

WIPO



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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

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PROGRAM AND BUDGET COMMITTEE

Informal Session
Geneva, July 20 to 22, 2009

INTERIM FINANCIAL STATEMENTS FOR 2008

Memorandum by the Director General

1. According to rule 106.11 of the Financial Regulations and Rules, copies of interim financial statements shall be submitted to the Program and Budget Committee. Rule 106.11 also details the content of such financial statements.
2. The interim financial statements for 2008 are shown below and, in accordance with rule 106.11, include the following:
 - Statement I, giving income (by type) and expenditure (by expenditure type) for 2008 and 2007;
 - Statement II, containing a detailed balance sheet as at December 31, 2008;
 - Statement III which provides details of cash flows during the year 2008;
 - Table 1, giving the amounts of the reserve funds and the working capital funds, during the period 1998-2008;
 - Table 2, detailing movements on reserves and working capital funds during 2008;
 - Table 3, giving income (by type) and expenditure (by expenditure item) for 2008, compared with the approved budget for 2008-2009 and the revised budget for 2008-2009;
 - Table 4, containing a comparison between expenditure according to the approved budget for 2008-2009 and actual expenditure recorded;
 - Notes to the financial statements.

STATEMENT I. - Statement of income and expenditure for the year ending December 31, 2008
(in Swiss francs)

	31 décembre 2007	31 décembre 2008
<i>Income</i>		
Contributions	17 418 289.00	17 412 591.00
Fees	278 478 555.52	281 650 118.71
Publications	1 180 257.25	558 070.88
Arbitration and mediation centre	1 639 997.15	1 639 055.79
Bank interest	9 367 941.42	10 084 930.09
Miscellaneous	3 889 204.27	2 552 957.68
Total income	311 974 244.61	313 897 724.15
<i>Expenditure</i>		
Staff expenditure *	190 591 157.88	194 289 765.71
<i>Official travel and fellowships</i>		
Staff missions	7 866 540.80	7 552 279.45
Third party travel	11 561 637.19	9 365 568.45
Fellowships	2 081 134.91	1 034 968.08
<i>Contractual services</i>		
Conferences	2 359 217.83	2 181 016.83
Expert fees	984 580.95	763 848.42
Publications	273 596.37	188 613.05
Other	27 149 212.84	29 357 481.65
<i>Operating expenditure</i>		
Premises and maintenance **	25 773 394.84	25 251 390.16
Communications and other expenditure	5 981 590.03	5 140 623.77
<i>Equipment and supplies</i>		
Furniture and equipment	1 921 149.10	3 336 951.57
Supplies	2 335 825.79	2 481 288.65
<i>Construction ***</i>	879 023.52	792 400.85
<i>Non-allocated expenditure</i>		
Total expenditure	279 758 062.05	281 736 196.64
Surplus	32 216 182.56	32 161 527.51

* This amount includes the provision for separation from service and medical benefits following separation from service of 9.2 million francs in 2008.

** For year 2008 this is made up of 1,358,200.00 francs for amortization of loans, 9,642,752.36 francs for rental of premises and 14,250,437.80 francs for current charges.

*** Expenditure relating to the new construction includes the fees of the Pilot and the Architect for participating in the analysis of the bids by general contractors and the remuneration of different companies for several studies (lake water, electricity, sanitation, etc).

Adjustments amounting to a net increase in the surplus of 26,000 Swiss francs were made to the year ending 31 December 2006, following the production of the interim statements.

