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WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

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Program and Budget Committee

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ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2016

Document prepared by the Secretariat

1. The Financial Statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2016, are transmitted to the Program and Budget Committee (PBC) in accordance with Regulation 8.11 of the Financial Regulations and Rules which requires that the PBC examines the financial statements and the audit reports thereon and forwards them to the General Assembly with comments and recommendations, as appropriate.

2. The 2016 Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).

3. The report of the External Auditor on the audit of the 2016 Financial Statements, together with his recommendations and the Secretariat's responses thereto, are contained in document WO/PBC/27/3.

4. The following decision paragraph is proposed.

5. The Program and Budget Committee (PBC) recommended to the General Assembly and other Assemblies of the Member States of WIPO to approve the Annual Financial Report and Financial Statements 2016 (document WO/PBC/27/6).

[Annual Financial Report and Financial Statements 2016 follow]

WORLD INTELLECTUAL PROPERTY ORGANIZATION

ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS

YEAR TO DECEMBER 31, 2016

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ANNUAL FINANCIAL REPORT

INTRODUCTION

The financial statements of the World Intellectual Property Organization (WIPO) for the year to December 31, 2016, are submitted to the Assemblies of the Member States of WIPO as required by 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 2016 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, 2016. 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 23 to 68).

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 189 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, the Conference and the Coordination Committee. The General Assembly consists of States party to the WIPO Convention which are members of any of the Unions administered by WIPO. The Conference is composed of the States party to the WIPO Convention, and is, *inter alia*, the competent body for adopting amendments to the Convention. The Coordination Committee consists of elected members of the Executive Committees of the Paris or the Berne Unions or both, one-fourth of the States party to the WIPO Convention which are not members of any of the Unions, and Switzerland, as the State on whose territory the Organization has its headquarters.

The General Assembly appoints the WIPO Director General upon nomination by the Coordination Committee. The 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 Organization's strategic goals and 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 2016, fees from these activities represented 91.6 per cent of the Organization's total revenue, with PCT system fees alone representing 75.0 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 2015 show that worldwide patent and trademark applications have grown each year since 2010. Global patent applications rose to 2.89 million in 2015, representing a 7.8 per cent increase over 2014. An estimated 5.98

million trademark applications were filed worldwide in 2015, 15.3 per cent more than in 2014. Global industrial design activity increased more modestly in 2015 (annual growth of 2.3 per cent in applications, and 0.6 per cent in the number of designs contained in applications), though this followed a decline in 2014.

Other external factors which may influence the Organization's revenue from its fee-paid 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 Member States are informed of any modification of the Financial Rules. The Financial Rules govern all the financial management activities of the Organization. Authority and responsibility for the implementation of the Financial Regulations and Rules 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 2016/17 biennium was approved by the Assemblies of the Member States of WIPO on October 14, 2015. 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:

Statement of Financial Position - 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;

Statement of Financial Performance - 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;

Statement of Changes in Net Assets - 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;

Statement of Cash Flow - 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;

Statement of Comparison of Budget and Actual Amounts - 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 - 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 2016 WIPO financial statements prepared in accordance with IPSAS show a surplus for the year of 32.0 million Swiss francs. The Organization's net assets increased from 279.1 million Swiss francs in 2015 to 311.3 million Swiss francs as at December 31, 2016.

The 2016 surplus of 32.0 million Swiss francs can be compared to a surplus of 33.3 million Swiss francs in 2015. Total revenue in 2016 was up by 5.8 million Swiss francs on the 2015 figure. Most significantly, revenue from PCT system fees increased by 15.3 million Swiss francs compared to the prior year, although this was partly offset by a decrease of 8.3 million Swiss francs in Madrid system fees revenue. Total expenses rose by 7.0 million Swiss francs compared to 2015. Personnel expenditure increased by 8.1 million Swiss francs in 2016, largely due to the movement in the Organization's liability for After-Service Health Insurance (ASHI), which is recognized as an expense for the year. The cost of contractual services also rose by 2.3 million Swiss francs compared to 2015, although expenses for travel, training and grants, and supplies and materials, were lower than the prior year (by 1.6 million Swiss francs and 1.5 million Swiss francs respectively).

WIPO's total assets increased from 977.0 million Swiss francs as at December 31, 2015, to 1,027.2 million Swiss francs as at December 31, 2016. Cash and cash equivalents totaled 529.8 million Swiss francs at the end of 2016 (51.6 per cent of total assets). This represents an increase of 40.3 million Swiss francs compared to the prior year, which was achieved despite the Organization making a further lump sum repayment of 16.0 million Swiss francs in January 2016 against its loan with the Banque Cantonale de Genève and the Banque Cantonale Vaudoise (BCG/BCV). In addition, at the end of 2016 the Organization held 12.5 million Swiss francs of investments, representing funds held in term deposits with a remaining period of more than three months. No such investments were held at the end of 2015. WIPO maintains significant investment in fixed assets, including land, buildings, investment property, intangible assets and equipment with a total net book value of 411.1 million Swiss francs (40.0 per cent of total assets). The land upon which the Organization's New Building was constructed was revalued during 2016, resulting in an increase of 2.2 million Swiss francs. Although additions of 2.5 million Swiss francs were made to buildings, intangible assets and equipment during 2016, the net book value of fixed assets was reduced by a depreciation and amortization charge of 11.4 million Swiss francs for the year.

The principal liabilities of the Organization as at December 31, 2016 are payables and advance receipts of 369.3 million Swiss francs (51.6 per cent of total liabilities) and employee benefit liabilities of 188.4 million Swiss francs (26.3 per cent of total liabilities). The largest employee benefit liability for the Organization is the ASHI liability, which totalled 154.3 million Swiss francs at the end of 2016. During 2016 the IPSASB issued a new standard dealing with employee benefits, with an implementation deadline of January 1, 2018. This standard will change the way in which WIPO is able to account for its ASHI liability, and will require previously unrecognized accumulated actuarial losses to be recognized as part of the liability in the statement of financial position. Borrowings totaled 88.7 million Swiss francs at the end of 2016. Following the year end, in January 2017 the Organization took the decision to repay in full the remaining balance of 70.5 million Swiss francs of its BCG/BCV loan, which had been used to finance part of the cost of construction of the New Building. The decision to repay the loan was taken in the context of existing interest rate conditions, including negative interest rates for Swiss franc deposits, and in accordance with the objective of capital preservation, as stipulated in WIPO's Policy on Investments.

The Organization's net assets, consisting of its Reserves and Working Capital Funds, totaled 311.3 million Swiss francs at the end of 2016. During the year the Working Capital Funds component of 2.0 million Swiss francs for the PCT Union was returned to the Member States of the PCT Union through deductions from contribution invoices. The increase of 2.2 million Swiss francs in the value of the New Building land was recognized directly in net assets through an increase in the Revaluation Reserve Surplus.

Financial Performance

The Organization's results for 2016 showed a surplus for the year of 32.0 million Swiss francs, with total revenue of 387.7 million Swiss francs and total expenses of 355.7 million Swiss francs. This can be compared to a surplus of 33.3 million Swiss francs in 2015, with total revenue of 381.9 million Swiss francs and total expenses of 348.6 million Swiss francs.

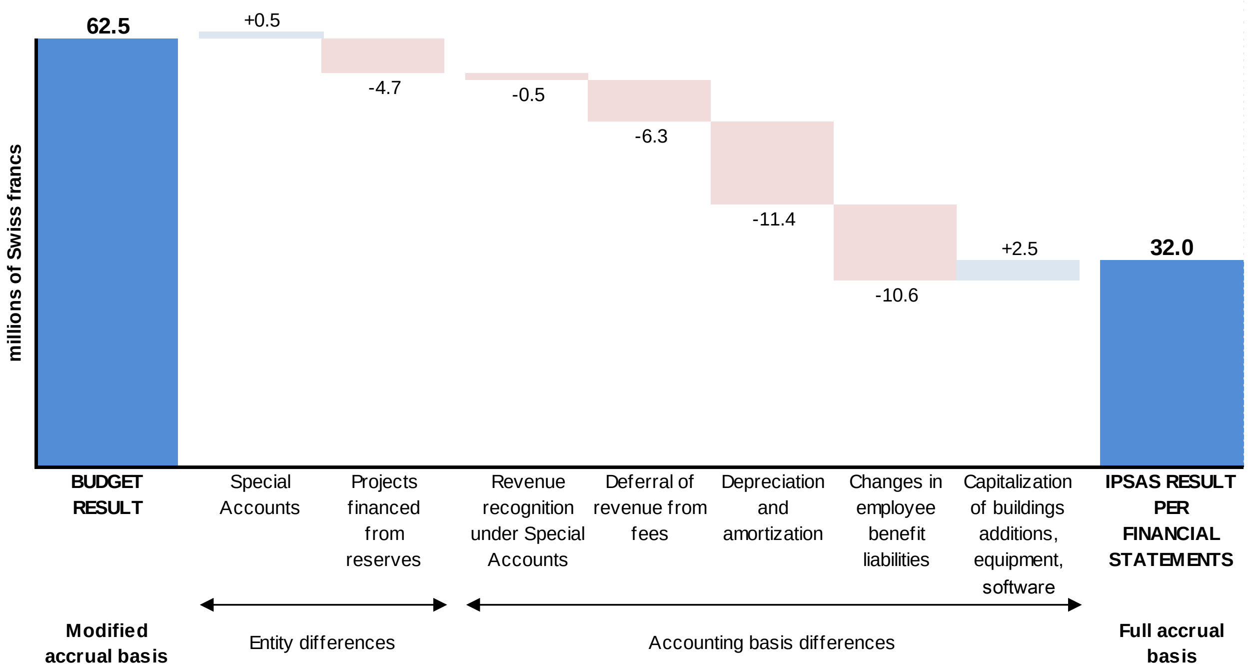
The Program and Budget result for 2016 prepared on a modified accrual basis (i.e. before the impact of IPSAS adjustments) was a surplus of 62.5 million Swiss francs. The 2016 result for the Organization under IPSAS includes Special Accounts, Projects financed from reserves, and the impact of adjustments related to full accrual accounting in accordance with IPSAS:

Summary of financial performance by source of funding

	Program and Budget 2016	Special Accounts 2016	Projects Financed from Reserves 2016	IPSAS Adjustments 2016	Total 2016	Total 2015
			(in millions of Swiss francs)			
Total revenue	384.7	10.3	-	-7.3	387.7	381.9
Total expenses	322.2	9.8	4.7	19.0	355.7	348.6
Net surplus/(deficit)	**62.5**	**0.5**	**-4.7**	**-26.3**	**32.0**	**33.3**

The chart below summarizes the principal differences between the Program and Budget surplus of 62.5 million Swiss francs, and the surplus for the whole Organization prepared on an IPSAS basis of 32.0 million Swiss francs:

Movement from budget result to IPSAS result 2016



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 (surplus of 0.5 million Swiss francs) and Projects financed from reserves (deficit of 4.7 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 reduction in the surplus of 26.3 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 a decrease in the result for the year of 0.5 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. The total net impact of these adjustments is a reduction in revenue of 6.3 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 219.2 million Swiss francs as at December 31, 2015 to 230.7 million Swiss francs as at December 31, 2016. Over the same period, receivables from PCT fees increased from 40.9 million Swiss francs to 46.4 million Swiss francs.

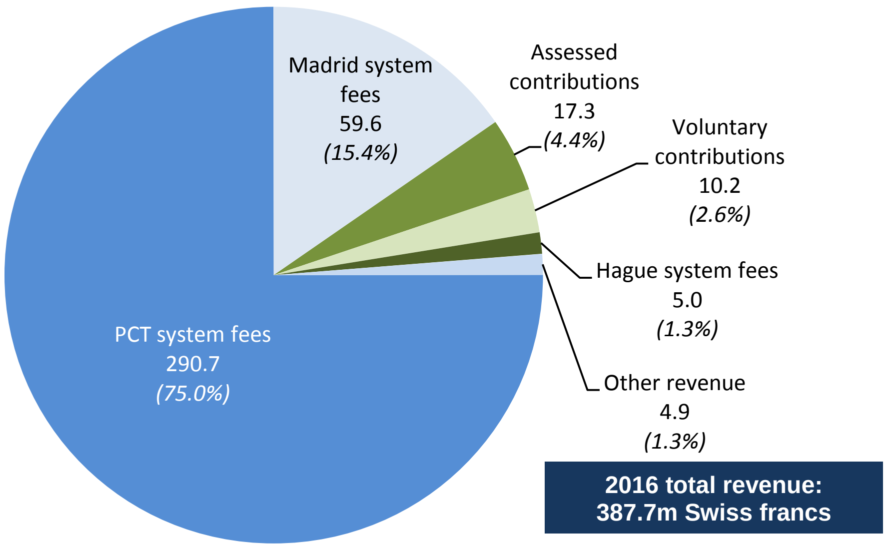
- The result for 2016 on an IPSAS basis includes the depreciation expense of buildings and equipment and the amortization expense of intangible assets as the cost of these assets is spread over their useful lives. The total cost of depreciation and amortization for the year was 11.4 million Swiss francs.

- 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 (ASHI, repatriation grant and travel, accumulated annual leave, home leave, overtime and the Closed Pension Fund) increased by 17.1 million Swiss francs during 2016. Under the Program and Budget, a 6.0 per cent charge is applied to the cost of posts for the funding of after-service employee benefit liabilities. In 2016, this charge generated a balance of 6.5 million Swiss francs, following deductions for after-service employee payments during the period (principally the Organization's contribution for the ASHI premiums of retirees). As a result, the IPSAS adjustment required to bring employee benefit liabilities into line with IPSAS compliant calculations was 10.6 million Swiss francs, resulting in a corresponding increase in expense.

- Under IPSAS, costs relating to the improvement of buildings are capitalized. This reduces the expense for the year 2016 by 2.1 million Swiss francs. Similarly, the acquisition of certain equipment and software is capitalized under IPSAS, further reducing the expense for the year by 0.4 million Swiss francs.

Revenue Analysis

Composition of 2016 revenue on an IPSAS basis
(in millions of Swiss francs)



Total revenue of the Organization for 2016 was 387.7 million Swiss francs, representing an increase of 1.5 per cent compared to the 2015 total revenue of 381.9 million Swiss francs. The largest source of revenue during 2016 was PCT system fees, accounting for 75.0 per cent of total revenue. Revenue from PCT system fees rose by 5.6 per cent compared to 2015.

Madrid system fees were the second largest source of revenue during the year 2016, representing 15.4 per cent of total revenue. Revenue from Madrid system fees fell by 12.2 per cent compared to 2015. Hague system fees, Lisbon system fees, assessed contributions, voluntary contributions (including contributions by donors to Special Accounts, and subventions to the Lisbon Union) and other revenue (investment, publications, arbitration and mediation and other/miscellaneous revenue) comprise the remaining 9.6 per cent of the Organization's total revenue. The following table provides a summary of the changes by revenue type compared to the prior year.

