

Financial statements

Financial period ending 31 December 2022

Berne, July 2023



UPU | UNIVERSAL
POSTAL
UNION

Universal Postal Union

Financial statements

Financial period ending 31 December 2022

Berne, 27 July 2023

Introduction

I have pleasure in presenting to you the consolidated financial statements of the Universal Postal Union (UPU) for the financial period ending 31 December 2022.

The consolidated financial statements have been established according to the International Public Sector Accounting Standards (IPSAS) and cover all of the organization's operations, including those funded by the regular budget, voluntary contributions and other revenue-generating funds.

The result is an overview of the organization's activities and various funding sources. This is important given the financial challenges that the organization faces in achieving the results expected under the Abidjan Postal Strategy.

The accounts are to be submitted to the UPU Council of Administration (CA) for examination and approval, together with the opinion of the External Auditor, in accordance with article 38 of the UPU Financial Regulations.

The consolidated surplus for the 2022 financial year amounts to 4,587,356 CHF, compared with 3,733,233 CHF in 2021.

The result recorded in 2022 is higher than in 2021. For the two consecutive financial years, income exceeded expenses. In terms of revenue, the main variation factors were a reduction in sales (due in particular to a fall in postal traffic), and voluntary contributions, in particular those linked to the Quality of Service Fund (QSF), partly offset by an increase in financial revenue, thanks to an increase in interest rates. In terms of expenses, there was a reduction in project expenditure, particularly for the QSF, a reduction in financial costs, and technical factors regarding the assessment of staff-related liabilities, which resulted in lower staff costs (statement II). The impact of exchange rate differences was minimal in 2022, with the overall loss limited to 157,373 CHF.

The assessment of staff-related liabilities also had a significant impact on the balance sheet, which shows an increase in net assets of 91 million CHF, but still remains negative in the amount of 87,033,997 CHF (statement I).

The consolidated budgetary result, comprising the Union budget and the extrabudgetary programmes (statement V), shows a total overspend of 681,924 CHF.

Gross expenditure from the regular budget amounted to 37,536,293 CHF, against the budget of 38,890,030 CHF. This represents an execution rate of 96.5%. The savings relate largely to travel and consultancy costs.

Berne, 27 June 2023

Masahiko Metoki
Director General

Statement I – Statement of financial position at 31 December 2022 (in CHF)

	Notes	2022	2021 (restated)
Assets			
<i>Current assets</i>			
Cash and cash equivalents	3	33,558,447	47,511,785
Investments	7	68,537,321	87,770,689
Accounts receivable (non-exchange transactions)	4	32,120,003	29,919,999
Accounts receivable (exchange transactions)	4	32,797,945	22,236,805
Inventories	5	117,985	112,156
Other current assets	6	2,853,290	3,987,879
Total current assets		169,984,992	191,539,312
<i>Non-current assets</i>			
Investments	7	72,376,579	32,562,709
Accounts receivable (non-exchange transactions)	4	8,048,580	16,730,590
Equipment	8	415,497	501,765
Intangible assets	9	896,989	885,816
Land and buildings	10	20,111,434	20,993,244
Other non-current assets	6	22,188	17,850
Total non-current assets		101,871,267	71,691,974
Total assets		271,856,258	263,231,286
<i>Current liabilities</i>			
Accounts payable and accrued expenses	11	33,707,815	22,979,685
Employee benefits	12	2,951,574	3,338,729
Deferred revenue	13	87,993,226	85,423,109
Advance receipts	13	79,453,359	80,559,253
Funds-in-trust held for translation services	15	7,882,548	7,685,797
Provisions	14	50,000	50,000
Total current liabilities		212,038,523	200,036,573
<i>Non-current liabilities</i>			
Employee benefits	12	138,851,733	224,819,506
Deferred revenue	13	8,000,000	16,000,000
Total non-current liabilities		146,851,733	240,819,506
Total liabilities		358,890,255	440,856,079
Accumulated surplus (deficit) Union funds	16	-101,354,319	-171,384,829
Accumulated surplus (deficit) other funds	16	7,621,152	2,737,985
Accumulated surplus (deficit) controlled entities	16	1,041,873	-12,702,499
Reserves	16	5,657,297	3,724,550
Net assets		-87,033,997	-177,624,792

Statement II – Statement of financial performance from 1 January to 31 December 2022 (in CHF)

	<i>Notes</i>	<i>2022</i>	<i>2021</i>
<i>Revenue</i>			
Statutory contributions from member countries	19	37,898,600	37,991,200
Other annual contributions	19	4,177,513	4,488,003
Voluntary contributions	19	17,501,216	20,681,071
Sales	19	12,378,980	12,654,428
Financial revenue	19	2,826,166	1,759,677
Exchange gains	21	3,061,347	2,906,967
Other revenue	19	1,115,424	1,186,639
Total revenue		78,959,247	81,667,985
<i>Expenses</i>			
Staff costs	20	49,005,598	49,470,017
Travel	20	498,569	445,408
Consultants and external contracts	20	5,336,267	4,726,793
Project costs	20	9,754,954	13,500,153
General operating expenses	20	1,185,561	1,059,880
Materials and supplies	20	503,930	673,035
Maintenance and repairs	20	1,952,684	1,853,325
Depreciations	20	1,380,168	1,793,697
Financial costs	20	261,126	647,035
Exchange losses	21	3,218,720	2,309,195
Other expenses	20	1,274,315	1,456,214
Total expenses		74,371,891	77,934,752
Net result		4,587,356	3,733,233

Statement III – Statement of changes in net assets at 31 December 2022 (in CHF)

	<i>Notes</i>	<i>Accumulated surplus (deficit) – Union funds</i>	<i>Accumulated surplus (deficit) – other funds</i>	<i>Accumulated surplus (deficit) – controlled entities</i>	<i>Reserves</i>	<i>Total net assets</i>
Net assets at 31 December 2020 (restated)		-220,995,993	2,791,952	-22,142,334	3,777,962	-236,568,412
Net result current period		1,921,508	930,029	881,697	–	3,733,233
Recognized actuarial gain (loss) in net assets	12	45,899,071	774,218	8,535,925	–	55,209,214
Reclassification between tied own funds and other funds		1,800,586	-1,800,586	–	–	–
Use of reserves		-10,001	63,414	–	-53,413	–
Foreign currency translation		–	-21,041	22,213	–	1,172
Net assets at 31 December 2021 (restated)	16	-171,384,829	2,737,986	-12,702,500	3,724,549	-177,624,793
Net result current period		-90,679	3,408,511	1,269,524	–	4,587,356
Recognized actuarial gain (loss) in net assets		72,273,795	997,767	12,366,767	–	85,638,329
Reclassification between tied own funds and other funds	16	-202,736	202,736	–	–	–
Reclassification between untied own funds and other funds	16	-17,124	17,124	–	–	–
Use of reserves	16	42,173	–	–	-42,173	–
Allocation reserve (building)	16	-1,974,920	–	–	1,974,920	–
Foreign currency translation		–	257,030	108,081	–	365,111
Net assets at 31 December 2022		-101,354,318	7,621,153	1,041,872	5,657,296	-87,033,998

Statement IV – Statement of cash flow from 1 January to 31 December 2022 (in CHF)

	<i>Notes</i>	<i>2022</i>	<i>2021 (restated)</i>
Net result		4,587,356	3,733,233
<i>Cash flow from operating activities</i>			
Depreciation expenses	8 to 10	1,380,168	1,793,697
Amortization of grants	10	-22,316	-22,316
Increase (decrease) in provision for doubtful debts	4	330,902	541,601
(Increase) decrease in non-exchange transactions receivable	4	6,151,104	11,897,012
(Increase) decrease in exchange transactions receivable	4	-10,561,141	-2,604,202
(Increase) decrease in inventories	5	-5,829	58,571
(Increase) decrease in other assets	6	1,130,251	525,041
Increase (decrease) in payables and accrued expenses	11	10,728,130	3,265,573
Increase (decrease) in deferred revenue	13	-5,429,883	-4,131,117
Increase (decrease) in advance receipts	13	-1,105,894	-5,786,951
Increase (decrease) in employee benefit liabilities	12	-716,600	1,459
Increase (decrease) in other provisions	14	–	-25,000
Increase (decrease) of amounts due to translation services	15	196,751	524,282
Entity foreign currency translation differences (operating activities)		873,342	166,973
Net cash flow from operating activities		7,536,341	9,937,856
<i>Cash flow from investment activities</i>			
(Increase) decrease in investments	7	-20,580,502	-21,999,430
(Increase) decrease in equipment and intangible assets	8 and 9	-401,942	-334,104
Entity foreign currency translation difference (investment activities)		996	-3,153
Net cash flow from investment activities		-20,981,448	-22,336,686
<i>Cash flow from financing activities</i>			
Increase (decrease) in loans		–	–
Net cash flow from financing activities		–	–
Net increase (decrease) in cash and cash equivalents		-13,445,106	-12,398,830
Cash and cash equivalents, beginning of period		47,511,785	60,075,614
Effect of foreign currency translation on cash and equivalents		-508,231	-164,999
Cash and cash equivalents at end of period		33,558,447	47,511,785

Statement V – Statement of comparison of budget and actual amounts from 1 January to 31 December 2022 (in CHF)

<i>Strategic pillar</i>	<i>Budget 2022</i>	<i>Extrabudgetary programmes 2022</i>	<i>Total budget 2022</i>	<i>Net actual amounts 2022</i>	<i>Difference 2022</i>
Forum	5,137,136	3,786,600	8,923,736	9,446,673	-522,937
Provider of technical solutions	10,516,931	23,013,204	33,530,135	35,653,978	-2,123,843
Knowledge centre	2,906,596	1,575,325	4,481,921	2,231,432	2,250,489
Functional support	16,605,867	237,000	16,842,867	17,128,500	-285,633
Financing of staff-related liabilities	3,723,500	–	3,723,500	3,723,500	0
Total expenses 2022	38,890,030	28,612,129	67,502,159	68,184,083	-681,924
QSF project expenses 2022	–	–	–	7,136,989	–
Total expenses 2022 including QSF projects	–	–	–	75,321,072	–

Explanation of differences between budget and actual amounts in 2022

In accordance with articles 107.1.4 and 145 of the General Regulations, the CA examined the 2022 UPU Programme and Budget (P&B) in November 2021. The CA set the 2022 regular budget at 38,890,030 CHF.

The expenses presented in statement V are presented on the same basis as the budget.

The expenses linked to QSF projects for 2022 are shown on a separate line, since they were not included in the 2022 budget.

A reconciliation of revenue and expenses on a budgetary and full accrual basis is included in note 18 to these financial statements.

Expenditure exceeded the 2022 budget by 681,924 CHF. This result can be explained by the significant development of certain extrabudgetary activities which benefited from supplementary funding, particularly from the United States and Japan, which was not foreseen when the 2022 P&B was drawn up.

An analysis of the P&B shows expenses exceeding the budget for strategic pillar 1 (Forum). This pillar comprises three programmes: events and meetings of technical working groups, treaties and international agreements, and settlement mechanisms. The organization of two CA/Postal Operations Council (POC) sessions and several in-person meetings of CA and POC technical groups required additional investment in human resources, leading to additional expenses of 522,937 CHF.

Strategic pillar 2 (Provider of innovative and affordable technical solutions) encompasses consulting and capacity-building projects through technical cooperation, training and quality advice in key areas of the postal sector, such as addressing, e-commerce, the supply chain, remuneration, financial inclusion and sustainable development. The surplus of expenses of 2,123,843 CHF is primarily due to extrabudgetary activities, especially those in relation to supply chain and sustainable development, which benefited from supplementary funding in 2022 (United States and Japan).

Strategic pillar 3 (Information and knowledge centre) encompasses all research programmes and in-depth studies into problems affecting the postal sector as a whole (studies of the postal market and its trends, regulatory studies, digital economy and financial inclusion), as well as data storage and protection (philately, standards, EMS). The positive difference of 2,250,489 CHF is attributable to the reallocation of human resources to strategic pillar 1 for the preparation of CA/POC sessions, but also to the fact that certain posts, particularly those dedicated to postal and regulatory studies, were vacant in 2022.

Expenses under strategic pillar 4 (Functional support) were 285,633 CHF higher than planned in the 2022 budget.

The “financing of staff-related liabilities” item (non-operating expenses) corresponds to the amount of the guarantee to be paid into the UPU Provident Scheme, as decided by Congress, i.e. 3,723,500 CHF. This amount was paid in full in 2022.

Notes to the financial statements

The accompanying notes form an integral part of these financial statements.

Note 1 – Objectives and budget of the organization

Established in 1874, the UPU serves as the primary forum for cooperation between postal sector players. It helps to ensure a truly universal network of up-to-date products and services and fulfils an advisory, mediating and liaison role, and provides technical assistance where needed. It sets the rules for international mail exchanges and makes recommendations to stimulate growth in mail, parcel and financial services volumes, and to improve quality of service for customers.

