

## FINANCIAL STATEMENTS

## STATEMENT I: Statement of Financial Position

as at December 31, 2020

(in thousands of Swiss francs)

	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	143,540	206,031
Investments	4	116,116	18,304
Contributions receivable	5	1,547	2,369
Exchange transactions receivable	5	66,792	73,258
		327,995	299,962
<b>Non-current assets</b>			
Investments	4	672,344	529,725
Intangible assets	6	24,028	24,461
Property, plant, and equipment	7	358,491	363,539
Other non-current assets	8	7,995	8,185
		1,062,858	925,910
<b>TOTAL ASSETS</b>		<b>1,390,853</b>	<b>1,225,872</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	9	15,531	24,036
Employee benefits	10	14,405	11,282
Transfers payable	11	98,228	94,492
Advance receipts	12	317,841	313,787
Finance lease	15	104	-
Provisions	13	986	1,811
Current accounts		71,707	67,623
		518,802	513,031
<b>Non-current liabilities</b>			
Employee benefits	10	480,936	344,942
Finance lease	15	415	-
Advance receipts	12	3,637	3,672
		484,988	348,614
<b>TOTAL LIABILITIES</b>		<b>1,003,790</b>	<b>861,645</b>
Accumulated Surpluses		565,601	418,413
Special Projects Reserve		28,173	39,490
Revaluation Reserve Surplus		20,368	18,532
Actuarial gains/(losses) through Net Assets		-233,421	-118,550
Working Capital Funds		6,342	6,342
<b>NET ASSETS</b>		<b>387,063</b>	<b>364,227</b>

The accompanying notes form an integral part of these financial statements

Director General



## STATEMENT II: Statement of Financial Performance

for the year ended December 31, 2020  
(in thousands of Swiss francs)

	Note	2020	2019
<b>REVENUE</b>			
Assessed contributions		17,551	17,313
Voluntary contributions		5,769	10,863
Publications revenue		498	353
Fees			
PCT system		358,557	338,108
Madrid system		76,209	76,840
Hague system		6,667	5,288
Lisbon system		7	14
Sub-total fees		441,440	420,250
Arbitration and Mediation		2,091	1,963
Other/miscellaneous revenue		923	6,291
<b>TOTAL REVENUE</b>		<b>468,272</b>	<b>457,033</b>
<b>EXPENSES</b>			
	18		
Personnel expenditure		233,735	242,511
Internships and WIPO fellowships		5,478	5,183
Travel, training and grants		1,772	17,509
Contractual services		88,619	96,123
Operating expenses		20,873	22,518
Equipment and supplies		5,340	6,392
Depreciation and amortization		9,773	10,205
Finance costs		240	1,020
<b>TOTAL EXPENSES</b>		<b>365,830</b>	<b>401,461</b>
Investment gains/(losses)	19	33,429	42,102
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>135,871</b>	<b>97,674</b>

# STATEMENT III: Statement of Changes in Net Assets

for the year ended December 31, 2020  
(in thousands of Swiss francs)

	Accumulated Surpluses	Special Projects Reserve	Revaluation Reserve Surplus	Actuarial gains/(losses) through Net Assets	Working Capital Funds	Net Assets Total
<b>Net Assets at December 31, 2018</b>	<b>328,732</b>	<b>31,497</b>	<b>17,266</b>	<b>-122,425</b>	<b>6,342</b>	<b>261,412</b>
Surplus/(deficit) for the year 2019	103,001	-5,327	-	-	-	97,674
Transfer to/from Special Projects Reserve	-18,973	18,973	-	-	-	-
Adjustment to Accumulated Surpluses	5,653	-5,653	-	-	-	-
Adjustment to Revaluation Reserve Surplus	-	-	1,266	-	-	1,266
Actuarial gains/(losses)	-	-	-	3,875	-	3,875
<b>Net Assets at December 31, 2019</b>	<b>418,413</b>	<b>39,490</b>	<b>18,532</b>	<b>-118,550</b>	<b>6,342</b>	<b>364,227</b>
Surplus/(deficit) for the year 2020	144,421	-8,550	-	-	-	135,871
Transfer to/from Special Projects Reserve	1,057	-1,057	-	-	-	-
Adjustment to Accumulated Surpluses	1,710	-1,710	-	-	-	-
Adjustment to Revaluation Reserve Surplus	-	-	1,836	-	-	1,836
Actuarial gains/(losses)	-	-	-	-114,871	-	-114,871
<b>Net Assets at December 31, 2020</b>	<b>565,601</b>	<b>28,173</b>	<b>20,368</b>	<b>-233,421</b>	<b>6,342</b>	<b>387,063</b>

