

Assemblies of the Member States of WIPO

Forty-Eighth Series of Meetings Geneva, September 20 to 29, 2010

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) VERSION OF FINANCIAL STATEMENTS FOR THE 2008-2009 BIENNIUM

document prepared by the Secretariat

1. The present document contains the International Public Sector Accounting Standards (IPSAS) Version of Financial Statements for the 2008-2009 Biennium (document WO/PBC/15/3), which is being submitted to the WIPO Program and Budget Committee (PBC) at its fifteenth session (September 1 to 3, 2010).
2. The recommendation of the PBC in respect of this document will be included in the "Summary of Recommendations Made by the Program and Budget Committee at its Fifteenth Session Held from September 1 to 3, 2010" (document A/48/24).
3. *The Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned, are invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/15/3, as recorded in document A/48/24.*

[Annex follows]



Program and Budget Committee

Fifteenth Session

Geneva, September 1 to 3, 2010

International Public Sector Accounting Standards (IPSAS) Version of Financial Statements for the 2008-2009 Biennium

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1. At the Forty-third session of the Assemblies from September 24 to October 3, 2007, the Member States agreed in principle to the adoption by World Intellectual Property Organization (WIPO) of International Public Sector Accounting Standards (IPSAS) by 2010 (A/43/5). At the Forty-seventh session of the Assemblies from September 22 to October 1, 2009, the Secretariat provided a progress report on the implementation of IPSAS (A/47/9) that included the presentation of a preliminary estimate of the impact of IPSAS implementation on WIPO's reserves and financial position. This information was based upon WIPO's financial results through to the end of 2008.
2. The information provided to the Assemblies in 2009 has now been updated to reflect the financial results for the 2008-09 biennium. In addition, extensive discussions have been held with WIPO's External Auditor who is conducting a detailed audit of the IPSAS adjustments. The preliminary recommendations of the External Auditor have been incorporated into the updated information. Current plans are to complete the audit before the end of 2010 at which time information on the final adjustments will be made available to Member States.

3. In the report submitted to the Assemblies in 2009, the net impact of the IPSAS adjustments on WIPO's financial position was estimated to reduce reserves by 21.1 million Swiss francs. This amount did not take into consideration the impact of the voluntary separation program (VSP) approved by the Coordination Committee at its Sixty-first (22nd Extraordinary) Session held on June 15 and 16, 2009. The VSP was financed by utilizing funds previously set aside to fund separation and post-employment benefits including accumulated leave, repatriation grants and after service health insurance (ASHI). The utilization of these funds for the VSP increased the adjustment necessary to fully finance all of WIPO's employee benefit liabilities as required by IPSAS.
4. The total impact of the VSP financing was 22.0 million Swiss francs of which 6.0 million Swiss francs was financed in 2009. IPSAS requires that WIPO adjust its 2009 closing balance, to include a provision equal to the remaining amount of 16.0 million Swiss francs payable in 2010.
5. On the contrary, the reserve balance must also be adjusted positively to reflect a change in the IPSAS which requires the capitalization of interest and servicing costs on the loans WIPO has entered into in connection with the construction of the new building. This has the effect of increasing WIPO's assets and reserves.
6. The net impact of these changes results in an overall reduction of reserves estimated at 34.9 million Swiss francs. The details of these adjustments are given in the table below. This is still a preliminary estimate as a number of additional items are being discussed with the External Auditor. The impact of IPSAS upon the reserves has also been addressed in the document entitled Status of Utilization of Reserves and Updated Financial Overview for 2010 (see document WO/PBC/15/16, paragraph 4) and it is currently anticipated that these additional adjustments will not exceed the range presented in that paper, i.e. 15 to 18 million Swiss francs. The External Auditor is also reviewing WIPO's relationship with the United Nations Joint Service Pension Fund in order to determine whether any additional provision is required.
7. Below is a detailed comparison of the UNSAS and IPSAS versions of WIPO's financial statements for 2008-09 and the preliminary IPSAS adjustments.