The Union, which now has 192 member countries, functions in accordance with the provisions of the 1874 Treaty of Berne. The Constitution of the UPU is the fundamental Act containing the organic rules of the Union. It is a diplomatic Act, ratified by the competent authorities of each member country. Amendments to the Constitution can be made only at Congress and are recorded in an Additional Protocol, which is also subject to ratification.

The common rules applicable to the international postal service and the provisions concerning the letter-post and parcel-post services are given in the Convention and its Regulations. The Convention Regulations are agreements concluded by the member countries elected by Congress to the POC, which has the authority to amend the Regulations at its annual sessions. The Convention and its Regulations are binding on all member countries. The Postal Payment Services Agreement and its Regulations are binding only on the countries that are parties to the Agreement.

The UPU is based in Berne, Switzerland, and enjoys the privileges and immunities granted under the Convention on Privileges and Immunities of Specialized Agencies of the United Nations of 1 July 1948, as well as the Headquarters Agreement with the Swiss Federal Council. In particular, the UPU is exempt from most forms of direct and indirect taxes.

The UPU is governed by Congress, the Council of Administration and the Postal Operations Council, its constituent bodies established under the UPU Constitution.

Congress serves as the supreme body of the Union and consists of representatives of the member countries. It meets every four years and elects the Director General and Deputy Director General of the International Bureau, each to a four-year term during the period between two successive Congresses. Congress establishes maximum expenditure levels for the Union’s budget and elects the members of the Council of Administration and Postal Operations Council.

The Council of Administration consists of 41 member countries elected during Congress. Traditionally, the other members of the CA elect a Chair from the host country of Congress. The members and the Chair serve for a term of four years between Congresses. The CA meets each year and approves the budget and accounts of the Union, and adopts the Financial Regulations, Staff Regulations and the regulations governing various funds administered by the Union.

The Postal Operations Council consists of 48 member countries elected during Congress, at least one third of which must be renewed during each election. The POC meets each year and is responsible for the operational, economic and commercial aspects of the postal business. It also makes recommendations to member countries regarding standards for technological, operational or other processes within its competence where uniform practices are essential.

In accordance with the Constitution, the UPU is funded by contributions from its member countries. It also receives voluntary contributions from member countries and other donors, and collects fees for products and services provided. The Union operates on the basis of an annual budget, which appropriates the expenditure authorizations approved by the CA. The approval of these appropriations provides the Director General with the authority to commit and authorize expenses, and to make payments for the purposes assigned, within the limits of the appropriations.

In its consolidated financial statements, the Union presents all the revenue and expenses associated with the strategic objectives of the organization, including those of a number of entities. These entities participate fully in the organization's mission and also benefit from administrative support provided by the International Bureau. They are neither legal entities nor cooperative companies as defined under private law, and direct oversight is exercised by the UPU's bodies. These entities are fully consolidated in the UPU financial statements.

The entities controlled are as follows:

- The EMS Cooperative is a voluntary cooperative established by resolution of the POC (CEP 2/1998). It consists of members that are both importers and exporters of EMS items. The EMS Cooperative promotes cooperation among members with a view to providing high-quality and affordable EMS services worldwide. The members form the General Assembly, which meets annually and elects the EMS Cooperative Board, which meets four times per year. According to the EMS Cooperative Statutes, members pay an annual membership fee based on EMS traffic.
- The Telematics Cooperative is a voluntary cooperative established by the POC in line with Seoul Congress resolution C 27/1994 and confirmed by Beijing Congress resolution C 52/1999. The Cooperative consists of members that are public, semi-public or private postal operators whose countries are members of the Union. The Cooperative promotes cooperation among members with a view to developing and implementing common or compatible information systems and electronic communications. The members form the General Assembly, which meets annually and elects the Telematics Cooperative Management Board. Members pay an annual membership fee based on membership class, as established by the Statutes and Principles of Operation of the Telematics Cooperative. The Cooperative also collects charges for the services that it provides. All products, services and documents financed by the Cooperative, including intellectual property rights, become Union property.
- The Quality of Service Fund (QSF) is a trust established by Congress to help countries improve the quality of the universal postal service. The QSF is governed by Rules of Procedure adopted by the POC. The POC appoints the members of the QSF Board to a three-year renewable term. The Board approves QSF-financed projects and manages QSF investments. The QSF is financed from income from investments, annual contributions paid by contributing countries, and voluntary contributions from contributing countries and governments. Funds are held on behalf of creditor countries, which may submit proposals for projects to improve the quality of the postal service. In the event of dissolution of the QSF, the balances, after repayment of contributing countries assets, shall be paid into the UPU technical cooperation accounts for assignment to projects aimed at improving the quality of the international postal service.

Note 2 – Significant accounting policies

Basis of preparation

These financial statements have been prepared on an accrual and going concern basis, and the accounting policies have been applied consistently throughout the period. They are prepared in accordance with IPSAS.

Controlled entities

The entities controlled by the UPU are fully consolidated from the date of obtaining control. The UPU controls an entity when it is exposed to, or has rights in respect of, variable profits stemming from its involvement in the entity, and when it is in a position to influence these profits by virtue of the power that it exercises over the entity.

Transactions eliminated during consolidation

All transactions and balances, along with unrealized gains and losses internal to the UPU and the controlled entities, are eliminated during consolidation. Revenue, expenses, assets and liabilities thus show the net situation of all inter-entity activities.

Cash, investments and other financial assets

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments which are readily convertible to cash and subject to insignificant risk of changes in market value. Investments (current) include short-term deposits with a maturity period of less than one year. Long-term (non-current) investments are primarily held by an investments manager and include bonds held in United States dollars.

Employee benefits

Provisions are established for the liabilities of the Provident Scheme and after-service health insurance (ASHI), both of which are considered defined benefit plans, as well as long-term separation benefits payable (repatriation grants, travel and shipping), as determined by an independent actuary on an annual basis using the projected unit cost method. In addition, provisions are established for the value of accumulated leave and overtime earned but unpaid at the reporting date.

Expense recognition

Expenses are recognized as goods received, travel taken and services delivered.

Financial instruments

A financial instrument is recognized when the Union agrees to the contractual conditions of the instrument, until the expiry of the right to receive the cash corresponding to this financial asset from another entity or of the obligation to provide cash to another entity to fulfil a financial commitment.

Investments are non-derivative financial assets deemed as held for trading and assessed at fair value through profit or loss, or as held to maturity and assessed at amortized cost. Cash and cash equivalents are short-term financial assets and are stated at their nominal value at the reporting date.

Unconditional receivables are non-derivative financial assets for which payment is fixed or determinable and which are not listed on an active market. They include set contributions and other amounts receivable in cash. Short-term receivables are stated at nominal value. Longer-term receivables covering overdue payments of member countries under sanction that have negotiated a repayment agreement are valued at amortized cost using the effective interest method.

Accounts payable are non-derivative financial liabilities for which payments are fixed and payable in cash and which are not listed on an active market. As they are short-term liabilities, accounts payable are stated at nominal value.

Foreign currency transactions

The functional currency of the UPU, and the currency of reporting for these financial statements, is the Swiss franc. All transactions in other currencies have been converted into Swiss francs using the official UN exchange rates in effect on the date of the transactions. Both realized and unrealized gains and losses resulting from the settlement of such transactions, and from the conversion (on the reporting date) of liabilities and net assets denominated in currencies other than the Swiss franc, are recognized on the statement of financial performance.

The functional reporting currency for the QSF, international reply coupons (IRCs) and UPU*Clearing is the United States dollar. Differences resulting from the conversion (from USD into CHF) of the balance sheet of these entities are recognized directly in the net assets.

Exchange rates used:

<i>1 CHF</i>	<i>USD</i>	<i>EUR</i>
31 December 2022	1.083	1.017
31 December 2021	1.092	0.962

Fixed assets

Equipment is valued at cost less accumulated depreciation and impairment. Gains and losses on disposal of an asset are determined by comparing the proceeds with the carrying amount and are included on the statement of financial performance.

Occupied buildings are valued at the cost of construction when new, plus the cost of subsequent improvements as determined by an independent expert at 1 January 2010, less accumulated depreciation. Values were determined by an independent external consultant, based on the values of each component at construction, plus improvements existing at the initial recognition date of 1 January 2010 and less accumulated depreciation based on the remaining useful life of each component. Subsequent costs of major renovations and improvements to fixed assets that increase or extend the future economic benefits or service potential are valued at cost.

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 fixed assets, other than land and properties under construction, over their estimated useful lives. This is performed on a straight-line basis as follows:

<i>Category</i>		<i>Estimated useful life (years)</i>
Equipment	Computer equipment, including screens	4 or 5
	Printers	3 to 5
	Portable computers and servers	3
	Network switches	7
	Other equipment	10
	Office furnishings other than chairs	10
	Chairs	5
	Security and safety equipment	5
	Telephones and fax machines	5
	Central telecommunication equipment	7
	Mobile telephones	2
	Audiovisual equipment	5
	Motor vehicles	8
	Other equipment	5 to 10
Buildings	Structure	100
	Facade	50
	Roof	60
	Floors, walls and stairways	50
	Flooring, wall coverings	40
	Forecourt	40
	Trees and plants	20
	Kitchen equipment	40
	Conference rooms	40
	Heating and ventilation	30
	Sanitary facilities	40
	Electrical installations	50
Lifts	40	

The carrying values of fixed assets 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 the impairment loss, if any. Changes in provisions for impairment are included on the statement of financial performance.

Inventories

Inventories include the postage stamps (valued at face value) held by the Union for operations, souvenirs held for sale (valued at cost or fair value, whichever is lower), and IRCs held in stock (valued at the cost of production). The inventory of completed publications is considered immaterial, and costs relating to the production of publications are put to account when incurred. The fuel used for heating the headquarters building is considered an administrative cost and is put to account when acquired.

Intangible assets

The Union capitalizes purchases of computer software from 5,000 CHF upwards. The costs of software and the services of consultants tasked with implementing systems are capitalized and amortized over a useful life of five years. The costs related to internal software development are recognized as expenses when incurred.

Net assets

Net assets include the unrestricted accumulated surplus and deficit of the Union, reserves established by the Union's governing body, accumulated fund balances of other entities forming part of the Union (IRCs, Voluntary Fund and UPU*Clearing), and accumulated fund balances of entities controlled by the Union which form part of the consolidated financial statements (Telematics Cooperative, EMS Cooperative and QSF). The accumulated fund balance of other entities and controlled entities is primarily dedicated to specific activities. Funds of the translation services do not form part of net assets and have not been consolidated into the financial statements.

Provisions

Provisions are recognized when the Union has a legal or constructive obligation as a result of a past event, where 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.

Receivables

Receivables are estimated using the amortized cost method. A valuation adjustment for non-recoverable receivables is established for all amounts two or more years past due (from the date of the invoice). For countries under sanctions, the full amount of the debt is provisioned. Note also that, for the QSF, all amounts older than 90 days are likewise provisioned. Interest of 5% is charged on any unpaid balance over three months past due.

Any member country unable to make an assignment which does not agree to submit to an amortization schedule or which does not comply with such a schedule will automatically lose its right to vote at Congress and at meetings of the CA and POC and will no longer be eligible for membership of these two councils.

On 1 July 2022, new provisions of article 147 of the General Regulations came into force. These provide that Congress or the CA may decide to release member countries from their debts in arrears and immediately lift automatic sanctions, subject to payment of at least half the total amount of the debts, or the last five years' mandatory contributions.

Congress or the CA may also decide, in the case of the least developed countries or small island developing states, that the last five years of mandatory contributions may be calculated on the basis of the current contribution class to which the member country belongs, in which case the relevant current contribution class will be multiplied by five.

The amounts released under these exceptional payment arrangements are not cancelled, but are set aside and fully provisioned. Should automatic sanctions again be imposed on the member countries concerned, the amounts set aside will again be recorded as debts in arrears, in accordance with the new provisions of the aforementioned article 147.

Revenue recognition

Revenue from exchange transactions, such as the sale of services, is recognized at the time a service covered by a fee has been provided. Revenue from publications is recognized upon full delivery of the goods.

Revenue from non-exchange transactions, such as voluntary contributions to development activities, is recognized as revenue at the time an agreement with a donor becomes binding, unless the agreement contains conditions related to specific performance or the return of unexpended balances, in which case an offsetting liability is recognized until the conditions have been met. If there is no binding agreement, revenue is recognized upon receipt of the funds.

Statutory contributions are recognized as revenue at the beginning of the financial period to which they relate. Revenue from contributions to the cooperatives is recognized at the beginning of the year to which it relates.

Segment reporting

Segment reporting is based upon the major programmes and entities that form part of or are administered by the Union, as follows:

- Union budget, including the Social Fund, Reserve Fund, Special Activities Fund and Building Maintenance Fund.
- Voluntary Fund and development cooperation, including all voluntary funds and funds for development and technical cooperation.
- IRC fund, established to record revenue from the sale of coupons and related expenses.
- Telematics Cooperative.
- EMS Cooperative.
- UPU*Clearing.
- QSF.