## STATEMENT IV: Statement of Cash Flow

for the year ended December 31, 2020  
(in thousands of Swiss francs)

	Note	2020	2019
<b>Cash flows from operating activities</b>			
Surplus (deficit) for the period	Statement II	135,871	97,674
Depreciation and amortization	6 & 7	9,773	10,205
(Increase) decrease in inventories		-	1,298
(Increase) decrease in receivables	5	7,288	-3,771
(Increase) decrease in other assets	8	190	182
Increase (decrease) in advance receipts	12	4,019	17,417
Increase (decrease) in payables and accruals	9	-8,505	7,500
Increase (decrease) in transfers payable	11	3,736	-2,154
Increase (decrease) in provisions	13	-825	-3,777
Increase (decrease) in current accounts		4,084	-2,955
Movement in employee benefits (1)		24,246	25,975
Interest, dividends, investment and exchange gains/losses (2)		-37,170	-47,543
<b>Net cash flows from operating activities</b>		<b>142,707</b>	<b>100,051</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant, and equipment	7	-2,722	-9,297
Disposals of property, plant, and equipment	7	536	-
(Increase) decrease in intangible assets	6	-270	-261
(Increase) decrease in investments	4	-240,431	-154,925
Increase (decrease) in fair value of investments	4	33,280	42,191
Dividends and interest on investments	19	4,948	5,222
<b>Net cash flows from investing activities</b>		<b>-204,659</b>	<b>-117,070</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in finance lease obligations	15	519	-
<b>Net cash flows from financing activities</b>		<b>519</b>	<b>-</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-1,058</b>	<b>130</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>-62,491</b>	<b>-16,889</b>
<b>Cash and cash equivalents at beginning of year</b>	3	<b>206,031</b>	<b>222,920</b>
<b>Cash and cash equivalents at end of year</b>	3	<b>143,540</b>	<b>206,031</b>

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

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

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

for the year ended December 31, 2020  
(in thousands of Swiss francs)

	Original Budget 2020	Updated Budget 2020	Actual Revenue on comparable basis 2020	Difference 2020
	(1)	(2)		(3)
Assessed contributions	17,377	17,377	17,492	115
Fees				
PCT system	327,230	349,200	358,557	9,357
Madrid system	79,375	72,610	76,209	3,599
Hague system	6,067	5,270	6,667	1,397
Lisbon system	25	25	7	-18
Sub-total fees	412,697	427,105	441,440	14,335
Arbitration and Mediation	1,650	1,650	2,091	441
Publications	384	384	498	114
Other/miscellaneous	1,822	1,822	1,416	-406
<b>TOTAL REVENUE</b>	<b>433,930</b>	<b>448,338</b>	<b>462,937</b>	<b>14,599</b>

(1) Original Budget represents the first year of the approved Program and Budget for the 2020/21 biennium.

(2) Updated Budget includes updated revenue estimates for the PCT, Madrid and Hague systems as per the October 2020 Forecast from the Department for Economics and Data Analytics.

(3) Represents the difference between the Updated Budget 2020 and actual revenue on a comparable basis for the year ended December 31, 2020.

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

for the year ended December 31, 2020  
(in thousands of Swiss francs)