Change in revenue 2015 – 2016

	2016	2015	Net Change	Net Change
	(in millions of Swiss francs)			%
Revenue				
Assessed contributions	17.3	17.8	-0.5	*-2.8*
Voluntary contributions	10.2	10.3	-0.1	*-1.0*
Publications revenue	0.5	0.5	-	-
Investment revenue	-	1.5	-1.5	*-100.0*
Fees				
PCT system	290.7	275.4	15.3	*5.6*
Madrid system	59.6	67.9	-8.3	*-12.2*
Hague system	5.0	3.9	1.1	*28.2*
Sub-total fees	355.3	347.2	8.1	*2.3*
Arbitration and Mediation	1.6	1.5	0.1	*6.7*
Other/miscellaneous revenue	2.8	3.1	-0.3	*-9.7*
Total revenue	**387.7**	**381.9**	**5.8**	***1.5***

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:

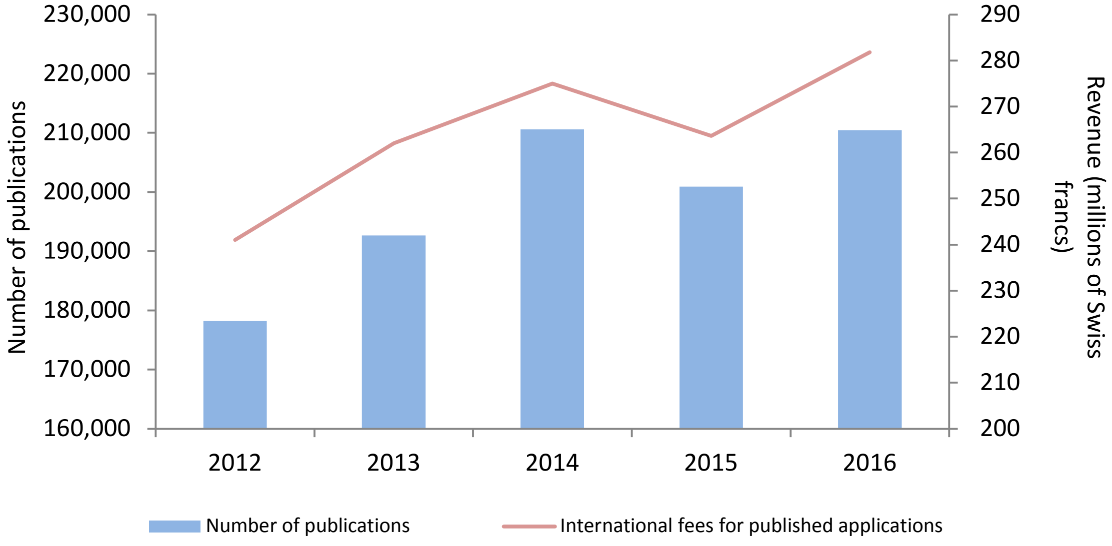
Detail of PCT system fees 2012-2016

	2016	2015	2014	2013	2012
			(in millions of Swiss francs)		
International filing fees	281.8	263.6	275.0	262.3	240.6
Payment regularization 2004-2013	-	4.7	-	-	-
Other fees	3.8	4.1	3.9	3.9	3.9
Exchange gain/(loss) on fees received	5.2	-0.7	-1.7	-6.0	7.5
Other exchange gain/(loss)	-0.1	3.7	1.4	-2.7	-
Total PCT system fees	**290.7**	**275.4**	**278.6**	**257.5**	**252.0**

Revenue from PCT system fees on an IPSAS basis increased by 5.6 per cent compared to 2015. In the IPSAS financial statements, revenue for international filing fees from PCT applications is recognized only on publication of the application. In 2016 there were 210,454 publications compared to 200,928 in 2015.

When looking at revenue from PCT international filing fees as recognized in accordance with IPSAS, the following graph shows how annual revenue has moved in line with the number of published applications in the year. Two factors led to higher numbers of publications in 2014 when compared to the trend for the other years presented in the graph. 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 one year earlier of the Leahy-Smith America Invents Act.

PCT - International filing fees and publications 2012-2016

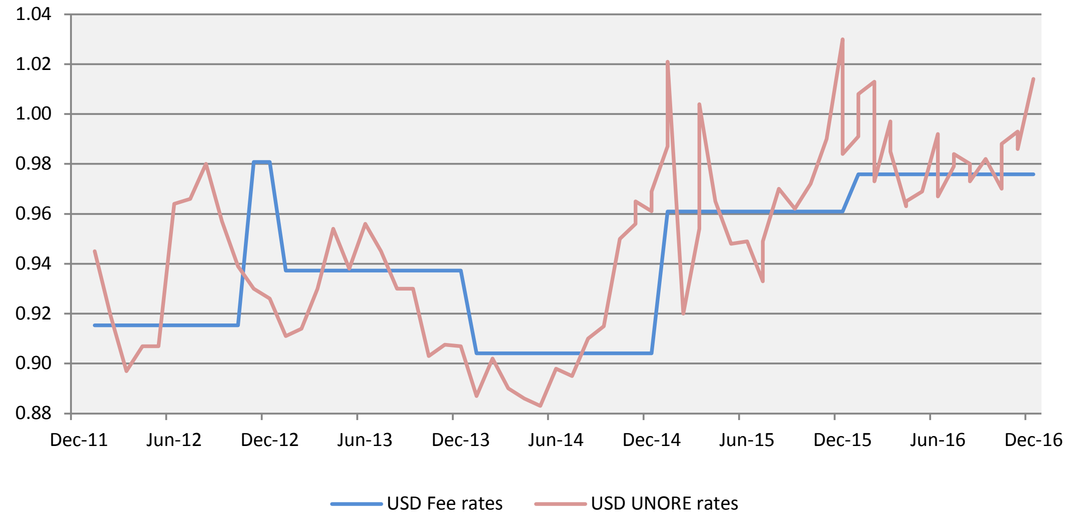


Exchange gains and losses are incurred on PCT international filing fees where these are received in currencies other than the Swiss franc. WIPO establishes equivalent amounts of fees in various currencies for each year according to the exchange rates prevailing on the first Monday of October of the preceding 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. 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 and the actual amount in Swiss francs at the date of payment. In the year 2016, the Organization made a net exchange gain of 5.2 million Swiss francs on PCT fees received (international filing fees and handling fees). This gain concerned principally fees in Japanese yen (gain of 4.4 million Swiss francs in 2016). In 2015, 2014 and 2013, WIPO incurred a net exchange loss on fees received, whereas in 2012 a net gain of 7.5 million Swiss was registered:

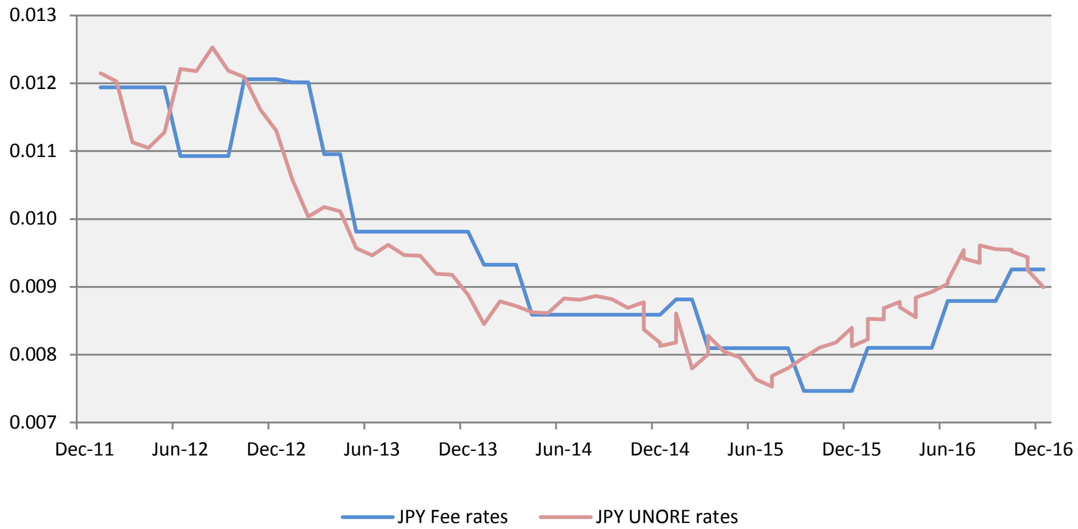
Detail of exchange gain/(loss) on PCT fees received 2012-2016

	2016	2015	2014	2013	2012
			(in millions of Swiss francs)		
Currency of fee payment:					
US dollar	0.7	2.6	0.1	-1.5	4.2
Japanese yen	4.4	-1.6	-1.3	-4.9	1.8
Euro	0.4	-1.4	-0.4	0.7	-0.1
Other currencies	-0.3	-0.3	-0.1	-0.3	1.6
Total exchange gain/(loss) on fees received	**5.2**	**-0.7**	**-1.7**	**-6.0**	**7.5**

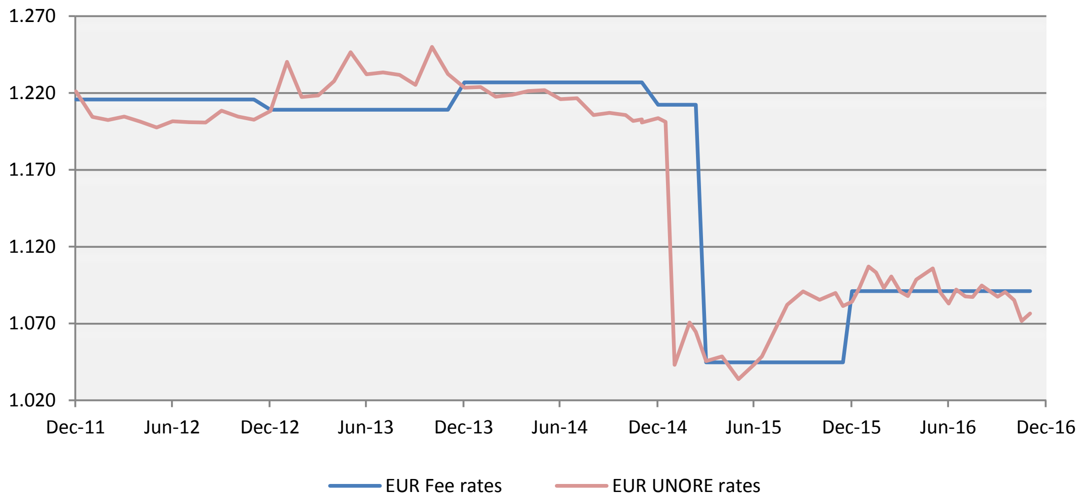
USD – Comparison of PCT equivalent amount rate and UNORE 2012-2016



JPY – Comparison of PCT equivalent amount rate and UNORE 2012-2016



EUR – Comparison of PCT equivalent amount rate and UNORE 2012-2016



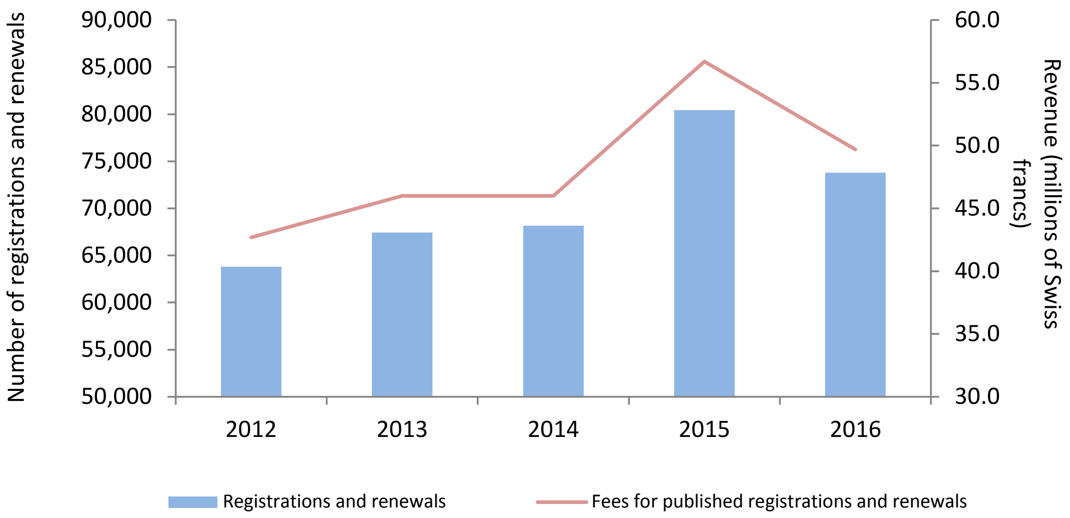
Madrid system fees principally comprise basic fees received from applications for registrations or renewals and fees for subsequent designations:

Detail of Madrid system fees 2012-2016

	2016	2015	2014	2013	2012
			(in millions of Swiss francs)		
Basic fees (registrations and renewals)	49.7	56.7	46.0	45.9	42.7
Subsequent designations	4.8	5.5	4.7	4.5	4.0
Other fees	5.1	5.7	4.4	5.0	4.9
Total Madrid system fees	**59.6**	**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. As noted, revenue from Madrid system fees fell by 12.2 per cent in 2016 compared to 2015. Madrid system registrations in 2016 fell by 13.9 per cent, totaling 44,728 against 51,938 in 2015. Although Madrid applications in 2016 grew by 7.4 per cent compared to the prior year, there was an increased backlog in registrations linked in part to system issues with the Madrid International Registration Information System:

Madrid - basic fees and registrations/renewals 2012-2016



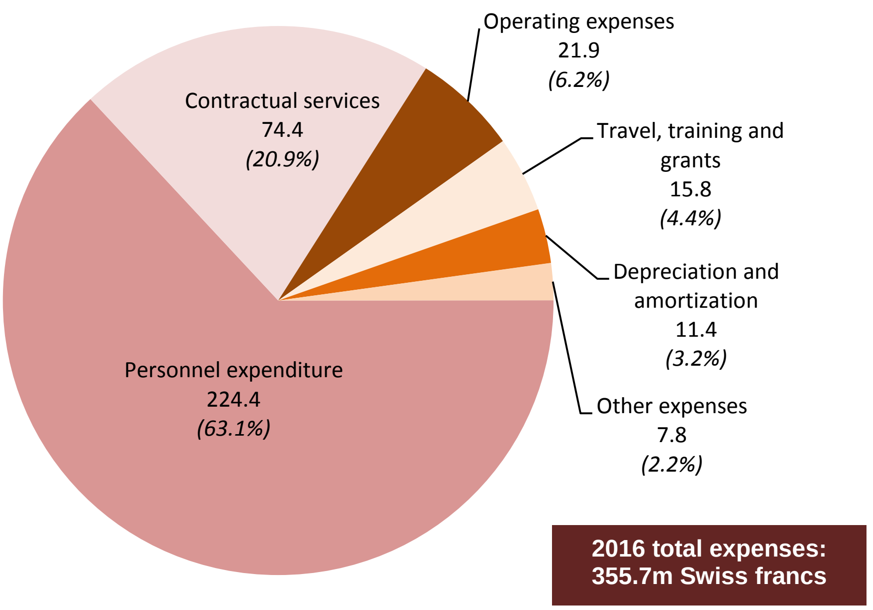
Hague system fees totaled 5.0 million Swiss francs for 2016. As with PCT and Madrid system fees, revenue from fees related to the processing of applications is recognized when the application has been published. Hague system fees increased by 28.2 per cent compared to 2015. Hague registrations rose from 3,581 in 2015 to 5,233 in 2016. 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 25 thousand Swiss francs in 2016, compared to 17 thousand Swiss francs in 2015.

Revenue from assessed contributions of 17.3 million Swiss francs in 2016 represents 4.4 per cent of total revenue, while revenue from voluntary contributions of 10.2 million Swiss francs in 2016 represents 2.6 per cent of total revenue. In 2016 voluntary contributions included 0.4 million Swiss francs of subventions received under Article 11(3)(iii) of the Lisbon Agreement. The remaining 9.8 million Swiss francs of voluntary contributions represents revenue received under Special Accounts. This revenue is recognized as work is performed and expense incurred in line with the relevant agreement.

Investment revenue totalled 21 thousand Swiss francs in 2016. Although investment revenue was 1.5 million Swiss francs in 2015, this figure was almost entirely comprised of a 1.4 million Swiss francs increase in valuation of the Organization's investment property, the Madrid Union Building. The Organization continues to hold most of its cash balances with the Swiss Federal Finance Administration (AFF), and in February 2015 the AFF introduced zero per cent interest rates to these deposit accounts. This interest rate remained unchanged throughout 2016. Arbitration and mediation revenue of 1.6 million Swiss francs, publications revenue of 0.5 million Swiss francs and other/miscellaneous revenue of 2.8 million Swiss francs for the year 2016 were broadly in line with the prior year.