Each segment includes assets, liabilities, revenue, expenses and net assets. The general administrative costs of the Union, including the occupancy of the headquarters building in Berne, are included in the Union segment. They are not allocated to other segments, as there is no available reasonable basis for reallocation of costs to other entities. In the consolidation, contributions made by the Union to the Telematics Cooperative and charges for services provided by the Telematics Cooperative to the Union are eliminated.

Use of estimates

The financial statements necessarily include amounts based on estimates and management assumptions. Estimates include, but are not limited to, defined benefit medical insurance; Provident Scheme and other post-employment benefit obligations, the value of which is calculated by an independent actuary; amounts for litigation; financial risk on accounts receivable, and the degree of impairment of fixed assets. Actual results could differ from these estimates. Changes in estimates are reflected on the statement of financial performance for the period in which they become known.

IPSAS implementation

All standards in force have been applied as of the date of the financial statements.

Furthermore, the IPSAS Board has published the following four new standards:

<i>IPSAS</i>	<i>Name</i>	<i>Date of entry into force</i>
IPSAS 41	Financial instruments	1 January 2023
IPSAS 42	Social benefits	1 January 2023
IPSAS 43	Leases	1 January 2025
IPSAS 44	Non-current assets held for sale and discontinued operations	1 January 2025

While IPSAS 42 should not affect the UPU accounts significantly, the adoption of IPSAS 41 will have an impact when it comes into effect in 2023, in particular with regard to valuation methods for investments and provisions for debts.

The UPU has not yet begun studying the potential impacts of IPSAS 43 and 44.

Restating of 2021 accounts

Following a reclassification of the reserves for evaluation of QSF projects from own tied funds to foreign funds at 31 December 2022, the comparative figures at 31 December 2021 were restated. This recalculation affected the 2021 accounts as follows: Statements I, III and IV, notes 13, 16 and 26: Increase of deferred revenue by 545,336 CHF and reduction in net assets by the same amount.

Note 3 – Cash and cash equivalents (in CHF)

	2022	2021
<i>Current assets</i>		
Petty cash	26,509	12,122
<i>Bank accounts</i>		
Credit Suisse (Suisse) SA	7,400,402	12,434,054
UBS Switzerland AG	1,129,910	628,688
PostFinance SA	7,057,083	12,354,757
<i>Subtotal bank accounts</i>	15,587,395	25,417,500
<i>Sight deposits</i>		
Credit Suisse (Suisse) SA	17,944,541	22,082,163
<i>Subtotal sight deposits</i>	17,944,541	22,082,163
Total cash	33,558,445	47,511,785

Cash deposits are generally held in instant-access bank accounts and interest-bearing accounts (call account, cash deposit account). In 2022, the average rate of interest earned on bank accounts and investments held by the Union was 0.1088% (-0.0855% in 2021).

IRC and QSF funds are held primarily in US dollars (the reporting currency). UPU*Clearing funds are held primarily in US dollars or euros, which are the currencies in which settlements are made through the system.

The total amounts held, broken down by currency, are as follows:

	2022	Percentage	2021	Percentage
CHF	16,874,794	50.3%	24,957,428	52.5%
USD	14,287,046	42.6%	19,060,628	40.1%
EUR	2,396,605	7.1%	3,493,728	7.4%
Total	33,558,445	100.0%	47,511,785	100.0%

Funds available in the short term, cash and investments for a period of less than one year (see note 7) stood at 32,025,408 CHF, against 29,346,918 CHF in 2021. The UPU limits the amounts in non-interest-bearing current accounts. The balance represents cash held on behalf of other entities and controlled entities included in the consolidated financial statements. The exact amount of the cash held by each entity is shown on the statement of financial position by segment (following note 26).

The Union reduces its credit risk by holding most of its funds in banks with high Fitch or S&P credit ratings. Balances at the reporting dates are as follows:

	AAA/AA+/AA	A+	A
Balance at 31 December 2022	7,057,083	1,129,910	25,344,943
Balance at 31 December 2021	46,870,974	628,688	–
	BBB/BBB-	Not rated	Total
Balance at 31 December 2022	–	26,509	33,558,445
Balance at 31 December 2021	–	12,122	47,511,785

Note 4 – Accounts receivable, advances and prepayments (in CHF)

	31 December 2022	31 December 2021
<i>Current receivables – non-exchange transactions</i>		
Statutory contributions receivable	22,907,229	20,904,009
USPS contribution 2023 – Provident Scheme and postal security	8,000,000	8,000,000
Technical cooperation funds receivable	306,056	267,944
QSF funds receivable	752,524	545,014
EMS Cooperative contributions receivable	8,332	63,120
Telematics Cooperative contributions receivable	145,862	139,913
<i>Total receivables – non-exchange transactions</i>	32,120,003	29,919,999
<i>Current receivables – exchange transactions</i>		
Union receivables	49,445	26,225
PPS*Clearing contributions receivable	5,688	51,000
UPU*Clearing receivables	29,379,672	19,159,557
Voluntary Fund receivables	355,233	283,439
IRC receivables	15,667	362,333
Telematics Cooperative receivables	2,992,240	2,354,252
<i>Total receivables – exchange transactions</i>	32,797,945	22,236,805
Total current receivables	64,917,948	52,156,804
<i>Non-current receivables – non-exchange transactions</i>		
Statutory contributions receivable	48,580	730,590
USPS contribution 2024 – Provident Scheme and postal security	8,000,000	16,000,000
Total non-current receivables	8,048,580	16,730,590
Total receivables	72,966,528	68,887,394

Statutory contributions represent the total amount assessed for financing the budget, as well as arrears from prior financial periods. The value of a contributory unit is fixed in Swiss francs in accordance with the yearly budget adopted by the CA. The amount receivable includes interest charged in accordance with the UPU's General Regulations.

Technical cooperation and voluntary funds receivable represent amounts based on invoices, signed agreements with donors or pledges considered firm in the light of prior experience with donors. Telematics Cooperative and EMS Cooperative receivables represent amounts due in connection with annual membership contributions and the sale of goods and services in accordance with the statutes of those bodies, as adopted by the POC.

Accounts receivable also include the funds to be received from the United States Postal Service (USPS) by virtue of the UPU Constitution, as approved by the Extraordinary Congress in Geneva in 2019.

In accordance with the specific agreement signed in 2021, USPS will pay 40 million CHF over five years, of which 16 million CHF will be paid into a tied fund for the implementation of projects relating to electronic advance data exchange and postal security, and 24 million will be used to cover liabilities relating to the UPU's Provident Scheme.

In 2022, USPS paid the third tranche of 8 million CHF, of which, in accordance with its instructions, 4,375,000 CHF was paid into the Provident Scheme and 3,624,800 CHF was paid into the tied fund (see note 19).

The UPU*Clearing system acts as a payment intermediary. The amounts receivable have not been offset against the amounts payable to creditor countries, which are reflected as a liability (accounts payable).

The ageing analysis of receivables is presented below:

<i>Type of receivable (in CHF)</i>	<i>Until 31 December 2020 and countries under sanctions</i>	<i>2021/2022</i>	<i>Provision for doubtful debts</i>	<i>Total accounts receivable (net)</i>
Union receivables	28,737,310	23,005,255	-28,737,310	23,005,255
Union receivables set aside (art. 147, GR)	6,368,688	0	-6,368,688	0
Telematics Cooperative receivables	415,473	3,138,102	-415,473	3,138,102
EMS Cooperative receivables	14,801	8,332	-14,801	8,332
PPS*Clearing receivables	0	422,659	-416,971	5,688
Voluntary Fund receivables	234,151	661,289	-234,151	661,289
QSF receivables	0	828,736	-76,212	752,524
UPU*Clearing receivables	0	29,379,672	0	29,379,672
IRC receivables	0	15,667	0	15,667
Total	35,770,423	57,459,711	-36,263,606	56,966,528
USPS contribution 2023– 2024 – Provident Scheme and postal security	–	–	–	16,000,000
Total including receivables not yet due	–	–	–	72,966,528

	31 December 2021 (in CHF)	Increase	Decrease	Use	31 December 2022 (in CHF)
<i>Provisions</i>					
<i>Non-exchange transactions</i>					
Statutory contributions	35,148,419	–	218,331	–	34,930,088
Voluntary Fund	40,983	334	–	–	41,316
Telematics Cooperative	56,304	19,386	–	–	75,690
EMS Cooperative	12,242	2,559	–	–	14,801
QSF funds	49,184	27,028	–	–	76,212
Subtotal non-exchange transactions	35,307,131	49,306	218,331	0	35,138,106
<i>Exchange transactions</i>					
Union	187,979	–	12,069	–	175,910
Telematics Cooperative	285,363	54,421	–	–	339,784
PPS*Clearing	0	416,971	–	–	416,971
Voluntary Fund	152,230	40,605	–	–	192,835
Subtotal exchange transactions	625,572	511,997	12,069	0	1,125,500
Total provision	35,932,703	561,302	230,400	0	36,263,606

Note 5 – Inventories (in CHF)

	2022	2021
<i>Inventories</i>		
Stock of postage stamps and UPU souvenirs	47,803	90,569
Stock of barcodes	40,056	12,481
Stock of IRCs	30,126	9,106
Total inventories	117,985	112,156

Postage stamps, taken at face value, represent on-hand stock utilized in operations. UPU souvenirs represent items held for resale valued at cost, impaired to reflect damage or out-of-date items. Barcodes are held in a separate fund, for resale to postal services for mailing label purposes. IRCs, which are valued at the cost of production, represent coupons held in stock at the reporting date. A perpetual inventory is maintained for all items, and physical counts are taken at least once per year to verify inventory balances. The value of barcodes and IRCs withdrawn from sale is written off during the year in which they become obsolete. The value of UPU souvenirs, if damaged or obsolete, is reduced to reflect net realizable value. No inventories are pledged as security for liabilities.

Note 6 – Other current assets (in CHF)

	2022	2021
<i>Other current assets</i>		
Prepaid expenses and deferred charges	1,931,886	2,840,643
Staff advances	437,696	517,355
Other advances	305,232	449,460
Tax advances	178,476	180,421
Total other current assets	2,853,290	3,987,879
<i>Other non-current assets</i>		
Staff advances (Social Fund)	22,188	17,850
Total other assets	2,875,478	4,005,729

Other assets comprise various prepaid expenses and advances.

Staff advances represent the value of salary advances, Social Fund loans, education grants, and mission advances for regional project coordinators in 2021 and other staff.

Other advances correspond to mission advances for consultants, advances for external consultants and interpreters, petty cash advances for regional project coordinators in 2021, the advance for the franking machine in the mailroom, as well as the service clearing account (SCA) with the United Nations Development Programme (UNDP).

Regarding the tax advances, the values include the withholding tax in Swiss francs and US dollars, VAT, stamp duty to be recovered, and US tax advances paid to staff pending receipt of reimbursement by the US government. The amount for tax advances is presented as a net value.

Note 7 – Investments (in CHF)

	2022	2021
<i>Current investments</i>		
Deposits	54,411,900	46,495,750
Bonds under one year	14,125,421	41,274,939
Subtotal	68,537,321	87,770,689
<i>Non-current investments</i>		
Bonds over one year	72,376,579	32,562,709
Subtotal	72,376,579	32,562,709
Total investments	140,913,900	120,333,398

Funds are placed in deposits for periods ranging from four to 12 months. The portion of these investments maturing in 2023 is presented under current investments.

QSF funds not required for immediate use are managed by an external fund manager and invested in bonds in US dollars. At the reporting date, the value of these bonds was 86,502,000 CHF, of which 14,125,421 CHF will mature in 2023.

These investments are broken down by entity in the statement of financial position following note 26.

All bonds are rated A to AAA, based on the Fitch or S&P ratings at 31 December 2022. Deposits held at Credit Suisse are rated A-.

Note 8 – Equipment (in CHF)

All equipment in the inventory is valued at acquisition cost less depreciation, based upon the straight-line methodology. Furniture and fixtures (except chairs) are depreciated over a useful life of 10 years. All other equipment, including chairs, is depreciated over a useful life of five years. Heritage assets, including donated works of art and stamp collections, are not recognized as assets on the statement of financial position.

