 2014. In 2014 the Organization also recorded a surplus of 37.0 million Swiss francs. As a result, over the 2014/15 biennium net assets have increased by 70.3 million Swiss francs from the balance of 208.8 million Swiss francs at the end of 2013:

Movement in net assets 2013 to 2015



The following chart provides a summary of the Statement of Financial Position of WIPO as at December 31, 2015. Total assets of 977.0 million Swiss francs are composed primarily of cash and cash equivalents and fixed assets. Total liabilities of 697.9 million Swiss francs are principally payables and advance receipts, employee benefits and borrowings:

Summary of assets and liabilities December 31, 2015



Assets

The Organization has cash balances of 489.5 million Swiss francs, representing 50.1 per cent of total assets, although this includes amounts totaling 250.8 million Swiss francs which are classified as restricted under IPSAS. Total cash balances have increased by 15.0 million Swiss francs compared to the balance of 474.5 million Swiss francs as at December 31, 2014, and are invested as applicable in line with WIPO's Policy on Investments. The balance of cash and equivalents has increased despite the Organization making a lump sum repayment of 24.0 million Swiss francs in November 2015 against the BCG/BCV New Building loan.

The Organization holds significant fixed assets (land, buildings, investment property, intangible assets and equipment) with a total net book value of 417.8 million Swiss francs. During 2015, the Security Construction project was completed, including the New Access Centre, the Security Operations Centre and the Security Perimeter. Costs for additions and improvements to existing buildings were also capitalized during the year, including some remaining outstanding areas of work in and around the NCH building. In total, additions of 6.2 million Swiss francs were made to buildings and constructions during 2015. An updated valuation of the Organization's investment property, the Madrid Union Building, was performed during 2015 by an independent expert. This resulted in an increase in its fair value of 1.4 million Swiss francs. The total depreciation and amortization charge against all fixed assets was 11.1 million Swiss francs.

The following table summarizes the fixed assets held by the Organization. Land and property is classified differently under IPSAS depending on the purpose for which it is used, or the nature of the contractual right or agreement under which it is held. Apart from the land and property included below as fixed assets, the Organization leases additional space, storage and facilities in Geneva, and has leases for some of its external offices (see Note 19). The Organization has also been granted land surface rights on which certain headquarters buildings are located. These rights, acquired at no cost, are not recognized in the financial statements but are disclosed (see Note 8).

Fixed assets as at December 31, 2015

	December 31, 2015 Net Carrying Amount *francs)*	**Classification in the Financial Statements**
New Building Site	28.6	*Land (Note 9)*
Security Perimeter	8.9	*Buildings and Constructions in Use (Note 9)*
New Conference Hall	67.7	*Buildings and Constructions in Use (Note 9)*
New Building	153.2	*Buildings and Constructions in Use (Note 9)*
A. Bogsch Building	48.0	*Buildings and Constructions in Use (Note 9)*
G. Bodenhausen Building I	10.6	*Buildings and Constructions in Use (Note 9)*
G. Bodenhausen Building II	3.8	*Buildings and Constructions in Use (Note 9)*
PCT Building	59.7	*Buildings and Constructions in Use (Note 9)*
Madrid Union Buidling	6.2	*Investment Property (Note 7)*
Land surface rights	25.6	*Intangible Assets (Note 8)*
Software (acquired and developed)	3.4	*Intangible Assets (Note 8)*
Equipment	1.7	*Equipment (Note 6)*
Furniture and furnishings	0.4	*Furniture and furnishings (Note 6)*
Total fixed assets	**417.8**	

Other assets of the Organization totaling 69.7 million Swiss francs include accounts receivable, inventories and advance payments. Within this, the most significant balance is PCT debtors totaling 40.9 million Swiss francs. At any given time, a significant number of PCT applications have been filed with receiving offices and possibly received by WIPO, for which no corresponding fee payment has been received by the Organization. The balance of PCT debtors has decreased compared to the prior year, when it totaled 46.7 million Swiss francs. At the end of 2014, approximately 16.0 per cent of applications filed during the preceding twelve months remained unpaid. At the end of 2015, this percentage fell to approximately 12.8 per cent.

Liabilities

As at December 31, 2015, payables and advance receipts total 359.8 million Swiss francs, and principally include deferred revenue for the processing of international applications (under the PCT, Madrid and Hague systems) for 219.2 million Swiss francs. This deferred revenue balance mainly concerns PCT system fees of 217.1 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, 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, 2015, for applications with a 2014 or 2015 filing date it is estimated that approximately 155,534 applications were unpublished. At the end of the prior year 2014, approximately 145,157 applications filed in 2013 or 2014 were unpublished and the deferred revenue balance for PCT system fees was 199.7 million Swiss francs.

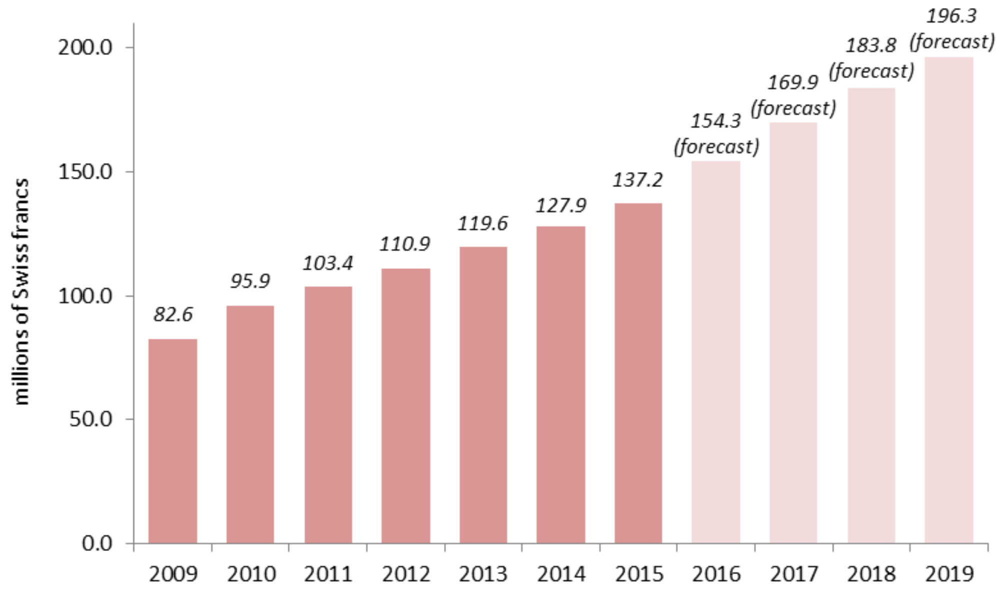
Employee benefit liabilities of 171.5 million Swiss francs are mainly comprised of the ASHI liability of 137.2 million Swiss francs, which represents 80.0 per cent of the total employee benefits liability as at December 31, 2015. The ASHI liability has increased by 9.3 million Swiss francs compared to 2014. The liability is calculated by an independent actuary, and reflects the total future cost of WIPO's share of collective medical insurance premiums for both existing WIPO retirees and the projected number of active WIPO staff who will retire in the future.

Composition of employee benefits liabilities as at December 31, 2015

	December 31, 2015	Percentage of Liability
	Swiss francs)	%
After-Service Health Insurance (ASHI)	137.2	*80.0*
Repatriation grant and travel	15.4	*9.0*
Accumulated leave	12.6	*7.3*
Closed Pension Fund	2.7	*1.6*
Education grant	1.9	*1.1*
Accrued overtime	0.6	*0.3*
Home leave	0.3	*0.2*
Separation benefits	0.5	*0.3*
Performance rewards	0.3	*0.2*
Total employee benefit liabilities	**171.5**	***100.0***

The ASHI liability has been increasing steadily over the last seven years, and based on actuarial projections is expected to continue to increase going forward. The liability is increased each year by both the current service cost and the interest cost, and is reduced each year by benefits paid out by the Organization. The current service cost is the net impact of employee service performed for the year. The interest cost is the result of each member of the active staff moving one year closer to the age of eligibility for ASHI participation. The benefits paid out by the Organization each year are the monthly contributions (currently 65.0 per cent of premiums) that the Organization makes for retirees participating in ASHI. The demographic profile of WIPO's staff and the ratio of current staff to retirees therefore have a significant impact on the movement in the liability.

Movement in ASHI liability 2009 - 2019



The calculation performed by the independent actuary also incorporates a number of actuarial assumptions, including discount rate, medical cost trend rates, staff turnover rates and mortality rates. Changes to these assumptions year on year lead to actuarial gains and losses. Under IPSAS, WIPO applies the corridor method to its accounting treatment of these actuarial gains and losses, which means that they are not immediately recognized in the financial statements. It should be noted that the International Financial Reporting Standards (IFRS) have now eliminated the corridor method as a means of deferring the recognition of these gains and losses. In January 2016, the IPSASB issued an Exposure Draft proposing amendments to IPSAS 25, Employee Benefits, including elimination of the corridor method. If this amendment is finally approved, it would lead to much greater volatility in the ASHI liability recognized in the Statement of Financial Position. As at December 31, 2015, WIPO had a total unrecognized cumulative actuarial loss of 78.8 million Swiss francs relating to ASHI.

Borrowings represent the Foundation for Buildings for International Organizations (FIPOI) loan (19.6 million Swiss francs) and the BCG/BCV New Building loan (90.4 million Swiss francs). Total repayments of the principal on these loans were 29.2 million Swiss francs in 2015. In November 2015 the Organization made the first of its scheduled lump sum repayments towards the reimbursement of the BCG/BCV New Building loan, for the amount of 24.0 million Swiss francs. The Organization's other liabilities totaling 56.6 million Swiss francs include 55.8 million Swiss francs of current accounts held on behalf of applicants and contracting parties, and also 0.8 million Swiss francs of provisions for legal costs.

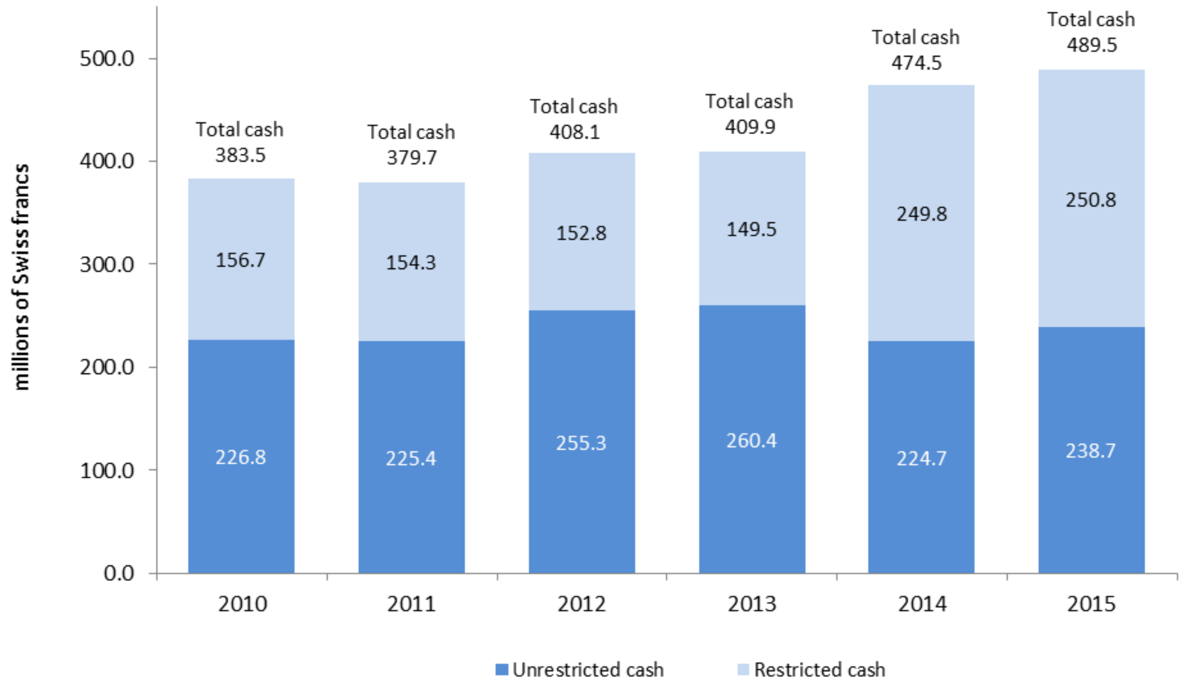
Cash Flow

The Organization's cash balance as at December 31, 2015 is 489.5 million Swiss francs, compared to 474.5 million Swiss francs as at December 31, 2014. Total cash balances have been increasing since 2011. The increase of 15.0 million Swiss francs between 2014 and 2015 has been achieved despite a lump sum loan repayment of 24.0 million Swiss francs in November 2015.

The Organization generally holds its cash deposits in instant access bank accounts and interest-bearing accounts. However, during 2015 significant cash deposits were moved into short-term investments in order to avoid incurring charges on certain instant access bank accounts following the introduction of negative interest rates during the year.

In the financial statements (see Note 3), cash is presented separately between restricted and unrestricted balances:

Unrestricted and restricted cash balances 2010-2015



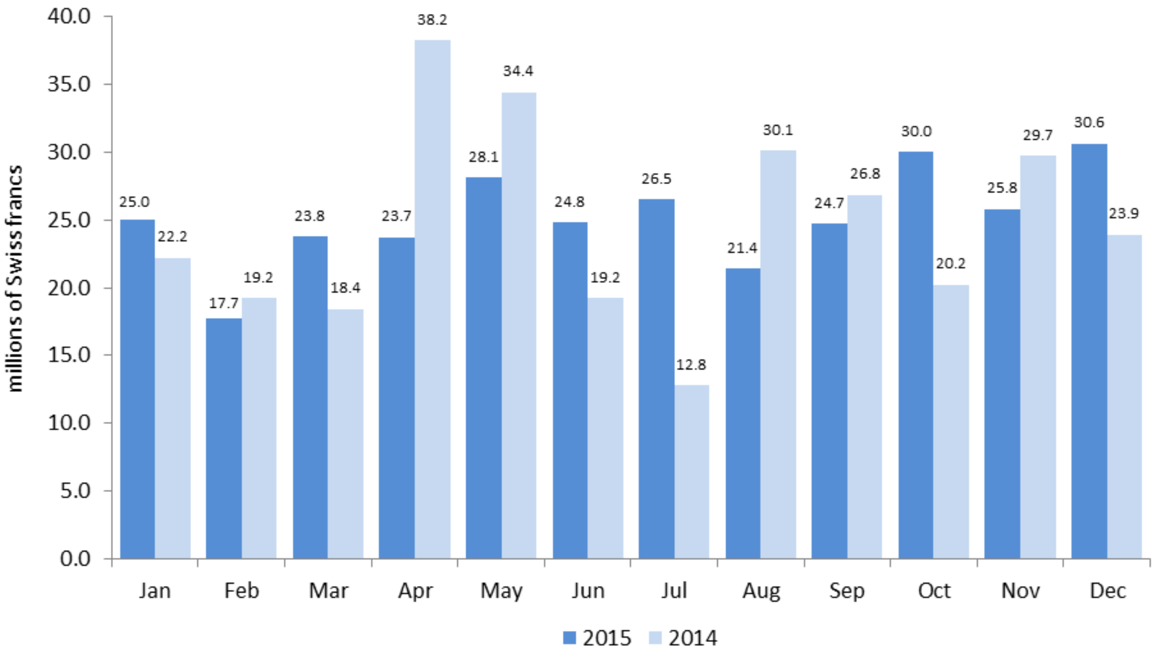
There are several elements of cash and cash equivalents which are classified as restricted. Restricted cash includes current accounts held for third parties (applicants under the PCT, Madrid and Hague systems, and also certain contracting parties), fees collected on behalf of contracting parties, deposits received in connection with pending procedures related to trademarks, and Special Accounts held on behalf of donors of voluntary contributions.

Also classified as restricted are the funds held by the Organization which have been allocated for the future financing of after-service employee benefit liabilities, including ASHI. These funds are held in separate bank accounts, and the balance of these accounts was 88.9 million Swiss francs as at December 31, 2015. During 2015 charges applied to the cost of posts for the funding of after service employee benefits generated additional funds of 13.2 million Swiss francs. These funds will be transferred to the separate bank accounts in 2016.

As already noted, in 2015 the Organization began making lump sum repayments towards the reimbursement of the BCG/BCV New Building loan. In November 2015 the Organization made the first of its scheduled lump sum repayments towards the loan for the amount of 24.0 million Swiss francs. A second lump sum repayment for 16.0 million Swiss francs was made in January 2016.