Expense Analysis

Composition of 2016 expenses on an IPSAS basis
(in millions of Swiss francs)



Detailed breakdown of 2016 expenses

(in millions of Swiss francs)

Personnel expenditure 224.4	Posts	204.7
	Temporary staff	12.9
	Other staff costs	6.8
Travel, training and grants 15.8	Staff missions	5.2
	Third-party travel	8.8
	Training and related travel grant	1.8
Contractual services 74.4	Conferences	4.0
	Publishing	0.1
	Individual contractual services	11.5
	Other contractual services	58.8
Depreciation and amortization 11.4	Buildings depreciation	9.4
	Equipment depreciation	0.6
	Intangible assets amortization	1.4
Operating expenses 21.9	Premises and maintenance	18.3
	Communication	2.1
	Representation & other operating expenses	0.8
	United Nations joint services	0.7
Other 7.8	Internships and WIPO fellow ships	3.3
	Supplies and materials	2.0
	Furniture and equipment	0.2
	Finance costs	2.3

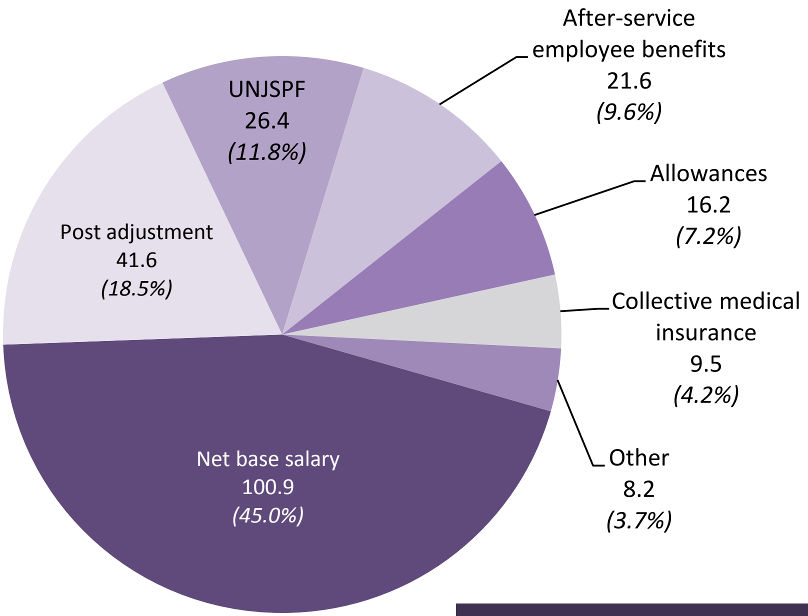
Total expenses of the Organization for 2016 were 355.7 million Swiss francs, representing an increase of 2.0 per cent compared to 2015 total expenses of 348.6 million Swiss francs. The largest expense for the Organization was personnel expenditure of 224.4 million Swiss francs, representing 63.1 per cent of total expenses. Contractual services of 74.4 million Swiss francs were the second largest expense for the Organization, followed by operating expenses of 21.9 million Swiss francs. The table below provides a summary of the changes by expense type compared to the prior year:

Change in expenses 2015 - 2016

	2016	2015	Net Change	Net Change
		(in millions of Swiss francs)		%
Expenses				
Personnel expenditure	224.4	216.3	8.1	*3.7*
Internships and WIPO fellow ships	3.3	3.1	0.2	*6.5*
Travel, training and grants	15.8	17.4	-1.6	*-9.2*
Contractual services	74.4	72.1	2.3	*3.2*
Operating expenses	21.9	21.2	0.7	*3.3*
Supplies and materials	2.0	3.5	-1.5	*-42.9*
Furniture and equipment	0.2	0.8	-0.6	*-75.0*
Depreciation and amortization	11.4	11.1	0.3	*2.7*
Finance costs	2.3	3.1	-0.8	*-25.8*
Total expenses	**355.7**	**348.6**	**7.1**	***2.0***

Personnel expenditure comprises principally net base salary and post adjustments for staff in posts or temporary positions. Combined these represent 142.5 million Swiss francs, 63.5 per cent of total personnel expenditure for 2016. The next biggest element of personnel expenditure is the Organization's contributions to the United Nations Joint Staff Pension Fund (UNJSPF), which totaled 26.4 million Swiss francs in 2016. WIPO's mandated contribution to the UNJSPF is currently 15.8 per cent of a staff member's pensionable remuneration. After-service employee benefits of 21.6 million Swiss francs represent the cost to the Organization of ASHI, repatriation grant and travel, and accumulated annual leave. The expense for 2016 is equivalent to the actual cash payments for these benefits, plus the movement in the amount of the total liability in the year. Allowances of 16.2 million Swiss francs represent 7.2 per cent of total staff expenditure. Allowances include principally education grants for 5.6 million Swiss francs, dependency allowances for 5.0 million Swiss francs and home leave for 1.8 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 2016. Other personnel expenditure of 8.2 million Swiss francs includes mainly expenses relating to the recognition of provisions for litigation with WIPO personnel (6.2 million Swiss francs).

Composition of 2016 personnel expenditure on an IPSAS basis
(in millions of Swiss francs)



2016 total personnel expenditure: 224.4m Swiss francs

Total personnel expenditure in 2016 of 224.4 million Swiss francs has increased by 3.7 per cent compared to total personnel expenditure of 216.3 million Swiss francs in 2015. The table below provides a detailed breakdown of personnel expenditure and the variance compared to 2015:

Change in personnel expenditure 2015 – 2016

	2016	2015	Net Change	Net Change
		(in millions of Swiss francs)		%
Net base salary	94.0	93.6	0.4	*0.4*
Post adjustment	38.6	38.0	0.6	*1.6*
UNJSPF contribution	24.6	24.4	0.2	*0.8*
Allowances	15.7	16.1	-0.4	*-2.5*
After-service employee benefits	21.6	15.4	6.2	*40.3*
Collective medical insurance	8.8	8.6	0.2	*2.3*
Other post staff expenditures	1.4	2.6	-1.2	*-46.2*
Staff in posts expenditure	**204.7**	**198.7**	**6.0**	***3.0***
Net base salary	6.9	8.7	-1.8	*-20.7*
Post adjustment	3.0	4.0	-1.0	*-25.0*
UNJSPF contribution	1.8	2.3	-0.5	*-21.7*
Allowances	0.5	0.5	-	*0.0*
Collective medical insurance	0.7	0.9	-0.2	*-22.2*
Other temporary staff expenditures	-	0.1	-0.1	*-100.0*
Staff in temporary positions expenditure	**12.9**	**16.5**	**-3.6**	***-21.8***
Other staff costs	**6.8**	**1.1**	**5.7**	***518.2***
Total personnel expenditure	**224.4**	**216.3**	**8.1**	***3.7***

While the expense for staff in posts has increased by 6.0 million Swiss francs compared to 2015, the expense for staff in temporary positions has fallen by 3.6 million Swiss francs. The increase in the expense for staff in posts is principally due to the after-service employee benefits cost. This has increased by 6.2 million Swiss francs compared to 2015 following the movement in the ASHI liability between 2015 and 2016. 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). Other staff costs have increased by 5.7 million Swiss francs compared to 2015, primarily due to movements in legal provisions related to WIPO personnel.

The cost of interns and WIPO fellowships is shown separately in the financial statements. Internships 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 internships and WIPO fellowships in 2016 was 3.3 million Swiss francs, relatively stable when compared to the prior year figure of 3.1 million Swiss francs.

Travel, training and grants total 15.8 million Swiss francs for 2016, and account for 4.4 per cent of total expenses. This represents a decrease of 1.6 million Swiss francs compared to 2015. Both third-party travel (conference participants and lecturers) expense and staff mission costs were lower than in 2015 (by 0.8 million Swiss francs and 0.7 million Swiss francs respectively).

Contractual services in 2016 total 74.4 million Swiss francs. These expenses have increased by 3.2 per cent compared to the figure of 72.1 million Swiss francs for 2015. Contractual services in the year 2016 concern primarily commercial translation services (25.1 million Swiss francs), IT commercial services (11.7 million Swiss francs), individual contractual services (11.5 million Swiss francs), and International Computing Centre services (11.6 million Swiss francs).

Operating expenses in 2016 total 21.9 million Swiss francs, representing an increase of 3.3 per cent compared to the 2015 total of 21.2 million Swiss francs. Operating expenses in 2016 comprise mainly premises and maintenance costs (18.3 million Swiss francs) and communication expenses (2.1 million Swiss francs).

Expenses for supplies and materials of 2.0 million Swiss francs have fallen by 42.9 per cent compared to the prior year, mainly due to large software purchases which took place in 2015. Furniture and equipment expenses are also lower, totaling 0.2 million Swiss francs in 2016 compared to 0.8 million Swiss francs in 2015. The decrease is largely due to higher IT equipment purchases in 2015 for the New Conference Hall. Furniture and equipment expenses concern those items which do not meet the Organization’s threshold of 5,000 Swiss francs for capitalization.

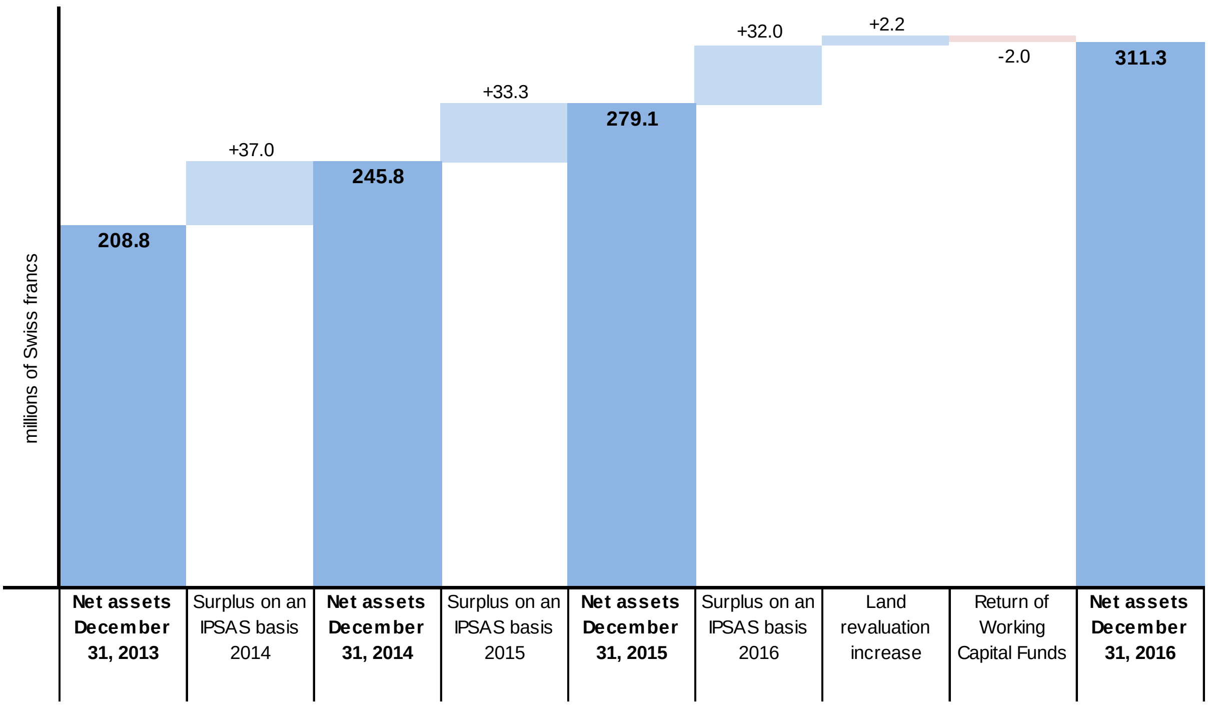
As previously noted, expenses under IPSAS include the depreciation expense of buildings and equipment and the amortization expense of intangible assets, as the cost of these assets is spread over their useful lives. For 2016, depreciation and amortization total 11.4 million Swiss francs, compared to 11.1 million Swiss francs for 2015.

Finance costs totaled 2.3 million Swiss francs in 2016, compared to 3.1 million Swiss francs in 2015. Finance costs are principally interest repayments on the BCG/BCV loan, totaling 2.1 million Swiss francs in 2016. These interest repayments were 0.8 million Swiss francs lower than the prior year as the loan balance has been reduced by significant lump sum repayments in November 2015 (24.0 million Swiss francs) and January 2016 (16.0 million Swiss francs).

Financial Position

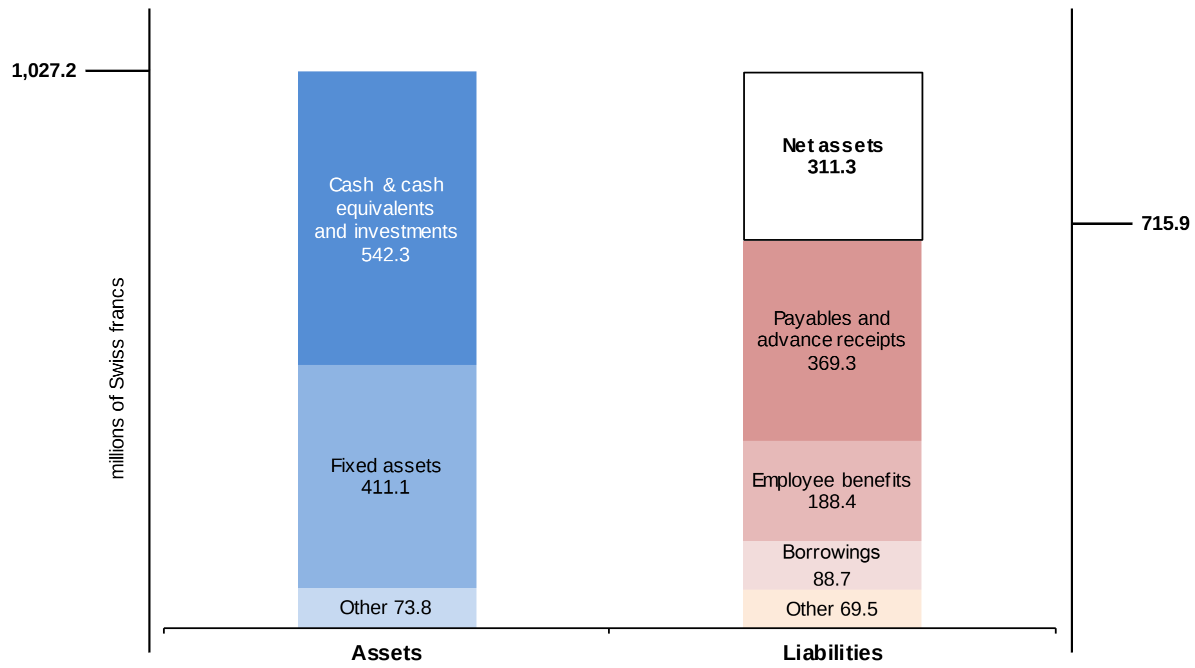
As at December 31, 2016, the Organization has net assets of 311.3 million Swiss francs, with total assets of 1,027.2 million Swiss francs and total liabilities of 715.9 million Swiss francs. The surplus for 2016 of 32.0 million Swiss francs has correspondingly increased net assets. Net assets have also been directly impacted by the return of 2.0 million Swiss francs of Working Capital Funds to the Member States of the PCT Union, and an increase of 2.2 million Swiss francs in the Revaluation Reserve Surplus following a revaluation of the New Building land. This 2016 movement in net assets follows a 70.3 million Swiss francs increase in net assets during the 2014/15 biennium:

Movement in net assets 2013 to 2016



The following chart provides a summary of the Statement of Financial Position of WIPO as at December 31, 2016. Total assets of 1,027.2 million Swiss francs are composed primarily of cash, cash equivalents, investments and fixed assets. Total liabilities of 715.9 million Swiss francs are principally payables and advance receipts, employee benefits and borrowings:

Summary of assets and liabilities December 31, 2016



Assets

The Organization has cash, cash equivalents and investment balances of 542.3 million Swiss francs, representing 52.8 per cent of total assets. This includes amounts totaling 161.8 million Swiss francs which are classified as restricted, and amounts totalling 108.6 million Swiss francs which represent strategic cash. The total balance of 542.3 million Swiss francs is 52.8 million Swiss francs higher than the balance of 489.5 million Swiss francs at the end of 2015. The balance of cash and equivalents has increased despite the Organization making a lump sum repayment of 16.0 million in January 2016 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 411.1 million Swiss francs. During 2016, costs totaling 2.1 million Swiss francs for additions and improvements to existing buildings were capitalized. An updated valuation of the Organization's land on which the New Building is constructed was performed during 2016 by an independent expert. This resulted in an increase in the fair value of the land of 2.2 million Swiss francs. The total depreciation and amortization charge against all fixed assets was 11.4 million Swiss francs for 2016.

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 depots and storage facilities in Geneva, and has leases for some of its external offices (see Note 20). The Organization has also been granted land surface rights on which certain headquarter buildings are located. These rights, acquired at no cost, are not recognized in the financial statements but are disclosed (see Note 9).

Fixed assets as at December 31, 2016

	December 31, 2016 Net Carrying Amount	Classification in the Financial Statements
	francs)	
New Building Site	30.8	*Land (Note 10)*
Security Perimeter	8.7	*Buildings and Constructions in Use (Note 10)*
New Conference Hall	65.7	*Buildings and Constructions in Use (Note 10)*
New Building	150.9	*Buildings and Constructions in Use (Note 10)*
A. Bogsch Building	46.9	*Buildings and Constructions in Use (Note 10)*
G. Bodenhausen Building I	10.1	*Buildings and Constructions in Use (Note 10)*
G. Bodenhausen Building II	3.7	*Buildings and Constructions in Use (Note 10)*
PCT Building	58.7	*Buildings and Constructions in Use (Note 10)*
Madrid Union Building	6.2	*Investment Property (Note 8)*
Land surface rights	25.1	*Intangible Assets (Note 9)*
Software (acquired and developed)	2.7	*Intangible Assets (Note 9)*
Equipment	1.2	*Equipment (Note 7)*
Furniture and furnishings	0.4	*Furniture and furnishings (Note 7)*
Total fixed assets	**411.1**	

Other assets of the Organization totaling 73.8 million Swiss francs include accounts receivable, inventories and advance payments. Within this, the most significant balance is PCT debtors totaling 46.4 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 increased compared to the prior year, when it totaled 40.9 million Swiss francs. At the end of 2015, approximately 12.8 per cent of applications filed during the preceding twelve months remained unpaid. At the end of 2016, this percentage rose to approximately 15.7 per cent.