**STATEMENT II - Comparative balance sheet as at December 31, 2007, and December 31, 2008,
- Assets (in Swiss francs)**

		December 31, 2007	December 31, 2008
<i>Liquid assets</i>			
Cash		7 700.93	9 556.73
Postal cheque accounts		699 535.42	831 779.96
Bank accounts	Table 5	361 577 604.04	355 068 616.17
		362 284 840.39	355 909 952.86
<i>Advances</i>			
Sundry advances	Table 6	5 244 549.34	5 381 972.92
International Union for the Protection of New Varieties of Plants (UPOV)		839 827.69	191 403.77
Trust funds		668 957.76	2 557 670.90
		6 753 334.79	8 131 047.59
<i>Debtor accounts</i>			
Outstanding contributions (with the exception of arrears of contributions of the least developed countries (LDCs) having a special (frozen) account)			
Paris Union		2 756 280.00	2 356 313.00
Berne Union		806 602.00	682 098.00
IPC Union		31 464.00	-
Nice Union		35 381.00	24 393.00
Locarno Union		2 247.00	2 247.00
WIPO Convention		4 452.00	4 452.00
Unitary contribution		2 858 801.00	2 379 516.00
		6 495 227.00	5 449 019.00
Arrears of contributions of the least developed countries (LDCs) having a special (frozen) account			
Paris Union		3 110 722.00	3 012 137.00
Berne Union		1 304 715.00	1 304 715.00
WIPO Convention		129 642.00	129 642.00
		4 545 079.00	4 446 494.00
Outstanding Working Capital Funds			
Paris Union		48 376.00	39 481.00
Berne Union		6 622.00	6 622.00
PCT Union		-	-
		54 998.00	46 103.00
Sundry debtors	Table 7	4 225 285.60	3 831 365.33
		15 320 589.60	13 772 981.33
<i>Transitional assets</i>			
Transitional assets account	Table 8	639 110.04	1 650 514.98
<i>Loan</i>			
Loan to the Geneva International Center Foundation		10 000 000.00	10 000 000.00
<i>Transferable and fixed assets</i>			
Furniture, equipment and sundry inventories	Table 9	1.00	1.00
Buildings and depreciation	Table 10	34 242 614.14	78 595 243.41
		34 242 615.14	78 595 244.41
Total		429 240 489.96	468 059 741.17

STATEMENT II - Comparative balance sheet as at December 31, 2007, and December 31, 2008
- Liabilities (in Swiss francs)

		December 31, 2007	December 31, 2008
<i>Creditor accounts</i>			
Contributions received in advance		274 509.00	2 372 194.00
Sundry creditors	Table 11	94 087 532.04	95 803 146.88
Long-term borrowings		31 336 175.00	29 136 362.45
		125 698 216.04	127 311 703.33
<i>Transitional liabilities</i>			
Transitional liabilities accounts	Table 12	2 323 394.17	904 503.67
<i>Distribution of fees and provisions</i>			
Distribution of fees	Table 13	59 183 939.72	59 488 325.57
Provisions	Table 14	38 404 667.81	44 563 408.87
		97 588 607.53	104 051 734.44
<i>Reserve Funds</i>			
Contribution-financed Unions		20 393 148.33	22 505 787.19
PCT Union		136 908 322.47	165 383 310.54
Madrid Union		39 773 130.94	39 935 797.52
Hague Union		(599 445.09)	(495 576.30)
Lisbon Union		111 433.63	120 092.67
Arbitration and Mediation Center		(1 298 706.17)	-
		195 287 884.11	227 449 411.62
<i>Working Capital Funds</i>			
Paris Union		1 592 894.11	1 592 894.11
Berne Union		1 300 000.00	1 300 000.00
IPC Union		1 000 000.00	1 000 000.00
Nice Union		160 000.00	160 000.00
Locarno Union		29 494.00	29 494.00
PCT Union		2 000 000.00	2 000 000.00
Madrid Union		2 000 000.00	2 000 000.00
Hague Union		260 000.00	260 000.00
		8 342 388.11	8 342 388.11
Total		429 240 489.96	468 059 741.17

FINANCIAL STATEMENT III - Cash flow for the period ending December 31, 2008

(in thousands of francs)