The principal cash inflows to the Organization are payments of PCT system fees. Monthly cash inflows from PCT system fees averaged 25.2 million Swiss francs during the year 2015 compared to 24.6 million Swiss francs during the year 2014. As can be seen from the following table, there can be significant variations in the cash inflows between months. Inflows from PCT system fees were notably higher in April and May 2014 due to catch-up payments for applications filed in 2013, combined with increased filing levels in March 2014. Inflows in 2015 have been more consistent from month to month. The highest inflow in the year 2015 was in December, which included a payment regularization of 4.7 million Swiss francs.

Monthly PCT system cash inflows 2014-2015



INDEPENDENT AUDITOR'S REPORT

To

THE GENERAL ASSEMBLY
THE WORLD INTELLECTUAL PROPERTY ORGANISATION

Report on the Financial Statements

We have audited the accompanying financial statements of the World Intellectual Property Organisation (WIPO), which comprise the statement of financial position as at 31st December 2015, the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, and notes to the financial statements, for the financial period ended 31st December 2015.

Management's Responsibility for the Financial Statements

As stated in the Notes to the Financial Statements, these financial statements and accompanying schedules and notes are prepared on the accrual basis of accounting, in accordance with International Public Sector Accounting Standards (IPSAS). Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement - whether due to fraud or error; (b) selecting and applying appropriate accounting policies; and (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements - whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the World Intellectual Property Organisation as at 31st December 2015 and its financial performance and of its cash flows for the period 1st January 2015 to 31st December 2015 in accordance with IPSAS.

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of the World Intellectual Property Organisation that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the WIPO Financial Regulations and Rules.

In accordance with the Regulation 8.10 of the Financial Regulations and Rules, we have also issued a long-form Report on our audit of the World Intellectual Property Organisation.

Shashi Kant Sharma
Comptroller and Auditor General of India
External Auditor
New Delhi, India
4 July 2016

STATEMENT I – STATEMENT OF FINANCIAL POSITION

for the year ended December 31, 2015

(in thousands of Swiss francs)

		December 31, 2015	December 31, 2014
ASSETS	**Note**		
Current assets			
Cash and cash equivalents	3	489,496	474,508
Accounts receivable (non-exchange transactions)	4	1,226	2,005
Accounts receivable (exchange transactions)	4	52,568	58,556
Inventories	5	1,597	1,747
		544,887	536,816
Non-current assets			
Equipment	6	2,134	1,746
Investment property	7	6,210	4,785
Intangible assets	8	28,981	29,749
Land and buildings	9	380,518	383,443
Accounts receivable (non-exchange transactions)	4	298	298
Accounts receivable (exchange transactions)	4	5,030	3,389
Other non-current assets	10	8,934	9,124
		432,105	432,534
TOTAL ASSETS		**976,992**	**969,350**
LIABILITIES			
Current liabilities			
Accounts payable	11	22,102	30,315
Employee benefits	12	23,031	19,363
Transfers payable	13	84,160	83,559
Advance receipts	14	249,381	241,756
Borrowings due within one year	15	21,258	29,258
Provisions	16	817	913
Other current liabilities	17	55,771	63,570
		456,520	468,734
Non-current liabilities			
Employee benefits	12	148,487	141,866
Borrowings due after one year	15	88,721	109,979
Advance receipts	14	4,201	2,978
		241,409	254,823
TOTAL LIABILITIES		**697,929**	**723,557**
Accumulated Surpluses	21	231,945	195,196
Special Projects Reserve	21	23,730	27,209
Revaluation Reserve Surplus	21	15,046	15,046
Working Capital Funds	21	8,342	8,342
NET ASSETS		**279,063**	**245,793**

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, 2015

(in thousands of Swiss francs)

	Note	2015	2014
REVENUE	23		
Assessed contributions		17,801	17,899
Voluntary contributions		10,255	8,896
Publications revenue		487	351
Investment revenue		1,500	1,619
PCT system fees		275,392	278,576
Madrid system fees		67,925	55,113
Hague system fees		3,931	3,186
Lisbon system fees		17	40
Sub-total fees		347,265	336,915
Arbitration and Mediation		1,508	1,487
Other/miscellaneous revenue		3,127	3,013
TOTAL REVENUE		**381,943**	**370,180**
EXPENSES	24		
Personnel expenditure		216,266	216,394
Interns and WIPO fellowships		3,151	2,653
Travel and fellowships		17,394	15,360
Contractual services		72,090	63,586
Operating expenses		21,200	20,851
Supplies and materials		3,583	1,803
Furniture and equipment		827	247
Depreciation and amortization		11,055	9,054
Finance costs		3,107	3,258
TOTAL EXPENSES		**348,673**	**333,206**
SURPLUS/(DEFICIT) FOR THE YEAR		**33,270**	**36,974**

STATEMENT III – STATEMENT OF CHANGES IN NET ASSETS

for the year ended December 31, 2015

(in thousands of Swiss francs)

	Note	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Working Capital Funds	Net Assets Total
Net Assets at December 31, 2013		**185,431**	**-**	**15,046**	**8,342**	**208,819**
Surplus/(deficit) for the year 2014		36,974	-	-	-	36,974
Net Assets at December 31, 2014	21	**222,405**	**-**	**15,046**	**8,342**	**245,793**
Creation of Special Projects Reserve		**-27,209**	**27,209**	**-**	**-**	**-**
Net Assets at January 1, 2015		**195,196**	**27,209**	**15,046**	**8,342**	**245,793**
Items recognized directly in net assets		-	-	-	-	-
Total of items recognized directly in Net Assets in 2015		**-**	**-**	**-**	**-**	**-**
Surplus/(deficit) for the year 2015		38,436	-5,166	-	-	33,270
Adjustment to Special Projects Reserve		-1,654	1,654	-	-	-
Transfer to Accumulated Surpluses		-33	33	-	-	-
Net Assets at December 31, 2015	21	**231,945**	**23,730**	**15,046**	**8,342**	**279,063**

STATEMENT IV – STATEMENT OF CASH FLOW

for the year ended December 31, 2015

(in thousands of Swiss francs)

	Note	2015	2014
Cash flows from operating activities			
Surplus (deficit) for the period **(1)**	Statement II	37,487	36,351
Interest earned	23	75	1,619
Interest paid on borrowings	15	-2,918	-3,137
Depreciation and amortization	6, 8 & 9	11,055	9,054
Increase (decrease) in employee benefits	12	10,289	10,703
(Increase) decrease in inventories	5	150	394
(Increase) decrease in receivables	4	5,126	18,598
(Increase) decrease in other assets	10	190	191
Increase (decrease) in advance receipts	14	8,848	13,752
Increase (decrease) in accounts payable	11	-8,213	-970
Increase (decrease) in transfers payable	13	601	4,942
Increase (decrease) in provisions	16	-96	-96
Increase (decrease) in other liabilities	17	-7,799	8,708
Net cash flows from operating activities		**54,795**	**100,109**
Cash flows from investing activities			
Additions to buildings and equipment	6 & 9	-7,174	-30,665
Disposal of equipment	6	-	9
Increase in intangible assets	8	-576	-1,744
Increase in investment property	7	-1,425	-
Net cash flows from investing activities		**-9,175**	**-32,400**
Cash flows from financing activities			
Proceeds from borrowings	15	-	-
Repayment of borrowings	15	-29,258	-5,258
Net cash flows from financing activities		**-29,258**	**-5,258**
Effect of exchange rate changes on cash and cash equivalents	26	**-1,374**	**2,141**
Net increase (decrease) in cash and cash equivalents		**14,988**	**64,592**
Cash and cash equivalents at beginning of year	3	**474,508**	**409,916**
Cash and cash equivalents at end of the year	3	**489,496**	**474,508**

(1) – Excluding interest earned and interest paid on borrowings, and the effect of exchange rate changes on cash and cash equivalents. Interest earned is included in investment revenue, see Note 23. For detail of interest paid on borrowings, see Note 15. For the effect of exchange rate changes on cash and cash equivalents, see Note 26.

STATEMENT V
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – REVENUE

for the year ended December 31, 2015
(in thousands of Swiss francs)

	Original Budget 2015 (1)	"Final" Budget 2015 (1)	Actual Revenue on comparable basis 2015	Difference 2015 (2)
Assessed contributions	17,584	17,584	17,359	-225
Fees				
PCT system	276,820	276,820	302,096	25,276
Madrid system	58,239	58,239	65,873	7,634
Hague system	4,676	4,676	4,043	-633
Lisbon system	4	4	17	13
Sub-total fees	339,739	339,739	372,029	32,290
Arbitration and Mediation	1,400	1,400	1,508	108
Publications	600	600	487	-113
Interest	765	765	75	-690
Other/miscellaneous	1,900	1,900	5,584	3,684
TOTAL	**361,988**	**361,988**	**397,042**	**35,054**

(1) - columns Original Budget and “Final” Budget represent the second year of the approved 2014/15 biennial budget.
(2) - represents the difference between the “Final” Budget 2015 and actual revenue on a comparable basis for the year ended December 31, 2015.

STATEMENT V
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – EXPENSE

for the year ended December 31, 2015
(in thousands of Swiss francs)

Program	Program Title	Original Budget 2015 (1)	"Final" Budget 2015 (1)	Actual Expense on a comparable basis 2015	Difference 2015 (2)
1	Patent Law	2,475	2,475	2,754	-279
2	Trademarks, Industrial Designs & Geographic Indications	3,081	3,081	2,748	333
3	Copyright and Related Rights	8,215	8,215	8,465	-250
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3,932	3,932	2,286	1,646
5	The PCT System	98,987	98,987	95,466	3,521
6	Madrid and Lisbon Systems	27,622	27,622	29,976	-2,354
7	WIPO Arbitration and Mediation Center	5,588	5,588	5,142	446
8	Development Agenda Coordination	2,170	2,170	1,688	482
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	16,163	16,163	15,475	688
10	Cooperation with Certain Countries in Europe and Asia	4,221	4,221	3,840	381
11	The WIPO Academy	5,942	5,942	6,161	-219
12	International Classifications and Standards	3,659	3,659	3,956	-297
13	Global Databases	2,346	2,346	2,830	-484
14	Services for Access to Information and Knowledge	3,769	3,769	3,611	158
15	Business Solutions for IP Offices	5,814	5,814	6,789	-975
16	Economics and Statistics	2,668	2,668	2,564	104
17	Building Respect for IP	1,995	1,995	1,939	56
18	IP and Global Challenges	3,469	3,469	3,622	-153
19	Communications	8,629	8,629	7,947	682
20	External Relations, Partnerships and External Offices	6,217	6,217	6,062	155
21	Executive Management	9,472	9,472	9,545	-73
22	Program and Resource Management	14,016	14,016	13,716	300
23	Human Resources Management and Development	11,780	11,780	12,508	-728
24	General Support Services	23,700	23,700	23,417	283
25	Information and Communication Technology	22,635	22,635	25,012	-2,377
26	Internal Oversight	2,558	2,558	2,220	338
27	Conference and Language Services	20,558	20,558	17,900	2,658
28	Safety and Security	5,394	5,394	5,912	-518
29	New Conference Hall	417	417	3,757	-3,340
30	Small and Medium Sized Enterprises (SMEs) and Innovation	3,348	3,348	2,945	403
31	The Hague System	3,793	3,793	3,553	240
UN	Unallocated	2,364	2,364	-	2,364
	TOTAL	**336,997**	**336,997**	**333,806**	**3,191**
	Net surplus/(deficit)	**24,991**	**24,991**	**63,236**	**38,245**
	IPSAS adjustments to surplus (3)			-23,954	
	Projects financed from reserves			-5,115	
	Special Accounts financed from voluntary contributions			-897	
	Adjusted net surplus per IPSAS			**33,270**	

(1) - columns Original Budget and "Final" Budget represent the second year of the approved 2014/15 biennial budget. As WIPO has a biennial budget cycle, the budgetary transfers across programs, which have taken place during the 2014/15 biennium within the limits described in the Financial Regulations and Rules (regulation 5.5), are reflected in the biennial budget figures for the 2014/15 biennium under the heading "Final Budget after Transfers 2014/15". Please refer in this regard to Statement V for 2014/15 for the comparison of the 2014/15 Final Budget after Transfers with the 2014/15 original approved budget. The Original Budget is based on the biennial budget of 674.0 million Swiss francs, which was approved by the Assemblies of the Member States of WIPO on December 12, 2013.
(2) - represents the difference between the "Final" Budget 2015 and actual expense on a comparable basis for the year ended December 31,2015.
(3) – the IPSAS adjustments to the surplus are detailed in Note 22 of these financial statements.

STATEMENT V
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – REVENUE

for the biennium ended December 31, 2015
(in thousands of Swiss francs)

	Original Budget 2014/15 (1)	Final Budget after Transfers 2014/15 (2)	Actual Revenue on comparable basis 2014/15	Difference 2014/15 (3)
Assessed contributions	35,168	35,168	34,943	-225
Fees				
PCT system	545,603	545,603	597,224	51,621
Madrid system	114,615	114,615	121,455	6,840
Hague system	8,573	8,573	7,239	-1,334
Lisbon system	8	8	57	49
Sub-total fees	668,799	668,799	725,975	57,176
Arbitration and Mediation	2,800	2,800	2,995	195
Publications	1,200	1,200	838	-362
Interest	1,530	1,530	1,692	162
Other/miscellaneous	3,800	3,800	9,280	5,480
TOTAL	**713,297**	**713,297**	**775,723**	**62,426**

(1) – represents the approved 2014/2015 biennial budget.
(2) – represents the 2014/15 Final Budget after Transfers.
(3) – represents the difference between the 2014/15 Final Budget after Transfers and actual revenue on a comparable basis for the biennium ended December 31, 2015

STATEMENT V
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – EXPENSE

for the biennium ended December 31, 2015
(in thousands of Swiss francs)

		Original Budget 2014/15 (1)	Budget after Transfers 2014/15 (2)	Actual Expense on a comparable basis 2014/15	Difference 2014/15 (3)
Program	**Program Title**				
1	Patent Law	4,950	5,390	5,355	35
2	Trademarks, Industrial Designs & Geographic Indications	6,162	5,530	5,192	338
3	Copyright and Related Rights	16,430	16,764	16,141	623
4	Traditional Know ledge, Traditional Cultural Expressions & Genetic Resources	7,864	6,372	5,438	934
5	The PCT System	197,973	195,354	186,154	9,200
6	Madrid and Lisbon Systems	55,245	57,428	55,709	1,719
7	WIPO Arbitration and Mediation Center	11,175	10,947	9,879	1,068
8	Development Agenda Coordination	4,341	3,519	3,138	381
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	32,325	31,485	29,067	2,418
10	Cooperation w ith Certain Countries in Europe and Asia	8,443	8,338	7,643	695
11	The WIPO Academy	11,883	11,714	11,845	-131
12	International Classifications and Standards	7,317	7,298	7,508	-210
13	Global Databases	4,692	5,065	4,954	111
14	Services for Access to Information and Know ledge	7,539	6,830	6,861	-31
15	Business Solutions for IP Offices	11,628	12,045	11,941	104
16	Economics and Statistics	5,336	5,165	4,903	262
17	Building Respect for IP	3,989	4,160	3,811	349
18	IP and Global Challenges	6,938	7,056	6,707	349
19	Communications	17,257	16,506	15,960	546
20	External Relations, Partnerships and External Offices	12,435	12,515	11,036	1,479
21	Executive Management	18,945	20,827	18,642	2,185
22	Program and Resource Management	28,032	28,162	27,397	765
23	Human Resources Management and Development	23,561	25,189	24,699	490
24	General Support Services	47,400	47,883	46,525	1,358
25	Information and Communication Technology	45,269	48,676	47,969	707
26	Internal Oversight	5,116	4,972	4,549	423
27	Conference and Language Services	41,117	39,383	35,782	3,601
28	Safety and Security	10,787	11,605	11,272	333
29	New Conference Hall	834	4,303	4,107	196
30	Small and Medium Sized Enterprises (SMEs) and Innovation	6,696	5,508	5,503	5
31	The Hague System	7,587	7,303	6,910	393
UN	Unallocated	4,727	701	-	701
	TOTAL	**673,993**	**673,993**	**642,597**	**31,396**
	Net surplus/(deficit)	**39,304**	**39,304**	**133,126**	**93,822**
	IPSAS adjustments to surplus (4)			-22,478	
	Projects financed from reserves			-40,324	
	Special Accounts financed from voluntary contributions			-80	
	Adjusted net surplus per IPSAS			**70,244**	

(1) – represents the approved 2014/15 biennial budget. of 674.0 million Swiss francs, which was approved by the Assemblies of the Member States of WIPO on December 12, 2013.
(2) – represents the 2014/15 Final Budget after Transfers.
(3) - represents the difference between the 2014/15 Final Budget after Transfers and actual expense on a comparable basis for the biennium ended December 31, 2015.
(4) – the IPSAS adjustments to the surplus are detailed in Note 22 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: OBJECTIVES AND BUDGET OF THE ORGANIZATION

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

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

The Organization functions in accordance with the WIPO Convention signed in Stockholm on July 14, 1967 and amended on September 28, 1979. WIPO currently has 188 Member States. WIPO is based in Geneva, Switzerland with external offices in Beijing, Moscow, Rio de Janeiro, Singapore and Tokyo, and a coordination office in New York. The Organization enjoys privileges and immunities as granted under the 1947 Convention on Privileges and Immunities of Specialized Agencies of the United Nations and the 1970 Headquarters Agreement with the Swiss Federal Council, notably being exempt from paying most forms of direct and indirect taxation.