Liabilities

As at December 31, 2016, payables and advance receipts total 369.3 million Swiss francs, and principally include deferred revenue for the processing of international applications (under the PCT, Madrid and Hague systems) for 230.7 million Swiss francs. This deferred revenue balance mainly concerns PCT system fees of 228.0 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, 2016, for applications with a 2015 or 2016 filing date, it is estimated that approximately 171,719 applications were unpublished. At the end of the prior year 2015, approximately 155,534 applications filed in 2014 or 2015 were unpublished and the deferred revenue balance for PCT system fees was 217.1 million Swiss francs.

Employee benefit liabilities of 188.4 million Swiss francs are mainly comprised of the ASHI liability of 154.3 million Swiss francs, which represents 81.9 per cent of the total employee benefits liability as at December 31, 2016. The ASHI liability has increased by 17.1 million Swiss francs compared to 2015. The liability is calculated by an independent actuary, and reflects the acquired 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.

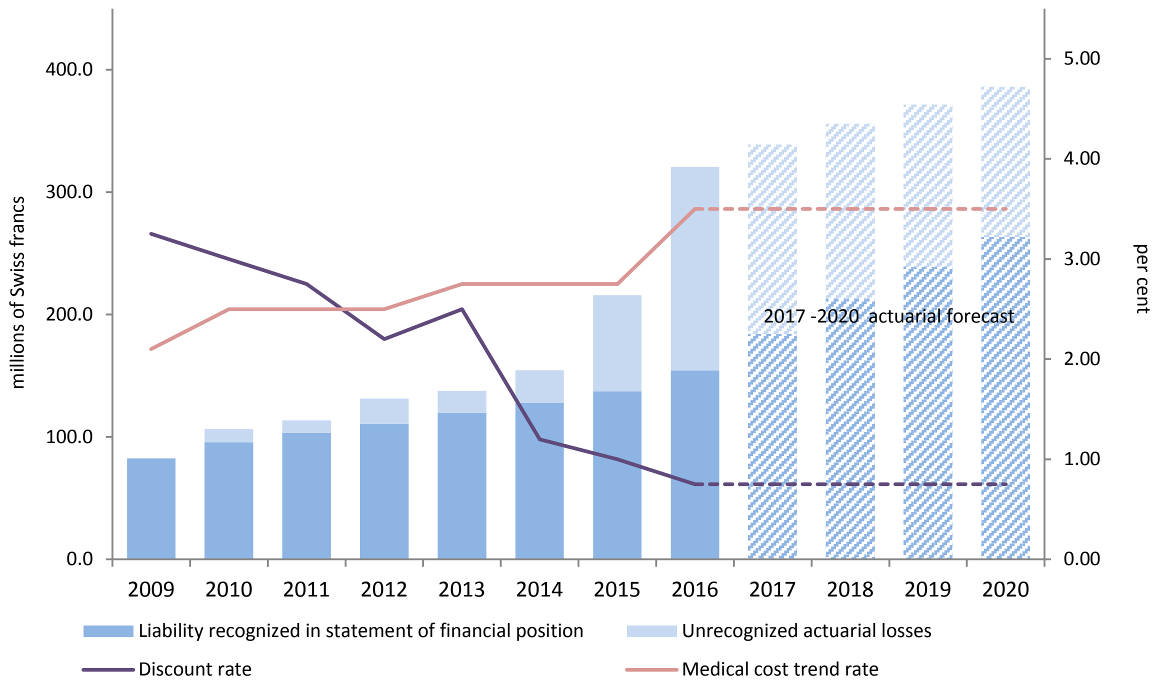
Composition of employee benefits liabilities as at December 31, 2016

	December 31, 2016	Percentage of Liability
	(in millions of Swiss francs)	%
After-Service Health Insurance (ASHI)	154.3	*81.9*
Repatriation grant and travel	15.4	*8.2*
Accumulated leave	12.6	*6.7*
Closed Pension Fund	2.6	*1.4*
Education grant	2.0	*1.1*
Accrued overtime	0.5	*0.3*
Home leave	0.4	*0.2*
Separation benefits	0.3	*0.1*
Performance rewards	0.3	*0.1*
Total employee benefit liabilities	**188.4**	***100.0***

The ASHI liability has been increasing steadily over the last eight years, and based on actuarial projections is expected to continue to increase in the future. The calculation performed by the independent actuary 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 currently 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. In July 2016 the IPSASB issued IPSAS 39, a new standard for employee benefits, with a required implementation date of January 1, 2018. WIPO has not implemented IPSAS 39 in 2016, and is currently analyzing the impacts of this new standard. Under IPSAS 39, the corridor approach for the recognition of actuarial gains and losses is removed, and therefore the implementation of IPSAS 39 would require the recognition of currently unrecognized actuarial losses in the statement of financial position. As at December 31, 2016, WIPO had a total unrecognized cumulative actuarial loss of 166.5 million Swiss francs relating to ASHI, representing an increase of 87.7 million Swiss francs compared to the prior year. This increase in the cumulative actuarial loss was due to movements in the discount rate and medical cost trend rate, and also the impact of higher premiums for WIPO's collective medical insurance plan introduced from January 1, 2017. The graph below shows how both the ASHI liability and the unrecognized actuarial losses have developed since 2009, and includes actuarial forecasts for 2017-2020 (applying the same assumptions as for the 2016 calculation). The graph also shows how discount rates and medical cost trend rates have changed since 2009.

Borrowings represent the Foundation for Buildings for International Organizations (FIPOI) loan (18.2 million Swiss francs) and the BCG/BCV New Building loan (70.5 million Swiss francs). Total repayments of the principal on these loans were 21.3 million Swiss francs in 2016. In January 2016 the Organization made the second of its scheduled lump sum repayments towards the reimbursement of the BCG/BCV New Building loan, for the amount of 16.0 million Swiss francs. As previously noted, in January 2017, the Organization took the decision to repay in full the remaining balance of 70.5 million Swiss francs of the BCG/BCV loan. The Organization's other liabilities totaling 69.5 million Swiss francs include 62.5 million Swiss francs of current accounts held on behalf of applicants and contracting parties, and also 7.0 million Swiss francs of provisions for legal costs.

Movement in ASHI benefit obligation 2009 - 2020



Cash Flow

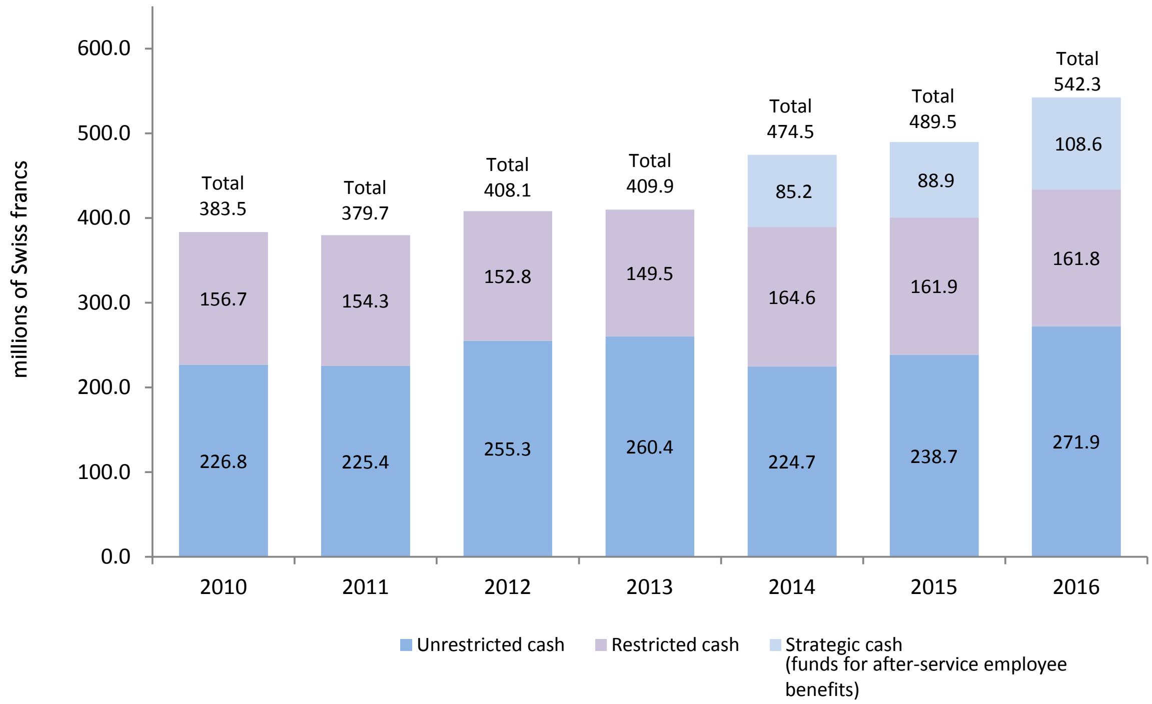
The Organization's cash, cash equivalents and investments balance as at December 31, 2016 is 542.3 million Swiss francs, compared to 489.5 million Swiss francs as at December 31, 2015. This balance has been increasing since 2011. The increase of 52.8 million Swiss francs between 2015 and 2016 has been achieved despite a lump sum loan repayment of 16.0 million Swiss francs in January 2016.

The Organization generally holds its cash deposits in instant access bank accounts. During 2016 the Organization continued to hold significant balances in notice accounts (with notice periods of up to 35 days) and term deposit accounts (for periods up to 12 months). This has allowed the Organization to avoid incurring charges on certain instant access bank accounts following the introduction of negative interest rates during the previous year.

In the financial statements cash, cash equivalents and investments are presented separately between restricted, unrestricted and strategic cash balances. There are several elements of cash and cash equivalents which are classified as restricted. Restricted cash includes current accounts held for third parties (applicants under the PCT, Madrid and Hague systems, and also certain contracting parties), fees collected on behalf of contracting parties, deposits received in connection with pending procedures related to trademarks, and Special Accounts held on behalf of donors of voluntary contributions. Strategic cash represents the funds held by the Organization which have been allocated for the future financing of after-service employee benefit liabilities, including ASHI. The balance of strategic cash was 108.6 million Swiss francs as at December 31, 2016.

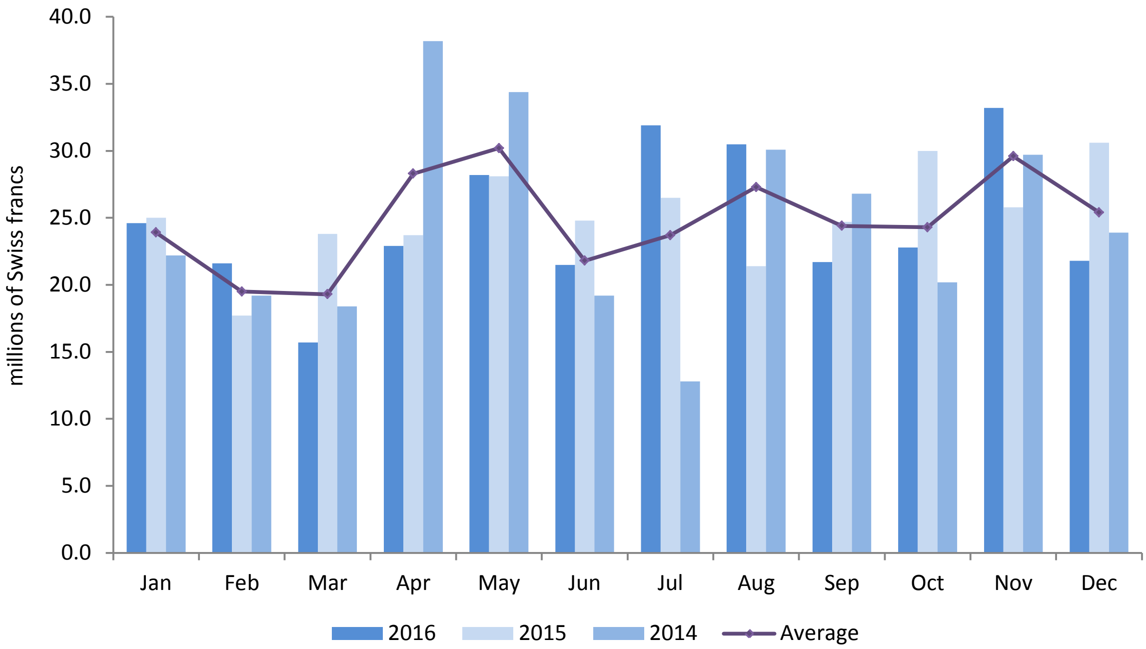
As already noted, in January 2017, the Organization took the decision to repay in full the remaining balance of 70.5 million Swiss francs of its BCG/BCV loan. The early repayment of the loan balance was made on January 26, 2017, and as a result WIPO incurred a penalty charge of 11.6 million Swiss francs, calculated by reference to the present value of all outstanding interest due on the loan. Following the loan repayment, the Organization's cash and cash equivalents were therefore reduced by 82.1 million Swiss francs.

Cash, cash equivalents and investment balances 2010-2016



The principal cash inflows to the Organization are payments of PCT system fees. Monthly cash inflows from PCT system fees averaged 24.7 million Swiss francs during the year 2016 compared to 25.2 million Swiss francs during the year 2015. 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 July, August and November 2016 compared to other months in the year due to catch-up payments from a receiving office.

Monthly PCT system cash inflows 2014-2016



STATEMENT I – STATEMENT OF FINANCIAL POSITION

as at December 31, 2016

(in thousands of Swiss francs)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	3	529,817	489,496
Investments	4	12,500	-
Contributions receivables	5	1,483	1,226
Exchange transactions receivables	5	59,064	52,568
Inventories	6	1,520	1,597
		604,384	544,887
Non-current assets			
Equipment	7	1,609	2,134
Investment property	8	6,210	6,210
Intangible assets	9	27,813	28,981
Land and buildings	10	375,489	380,518
Contributions receivables	5	225	298
Exchange transactions receivables	5	2,756	5,030
Other non-current assets	11	8,743	8,934
		422,845	432,105
TOTAL ASSETS		**1,027,229**	**976,992**
LIABILITIES			
Current liabilities			
Payables and accruals	12	10,763	22,102
Employee benefits	13	28,863	23,031
Transfers payable	14	84,874	84,160
Advance receipts	15	269,582	249,381
Borrowings	16	5,258	21,258
Provisions	17	6,989	817
Other current liabilities	18	62,519	55,771
		468,848	456,520
Non-current liabilities			
Employee benefits	13	159,567	148,487
Borrowings	16	83,462	88,721
Advance receipts	15	4,069	4,201
		247,098	241,409
TOTAL LIABILITIES		**715,946**	**697,929**
Accumulated Surpluses	22	270,889	231,945
Special Projects Reserve	22	16,786	23,730
Revaluation Reserve Surplus	22	17,266	15,046
Working Capital Funds	22	6,342	8,342
NET ASSETS		**311,283**	**279,063**

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, 2016

(in thousands of Swiss francs)

	Note	2016	2015
REVENUE	24		
Assessed contributions		17,337	17,801
Voluntary contributions		10,176	10,255
Publications revenue		426	487
Investment revenue		21	1,500
Fees			
PCT system		290,719	275,392
Madrid system		59,580	67,925
Hague system		4,956	3,931
Lisbon system		25	17
Sub-total fees		355,280	347,265
Arbitration and Mediation		1,641	1,508
Other/miscellaneous revenue		2,832	3,127
TOTAL REVENUE		**387,713**	**381,943**
EXPENSES	25		
Personnel expenditure		224,353	216,266
Internships and WIPO fellowships		3,261	3,151
Travel, training and grants		15,810	17,394
Contractual services		74,398	72,090
Operating expenses		21,946	21,200
Supplies and materials		2,039	3,583
Furniture and equipment		172	827
Depreciation and amortization		11,424	11,055
Finance costs		2,310	3,107
TOTAL EXPENSES		**355,713**	**348,673**
SURPLUS/(DEFICIT) FOR THE YEAR		**32,000**	**33,270**

STATEMENT III – STATEMENT OF CHANGES IN NET ASSETS

for the year ended December 31, 2016

(in thousands of Swiss francs)