	<i>IT equipment</i>	<i>Other equipment</i>	<i>Total</i>
Cost at 1 January 2021	4,608,712	2,045,293	6,654,006
Additions	41,771	8,057	49,828
Disposals	–	–	–
Cost at 31 December 2021	4,650,484	2,053,350	6,703,834
Exchange difference	–	3,153	3,153
Net	4,650,484	2,056,503	6,706,987
Net at 31 December 2021	4,650,484	2,056,503	6,706,987
Additions	89,284	64,920	154,204
Disposals	–	–	–
Cost at 31 December 2022	4,739,768	2,121,423	6,861,190
Exchange difference	–	–	–
Net cost at 31 December 2022	4,739,768	2,121,423	6,861,190
Accumulated depreciation at 1 January 2021	3,898,181	1,664,735	5,562,916
Depreciation 2021	494,001	145,151	639,152
Disposals	–	–	–
Exchange difference	–	3,153	3,153
Accumulated depreciation at 31 December 2021	4,392,182	1,813,039	6,205,221
Depreciation 2022	138,463	101,014	239,477
Disposals	–	–	–
Exchange difference	–	996	996
Accumulated depreciation at 31 December 2022	4,530,645	1,915,049	6,445,694
Net carrying value at 31 December 2021	258,302	243,464	501,766
Net carrying value at 31 December 2022	209,123	206,374	415,497

Note 9 – Intangible assets (in CHF)

	<i>Intangible assets</i>	<i>Work in progress</i>	<i>Total</i>
Cost at 1 January 2021	2,066,215	8,344	2,074,560
Transfers	8,344	-8,344	–
Additions	130,151	154,125	284,276
Disposals	–	–	–

	<i>Intangible assets</i>	<i>Work in progress</i>	<i>Total</i>
Cost at 31 December 2021	2,204,710	154,125	2,358,835
Transfers	–	–	–
Additions	23,531	224,207	247,738
Disposals	–	–	–
Cost at 31 December 2022	2,228,242	378,332	2,606,574
Accumulated depreciation at 1 January 2021	1,222,600	–	1,222,600
Depreciation 2021	250,419	–	250,419
Accumulated depreciation at 31 December 2021	1,473,020	–	1,473,020
Depreciation 2022	236,565	–	236,565
Accumulated depreciation at 31 December 2022	1,709,585	–	1,709,585
Net carrying value at 31 December 2021	731,691	154,125	885,816
Net carrying value at 31 December 2022	518,657	378,332	896,989

The costs of contractor services and software acquisition are capitalized over a useful life of five years. The work in progress for 2022, in the amount of 378,332 CHF, relates to investment in the projects on management of contracts and renewal of the Pegasus system.

Note 10 – Land and buildings (in CHF)

	<i>Building</i>	<i>Work in progress</i>	<i>Non-refundable grants</i>	<i>Total</i>
Cost at 1 January 2020	35,230,564	–	-993,403	34,237,161
Additions	–	–	–	–
Transfer	–	–	–	–
Cost at 31 December 2020	35,230,564	–	-993,403	34,237,161
Additions	–	–	–	–
Transfer	–	–	–	–
Cost at 31 December 2021	35,230,564	–	-993,403	34,237,161
Additions	–	–	–	–
Transfer	–	–	–	–
Cost at 31 December 2022	35,230,564	–	-993,403	34,237,161
Accumulated depreciation at 1 January 2020	11,654,884	–	-180,132	11,474,751
Depreciation 2020	909,703	–	-22,346	887,357
Accumulated depreciation at 31 December 2020	12,564,587	–	-202,478	12,362,109
Depreciation 2021	904,126	–	-22,316	881,809
Accumulated depreciation at 31 December 2021	13,468,712	–	-224,794	13,243,918
Depreciation 2022	904,126	–	-22,316	881,809

	<i>Building</i>	<i>Work in progress</i>	<i>Non-refundable grants</i>	<i>Total</i>
Accumulated depreciation at 31 December 2022	14,372,838	–	-247,111	14,125,727
Net carrying value at 31 December 2021	21,761,852	–	-768,609	20,993,243
Net carrying value at 31 December 2022	20,857,726	–	-746,292	20,111,434

The Union's headquarters building, constructed between 1968 and 1970, is located at Weltpoststrasse 4, Berne, Switzerland. Extensive renovations, including improvements to the facade and renovation of the conference block, were undertaken between 2010 and 2014.

An independent valuation of the building has been carried out by external consultants. This represents the building's estimated value when new (deemed cost of construction) and includes the estimated value of renovations and major repairs made since original occupancy, less accumulated depreciation up to 1 January 2010. The opening balance at 1 January 2011 includes depreciation up to the end of 2010, as determined by the independent valuation.

The building is located on land used according to rights donated by the City of Berne. The land use rights were acquired at no cost and expire on 1 April 2067. As the Union does not have the right to dispose of the land rights, which revert to the City of Berne unless renewed, no value has been recognized. In 1970, the City of Berne provided the Union with a non-refundable grant of 1 million CHF to assist in the construction of the headquarters. The grant has been amortized over the remaining useful life of 40 years, based on the useful life of each of the components of the building.

The non-refundable subsidies were paid by the City and Canton of Berne.

Note 11 – Accounts payable and accrued expenses

Accounts payable comprise unsettled invoices received from suppliers, including the revaluation of invoices payable in currencies other than the Swiss franc (values in CHF).

	<i>31 December 2022</i>	<i>31 December 2021</i>
IRC creditors	216,638	52,644
UPU*Clearing creditors	29,379,672	19,159,557
QSF creditors	2,048,397	1,100,927
Embassy of Finland	4,200	4,200
Embassy of the Dominican Republic	2,100	2,100
Embassy of Belgium	7,667	3,067
UNHCR	9,333	9,333
Other accounts payable	2,039,808	2,647,858
Total accounts payable and accrued expenses	33,707,815	22,979,685

Note 12 – Employee benefits

Employee benefits comprise the following:

- Short-term employee benefits, including salary and other allowances, assignment grants, education grants for dependent children, paid annual leave, paid sick leave, and medical and accident insurance;
- Post-employment benefits, including separation benefits (repatriation grants, repatriation travel and shipment of personal effects), disability benefits, survivor's insurance, supplementary benefits for elected officials and death benefits;
- Benefits under defined benefit plans, including the Provident Scheme and after-service health insurance (ASHI);
- Termination benefits, including an indemnity payable to staff members holding permanent or fixed-term contracts whose appointment is terminated by the Union prior to the end of their contract.

With effect from 1 January 2011, the Union recognizes liability for employee benefits on its financial statements, as follows (in CHF):

	<i>31 December 2022</i>	<i>31 December 2021</i>
<i>Current liabilities</i>		
Annual leave	2,774,502	3,229,894
Overtime	89,060	108,834
Settling-in grants	88,012	–
Subtotal current liabilities	2,951,574	3,338,728
<i>Non-current liabilities</i>		
Repatriation – removal and travel	778,110	924,376
Repatriation grant	1,466,555	1,646,386
After-service health insurance	28,621,477	42,052,863
Death benefits	65,164	72,077
<i>Subtotal</i>	<i>30,931,307</i>	<i>44,695,702</i>
Provident Scheme and pension fund	106,395,876	178,044,958
Elected official complementary allowance	1,388,313	1,734,762
Cost-of-living allowance	136,236	344,083
Surviving spouse insurance	–	–
<i>Subtotal Provident Scheme</i>	<i>107,920,426</i>	<i>180,123,804</i>
Subtotal non-current liabilities	138,851,733	224,819,506
Total employee benefits	141,803,306	228,158,235

Defined benefit plans: The Union operates two defined benefit plans providing pension and ASHI benefits, as follows:

Provident Scheme

The Provident Scheme of the UPU provides retirement, death and disability benefits for the staff of the UPU International Bureau and the staff of the Translation Services (who are employed on the same basis as other International Bureau staff). The Scheme is organized as a foundation within the meaning of articles 80 et seq. of the Swiss Civil Code, and comes under the supervision of the Berne Supervisory Authority for Foundations and Provident Institutions. It is audited by the External Auditor appointed by the Government of the Swiss Confederation. The Scheme's administration costs incurred by the IB secretariat are borne by the Union. The costs of remunerating the actuary and investing funds in connection with the Scheme are borne by the Scheme itself.

The Provident Scheme consists of a Provident Fund and a Pension Fund, administered by a Management Board consisting of the Chair of the CA, the Director General of the International Bureau, and a staff member designated by the active participants. The Pension Fund is a closed fund providing benefits to those persons who were members of the Provident Scheme at 31 December 1963. The last person receiving a retirement benefit from the Pension Fund died in 2022. This means that all retirees and insured staff members are now covered under the rules of the Provident Fund.

Both staff members and the UPU make contributions. The contributions of staff members vary according to the period of contributory service. The UPU contribution is double that of the participant. The UPU is responsible for any unfunded liability.

After-service health insurance

The Union has a contractual obligation to provide after-service medical benefits to its staff members in the form of insurance premiums for the medical and accident insurance plan. The present value of the defined benefit obligations for this insurance is determined using the projected unit cost method, including discounting the estimated future cash outflows using a discount rate based upon high-grade corporate bonds both in Swiss francs and Swiss Government bonds. The plan is unfunded and no assets are held in a long-term employee benefits fund.

Retired staff members and their spouses, dependent children and survivors are eligible for ASHI coverage after separation from service. In accordance with the Union's Staff Regulations and Rules, a share of 50% of the monthly medical insurance premium, including coverage for spouses and dependent children, is paid by the Union.

Actuarial information, asset classes and contributions to the Provident Scheme

- Actuarial valuations are prepared annually for the Provident Scheme and ASHI using the projected unit cost method.
- The discount rate used is 2.25%, based on the recommendation of the Swiss Chamber of Pension Fund Experts in relation to the duration of the portfolio. A rate of 2.25% is considered appropriate, given the recommended range for a duration of between 15 and 20 years.
- The expected rate of return on assets is 2.25%, in accordance with IPSAS 39. In this regard, it should be noted that IPSAS 39 no longer allows discrepancies between the expected return and the discount rate when determining pension costs. This explains why, henceforth, the expected returns and the proposed discount rate will be equal.
- Plan assets were invested in the following classes at 31 December 2022:
 - Liquid assets: 5.18%.
 - Bonds in Swiss francs: 20.50%.
 - Bonds in foreign currencies: 9.33%.
 - Shares in Swiss francs: 20.82%.
 - Shares in foreign currencies: 21.36%.
 - Real estate: 22.31%.
 - Loans: 0.51%.
- Employer contributions totalled 15,170,000 CHF in 2022. This includes a payment of 3,723,500 CHF in Union guarantees and the second payment from USPS in the amount of 4,375,200 CHF. The amount of contributions for 2023 is forecast to be around 14,595,000 CHF, which includes guarantees worth 3,723,500 CHF and an additional sum from USPS that is still to be finalized.

- The total liabilities for benefits covered by the two schemes, excluding the liabilities attributable to the translation services, are as follows:

	<i>31 December 2022 Provident Scheme</i>	<i>31 December 2022 After-service health insurance</i>
Discount rate	2.25%	2.25%
Expected return on plan assets	2.25%	–
Future salary increases	2.00%	2.00%
Future pension increases	0.25%	–
Medical costs inflation	–	1.70%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2020	VZ 2020
Expected average remaining working lives (in years)	15.36	15.84
Present value of obligation at 1 January 2022	477,514,857	42,052,863
Interest costs	1,637,888	145,179
Current service costs	13,571,225	1,546,678
Benefits paid (net of redemptions)	-13,914,829	-1,192,129
Actuarial loss (gain) on obligation	-109,951,654	-13,931,114
Value of obligation at 31 December 2022	368,857,487	28,621,477
Fair value of plan assets at 1 January 2022	297,391,053	–
Expected return on plan assets	1,032,029	–
Employer contributions	14,673,247	–
Employee contributions	3,241,524	–
Benefits paid	-17,156,353	–
Actuarial gain (loss) on plan assets	-38,244,439	–
Fair value of plan assets at 31 December 2022	260,937,061	0
<i>Amounts recognized on the statement of financial position</i>		
Present value of obligations at 31 December 2022	368,857,487	28,621,477
Fair value of plan assets at 31 December 2022	260,937,061	0
Liability recognized on the statement of financial position	107,920,426	28,621,477
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	1,637,888	145,179
Current service costs	13,571,225	1,546,678
Expected return on plan assets	-1,032,029	0
Amount recognized on the statement of financial performance	14,177,084	1,691,857

	<i>31 December 2022 Provident Scheme</i>	<i>31 December 2022 After-service health insurance</i>
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	–	–
Actuarial gain (loss) on changes in financial assumptions	115,248,530	15,360,528
Actuarial gain (loss) on experience	-5,296,876	-1,429,414
Actuarial gain (loss) on plan assets	-38,244,439	–
Amount recognized in net assets	71,707,215	13,931,114

	<i>31 December 2021 Provident Scheme</i>	<i>31 December 2021 After-service health insurance</i>
Discount rate	0.35%	0.35%
Expected return on plan assets	0.35%	–
Future salary increases	2.00%	–
Future pension increases	0.00%	–
Medical costs inflation	–	2.35%
Probability of outflow	LPP 2020	LPP 2020
Mortality and invalidity	VZ 2020	VZ 2020
Expected average remaining working lives (in years)	18.01	20.04
Present value of obligation at 1 January	487,648,826	52,601,612
Interest costs	717,239	78,090
Current service costs	14,222,129	2,263,485
Benefits paid (net of redemptions)	-10,338,240	-1,101,409
Actuarial loss (gain) on obligation	-14,735,097	-11,788,915
Value of obligation at 31 December 2021	477,514,857	42,052,863
Fair value of plan assets at 1 January 2021	262,687,713	–
Expected return on plan assets	390,451	–
Employer contributions	15,965,927	–
Employee contributions	3,239,140	–
Benefits paid	-13,577,380	–
Actuarial gain (loss) on plan assets	28,685,202	–
Fair value of plan assets at 31 December 2021	297,391,053	–
<i>Amounts recognized on the statement of financial position</i>		
Present value of funded obligations at 31 December 2021	477,514,857	42,052,863
Fair value of plan assets at 31 December 2021	-297,391,053	–
Liability recognized on the statement of financial position	180,123,804	42,052,863

	31 December 2021 Provident Scheme	31 December 2021 After-service health insurance
<i>Amounts recognized on the statement of financial performance</i>		
Interest costs	717,239	78,090
Current service costs	14,222,129	2,263,485
Expected return on plan assets	-390,451	–
Amount recognized on the statement of financial performance	14,548,917	2,341,575
<i>Amounts recognized in net assets</i>		
Actuarial gain (loss) on changes in demographic assumptions	1,055,313	992,564
Actuarial gain (loss) on changes in financial assumptions	17,014,292	12,302,046
Actuarial gain (loss) on experience	-3,334,508	-1,505,695
Actuarial gain (loss) on plan assets	28,685,202	–
Amount recognized in net assets	43,420,299	11,788,915

In accordance with IPSAS 39, paragraph 147 (a), we measured the sensitivity of the present value of obligations and pension liabilities across a number of factors selected for their notable impact. In this case, we chose to measure the impact of a variation in the following:

- Discount rate;
- Future salary increase (on pension scheme only);
- Indexation of benefits (on pension scheme only);
- Longevity;
- Increase in health insurance premiums (on participation in the health insurance premiums only).