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

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

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

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared 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 Standards 34, 35, 36, 37 and 38 have been applied in 2015, which is prior to their required implementation date. These Standards have had no impact on the Organization's financial statements.

In January 2016 the IPSAS Board released Exposure Draft 59, Amendments to IPSAS 25, Employee Benefits. The Exposure Draft proposes amendments to IPSAS 25, including the removal of the corridor approach for the recognition of actuarial gains and losses. WIPO currently applies the corridor approach in relation to its liability for After-Service Health Insurance (ASHI). If approved, the removal of the corridor approach would potentially impact WIPO's financial statements as it would require the recognition of currently unrecognized actuarial losses (see Note 12).

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.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Borrowing costs relating to the construction of the New Building (interest and fees) and the New Conference Hall (commission on undrawn loan amounts) were capitalized as work in progress during the respective construction phases (see Note 9). Borrowing costs (interest and fees) relating to the acquisition from the World Meteorological Organization of the land rights (droits de superficie) to the site on which the PCT building has been constructed were capitalized as part of the asset value (see Note 8).

All other borrowing costs are recognized as expenses in the Statement of Financial Performance in the period in which they are incurred.

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) 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 and Arbitration and Mediation services is recognized upon full delivery of the goods or services.

Revenue from non-exchange transactions such as voluntary contributions to Special Accounts supported by enforceable agreements is recognized as revenue at the time the agreement becomes binding unless the agreement includes conditions related to specific performance or the return of unexpended balances. Such agreements require initial recognition of a liability to defer revenue recognition and then revenue is recognized as the liability is discharged through performance of the specific conditions included in the agreement.

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

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 plus contributions receivable from Member States that have lost the right to vote in accordance with Article 11 of the WIPO Convention.

Inventories

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

An annual physical inventory is conducted of all stocks of publication supplies and items for sale in the retail shop. A perpetual inventory is maintained of the publications for sale and sample physical counts are undertaken throughout the year to verify inventory balances. At the end of each year items removed from the catalogue of publications for sale or free distribution, along with items for which it is anticipated that there will be no further free distribution or anticipated sales, are taken out of the inventory and their value is written down to zero.

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

Equipment

Equipment is valued at cost less accumulated depreciation and impairment. Equipment is recognized as an asset if it has a cost of 5,000 Swiss francs or more per unit. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance. Heritage assets including donated works of art are not valued in the financial statements.

Depreciation is charged so as to write off the full cost of equipment over its estimated useful life using the straight-line method. Where 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 of equipment:

Class	Estimated useful life
Communications and IT equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years

The carrying values of 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.

Investment Property

Investment property is carried at fair value as determined by an independent valuation in accordance with International Valuation Standards. Changes in fair value are 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:

Class	Estimated useful life
Software acquired externally	5 years
Software internally developed	5 years
Licenses and rights	Period of license/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 5,000 Swiss francs or more per unit. Costs that are directly associated with the development of software for use by WIPO are capitalized as intangible assets. Direct costs include the software development employee costs. Internally developed software is recognized as an asset if it has a cost of 100,000 Swiss francs or more.

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.

Land and Buildings

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 buildings and constructions in use over their estimated useful lives using the straight-line method. Where buildings and constructions are 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 components of buildings and constructions:

Component	Estimated useful life
Structure – concrete/metallic	100 years
Structure – concrete/wood	80 years
Structure – specialist access	50 years
Façade	50 years
Perimeter walls	80 years
Perimeter bollards	20 years
Land Improvements	40-50 years
Roof	50-60 years
Floors, walls, stairways	50 years
Flooring, wall coverings	20-40 years
Specialist fittings – fixed equipment	40 years
Specialist fittings – kitchen equipment	20-40 years
Specialist fittings – fixed conference equipment	15 years
Specialist fittings – multimedia monitoring equipment	5 years
Specialist fittings - turnstiles	20 years
Heating and ventilation	25-30 years
Sanitary facilities	40 years
Electrical installations	25-50 years
Elevators	40 years

The carrying values of buildings and constructions 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.

Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Organization determines the classification of its financial assets at initial recognition. The Organization's financial assets include cash and short-term deposits, short-term investments, loans, and receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in surplus or deficit.

Derecognition

The Organization derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived.

Impairment of financial assets

The Organization assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Organization determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The Organization's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Employee Benefits

Liabilities are established for After-Service Health Insurance (ASHI) and repatriation grants and travel 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 utilizing the corridor approach and amortized over the average years of future service of active staff. In addition, liabilities are established for the value of accumulated leave, home leave not taken, overtime earned but unpaid, separation benefits and 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 (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by 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 plan 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 plan. WIPO and the UNJSPF, 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 25. WIPO's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

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.

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 and Budget 2014/15, Annex III]. 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 ability to pay which is itself determined according to a combination of current revenue and reserves. WIPO's assets and liabilities are not allocated to individual segments, since ownership rests with the Organization as a whole, however, each Union's share of the Organization's net assets including Reserves and Working Capital Funds is recognized by segment (see Note 28).

Changes in Presentation

In 2015 the Organization's Policy on Reserves was revised and adopted by the Fifty-Fifth Series of Meetings of the Assemblies of the Member States of WIPO. The revised policy included the creation of a separate reserve entitled Special Projects Reserve. The Special Projects Reserve is now separately disclosed in the financial statements (in the Statement of Financial Position, the Statement of Changes in Net Assets, and Note 21 Net Assets). The 2014 comparative presentation has also been changed to separately disclose the Special Projects Reserve.

Use of Estimates

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

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, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Cash on hand	14	12
Deposits with banks - Swiss francs	28,465	42,492
Deposits with banks - other currencies	16,603	25,459
Funds invested with AFF - Swiss francs	146,619	156,674
Other short-term investments - Swiss francs	47,018	110
Total unrestricted cash	**238,719**	**224,747**
Current accounts held for third parties - Swiss francs	55,315	55,982
Current accounts held for third parties - other currencies	456	7,588
Fees collected on behalf of contracting parties - Swiss francs	84,160	83,559
Funds held for after-service employee benefits	88,917	85,248
Deposits with banks Special Accounts - Swiss francs	108	16,730
Deposits with banks Special Accounts - other currencies	223	654
Short-term investments Special Accounts - Swiss francs	21,598	-
Total restricted cash	**250,777**	**249,761**
Total cash and cash equivalents	**489,496**	**474,508**

Cash deposits are generally held in instant access bank accounts and interest-bearing accounts. During 2015 the Organization moved significant cash deposits into short-term investments with notice periods of 31 or 35 days. This change was effected in order to avoid incurring charges on certain instant access bank accounts following the introduction of negative interest rates during the year.

The Organization continues to hold deposit accounts with the Swiss Federal Finance Administration (AFF). Following the implementation of new provisions by the AFF relating to the opening and keeping of deposit accounts, WIPO had been informed that from the end of 2015 it would no longer be able to hold deposits with them. However, following a request from WIPO this deadline was extended to December 15, 2017. Under the conditions of this extension WIPO cannot exceed the balance of its deposits held at the end of September 2015. The interest rate on deposits held with the AFF was 0.15 per cent during January 2015, and thereafter 0.00 per cent for the remainder of the year.

Restricted cash includes current accounts held for third parties. The Organization provides facilities for applicants under the PCT, Madrid and Hague systems to deposit funds to be used for future applications and renewals, and for certain contracting parties to transfer funds collected on behalf of the Organization. Also classified as restricted are fees collected on behalf of contracting parties to the Madrid Agreement and Protocol, Hague Agreement and on behalf of PCT International Searching Authorities (ISAs) by the WIPO International Bureau Receiving Office. In addition, the deposits received in connection with pending procedures related to trademarks, other than the portion estimated to represent advance receipts to the Organization, represent funds collected on behalf of third parties and are considered restricted funds.

The Organization holds funds allocated for the future financing of after-service employee benefit liabilities, including ASHI. These funds are held in separate bank accounts and are classified as restricted. The balance of these funds held in separate bank accounts was 88.9 million Swiss francs as at December 31, 2015. During 2015 charges applied to the cost of posts for the funding of after-service employee benefits generated additional funds of 13.2 million Swiss francs. These funds will be transferred to the separate bank accounts in 2016.

Special Accounts held on behalf of donors of voluntary contributions are classified as restricted and are deposited in the currency in which expenditures will be reported, based upon agreements with donors.

NOTE 4: ACCOUNTS RECEIVABLE, ADVANCES AND PREPAYMENTS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Receivable non-exchange transactions - Contributions		
Unitary contributions	999	482
Voluntary contributions	227	1,523
	1,226	2,005
Receivable exchange transactions		
Publication debtors	-	120
PCT debtors	40,949	46,653
Madrid debtors	676	388
Hague debtors	1	1
Other debtors	1,707	1,793
Swiss taxes reimbursable	29	24
USA taxes reimbursable	689	1,303
Concessionary advance for USA taxes	545	329
Staff advances for education grants	4,882	4,902
Other funds advanced to staff	341	704
UPOV expenditure reimbursable	1,213	931
Funds advanced to UNDP	356	509
Advance for FCIG concessionary loan	123	121
Prepaid expenditure	868	589
FCIG loan amortization	189	189
	52,568	58,556
Total current accounts receivable	**53,794**	**60,561**
Receivable non-exchange transactions - Contributions		
Paris Union	99	99
Berne Union	187	187
Nice Union	10	10
Locarno Union	2	2
	298	298
Receivable exchange transactions		
USA taxes reimbursable	5,030	3,389
	5,030	3,389
Total non-current accounts receivable	**5,328**	**3,687**
Total accounts receivable	**59,122**	**64,248**

Assessed contributions represent uncollected revenue related to the WIPO unitary contribution system approved by the Assemblies of the Member States and the Unions administered by WIPO. The Assemblies fix the value of a contribution unit in Swiss francs together with the Budget for a biennial financial period. Contribution classes are each required to contribute a specific number of contribution units. Member States are free to choose the class determining the basis under which they will contribute, other than certain developing countries that automatically belong to one of three special classes.

An allowance has been established to offset both the value of receivables due from assessed contributions and the Working Capital Fund contributions due from Unions which relate to periods prior to the introduction of unitary contributions in 1994. The allowance covers amounts due from Member States that have lost the right to vote under Article 11, paragraph 5 of the WIPO Convention and contributions from least developed countries which have been frozen by action of the Assemblies. The total of the allowance as at December 31, 2015 is 6.3 million Swiss francs (6.8 million Swiss francs as at December 31, 2014).

PCT debtors represent unpaid international filing fees for PCT applications filed prior to the reporting date. This includes an estimate of those international patent applications received by national receiving offices prior to the reporting date but not transferred to the Organization's PCT International Bureau by the reporting date.

International staff, other than those living in their home country, are eligible to receive a grant covering 75.0 per cent of the costs of education for dependent children until the fourth year of post-secondary school studies, but not beyond the end of the school year in which the child reaches the age of 25. Maximum grants are established for each country. International staff are eligible to receive an advance equal to the estimated amount of the education grant for each child at the beginning of the scholastic year. Staff advances for education grants represent the total grants advanced for the 2015-2016 scholastic year.

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

USA taxes reimbursable represents amounts advanced to US authorities on behalf of US citizens employed at WIPO, for the payment of income taxes due to the United States of America. Under agreements between the Organization and the USA, these amounts are reimbursable to the Organization. USA taxes reimbursable are measured at amortized cost, which is calculated based on historical payment patterns. Swiss taxes reimbursable include payments for VAT, stamp tax and Swiss Federal withholding tax for which the Organization is eligible for reimbursement under its headquarters agreement with the Government of Switzerland.

NOTE 5: INVENTORIES

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Finished publications	1,429	1,575
Paper supplies	56	54
Retail Shop	112	118
Total inventories	**1,597**	**1,747**

The write-down of finished publications inventories to net realizable value amounted to 27 thousand Swiss francs (59 thousand Swiss francs in 2014). There have been no reversals of write-downs.

NOTE 6: EQUIPMENT

Movement 2015	**Equipment**	**Furniture & Furnishings**	**Total**
		(in thousands of Swiss francs)	
January 1, 2015			
Gross carrying amount	10,409	2,649	**13,058**
Accumulated depreciation	-9,195	-2,117	**-11,312**
Net carrying amount	1,214	532	**1,746**
Movements in 2015:			
Additions	1,021	9	**1,030**
Disposals	-14	-	**-14**
Disposals depreciation	14	-	**14**
Depreciation	-564	-78	**-642**
Total movements in 2015	457	-69	**388**
December 31, 2015			
Gross carrying amount	11,416	2,658	**14,074**
Accumulated depreciation	-9,745	-2,195	**-11,940**
Net carrying amount	**1,671**	**463**	**2,134**

Movement 2014	**Equipment**	**Furniture & Furnishings**	**Total**
		(in thousands of Swiss francs)	
January 1, 2014			
Gross carrying amount	15,222	2,906	**18,128**
Accumulated depreciation	-13,501	-2,303	**-15,804**
Net carrying amount	1,721	603	**2,324**
Movements in 2014:			
Additions	242	14	**256**
Disposals	-5,055	-271	**-5,326**
Disposals depreciation	5,052	265	**5,317**
Depreciation	-746	-79	**-825**
Total movements in 2014	-507	-71	**-578**
December 31, 2014			
Gross carrying amount	10,409	2,649	**13,058**
Accumulated depreciation	-9,195	-2,117	**-11,312**
Net carrying amount	**1,214**	**532**	**1,746**

All equipment in the inventory is valued at cost less depreciation based upon the straight-line basis. Furniture and furnishings are depreciated over a ten year useful life. All other equipment is depreciated over a five year useful life. As at December 31, 2015, WIPO holds fully depreciated equipment which is still in use for a gross carrying amount of 10.3 million Swiss francs. Heritage assets including donated works of art are not recognized as assets on the Statement of Financial Position.

NOTE 7: INVESTMENT PROPERTY

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Opening balance	4,785	4,785
Fair value gains/(losses) on valuation	1,425	-
Closing balance	**6,210**	**4,785**

The Organization acquired in 1974 the Madrid Union Building, an investment property in Meyrin, Canton of Geneva, Switzerland. The building had first been brought into service in 1964. The property is held at fair value based on a valuation at October 1, 2015 carried out by an independent expert holding recognized and relevant professional qualifications with recent experience in property valuation in the Canton of Geneva. Fair value was determined on an investment based valuation, whereby the estimated future income stream from the property is capitalized at an appropriate investment yield. The yield was selected by reference to the perceived quality and duration of the income and the potential for further rental growth, and was cross-referenced by the evidence provided by comparable transactions. The valuation as at October 1, 2015 resulted in an increase in the fair value of the building of 1.4 million Swiss francs. This increase was recognized in 2015 as investment revenue in the Statement of Financial Performance.

The leasing of apartments, parking and other facilities in the Madrid Union Building is managed by a leasing agent responsible for collecting all rental income and paying for all expenditures incurred in the operation of the building. Leases are generally for periods of five years and are based on the form of lease approved by the Canton of Geneva. All leases are non-cancellable during the period of the lease. The managing agent receives 3.9 per cent of the gross rental income as compensation for its services. The value of non-cancellable leases as at December 31, 2015 is as follows:

	December 31, 2015	December 31, 2014
Non-cancellable leases	*(in thousands of Swiss francs)*	
Not later than one year	310	337
Later than one year and not later than five years	612	866
Later than five years	3	13
Total non-cancellable operating leases	**925**	**1,216**

In 2015 the income from rental of the building totaled 358 thousand Swiss francs, and the operating expenditures of the building totaled 177 thousand Swiss francs. The Organization is not aware of any restrictions on the realizability or remittance of revenue from the investment property.