	Note	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Working Capital Funds	Net Assets Total
Net Assets at January 1, 2015		**195,196**	**27,209**	**15,046**	**8,342**	**245,793**
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	22	**231,945**	**23,730**	**15,046**	**8,342**	**279,063**
Items recognized directly in Net Assets		-	-	2,220	-2,000	220
Total of items recognized directly in Net Assets in 2016		**-**	**-**	**2,220**	**-2,000**	**220**
Surplus/(deficit) for the year 2016		35,595	-3,595	-	-	32,000
Adjustment to Special Projects Reserve		2,267	-2,267	-	-	-
Transfer to Accumulated Surpluses		1,082	-1,082	-	-	-
Net Assets at December 31, 2016	22	**270,889**	**16,786**	**17,266**	**6,342**	**311,283**

STATEMENT IV – STATEMENT OF CASH FLOW

for the year ended December 31, 2016

(in thousands of Swiss francs)

	Note	2016	2015
Cash flows from operating activities			
Surplus (deficit) for the period **(1)**	Statement II	34,728	37,487
Interest earned	24	21	75
Interest paid on borrowings	16	-2,119	-2,918
Depreciation and amortization	7, 9 & 10	11,424	11,055
Increase (decrease) in employee benefits	13	16,912	10,289
(Increase) decrease in inventories	6	77	150
(Increase) decrease in receivables	5	-4,406	5,126
(Increase) decrease in other assets	11	191	190
Increase (decrease) in advance receipts	15	20,069	8,848
Increase (decrease) in payables and accruals	12	-11,339	-8,213
Increase (decrease) in transfers payable	14	714	601
Increase (decrease) in provisions	17	6,172	-96
Increase (decrease) in other liabilities	18	6,748	-7,799
Net cash flows from operating activities		**79,192**	**54,795**
Cash flows from investing activities			
Additions to buildings and equipment	7 & 10	-2,195	-7,174
Disposal of equipment	7	-	-
Increase in intangible assets	9	-287	-576
Increase in investment property	8	-	-1,425
Increase in investments	4	-12,500	-
Net cash flows from investing activities		**-14,982**	**-9,175**
Cash flows from financing activities			
Proceeds from borrowings	16	-	-
Repayment of borrowings	16	-21,259	-29,258
Return of Working Capital Funds		-2,000	-
Net cash flows from financing activities		**-23,259**	**-29,258**
Effect of exchange rate changes on cash and cash equivalents	27	**-630**	**-1,374**
Net increase (decrease) in cash and cash equivalents		**40,321**	**14,988**
Cash and cash equivalents at beginning of year	3	**489,496**	**474,508**
Cash and cash equivalents at end of the year	3	**529,817**	**489,496**

(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 24. For detail of interest paid on borrowings, see Note 16. For the effect of exchange rate changes on cash and cash equivalents, see Note 27.

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

for the year ended December 31, 2016
(in thousands of Swiss francs)

	Original Budget 2016 (1)	"Final" Budget 2016 (1)	Actual Revenue on comparable basis 2016	Difference 2016 (2)
Assessed contributions	17,361	17,361	17,357	-4
Voluntary contributions	-	-	392	392
Fees				
PCT system	284,423	284,423	296,369	11,946
Madrid system	63,359	63,359	60,116	-3,243
Hague system	4,819	4,819	5,072	253
Lisbon system	15	15	25	10
Sub-total fees	352,616	352,616	361,582	8,966
Arbitration and Mediation	1,250	1,250	1,641	391
Publications	155	155	426	271
Investment revenue	-	-	21	21
Other/miscellaneous	1,900	1,900	3,265	1,365
TOTAL	**373,282**	**373,282**	**384,684**	**11,402**

(1) - columns Original Budget and “Final” Budget represent the first year of the approved 2016/17 biennial budget.
(2) - represents the difference between the “Final” Budget 2016 and actual revenue on a comparable basis for the year ended December 31, 2016.

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

for the year ended December 31, 2016

(in thousands of Swiss francs)

Program	Program Title	Original Budget 2016 (1)	"Final" Budget 2016 (1)	Actual Expense on a comparable basis 2016	Difference 2016 (2)
1	Patent Law	2,620	2,620	2,581	39
2	Trademarks, Industrial Designs & Geographical Indications	2,399	2,399	2,293	106
3	Copyright and Related Rights	8,307	8,307	7,348	959
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3,034	3,034	3,045	-11
5	The PCT System	103,345	103,345	93,861	9,484
6	Madrid System	28,744	28,744	26,739	2,005
7	WIPO Arbitration and Mediation Center	5,640	5,640	5,077	563
8	Development Agenda Coordination	1,809	1,809	1,645	164
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	15,731	15,731	14,160	1,571
10	Transition and Developed Countries	3,903	3,903	3,690	213
11	The WIPO Academy	6,481	6,481	5,765	716
12	International Classifications and Standards	3,487	3,487	3,118	369
13	Global Databases	2,831	2,831	3,156	-325
14	Services for Access to Information and Knowledge	3,462	3,462	3,169	293
15	Business Solutions for IP Offices	6,794	6,794	6,758	36
16	Economics and Statistics	2,969	2,969	2,741	228
17	Building Respect for IP	1,839	1,839	1,905	-66
18	IP and Global Challenges	3,130	3,130	2,871	259
19	Communications	8,158	8,158	7,687	471
20	External Relations, Partnerships and External Offices	6,124	6,124	5,177	947
21	Executive Management	10,188	10,188	9,429	759
22	Program and Resource Management	16,455	16,455	14,511	1,944
23	Human Resources Management and Development	12,236	12,236	17,873	-5,637
24	General Support Services	23,493	23,493	20,584	2,909
25	Information and Communication Technology	25,932	25,932	21,869	4,063
26	Internal Oversight	2,641	2,641	2,049	592
27	Conference and Language Services	19,215	19,215	17,609	1,606
28	Information Assurance, Safety and Security	8,833	8,833	7,967	866
30	SMEs and Entrepreneurship Support	2,999	2,999	2,857	142
31	The Hague System	3,748	3,748	4,006	-258
32	Lisbon System	664	664	636	28
UN	Unallocated	3,160	3,160	-	3,160
	TOTAL	**350,371**	**350,371**	**322,176**	**28,195**
	Net surplus/(deficit)	**22,911**	**22,911**	**62,508**	**39,597**
	IPSAS adjustments to surplus (3)			-26,383	
	Projects financed from reserves			-4,673	
	Special Accounts financed from voluntary contributions			548	
	Adjusted net surplus per IPSAS			**32,000**	

(1) - columns Original Budget and "Final" Budget represent the first year of the approved 2016/17 biennial budget. The Original Budget is based on the biennial budget of 707.0 million Swiss francs, which was approved by the Assemblies of the Member States of WIPO on October 14, 2015.
(2) - represents the difference between the "Final" Budget 2016 and actual expense on a comparable basis for the year ended December 31,2016.
(3) – the IPSAS adjustments to the surplus are detailed in Note 23 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 (known by the French acronym for Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle, BIRPI) which had been established in 1893 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's mission is the promotion of innovation and creativity for the economic, social and cultural development of all countries, through a balanced and effective international intellectual property system. WIPO's broad-ranging activities are grouped into four main areas of work: providing intellectual property services through the Organization's Global IP systems; developing and maintaining the technical infrastructure which not only supports the international IP system, but also provides access to its outputs, enhances data flows, and enables global cooperation; serving as a multilateral forum for discussions on the normative development of intellectual property policy; and facilitating the use of IP for social, cultural and economic development, by mainstreaming development considerations and delivering development cooperation activities horizontally across all of the Organization's programs.

The Organization functions in accordance with the WIPO Convention signed in Stockholm on July 14, 1967 and as amended on September 28, 1979. WIPO currently has 189 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, which meet every second year in ordinary session and traditionally 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 of 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 performs other functions as appropriate.

- The Coordination Committee consists of members of the Executive Committees of the Paris or the Berne Unions or both, one-fourth of the States party to the WIPO Convention which are not members of any of the Unions, and Switzerland, as the State on whose territory the Organization has its headquarters. The Coordination Committee nominates candidates for Director General, drafts the agenda for the General Assembly, and performs other duties allocated to it under the WIPO Convention.

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 Assemblies for the financial period. The approval of the appropriations provides the authority for the Director General to commit and authorize expenses and to make payments for the purposes assigned within the limits of the appropriations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Swiss francs, which is the reporting and functional currency of WIPO, and all values are rounded to the nearest thousand. The accounting policies have been applied consistently to all years presented.

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

IPSAS Standards 34, 35, 36, 37 and 38 have been applied in 2016, which is prior to their required implementation date of January 1, 2017. These Standards have had no impact on the Organization's financial statements.

In July 2016 the IPSAS Board issued IPSAS 39 *Employee Benefits*. This new standard supersedes IPSAS 25, and has a required implementation date of January 1, 2018. WIPO has not implemented IPSAS 39 in 2016, and is currently analyzing the impacts of this new standard. Under IPSAS 39, the corridor approach for the recognition of actuarial gains and losses is removed. WIPO currently applies the corridor approach in relation to its liability for After-Service Health Insurance (ASHI), and therefore the implementation of IPSAS 39 would require the recognition of currently unrecognized actuarial losses (see Note 13).

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 10). 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 9).

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 is recognized upon full delivery of the good. Revenue from Arbitration and Mediation services is recognized upon delivery of the services related to the submission of a request covered by the fee received.

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, paragraph 5 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. Publications held for sale are valued at the lower of cost or net realizable value, and publications distributed free of charge are valued at cost. The cost 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. 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 furnishings	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 only if the recognition criteria under IPSAS 31 are met. 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 - 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, 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 (the UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified 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 Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the 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 Fund 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 2016/17, 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 29).

Changes in Presentation

In the Statement of Financial Position, in order to increase the alignment of terminology with other UN system organizations, "Accounts receivable (non-exchange transactions)" has been renamed "Contributions receivables", and "Accounts payable" has been renamed "Payables and accruals".

In the Statement of Financial Performance, the expense category previously called "Travel and fellowships" has been renamed "Travel, training and grants" to better distinguish the nature of this expense from WIPO fellowships. In Note 13 "Accrued overtime" has been renamed "Overtime and credit hours" to more accurately reflect the nature of this liability.

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, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Cash on hand	12	14
Deposits with banks - Swiss francs	113,617	75,465
Deposits with banks - other currencies	6,788	16,603
Funds invested with AFF - Swiss francs	139,418	146,619
Term deposits less than 3 months - Swiss francs	361	-
Notice accounts - Swiss francs	7,170	-
Notice accounts - other currencies	4,574	18
Total unrestricted cash	**271,940**	**238,719**
Current accounts held for third parties - Swiss francs	61,802	55,315
Current accounts held for third parties - other currencies	717	456
Fees collected on behalf of contracting parties - Swiss francs	84,874	84,160
Deposits with banks Special Accounts - Swiss francs	-	108
Deposits with banks Special Accounts - other currencies	-	223
Notice accounts Special Accounts - Swiss francs	14,428	21,598
Total restricted cash	**161,821**	**161,860**
Funds invested with AFF - Swiss francs	88,917	88,917
Term deposits less than 3 months - Swiss francs	7,139	-
Total strategic cash	**96,056**	**88,917**
Total cash and cash equivalents	**529,817**	**489,496**

Cash deposits are generally held in instant access bank accounts. During 2016 the Organization continued to hold significant balances in notice accounts (with notice periods of up to 35 days) and term deposit accounts (for periods up to 12 months). This has allowed the Organization to avoid incurring charges on certain instant access bank accounts following the introduction of negative interest rates during the previous 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, from December 15, 2017 WIPO will no longer be able to hold deposits with them. Until this date WIPO cannot increase the balance of its existing deposits. The interest rate on deposits held with the AFF was 0.00 per cent during 2016.

The following categories of cash and cash equivalents are classified as restricted:

- current accounts held for third parties. WIPO 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;
- 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;
- deposits received in connection with pending procedures related to trademarks, other than the portion estimated to represent advance receipts for the Organization;
- Special Accounts held on behalf of donors of voluntary contributions.

The Organization holds funds allocated for the future financing of after-service employee benefit liabilities, including ASHI. Under WIPO’s Policy on Investments, these funds are classified as strategic cash. As at December 31, 2016, the total balance of these funds was 108.6 million Swiss francs, split between cash and cash equivalents (96.1 million Swiss francs) and investments (12.5 million Swiss francs, see Note 4).

NOTE 4: INVESTMENTS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Term deposits more than 3 months - Swiss francs	12,500	-
Term deposits more than 3 months - other currencies	-	-
Total strategic cash	**12,500**	**-**
Total investments	**12,500**	**-**

As at December 31, 2016, WIPO's investments represent term deposits with a remaining period of more than 3 months but less than 12 months. These term deposits all relate to funds allocated for the future financing of after-service employee benefit liabilities, which are classified as strategic cash in accordance with WIPO's Policy on Investments.

NOTE 5: RECEIVABLES

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Unitary contributions	1,256	999
Voluntary contributions	227	227
Contributions receivables - current	1,483	1,226
PCT debtors	46,368	40,949
Madrid debtors	341	676
Hague debtors	2	1
Other debtors	1,638	1,707
Swiss taxes reimbursable	12	29
USA taxes reimbursable	1,367	689
Concessionary advance for USA taxes	252	545
Staff advances for education grants	4,962	4,882
Other funds advanced to staff	319	341
UPOV expenditure reimbursable	1,562	1,213
Funds advanced to UNDP	459	356
Advance for FCIG concessionary loan	125	123
Prepaid expenditure	1,468	868
FCIG loan amortization	189	189
Exchange transactions receivables - current	59,064	52,568
Paris Union	80	99
Berne Union	136	187
Nice Union	7	10
Locarno Union	2	2
Contributions receivables - non-current	225	298
USA taxes reimbursable	2,756	5,030
Exchange transactions receivables - non-current	2,756	5,030
Total receivables	**63,528**	**59,122**

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, 2016 is 6.3 million Swiss francs (6.3 million Swiss francs as at December 31, 2015).

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 2016-2017 scholastic year.

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.

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.

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.

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.

NOTE 6: INVENTORIES

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Finished publications	1,339	1,429
Paper supplies	80	56
Retail Shop	101	112
Total inventories	**1,520**	**1,597**

The write-down of finished publications inventories to net realizable value amounted to 35 thousand Swiss francs (27 thousand Swiss francs in 2015). There have been no reversals of write-downs.

NOTE 7: EQUIPMENT

Movement 2016	Equipment	Furniture & Furnishings	Total
		(in thousands of Swiss francs)	
January 1, 2016			
Gross carrying amount	11,415	2,659	**14,074**
Accumulated depreciation	-9,745	-2,195	**-11,940**
Net carrying amount	1,670	464	**2,134**
Movements in 2016:			
Additions	89	-	**89**
Disposals	-93	-124	**-217**
Disposals depreciation	93	124	**217**
Depreciation	-537	-77	**-614**
Total movements in 2016	-448	-77	**-525**
December 31, 2016			
Gross carrying amount	11,411	2,535	**13,946**
Accumulated depreciation	-10,189	-2,148	**-12,337**
Net carrying amount	**1,222**	**387**	**1,609**

Movement 2015	Equipment	Furniture & Furnishings	Total
		(in thousands of Swiss francs)	
January 1, 2015			
Gross carrying amount	10,408	2,650	**13,058**
Accumulated depreciation	-9,195	-2,117	**-11,312**
Net carrying amount	1,213	533	**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	11,415	2,659	**14,074**
Accumulated depreciation	-9,745	-2,195	**-11,940**
Net carrying amount	**1,670**	**464**	**2,134**

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, 2016, WIPO holds fully depreciated equipment which is still in use for a gross carrying amount of 11.0 million Swiss francs. Heritage assets including donated works of art are not recognized as assets on the Statement of Financial Position.