The sensitivity of benefit obligations and pension liabilities is as follows:

<i>Sensitivity of Provident Scheme benefit obligations for 2022</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2022</i>	<i>Impact in %</i>	<i>Service costs expected for 2023</i>	<i>Impact in %</i>
Baseline	–	–	368,857,487		11,138,784	
Discount rate	+2.25%	-0.50%	397,348,659	+7.72%	12,367,143	+11.03%
		+0.50%	343,654,093	-6.83%	10,080,586	-9.50%
Salary growth rate	+2.00%	-0.50%	362,991,868	-1.59%	10,633,686	-4.53%
		+0.50%	375,248,230	+1.73%	11,661,573	+4.69%
Pension adjustment	+0.25%	+0.50%	389,975,698	+5.73%	11,775,052	+5.71%
Longevity	VZ2020 Gen	+1 year life expectancy	380,751,128	+3.22%	11,390,302	+2.26%

<i>Sensitivity of Provident Scheme benefit obligations for 2021</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2021</i>	<i>Impact in %</i>	<i>Service costs expected for 2022</i>	<i>Impact in %</i>
Baseline	–	–	477,514,857		16,812,749	
Discount rate	+0.35%	-0.50%	521,923,802	+9.30%	19,018,834	+13.12%
		+0.50%	438,871,039	-8.09%	14,945,691	-11.11%
Salary growth rate	+2.00%	-0.50%	468,176,731	-1.96%	15,990,592	-4.89%
		+0.50%	487,712,919	+2.14%	17,687,597	+5.20%
Pension adjustment	0.00%	+0.50%	509,582,934	+6.72%	17,975,332	+6.91%
Longevity	VZ2020 Gen	+1 year life expectancy	495,797,090	+3.83%	17,322,643	+3.03%

There is a high level of sensitivity to the discount rate, as well as to assumed pension adjustment.

The sensitivity of the obligation to participate in the health insurance premium in 2022 is as follows:

<i>Sensitivity of obligation to participate in health insurance premiums in 2022</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2022</i>	<i>Impact in %</i>	<i>Service costs expected for 2023</i>	<i>Impact in %</i>
Baseline	–	–	28,621,477		848,129	
Discount rate	+2.25%	-0.50%	30,907,782	+7.99%	959,093	+13.08%
		+0.50%	26,600,642	-7.06%	753,227	-11.19%
Future inflation of medical costs	+1.70%	-1.00%	24,862,676	-13.13%	672,335	-20.73%
		+1.00%	33,337,533	+16.48%	1,083,460	+27.75%
Longevity	VZ2020 Gen	+1 year life expectancy	29,940,847	+4.61%	880,256	+3.79%

<i>Sensitivity of obligation to participate in health insurance premiums in 2021</i>						
<i>Factor</i>	<i>Base value</i>	<i>Variation</i>	<i>Value of obligation at 31 December 2021</i>	<i>Impact in %</i>	<i>Service costs expected for 2022</i>	<i>Impact in %</i>
Baseline	–	–	42,052,863		1,546,678	
Discount rate	+0.35%	-0.50%	46,445,141	+10.44%	1,797,778	+16.23%
		+0.50%	38,261,613	-9.02%	1,337,300	-13.54%
Future inflation of medical costs	+2.35%	-1.00%	35,185,819	-16.33%	1,170,154	-24.34%
		+1.00%	51,020,783	+21.33%	2,072,233	+33.98%
Longevity	VZ2020 Gen	+1 year life expectancy	44,457,321	+5.72%	1,626,292	+5.15%

We can see that the impact of a one-point variation in the assumed inflation rate of medical costs is equivalent to roughly 21% of the present value of the obligation in relation to the contribution to health insurance premiums.

With the adoption of IPSAS 39 in 2018, the Union recognizes actuarial gains and losses related to the Provident Scheme and after-service health insurance directly in a separate section of its net assets. The accumulated amount at 31 December 2022 was 4,627,135 CHF (compared with 90,265,464 CHF at 31 December 2021).

Actuarial (gains) losses in net assets

<i>After-service health insurance</i>	2022	2021
Actuarial (gains) losses		
– on changes in financial assumptions	-15,360,528	-12,302,046
– on changes in demographic assumptions	–	-992,564
– on experience	1,429,414	1,505,695
Amount recognized in net assets	-13,931,114	-11,788,915
Accumulated amount of actuarial (gains) losses in net assets	-22,494,872	-8,563,758

<i>Provident Scheme</i>	2022	2021
Actuarial (gains) losses		
– on changes in financial assumptions	-115,248,530	-17,014,292
– on changes in demographic assumptions	–	-1,055,313
– on experience	5,296,876	3,334,508
(Gain) loss on plan assets	38,244,439	-28,685,202
Amount recognized in net assets	-71,707,215	-43,420,299
Accumulated amount of actuarial (gains) losses in net assets	27,122,007	98,829,222
Total accumulated amount (health insurance and Provident Scheme) in net assets	4,627,135	90,265,464

The organization has a contractual obligation to provide a number of post-employment benefits, including:

- Repatriation grants, repatriation travel and shipment of personal effects for internationally recruited staff members at the time of their separation from service;
- Death benefits providing supplemental allowances to staff members;
- Supplemental retirement benefits for elected officials (a guaranteed minimum level of retirement benefit for the Director General and Deputy Director General);
- Cost-of-living allowance.

On the basis of an actuarial valuation carried out by an independent actuary, these obligations at the reporting date were estimated as follows (in CHF):

	31 December 2022	31 December 2021
Repatriation – removal and travel	778,110	924,376
Repatriation grant	1,466,555	1,646,386
Death benefits	65,164	72,077
Elected official complementary allowance	1,388,313	1,734,762
Cost-of-living allowance	136,236	344,083
Total post-employment benefits	3,834,379	4,721,685

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

- Annual leave: staff members are eligible for 30, and may accumulate up to 60, days of annual leave, of which 30 are payable on separation from service;
- Overtime: staff members are eligible to be paid in cash for overtime accrued after the expiry of a period established in the Staff Regulations and Rules;
- Settling-in grants: staff members are entitled to a grant when taking up their post, to compensate for the costs of moving to UPU headquarters.

	31 December 2022	31 December 2021
Annual leave	2,774,502	3,229,894
Overtime	89,060	108,834
Settling-in grants	88,012	–
Total post-employment benefits	2,951,574	3,338,728

Note 13 – Deferred revenue and advance receipts (in CHF)

	31 December 2022	31 December 2021 (restated)
Available assets	4,933,939	3,806,010
PPS*Clearing available assets and guarantees	700,626	516,761
UPU*Clearing available assets	2,601,945	3,558,314
Contributions and benefits invoiced in advance	476,883	817,503
IRC sales	622,658	2,140,769
QSF available assets	70,117,309	69,719,896
Subtotal advance receipts	79,453,359	80,559,253
Statutory contributions invoiced in advance	37,976,300	37,900,200
USPS contribution 2023–2024 – Provident Scheme and postal security	16,000,000	24,000,000
Multi-year integrated projects (MIPs) financed by countries	13,839	13,839
Telematics Cooperative deferred revenue for special projects	348,778	348,778
Voluntary contributions billed in advance (Voluntary Funds)	361,700	439,500
Voluntary Fund (conditional)	18,018,523	14,561,716
Funds on deposit	-1,927	102,319
QSF projects in progress	23,276,012	24,056,756
Subtotal deferred revenue	95,993,226	101,423,109
Total deferred revenue and advance receipts	175,446,586	181,982,362

The Union collects statutory contributions covering future financial periods which are recognized at the commencement of the financial period covered by the assessment. In addition, conditional voluntary contributions toward development support (non-exchange transactions) are recognized as revenue when the services covered by the voluntary contribution are performed. All amounts shown represent fair value.

The contribution from USPS is shown as deferred revenue and is due to be received over the next two years.

The UPU receives voluntary contributions subject to certain conditions. Funds received from third parties are used to support the implementation of various projects. These funds are recognized as revenue as and when expenses are incurred. At the end of the period, unused funds are recognized in deferred revenue as conditional voluntary funds.

IRCs are sold to post offices for resale to individual customers. Unused coupons may be returned by the post offices to the UPU.

UPU*Clearing creditors (available assets and assets in transit) represent the total available assets of certain countries that have deposited a sum of money as a security for payment and accrued liabilities for the year.

The QSF holds amounts on behalf of member countries for use in improving the quality of their postal services. The use of such funds is based upon individual projects approved by the Fund's Board of Trustees. Member countries may receive advances to cover up to 80% of the costs of approved projects, and are paid the balance upon acceptance by the Board of Trustees of the final project report. The status of funds held on behalf of creditor member countries at the reporting date is as follows (in CHF):

<i>QSF funds held for projects in progress</i>	<i>31 December 2022</i>	<i>31 December 2021 (restated)</i>
Capital, projects in progress	35,552,666	47,561,436
Capital advances to projects	-12,276,654	-23,504,679
QSF projects in progress	23,276,012	24,056,756

Note 14 – Provisions

The Union has established the following provisions related to outstanding obligations (in CHF):

Provision for litigation at 1 January 2021	150,000
Increase	–
Decrease	-25,000
Use	–
Provision for litigation at 31 December 2021	50,000
Increase	–
Decrease	–
Use	–
Provision for litigation at 31 December 2022	50,000

The Union is subject to litigation as part of its normal activities. Events prior to 31 December 2022 have created certain legal obligations at the reporting date. Since it is probable that these obligations will require future settlement, and since the settlement amounts can be reliably estimated, a provision for legal costs has been established. One case remained open at the end of 2022.

Note 15 – Funds held in trust for translation services

Current accounts for the translation services are not considered as financial instruments as they generate no cash inflow or outflow.

The Union has a relationship with three language groups (Arabic, English and Portuguese) which provide translation services for UPU member countries belonging to each group. Each group has a management committee elected by its members, adopts its own regulations, approves its own budget, appoints its own staff and establishes its own internal rules. Each group is responsible for financing its operations through annual contributions paid by members. The funds of each language group belong to the members of the group.

The Union provides accounting services for each group, including the collection of revenue, payment of expenses, and reporting. The finances of each group are audited by the External Auditor of the Union. The Union provides administrative support services to the staff of each language group free of charge. The staff members of each language group participate in the Provident Scheme and receive any other Union staff entitlements as the group's management committee may decide. Each language group is solely responsible for liabilities arising from the participation of the language group's staff in Union entitlements.

Funds held on behalf of each language group, representing the excess revenue collected over expenses paid, are considered liabilities of the Union. The amounts held are calculated on a cash basis and do not include assets (accounts receivable) or liabilities (long-term employee entitlements). The amount held for each language group is shown below (in CHF):

	31 December 2022	31 December 2021
Arabic (STAR)	4,408,520	4,675,156
English (STAN)	2,816,863	2,457,433
Portuguese (STPO)	657,165	553,207
Total	7,882,548	7,685,797

The revenue, expenses, assets, liabilities and net assets of the translation services are not consolidated into the accounts of the Union. Each of the translation services produces its own financial statement.

Note 16 – Accumulated fund balances and reserves

The accumulated fund balance represents the accumulated net result of operations in 2022 and prior periods for the Union, including UPU*Clearing, the Voluntary Fund and IRCs, and each of the controlled entities – the EMS Cooperative, Telematics Cooperative and QSF.