The operating expenditures do not include depreciation of the building. At the reporting date there are no contractual obligations to purchase, construct or develop investment property nor for the repairs, maintenance or enhancement of the existing property. However, under Swiss building regulations, it is required that work be carried out to renovate the facades of the existing property. An estimation of the future cost of this work of 0.8 million Swiss francs has been incorporated into the latest valuation as at October 1, 2015.

NOTE 8: INTANGIBLE ASSETS

Movement 2015	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
	(in thousands of Swiss francs)				
January 1, 2015					
Gross carrying amount	34,290	803	3,258	585	**38,936**
Accumulated amortization	-8,279	-347	-561	-	**-9,187**
Net carrying amount	26,011	456	2,697	585	**29,749**
Movements in 2015:					
Additions	-	312	-	264	**576**
Transfers	-	-	661	-661	**-**
Disposals	-	-	-	-	**-**
Disposals amortization	-	-	-	-	**-**
Amortization	-440	-166	-738	-	**-1,344**
Total movements in 2015	-440	146	-77	-397	**-768**
December 31, 2015					
Gross carrying amount	34,290	1,115	3,919	188	**39,512**
Accumulated amortization	-8,719	-513	-1,299	-	**-10,531**
Net carrying amount	**25,571**	**602**	**2,620**	**188**	**28,981**

Movement 2014	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
	(in thousands of Swiss francs)				
January 1, 2014					
Gross carrying amount	34,290	709	-	2,193	**37,192**
Accumulated amortization	-7,840	-191	-	-	**-8,031**
Net carrying amount	26,450	518	-	2,193	**29,161**
Movements in 2014:					
Additions	-	94	-	1,650	**1,744**
Transfers	-	-	3,258	-3,258	**-**
Disposals	-	-	-	-	**-**
Disposals amortization	-	-	-	-	**-**
Amortization	-439	-156	-561	-	**-1,156**
Total movements in 2014	-439	-62	2,697	-1,608	**588**
December 31, 2014					
Gross carrying amount	34,290	803	3,258	585	**38,936**
Accumulated amortization	-8,279	-347	-561	-	**-9,187**
Net carrying amount	**26,011**	**456**	**2,697**	**585**	**29,749**

In 1996, the Organization acquired from the World Meteorological Organization (WMO) the land surface rights to parcel 4008 in Petit-Saconnex in the City of Geneva that had been granted to WMO by the Republic and Canton of Geneva at a cost of 34.3 million Swiss francs including interest and fees. At the date of purchase the original rights had a remaining period of 78 years under Swiss law expiring in 2073, unless renewed by the Canton. The historic cost is being amortized over the remaining useful life. The land on which the Árpád Bogsch and Georg Bodenhausen buildings are located is the property of the Republic and Canton of Geneva which has granted the Organization surface rights including the right to construct buildings for a period of 60 years with an option exercisable solely by the Organization of an extension for an additional period of 30 years. These surface rights were acquired by the Organization at no cost and no value has been recognized in the financial statements, as the Organization does not have the right to dispose of the rights which revert to the Republic and Canton of Geneva unless renewed.

As from January 1, 2012, WIPO has been capitalizing the cost of externally acquired and internally developed software. Intangible assets under development relate to internally developed software which has not yet been brought into use.

NOTE 9: LAND AND BUILDINGS

The Organization's land and buildings comprise its headquarters at Place des Nations, Geneva, Switzerland and include land, buildings and security constructions. Following the transition to IPSAS from January 1, 2010, buildings which were occupied at that date were valued at an amount determined independently by external consultants, which represents the estimated value of the building when new (deemed cost of construction) including the estimated value of renovations and major repairs made since original occupancy less accumulated depreciation and impairment. Buildings which are brought into use after January 1, 2010 are initially valued at cost. All buildings are depreciated according to the straight-line method based upon the useful life of each major component of the building.

The land upon which the New Building was constructed was acquired by the Organization at a cost of 13.6 million Swiss francs in 1998 and was revalued to fair value based on International Valuation Standards as determined by an independent appraiser at December 31, 2009 at 28.6 million Swiss francs. The net result of the revaluation of 15.0 million Swiss francs is included in the Revaluation Reserve Surplus which forms part of WIPO's net assets. An updated valuation of the land was performed by an independent appraiser at December 31, 2013. This valuation indicated no change in the fair value of the land from the 28.6 million Swiss francs previously estimated. Market value was estimated by capitalizing at an appropriate investment yield the future potential income stream from the property. The potential income is based on comparable rentals in the market and takes into account the quality of the spaces as well as the location. The yield has been selected by reference to the perceived quality and duration of the income and the potential for further rental growth and is cross-referenced by the evidence provided by comparable sales.

The New Conference Hall (NCH) building was brought into use in September 2014. During 2015 some remaining outstanding areas of work in and around the NCH were completed. As a result, additions to the building totaling 2.5 million Swiss francs were capitalized during 2015.

WIPO has undertaken a major project to upgrade the safety and security standards of its existing buildings, in line with the implementation of the recommendations of the United Nations Security Management System. Up to and including 2015, costs relating to this construction project incurred by the Organization have been capitalized as work-in-progress. The construction project has been partly financed by the Foundation for Buildings for International Organizations (FIPOI). Construction work financed by the FIPOI has also been capitalized within work-in-progress, and a corresponding amount recognized as deferred revenue (see Note 14). The construction project was completed in 2015, and comprised the New Access Centre (3.6 million Swiss francs included as part of the Árpád Bogsch building), the Security Operations Centre (2.0 million Swiss francs included as part of the Georg Bodenhausen building I), and the Security Perimeter (9.0 million Swiss francs held as a standalone construction).

Movements for land and buildings in 2015

Movement 2015	Land	Work in Progress	Buildings and Constructions in Use							Total Land and Buildings
	New Building Site	Security Construction	Security Perimeter	New Conference Hall	New Building	A. Bogsch Building	G. Bodenhausen Building I	G. Bodenhausen Building II	PCT Building	
Year in Service	1998	N/A	2015	2014	2011	1978	1960	1987	2003	
					(in thousands of Swiss francs)					
January 1, 2015										
Cost/valuation	28,600	12,510	-	67,926	166,249	52,970	10,826	4,523	67,446	**411,050**
Accumulated depreciation and impairment charges	-	-	-	-672	-10,704	-7,290	-1,645	-583	-6,713	**-27,607**
Net carrying amount	**28,600**	**12,510**	**-**	**67,254**	**155,545**	**45,680**	**9,181**	**3,940**	**60,733**	**383,443**
Movements in 2015										
Additions	-	2,133	-	2,530	782	361	13	-	325	**6,144**
Transfers	-	-14,643	8,996	-	-	3,648	1,999	-	-	**-**
Impairment	-	-	-	-	-	-	-	-	-	**-**
Depreciation	-	-	-91	-2,060	-3,105	-1,719	-624	-122	-1,348	**-9,069**
Net movements in 2015	**-**	**-12,510**	**8,905**	**470**	**-2,323**	**2,290**	**1,388**	**-122**	**-1,023**	**-2,925**
December 31, 2015										
Cost/valuation	28,600	-	8,996	70,456	167,031	56,979	12,838	4,523	67,771	**417,194**
Accumulated depreciation and impairment charges	-	-	-91	-2,732	-13,809	-9,009	-2,269	-705	-8,061	**-36,676**
Net carrying amount	**28,600**	**-**	**8,905**	**67,724**	**153,222**	**47,970**	**10,569**	**3,818**	**59,710**	**380,518**

Movements for land and buildings in the prior year 2014

Movement 2014	Land	Work in Progress		Buildings and Constructions in Use						Total Land and Buildings
	New Building Site	Security Construction	New Conference Hall	New Conference Hall	New Building	A. Bogsch Building	G. Bodenhausen Building I	G. Bodenhausen Building II	PCT Building	
Year in Service	1998	N/A	N/A	2014	2011	1978	1960	1987	2003	
(in thousands of Swiss francs)										
January 1, 2014										
Cost/valuation	28,600	6,360	51,308	-	164,936	48,507	10,809	4,523	67,408	**382,451**
Accumulated depreciation and impairment charges	-	-	-	-	-7,627	-7,579	-1,307	-462	-5,369	**-22,344**
Net carrying amount	**28,600**	**6,360**	**51,308**	**-**	**157,309**	**40,928**	**9,502**	**4,061**	**62,039**	**360,107**
Movements in 2014										
Additions	-	3,450	24,258	-	1,313	1,333	17	-	38	**30,409**
Transfers	-	2,700	-75,566	67,926	-	4,940	-	-	-	**-**
Decrecognition impaired cost	-	-	-	-	-	-1,810	-	-	-	**-1,810**
Derecognition accumulated impairment and depreciation	-	-	-	-	-	1,810	-	-	-	**1,810**
Impairment	-	-	-	-	-	-	-	-	-	**-**
Depreciation	-	-	-	-672	-3,077	-1,521	-338	-121	-1,344	**-7,073**
Net movements in 2014	**-**	**6,150**	**-51,308**	**67,254**	**-1,764**	**4,752**	**-321**	**-121**	**-1,306**	**23,336**
December 31, 2014										
Cost/valuation	28,600	12,510	-	67,926	166,249	52,970	10,826	4,523	67,446	**411,050**
Accumulated depreciation and impairment charges	-	-	-	-672	-10,704	-7,290	-1,645	-583	-6,713	**-27,607**
Net carrying amount	**28,600**	**12,510**	**-**	**67,254**	**155,545**	**45,680**	**9,181**	**3,940**	**60,733**	**383,443**

NOTE 10: OTHER NON-CURRENT ASSETS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Loan to FCIG	8,305	8,184
Advance for FCIG concessionary loan	251	374
FCIG loan amortization	378	566
Total other non-current assets	**8,934**	**9,124**

In 1991 the Organization entered into an agreement with the International Centre of Geneva Foundation (FCIG) related to the construction of a building on rue des Morillons in Geneva, Switzerland at a total cost of 20.4 million Swiss francs. The agreement provided for the Organization to advance the initial sum of 10.0 million Swiss francs, plus a further sum of 1.0 million Swiss francs representing interest on the initial advance, equaling a total advance of 11.0 million Swiss francs. The balance of the construction cost was covered by a mortgage between FCIG and the Banque Cantonale de Genève (BCG). The Organization also entered into an agreement to lease the building from FCIG. The lease agreement was renewed for a period of seven years from January 1, 2012.

Under the current lease agreement between the Organization and FCIG, both parties have the right to terminate the agreement at any point through mutual consent formalized in writing. The annual amount of rent payable by WIPO is equivalent to the annual repayments (interest plus repayments of the principal) on the mortgage between FCIG and the BCG. The rent paid by WIPO on this basis during 2015 totaled 232,596 Swiss francs (234,124 Swiss francs during 2014). The current rate of interest, fixed through to December 31, 2018, is 1.48 per cent. Since January 1, 2012, WIPO has also recognized an annual amortization charge of 188,679 Swiss francs against its advance to FCIG. Further, the Organization also leases covered parking spaces at an annual cost of 140,112 Swiss francs. In the absence of a mutual termination of the lease agreement, WIPO's future payments (including the mortgage repayments, the amortization of the advance and the rental of parking spaces) until the end of the lease in 2018 would be as follows:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Not later than one year	560	570
Later than one year and not later than five years	1,115	1,699
Later than five years	-	-
Total future lease payments	**1,675**	**2,269**

Upon vacating the premises, WIPO is to be repaid the balance of the 11.0 million Swiss francs advance after amortization. FCIG will also retain 1.0 million Swiss francs from the advance for restoration of the building to its original condition.

For presentation in the financial statements, the total value of the amortization is treated as an advance payment of rent, and is split into both its current portion (see Note 4) and non-current portion. The total value of this advance payment as at December 31, 2015 is 0.6 million Swiss francs. The remaining balance of WIPO's advance to FCIG is treated as a concessionary loan in accordance with IPSAS, and is measured at amortized cost. The interest-free element of the concessionary loan is also recognized as an advance payment, and is split into both its current portion (see Note 4) and non-current portion. This advance payment is reduced over the period of rental agreement, and as at December 31, 2015 has a total value of 0.4 million Swiss francs.

NOTE 11: ACCOUNTS PAYABLE

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Trade creditors - accounts payable	18,197	22,084
Miscellaneous transitory liabilities	3,777	8,187
Other trade creditors	128	44
Total accounts payable	**22,102**	**30,315**

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

NOTE 12: EMPLOYEE BENEFITS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Accumulated leave	2,021	2,426
Separation benefits	463	506
Closed Pension Fund	339	289
Repatriation grant and travel	2,025	1,872
Home leave	303	529
Accrued overtime	608	528
Education grant	1,929	1,925
Performance rewards	277	213
After-Service Health Insurance	15,066	11,075
Total current employee benefit liabilities	**23,031**	**19,363**
Closed Pension Fund	2,403	2,542
Accumulated leave	10,534	10,496
Repatriation grant and travel	13,387	12,045
After-Service Health Insurance	122,163	116,783
Total non-current employee benefit liabilities	**148,487**	**141,866**
Total employee benefit liabilities	**171,518**	**161,229**

Employee benefits comprise:

Short-term employee benefits that include salary, allowances, grant on initial assignment, grants for the education of dependent children, paid annual leave, paid sick leave, accident and life insurance;

Long-term employee benefits (or after-service employee benefits) which include post-employment benefits such as After-Service Health Insurance (ASHI), and other long-term employee benefits such as separation benefits consisting of grants upon repatriation, repatriation travel and shipping of personal effects; and

Termination benefits which include an indemnity payable to staff members holding a permanent or fixed term contract whose appointment is terminated by the Organization prior to the end of their contract.

Short-Term Employee Benefits

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

Accumulated leave: staff members are eligible for 30 days annual leave. Under the Staff Regulations and Rules (SRR) staff members may accrue up to 15 days of annual leave in a given year, and a total accumulated balance of 60 days. However, those staff members who accumulated more than 60 days prior to January 1, 2013, are entitled to retain them until January 1, 2018. Although annual leave is a short-term employee benefit, as staff have the right to accumulate unused annual leave and receive payment in lieu thereof on separation from service, a portion of accumulated leave is classified as a non-current liability. In exceptional circumstances, a staff member may be granted advance annual leave up to a maximum of 10 working days. These staff members are included in the calculation of the overall balance of accumulated leave. The total outstanding liability at the reporting date is 12.6 million Swiss francs (12.9 million Swiss francs at December 31, 2014).

Home Leave: certain internationally recruited staff members are eligible for home leave for themselves and their dependents to the country in which they have their home every second year. The total outstanding liability for home leave earned but not taken at the reporting date is 0.3 million Swiss francs (0.5 million Swiss francs at December 31, 2014).

Overtime: certain staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the SRR. The total amount payable at the reporting date is 0.6 million Swiss francs (0.5 million Swiss francs at December 31, 2014).

Education grant: certain internationally recruited staff members, other than those living in their home country, are eligible to receive a grant covering 75.0 per cent of the costs of education for dependent children until the fourth year of post-secondary school studies, but not beyond the end of the school year in which the child reaches the age of 25. The liability for education grants payable relates to the number of months which have elapsed between the start of the school year/university year and December 31, 2015 for which fees are therefore due. The total liability at the reporting date is 1.9 million Swiss francs (1.9 million Swiss francs at December 31, 2014).

Performance rewards: under the WIPO Rewards and Recognition Program staff who have demonstrated excellent performance may be considered for payment of a lump sum cash reward of either 2,500 Swiss francs or 5,000 Swiss francs. Based on decisions taken during the year, the total amount of performance rewards payable to staff as at December 31, 2015 totaled 0.3 million Swiss francs (0.2 million Swiss francs at December 31, 2014).

Long-Term Employee Benefits

Closed Pension Fund (CROMPI): Prior to becoming a participating organization in the UNJSPF, WIPO's predecessor organization had its own pension fund established in 1955. This pension fund was closed to new members on September 30, 1975 and continues for those who were members at the time of closure under the management of a Foundation Council. In accordance with a convention between the Closed Pension Fund and the Organization and with a decision of the ILO Administrative Tribunal of the International Labour Organization (ILOAT), WIPO has obligations to finance certain costs relating to the Closed Pension Fund:

- the obligation to cover the cost of pensions paid to former staff participating in the Closed Pension Fund before they reach the age of 65. Based upon the latest actuarial valuation performed for 2015, the estimated liability as at December 31, 2015 is 2 thousand Swiss francs (13 thousand Swiss francs in 2014). It is noted that 2016 will be the last year that this cost will be incurred;

- the obligation, based upon a decision of the ILOAT in 2006, to cover certain differences between the pension receivable of Closed Pension Fund members under the Closed Pension Fund and that receivable from the UNJSPF which, based upon the latest actuarial valuations performed for 2015, is estimated at 2.7 million Swiss francs as at December 31, 2015 (2.8 million Swiss francs in 2014).