	As at December 31, 2008
<i>Cash flows from operating activities</i>	
Net surplus (shortfall) in income over expenditure	32 162
Increase (decrease) in provisions	6 159
(Increase) decrease in contributions receivable	1 154
(Increase) decrease in inter-organization fund balances receivable	(1 240)
(Increase) decrease in other accounts receivable	256
(Increase) decrease in other assets	(1 011)
Increase (decrease) in contributions received in advance	2 097
Increase (decrease) in unliquidated obligations	(1 419)
Increase (decrease) in accounts payable	1 716
Increase (decrease) in other liabilities	304
Less: interest income	(10 085)
	30 093
<i>Cash flows from investment and financing activities</i>	
(Increase) decrease in investments	-
(Increase) decrease in land and buildings	(44 353)
Plus: interest income	10 085
Increase (decrease) in loans	(2 200)
	(36 468)
<i>Cash flows from other sources</i>	
Income allocated directly to reserves	-
Transfers from reserves	-
Credit to Member States	-
Other adjustments	-
	-
Net increase (decrease) in cash and term deposits	(6 375)
Cash and term deposits, beginning of period	362 285
Cash and term deposits, end of period	355 910

RESERVE FUNDS**TABLE 1. Income, expenditure, reserves and working capital funds, 1998-2008**

(in millions of francs)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Income	214.3	225.1	260.6	260.1	238.6	231.7	250.5	272.2	297.4	312.0	313.9
Expenditure	175.5	269.7	242.1	316.2	330.8	288.5	249.6	261.6	253.0	279.8	281.7
Reserves and Working Capital Funds (year end)	353.0	302.0	320.6	264.4	172.2	115.4	116.3	126.9	171.4	203.6	235.8
Reserves and Working Capital Funds (year end target)	57.1	79.2	91.1	99.3	119.1	121.7	108.1	100.8	95.9	95.9	117.9

TABLE 2 Reserves and Working Capital Funds

(in Swiss francs)

	Contribution-financed Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Arbitration Center	Total
Amount as at December 31, 2007	24 475 536.44	138 908 322.47	41 773 130.94	(339 445.09)	111 433.63	(1 298 706.17)	203 630 272.22
Distribution of negative reserve under Arbitration Center to Unions. *	(154 853.48)	(878 854.59)	(264 293.07)	-	(705.03)	1 298 706.17	-
<i>Surplus</i> 2008 Result	2 267 492.34	29 353 842.66	426 959.65	103 868.79	9 364.07		32 161 527.51
Amount as at December 31, 2008	26 588 175.30	167 383 310.54	41 935 797.52	(235 576.30)	120 092.67	-	235 791 799.73

* The accumulated negative reserve under the Arbitration and Mediation Center has been distributed to Unions on the basis of each Union's relative share of the overall reserves as at 31 December 2007 (document WO/PBC/12/3).

TABLE 3 - Total Expenditure (by object of expenditure) and Income (by type of income) for year 2008, compared with approved budget and revised budget for the 2008-2009 biennium
(in Swiss francs)

	Actuals 2008	Approved Budget 2008-2009 (000's)	Revised Budget 2008-2009 (000's)	Actual/Approved Budget Percentage	Actual/Revised Budget Percentage
<i>Income</i>					
Contributions	17 412 591.00	34 825	34 827	50%	50%
Fees	281 650 118.71	567 355	567 206	50%	50%
Publications	558 070.88	2 600	1 200	21%	47%
Arbitration and mediation centre	1 639 055.79	2 800	2 800	59%	59%
Bank interest	10 084 930.09	16 264	18 132	62%	56%
Miscellaneous	2 552 957.68	4 236	4 236	60%	60%
Total income	313 897 724.15	628 080	628 400	50%	50%
<i>Expenditure</i>					
Staff expenditure	194 289 765.71	406 785	400 658	48%	48%
<i>Official travel and fellowships</i>					
Staff missions	7 552 279.45	13 852	14 237	55%	53%
Third-party travel	9 365 568.45	26 890	24 956	35%	38%
Fellowships	1 034 968.08	5 427	3 601	19%	29%
<i>Contractual services</i>					
Conferences	2 181 016.83	6 565	6 474	33%	34%
Expert fees	763 848.42	3 517	3 721	22%	21%
Publications	188 613.05	2 341	1 501	8%	13%
Other	29 357 481.65	67 335	84 046	44%	35%
<i>Operating expenditure</i>					
Premises and maintenance	25 251 390.16	60 522	54 614	42%	46%
Communications and other	5 140 623.77	9 508	12 341	54%	42%
<i>Equipment and supplies</i>					
Furniture and equipment	3 336 951.57	5 579	6 349	60%	53%
Supplies	2 481 288.65	7 936	8 719	31%	28%
<i>Construction *</i>	792 400.85	-	-		
<i>Unallocated</i>	-	10 090	7 184	0%	0%
Total expenditure	281 736 196.64	626 347	628 400	45%	45%
Surplus	32 161 527.51	1 733	-		