The Union also has certain reserves established under its Financial Regulations. The Social Fund is established for the purpose of providing assistance to staff and their dependants, and the Special Activities Fund is used to sponsor special activities.

The total reserves and accumulated fund balances at the reporting date are shown below (in CHF):

<i>Accumulated surplus (deficit)</i>	<i>31 December 2022 Closing balance</i>	<i>31 December 2021 Closing balance (restated)</i>
Union	-101,296,020	-171,343,653
Voluntary Fund (non-conditional)	-58,299	-41,175
Subtotal Union funds	-101,354,319	-171,384,828
UPU*Clearing	642,268	-183,681
IRC's	127,864	-1,726,323
Technical Cooperation Special Fund	943,800	873,999
Reserve article 17	2,615,060	1,283,225
Voluntary Fund	3,292,161	2,490,766
Subtotal other funds	7,621,152	2,737,985
EMS	422,463	-2,085,646
Telematics Cooperative	-4,072,101	-14,047,888
QSF	4,691,511	3,431,035
Subtotal controlled entities	1,041,873	-12,702,499
Total accumulated surplus (deficit)	-92,691,294	-181,349,342
Social Fund	2,660,425	2,702,598
Reserve for building	2,474,920	500,000
Special Activities Fund	521,951	521,951
Total reserves	5,657,297	3,724,550
Total net assets	-87,033,997	-177,624,792

The Union's capital consists of accumulated surplus and reserves which form its net assets. The capital is managed in accordance with the Financial Regulations of the Union.

Note 17 – Related party transactions

The Union is governed by Congress, composed of representatives of all the member countries, and by the CA and POC, composed of representatives of member countries elected by Congress. The representatives receive no remuneration from the Union.

The Union is managed by two elected officials – the Director General and Deputy Director General – and by senior officials (directors) appointed by the Director General. Directors are considered key management staff and are all remunerated by the Union. The aggregate remuneration paid to key management staff includes salaries, allowances, official travel, Provident Scheme contributions, medical and accident insurance, education grants, home leave and other entitlements paid in accordance with the Staff Regulations and Rules applicable to all staff. In addition, the Director General and Deputy Director General receive representation allowances.

All key management staff are members of the Provident Scheme, to which the staff and the Union contribute, and they may also participate in the staff health insurance scheme (including after-service health insurance) if they meet the eligibility requirements.

The Union has no ownership interest in associations or joint ventures. The Union has several controlled entities, and its relationship to each one is explained in note 1. The Union is also the sponsoring entity of the Provident Scheme, the relationship to which is explained in note 12.

The aggregate remuneration of key management staff is shown below (in CHF):

2022	No. of individuals (full-time equivalent)	Salaries	Other allowances	Pension and health insurance	Recruitment allowances	Separation from service allowances	Total
Elected officials	2	589,838	57,289	142,042	92,783	–	881,951
Directors	9	1,754,143	192,268	534,185	–	4,148	2,484,743
Total	11	2,343,981	249,557	676,226	92,783	4,148	3,366,694

2021	No. of individuals (full-time equivalent)	Salaries	Other allowances	Pension and health insurance	Recruitment allowances	Separation from service allowances	Total
Elected officials	2	647,370	90,502	156,679	–	87,990	982,539
Directors	8,3	1,610,219	164,656	510,075	–	–	2,284,949
Total	10,3	2,257,588	255,158	666,753	–	87,990	3,267,488

Key management staff and their close family members received no loans from the Union during the periods under review. Key management staff and their close family members received no other remuneration or compensation.

Note 18 – Reconciliation of statement of comparison of budget and actual amounts (statement V) and statement of financial performance (statement II)

The UPU budget and the comparison of budget and actual amounts (statement V) are prepared on a modified accrual basis, while the statement of financial position, the statement of financial performance, the statement of changes in net assets and the statement of cash flow are prepared on a full accrual basis.

As required by IPSAS 24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented in relation to the budget shall be reconciled to the actual surplus (deficit) amounts presented on the statement of financial performance (statement II), identifying separately any basis, timing and entity differences. The UPU's budget is adopted by the CA on an annual basis, meaning that there are no timing differences to report.

The basis differences comprise elements not included in the budget, namely, financial costs, interpreting costs and variation in commitments regarding staff.

Financial costs include the following elements:

- Exchange losses;
- Bank charges;
- Interest;
- Variations in financial provisions.

Entity differences represent intercompany expenses which are not included in the budget approved by the CA.

2022	Operating	Investments	Funding	Total (CHF)
Total net expenses on basis comparable to adjusted budget	-75,321,072	–	–	-75,321,072
Financial costs not included in budget	-261,126	–	-3,218,720	-3,479,846
Interpretation for POC + CA	-1,026,982	–	–	-1,026,982
Adjustment of employee benefits	-3,569,477	–	–	-3,569,477
<i>Total basis differences</i>	<i>-4,857,585</i>	<i>–</i>	<i>-3,218,720</i>	<i>-8,076,305</i>
Expenditure relating to Congress	–	–	–	–
Elimination of intercompany transactions	9,025,486	–	–	9,025,486
<i>Total entity differences</i>	<i>9,025,486</i>	<i>–</i>	<i>–</i>	<i>9,025,486</i>
Actual expenses on the statement of financial performance	-71,153,172	–	-3,218,720	-74,371,891
Total revenue on the statement of financial performance	78,959,247	–	–	78,959,247
Actual net result on the statement of financial performance	7,806,076	–	-3,218,720	4,587,356

Note 19 – Revenue

Statutory contributions comprise the contributions paid by Union member countries to finance the Union's budget for the current period, including charges related to French translation services.

<i>Statutory contributions from member countries (in CHF)</i>	2022	2021
Contributions to the expenses of the Union	37,733,800	37,779,800
Contributions to the costs of French translation	164,800	166,400
Contributions to the Consultative Committee	–	45,000
Total	37,898,600	37,991,200

Other annual contributions include amounts paid annually by members of the Telematics Cooperative, EMS Cooperative and UPU*Clearing.

<i>Other annual contributions (in CHF)</i>	2022	2021
Contributions to the PTC	1,110,000	1,092,500
Contributions to EMS	2,809,903	3,144,117
Contributions to UPU*Clearing	257,610	251,386
Total	4,177,513	4,488,003

Voluntary contributions include donor contributions to the Voluntary Fund; contributions toward the financing of technical cooperation projects; and contributions for multi-year integrated projects, regional project coordinators (in 2021), and Special Fund programmes. The contribution from USPS in 2022 was 8 million CHF, of which 4,375,200 CHF was paid into the Provident Scheme and 3,624,800 CHF into a tied fund.

<i>Voluntary contributions (in CHF)</i>	2022	2021
QSF contributions	6,087,373	9,053,368
Untied voluntary contributions	474,670	125,623
Tied contributions	6,521,656	4,646,114
USPS contribution to the Provident Scheme	4,375,200	5,733,650
Other financial contributions	42,316	1,122,316
Total	17,501,216	20,681,071

Sales include revenue related to various products and services, IRCs, services provided by the Telematics Cooperative and room rentals in the headquarters building. In 2022, other sales included the proceeds from the sale of IRCs for the Istanbul cycle, which was closed.

<i>Sales (in CHF)</i>	2022	2021
POST*CODE, WNS, barcodes	1,238,829	1,268,267
Rebilling of IRC costs	42,534	100,588
Sales, missions, maintenance for IFS/IPS, etc.	9,737,104	10,718,416
Rent	503,411	507,070
Other sales	857,102	60,088
Total	12,378,980	12,654,428

Financial revenue includes the following:

- Interest on deposits and accounts, including all interest earned on investments held by the Union, the Voluntary Fund, QSF and other funds administered by the Union, and on investments in bonds held by the QSF;
- Billed interest on overdue contributions;
- Gains on investments, including realized gains from the sale or maturity of bonds and unrealized gains from the marking to market (at the reporting date) of investments held by the QSF; dividends, including amounts earned on equity investments held by the QSF;
- Reduction of the provision for doubtful debts.

<i>Financial revenue (in CHF)</i>	2022	2021
Interest on cash and cash equivalents and investments	2,005,098	1,451,810
Interest on contributions receivable (gross)	370,918	307,294
Other financial revenue	189	0
Gain on investments	42,601	573
Adjustment (reduction) of the provision for doubtful debts	407,360	0
Total	2,826,166	1,759,677

Other revenue primarily consists of rebilling of interpretation costs for meetings of the CA, POC and Congress.

<i>Other revenue (in CHF)</i>	2022	2021
Simultaneous interpretation	1,000,434	1,165,743
Miscellaneous income	114,990	20,896
Total	1,115,424	1,186,639

Note 20 – Expenses

Expenses are reported on an accrual basis and recognized when goods are received and services are rendered. All inter-segment charges for services provided to or by funds administered by the Union have been eliminated prior to consolidation on the statement of financial performance.

Staff expenses include short-term employee benefits such as base salary, post adjustment, dependency allowances, pension contributions, health and other insurance contributions, annual leave and other entitlements for permanent and short-term staff and consultants. IPSAS adjustments include changes in the provisions for employee benefit liabilities.

<i>Staff expenses (in CHF)</i>	2022	2021
Salaries and allowances	26,669,793	26,559,629
Temporary staff and overtime	747,510	551,011
Social security contributions	2,825,755	3,055,264
Recruitment and separation from service allowances	966,649	499,619
Insurance and Provident Scheme	17,505,318	18,608,516
Other staff costs	290,573	195,978
Total	49,005,598	49,470,017

Travel includes the costs of airfare; daily subsistence allowances; terminal and other travel expenses for staff travelling on official business; travel for delegates to the POC and CA; and travel for participants, lecturers and fellows in connection with training activities. In 2021 and 2022, owing to the pandemic, these expenses were unusually low.

<i>Travel (in CHF)</i>	2022	2021
Missions	413,833	70,076
Delegates and visitors	84,736	33,507
Congress/strategy conferences	0	341,825
Total	498,569	445,408

Contractual services include translators, interpreters and other non-staff or consultant service agreements.

<i>Consultancy services and external contracts (in CHF)</i>	2022	2021
Shipping	387,302	401,647
IT services and consultants	2,284,389	1,895,047
Translation and interpretation	294,660	357,365
Consultants	2,221,893	1,923,915
Server hosting	148,022	148,820
Total	5,336,267	4,726,793

Project expenses include amounts paid to countries for projects funded by the QSF, the technical cooperation fund and voluntary contributions. In particular, project expenses include consultant remuneration and travel, service contracts, equipment procured for project beneficiaries (not the UPU), evaluation missions and other costs.

<i>Project expenses (in CHF)</i>	2022	2021
Remuneration and travel	1,230,356	1,130,123
Service contracts	3,114,748	5,951,385
Training and fellows	523,915	88,921
Equipment and project costs	4,698,345	6,150,108
Miscellaneous costs	187,590	179,616
Total	9,754,954	13,500,153

General operating expenses include items such as maintenance, rental of printers and other equipment, postage and telecommunications, and insurance.

<i>General operating expenses (in CHF)</i>	2022	2021
Building utilities and cleaning	508,865	410,820
Equipment rental	87,713	91,199
Postage and telecommunications	427,451	432,032
Other expenses	161,531	125,829
Total	1,185,561	1,059,880

Materials and supplies include the cost of non-inventoried items purchased in connection with operations but not used for sales or free distribution in connection with the delivery of services.

<i>Materials and supplies (in CHF)</i>	2022	2021
Expendable IT equipment	5,288	348,407
Expendable machinery and furniture	30,040	34,176
IRC production supplies	3,263	38,408
Variation in inventories	-134	28,538
Expendable other equipment	465,473	223,505
Total	503,930	673,035

Maintenance and repairs include charges for repairs to the headquarters building in Berne totalling less than the threshold of 50,000 CHF established for recognition of fixed assets, as well as IT maintenance costs.

<i>Maintenance and repairs (in CHF)</i>	2022	2021
Security	95,013	39,939
Lifts	48,532	75,197
Heating and ventilation	102,424	43,923
Electrical system	18,926	6,565
Miscellaneous equipment	82,329	113,046
IT equipment	767,672	705,448
IT licences	802,141	836,732
Other expenses	35,647	32,474
Total	1,952,684	1,853,325

Depreciation expenses concern buildings, equipment and intangible assets, as detailed in notes 8 to 10 above.

<i>Depreciation (in CHF)</i>	2022	2021
Depreciation expenses on land and buildings	904,126	904,126
Net depreciation expenses on equipment	239,477	639,152
Depreciation expenses on intangible assets	236,565	250,419
Total depreciation expenses according to notes 8 to 10	1,380,168	1,793,697

Finance charges include bank charges, investment custody fees, management fees, variations in provisions and investment losses, including the sale and maturity of QSF-held bonds at the reporting date. The provision for doubtful debts fell slightly in 2022 and is presented under financial revenue.