Restatement of WIPO's balance sheet for 2009 (in millions of Swiss francs)

	WIPO balance sheet in accordance with UNSAS as at 31/12/2009 (Audited)	WIPO Funds-in Trust as at 31/12/2009 (Audited)	Tentative IPSAS Adjustments	WIPO balance sheet in accordance with IPSAS as at 31/12/2009	Note*
ASSETS					
Current Assets					
Cash and cash equivalents	350.9	15.8	-	366.7	
Accounts receivable (non-exchange transactions)	2.2	-	0.1	2.3	1
Accounts receivable (exchange transactions)	12.3	0.1	12.0	24.3	2
Inventories	-	-	1.8	1.8	3
Other current assets	1.6	(1.6)	-	-	
	367.0	14.2	13.9	395.1	
Non-current assets					
Equipment	-	-	4.0	4.0	4
Investment Property	3.4	-	0.9	4.3	5
Land and buildings	125.7	-	136.2	262.0	6
Accounts receivable (non-exchange transactions)	7.0	-	(6.4)	0.6	7
Other non-current assets	10.0	-	-	10.0	
	146.2	-	134.7	280.9	
TOTAL ASSETS	513.2	14.2	148.6	676.0	
LIABILITIES					
Current Liabilities					
Accounts payable	23.6	0.5	-	24.0	
Employee benefits	9.0	0.1	17.8	26.9	8
Transfers payable	63.8	-	-	63.8	
Advance receipts	23.7	13.6	121.6	158.9	9
Current portion of borrowings	2.7	-	(1.4)	1.4	10
Provisions	2.5	-	-	2.5	
Other current liabilities	47.7	-	-	47.7	
	173.0	14.2	138.0	325.2	
Non-current liabilities					
Employee benefits	37.0	-	60.8	97.7	8
Borrowings	75.0	-	(15.2)	59.8	10
Provisions	-	-	-	-	
Other non-current liabilities	-	-	-	-	
	112.0	-	45.6	157.6	
TOTAL LIABILITIES	284.9	14.2	183.6	482.7	
Accumulated Surplus	219.9	-	(50.0)	169.9	11
Working Capital Funds	8.3	-	-	8.3	
Revaluation Surplus	-	-	15.0	15.0	12
NET ASSETS	228.3	-	(34.9)	193.3	

* See "Notes to the restatement of WIPO's balance sheet for 2009", below.

Notes to the restatement of WIPO's balance sheet for 2009

- Note 1** recognition of a voluntary contribution of a donor to a Funds-in-Trust of 1.0 million Swiss francs offset by the recognition of a provision equal to the value of accounts receivable from Member States that have lost the right to vote in the Assemblies of 0.9 million Swiss francs.
- Note 2** recognition of PCT international application fees with filing dates prior to 31 December 2009 held in national receiving offices.
- Note 3** recognition of inventory value of publications, paper and supplies used in production of publications and items for free distribution and items held for sale in the retail shop.
- Note 4** recognition of the value of equipment at historic cost less accumulated depreciation.
- Note 5** recognition of the valuation of the Meyrin investment property at current market value rather than historic cost.
- Note 6** recognition of the valuation of the new building site at market value, recognition of accumulated depreciation in accordance with IPSAS rather than UNSAS and capitalization of the interest (1.5 million Swiss francs) incurred on construction loans in 2009.
- Note 7** recognition of a provision equal to the value of accounts receivable from Member States frozen by action of the Assemblies.
- Note 8** recognition of WIPO's liabilities for employee benefits including ASHI, repatriation grants and travel, accumulated leave, overtime, home leave and the voluntary separation program.
- Note 9** deferral of revenue from international application fees for PCT, Madrid and Hague treated as advance receipts until the entire process is completed at the time of publication.
- Note 10** adjustment of the balance on loans to reflect the current value of money projected through to the final payment.
- Note 11** represents the projected net impact that the tentative adjustments described above will have on WIPO's reserve balance at December 31, 2009. This amount excludes the positive impact of the revaluation of the new building site and Meyrin property to market value (see note 12).
- Note 12** represents the net difference calculated by an independent valuation based on international valuation standards from historic cost to fair value in accordance with IPSAS. for the new building site (increase of 14.1 million Swiss francs) and the Meyrin Building (increase of 0.9 million Swiss francs).

8. *The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO to take note of the content of this document.*

[End of Annex and of document]