NOTE 8: INVESTMENT PROPERTY

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Opening balance	6,210	4,785
Fair value gains/(losses) on valuation	-	1,425
Closing balance	**6,210**	**6,210**

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 3.90 per cent of the gross rental income as compensation for its services. The value of non-cancellable leases as at December 31, 2016 is as follows:

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Not later than one year	353	310
Later than one year and not later than five years	626	612
Later than five years	-	3
Total non-cancellable operating leases	**979**	**925**

In 2016 the income from rental of the building totaled 366 thousand Swiss francs, and the operating expenditures of the building totaled 399 thousand Swiss francs. These expenditures included renovation costs of 237 thousand Swiss francs for four apartments. 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. This work should be completed by December 31, 2019. 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 9: INTANGIBLE ASSETS

Movement 2016	Land surface rights	Software externally acquired	Software internally developed	Intangible assets under development	Total
			(in thousands of Swiss francs)		
January 1, 2016					
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**
Movements in 2016:					
Additions	-	-	-	287	**287**
Transfers	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
Disposals amortization	-	-	-	-	**-**
Amortization	-440	-223	-792	-	**-1,455**
Total movements in 2016	-440	-223	-792	287	**-1,168**
December 31, 2016					
Gross carrying amount	34,290	1,115	3,919	475	**39,799**
Accumulated amortization	-9,159	-736	-2,091	-	**-11,986**
Net carrying amount	**25,131**	**379**	**1,828**	**475**	**27,813**

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**

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 10: LAND AND BUILDINGS

The Organization's land and buildings comprise its headquarters at Place des Nations, Geneva, Switzerland and include land, buildings and a security perimeter. 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, 2016. This valuation indicated an increase in the fair value of the land of 2.2 million Swiss francs. 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.

Three major construction projects have been completed since the implementation of IPSAS in 2010. The New Building was brought to use in 2011 and the New Conference Hall in 2014. In 2015 WIPO completed 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. This project comprised the New Access Centre (included as part of the Árpád Bogsch building), the Security Operations Centre (included as part of the Georg Bodenhausen building I), and the Security Perimeter (held as a standalone construction).

Movements for land and buildings in 2016

Movement 2016	Land	Buildings and Constructions in Use							Total Land and Buildings
	New Building Site	Security Perimeter	New Conference Hall	New Building	A. Bogsch Building	G. Bodenhausen Building I	G. Bodenhausen Building II	PCT Building	
Year in Service	1998	2015	2014	2011	1978	1960	1987	2003	
	(in thousands of Swiss francs)								
January 1, 2016									
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 in 2016									
Additions	-	-	57	784	670	215	4	376	**2,106**
Revaluation	2,220	-	-	-	-	-	-	-	**2,220**
Impairment	-	-	-	-	-	-	-	-	**-**
Depreciation	-	-271	-2,095	-3,124	-1,736	-651	-122	-1,356	**-9,355**
Net movements in 2016	**2,220**	**-271**	**-2,038**	**-2,340**	**-1,066**	**-436**	**-118**	**-980**	**-5,029**
December 31, 2016									
Cost/valuation	30,820	8,996	70,513	167,815	57,649	13,053	4,527	68,147	**421,520**
Accumulated depreciation and impairment charges	-	-362	-4,827	-16,933	-10,745	-2,920	-827	-9,417	**-46,031**
Net carrying amount	**30,820**	**8,634**	**65,686**	**150,882**	**46,904**	**10,133**	**3,700**	**58,730**	**375,489**

Movements for land and buildings in the prior year 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**

NOTE 11: OTHER NON-CURRENT ASSETS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Loan to FCIG	8,428	8,305
Advance for FCIG concessionary loan	126	251
FCIG loan amortization	189	378
Total other non-current assets	**8,743**	**8,934**

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 2016 totaled 231,020 Swiss francs (232,596 Swiss francs during 2015). 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, for a cost of 110,922 Swiss francs in 2016. 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, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Not later than one year	508	560
Later than one year and not later than five years	507	1,115
Later than five years	-	-
Total future lease payments	**1,015**	**1,675**

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 5) and non-current portion. The total value of this advance payment as at December 31, 2016 is 0.4 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 5) and non-current portion. This advance payment is reduced over the period of rental agreement, and as at December 31, 2016 has a total value of 0.3 million Swiss francs.

NOTE 12: PAYABLES AND ACCRUALS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Trade creditors - accounts payable	10,215	18,197
Miscellaneous transitory liabilities	293	3,777
Other trade creditors	255	128
Total payables and accruals	**10,763**	**22,102**

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

NOTE 13: EMPLOYEE BENEFITS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Accumulated leave	1,638	2,021
Separation benefits	329	463
Closed Pension Fund	327	339
Repatriation grant and travel	2,036	2,025
Home leave	409	303
Overtime and credit hours	524	608
Education grant	1,943	1,929
Performance rewards	240	277
After-Service Health Insurance	21,417	15,066
Total current employee benefit liabilities	**28,863**	**23,031**
Closed Pension Fund	2,277	2,403
Accumulated leave	10,977	10,534
Repatriation grant and travel	13,383	13,387
After-Service Health Insurance	132,930	122,163
Total non-current employee benefit liabilities	**159,567**	**148,487**
Total employee benefit liabilities	**188,430**	**171,518**

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 December 31, 2017. 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 (12.6 million Swiss francs at December 31, 2015).

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 0.4 million Swiss francs (0.3 million Swiss francs at December 31, 2015).

Overtime and credit hours: certain staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the SRR. Staff members following the flexible working time system may accumulate credit hours for time worked beyond 40 hours a week. Staff members with sufficient credit hours (up to a maximum of 16 hours) may request to take credit leave. The total liability at the reporting date for overtime and credit hours is 0.5 million Swiss francs (0.6 million Swiss francs at December 31, 2015).

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, 2016 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, 2015).

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, 2016 totaled 0.2 million Swiss francs (0.3 million Swiss francs at December 31, 2015).

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 2016, there is no liability as at December 31, 2016 (2 thousand Swiss francs in 2015) as all participants have now reached the age of 65;

- 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 2.6 million Swiss francs as at December 31, 2016 (2.7 million Swiss francs in 2015).

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:

	Actuarial Valuation	WIPO Estimate	December 31, 2016 Total	December 31, 2015 Total
		(in thousands of Swiss francs)		
Current liability	1,319	717	2,036	2,025
Non-current liability	13,383	-	13,383	13,387
Total liability - repatriation grant and travel	**14,702**	**717**	**15,419**	**15,412**

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, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Interest cost	71	100
Current service cost	1,281	1,134
Actuarial (gain)/loss	-632	1,499
Expense recognized in the Statement of Financial Performance	**720**	**2,733**

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, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Defined benefit obligation at beginning of year	14,739	13,279
Interest cost	71	100
Current service cost	1,281	1,134
Contribution paid	-757	-1,273
Actuarial (gain)/loss on obligation	-632	1,499
Defined benefit obligation at end of year	**14,702**	**14,739**

Contributions paid by the Organization for repatriation grant and travel totaled 0.8 million Swiss francs for 2016 (1.3 million Swiss francs in 2015). Expected contributions to repatriation grant and travel in 2017 are 0.9 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 2016 and the previous four years:

	2016	2015	2014	2013	2012
	(in thousands of Swiss francs)				
Defined benefit obligation	14,702	14,739	13,279	12,097	12,215
Experience (gain)/loss adjustments on plan liability	224	1,135	-1,295	-41	2,122

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

	December 31, 2016	December 31, 2015
Weighted-average assumptions to determine benefit obligations		
Discount rate	0.30%	0.50%
Rate of salary increase	2.43%	3.38%
Weighted-average assumptions to determine net cost		
Discount rate	0.50%	0.80%
Rate of salary increase	3.38%	3.52%

***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, 2017, monthly medical premiums amount to 596 Swiss francs for adults and 265 Swiss francs for children (previously 552 Swiss francs and 246 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 separate funds for the future financing of after-service employee benefit liabilities, including ASHI (see Notes 3 and 4). On the basis of an actuarial valuation carried out in December 2016 by an independent office, the Organization's ASHI liability was estimated as follows at the reporting date:

	December 31, 2016	December 31, 2015
ASHI	*(in thousands of Swiss francs)*	
Current liability	21,417	15,066
Non-current liability	132,930	122,163
Total liability - ASHI	**154,347**	**137,229**

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

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Interest cost	2,146	1,837
Current service cost	12,920	9,238
Amortization of net actuarial (gain)/loss	4,922	939
Expense recognized in the Statement of Financial Performance	**19,988**	**12,014**

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, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Defined benefit obligation at beginning of year	216,075	154,449
Interest cost	2,146	1,837
Current service cost	12,920	9,238
Contribution paid	-2,870	-2,643
Actuarial (gain)/loss on obligation	92,616	53,194
Defined benefit obligation at end of year	**320,887**	**216,075**
Net actuarial gain/(loss) unrecognized	-166,540	-78,846
Liability recognized in the Statement of Financial Position	**154,347**	**137,229**

Contributions paid by the Organization for ASHI totaled 2.9 million Swiss francs for 2016 (2.6 million Swiss francs in 2015). Expected contributions to ASHI in 2017 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 2016 and the previous four years:

	2016	2015	2014	2013	2012
			(in thousands of Swiss francs)		
Defined benefit obligation	320,887	216,075	154,449	137,670	131,320
Experience (gain)/loss adjustments on plan liability	3,377	190	-15,301	1,606	-6,704

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

	December 31, 2016	December 31, 2015
Weighted-average assumptions to determine benefit obligations		
Discount rate	0.75%	1.00%
Rate of sickness premium increase	3.50%	2.75%
Weighted-average assumptions to determine net cost		
Discount rate	1.00%	1.20%
Rate of sickness premium increase	2.75%	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, 2016	254,183	320,887	411,667
Per cent variation	-20.8%		28.3%
Service and interest cost for the year to December 31, 2016	11,595	15,066	19,845
Per cent variation	-23.0%		31.7%

United Nations Joint Staff Pension Fund

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the 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 Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

An actuarial valuation was performed as at December 31, 2015, however this valuation report was subsequently withdrawn following the identification of anomalies in the census data provided to the Consulting Actuary. The previous actuarial valuation performed as at December 31, 2013 revealed an actuarial deficit of 0.72 per cent (a deficit of 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, 2017.

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.

During 2016, WIPO contributions paid to UNJSPF amounted to 26.4 million Swiss francs (26.7 million Swiss francs in 2015). Expected contributions due in 2017 are 27.3 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 14: TRANSFERS PAYABLE

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Madrid Union complementary fees	35,613	38,630
Madrid Union supplementary fees	3,099	3,491
Madrid Union individual fees	14,451	16,874
Madrid Union handling fees	17	18
Madrid Union deposits	23,841	17,959
Hague Union distribution	489	553
Madrid and Hague Union repartition fees	5,107	4,322
AMC deposits	914	695
PCT International Searching Authorities	1,339	1,599
USPTO search fees due to EPO	4	19
Total transfers payable	**84,874**	**84,160**

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 15).

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 15: ADVANCE RECEIPTS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Madrid Union deposits	19,551	12,920
Industrial design deposits	944	687
PCT/IBRO deposits	451	468
Advance payment of contributions	3,188	1,899
PCT system deferred revenue	227,975	217,071
Madrid system deferred revenue	2,297	1,761
Hague system deferred revenue	463	346
Non-exchange deferred revenue	14,581	14,097
FIPOI deferred revenue	132	132
Total current advance receipts	**269,582**	**249,381**
FIPOI deferred revenue	4,069	4,201
Total non-current advance receipts	**4,069**	**4,201**
Total advance receipts	**273,651**	**253,582**

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 was 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, 2016 was 4.2 million Swiss francs (4.3 million Swiss francs as at December 31, 2015). This revenue is recognized gradually as the Security Perimeter is depreciated over its useful life.

NOTE 16: BORROWINGS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
FIPOI loan	1,358	1,358
BCG/BCV New Building loan	3,900	19,900
Total current borrowings	**5,258**	**21,258**
FIPOI loan	16,862	18,221
BCG/BCV New Building loan	66,600	70,500
Total non-current borrowings	**83,462**	**88,721**
Total borrowings	**88,720**	**109,979**

The Organization 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 2016 totaled 2.1 million Swiss francs, with a weighted average interest rate of 2.93 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. In January 2017, the Organization took the decision to repay in full the remaining balance of the loan of 70.5 million Swiss francs, with final repayment taking place on January 26, 2017 (see Note 28: Events After the Reporting Date).

NOTE 17: PROVISIONS

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Legal costs	6,989	817
Total provisions	**6,989**	**817**

The movement in provisions during 2015 and 2016 is detailed as follows:

	Legal Costs
	(in thousands of Swiss francs)
Balance as at December 31, 2014	**913**
Movements in 2015:	
Additional provisions made	642
Amounts used	-250
Unused amounts reversed	-488
Balance as at December 31, 2015	**817**
Movements in 2016:	
Additional provisions made	6,645
Amounts used	-27
Unused amounts reversed	-446
Balance as at December 31, 2016	**6,989**

As part of its normal activities, the Organization is subject to litigation. Events occurring prior to December 31, 2016 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.

NOTE 18: OTHER CURRENT LIABILITIES

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
PCT current accounts - Italy and Japan	717	456
Other current accounts	61,802	55,315
Total other current liabilities	**62,519**	**55,771**

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 19: 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 17. 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 105,000 Swiss francs at the reporting date. Personnel also have cases which have not yet reached the appeal stage (requests for review and workplace related conflicts and grievances). 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.

The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations System. As a Partner bound by the Mandate of the ICC, WIPO would be proportionately responsible for any third party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. At 31 December 2016, there are no known claims that impact WIPO. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

As at December 31, 2016, the Organization has non-cancellable contracts for the delivery of goods and services for a total value of 1.1 million Swiss francs. WIPO has contractual commitments relating to non-cancellable lease arrangements. These are detailed in Note 20.

NOTE 20: LEASES

WIPO as Lessee

The Organization leases additional depots and storage facilities in the Geneva area, and space for its external offices in Rio de Janeiro and Tokyo (paid with voluntary contributions to a Special Account), and its coordination office in New York. In addition, the Organization leases printing and photocopying equipment. The value of future minimum lease payments under non-cancellable operating leases is as follows:

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Not later than one year	356	391
Later than one year and not later than five years	54	232
Later than five years	-	-
Total non-cancellable operating leases	**410**	**623**

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 11.

The Organization has no outstanding leases qualifying as finance leases at the reporting date. The total amount of lease payments for depots, storage facilities and office space recognized as an expense in the reporting period was 1.7 million Swiss francs (1.9 million Swiss francs in 2015).

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 2015). 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 8.

NOTE 21: 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.

	2016		2015	
	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	8.29	2,921	8.92	3,352
Senior Officers	12.21	3,739	11.08	3,564

WIPO has no controlled entities and no interests in other entities which would require disclosure under IPSAS 34-38. WIPO is a member of the UNJSPF and certain of its former staff are members of WIPO's CROMPI. The relationship with these two funds is explained in detail in Note 13.

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 2016 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 22: NET ASSETS

Movement 2016	January 1, 2016	Items recognized directly in Net Assets	Program and Budget	Special Accounts	Projects Financed from Reserves	Adjustments to Special Projects Reserve	IPSAS adjustments for the year	Transfer to Accumulated Surpluses	December 31, 2016
			Surplus/(deficit) before IPSAS						
				(in thousands of Swiss francs)					
Program and Budget 2016	-	-	62,508	-	-	-	-26,913	-35,595	-
Special Accounts 2016	-	-	-	548	-	-	-548	-	-
Accumulated Surpluses	231,945	-	-	-	-	2,267	-	36,677	270,889
Special Projects Reserve	23,730	-	-	-	-4,673	-2,267	1,078	-1,082	16,786
Revaluation Reserve Surplus	15,046	2,220	-	-	-	-	-	-	17,266
Working Capital Funds	8,342	-2,000	-	-	-	-	-	-	6,342
Net assets	**279,063**	**220**	**62,508**	**548**	**-4,673**	**-**	**-26,383**	**-**	**311,283**

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 2.0 million Swiss francs for the PCT Union has been returned to the Member States of the PCT Union, through deductions from contribution invoices in 2016.

The Accumulated Surpluses of the Organization represent the accumulated net result of operations in 2016 and prior periods after the impact of IPSAS. The Revaluation Reserve Surplus includes the cumulative results of revaluations of the land owned by the Organization on which the New Building has been constructed (see Note 10). The fair value has been determined by an independent valuation. Following the latest revaluation as at December 31, 2016, the fair value of the land was increased by 2.2 million Swiss francs.