<i>Financial costs (in CHF)</i>	2022	2021
Increase in provision for doubtful debts	0	188,568
Interest	82,217	72,466
Cancellation of interest prescribed in regulations	15,675	236,159
Bank charges and other financial costs	163,235	149,842
Total	261,126	647,035

Other expenses include the cost of interpretation at meetings, subsidies and gifts, including the cafeteria subsidy, as well as the UPU's share of costs paid by UN specialized agencies as a whole and of legal costs.

<i>Other expenditure (in CHF)</i>	2022	2021
Interpretation for POC + CA	1,026,982	1,242,081
Subsidies and gifts	66,168	69,374
Specialized agencies of the UN and other expenses	189,455	153,049
Legal costs	-8,290	-8,290
Total	1,274,315	1,456,214

Note 21 – Exchange gains and losses

The Union realizes exchange gains and losses on accounts payable and accounts receivable transactions denominated in currencies other than the Swiss franc, based on the exchange rate in effect on the date of each transaction. In addition, exchange gains and losses relating to the revaluation of bank accounts and other monetary assets and liabilities not held in Swiss francs (at the exchange rate in effect on the reporting date) are recognized in the financial statements. The effect of exchange gains and losses is recognized as a component of revenue and expenses on the statement of financial performance (values below in CHF).

<i>Description 2022</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2022	1,908,221	1,153,125	3,061,347
Exchange losses 2022	-2,031,548	-1,187,172	-3,218,720
Net impact 2022	-123,327	-34,046	-157,373

<i>Description 2021</i>	<i>Realized</i>	<i>Unrealized</i>	<i>Net impact</i>
Exchange gains 2021	2,225,616	681,351	2,906,967
Exchange losses 2021	-1,775,585	-533,610	-2,309,195
Net impact 2021	450,031	147,741	597,772

Note 22 – Events after the reporting date

The Union's reporting date is 31 December 2022, and its financial statements were authorized for publication on 27 June 2023.

On 19 March 2023, the Swiss Federal Council announced that the UBS bank was acquiring the Credit Suisse bank. The Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA) approved this acquisition and, subject to the usual closing conditions, the takeover should be completed by the end of 2023. UBS and Credit Suisse are the UPU's key banking partners. Both banks provide the UPU with cash management, investment and foreign exchange services.

The UPU is not expecting any disruption to its banking operations as a result of this acquisition; nor does the Union anticipate any financial depreciation linked to the takeover. With the acquisition of Credit Suisse by UBS, the UPU will pursue a strategy aimed at developing stronger relations with an alternative bank in order to diversify its banking service providers.

Note 23 – Financial risks

The Union's financial situation includes the following financial instruments at 31 December 2022:

	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	14,287,046	2,396,605	16,874,794	33,558,445
Current investments	36,554,321	983,000	31,000,000	68,537,321
Current accounts receivable (non-exchange transactions)	883,477		31,236,526	32,120,003
Current accounts receivable (exchange transactions)	25,180,973	4,345,318	3,271,654	32,797,945
Interpretation expenses for rebilling	–	–	463,185	463,185
Non-current investments	72,376,579	–	–	72,376,579

	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Non-current accounts receivable (non-exchange transactions)	–	–	8,048,580	8,048,580
Accounts payable and accrued expenses	-27,299,389	-4,345,318	-2,063,108	-33,707,815
Net risk	121,983,007	3,379,605	88,831,631	214,194,243

Interpretation expenses for rebilling are included in the prepaid expenses and deferred charges presented with other current assets.

The Union's financial situation includes the following financial instruments at 31 December 2021:

	<i>USD in equivalent CHF</i>	<i>EUR in equivalent CHF</i>	<i>CHF</i>	<i>Total in equivalent CHF</i>
Cash and cash equivalents	19,060,628	3,493,728	24,957,428	47,511,785
Current investments	68,770,689	–	19,000,000	87,770,689
Current accounts receivable (non- exchange transactions)	626,520	–	29,293,479	29,919,999
Current accounts receivable (exchange transactions)	16,819,266	2,784,130	2,633,410	22,236,805
Interpretation expenses for rebill- ing	–	–	239,023	239,023
Non-current investments	32,562,709	–	–	32,562,709
Non-current accounts receivable (non-exchange transactions)	–	–	16,730,590	16,730,590
Accounts payable and accrued expenses	-17,528,997	-2,784,130	-2,666,558	-22,979,685
Net risk	120,310,815	3,493,728	90,187,373	213,991,915

The Union is exposed to certain market, credit and liquidity risks, as indicated below.

Market risk

The market risk is the risk related to the fluctuation of the fair value or future cash flows of financial instruments, on account of changing market prices. It includes foreign currency exchange risk, interest rate risk and other price risks. The Union is exposed to exchange rate risks. It receives revenue from fees and voluntary contributions and incurs expenses in currencies other than its functional currency (CHF). The Union is also exposed to foreign exchange risk arising from fluctuations of currency exchange rates. It does not use derivative financial instruments to hedge exchange risk.

The Union is also exposed to exchange risks resulting from the use of the US dollar as the currency of accounting for the QSF, UPU*Clearing and the IRC service. Given that revenue from the QSF and the IRC service is essentially in US dollars and revenue from the UPU*Clearing system is in US dollars and euros, and that assets in US dollars and euros are not translated into other currencies, the exchange risk is in fact limited.

The Union's exposure to exchange rate risks is also limited on account of the fact that its operating budget is primarily funded through member country contributions and the sale of goods and services in Swiss francs.

The sensitivity analysis in the table below shows the effect of a 5% variation in the euro and US dollar exchange rates with the Swiss franc, as well as between the euro and US dollar.

At 31 December 2022

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-109,365	109,365
USD/CHF	-671,622	671,622
EUR/USD	-59,615	59,615

At 31 December 2021

<i>Currencies</i>	<i>Variation -5%</i>	<i>Variation +5%</i>
EUR/CHF	-56,065	56,065
USD/CHF	-366,155	366,155
EUR/USD	-118,621	118,621

Liquidity risk

Liquidity risk is the risk of the UPU having difficulty fulfilling its obligations linked to its financial liabilities. The Union's exposure to liquidity risk is limited, as it has cash reserves and short-term investments that are replenished from the results of its operations. The Union's investment policy has been developed to ensure that its investments are held primarily in liquid short-term deposits, with the exception of funds held for the QSF, which are invested in longer-term investments with higher yields. Projects funded through voluntary contributions and QSF funds are implemented once contributions are received, which minimizes liquidity risk.

At 31 December 2022, the Union's cash and short-term investments, amounting to 102,095,768 CHF, were enough for the Union to settle its current liabilities, which totalled 44,591,938 CHF at that same date. Advances and deferred revenue were not taken into account, as they will not be the subject of disbursements. The UPU at all times maintains sufficient liquidity to settle all its short-term debts, while ensuring returns on long-term investments throughout the year.

The maturity of financial commitments is indicated in statement I.

Credit risk

Credit risk is the risk that a counterparty for one of the Union's assets does not fulfil its obligations. The Union's accounts receivable derive almost exclusively from its member countries, which are represented by sovereign governments or designated operators. The Union therefore does not consider its credit risk to be significant. Credit risk is re-evaluated annually, and changes are reflected in the calculation of the provision for doubtful debts. All cash and cash equivalents are held in banks with credit ratings of A or higher by Fitch and S&P. The book value of accounts receivable has been reduced to reflect receivables for which payment is not anticipated in the short term.

It should be noted that the UPU does not have major risk concentration in any significant category of its financial instruments.

Note 24 – Leasing and unrecognized commitments

Leasing

The Union did not take out any leasing contracts in 2021 or 2022.

Rentals

At 31 December 2022, the UPU was renting out office space to five tenants for total revenue of 254,294 CHF (254,294 CHF in 2021). The contracts have an initial duration of five years and, thereafter, are renewable from year to year with a 12-month notice period.

<i>Rental of premises (UPU landlord in CHF)</i>	2022	2021
Less than one year	254,294	254,294
One to five years.	15,600	36,400
More than five years	–	–
Total	269,894	290,694
Revenue recognized during period	254,294	254,294

Other unrecognized commitments

At 31 December 2022, on the basis of existing contracts, the UPU had a commitment in the amount of 24.3 million CHF for the purchase of goods and services. The delivery of products and services will commence in 2022 and will be recorded in future accounting periods. The estimated amount of this commitment at 31 December 2021 was 18.9 million CHF.

Note 25 – Contingent liabilities

As mentioned in note 15, the Union has relationships with three language groups (Arabic, English and Portuguese) which provide translation services to the UPU member countries belonging to each group. These groups operate independently under the responsibility of a management committee elected by their members. These groups have also adopted their own regulations and appoint their own staff.

This being so, the accounts of the language groups are not consolidated, and the obligations towards staff of these entities are presented in their own financial statements. The various regulations of the language groups stipulate that the groups apply the same obligations and guarantees as those applied by the Union to the Provident Scheme for its own staff, and that any financial consequences of a dispute or appeal to the International Labour Organization (ILO) Administrative Tribunal are to be borne by the language group concerned.

However, some ILO case law appears to indicate that a potential obligation towards staff of the translation services cannot be completely ruled out. For the sake of transparency, the net obligations in respect of the Provident Scheme and health insurance scheme of the three translation services are shown in the table below. These obligations have been calculated using the same methodology as for the consolidated entities. The methodology is set out in note 12.

	31 December 2022	31 December 2021
English (STAN)	3,445,085	5,499,032
Arabic (STAR)	4,085,402	7,038,721
Portuguese (STPO)	1,048,629	1,669,829
Total	8,579,116	14,207,583

Note 26 – Segment reporting

Segment reporting is presented in a format which represents the various funds and entities administered by the Union, broken down into the segments that make it up. These funds and entities were created by Congress or the CA. Detailed information on the individual segments is presented in notes 1 and 2.

The UPU's accounts record the assets, liabilities and net assets of each fund and entity, presented by segment on the statement of financial position. All inter-segment assets and liabilities are recorded as intercompany transactions eliminated as inter-segment transactions.

The UPU's accounts also record revenue and expenses separately for each fund and entity. Inter-fund/entity transactions relating to services provided by one fund/entity to another fund/entity have been eliminated as inter-segment transactions.

One of the UPU's controlled entities (QSF) and two other entities (UPU*Clearing and IRCs) maintain their accounts in US dollars. For the information of the users of the financial statements, the results of these three entities are presented in a consolidated segment in Swiss francs, and a separate segment note providing information on these entities in US dollars is included.

Statement of financial position by segment at 31 December 2022 (in CHF)

Assets	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<i>Current assets</i>							
Cash and short-term investments	32,025,408	25,758,251	4,072,767	5,032,752	35,206,590		102,095,768
Accounts receivable (non-exchange transactions)	30,907,229	306,056	8,332	145,862	752,524		32,120,003
Accounts receivable (exchange transactions)	49,445	360,922		5,461,006	29,395,338	-2,468,766	32,797,945
Inventories	47,803	40,056			30,126		117,985
Other current assets	1,317,157	403,579	17,042	594,774	520,739		2,853,290
Total current assets	64,347,042	26,868,864	4,098,141	11,234,394	65,905,317	-2,468,766	169,984,992
<i>Non-current assets</i>							
Investments					72,376,579		72,376,579
Accounts receivable (non-exchange transactions)	8,048,580						8,048,580
Equipment	323,778	3,629		69,305	18,784		415,496
Intangible assets	818,372			78,617			896,989
Land and buildings	20,111,434						20,111,434
Other non-current assets	22,188						22,188
Total non-current assets	29,324,352	3,629		147,922	72,395,363		101,871,266
Total assets	93,671,394	26,872,493	4,098,141	11,382,316	138,300,680	-2,468,766	271,856,258

The amount of fixed assets acquired during the financial period is 365,389 CHF for the Union, 35,239 CHF for the PTC and 1,314 CHF for IRCs.