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. For professional staff in temporary positions, the cost of repatriation travel and removal on separation from service is estimated by WIPO and is treated as a current liability. For internationally recruited professional staff in posts, the liability for repatriation grant, travel and removal is calculated by an independent actuary. The total liability was estimated as follows at the reporting date:

			December 31, 2015	December 31, 2014
	Actuarial Valuation	WIPO Estimate	Total	Total
		(in thousands of Swiss francs)		
Current liability	1,352	673	2,025	1,872
Non-current liability	13,387	-	13,387	12,045
Total liability	**14,739**	**673**	**15,412**	**13,917**

Concerning the actuarial valuation of repatriation grant and travel, the table below details the expense for repatriation grant and travel recognized in the Statement of Financial Performance:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Interest cost	100	228
Current service cost	1,134	998
Actuarial (gain)/loss	1,499	176
Expense recognized in the Statement of Financial Performance	**2,733**	**1,402**

Actuarial gains and losses for repatriation grant and travel are recognized immediately in the Statement of Financial Performance. The table below details the change in the repatriation grant and travel defined benefit obligation:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Defined benefit obligation at beginning of year	13,279	12,097
Interest cost	100	228
Current service cost	1,134	998
Contribution paid	-1,273	-220
Actuarial (gain)/loss on obligation	1,499	176
Defined benefit obligation at end of year	**14,739**	**13,279**

Contributions paid by the Organization for repatriation grant and travel totaled 1.3 million Swiss francs for 2015 (0.2 million Swiss francs in 2014). Expected contributions to repatriation grant and travel in 2016 are 1.3 million Swiss francs.

The following table details the present value of the defined benefit obligation and experience adjustments arising on the repatriation grant and travel liability for 2015 and the previous four years:

	2015	2014	2013	2012	2011
	(in thousands of Swiss francs)				
Defined benefit obligation	14,739	13,279	12,097	12,215	8,909
Experience (gain)/loss adjustments on plan liability	1,135	-1,295	-41	2,122	3

The principal assumptions used in determining the repatriation grant and travel liability and defined benefit obligation were as follows:

	December 31, 2015	December 31, 2014
Weighted-average assumptions to determine benefit obligations		
Discount rate	0.50%	0.80%
Rate of salary increase	3.38%	3.52%
Weighted-average assumptions to determine net cost		
Discount rate	0.80%	1.90%
Rate of salary increase	3.52%	3.36%

***After Service Health Insurance (ASHI)*:** The Organization also has a contractual obligation to provide post-employment medical benefits for its staff members in the form of insurance premiums for the collective medical insurance plan. Staff members (and their spouses, dependent children and survivors) retiring from service are eligible for ASHI coverage if they continue to participate in the 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, 2016, monthly medical premiums amount to 552 Swiss francs for adults and 246 Swiss francs for children (previously 538 Swiss francs and 240 Swiss francs for adults and children respectively). The present value of the defined benefit obligations for post-employment medical benefits is determined using the projected unit credit method including discounting the estimated future cash outflows using a discount rate based upon both Swiss franc high grade corporate bonds and Swiss government bonds. 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 a separate bank account to hold funds for the future financing of after-service employee benefit liabilities, including ASHI (see Note 3). On the basis of an actuarial valuation carried out in December 2015 by an independent office, the Organization's ASHI liability was estimated as follows at the reporting date:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Current liability	15,066	11,075
Non-current liability	122,163	116,783
Total liability	**137,229**	**127,858**

The table below details the expense for ASHI recognized in the statement of financial performance:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Interest cost	1,837	3,410
Current service cost	9,238	7,036
Amortization of net actuarial (gain)/loss	939	354
Expense recognized in the Statement of Financial Performance	**12,014**	**10,800**

WIPO applies the corridor method for the recognition of actuarial gains and losses for ASHI. Under this accounting policy, a portion of net actuarial gains and losses is recognized if the net cumulative unrecognized gains and losses at the end of the previous reporting period exceed 10 per cent of the present value of the defined benefit obligation at that date. The table below details the changes in the ASHI defined benefit obligation, and reconciles the defined benefit obligation to the liability recognized in the Statement of Financial Position:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Defined benefit obligation at beginning of year	154,449	137,670
Interest cost	1,837	3,410
Current service cost	9,238	7,036
Contribution paid	-2,643	-2,512
Actuarial (gain)/loss on obligation	53,194	8,845
Defined benefit obligation at end of year	**216,075**	**154,449**
Net actuarial gain/(loss) unrecognized	-78,846	-26,591
Liability recognized in the Statement of Financial Position	**137,229**	**127,858**

Contributions paid by the Organization for ASHI totaled 2.6 million Swiss francs for 2015 (2.5 million Swiss francs in 2014). Expected contributions to ASHI in 2016 are 2.9 million Swiss francs.The following table details the present value of the defined benefit obligation and experience adjustments arising on the ASHI liability for 2015 and the previous four years:

	2015	2014	2013	2012	2011
	(in thousands of Swiss francs)				
Defined benefit obligation	216,075	154,449	137,670	131,320	113,439
Experience (gain)/loss adjustments on plan liability	190	-15,301	1,606	-6,704	-5,707

The principal assumptions used in determining the ASHI liability and defined benefit obligation were as follows:

	December 31, 2015	December 31, 2014
Weighted-average assumptions to determine benefit obligations		
Discount rate	1.00%	1.20%
Rate of salary increase	3.38%	3.52%
Rate of sickness premium increase	2.75%	3.00% as of 2012 then linear decrease to 2.50% as of 2017 then constant
Weighted-average assumptions to determine net cost		
Discount rate	1.20%	2.50%
Rate of salary increase	3.52%	3.36%
Rate of sickness premium increase	3.00% as of 2012 then linear decrease to 2.50% as of 2017 then constant	3.00% as of 2012 then linear decrease to 2.50% as of 2017 then constant

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

	1 per cent decrease in assumed health care trend rate	Assumed health care trend rate as applied	1 per cent increase in assumed health care trend rate
		(in thousands of Swiss francs)	
Defined benefit obligation as at December 31, 2015	174,289	216,075	271,710
Per cent variation	-19.3%		25.7%
Service and interest cost for the year to December 31, 2015	8,755	11,075	14,171
Per cent variation	-20.9%		28.0%

United Nations Joint Staff Pension Fund

The Pension 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 Pension Fund will be sufficient to meet its liabilities.

WIPO's financial obligation to the UNJSPF 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 Pension 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 Pension 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 actuarial valuation performed as at December 31, 2013 revealed an actuarial deficit of 0.72 per cent (1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve a balanced position as at December 31, 2013 was 24.42 per cent of pensionable remuneration, compared to the actual contribution rate of 23.70 per cent. The next actuarial valuation will be conducted based on the position at December 31, 2015, and is not available at the time of preparation of these financial statements.

At December 31, 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5 per cent (130.0 per cent in the 2011 valuation). The funded ratio was 91.2 per cent (86.2 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at December 31, 2013, 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 Fund. 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.

In December 2012 and April 2013, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from January 1, 2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as at December 31, 2013.

During 2015, WIPO contributions paid to UNJSPF amounted to 26.7 million Swiss francs (2014 26.0 million Swiss francs). Expected contributions due in 2016 are 26.4 million Swiss francs. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

NOTE 13: TRANSFERS PAYABLE

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Madrid Union complementary fees	38,630	37,436
Madrid Union supplementary fees	3,491	3,136
Madrid Union individual fees	16,874	13,681
Madrid Union holding fees	18	15
Madrid Union deposits	17,959	22,396
Hague Union distribution	553	243
Madrid and Hague Union repartition fees	4,322	4,047
AMC deposits	695	681
PCT International Searching Authorities	1,599	1,682
USPTO search fees due to EPO	19	242
Total transfers payable	**84,160**	**83,559**

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.

Madrid Union Complementary and Supplementary fees: In accordance with the Madrid Agreement (Article 8(2) (b and c)) and the Madrid Protocol (Article 8(2) (ii and iii)) the Organization collects complementary and supplementary fees of 100 Swiss francs per application or renewal on behalf of the contracting parties. The amount due to each contracting party varies based upon the services provided by the party (examination undertaken). Funds are transferred annually in the first half of the year following the reporting date.

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

Madrid Union deposits: The Organization receives payments from applicants under the Madrid system which represent deposits in connection with pending procedures related to trademarks. The portion of these deposits which is estimated to represent funds collected by WIPO on behalf of third parties to be transferred later in accordance with the treaty is included within transfers payable in the financial statements. The portion of these deposits which is estimated to represent fees of the Organization received in advance is included within advance receipts in the financial statements (see Note 14).

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

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

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

PCT International Searching Authorities: The International Bureau collects fees from applicants for international patents filed at the International Bureau to cover the costs of the international searches which are performed by International Searching Authorities designated by the Organization pursuant to the PCT. The amount shown in the prior table represents the amount to be transferred to International Searching Authorities at the reporting date.

USPTO search fees due to EPO: In accordance with a memorandum of understanding between the European Patent Office (EPO), the United States Patent and Trademark Office (USPTO) and WIPO, PCT search fees to be transferred from the USPTO (as a PCT receiving office) to the EPO (as an International Searching Authority) are received by WIPO from the USPTO and then transferred by WIPO to the EPO. The objective of this memorandum of understanding is to improve the management of search fee transfers and reduce losses incurred by the International Bureau under PCT Rule 16.1(e) due to exchange rate fluctuations. The amount shown in the prior table represents the balance of transfers received by WIPO but not yet transferred to the EPO at the reporting date.

NOTE 14: ADVANCE RECEIPTS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Madrid Union deposits	12,920	16,587
Industrial design deposits	687	259
PCT/IBRO deposits	468	533
Advance payment of contributions	1,899	4,266
PCT system deferred revenue	217,071	199,682
Madrid system deferred revenue	1,761	3,813
Hague system deferred revenue	346	235
Non-exchange deferred revenue	14,097	16,134
FIPOI deferred revenue	132	-
Other deferred revenue	-	247
Total current advance receipts	**249,381**	**241,756**
FIPOI deferred revenue	4,201	2,978
Total non-current advance receipts	**4,201**	**2,978**
Total advance receipts	**253,582**	**244,734**

In many cases, the Organization collects fees and charges for services before the services are performed completely, or before the fee is earned in accordance with the treaties, agreements, protocols and regulations administered by the Organization. Revenue from fees related to the processing of international applications (under the PCT, Madrid and Hague systems) is recognized when the application has been published. Revenue for additional page fees related to PCT applications is deferred until the related application is published. In addition, the part of the fees for PCT applications which covers the cost of translation of patentability reports not filed in the English language is deferred until the translation has been completed. All revenue from fees such as renewals, extracts, modifications, abandonment, transfers, confirmations and adjustments is recognized when the service has been performed.

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

The construction project to upgrade the safety and security standards of existing WIPO buildings has been partly financed by the Foundation for Buildings for International Organizations (FIPOI). Construction work financed by the FIPOI has been capitalized as part of the cost of the Security Perimeter, and a corresponding amount recognized as deferred revenue. The balance of deferred revenue as at December 31, 2015 was 4.3 million Swiss francs (3.0 million Swiss francs as at December 31, 2014). This revenue is recognized gradually as the security constructions are depreciated over their useful lives.

NOTE 15: BORROWINGS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
FIPOI loan	1,358	1,358
BCG/BCV New Building loan	19,900	27,900
Total current borrowings	**21,258**	**29,258**
FIPOI loan	18,221	19,579
BCG/BCV New Building loan	70,500	90,400
Total non-current borrowings	**88,721**	**109,979**
Total borrowings	**109,979**	**139,237**

The Organization has borrowed funds (50.8 million Swiss francs and 8.4 million Swiss francs approved in 1977 and 1987 respectively) from the FIPOI for the purpose of constructing its headquarters buildings in Geneva, Switzerland. These loans were originally subject to interest payments. However, in 1996 the Swiss Federal Department of External Relations agreed to waive any further payments of interest and the loans currently require the reimbursement of principal only.

In February 2008, the Organization entered into a contract with the Banque Cantonale de Genève (BCG) and the Banque Cantonale Vaudoise (BCV) to borrow 114.0 million Swiss francs, plus a possible supplementary amount of 16.0 million Swiss francs, to be used to finance part of the cost of the construction of the New Building available for use until February 28, 2011. The supplementary amount of 16.0 million Swiss francs was drawn down on January 27, 2011. The interest rate has been fixed at the Swiss franc Swap LIBOR for up to 15 years, plus a margin of between 0.30 per cent to 0.70 per cent dependent on the length of the term as determined by the Organization. Interest payments in 2015 totaled 2.9 million Swiss francs, with a weighted average interest rate of 2.60 per cent during the year. In addition to the payment of interest, the contract provides for an annual repayment of principal equal to 3.0 per cent of the total amount borrowed beginning on February 28, 2012 for the original loan of 114.0 million Swiss francs and the supplementary loan of 16.0 million Swiss francs. In November 2015 the Organization made the first of its scheduled lump sum repayments towards the loan for the amount of 24.0 million Swiss francs. A second lump sum repayment for 16.0 million Swiss francs was made in January 2016.

NOTE 16: PROVISIONS

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Legal costs	817	913
Total provisions	**817**	**913**

As part of its normal activities, the Organization is subject to litigation. Events occurring prior to December 31, 2015 have created certain legal obligations at the reporting date. As it is probable that these obligations will require future settlement and as the settlement amounts can be reliably estimated, a provision for legal costs has been established. The timing of any future settlements is uncertain at the reporting date. The amount of the provision has been estimated as closely as possible on the basis of information available.

	Legal Costs
	(in thousands of Swiss francs)
Balance as at December 31, 2013	**1,009**
Movements in 2014:	
Additional provisions made	678
Amounts used	-267
Unused amounts reversed	-507
Total movements in 2014	**-96**
Balance as at December 31, 2014	**913**
Movements in 2015:	
Additional provisions made	642
Amounts used	-250
Unused amounts reversed	-488
Total movements in 2015	**-96**
Balance as at December 31, 2015	**817**

NOTE 17: OTHER LIABILITIES

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
PCT current accounts - Italy and Japan	456	7,588
Other current accounts	55,315	55,982
Total other current liabilities	**55,771**	**63,570**

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

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

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

Several members of WIPO personnel are in dispute with the Organization. Cases before the WIPO Appeal Board (WAB) and the ILO Administrative Tribunal (ILOAT) for which provisions have been made are reflected in Note 16. No provision has been made for certain other cases before the WAB or the ILOAT where legal advice indicates it is not probable that a liability will arise. The estimated value of contingent liabilities for possible payments by the Organization for claims arising from these cases is 85,000 Swiss francs at the reporting date. Personnel also have cases which have the status of Requests for Review. For these cases the amount of any claim is yet to be confirmed, and therefore no provision is recognized. There are no contingent liabilities for possible settlement payments by the Organization arising from these cases at the reporting date.

As at December 31, 2015, the Organization has non-cancellable contracts for the delivery of goods and services for a total value of 1.7 million Swiss francs.

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

WIPO has contractual commitments relating to non-cancellable lease arrangements. These are detailed in Note 19.

NOTE 19: LEASES

WIPO as Lessee

The Organization has a number of leases providing additional space, storage and specialized facilities in Geneva. In addition, the Organization leases space for its external offices in Rio de Janeiro and Tokyo, and its coordination office in New York. The value of future minimum lease payments under non-cancellable operating leases is as follows:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Not later than one year	391	400
Later than one year and not later than five years	232	453
Later than five years	-	-
Total non-cancellable operating leases	**623**	**853**

The Organization has also entered into an agreement to lease a building from the International Centre of Geneva Foundation (FCIG). The details of this agreement, including future lease payments, are provided separately in Note 10.

The Organization has no outstanding leases qualifying as finance leases at the reporting date. The total amount of lease payments recognized as an expense in the reporting period was 1.9 million Swiss francs (1.9 million Swiss francs in 2014).

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 subject to notification periods specified in the agreements. The total amount of rental income from these arrangements in the reporting period was 0.6 million Swiss francs (0.6 million Swiss francs in 2014). The Organization also leases apartments, parking and other facilities in the Madrid Union Building. The value of non-cancellable leases and rental income for the Madrid Union Building is provided in Note 7.