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, 2016:

	Total project budget	Cumulative expenditure to December 31, 2015	Cumulative adjustments to December 31, 2015 (2)	Remaining balance as at December 31, 2015	Expenditure year ended December 31, 2016	Adjustments year ended December 31, 2016 (3)	Remaining balance as at December 31, 2016
	(in thousands of Swiss francs)						
Special Projects							
Security	7,600	-7,640	141	101	-	-101	-
Maps modernization	13,804	-13,062	-	742	-742	-	-
Madrid system database	1,200	-1,093	-	107	-24	-	83
ERP project	25,341	-16,256	-	9,085	-1,852	-	7,233
ICT capital investment	5,180	-4,619	-	561	-386	-	175
Security enhancement	700	-	-	700	-129	-	571
ECM implementation	2,068	-75	-	1,993	-449	-	1,544
PCT building renovation	6,000	-84	-	5,916	-353	-	5,563
Geneva lake water cooling system	750	-263	-	487	-	-	487
AB building basement renovation	960	-5	-	955	-240	-	715
AB building windows replacement	300	-47	-	253	-47	-	206
Safety and fire protection	400	-123	-	277	-68	-	209
	64,303	**-43,267**	**141**	**21,177**	**-4,290**	**-101**	**16,786**
Development agenda	**7,182**	**-6,302**	**-**	**880**	**-**	**-880**	**-**
New Construction and New Conference Hall							
New Construction **(1)**	157,643	-158,764	1,412	291	-93	-198	-
New Conference Hall (including architectural and technical project)	75,200	-75,627	1,809	1,382	-294	-1,088	-
	232,843	**-234,391**	**3,221**	**1,673**	**-387**	**-1,286**	**-**
Total reserve funded projects	**304,328**	**-283,960**	**3,362**	**23,730**	**-4,677**	**-2,267**	**16,786**
Revenue in year 2016					4		
Net deficit in year 2016					**-4,673**		

(1) The New Construction project was financed by borrowings, see Note 16.
(2) Reflects adjustments related to the cancellation of ULOs for prior periods which were booked as Miscellaneous Income.
(3) Adjustments in 2016 relate to closed projects – Security, Development agenda, New Construction and New Conference Hall.

NOTE 23: 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 2016/17 Biennium established a budget for the biennium of expenditure of 707.0 million Swiss francs.

For 2016, the first year of the biennium, the original and final budget estimate for income was 373.3 million Swiss francs, and for expenditure 350.4 million Swiss francs. Actual income on a modified accrual basis for the first year of the biennium was 384.7 million Swiss francs. Actual expenditure on a modified accrual basis for the first year of the biennium was 322.2 million Swiss francs.

The Program Performance Report for 2016 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 in the financial statements of the second year of the biennium (this will be included in the 2017 financial statements). 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 the Statement of Cash Flow (Statement IV).

Reconciliation for 2016

	2016			
	Operating	**Investing**	**Financing**	**Total**
	(in thousands of Swiss francs)			
Actual amount on comparable basis (Statement V)	**62,508**	**-**	**-**	**62,508**
Depreciation and amortization	-11,424	-	-	-11,424
Equipment acquisition and disposal	-	89	-	89
Capitalization of construction expense	-	2,106	-	2,106
Capitalization of intangible assets	-	287	-	287
Changes in employee benefit liabilities	-10,629	-	-	-10,629
Deferral of revenue from fees	-6,303	-	-	-6,303
Other revenue	136	-	-	136
Change in provision for doubtful debts	-20	-	-	-20
Inventory recognition	-77	-	-	-77
Special Accounts revenue recognition	-548	-	-	-548
Total Basis differences	**-28,865**	**2,482**	**-**	**-26,383**
Projects financed from reserves	-4,673	-	-	-4,673
Special Accounts	548	-	-	548
Total Entity differences	**-4,125**	**-**	**-**	**-4,125**
Actual amount in the Statement of Financial Performance (Statement II)	**29,518**	**2,482**	**-**	**32,000**

NOTE 24: REVENUE

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	
	2016	2016	2016	2016	2016	2015
	(in thousands of Swiss francs)					
Assessed contributions	17,357	-	-	-20	17,337	17,801
Voluntary contributions						
Contributions to Special Accounts	-	10,332	-	-548	9,784	10,255
Subventions to Lisbon Union	392	-	-	-	392	-
Sub-total voluntary contributions	392	10,332	-	-548	10,176	10,255
Publications revenue	426	-	-	-	426	487
Investment revenue	21	-	-	-	21	1,500
Fees						
PCT system	296,369	-	-	-5,650	290,719	275,392
Madrid system	60,116	-	-	-536	59,580	67,925
Hague system	5,072	-	-	-116	4,956	3,931
Lisbon system	25	-	-	-	25	17
Sub-total fees	361,582	-	-	-6,302	355,280	347,265
Arbitration and Mediation	1,641	-	-	-	1,641	1,508
Exchange gain (loss)	529	-1	4	-	532	816
Program support charges	951	-	-	-951	-	-
Other/miscellaneous revenue	1,785	9	-	506	2,300	2,311
Total revenue	**384,684**	**10,340**	**4**	**-7,315**	**387,713**	**381,943**

Amounts shown for the Program and Budget represent actual revenue received related to the Organization's budget as adopted by the Assemblies.

Voluntary contributions include revenue received in connection with contributions made by donors to individual projects under Special Accounts not included in the Program and Budget. During 2016 the Organization received the payment of subventions under Article 11(3)(iii) of the Lisbon Agreement. These subventions are classified in the table above as voluntary contributions to 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.

NOTE 25: EXPENSES

	Program and Budget	Special Accounts	Projects Financed from Reserves	IPSAS Adjustments	Total	
	2016	2016	2016	2016	2016	2015
			(in thousands of Swiss francs)			
Posts	191,533	1,973	342	10,810	204,658	198,651
Temporary staff	12,562	378	282	-328	12,894	16,477
Other staff costs	6,927	-	-	-126	6,801	1,138
Total Personnel expenditure	**211,022**	**2,351**	**624**	**10,356**	**224,353**	**216,266**
Internships	497	-	-	-	497	502
WIPO fellowships	2,764	-	-	-	2,764	2,649
Total Interns and WIPO fellowships	**3,261**	**-**	**-**	**-**	**3,261**	**3,151**
Staff missions	4,689	516	1	1	5,207	5,867
Third-party travel	6,590	2,171	-	-	8,761	9,588
Training and related travel grant	1,134	708	-	-	1,842	1,939
Total Travel, training and grants	**12,413**	**3,395**	**1**	**1**	**15,810**	**17,394**
Conferences	3,714	315	-	-	4,029	4,298
Publishing	58	16	-	-	74	41
Individual contractual services	10,484	419	683	-71	11,515	11,690
Other contractual services	55,039	2,175	1,657	-91	58,780	56,061
Total Contractual services	**69,295**	**2,925**	**2,340**	**-162**	**74,398**	**72,090**
Premises and maintenance	18,057	115	1,710	-1,604	18,278	17,364
Communication	2,076	18	-	-	2,094	2,195
Representation and other operating expenses	778	4	-	90	872	807
United Nations joint services	685	17	-	-	702	834
Total Operating expenses	**21,596**	**154**	**1,710**	**-1,514**	**21,946**	**21,200**
Supplies and materials	**2,020**	**14**	**2**	**3**	**2,039**	**3,583**
Furniture and equipment	**261**	**-**	**-**	**-89**	**172**	**827**
Depreciation and amortization	**-**	**-**	**-**	**11,424**	**11,424**	**11,055**
Finance costs	**2,308**	**2**	**-**	**-**	**2,310**	**3,107**
Program support costs	**-**	**951**	**-**	**-951**	**-**	**-**
Total expenses	**322,176**	**9,792**	**4,677**	**19,068**	**355,713**	**348,673**

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 26: 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

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.

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)*	
2016		
Receivables	55,754	55,754
Loans	8,428	8,428
Cash and cash equivalents	529,817	529,817
Investments	12,500	12,500
	606,499	**606,499**
2015		
Receivables	51,818	51,818
Loans	8,305	8,305
Cash and cash equivalents	489,496	489,496
	549,619	**549,619**

	Carrying amount	Fair value
Financial liabilities	*(in thousands of Swiss francs)*	
2016		
Borrowings	88,720	88,720
Payables and accruals	10,763	10,763
Transfers payable	84,874	84,874
Current accounts	62,519	62,519
	246,876	**246,876**
2015		
Borrowings	109,979	109,979
Payables and accruals	22,102	22,102
Transfers payable	84,160	84,160
Current accounts	55,771	55,771
	272,012	**272,012**

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, 2016 was as follows:

	December 31, 2016	December 31, 2015
	(in thousands of Swiss francs)	
Receivables	55,754	51,818
Loans	8,428	8,305
Cash and cash equivalents	529,805	489,483
Investments	12,500	-
Maximum exposure to credit risk	**606,487**	**549,606**

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, deposits may only be held with institutions with a minimum short-term credit rating of A-2/P-2 or a minimum long-term credit rating of A-/A3.

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.

The credit ratings attached to cash and cash equivalents and investments as at December 31, 2016 is as follows:

Credit Rating	AAA Swiss sovereign	A-1+	A-1	A-2	Unrated (cash on hand)	Total
		S&P short-term				
December 31, 2016			*(in thousands of Swiss francs)*			
Cash and cash equivalents	375,011	1,367	108,353	45,074	12	529,817
Investments	-	-	-	12,500	-	12,500
	375,011	**1,367**	**108,353**	**57,574**	**12**	**542,317**
Per cent	**69.1%**	**0.3%**	**20.0%**	**10.6%**	**0.0%**	**100.0%**

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 as at December 31, 2016. In January 2017 the Organization took the decision to repay in full the remaining balance of the BCG/BCV loan (see Note 28: Events After the Reporting Date):

	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2016		*(in thousands of Swiss francs)*		
FIPOI loan	1,358	5,433	11,429	18,220
BCG/BCV New Building loan	3,900	15,600	51,000	70,500
Total borrowing	**5,258**	**21,033**	**62,429**	**88,720**

	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**

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 mechanism for managing foreign currency exchange risk in relation to PCT international filing fees is discussed in detail in the financial statement discussion and analysis which precedes these financial statements. 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 Cooperation Treaty and amounts received by national patent offices for international search fees from applicants for international patents.

The Organization's contributions to the UNJSPF and its payments to ICC are made in US dollars. The Organization has a further exposure to exchange risk in connection with the cost of pensions for staff previously enrolled in the Closed Pension Fund who are now members of the UNJSPF. In addition, the Organization has external offices in Brazil, China, Japan, Russia and Singapore, and a coordination office in 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 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, 2016 **Original currency:**	**USD**	**JPY**	**EUR**
	(in thousands of Swiss francs)		
Total in the financial statements:			
Financial assets			
Cash and cash equivalents	2,939	115	8,238
PCT debtors	21,770	9,709	7,539
USA taxes reimbursable	4,123	-	-
Reasonable shift	10.0%	10.0%	10.0%
Total effect on surplus of +ve movements	**2,883**	**982**	**1,578**
Total effect on surplus of -ve movements	**-2,883**	**-982**	**-1,578**
Financial liabilities			
PCT current accounts	-	627	89
Accounts payable	625	11	205
Transfer payable	1,024	-	214
Reasonable shift	10.0%	10.0%	10.0%
Total effect on surplus of +ve movements	**165**	**64**	**51**
Total effect on surplus of -ve movements	**-165**	**-64**	**-51**

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. Given prevailing interest rates at the current time, the Organization has included no investment revenue in its budget for 2016/17 Program and Budget.

As previously noted, In January 2017 the Organization took the decision to repay in full the remaining balance of the BCG/BCV loan (see Note 28: Events After the Reporting Date). 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, 2016 and December 31, 2015 are as follows:

	Interest rate at reporting date	1 year or less	1-5 years	Later than 5 years	Total
December 31, 2016	%	(in thousands of Swiss francs)			
Financial assets					
Funds invested with AFF (including restricted balances and strategic cash)	0.000	375,011	-	-	375,011
Term deposits with Raiffeisen (including strategic cash)	0.010	20,000	-	-	20,000
Notice accounts with Société Générale	0.600	4,574	-	-	4,574
Notice accounts with UBS (including restricted balances)	0.000	21,598	-	-	21,598
Financial liabilities					
BCG/BCV New Building loan	2.943	3,900	15,600	51,000	70,500

	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 and strategic cash)	0.000	375,011	-	-	375,011
Short-term investments with Credit Suisse	0.000	47,000	-	-	47,000
Notice accounts 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 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)
2016		
Financial assets		
Funds invested with AFF	+50	1,875
	-50	-1,875
Term deposits with Raiffeisen	+50	91
	-50	-91
Notice accounts with Société Générale	+50	5
	-50	-5
Notice accounts with UBS	+50	108
	-50	-108

NOTE 27: EXCHANGE GAIN AND LOSS

	Gain	Loss	Net Impact 2016	Net impact 2015
			(in thousands of Swiss francs)	
PCT system fees gain/(loss)				
Accounts receivable	217	-97	120	31
PCT fees received	5,571	-407	5,164	-686
PCT International Searching Authority	799	-849	-50	4,427
Total PCT system fees realized gain/(loss)	6,587	-1,353	5,234	3,772
PCT bank accounts	603	-1,146	-543	-1,765
PCT current accounts and debtors	577	-156	421	989
Total PCT system fees unrealized gain/(loss)	1,180	-1,302	-122	-776
Total PCT system fees gain/(loss)	**7,767**	**-2,655**	**5,112**	**2,996**
Arbitration and Mediation gain/(loss)				
Arbitration and Mediation bank accounts	95	-78	17	-24
Arbitration and Mediation other assets and liabilities	61	-84	-23	23
Total Arbitration and Mediation unrealized gain/(loss)	**156**	**-162**	**-6**	**-1**
Other gain/(loss)				
Accounts payable	1,834	-1,666	168	495
Total other realized gain/(loss)	1,834	-1,666	168	495
Bank accounts	1,242	-1,345	-103	457
Special Account bank accounts	9	-10	-1	-42
Other assets and liabilities	4,659	-4,190	469	-94
Total other unrealized gain/(loss)	5,910	-5,545	365	321
Total other gain/(loss)	**7,744**	**-7,211**	**533**	**816**
Total exchange gain/(loss)	**15,667**	**-10,028**	**5,639**	**3,811**

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 ISAs 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 5.6 million Swiss francs gain in 2016 (3.8 million Swiss francs gain in 2015) is recognized within revenue in the Statement of Financial Performance, principally within the line PCT system fees.

NOTE 28: EVENTS AFTER THE REPORTING DATE

WIPO's reporting date is December 31, 2016 and its financial statements were authorized for issue on April 28, 2017.

In January 2017, the Organization took the decision to repay in full the remaining balance of 70.5 million Swiss francs of its BCG/BCV loan which had been used to finance part of the cost of construction of the New Building. The remaining tranches of the loan had been scheduled to mature in 2019 and 2025. The early repayment of the loan balance was made on January 26, 2017, and as a result WIPO incurred a penalty charge of 11.6 million Swiss francs, calculated by reference to the present value of all outstanding interest due on the loan. Following the loan repayment, the Organization's cash and cash equivalents were therefore reduced by 82.1 million Swiss francs, while current and non-current liabilities were reduced by 3.9 million Swiss francs and 66.6 million Swiss francs respectively. The early repayment penalty is recognized in full in 2017 as a finance cost in the statement of financial performance.

The decision to repay the loan was taken in accordance with the objective of capital preservation, as stipulated in WIPO's Policy on Investments. Given existing interest rate conditions, including negative interest rates for Swiss franc deposits, there is a cost avoidance benefit from repaying the loan when compared to investment of the funds in a risk-free Swiss franc asset of comparable tenor. In repaying the loan the Organization also achieved an immediate saving of 0.3 million Swiss francs (calculated by comparing interest which would have been payable over the remaining life of the loan as against the penalty charge paid in 2017).