* The total amount budgeted for the new construction in the 2008-2009 revised budget is 4,929,964 Swiss francs and in the 2008-2009 approved budget 6,739,158 Swiss francs. The amounts which make up these total figures are included within various cost categories.

TABLE 4 - BUDGET AND EXPENDITURE REPORT - 2008-2009 biennium

(in thousands of francs)

PROGRAM	2008-2009 Approved Budget	2008 Total Expenditure (Disbursements and ULOs)	Utilization Rate vs. Approved Budget
1. Public Outreach and Communication	12 611	5 147	41%
2. External Coordination	11 215	5 161	46%
3. Strategic Use of IP for Development	20 581	9 602	47%
4. Use of Copyright in the Digital Environment	2 150	825	38%
5. Life Sciences	680	345	51%
6. Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, LDCs	40 665	17 228	42%
7. Certain Countries in Europe and Asia	5 444	2 056	38%
8. Business Modernization of IP Institutions	4 795	2 269	47%
9. Collective Management of Copyright and Related Rights	1 736	840	48%
10 . IPR Enforcement	3 321	1 278	39%
11. WIPO Worldwide Academy	15 426	7 109	46%
12. Law of Patents	3 079	1 267	41%
13. Law of Trademarks, Industrial Designs and Geographical Indications	3 882	1 496	39%
14. Law of Copyright and Related Rights	6 002	3 205	53%
15. TK, Traditional Cultural Expressions and Genetic Resources	6 052	2 967	49%
16. The PCT System	182 498	82 918	45%
17. Associated Patent Services	3 533	3 042	86%
18. Madrid, The Hague and Lisbon Registration Systems	57 466	26 437	46%
19. Patent Information, Classification and IP Standards	7 257	3 444	47%
20. International Classifications in the Field of Trademarks and Industrial Designs	1 201	365	30%
21. Arbitration and Mediation Services and Domain Names Policies and Procedures	8 036	3 807	47%
22. Direction and Executive Management	14 081	7 408	53%
23. Resource Management and Control	5 124	2 060	40%
24. Internal Oversight	3 422	1 805	53%
25. Human Resources Management	19 267	7 487	39%
26. Financial Operations	12 138	6 229	51%
27. Information Technology	45 945	22 950	50%
28. Conference, Language, Printing and Archives	43 834	21 187	48%
29. Premises Management	47 461	21 389	45%
30. Travel and Procurement	11 061	4 696	42%
31. The New Construction	6 739	994	15%
32. Security	9 556	4 725	49%
Total	616 256	281 736	46%
Unallocated	10 091	-	0%
GRAND TOTAL	626 347	281 736	45%

NOTES TO THE FINANCIAL STATEMENTS

(in Swiss francs)

Table 5. Bank accounts

	December 31, 2007	December 31, 2008
<i>Current accounts</i>		
Credit Suisse	15 996 882.83	24 098 523.54
UBS SA	4 044 861.06	1 945 542.40
JPMorgan Chase Bank, New York	145 687.20	447 986.50
Banca Nazionale del Lavoro, Rome	1 823 494.94	1 493 501.86
The Bank of Tokyo-Mitsubishi Ltd., Tokyo	3 225 376.05	4 317 399.11
BCG	-	21 327.75
<i>Fixed term and deposit accounts</i>		
Swiss Confederation	333 411 547.06	322 664 770.01
Credit Suisse	2 850 000.00	-
UBS SA guarantee deposits	79 754.90	79 565.00
Total	361 577 604.04	355 068 616.17