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current liabilities							
Accounts payable and accrued expenses	2,888,236	948,460	193,600	468,987	31,677,298	-2,468,766	33,707,815
Employee benefits	1,912,485	—	155,879	784,891	98,319	—	2,951,574
Deferred revenue	45,976,300	18,392,136	—	348,778	23,276,012	—	87,993,226
Advance receipts	4,895,389	739,176	115,422	117,074	73,586,299	—	79,453,359
Funds-in-trust held for translation services	7,882,548	—	—	—	—	—	7,882,548
Provisions	50,000	—	—	—	—	—	50,000
Total current liabilities	63,604,957	20,079,772	464,901	1,719,730	128,637,928	-2,468,766	212,038,522
Non-current liabilities							
Employee benefits	117,705,160	—	3,210,777	13,734,687	4,201,109	—	138,851,733
Deferred revenue	8,000,000	—	—	—	—	—	8,000,000
Total non-current liabilities	125,705,160	—	3,210,777	13,734,687	4,201,109	—	146,851,733
Total liabilities	189,310,117	20,079,772	3,675,678	15,454,417	132,839,037	-2,468,766	358,890,255
Accumulated surplus (deficit) Union funds	-101,296,020	-58,299	—	—	—	—	-101,354,319
Accumulated surplus (deficit) other funds	—	6,851,020	—	—	770,132	—	7,621,152
Accumulated surplus (deficit) controlled entities	—	—	422,463	-4,072,101	4,691,511	—	1,041,873
Reserves	5,657,297	—	—	—	—	—	5,657,297
Net assets	-95,638,723	6,792,721	422,463	-4,072,101	5,461,643	—	-87,033,997

Statement of financial position by segment at 31 December 2021 (in CHF), restated

Assets	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current assets							
Cash and short-term investments	29,346,918	20,056,412	4,152,212	5,689,434	76,037,497	–	135,282,474
Accounts receivable (non-exchange transactions)	28,904,009	267,944	63,120	139,913	545,014	–	29,919,999
Accounts receivable (exchange transactions)	26,225	334,439	–	4,417,193	19,521,889	-2,062,941	22,236,805
Inventories	90,569	12,481	–	–	9,106	–	112,156
Other current assets	1,337,313	556,068	26,835	1,700,209	367,455	–	3,987,879
Total current assets	59,705,033	21,227,343	4,242,167	11,946,749	96,480,961	-2,062,941	191,539,312
Non-current assets							
Investments	–	–	–	–	32,562,709	–	32,562,709
Accounts receivable (non-exchange transactions)	16,730,590	–	–	–	–	–	16,730,590
Equipment	386,611	7,588	–	71,159	36,407	–	501,765
Intangible assets	744,273	–	–	141,543	–	–	885,816
Land and buildings	20,993,243	–	–	–	–	–	20,993,243
Other non-current assets	17,850	–	–	–	–	–	17,850
Total non-current assets	38,872,567	7,588	–	212,702	32,599,117	–	71,691,974
Total assets	98,577,600	21,234,932	4,242,167	12,159,451	129,080,078	-2,062,941	263,231,286

The amount of fixed assets acquired during the financial period is 270,178 CHF for the Union, 55,869 CHF for the PTC, and 8,057 CHF for IRCs.

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
Current liabilities							
Accounts payable and accrued expenses	2,971,690	990,883	321,885	445,041	20,313,127	-2,062,941	22,979,685
Employee benefits	2,189,082	—	168,374	854,182	127,091	—	3,338,729
Deferred revenue	45,900,200	15,117,375	—	348,778	24,056,757	—	85,423,109
Advance receipts	3,802,909	519,861	254,437	305,456	75,676,589	—	80,559,253
Funds-in-trust held for translation services	7,685,797	—	—	—	—	—	7,685,797
Provisions	50,000	—	—	—	—	—	50,000
Total current liabilities	62,599,678	16,628,118	744,696	1,953,458	120,173,565	-2,062,941	200,036,573
Non-current liabilities							
Employee benefits	187,597,025	—	5,583,117	24,253,881	7,385,483	—	224,819,506
Deferred revenue (USPS contribution 2022 to 2024)	16,000,000	—	—	—	—	—	16,000,000
Total non-current liabilities	203,597,025	—	5,583,117	24,253,881	7,385,483	—	240,819,506
Total liabilities	266,196,703	16,628,118	6,327,813	26,207,339	127,559,048	-2,062,941	440,856,079
Accumulated surplus (deficit) Union funds	-171,343,653	-41,175	—	—	—	—	-171,384,828
Accumulated surplus (deficit) other funds	—	4,647,989	—	—	-1,910,004	—	2,737,985
Accumulated surplus (deficit) controlled entities	—	—	-2,085,646	-14,047,888	3,431,035	—	-12,702,499
Reserves	3,724,550	—	—	—	—	—	3,724,550
Net assets	-167,619,103	4,606,814	-2,085,646	-14,047,888	1,521,031	—	-177,624,792

Statement of financial performance by segment from 1 January to 31 December 2022 (in CHF)

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<i>Revenue</i>							
Statutory contributions from member countries	37,898,600	–	–	–	–	–	37,898,600
Other annual contributions	–	–	2,809,903	1,110,000	257,610	–	4,177,513
Voluntary contributions	8,042,316	9,535,744	–	–	6,087,373	-6,164,218	17,501,216
Sales	566,126	1,238,829	–	10,154,932	850,183	-431,089	12,378,980
Financial revenue	987,229	-22,430	5,204	-30,427	1,918,325	-31,736	2,826,166
Exchange gains	1,354,030	111,332	121	3,897	1,591,967	–	3,061,347
Other revenue	1,369,886	5,050	–	2,050,938	87,993	-2,398,443	1,115,424
Total revenue	50,218,187	10,868,525	2,815,228	13,289,339	10,793,453	-9,025,486	78,959,247
<i>Expenses</i>							
Staff expenses	35,561,292	3,788,420	1,479,065	7,198,867	977,955	–	49,005,598
Travel	254,722	129,435	8,852	103,156	2,404	–	498,569
Consultants and external contracts	1,304,316	106,053	709,116	3,410,450	378,025	-571,693	5,336,267
Project costs	2,870,404	4,173,247	–	–	6,711,019	-3,999,717	9,754,954
General operating expenses	962,045	42,250	4,086	168,441	8,739	–	1,185,561
Materials and supplies	169,158	315,423	172	15,913	16,526	-13,261	503,930
Maintenance and repairs	1,183,856	30,083	47,832	808,135	37,886	-155,108	1,952,684
Depreciations	1,258,247	3,959	–	100,019	17,942	–	1,380,168
Financial costs	113,924	6,170	5,521	2,778	164,468	-31,736	261,126
Exchange losses	1,564,230	143,789	394	3,373	1,506,934	–	3,218,720
Other expenses	5,066,671	146,525	68,410	172,484	74,197	-4,253,972	1,274,315
Total expenses	50,308,866	8,885,354	2,323,448	11,983,616	9,896,094	-9,025,486	74,371,891
Net result	-90,679	1,983,171	491,781	1,305,724	897,359	–	4,587,356

Statement of financial performance by segment from 1 January to 31 December 2021 (in CHF)

	Union	Voluntary Fund	EMS Cooperative	Telematics Cooperative	USD-based entities	Inter-segment	Total
<i>Revenue</i>							
Statutory contributions from member countries	37,991,200	–	–	–	–	–	37,991,200
Other annual contributions	–	–	3,144,117	1,092,500	251,386	–	4,488,003
Voluntary contributions	9,135,061	7,646,992	–	–	9,053,368	-5,154,350	20,681,071
Sales	597,491	1,268,267	–	10,718,416	100,639	-30,385	12,654,428
Financial revenue	282,105	3,227	4,481	29,380	1,440,484	–	1,759,677
Exchange gains	1,413,982	801,780	92	2,301	688,813	–	2,906,967
Other revenue	1,425,499	467	–	2,072,541	9,682	-2,321,550	1,186,639
Total revenue	50,845,338	9,720,732	3,148,690	13,915,138	11,544,372	-7,506,285	81,667,985
<i>Expenses</i>							
Staff expenses	35,567,088	3,224,556	1,991,401	8,234,240	1,515,982	-1,063,250	49,470,017
Travel	437,313	8,381	–	8,338	120	-8,744	445,408
Consultants and external contracts	1,404,284	574,838	3,762	2,962,678	136,333	-355,102	4,726,793
Project costs	2,263,845	3,820,906	835,795	–	9,411,093	-2,831,487	13,500,153
General operating expenses	861,765	13,533	780	161,734	22,069	–	1,059,880
Materials and supplies	602,034	125,261	–	40,568	97,981	-192,810	673,035
Maintenance and repairs	1,047,433	30,000	75,074	815,268	50,659	-165,109	1,853,325
Depreciations	1,488,379	3,959	–	283,051	18,308	–	1,793,697
Financial costs	206,434	49,763	12,244	210,944	167,649	–	647,035
Exchange losses	1,054,406	885,240	374	14,327	354,848	–	2,309,195
Other expenses	3,990,850	62,457	71,637	105,021	116,033	-2,889,784	1,456,214
Total expenses	48,923,830	8,798,895	2,991,067	12,836,170	11,891,074	-7,506,285	77,934,752
Net result	1,921,508	921,836	157,622	1,078,968	-346,701	–	3,733,233

Statement of financial position by segment from 1 January to 31 December 2022 (in USD)

	IRCs	QSF	UPU*Clearing
Assets			
<i>Current assets</i>			
Cash and short-term investments	1,991,259	31,678,870	4,473,522
Accounts receivable (non-exchange transactions)	–	815,302	–
Accounts receivable (exchange transactions)	16,974	–	31,830,630
Inventories	32,639	–	–
Other current assets	15,619	454,876	93,686
Total current assets	2,056,491	32,949,048	36,397,838
<i>Non-current assets</i>			
Investments	–	78,414,495	–
Equipment	20,351	–	–
Total non-current assets	20,351	78,414,495	–
Total assets	2,076,842	111,363,543	36,397,838
<i>Current liabilities</i>			
Accounts payable and accrued expenses	234,711	2,219,282	31,865,940
Employee benefits	26,972	72,771	6,778
Deferred revenue	–	25,217,782	–
Advance receipts	674,603	75,966,749	3,083,782
Total current liabilities	936,286	103,476,584	34,956,500
<i>Non-current liabilities</i>			
Employee benefits	1,002,025	2,804,065	745,490
Total non-current liabilities	1,002,025	2,804,065	745,490
Total liabilities	1,938,311	106,280,649	35,701,991
Accumulated surplus (deficit) other funds	138,531	–	695,848
Accumulated surplus (deficit) controlled entities	–	5,082,894	–
Net assets	138,531	5,082,894	695,848

Statement of financial position by segment from 1 January to 31 December 2021 (in USD), restated

	IRCs	QSF	UPU*Clearing
Assets			
<i>Current assets</i>			
Cash and short-term investments	2,332,142	75,738,360	5,030,586
Accounts receivable (non-exchange transactions)	–	595,643	–
Accounts receivable (exchange transactions)	395,992	–	20,939,406
Inventories	9,952	–	–
Other current assets	31,040	332,805	37,745
Total current assets	2,769,127	76,666,809	26,007,738
<i>Non-current assets</i>			
Investments	–	35,587,661	–
Equipment	39,789	–	–
Total non-current assets	39,789	35,587,661	–
Total assets	2,808,916	112,254,469	26,007,738
<i>Current liabilities</i>			
Accounts payable and accrued expenses	57,534	1,203,198	20,939,406
Employee benefits	51,371	71,870	15,656
Deferred revenue	–	26,291,537	–
Advance receipts	2,339,639	76,196,608	4,170,409
Total current liabilities	2,448,544	103,763,213	25,125,471
<i>Non-current liabilities</i>			
Employee benefits	2,247,063	4,741,491	1,083,012
Total non-current liabilities	2,247,063	4,741,491	1,083,012
Total liabilities	4,695,608	108,504,704	26,208,483
Accumulated surplus (deficit) other funds	-1,886,692	–	-200,745
Accumulated surplus (deficit) controlled entities	–	749,766	–
Net assets	-1,886,692	749,766	-200,745

Statement of financial performance by segment from 1 January to 31 December 2022 (in USD)

	IRCs	QSF	UPU*Clearing
<i>Revenue</i>			
Other annual contributions	–	–	281,541
Voluntary contributions	–	6,505,112	–
Sales	920,133	–	–
Financial revenue	14,382	1,824,002	135,755
Exchange gains	256,759	189,608	1,729,299
Other revenue	–	94,700	–
Total revenue	1,191,273	8,613,420	2,146,595
<i>Expenses</i>			
Staff expenses	-452,145	1,223,460	234,511
Travel	2,529	0	–
Consultants and external contracts	8,275	373,786	13,590
Project costs	–	6,992,070	–
General operating expenses	7,222	1,767	–
Materials and supplies	17,257	–	–
Maintenance and repairs	–	17,974	22,650
Depreciations	19,438	–	–
Financial costs	270	155,665	14,465
Exchange losses	182,661	219,133	1,420,428
Other expenses	–	74,249	5,938
Total expenses	-214,493	9,058,104	1,711,582
Net result	1,405,766	-444,683	435,013

Statement of financial performance by segment from 1 January to 31 December 2021 (in USD)

	IRCs	QSF	UPU*Clearing
<i>Revenue</i>			
Other annual contributions	–	–	284,607
Voluntary contributions	–	9,874,380	–
Sales	110,842	–	–
Financial revenue	2,896	1,486,537	4,711
Exchange gains	661,154	1,475,182	662,852
Other revenue	–	10,516	–
Total revenue	774,892	12,846,615	952,170
<i>Expenses</i>			
Staff expenses	294,767	1,293,823	69,705
Travel	1,396	-1,273	–
Consultants and external contracts	8,919	126,423	13,115
Project costs	–	10,313,257	–
General operating expenses	18,384	5,767	–
Materials and supplies	105,935	–	–
Maintenance and repairs	–	34,996	21,858
Depreciations	19,793	–	–
Financial costs	190	158,685	22,680
Exchange losses	524,169	1,316,697	525,474
Other expenses	–	117,905	8,850
Total expenses	973,553	13,366,279	661,682
Net result	-198,661	-519,664	290,488