NOTE 29: 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 (contributions, fees, publications) 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 2016. 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 2016/17 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

Program	Program Title	Contribution Financed	PCT	Madrid	Hague	Lisbon	Special Accounts	Total
				UNIONS				
				(in thousands of Swiss francs)				
	REVENUE							
	Contributions	17,357	-	-	-	392	10,332	28,081
	Fees	-	296,369	60,116	5,072	25	-	361,582
	Interest	1	13	7	-	-	-	21
	Publications	27	338	61	-	-	-	426
	Other/miscellaneous	653	653	653	653	653	8	3,273
	Arbitration and Mediation	86	1,040	492	20	3	-	1,641
	Sub-total revenue on budgetary basis	**18,124**	**298,413**	**61,329**	**5,745**	**1,073**	**10,340**	**395,024**
	Miscellaneous revenue projects financed from reserves	1	1	1	1	-	-	4
	IPSAS adjustments to revenue	-10	-5,552	-143	-111	-	-1,499	-7,315
	TOTAL REVENUE	**18,115**	**292,862**	**61,187**	**5,635**	**1,073**	**8,841**	**387,713**
	EXPENSES							
1	Patent Law	190	2,312	79	-	-	-	2,581
2	Trademarks, Industrial Designs & Geographical Indications	459	-	1,490	344	-	-	2,293
3	Copyright and Related Rights	5,701	1,509	138	-	-	-	7,348
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3,045	-	-	-	-	-	3,045
5	The PCT System	-	93,861	-	-	-	-	93,861
6	Madrid System	-	-	25,556	1,145	38	-	26,739
7	WIPO Arbitration and Mediation Center	264	3,219	1,523	61	10	-	5,077
8	Development Agenda Coordination	48	1,462	135	-	-	-	1,645
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	414	12,589	1,157	-	-	-	14,160
10	Transition and Developed Countries	108	3,280	302	-	-	-	3,690
11	The WIPO Academy	168	5,126	471	-	-	-	5,765
12	International Classifications and Standards	218	2,744	125	31	-	-	3,118
13	Global Databases	-	2,386	732	38	-	-	3,156
14	Services for Access to Information and Knowledge	52	2,543	522	49	3	-	3,169
15	Business Solutions for IP Offices	198	6,008	552	-	-	-	6,758
16	Economics and Statistics	80	2,437	224	-	-	-	2,741
17	Building Respect for IP	56	1,694	155	-	-	-	1,905
18	IP and Global Challenges	84	2,553	234	-	-	-	2,871
19	Communications	225	6,834	628	-	-	-	7,687
20	External Relations, Partnerships and External Offices	151	4,603	423	-	-	-	5,177
21	Executive Management	422	6,920	1,741	305	41	-	9,429
22	Program and Resource Management	580	9,811	3,488	575	57	-	14,511
23	Human Resources Management and Development	800	13,116	3,299	579	79	-	17,873
24	General Support Services	920	15,081	3,827	665	91	-	20,584
25	Information and Communication Technology	828	15,873	4,083	1,003	82	-	21,869
26	Internal Oversight	92	1,504	378	66	9	-	2,049
27	Conference and Language Services	789	12,922	3,250	570	78	-	17,609
28	Information Assurance, Safety and Security	357	5,846	1,471	258	35	-	7,967
30	SMEs and Entrepreneurship Support	84	2,540	233	-	-	-	2,857
31	The Hague System	-	-	-	4,006	-	-	4,006
32	Lisbon System	-	-	-	-	636	-	636
	Sub-total expenses on budgetary basis	**16,333**	**238,773**	**56,216**	**9,695**	**1,159**	**-**	**322,176**
	Financed from reserves:							
	Projects financed from reserves	276	2,952	1,251	195	3		4,677
	IPSAS adjustments to projects financed from reserves	-84	-716	-274	-4	-	-	-1,078
	Special Accounts	-	-	-	-	-	9,792	9,792
	IPSAS adjustments to expense	1,049	15,340	4,011	623	74	-951	20,146
	TOTAL EXPENSES	**17,574**	**256,349**	**61,204**	**10,509**	**1,236**	**8,841**	**355,713**
	Reserves and Working Capital Funds as at December 31, 2015	**24,918**	**212,692**	**55,167**	**-12,699**	**-1,015**	**-**	**279,063**
	Return of Working Capital Funds	-	-2,000	-	-	-	-	-2,000
	Revaluation of land	113	1,645	387	67	8	-	2,220
	2016 result on budgetary basis	1,516	56,689	3,863	-4,144	-89	548	58,383
	IPSAS adjustments to result	-975	-20,176	-3,880	-730	-74	-548	-26,383
	Reserves and Working Capital Funds as at December 31, 2016	**25,572**	**248,850**	**55,537**	**-17,506**	**-1,170**	**-**	**311,283**

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, 2016

(in thousands of Swiss francs)

	Program and Budget		Special Accounts		Projects financed from reserves		IPSAS Adjustments		Consolidated	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
ASSETS										
Current Assets										
Cash and cash equivalents	520,719	467,623	21,598	21,929	-	-	-12,500	-56	529,817	489,496
Investments	-	-	-	-	-	-	12,500	-	12,500	
Contributions receivables	2,240	1,892	-	-	-	-	-757	-666	1,483	1,226
Exchange transactions receivables	14,888	16,176	15	136	232	26	43,929	36,230	59,064	52,568
Inventories	-	-	-	-	-	-	1,520	1,597	1,520	1,597
Other current assets	194,706	189,646	-6,866	-7,718	-187,840	-181,928	-	-	-	-
	732,553	**675,337**	**14,747**	**14,347**	**-187,608**	**-181,902**	**44,692**	**37,105**	**604,384**	**544,887**
Non-Current Assets										
Equipment	-	-	-	-	-	-	1,609	2,134	1,609	2,134
Investment property	3,395	3,395	-	-	-	-	2,815	2,815	6,210	6,210
Intangible assets	-	-	-	-	-	-	27,813	28,981	27,813	28,981
Land and buildings	25,414	25,415	-	-	137,419	137,419	212,656	217,684	375,489	380,518
Contributions receivables	5,589	5,733	-	-	-	-	-5,364	-5,435	225	298
Exchange transactions receivables	-	-	-	-	-	-	2,756	5,030	2,756	5,030
Other non-current assets	9,057	9,245	-	-	-	-	-314	-311	8,743	8,934
	43,455	**43,788**	**-**	**-**	**137,419**	**137,419**	**241,971**	**250,898**	**422,845**	**432,105**
TOTAL ASSETS	**776,008**	**719,125**	**14,747**	**14,347**	**-50,189**	**-44,483**	**286,663**	**288,003**	**1,027,229**	**976,992**
LIABILITIES										
Current Liabilities										
Payables and accruals	15,880	26,190	21	73	-5,138	-4,105	-	-56	10,763	22,102
Employee benefits	-23,616	-22,062	296	328	-55	-55	52,238	44,820	28,863	23,031
Transfers payable	61,034	66,201	-	-	-	-	23,840	17,959	84,874	84,160
Advance receipts	47,975	33,933	13,882	14,843	-	-	207,725	200,605	269,582	249,381
Borrowings	5,258	21,258	-	-	-	-	-	-	5,258	21,258
Provisions	6,989	817	-	-	-	-	-	-	6,989	817
Other current liabilities	62,676	56,093	-	-	-	-	-157	-322	62,519	55,771
	176,196	**182,430**	**14,199**	**15,244**	**-5,193**	**-4,160**	**283,646**	**263,006**	**468,848**	**456,520**
Non-Current Liabilities										
Employee benefits	108,891	101,023	-	-	-	-	50,676	47,464	159,567	148,487
Borrowings	83,462	88,721	-	-	-	-	-	-	83,462	88,721
Advance receipts	-	-	-	-	-	-	4,069	4,201	4,069	4,201
	192,353	**189,744**	**-**	**-**	**-**	**-**	**54,745**	**51,665**	**247,098**	**241,409**
TOTAL LIABILITIES	**368,549**	**372,174**	**14,199**	**15,244**	**-5,193**	**-4,160**	**338,391**	**314,671**	**715,946**	**697,929**
Accumulated Surpluses	401,117	338,609	548	-897	-61,782	-64,053	-68,994	-41,714	270,889	231,945
Special Projects Reserve	-	-	-	-	16,786	23,730	-	-	16,786	23,730
Revaluation Reserve Surplus	-	-	-	-	-	-	17,266	15,046	17,266	15,046
Working Capital Funds	6,342	8,342	-	-	-	-	-	-	6,342	8,342
NET ASSETS	**407,459**	**346,951**	**548**	**-897**	**-44,996**	**-40,323**	**-51,728**	**-26,668**	**311,283**	**279,063**

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

For the year ended December 31, 2016

(in thousands of Swiss francs)

	Program and Budget		Special Accounts		Projects financed from reserves		IPSAS Adjustments		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE										
Assessed contributions	17,357	17,359	-	-	-	-	-20	442	17,337	17,801
Voluntary contributions	392	-	10,332	9,427	-	-	-548	828	10,176	10,255
Publications revenue	426	487	-	-	-	-	-	-	426	487
Investment revenue	21	75	-	-	-	-	-	1,425	21	1,500
Fees										
PCT system	296,369	302,096	-	-	-	-	-5,650	-26,704	290,719	275,392
Madrid system	60,116	65,873	-	-	-	-	-536	2,052	59,580	67,925
Hague system	5,072	4,043	-	-	-	-	-116	-112	4,956	3,931
Lisbon system	25	17	-	-	-	-	-	-	25	17
Sub-total fees	361,582	372,029	-	-	-	-	-6,302	-24,764	355,280	347,265
Arbitration and Mediation	1,641	1,508	-	-	-	-	-	-	1,641	1,508
Exchange gains	529	847	-1	-49	4	18	-	-	532	816
Program support charges	951	993	-	-	-	-	-951	-993	-	-
Other/miscellaneous revenue	1,785	3,744	9	-	-	-	506	-1,433	2,300	2,311
TOTAL REVENUE	**384,684**	**397,042**	**10,340**	**9,378**	**4**	**18**	**-7,315**	**-24,495**	**387,713**	**381,943**
EXPENSES										
Personnel expenditure	211,022	215,400	2,351	2,566	624	1,153	10,356	-2,853	224,353	216,266
Internships and WIPO fellowships	3,261	3,151	-	-	-	-	-	-	3,261	3,151
Travel, training and grants	12,413	13,775	3,395	3,541	1	78	1	-	15,810	17,394
Contractual services	69,295	67,399	2,925	2,977	2,340	1,813	-162	-99	74,398	72,090
Operating expenses	21,596	25,639	154	152	1,710	1,696	-1,514	-6,287	21,946	21,200
Supplies and materials	2,020	3,527	14	42	2	61	3	-47	2,039	3,583
Furniture and equipment	261	1,812	-	-	-	332	-89	-1,317	172	827
Construction	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	11,424	11,055	11,424	11,055
Finance costs	2,308	3,103	2	4	-	-	-	-	2,310	3,107
Program support costs	-	-	951	993	-	-	-951	-993	-	-
TOTAL EXPENSES	**322,176**	**333,806**	**9,792**	**10,275**	**4,677**	**5,133**	**19,068**	**-541**	**355,713**	**348,673**
SURPLUS/(DEFICIT) FOR THE YEAR	**62,508**	**63,236**	**548**	**-897**	**-4,673**	**-5,115**	**-26,383**	**-23,954**	**32,000**	**33,270**

ANNEX III
SPECIAL ACCOUNTS BY DONOR CONTRIBUTIONS

(in Swiss francs)

Fund-in-Trust Donor	Fund code	Balance as of December 31, 2015	Income 2016				Expenditure 2016				Reimbursements to donors	Foreign exchange (gain)/loss absorbed by WIPO	Balance as of December 31, 2016
			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	663.20	-	-	-	-	-	40.00	-	40.00	-	-	623.20
Australia	WAUST	110,218.64	-	-	39.88	39.88	-	9,539.76	1,235.00	10,774.76	99,483.76	-	-
Australia	WAUS2	-	1,301,667.88	-	56.71	1,301,724.59	-	122,150.96	15,872.25	138,023.21	-	-	1,163,701.38
Brazil (CHF)	WBRES	230,333.53	-	-	-	-	-	-21,192.94	-1,059.60	-22,252.54	252,586.07	-	-
Brazil South	WBRST	238,314.65	-	-	-	-	-	113,338.25	14,733.95	128,072.20	-	-	110,242.45
China SIPO	WCNSP	-	327,821.39	-	-4.76	327,816.63	-	226,480.92	-	226,480.92	-	-	101,335.71
Costa Rica	WCORI	29,868.24	-	-	-825.18	-825.18	-	40.96	-	40.96	-	-	29,002.10
El Salvador	WELSA	55,348.87	-	-	-1,337.25	-1,337.25	-	40.96	-	40.96	-	-	53,970.66
European Union (Pakistan Project)	WPAKI	52,469.84	-	-	506.15	506.15	-	29,772.91	2,084.05	31,856.96	20,211.92	-907.11	-
Finland (CHF)	WFICH	14,360.09	-	-	-	-	-	10,040.00	1,305.20	11,345.20	-	-	3,014.89
France/Industrial Property	WFRIP	960,497.40	289,378.00	-	-54.87	289,323.13	-	482,459.51	62,726.90	545,186.41	-	-	704,634.12
Germany/ Junior Professional Officers	WDEJP	407,871.37	140,180.00	-	-	140,180.00	174,632.86	6,408.18	21,724.95	202,765.99	90,142.24	-	255,143.14
Ibero-American Program of Industrial Property	WIBER	239,954.64	56,509.50	-	-	56,509.50	-	55,344.65	3,874.10	59,218.75	-	-	237,245.39
Italy/Intellectual Property	WITIP	796,598.22	-	-	-	-	-	72,126.59	9,376.45	81,503.04	-	-	715,095.18
Italy/Junior Professional Officers	WITJP	8,940.16	64,608.32	-	-	64,608.32	58,890.80	1,318.87	7,225.20	67,434.87	-	-	6,113.61
Japan/Africa - LDCs	WJPAF	1,651,639.58	1,600,000.00	-	-366.05	1,599,633.95	235,549.35	1,259,821.25	193,234.30	1,688,604.90	-	-	1,562,668.63
Japan/Copyright	WJPCR	344,934.94	468,646.00	-	326.54	468,972.54	245,709.92	225,292.64	59,714.64	530,717.20	-	-	283,190.28
Japan/Industrial Property	WJPIP	4,969,999.26	3,830,000.00	-	309.86	3,830,309.86	899,267.86	2,576,871.26	443,977.40	3,920,116.52	-	-	4,880,192.60
Japan/Junior Professional Officers	WJPOJ	276,309.48	5,746.00	-	-	5,746.00	123,069.70	40.00	14,773.10	137,882.80	-	-	144,172.68
Mexico	WMEXI	144,425.61	98,765.43	-	-	98,765.43	-	25,936.66	1,815.60	27,752.26	-	-	215,438.78
Portugal	WPORT	64,582.62	-	-	847.93	847.93	-	40.68	5.25	45.93	64,364.25	-1,020.37	-
Portugal CHF	WPTCH	-	64,364.25	-	-	64,364.25	-	-	-	-	-	-	64,364.25
Republic of Korea/Copyright	WKRCR	529,651.76	336,896.01	-	-44.24	336,851.77	60,370.10	302,466.59	-	362,836.69	-	-	503,666.84
Republic of Korea/Copyright/Professional Officers	WKRPO	315,140.56	156,573.00	-	-	156,573.00	134,772.10	40.00	16,177.45	150,989.55	-	-	320,724.01
Republic of Korea/Intellectual Property	WKIPO	1,053,391.46	710,385.21	-	140.92	710,526.13	51,271.45	512,192.38	-	563,463.83	-	-	1,200,453.76
Republic of Korea/Professional Officers	WKRJP	730,582.51	663,876.00	-	-	663,876.00	368,037.31	40.00	44,169.30	412,246.61	-	-	982,211.90
Republic of Korea/Education	WKRED	317,318.46	334,574.80	-	-7.84	334,566.96	-	141,051.69	7,053.10	148,104.79	-	-	503,780.63
Republic of Korea/Building Respect IP	WKRBR	50,475.05	126,336.01	-	-0.09	126,335.92	-	112,820.52	5,641.05	118,461.57	-	-	58,349.40
Spain (CHF)	WESCH	107,220.63	165,276.33	-	0.10	165,276.43	-	159,682.26	20,758.70	180,440.96	-	-	92,056.10
Trusted Intermediary Global Accessible Resources pilot project	WTIGA	2,827.37	-	-	-	-	-	1,917.45	249.25	2,166.70	-	-	660.67
United Nations Office for Partnerships (UNOP) / UNFIP	WUIP1	-	49,200.00	-	-	49,200.00	-	3,718.37	297.45	4,015.82	-	-	45,184.18
Uruguay (CHF)	WUYCH	148,623.82	-	-	-118.75	-118.75	-	20,554.92	-	20,554.92	-	-	127,950.15
United States of America/ USPTO Creative industries	WUSC1	-	98,400.00	-	-85.56	98,314.44	-	31,422.10	4,096.00	35,518.10	-	-	62,796.34
Miscellaneous closed funds-in-trust	ZZ	-	-	-	-2.21	-2.21	-	-	-	-	-	2.21	-
TOTAL		**13,852,561.96**	**10,889,204.13**	**-**	**-618.71**	**10,888,585.42**	**2,351,571.45**	**6,481,818.35**	**951,061.04**	**9,784,450.84**	**526,788.24**	**-1,925.27**	**14,427,983.03**

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, 2016) are not included in this schedule but are included in the figures shown in Note 15 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 February 2016 a payment for the amount of 10,000 Swiss francs was made to a staff member of the Organization in recognition of the consequences of an inadvertent miscommunication concerning his early retirement;

- In July 2016 a payment for the amount of 4,937 Swiss francs was made to a staff member of the Organization as compensation for financial losses incurred as a result of his reassignment to a WIPO External Office.