NOTE 20: RELATED PARTY TRANSACTIONS

The Organization 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 the Organization. The Organization is managed by a Director General and by Deputy and Assistant Directors General and officers (key management personnel) who are remunerated by the Organization. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel and other entitlements paid in accordance with the Staff 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 the Organization contribute and are also eligible for participation in the collective medical insurance plan. Key management personnel and their aggregate remuneration are detailed in the following table. 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.

	2015		2014	
	Number of Individuals	**Aggregate remuneration**	**Number of Individuals**	**Aggregate remuneration**
	(as an average)	*(in thousands of Swiss francs)*	*(as an average)*	*(in thousands of Swiss francs)*
Director General, Deputies and Assistants	8.92	3,352	8.08	2,993
Senior Officers	11.08	3,564	13.08	3,912

The Organization has no ownership interest in associates or joint ventures and no controlled entities. WIPO is a member of the UNJSPF and certain of its former staff are members of WIPO's CROMPI. The relationship with these two funds is explained in detail in Note 12.

The Organization has a relationship with the International Union for the Protection of New Varieties of Plants (UPOV) whereby the Director General of the Organization serves as Secretary General of UPOV. The Council of UPOV which serves as UPOV's governing body consists of the representatives of the contracting parties to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as revised. In accordance with the Rules and Regulations of UPOV, the office of UPOV, consisting of the UPOV Secretary General and staff, exercises its functions in complete independence of the Organization. The Organization is responsible for providing space, personnel administration, financial administration, procurement services and other administrative support to UPOV in accordance with the terms of an agreement between the Organization and UPOV dated November 26, 1982. UPOV reimburses the Organization for the cost of such services in accordance with the terms of said agreement. In 2015 the Organization received 618 thousand Swiss francs from UPOV to cover the cost of these services. In addition, WIPO receives full reimbursement of all funds disbursed on behalf of UPOV.

NOTE 21: NET ASSETS

	January 1, 2015	Program and Budget Surplus for the Year (before IPSAS adjustments)	Special Accounts Surplus for the Year (before IPSAS adjustments)	Projects Financed from Reserves (before IPSAS adjustments)	Adjustments to Special Projects Reserve	IPSAS adjustments for the year	Transfer to Accumulated Surpluses	December 31, 2015
				(in thousands of Swiss francs)				
Program and Budget surplus/(deficit) for the period	-	63,236	-	-	-	-24,800	-38,436	-
Special Accounts surplus/(deficit) for the period	-	-	-897	-	-	897	-	-
Accumulated Surpluses	195,196	-	-	-	-1,654	-	38,403	231,945
Special Projects Reserve	27,209	-	-	-5,115	1,654	-51	33	23,730
Revaluation Reserve Surplus	15,046	-	-	-	-	-	-	15,046
Working Capital Funds	8,342	-		-	-	-	-	8,342
Net assets	**245,793**	**63,236**	**-897**	**-5,115**	**-**	**-23,954**	**-**	**279,063**

The Organization’s total 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 manages the level of its reserves in accordance with its Policy on Reserves. In 2015 the policy was revised and adopted by the Fifty-Fifth Series of Meetings of the Assemblies of the Member States of WIPO. The target levels of the Organization’s reserves, including Working Capital Funds, are defined at the level of Unions, on the basis of percentages of estimated biennial expenditure for each Union.

The Policy on Reserves requires a clear separation between Working Capital Funds and other elements of the reserves in accounting and reporting terms. The Working Capital Funds are established for providing advance financing of 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. Following approval by the Fifty-Fifth Series of Meetings of the Assemblies of the Member States of WIPO, the Working Capital Funds component of 2 million Swiss francs for the PCT Union will be returned to the Member States of the PCT Union, through deductions from contribution invoices in the 2016/17 biennium.

The Accumulated Surpluses of the Organization represent the accumulated net result of operations in 2015 and prior periods after the impact of IPSAS. The Revaluation Reserve Surplus includes the results of a revaluation (from historic cost to fair value) of the land owned by the Organization on which the New Building has been constructed (see Note 9). The fair value has been determined by an independent valuation.

WIPO’s Policy on Reserves also 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 Special Projects Reserve was created following the revision of WIPO’s Policy on Reserves in 2015. Its balance at the reporting date reflects amounts to be used for projects already approved. The following table details the projects which are financed by reserves, the expenditure during the year and the remaining balance as at December 31, 2015:

	Total project budget	Cumulative expenditure to December 31, 2014	Cumulative adjustments to December 31, 2014	Remaining balance as at December 31, 2014	Expenditure year ended December 31, 2015	Adjustments year ended December 31, 2015	Remaining balance as at December 31, 2015
				(in thousands of Swiss francs)			
Special Projects							
Security	7,600	-7,149	141	592	-491	-	101
Maps modernization	13,804	-12,656	-	1,148	-406	-	742
Madrid system database	1,200	-1,092	-	108	-1	-	107
ERP project	25,341	-13,900	-	11,441	-2,356	-	9,085
ICT capital investment	5,180	-3,808	-	1,372	-811	-	561
Security enhancement	700	-	-	700	-	-	700
ECM implementation	2,068	-35	-	2,033	-40	-	1,993
PCT building renovation	6,000	-	-	6,000	-84	-	5,916
Geneva lake water cooling system	750	-89	-	661	-174	-	487
AB building basement renovation	960	-	-	960	-5	-	955
AB building windows replacement	300	-	-	300	-47	-	253
Safety and fire protection	400	-97	-	303	-26	-	277
	64,303	**-38,826**	**141**	**25,618**	**-4,441**	**-**	**21,177**
Development agenda	**7,182**	**-6,148**	**-**	**1,034**	**-154**	**-**	**880**
New Construction and New Conference Hall							
New Construction (1)	157,643	-158,560	1,224	307	-204	188	291
New Conference Hall (including architectural and technical project) (2)	75,200	-75,293	343	250	-334	1,466	1,382
	232,843	**-233,853**	**1,567**	**557**	**-538**	**1,654**	**1,673**
Total reserve funded projects	**304,328**	**-278,827**	**1,708**	**27,209**	**-5,133**	**1,654**	**23,730**
Revenue in year 2015					18		
Net deficit in year 2015					**-5,115**		

(1) The New Construction project was financed by borrowings, see Note 15.
(2) An additional allocation of up to 3.5 million Swiss francs under the 2014/15 Regular budget was exceptionally approved by the Assemblies of Member States of WIPO in October 2015 for the expenses related to the completion and closure of the New Conference Hall project (document A/55/13). Any unspent balance from this allocation is not subject to carry-over in the next budgetary period.

NOTE 22: RECONCILIATION OF STATEMENT OF BUDGETARY COMPARISON AND STATEMENT OF FINANCIAL PERFORMANCE

The WIPO Program and Budget is established on a modified accrual basis in accordance with the Financial Regulations and Rules, and is approved by the Assemblies of the Member States. The Program and Budget for the 2014/15 Biennium established a budget estimate for the biennium of expenditure of 674.0 million Swiss francs.

For 2015, the second year of the biennium, the original and final budget for income was 362.0 million Swiss francs, and for expenditure 337.0 million Swiss francs. Actual income on a modified accrual basis for the second year of the biennium was 397.0 million Swiss francs. Actual expenditure on a modified accrual basis for the second year of the biennium was 333.8 million Swiss francs.

For the 2014/15 biennium, the original and final budget after transfers for income was 713.3 million Swiss francs, and for expenditure 674.0 million Swiss francs. Actual income on a modified accrual basis for the biennium was 775.7 million Swiss francs. Actual expenditure on a modified accrual basis for the biennium was 642.6 million Swiss francs.

The Program Performance Report for 2014/15 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. This is provided separately for the annual periods of the biennium, and also for the complete biennium. WIPO's budget is adopted by the Assemblies on a biennial basis, however, separate estimates are prepared for each of the two annual periods. Therefore, there are no timing differences to report. Basis differences occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include the depreciation of assets, full recognition of provisions and deferral of unearned revenue. Entity differences represent the inclusion in WIPO's financial accounts of Special Accounts and projects financed from reserves, which are not included in WIPO's published Program and Budget. Presentation differences represent the treatment of additions to buildings, equipment and intangible assets, and gains on investment property as investing activities in Statement IV.

Reconciliation for 2015

	2015			
	Operating	**Investing**	**Financing**	**Total**
	(in thousands of Swiss francs)			
Actual amount on comparable basis (Statement V)	**63,236**	-	-	**63,236**
Depreciation and amortization	-11,055	-	-	-11,055
Equipment acquisition and disposal	-	1,030	-	1,030
Capitalization of construction expense	-	6,144	-	6,144
Capitalization of intangible assets	-	576	-	576
Revaluation investment property	-	1,425	-	1,425
Changes in employee benefit liabilities	2,855	-	-	2,855
Deferral of revenue from fees	-24,763	-	-	-24,763
Other deferred revenue	-1,355	-	-	-1,355
Change in provision for doubtful debts	442	-	-	442
Inventory recognition	-150	-	-	-150
Special Accounts revenue recognition	897	-	-	897
Total Basis differences	**-33,129**	**9,175**	**-**	**-23,954**
Projects financed from reserves	-5,115	-	-	-5,115
Special Accounts	-897	-	-	-897
Total Entity differences	**-6,012**	**-**	**-**	**-6,012**
Actual amount in the Statement of Financial Performance (Statement II)	**24,095**	**9,175**	**-**	**33,270**

Reconciliation for the biennium 2014/15:

	2014/15			
	Operating	Investing	Financing	Total
	(in thousands of Swiss francs)			
Actual amount on comparable basis (Statement V)	**133,126**	-	-	**133,126**
Depreciation and amortization	-20,109	-	-	-20,109
Equipment acquisition and disposal	-	1,277	-	1,277
Capitalization of construction expense	-	36,553	-	36,553
Capitalization of intangible assets	-	2,320	-	2,320
Revaluation investment property	-	1,425	-	1,425
Changes in employee benefit liabilities	9	-	-	9
Deferral of revenue from fees	-41,794	-	-	-41,794
Other deferred revenue	-2,452	-	-	-2,452
Change in provision for doubtful debts	757	-	-	757
Accruals	-	-	-	-
Inventory recognition	-544	-	-	-544
Special Accounts revenue recognition	80	-	-	80
Total Basis differences	**-64,053**	**41,575**	**-**	**-22,478**
Projects financed from reserves	-40,324	-	-	-40,324
Special Accounts	-80	-	-	-80
Total Entity differences	**-40,404**	**-**	**-**	**-40,404**
Actual amount in the Statement of Financial Performance (Statement II)	**28,669**	**41,575**	**-**	**70,244**

NOTE 23: REVENUE

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	
	2015	2015	2015	2015	2015	2014
	(in thousands of Swiss francs)					
Assessed contributions	17,359	-	-	442	17,801	17,899
Voluntary contributions	-	9,427	-	828	10,255	8,896
Publications revenue	487	-	-	-	487	351
Investment revenue	75	-	-	1,425	1,500	1,619
PCT system fees	302,096	-	-	-26,704	275,392	278,576
Madrid system fees	65,873	-	-	2,052	67,925	55,113
Hague system fees	4,043	-	-	-112	3,931	3,186
Lisbon system fees	17	-	-	-	17	40
Sub-total fees	**372,029**	**-**	**-**	**-24,764**	**347,265**	**336,915**
Arbitration and Mediation	1,508	-	-	-	1,508	1,487
Exchange gain (loss)	847	-49	18	-	816	1,277
Program support charges	993	-	-	-993	-	-
Other/miscellaneous revenue	3,744	-	-	-1,433	2,311	1,736
Total revenue	**397,042**	**9,378**	**18**	**-24,495**	**381,943**	**370,180**

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

IPSAS adjustments are principally related to the deferral of unearned revenue. Revenue from voluntary contributions is deferred until earned through the delivery of the specific services provided in the plan of work agreed with the donor.

Revenue from PCT, Madrid and Hague system fees is deferred until earned through the publication of the international application in accordance with the rules of each of the Unions. In 2015 WIPO also recognized in PCT system fees revenue a payment regularization of 4.7 million Swiss francs concerning the filing years 2004-2013.

NOTE 24: EXPENSES

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	
	2015	2015	2015	2015	2015	2014
			(in thousands of Swiss francs)			
Posts expenditure	198,612	2,007	440	-2,408	198,651	195,365
Temporary positions expenditure	15,568	559	713	-363	16,477	20,172
Other staff costs	1,220	-	-	-82	1,138	857
Total Personnel expenditure	**215,400**	**2,566**	**1,153**	**-2,853**	**216,266**	**216,394**
Interns	502	-	-	-	502	569
WIPO fellowships	2,649	-	-	-	2,649	2,084
Total Interns and WIPO fellowships	**3,151**	**-**	**-**	**-**	**3,151**	**2,653**
Staff Missions	5,370	484	13	-	5,867	5,688
Third-party travel	7,191	2,332	65	-	9,588	7,555
Course fellowships	1,214	725	-	-	1,939	2,117
Total Travel and fellowships	**13,775**	**3,541**	**78**	**-**	**17,394**	**15,360**
Conferences	3,976	317	5	-	4,298	3,670
Publishing	27	14	-	-	41	29
Individual contractual services	10,982	378	367	-37	11,690	10,474
Other contractual services	52,414	2,268	1,441	-62	56,061	49,413
Total Contractual services	**67,399**	**2,977**	**1,813**	**-99**	**72,090**	**63,586**
Premises and maintenance	21,730	118	1,696	-6,180	17,364	16,834
Communication	2,191	4	-	-	2,195	2,271
Representation	336	3	-	-	339	173
Administrative charges	568	7	-	-107	468	810
United Nations joint services	814	20	-	-	834	763
Total Operating expenses	**25,639**	**152**	**1,696**	**-6,287**	**21,200**	**20,851**
Supplies and materials	**3,527**	**42**	**61**	**-47**	**3,583**	**1,803**
Furniture and equipment	**1,812**	**-**	**332**	**-1,317**	**827**	**247**
Depreciation and amortization	**-**	**-**	**-**	**11,055**	**11,055**	**9,054**
Finance costs	**3,103**	**4**	**-**	**-**	**3,107**	**3,258**
Program support costs	**-**	**993**	**-**	**-993**	**-**	**-**
Total expenses	**333,806**	**10,275**	**5,133**	**-541**	**348,673**	**333,206**

Before the impact of IPSAS adjustments, expenses in the Program and Budget, Special Accounts and Projects financed from reserves are reported on a modified accrual basis, whereby expenses are recognized when goods are received and services are rendered.

IPSAS adjustments concern principally the recognition of depreciation and amortization against the cost of fixed assets. Adjustments are also recognized to capitalize expenses for the acquisition of equipment, additions of buildings and constructions, or the acquisition and development of intangible assets. Adjustments are made to personnel expenditure as a result of bringing employee benefit liabilities, including ASHI, into line with IPSAS compliant calculations.

NOTE 25: FINANCIAL INSTRUMENTS

The Organization is exposed to certain foreign currency exchange, credit, interest rate 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. In 2015 the policy was revised and adopted by the Fifty-Fifth Series of Meetings of the Assemblies of the Member States of WIPO. The revised 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

Set out below, is a comparison by class of the carrying amounts and fair value of the Organization's financial instruments:

	Carrying amount	Fair value
Financial assets	*(in thousands of Swiss francs)*	
2015		
Receivables	51,804	51,804
Loans	8,305	8,305
Cash and cash equivalents	489,496	489,496
	549,605	**549,605**
2014		
Receivables	56,905	56,905
Loans	8,184	8,184
Cash and cash equivalents	474,508	474,508
	539,597	**539,597**

	Carrying amount	Fair value
Financial liabilities	*(in thousands of Swiss francs)*	
2015		
Borrowings	109,979	109,979
Accounts payable	22,102	22,102
Transfers payable	84,160	84,160
Current accounts	55,771	55,771
	272,012	**272,012**
2014		
Borrowings	139,237	139,237
Accounts payable	30,315	30,315
Transfers payable	83,559	83,559
Current accounts	63,570	63,570
	316,681	**316,681**

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;

Long-term loans, receivables and borrowings are evaluated by the Organization based on parameters such as interest rates and risk characteristics. Allowances have been established for receivables from non-exchange transactions which cover amounts due from Member States that have lost the right to vote under Article 11, paragraph 5 of the WIPO Convention and for contributions from least developed countries which have been frozen by action of the Assemblies. The concessionary loan to FCIG is recognized at amortized cost with values based on cash flows discounted using a discount rate of 1.48 per cent. USA taxes reimbursable are recognized at amortized cost with values based on cash flows discounted using a discount rate of 2.09 per cent.