		Original Budget 2020 (1)	Budget after Transfers 2020 (2)	Actual Expense on a comparable basis 2020	Difference 2020 (3)
<b>Program</b>	<b>Program Title</b>				
1	Patent Law	3,046	2,895	1,927	968
2	Trademarks, Industrial Designs & Geographical Indications	2,676	2,715	1,967	748
3	Copyright and Related Rights	8,579	9,261	7,959	1,302
4	Traditional Knowledge, Traditional Cultural Expressions & Genetic Resources	3,616	3,412	2,558	854
5	The PCT System	110,231	109,097	98,755	10,342
6	Madrid System	31,030	28,031	26,781	1,250
7	WIPO Arbitration and Mediation Center	6,390	6,467	5,476	991
8	Development Agenda Coordination	1,874	1,678	1,279	399
9	Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries	14,590	13,378	11,599	1,779
10	Transition and Developed Countries	4,446	4,290	3,651	639
11	The WIPO Academy	6,652	6,154	5,981	173
12	International Classifications and Standards	3,637	3,703	3,088	615
13	Global Databases	5,428	5,573	5,110	463
14	Services for Access to Information and Knowledge	3,894	3,531	3,510	21
15	Business Solutions for IP Offices	7,245	5,898	5,272	626
16	Economics and Statistics	3,760	3,884	3,682	202
17	Building Respect for IP	2,371	2,346	1,857	489
18	IP and Global Challenges	2,483	2,515	2,425	90
19	Communications	8,336	8,316	7,184	1,132
20	External Relations, Partnerships and External Offices	7,560	7,246	5,838	1,408
21	Executive Management	13,290	12,803	11,695	1,108
22	Program and Resource Management	20,144	19,029	16,306	2,723
23	Human Resources Management and Development	13,339	13,553	12,311	1,242
24	General Support Services	20,007	17,697	16,529	1,168
25	Information and Communication Technology	25,160	27,696	26,826	870
26	Internal Oversight	2,548	2,547	2,356	191
27	Conference and Language Services	18,586	16,657	14,668	1,989
28	Information Assurance, Safety and Security	12,359	12,169	11,022	1,147
30	SMEs and Entrepreneurship Support	3,248	2,771	2,400	371
31	The Hague System	6,540	7,699	7,219	480
32	Lisbon System	703	698	650	48
UN	Unallocated	7,354	6,068	-	6,068
<b>TOTAL EXPENSES</b>		<b>381,122</b>	<b>369,777</b>	<b>327,881</b>	<b>41,896</b>
<b>INVESTMENT GAINS/(LOSSES) (4)</b>		<b>-844</b>	<b>-844</b>	<b>33,429</b>	<b>34,273</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>51,964</b>	<b>77,717</b>	<b>168,485</b>	<b>90,768</b>
IPSAS adjustments to surplus (5)				-26,015	
Special Accounts and Projects financed from reserves				-6,599	
<b>ADJUSTED NET SURPLUS PER IPSAS</b>				<b>135,871</b>	

(1) Original Budget represents the budget of the first year of the approved Program and Budget for the 2020/21 biennium. The biennial budget amounts to 768.4 million Swiss francs, and was approved by the Assemblies of the Member States of WIPO in October 2019.

(2) Budget after Transfers includes budgetary transfers as at December 31, 2020.

(3) Represents the difference between the Budget after Transfers 2020 and Actual Expense on a comparable basis for the year ended December 31, 2020.

(4) Investment losses in the Program and Budget for the 2020/21 biennium were related to short-term cash balances (operating cash) only.

(5) The IPSAS adjustments to the surplus are detailed in Note 17 of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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

WIPO functions in accordance with the WIPO Convention signed in Stockholm on July 14, 1967 and as amended on September 28, 1979. WIPO was recognized as a specialized agency of the United Nations in 1974. WIPO is based in Geneva, Switzerland, and enjoys privileges and immunities as granted under the 1947 Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations and the 1970 Headquarters Agreement with the Swiss Federal Council, notably being exempt from paying most forms of direct and indirect taxation. WIPO also has external offices in Abuja, Algiers, Beijing, Moscow, Rio de Janeiro, Singapore and Tokyo, along with a coordination office in New York.

WIPO promotes 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 include the following main areas of work: providing intellectual property services through the Organization's Global IP systems; developing and maintaining the technical infrastructure that 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.

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 42 *Social Benefits*, was published in January 2019 with an original implementation date of January 1, 2022. This implementation date has now been deferred to January 1, 2023 due to the COVID-19 pandemic and the challenges it has created. It is not expected that this standard will impact the Organization's financial statements.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, deposits held up to 90 days and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

#### *Investments*

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

#### *Foreign Currency Transactions*

The functional currency of WIPO is the Swiss franc. All transactions occurring in other currencies are translated into Swiss francs using the United Nations Operational Rates of Exchange (UNORE) 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.