Table 6. Sundry advances

	December 31, 2007	December 31, 2008
WIPO staff advances (of which 3,601,160.35 francs for education grants in 2007 and 3,688,670.47 francs in 2008)	3 971 995.94	4 189 809.20
Advances for inter-organization activities	1 272 553.40	1 192 163.72
Total	5 244 549.34	5 381 972.92

Table 7. Sundry debtors

	December 31, 2007	December 31, 2008
Sundry debtors	919 411.23	397 678.62
Madrid debtors	702 685.64	1 338 089.96
Hague debtors	6 573.00	5 226.00
Publication debtors	323 840.80	162 778.27
Request for reimbursement of VAT, withholding tax and stamp tax	361 999.70	148 643.93
Request for reimbursement of United States of America government taxes	1 910 775.23	1 778 948.55
Total	4 225 285.60	3 831 365.33

Table 8. Transitional assets account

	December 31, 2007	December 31, 2008
Outstanding amounts for travel and daily subsistence allowances for staff	266 834.06	77 272.04
Insurances	10 920.00	167 882.10
Maintenance	276 218.99	642 079.21
Sundry	85 136.99	102 209.74
Rent	-	661 071.89
Total	639 110.04	1 650 514.98

Table 9. Furniture, equipment and sundry inventories

	December 31, 2007	December 31, 2008
Furniture, equipment and sundry inventories	1.00	1.00

Table 10. Buildings and amortization

	Net value as at December 31, 2007	Book Value as at December 31, 2008	Amortization as at December 31, 2008	Net Value as at December 31, 2008
A. Bogsch Building	24 502 845.00	56 070 581.90	32 401 836.90	23 668 745.00
G. Bodenhausen I Building	5 941 530.00	11 639 590.30	6 222 160.30	5 417 430.00
G. Bodenhausen II Building	-	4 717 632.90	4 717 632.90	-
WMO Building	-	104 675 426.85	104 675 426.85	-
New building	403 678.64	76 354 961.26	30 240 453.35	46 114 507.91
Madrid Union Building	3 394 560.50	3 394 560.50	-	3 394 560.50
Total	34 242 614.14	256 852 753.71	178 257 510.30	78 595 243.41

Table 11. Sundry creditors

	December 31, 2007	December 31, 2008
Sundry creditors	9 462 042.64	11 863 480.02
Advance payments by third parties relating to PCT operations	746 385.16	682 164.90
PCT accounts held in trust	5 048 870.99	5 810 900.97
Advance payments by third parties of trademark registration fees	30 972 599.74	27 077 101.82
Advance payments by third parties of industrial design deposit fees	183 296.95	155 204.61
Current accounts (deposits of funds by third parties for the registration of trademarks or industrial designs, subscriptions to WIPO periodicals, etc.)	45 533 041.01	49 053 205.05
Mediation - deposit accounts	1 897 166.15	902 998.52
Advance payments of publications, subscriptions and advertisements	244 129.40	258 090.99
Total	94 087 532.04	95 803 146.88

Table 12. Transitional liabilities account

	December 31, 2007	December 31, 2008
2007 charges paid or being settled in 2008	296 666.66	451 537.95
Unliquidated obligations	2 026 727.51	452 965.72
Total	2 323 394.17	904 503.67

Table 13. Distribution of fees

	December 31, 2007	December 31, 2008
Distribution of individual fees according to the Protocol relating to the Madrid Agreement	9 550 359.00	11 769 681.00
Distribution Madrid and Hague 2007	48 050 001.26	45 904 226.03
Transfer of fees to the PCT International Searching Authorities	1 583 579.46	1 814 418.54
Total	59 183 939.72	59 488 325.57

Table 14. Provisions

	December 31, 2007	December 31, 2008
Provision for separation from service and medical benefits following separation from service	37 853 403.26	43 955 495.32
Provision for application of the 1970 Convention with WIPO Closed Pension	246 913.55	246 913.55
Provision for disputes	304 351.00	361 000.00
Total	38 404 667.81	44 563 408.87

3. *The WIPO Program and Budget Committee is invited to take note of the interim financial statements for 2008.*