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, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2015 was as follows:

	December 31, 2015	December 31, 2014
	(in thousands of Swiss francs)	
Receivables	51,804	56,905
Loans	8,305	8,184
Cash and cash equivalents	489,496	474,508
Maximum exposure to credit risk	**549,605**	**539,597**

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.

In accordance with the Organization's Policy on Investments, cash and cash equivalents 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-/A3. Accordingly, the credit ratings attached to cash and cash equivalents as at December 31, 2015 is as follows:

	AAA	AA	A+	A	A-	Unrated (cash on hand)	Total
December 31, 2015	*(in thousands of Swiss francs)*						
Cash and cash equivalents	375,011	644	435	113,202	191	13	**489,496**
Per cent	76.6%	0.1%	0.1%	23.1%	0.1%	0.0%	**100.0%**

Under the Policy on Investments, money market investments, bonds, notes or other obligations and other fixed income products 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-/A3. The only exception to this relates to corporate issuances (corporate bonds and commercial paper) which may have a short-term rating of A-3/P-3 or a long-term rating of BBB-/Baa3.

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 will be invested over the medium term (periods exceeding twelve months), in such a way that occasional access to a portion of the cash is possible thus facilitating scheduled large payments. Strategic cash is to be invested over the long term, and currently has no short or medium term liquidity requirements.

The following table provides a maturity analysis of WIPO's borrowings. The BCG/BCV New Building loan maturity analysis as at December 31, 2015, includes annual repayments of 3.9 million Swiss francs (representing 3.0 per cent of the total loan value), and the scheduled lump sum repayment of 16.0 million in January 2016:

	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2015		*(in thousands of Swiss francs)*		
FIPOI loan	1,358	5,433	12,788	19,579
BCG/BCV New Building loan	19,900	15,600	54,900	90,400
Total borrowing	**21,258**	**21,033**	**67,688**	**109,979**

	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2014		*(in thousands of Swiss francs)*		
FIPOI loan	1,358	5,433	14,146	20,937
BCG/BCV New Building loan	27,900	31,600	58,800	118,300
Total borrowing	**29,258**	**37,033**	**72,946**	**139,237**

Currency risk

The Organization receives revenue from fees and voluntary contributions in currencies and incurs expenses in currencies other than its functional currency, the Swiss franc, and is exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates. The Organization is also exposed to exchange risk arising from the currency differences between amounts payable to International Searching Authorities pursuant to the Regulations under the Patent Co-operation Treaty and amounts received by national patent offices for international search fees from applicants for international patents.

The Organization has a further exposure to exchange risk in connection with the cost of pensions for staff previously enrolled in the Closed Pension Fund who are now members of the UNJSPF. In addition, the Organization has external offices in Brazil, China, Japan, Russia, Singapore and the USA with limited assets in local currency. There are no hedging contracts in place as at the reporting date.

Currency exchange rate sensitivity analysis

The currency exchange rate sensitivity analysis is based on reasonable shifts in exchange rates. A rate of 10.0 per cent has been applied, based on the fall in value of other currencies against the Swiss franc in the months following the announcement of the Swiss National Bank on January 15, 2015 that it was discontinuing its policy of maintaining a minimum exchange rate of 1.20 Swiss francs per euro. This is applied to financial assets and financial liabilities held in currencies other than the Swiss franc to summarize the effect on surplus in the tables below:

December 31, 2015 **Original currency:**	**USD**	**JPY**	**EUR**
		(in thousands of Swiss francs)	
Total in the financial statements:			
Financial assets			
Cash and cash equivalents	4,904	5,409	5,920
PCT debtors	16,989	8,609	7,642
USA taxes reimbursable	5,719	-	-
Reasonable shift	10.0%	10.0%	10.0%
Total effect on surplus of +ve movements	**2,761**	**1,402**	**1,356**
Total effect on surplus of -ve movements	**-2,761**	**-1,402**	**-1,356**
Financial liabilities			
PCT current accounts	-	360	96
Accounts payable	738	29	596
Transfers payable	-	-	1,590
Reasonable shift	10.0%	10.0%	10.0%
Total effect on surplus of +ve movements	**74**	**39**	**228**
Total effect on surplus of -ve movements	**-74**	**-39**	**-228**

Market risk

Market risk is the risk of changes in market prices, such as interest rates, affecting the Organization's income or the value of its financial instrument holdings. The Organization is to a limited extent exposed to the risk of falling interest rates, since only 0.21 per cent of its operating budget is financed from revenue derived from investment income. The interest rates applicable to the BCG/BCV New Building loan are fixed for the periods of the loan draw downs. The Organization does not currently use financial instruments to hedge interest rate risk. The interest rates and maturity profile on financial instruments as at December 31, 2015 and December 31, 2014 are as follows:

	Interest rate at reporting date	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2015	%		*(in thousands of Swiss francs)*		
Financial assets					
Funds invested with AFF (including restricted balances)	0.000	375,011	-	-	375,011
Short-term investments with Credit Suisse	0.000	47,000	-	-	47,000
Short-term investments with UBS (including restricted balances)	0.000	21,598	-	-	21,598
Financial liabilities					
BCG/BCV New Building loan	2.802	19,900	15,600	54,900	90,400

	Interest rate at reporting date	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2014	%		*(in thousands of Swiss francs)*		
Financial assets					
Funds invested with AFF (including restricted balances)	0.150	381,463	-	-	381,463
Financial liabilities					
BCG/BCV New Building loan	2.595	27,900	31,600	58,800	118,300

Interest rate sensitivity analysis

If the average interest rate during the year had been 50 basis points higher or lower, the interest income or interest expense would have been affected as follows:

	Increase (+) / decrease (-) in basis points	Effect on surplus
		(in thousands of Swiss francs)
2015		
Financial assets		
Funds invested with AFF	+50	1,884
	-50	-1,884
Funds invested with Credit Suisse	+50	168
	-50	-168
Funds invested with UBS	+50	65
	-50	-65
2014		
Financial assets		
Funds invested with AFF	+50	1,777
	-50	-1,777

NOTE 26: EXCHANGE GAIN AND LOSS

	Gain	Loss	Net Impact 2015	Net impact 2014
		(in thousands of Swiss francs)		
PCT system fees gain/(loss)				
Accounts receivable	310	-279	31	4
PCT fees received	2,740	-3,426	-686	-1,732
PCT International Searching Authority	4,709	-282	4,427	-685
Total PCT system fees realized gain/(loss)	7,759	-3,987	3,772	-2,413
PCT bank accounts	1,633	-3,398	-1,765	1,385
PCT current accounts and debtors	1,214	-225	989	635
Total PCT system fees unrealized gain/(loss)	2,847	-3,623	-776	2,020
Total PCT system fees gain/(loss)	**10,606**	**-7,610**	**2,996**	**-393**
Arbitration and Mediation gain/(loss)				
Arbitration and Mediation bank accounts	251	-275	-24	99
Arbitration and Mediation other assets and liabilities	142	-119	23	-62
Total Arbitration and Mediation unrealized gain/(loss)	**393**	**-394**	**-1**	**37**
Other gain/(loss)				
Accounts payable	2,967	-2,472	495	-157
Total other realized gain/(loss)	2,967	-2,472	495	-157
Bank accounts	1,810	-1,353	457	669
Special Account bank accounts	59	-101	-42	-12
Other assets and liabilities	6,574	-6,668	-94	777
Total other unrealized gain/(loss)	8,443	-8,122	321	1,434
Total other gain/(loss)	**11,410**	**-10,594**	**816**	**1,277**
Total exchange gain/(loss)	**22,409**	**-18,598**	**3,811**	**921**

The Organization realizes exchange gains and losses on accounts payable and accounts receivable transactions incurred in currencies other than Swiss francs based on the exchange rate in effect on the date of the transaction. Exchange gains and losses are realized on international filing fees and handling fees under the PCT where these are received by the Organization in currencies other than Swiss francs, and on payments made to International Searching Authorities (ISA) under the PCT which are valued in the currency of the ISA but collected by WIPO in Swiss francs or by the national receiving office in its local currency. In addition, unrealized exchange gains and losses relating to the revaluation of bank accounts and other monetary assets and liabilities into Swiss francs at the exchange rate in effect on the reporting date are recognized on the financial statements. The net effect of all exchange gains and losses of 3.8 million Swiss francs in 2015 (0.9 million Swiss francs in 2014) is recognized within revenue in the Statement of Financial Performance, principally within the line PCT system fees.

NOTE 27: EVENTS AFTER THE REPORTING DATE

WIPO's reporting date is December 31, 2015 and its financial statements were authorized for issue on April 28, 2016. No material events, favorable or unfavorable, which would have impacted upon the financial statements have occurred between the reporting date and the date on which the financial statements were authorized for issue.

NOTE 28: SEGMENT REPORTING

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

The WIPO contribution-financed Unions have been consolidated for presentation purposes. These include the Paris, Berne, Locarno, Nice, Vienna and IPC Unions along with the functions covered by the WIPO Convention. The Patent Cooperation Treaty Union, Madrid Union, Hague Union and Lisbon Union are each governed by an Assembly which meets annually to adopt a budget and take such other actions as may be appropriate under the relevant treaties.

WIPO's assets and liabilities, other than the reserves representing net assets, are owned by or are the responsibility of the entire Organization and not assets or liabilities of individual Unions or segments. The assets and liabilities generally support a wide range of service delivery activities across multiple Unions (segments). The only exception is the investment property in Meyrin which is owned by the Madrid Union. Therefore, individual assets and liabilities will not be reflected in the disclosure of information for individual segments or Unions. Only the net assets or reserves, including the Reserves and Working Capital Funds are shown by individual segment.

Most revenue is accounted for by Union in WIPO's accounts. Revenue from interest earnings has been allocated among the Unions based upon total cash reserves and current revenue in 2015. Expenses are accounted for by program and then re-allocated to the various Unions based upon a methodology accepted by the WIPO General Assembly as part of the adoption of WIPO's 2014/15 Program and Budget.

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

The only inter-segment charge represents the costs of program support incurred by the Unions in support of Special Accounts. Program support costs are charged to the Special Accounts based on a percentage of total direct expenditure specified in the agreement with the donor making the voluntary contribution.

Revenue, Expenses and Reserves by Segment

			UNIONS					
Program	Program Title	Contribution Financed	PCT	Madrid	Hague	Lisbon	Special Accounts	Total
				(in thousands of Swiss francs)				
	REVENUE							
	Contributions	17,359	-	-	-	-	9,427	26,786
	Fees	-	302,096	65,873	4,043	17	-	372,029
	Interest	4	44	27	-	-	-	75
	Publications	39	444	3	1	-	-	487
	Other Income+UPOV	1,080	1,080	1,262	1,081	1,081	-49	5,535
	Arbitration	79	956	452	18	3	-	1,508
	Sub-total revenue on budgetary basis	**18,561**	**304,620**	**67,617**	**5,143**	**1,101**	**9,378**	**406,420**
	Miscellaneous revenue projects financed from reserves	4	4	4	3	3	-	18
	IPSAS adjustments to revenue	238	-27,843	3,389	-112	-2	-165	-24,495
	TOTAL REVENUE	**18,803**	**276,781**	**71,010**	**5,034**	**1,102**	**9,213**	**381,943**
	EXPENSES							
1	Patent Law	207	2,460	87	-	-	-	2,754
2	Trademarks, Industrial Design & Geographic Indications	550	-	1,786	412	-	-	2,748
3	Copyright and Related Rights	6,657	1,637	171	-	-	-	8,465
4	Traditional Know ledge, Traditional Cultural Expressions & Genetic Resources	2,286	-	-	-	-	-	2,286
5	The PCT System	-	95,466	-	-	-	-	95,466
6	Madrid and Lisbon Systems	-	-	28,731	91	1,154	-	29,976
7	Arbitration, Mediation and Domain Names	267	3,260	1,543	62	10	-	5,142
8	Development Agenda Coordination	46	1,487	155	-	-	-	1,688
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	418	13,635	1,422	-	-	-	15,475
10	Cooperation w ith Certain Countries in Europe and Asia	104	3,384	352	-	-	-	3,840
11	The WIPO Academy	166	5,429	566	-	-	-	6,161
12	International Classifications and Standards	277	3,481	158	40	-	-	3,956
13	Global Databases	-	2,547	283	-	-	-	2,830
14	Services for Access to Information and Know ledge	45	2,876	638	49	3	-	3,611
15	Business Solutions for IP Offices	183	5,982	624	-	-	-	6,789
16	Economics and Statistics	69	2,259	236	-	-		2,564
17	Building Respect for IP	52	1,709	178	-	-	-	1,939
18	IP and Global Challenges	98	3,191	333	-	-	-	3,622
19	Communications	214	7,003	730	-	-	-	7,947
20	External Relations, Partnerships and External Offices	164	5,341	557	-	-	-	6,062
21	Executive Management	429	7,051	1,821	209	35	-	9,545
22	Program and Resource Management	547	9,312	3,394	418	45	-	13,716
23	Human Resource Management and Development	562	9,240	2,386	274	46	-	12,508
24	General Support Services	1,051	17,300	4,468	511	87	-	23,417
25	Information and Communication Technology	986	18,324	5,030	591	81	-	25,012
26	Internal Oversight	99	1,640	424	49	8	-	2,220
27	Conference and Language Services	804	13,224	3,415	391	66	-	17,900
28	Safety and Security	265	4,367	1,128	129	23	-	5,912
29	Construction Projects	169	2,775	717	82	14	-	3,757
30	Small and Medium Size Enterprises and Innovation	79	2,595	271	-	-	-	2,945
31	The Hague System	-	-	-	3,553	-	-	3,553
	Sub-total expenses on budgetary basis	**16,794**	**246,975**	**61,604**	**6,861**	**1,572**	**-**	**333,806**
	Financed from reserves:							
	Projects financed from reserves	373	3,562	1,085	108	5	-	5,133
	IPSAS adjustments to projects financed from reserves	-167	-1,163	-270	-2	-1	-	-1,603
	Special Accounts	-	-	-	-	-	10,275	10,275
	IPSAS adjustments to expense	107	1,571	392	44	10	-1,062	1,062
	TOTAL EXPENSES	**17,107**	**250,945**	**62,811**	**7,011**	**1,586**	**9,213**	**348,673**
	Reserves and Working Capital Funds as at December 31, 2014	**23,222**	**186,856**	**46,968**	**-10,722**	**-531**	**-**	**245,793**
	2015 result on budgetary basis	1,398	54,087	4,932	-1,823	-473	-897	57,224
	IPSAS adjustments to result	298	-28,251	3,267	-154	-11	897	-23,954
	Reserves and Working Capital Funds as at December 31, 2015	**24,918**	**212,692**	**55,167**	**-12,699**	**-1,015**	**-**	**279,063**

Note; 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.

ANNEX I - STATEMENT OF FINANCIAL POSITION BY SOURCE OF FUNDING [UNAUDITED]

as at December 31, 2015

(in thousands of Swiss francs)

	Program and Budget (regular budget)		Special Accounts (voluntary contributions)		Projects financed from reserves		IPSAS Adjustments		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
ASSETS										
Current Assets										
Cash and cash equivalents	467,623	457,124	21,929	17,384	-	-	-56	-	489,496	474,508
Accounts receivable (non-exchange transactions)	1,892	1,392	-	-	-	-	-666	613	1,226	2,005
Accounts receivable (exchange transactions)	16,176	14,539	136	25	26	418	36,230	43,574	52,568	58,556
Inventories	-	-	-	-	-	-	1,597	1,747	1,597	1,747
Other current assets	189,646	164,099	-7,718	-2,273	-181,928	-161,826	-	-	-	-
Total Current Assets	**675,337**	**637,154**	**14,347**	**15,136**	**-181,902**	**-161,408**	**37,105**	**45,934**	**544,887**	**536,816**
Non-Current Assets										
Equipment	-	-	-	-	-	-	2,134	1,746	2,134	1,746
Investment property	3,395	3,395	-	-	-	-	2,815	1,390	6,210	4,785
Intangible assets	-	-	-	-	-	-	28,981	29,749	28,981	29,749
Land and buildings	25,415	25,415	-	-	137,419	137,419	217,684	220,609	380,518	383,443
Accounts receivable (non-exchange transactions)	5,733	6,160	-	-	-	-	-5,435	-5,862	298	298
Accounts receivable (exchange transactions)	-	-	-	-	-	-	5,030	3,389	5,030	3,389
Other non-current assets	9,245	9,434	-	-	-	-	-311	-310	8,934	9,124
Total Non-Current Assets	**43,788**	**44,404**	**-**	**-**	**137,419**	**137,419**	**250,898**	**250,711**	**432,105**	**432,534**
TOTAL ASSETS	**719,125**	**681,558**	**14,347**	**15,136**	**-44,483**	**-23,989**	**288,003**	**296,645**	**976,992**	**969,350**
LIABILITIES										
Current Liabilities										
Accounts payable	26,190	18,944	73	96	-4,105	11,275	-56	-	22,102	30,315
Employee benefits	-22,062	-20,105	328	282	-55	-55	44,820	39,241	23,031	19,363
Transfers payable	66,201	61,163	-	-	-	-	17,959	22,396	84,160	83,559
Advance receipts	33,933	44,289	14,843	13,941	-	-	200,605	183,526	249,381	241,756
Borrowings due within one year	21,258	29,258	-	-	-	-	-	-	21,258	29,258
Provisions	817	913	-	-	-	-	-	-	817	913
Other current liabilities	56,093	67,503	-	-	-	-	-322	-3,933	55,771	63,570
Total Current Liabilities	**182,430**	**201,965**	**15,244**	**14,319**	**-4,160**	**11,220**	**263,006**	**241,230**	**456,520**	**468,734**
Non-Current Liabilities										
Employee benefits	101,023	85,898	-	-	-	-	47,464	55,968	148,487	141,866
Borrowings due after one year	88,721	109,979	-	-	-	-	-	-	88,721	109,979
Advance receipts	-	-	-	-	-	-	4,201	2,978	4,201	2,978
Total Non-Current Liabilities	**189,744**	**195,877**	**-**	**-**	**-**	**-**	**51,665**	**58,946**	**241,409**	**254,823**
TOTAL LIABILITIES	**372,174**	**397,842**	**15,244**	**14,319**	**-4,160**	**11,220**	**314,671**	**300,176**	**697,929**	**723,557**
Accumulated Surpluses	338,609	275,374	-897	817	-64,053	-62,418	-41,714	-18,577	231,945	195,196
Special Projects Reserve	-	-	-	-	23,730	27,209	-	-	23,730	27,209
Revaluation Reserve Surplus	-	-	-	-	-	-	15,046	15,046	15,046	15,046
Working Capital Funds	8,342	8,342	-	-	-	-	-	-	8,342	8,342
NET ASSETS	**346,951**	**283,716**	**-897**	**817**	**-40,323**	**-35,209**	**-26,668**	**-3,531**	**279,063**	**245,793**

ANNEX II - STATEMENT OF FINANCIAL PERFORMANCE BY SOURCE OF FUNDING [UNAUDITED]

For the year ended December 31, 2015

(in thousands of Swiss francs)

	Program and Budget (regular budget)		Special Accounts (voluntary contributions)		Projects financed from reserves		IPSAS Adjustments		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE										
Assessed contributions	17,359	17,584	-	-	-	-	442	315	17,801	17,899
Voluntary contributions	-	-	9,427	9,681	-	-	828	-785	10,255	8,896
Publications revenue	487	351	-	-	-	-	-	-	487	351
Investment revenue	75	1,617	-	2	-	-	1,425	-	1,500	1,619
PCT system fees	302,096	295,128	-	-	-	-	-26,704	-16,552	275,392	278,576
Madrid system fees	65,873	55,582	-	-	-	-	2,052	-469	67,925	55,113
Hague system fees	4,043	3,196	-	-	-	-	-112	-10	3,931	3,186
Lisbon system fees	17	40	-	-	-	-	-	-	17	40
Sub-total fees	372,029	353,946	-	-	-	-	-24,764	-17,031	347,265	336,915
Arbitration and Mediation	1,508	1,487	-	-	-	-	-	-	1,508	1,487
Exchange gains	847	1,253	-49	9	18	15	-	-	816	1,277
Program support charges	993	838	-	-	-	-	-993	-838	-	-
Other/miscellaneous revenue	3,744	1,605	-	-	-	-	-1,433	131	2,311	1,736
Sub-total miscellaneous	5,584	3,696	-49	9	18	15	-2,426	-707	3,127	3,013
TOTAL REVENUE	**397,042**	**378,681**	**9,378**	**9,692**	**18**	**15**	**-24,495**	**-18,208**	**381,943**	**370,180**
EXPENSES										
Personnel expenditure	215,400	208,474	2,566	2,187	1,153	3,683	-2,853	2,050	216,266	216,394
Interns and WIPO fellowships	3,151	2,494	-	-	-	159	-	-	3,151	2,653
Travel and fellowships	13,775	12,284	3,541	3,063	78	38	-	-25	17,394	15,360
Contractual services	67,399	59,340	2,977	2,587	1,813	2,768	-99	-1,109	72,090	63,586
Operating expenses	25,639	21,002	152	132	1,696	28,217	-6,287	-28,500	21,200	20,851
Supplies and materials	3,527	1,522	42	65	61	236	-47	-20	3,583	1,803
Furniture and equipment	1,812	372	-	-	332	123	-1,317	-248	827	247
Construction	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	11,055	9,054	11,055	9,054
Finance costs	3,103	3,303	4	3	-	-	-	-48	3,107	3,258
Program support costs	-	-	993	838	-	-	-993	-838	-	-
TOTAL EXPENSES	**333,806**	**308,791**	**10,275**	**8,875**	**5,133**	**35,224**	**-541**	**-19,684**	**348,673**	**333,206**
SURPLUS/(DEFICIT) FOR THE YEAR	**63,236**	**69,890**	**-897**	**817**	**-5,115**	**-35,209**	**-23,954**	**1,476**	**33,270**	**36,974**

ANNEX III
SPECIAL ACCOUNTS BY DONOR CONTRIBUTIONS

(in Swiss francs)

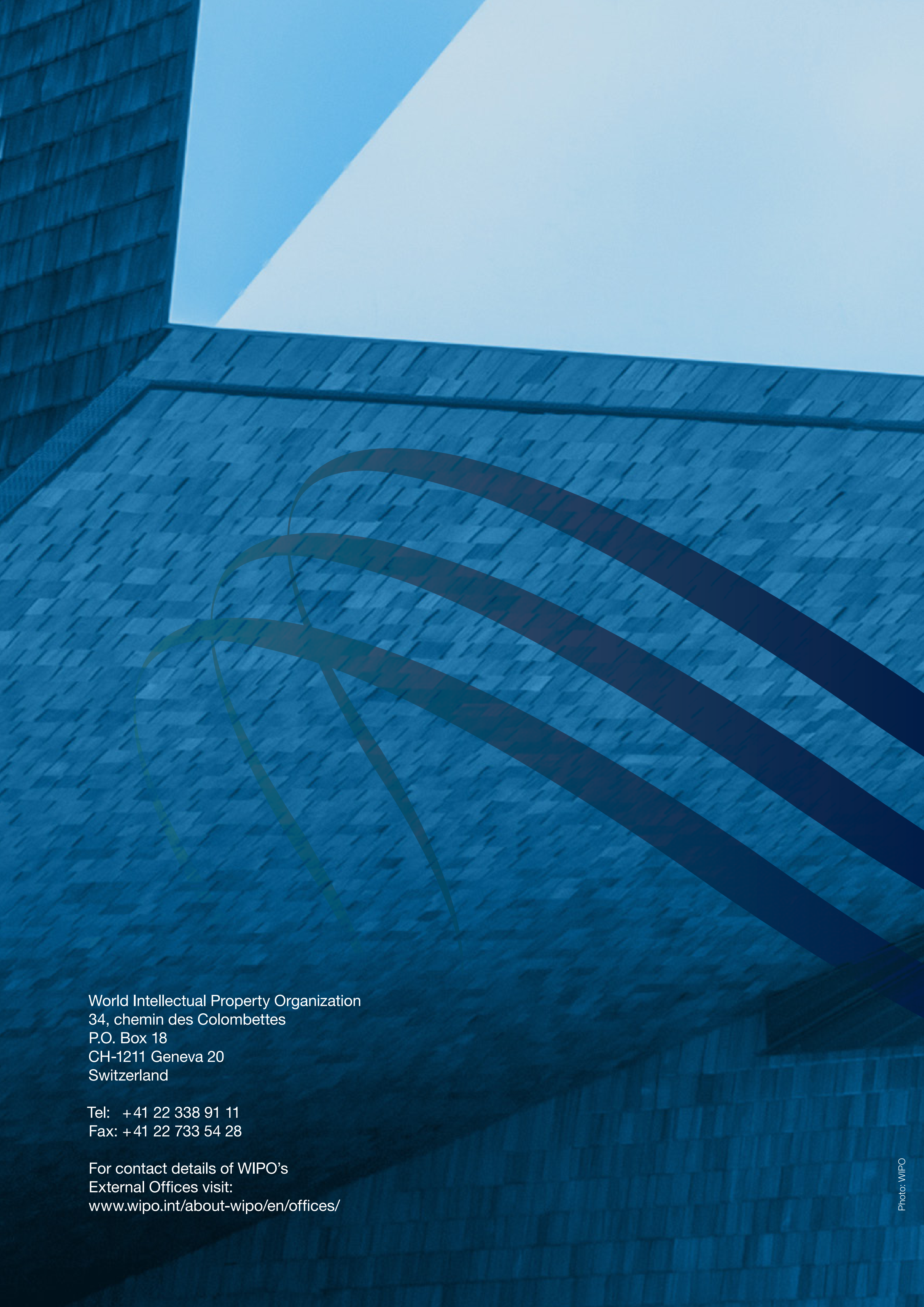
Fund-in-Trust Donor	Fund code	Balance as of December 31, 2014	Income 2015				Expenditure 2015				Reimbursements to donors	Foreign exchange (gain)/loss absorbed by WIPO	Balance as of December 31, 2015
			Funds received	Interest	Exch. rate diff.	Total income	Staff expenditure	Other direct expenditure	Administrative support costs	Total expenditure			
Accredited indigenous and local communities	W_IGC	743.20	-	-	-	-	-	80.00	-	80.00	-	-	663.20
Australia	WAUS	493,374.28	-	-	726.65	726.65	-	339,802.39	44,079.90	383,882.29	-	-	110,218.64
Australia TK	WAU15	-	74,129.75	-	-	74,129.75	-	63,514.02	8,256.80	71,770.82	2,358.93	-	-
Brazil (CHF)	WBRES	333,211.18	-	-	-27.22	-27.22	-	97,951.43	4,899.00	102,850.43	-	-	230,333.53
Brazil South	WBRST	384,809.49	-	-	-16.80	-16.80	-	129,624.69	16,853.35	146,478.04	-	-	238,314.65
Brazil UNDP	WBR15	-	39,488.78	-	-	39,488.78	-	39,336.00	152.78	39,488.78	-	-	-
Costa Rica	WCORI	34,560.61	-	11.74	138.73	150.47	-	4,842.84	-	4,842.84	-	-	29,868.24
El Salvador	WELSA	55,189.19	-	18.79	222.63	241.42	-	81.74	-	81.74	-	-	55,348.87
European Union (Pakistan Project)	WPAKI	383,114.88	-	-	-41,520.35	-41,520.35	-	176,875.02	12,381.25	189,256.27	99,868.42	-	52,469.84
Finland (CHF)	WFINCH	66,019.68	-	-	-	-	-	45,716.44	5,943.15	51,659.59	-	-	14,360.09
France/Industrial Property	WFRIP	1,027,640.24	292,805.00	-	-143.45	292,661.55	-	318,394.39	41,410.00	359,804.39	-	-	960,497.40
Germany/ Junior Professional Officers	WDEJP	351,388.31	286,930.00	-	-	286,930.00	199,445.88	6,266.16	24,685.50	230,397.54	49.40	-	407,871.37
Ibero-American Program of Industrial Property	WIBER	232,961.26	13,273.24	-	-170.00	13,103.24	-	5,699.01	410.85	6,109.86	-	-	239,954.64
Italy/Intellectual Property	WITIP	1,233,536.14	-	-	-	-	-	386,670.72	50,267.20	436,937.92	-	-	796,598.22
Italy/Junior Professional Officers	WITJP	118,009.76	-	-	-	-	91,579.60	5,804.00	11,686.00	109,069.60	-	-	8,940.16
Japan/Africa - LDCs	WJPAF	1,435,090.08	1,600,000.00	-	2,616.79	1,602,616.79	233,117.35	994,872.04	158,077.90	1,386,067.29	-	-	1,651,639.58
Japan/Copyright	WJPCR	339,510.69	468,646.00	-	815.87	469,461.87	214,448.50	197,381.12	52,208.00	464,037.62	-	-	344,934.94
Japan/Industrial Property	WJPIP	4,912,334.54	3,830,000.00	-	-1,530.64	3,828,469.36	819,942.57	2,522,469.72	428,392.35	3,770,804.64	-	-	4,969,999.26
Japan/Junior Professional Officers	WJPOJ	-	432,969.48	-	-	432,969.48	139,795.05	80.00	16,784.95	156,660.00	-	-	276,309.48
Mexico	WMEX	163,130.68	-	-	53.40	53.40	-	17,534.77	1,223.70	18,758.47	-	-	144,425.61
Portugal	WPORT	71,719.99	-	-	-7,045.52	-7,045.52	-	81.35	10.50	91.85	-	-	64,582.62
Republic of Korea/Copyright	WKRCR	579,780.25	310,808.59	-	-40.71	310,767.88	63,001.90	297,894.47	-	360,896.37	-	-	529,651.76
Republic of Korea/Copyright/Professional Officers	WKRPO	141,006.68	363,145.00		-	363,145.00	168,628.97	130.90	20,251.25	189,011.12	-	-	315,140.56
Republic of Korea/Intellectual Property	WKIPO	1,180,774.13	659,021.98	-	126.44	659,148.42	179,231.25	607,299.84	-	786,531.09	-	-	1,053,391.46
Republic of Korea/Professional Officers	WKRJP	526,557.88	715,585.00	-	-	715,585.00	456,566.17	184.20	54,810.00	511,560.37	-	-	730,582.51
Republic of Korea/Education	WKRED	276,726.20	164,735.11	-	-	164,735.11	-	118,231.25	5,911.60	124,142.85	-	-	317,318.46
Republic of Korea/Building Respect IP	WKRBRIP	42,310.41	123,011.32	-	-51.51	122,959.81	-	109,326.27	5,468.90	114,795.17	-	-	50,475.05
Spain (CHF)	WESCH	120,152.92	169,143.23	-	2.81	169,146.04	-	161,131.58	20,946.75	182,078.33	-	-	107,220.63
Switzerland	WCH15	-	60,000.00		-	60,000.00	-	44,543.05	5,790.60	50,333.65	9,666.35	-	-
Trusted Intermediary Global Accessible Resources pilot project	WTIGA	4,302.72	-	-	-	-	-	1,305.65	169.70	1,475.35	-	-	2,827.37
United States of America/Copyright	W_USA	-	-	-	-	-	-	-	-	-	-	-	-
Property Rights	WUSEN	-2,679.82	-	-	-	-	-	-	-	-	-	2,679.82	-
Enterprises	WUSSM	97,804.07	-	14.96	-3,039.33	-3,024.37	-	13,867.60	1,802.80	15,670.40	64,853.67	-14,255.63	-
Uruguay (CHF)	WUYCH	157,931.61	-	-	-143.90	-143.90	-	9,163.89	-	9,163.89	-	-	148,623.82
Miscellaneous closed trust funds	WFITZZ	-2,442.29	-	-	-30.81	-30.81	-	-	-	-	-	2,473.10	-
TOTAL		**14,758,568.96**	**9,603,692.48**	**45.49**	**-49,056.92**	**9,554,681.05**	**2,565,757.24**	**6,716,156.55**	**992,874.78**	**10,274,788.57**	**176,796.77**	**-9,102.71**	**13,852,561.96**

This schedule is prepared in accordance with the requirements of donor reporting under UNSAS which does not include expenditure accruals. IPSAS adjustments to the closing balances (December 31, 2015) are not included in this schedule but are included in the figures shown in Note 14 Advance Receipts (see line ‘Non-exchange deferred revenue’).

ANNEX IV
WIPO EX Gratia PAYMENTS

Financial Regulation 5.10 states that a summary statement of ex gratia payments for the calendar year shall be included in the annual financial statements of the Organization.

In January 2015 a payment for the amount of 12,500 Swiss francs was made to a former Deputy Director General of the Organization as reimbursement for two months of rental costs incurred after the expiration of his mandate. The corresponding expense for this payment had already been recognized during the year ended December 31, 2014.



World Intellectual Property Organization
34, chemin des Colombettes
P.O. Box 18
CH-1211 Geneva 20
Switzerland

Tel: +41 22 338 91 11
Fax: +41 22 733 54 28

For contact details of WIPO's
External Offices visit:
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